BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:	)	
	)	
PETITION OF KINGSPORT POWER	)	**DOCKET NO. 16-00001**
COMPANY D/B/A AEP APPALACHIAN	)	
POWER FOR A GENERAL RATE CASE	)	

PUBLIC COMMENTS FROM MEETINGS IN KINGSPORT, TENNESSEE ON MARCH 30 AND 31, 2016

Day 1, March 30, 2016, 4:00 – 7:00 p.m.

Lisa Ferrell

Ms. Ferrell: Okay. Lisa Ferrell, F-e-r-r-e-l-l, and my husband, Hershel. And we have been residents and taxpayers of Kingsport for 18 years. Why this proposed rate increase is of very much concern to us is, like others on a fixed income, we don't know where we would get the money from. And so my husband being -- having medical issues is very, very much a concern. He has to be on -- part time on oxygen and, you know, this is something -- this is a need we have to have irregardless and so I just -- that is why that I'm here in this -- voice my concern tonight. If anybody wants to ask any...

Carolyn and Thomas McPherson

Ms. McPherson: And I want -- I think everyone is on a fixed income these days whether you are 85 or 25, so it's important that we all have reasonable rates in all of our different sections of our lives. Electricity and utilities, of course, very important to that but I -- and I'm not an expert. I don't in any way pretend to be so I hope that my information's correct. But I am very unclear as to whether the 13 percent proposed rate increase includes the five percent franchise fee that's also been suggested. So it is 13 or is it 13...

Ms. McPherson: And I was curious about the -- of course, after your comments that nothing has been decided, I was interested to find that the Times News said, "Well, 13 percent's never going to happen," so I'm thinking I've done many budgets myself, so did we propose 13 percent in order to make five to seven percent much more palatable or is 13 percent what we're really after here or do we know that?

Ms. McPherson: Well, my comment to that would be I know a lot of people who would love to have a 13 percent increase in their salary or an 18 percent, so I -- I would suggest that that is not a reasonable amount.

Mr. McPherson: Well, then my question would be to -- to the authority. Do you consider – when considering whether this rate is justified or not do you look at the overall company rate of return or do you look at Kingsport Power or AEP in this area's rate of return? What does the staff use to make a recommendation on? Is it company-wide rate of return or do you isolate Kingsport Power since it is a different animal from a lot of the other cities?

Ms. McPherson: All right. The fourth is particularly irritant for me and that is the fuel adjustment tax that was levied a long time ago and it is right now around $11 per month on our household bill and has had, of course, much higher rates also but I -- I would happy to see that disappear and don't know -- it's a -- it's a -- I'm not sure as to why we can't abolish that. So that's just a comment, it's not really a question on there.

And Number Five was today's editorial in the Times News talks about what a bargain AEP is and I -- I think it is. I -- I'm a lifelong resident of this area and I do think it's a bargain but I don't think it's inappropriate -- I -- I think it's inappropriate to say that we should raise our rate just because Johnson City and Bristol have higher rates.

They are not getting the bargain that we are so maybe they need to do some of the things that we are doing so they'll have a bargain, one of those being that those are city-owned -- I think city-owned entities and that gives us a good reason not to go with becoming a city-owned entity in my opinion. I don't know that that's related to this hearing particularly. But anyway, I'm not here to be really critical of AEP. I just think that we need to -- to really be conservative in our -- in the steps that we take in the future I guess.

Number Six was how does charging for the AEP organization a franchise fee benefit its customers which if they, in turn, are going to use that -- if we use that as a pass-through tax to citizens? So if -- I think the City is receiving 442,000 currently. I believe that's what I've read. And the projection is 3. something million? I don't know how that's -- that money is going to come from the citizens one way or another, so I would just -- I just have a lot of questions about that.

And Number Seven was I don't understand what the purchased power adjust rider energy charge is. It's on my bill every month and it ranges -- in the past year it has ranged from $21.81 to $75.22. How can you budget when you don't -- you don't know what that is, first of all, and then, secondly, it's never consistent? Even though it -- it does say it's adjusted monthly but that -- it doesn't tell you anything about what it is on the AEP site that I -- I could find.

And then finally my comment was I appreciate the opportunity to be here. I do think that's important and I'm pleased to hear that not everything has been decided and I think citizens must stand up and take -- make their voices known. And I will have to say that I was extremely irritated to read today's editorial encouraging the public not to participate in a public process. I

was very disappointed in that and that concludes my comments. My husband may have some additional...

Mr. McPherson: ...don't have much to add to that. You've covered most of it. My name's Thomas McPherson. I too appreciate the opportunity to speak to the commission briefly and the opportunity to make comments and I would just basically echo what has been said.

I -- as having done a lot of work with nonprofit organizations who help indigents and poorer people, I know Kingsport Power has a program -- and AEP has a program to help folks who have difficulty in paying their bills. I am concerned about that. I'm also concerned with the amount that they may have to write off. I don't know how much they're writing off, but assuming a certain amount of this has to be written off and is not funded through gifts and power to support power users -- customers, I'm concerned with the amount of write-offs that will result from higher bills that will increase presumably over what it is now.

I am concerned about the two variable -- the riders and the other billings that are up and down each month. My original understanding was that the fuel charges were temporary and would phase out. Of course, over the years they've been up and down and reflected in of the cost of fuel so AEP has had the advantage of being able to pass that cost on; whereas, a lot of consumers who are on fixed income are tied to the consumer price index, which fuel costs are not part of that the way they have changed the consumer price index of -- I would urge the staff in reviewing that portion to determine if -- what measures of consumers' ability to pay the bills there are and how they are calculated and -- and how they show before you.

But, again, thank you so much and -- and with a word to Kingsport Power, I appreciate the bargain that we get now and look forward to -- hopefully it will continue.

Ms. McPherson: And we're not -- you know, we're not against some standard of increase because we realize that all the -- all businesses have some inflation and so forth, but 18 percent seems unreasonably high...

Mr. McPherson: And will you be considering -- will the Regulatory Authority be considering the City's request for the...

Ms. McPherson: And you -- on the consumer side just because we've not had an AEP increase, it doesn't feel like that because we have a rider added every little bit or we have a...

Ms. McPherson: It just seems like -- like the fuel adjustment, they never disappear. Once they're on that bill, they're on there until you go -- till you die.

Shawn McKee

Mr. McKee: S-h-a-w-n M-c-K-e-e. Yeah, thank you, Mr. Hill for allowing us to be here. I first moved into the -- this region -- actually, moved back, relocated from Kentucky in 1998, built a

home in Fall Branch on the family farm, 1,960 square feet. Since that time I have maintained monthly records of my bill through AEP.

On this family farm we have four metered connections, three households and one barn, 70 acres. There's almost a mile of easements across the property for AEP and, unfortunately, we are at the fringe outer area of AEP's service area. Within half a mile I'd have Johnson City Power Board available.

Since I've been tracking this my annual usage over a 17-year period for 1,960 square feet heating, summer cooling, heat pump, has trended one and a half percent decrease over the years as graphed in this kind of a graph. Most of our energy usage comes from heat and air. I mean, that's obvious. That's the most expensive part of keeping a home, is the heat and air if it's based upon electrical. Over the time I -- I have made some improvements, a better, more efficient heat pump, converting to LED lamps, et cetera, better appliances, better Energy Star rated, et cetera.

Over that same interval gross annual cost has kept going up. Yes, the base rate has not changed, $7 -- $7.30 per month plus, oh, what did it come to, five -- four something per kilowatt hour. Averaging that rate per kilowatt hour annually has just shown a tremendous jump and curve. Trending it compared to the year 2000 in which the trend was below $40 per 1,000 kilowatt hours a year it's jumped to -- for last year alone, in the neighborhood of $88 as a trend per 1,000 kilowatt hours.

Went through all the records for the Docket 15-00093, which was then withdrawn and most submitted by AEP for the current docket before the Regulatory Authority, was 46,000 customers -- 47,000 customers of which 41,000 of them are residences, residential usage. Residents account for 87 percent of the total metered usage here in the Kingsport region.

Of the -- of the amount of megawatt hours produced for the Kingsport region, and this is from AEP's -- Appalachian Power's fact sheets, their 2014 electric sales was 2.12 billion kilowatt hours. Looking at an average annual usage for residents for 2014 17,157 kilowatt hours. Residents account for 32.3 percent of the total usage of generated kilowatt hours. That tells me that almost two-thirds is industrial, commercial, and otherwise used.

So we're looking at 66 percent of this requested $12 million in additional funding or additional revenues to meet a return on investment is going to be borne by the residents themselves. Very little of that will be borne -- one-third of that will only be borne by the commercial, industrial, and other users even though they consume two-thirds of the kilowatt hours used -- distributed.

Now, I do understand that, yes, when you have approximately 30 meter connections per mile of distribution lines you have certain fixed costs. You have substations, you have poles, you have lines, you have transformers. All of those are a cost, yes, but jumping up electric rates to 10 cents per kilowatt hour, or almost 10 cents, seems a bit high having it all mostly borne by the residential users.

For the year 2013 according to the U. S. Energy Information Administrator -- Administration the U. S. average retail price per kilowatt hour is 9.84 cents. In Tennessee the average is 9.27 cents per kilowatt hour and that includes all sectors, industrial, commercial, other, and residential. Admittedly, yes, commercial and industrial sectors will consume more, but according to the 2009 U. S. 5 Energy Information Administration residential consumption survey the residential sector accounts for only 21 percent of U. S. total energy consumption.

Looking at the petition, 13 percent rate adjustment to residences, four percent to commercial and industry doesn't seem quite equitable and every one I see additional -- over six

years additional charges. Yes, the fuel adjustment charge will be reset to zero, the purchased power rider will be reset to zero, and the Tennessee inspection fee will be reset to zero.

Based upon the proposed rate requested in the petition, look comparatively using my actual annual usage in kilowatt hours for 2014, for 2016 I'm going from a per 1,000 kilowatt hours a charge of $87.14 to $100.08. That's a 14.85 percent increase. I -- it just seems a little excessive to have all -- most of that cost borne by residents. I do understand, yes, fixed costs need to be recuperated. I would propose a per connection fee of $50 per month with the first 500 kilowatt hours at no additional charge, any used above that at a rate. That's a little more equitable. Of course, for industry and commercial, yes, the per connection charge would be a lot more.

Living out on the outskirts of the service area we also have the disadvantage of getting a easement clearing where we often have flickers of the power. Anytime the wind blows 20 miles an hour or better the power flickers on and off. I have to have UPSs with line conditioning in order to prevent damage to computer equipment, other electronics.

There has been repeated times in which we have had to -- we've requested clearing the easement right-of-way. Just this last year we had to resort to having the telephone company come and inspect the line that was below minimum height in order to get them to lift the line in order to get the area cleared. There was a 300-foot span which had not been cleaned in 16 years and we had repeatedly asked for it to be cleaned and it took a little bit of subterfuge in order to get that done.

Another issue is -- but just down the road within half a mile, I can see it, there are additional areas in which trees, branches, et cetera, are in the lines and anytime the wind blows there's going to be a flicker of the power, if not even an outage, as a result of trees in the lines. Because we're out in the fringe area we're not as important. We're in a rural area, agricultural. Even though there's a number of residences throughout the area that are being served that just seems a little -- we'd like better reliability, better service. I -- I think the last time a pole was inspected was when I was a child in 1972. Poles -- some poles were replaced and that's been about it.

That's all that I have to share other than it just does seem excessive. I think a serious look should be looked at the U. S. averages and what is equitable for residents, as well as commercial business.

Charles Archer

Mr. Archer: I can't follow that man. He's -- he's done...some homework, I'm telling you. I'm Charles Archer, A-r-c-h-e-r. I live in Indian Springs and the gentleman mentioned one thing that is near and dear to our hearts in Indian Springs. In 2010 the residents of my subdivision got up a petition -- signed petition and submitted it to Appalachian Power because they refused to cut trees out of the power lines. And they responded -- I have a copy of a letter here that they sent us in 2010 and said they discovered some trees in the power line in the subdivision and they had since cut those trees down.

Now, this followed years of -- of myself and my neighbors calling Appalachian Power and reporting trees in the power lines. This followed years of Appalachian Power coming out and resetting the breaker because the trees in the power lines caused the breaker to throw when it came a storm or a snow. I can show you right now an oak tree that's leaning at, oh, probably a

30-degree angle toward the power line back there and it's just a matter of time that's going to fall across the power lines as well.

So it really struck home with me when this gentleman talked about trees in the power lines and one thing that I didn't -- that I don't know, I -- I thought that power companies were required to keep trees cut at a certain distance from their power lines at all times. Apparently that's not the case because you can drive around the City of Kingsport and outlying areas and you can see trees in the power lines everywhere, everywhere.

But before I go further, Mr. Hill, I want to thank you for this opportunity to -- that we can talk with you. I -- I don't know, but I look to you as our representative in Nashville when it comes to these -- these type things, rate increases and so forth. Most of us cannot afford to travel to Nashville to talk about a rate increase with Appalachian Power and so I want to thank you for coming here and allowing us to speak with you. And -- and I just charge you to -- to look -- to stand up for the small consumers out here.

We're talking about an electric bill 100, $200 a month. That's pocket change for -- for Appalachian Electric Power and -- but by the same token, like I said, we cannot afford to travel to Nashville, we can't hire lawyers and attorneys and so forth, we don't know all the ins and outs of Appalachian Power, so we look to you to take our cause on matters such as this.

Now, this lady talked about reading an article in the Times News and I read that article and I thought, "No rate increase." Well, here's an article in the Times News dated October 21st, 2012 and it says that Appalachian Power got a rate increase that was approved by state administrators. I think -- I don't know, but apparently we're just in a play on semantics here because apparently this is a rate increase that's not... That's not a rate increase on the -- on the standard rate...I suppose. I think it was probably a rate increase that allowed one of these add-ons that we see on our -- on our invoice now.

Mr. Archer: So let me ask you, do you know if Appalachian Power is required or any electric company is required to keep the trees cut out of the right-of-way.

Of course I'm -- I'm -- I understand what everybody's saying that you need to increase the cost of doing business and so forth, but in my mind if you follow a little better business practice, then your cost could go down. If you spend a little money to cut trees out before it snowed you wouldn't have to pay overtime and -- and hire contractors to come in and clean the power lines out when the snowstorm came. So that just kind of bothers me.

And then on top of that, beginning in -- with my bill in November of 2012 I got a storm damage rider on my bill and it -- I'm assuming that was because we had to spend so much money to ...clean the power lines out, but my question is why didn't we clean them out before? People were out of power there for weeks at a time -- a week at a time there on some of those storms.

Mr. Archer: Yes. But I -- I kind of analyzed my electric bills and I started in 1997 and I noticed in March of 1998 we had a fuel adjustment amount and it was a credit and it -- and it remained as a credit for, gosh, down to 2005. So, you know, we're -- we're not going to -- we're not going to complain about getting a credit on our electric bill, are we?

And then I noticed in 1999 we got another little add-on. It's called temporary purchase power credit and that was significant amount of money. It was -- like, for instance, on my September, 1999 bill it was $26.67 credit. Well, I'm not going to complain about that either, but

that didn't last long. That -- that transpire -- that ended in August of 2000 but the fuel adjustment continued.

Then also in 1999 we had a -- an add-on that was called a permanent purchase power credit, permanent purchase power credit. And here again, that was another credit, two or $3 but still another credit, and that -- and that continued on for years.

So we go down through 2005 and our credit for fuel adjustment amount became a charge, was no longer a credit, now it's an add-on. And our -- like I said, our temporary purchase power credit disappeared and our permanent purchase power credit continued until 2008 and then it disappeared. So that leads -- that want -- that makes me question the terminology 'permanent'. I'm assuming something that's permanent would be forever but apparently not. So anyway, we lost our permanent purchase power credit in 2008.

At the same time in 2008 we started getting a purchase power adjustment rider - energy. I don't know what that is, but at any rate that came in like gang busters. We're talking 25, 26, $27 per month and I don't have a very big electric bill. And so that I think is still on our -- our electric bills today. And then the Tennessee inspection fee surcharge that I've heard some people mention, I don't know what that is. All I know is it added to my electric bill. And then the storm damage rider added to my electric bill.

So in my opinion our rates have already been raised. So to -- so to come before the Tennessee Regulatory Authority and ask for a rate increase, in my opinion we've already increased rates and apparently we can just increase them however we see fit because these -- these add-ons fluctuate from month to month and they're not a set rate apparently.

I found -- I came across an article in the Times News February the 7th, 2013 that says the Virginia Senate passes a bill delaying Appalachian Power rate hike. And the -- the Virginia Senate passed legislation with a vote of 40 to nothing and they -- I think the gist of this was that they stopped these add-ons on our electric bill. That's -- as -- as far as I could tell from reading the article that's what it appeared to be. So apparently there's some other people out there that's a little bit upset with Appalachian Power's rates and methods of billings.

Having said all that, I do understand that we are in a blessed area as far as electric rates, but that shouldn't be a basis for just hauling off 6 and increasing our electric rates. We should enjoy that and continue to enjoy it but it -- it -- it just appears to me that we kind of maybe don't increase our rates but for some reason our electric bill continues to increase. So I won't take anymore time. I -- I appreciate again the opportunity that you've given us to voice our concerns about this.

Mr. Archer: Well, I -- I -- I mean, I understand what you're saying and I agree with you but, you know, a -- a power company and trees, that's not a surprise to a power company.
Mr. Archer: Tree -- trees has -- has been there as long as the power lines have been there and that should have been managed and some kind of ongoing program for cutting trees out of the power lines....in my opinion.

Sharon Greer

Ms. Greer: It's Greer, G-r-e-e-r. My sister and I just came to -- we thought we were going to be at a meeting that had the explanation of all the stuff and why you were increasing. The only thing I'd like to add is that I became a widow in 2014 and my sister this past year, and when your --

your income, which is a fixed income, is cut in half it's even worse, you know, with these increases. So, you know, I -- I don't ask you to keep that mind, I -- it's just a fact, you know, and -- and what are we to do with -- you know. We haven't had an increase in two or three years I think in Social Security so, I mean, that's just another added thing to it but -- I don't have a tree in my yard either.

Ms. Greer: It's a -- it's a little dogwood in back. I don't really think I have anything else to add other than that. You know, we're just concerned about that and these people are so well informed, all of you. You all did a great job but we were unprepared.

Ms. Greer: But that -- the -- the lady that had someone that was disabled, my husband was on the oxygen as well and, you know, you got to keep that going.

David Hrivnak

Mr. Hrivnak: Thank you. Need me to spell my name? Okay. David Hrivnak, H-r-I-v, as in Victor, n-a-k. kay. I've been a area resident here for over 30 years or a homeowner here over 30 years. I'm an engineer from Virginia Tech and got my MBA at ETSU but my real passion has always been sustainability in energy efficiency. And I've built two passive solar homes in the area, super insulated to use the minimum amount of electricity, always been Energy Star appliances, homes all been retrofitted with -- or, no, LED lights now, and a couple years ago we went the extra jump to solar. And I am absolutely appalled at what this rate structure is doing to solar.

Now, fortunately I'm grandfathered in because of my current contract but my understanding is when other people try to put in solar we're seeing an absolutely incredible rate increase. And let me -- I'll be happy to give this out. I've gone through my bills for the last year and one side is a -- a graph if you like bar charts, but if you like the raw numbers I also have the raw numbers on the other side.

But with solar you get a -- a bidirectional meter that measures your peak power anytime in -- throughout the month. It measures your peak power 3,000 times a month, so if you -- one time during the month if you come home and turn on a couple burners to cook dinner, turn on the oven, your heat pump accidentally kicks on, and then somebody takes a shower and your hot water heater, you've got 30 kilowatts of power during that instant. That ends up translating to a $300 bill with their new rate increase.

So before I went with solar, and this included all electric car too, I averaged about 13,000 kilowatts a year or a power bill of about...

Mr. Hrivnak: Or a power bill of about $1,100 a year. When I went with solar, now, I had to pay $20,000 for the solar setup, I was able to offset 89 percent of my usage and I brought that bill down about 80 percent. You know, you got your fixed charges and I fully understand that. I was paying about $200 a year over the last year for my solar.

And I thought this was in a way a win/win for the electric company in that if you look at when your hourly loads are, the hourly peak loads are in the afternoon. That's when I produce the most power. That's when power that you have to buy -- the purchase power agreements are most expensive in the late afternoon. So I'm producing the power and I export it back out to my

neighbors so that reduces their transmission losses and reduces the transmission and that also helps AEP reach their clean air goals, you know, the -- see online they've got their sustainability and how they've been able to reduce their carbon dioxide and sulfur dioxide. Well, part of that is people who have installed solar allowing that to happen.

Well, under this new rate increase that $200 will go to $1,900. That's an 800 percent increase, 854 percent, so actually I would be ecstatic if they were talking about a 17 percent increase. We're talking 800 percent.

And here's what I find totally astounding. Let's say my solar system doesn't work and I produce no power at all so I'm back to my old power usage. I'm still going to see a 75 percent increase. So just by putting solar on your house, one solar panel and going with this bidirectional meter you're increasing your rate 75 percent.

This I think is crazy when you start looking at the potential challenges of climate change and if -- if you don't believe in the data all there, I think everybody would agree that solar panels are far cleaner than natural gas, coal, you never had a -- a cave-in on solar panels, you don't have solar panel leaks like they had out in California, so I would look at that as a win/win and I would hope that you guys look at what's going on with solar here.

And where AEP allowed a net kind of one-for-one reduction -- you know, if I was in TVA at the time I put my solar I would have actually gotten a 60 percent premium or my friends, I should say, in TVA get a 60 percent premium for their power that they produce because TVA's then able to sell it under their Green Power Program. You know, Kingsport was -- was a one-for-one match and I understand that and I -- I'm not big on subsidizing solar and renewable energy but all my asking is for a fair share.

I guess any questions or comments? And if anybody wants I can show you my -- my electric bill last month. My electric bill last month, you know, was 7.21, the connectivity fee, as it is most months of the year. I actually was able to produce an extra 280 kilowatts last month, but if I would use this peak billing thing, we're talking a $220 bill even though I used a negative kilowatts last month. Yes, sir.

Mr. Hrivnak: I'm not aware of that but the -- with this new rate somebody would almost have to be crazy to attach a solar system because what I'm saying is by attaching a solar system I increase my rates by 75 percent over my neighbor even if I don't produce anything or ship it out on a line.

Mr. Hrivnak: Well, less of a benefit. If you look here, compare to -- the blue is my pre-solar charges with the proposed rate I show you the increase, but what gets me is when you look at my -- compared to the blue, my pre-solar every single month is more money, every single month. There's not a single month in the last 12 months where I would have come close. I guess in July I would have only paid a 16 percent premium for the privilege of producing clean power.

And what they're -- what they're doing is they're -- they're looking like -- like they say that those demand charges. This is like one of the politicians saying, "Vote for me. I'm going to cut your income taxes from 30 percent to 10 percent," and everybody gets excited because they're going to cut their income taxes down to 10 percent. But in the fine print what they ended up doing is let's say you make 54,000 a year, $2,000 every two weeks you get paid, so that means you get, what, 4,000 -- 2,000 -- or $4,000 every two weeks and one time a year that company gives you a bonus of $10,000.

Well, they happen to deposit that bonus on the same day as your pay so that one day you made $14,000 and when you get your tax bill you found out you paid $500,000 in taxes and you say, "How could I pay $500,000 in taxes? I didn't make that much money?" Well, on that one day -- see, they based your tax rate on that highest day of your rate and that's what they fix your tax rate on. And you kind of say that's crazy to pay your taxes on one out of 365 days. The rate increase they're proposing, they're looking at everybody two -- or, no, 3,000 times a month and looking at that peak usage and that's where they're charging $9.54 per kilowatt of peak usage and that's the big difference from the average homeowner who's paying an average kilowatt. So if I kind of calculate this out on a kilowatt basis that would be $1.21 per kilowatt that I'm going to have to be paying or the next person will have to be paying. Again, fortunately I'm grandfathered in.

Mr. Hrivnak: Until I move to another house.

Mr. Hrivnak: And then it's not transferrable to the next owner. So in other words, they are doing their best to kill allowing any of us to generate our own power.

Billy and Sandy Knight

Mr. Knight: I just have a couple of comments and a couple of questions. The first thing I want to ask I guess is -- is Appalachian Electric a total coal operation?

Mr. Knight: Okay. All right. I -- I'm kind of gathering some information here. And do you know what the power loss is due to your transmission? Is that power produced in West Virginia, Pennsylvania? Where does it come from?

Mr. Knight: I would assume that the power produced is the closest because of transmission losses in the lines.

Mr. Knight: ...a couple of comments. One -- one comment that you made was that the -- the TRA did not have authority over the -- the rates set by Appalachian Electric. Is that -- do I understand that correct?

Mr. Knight: Yeah, okay. Well, I mean, I'm primarily questions. I have a comment or two. One thing I'd like to know -- know, did the City of Kingsport carry out negotiations with TVA as well as with Appalachian Electric Power because they are the largest local power supplier around?

Mr. Knight: Okay. Therein lies a comment, a 'better deal' for the -- for the City. I consider this a sham what's going on, what the City did. The way I understand it from the article the Times newspaper had, and I read the article written by their editor, there's a passthrough tax and the article stated, "Well, okay. This passthrough tax is going to be -- it's -- it's a -- a -- an extra charge."

Actually basically it's a tax being collected by Utility Commission which means that all these folks that -- that can't afford the power that they're getting already, they're going to have a

tax increase and no so-say about it. The City doesn't have to -- have to prove anything, they just, "Okay. Well, the utility's going to collect this for..."

Mr. Knight: "...and we're going to feed the money back."

Mr. Knight: My opinion, it's a sham. That's exactly what I think. It's a tax being collected -- being imposed on the citizens of -- of Kingsport to -- is under the table. I mean, just bottom line. They -- okay. They said they were going to use -- "Well, we're going to use this money for -- to improve our roads and stuff." Yeah, well, the roads need improving, no question. And if they need a tax, pass the tax.

They should negotiate the best deal for the -- for the -- for their residents in Kingsport that they could possibly negotiate because there are people that can't afford already what they're having to pay and you're talking about increases for those people and that's -- it shouldn't be done that way. Just -- my thinking was TRA, you're the guys that should be riding herd on this kind of thing, not us coming here as individual citizens making a comment.

I -- I -- questions and a couple of comments and that's all I -- I -- I've already been up here longer than I intended to. Is there a customer charge for a -- the fuel adjustment cost is generally established by the power supplier, is that right, the fuel adjustment charge?

Mr. Knight: My question I guess is for the TRA. Does the TRA control or have authority over what they call a customer charge that's just tacked onto the bill, customer charge, boom, boom. I know Johnson City Power Board recently whacked on, let's see, back in October, and that's a period of time when the power usage is normally lowest during that -- those particular months, a $4 increase, just boom.

To me is nothing but to some people that's a lot of money. It's a big -- increases every month. $4 a month times 12, what is it? It's 50 bucks a year. Some people don't have an extra 50 bucks a year but I just -- my question is this. Does the TRA control that customer charge component of the power bill or is it...

Mr. Knight: ...only the rate?

Mr. Knight: So the Tennessee Regulatory Authority does -- has no say over what -- if -- for example, if Kingsport wanted to tack on a -- a $10 per customer charge per month they could do that?

Mr. Knight: I would like to know also why the big differential for solar. That was one of my big questions. And -- and I too am a solar provider and I have 33 panels and I paid $38,000 for those panels. And, of course, I got a big tax write-off but -- which I'm taking this year, by the way, which I'm happy about the tax write-off but there's some other little add-on things that -- that are quite bothersome.

It -- I -- I, like Dave Hrivnak, would like to see that part of the negotiations changed because I don't think it's -- it's not fair to -- to a person that's, "Okay. I'm a clean energy nut. I -- I put out big bucks to see that -- to -- to try to do my part," and all of a sudden I'm getting slammed because I did that. That's a wrong-headed approach in my opinion. Anything -- any -- anything else anyone have? That's all I have. Thank you.

Peter Stein

Mr. Stein: That's Stein, S-t-e-I-n. Good evening, Director Hill and staff of the Tennessee Regulatory Authority. My name is Peter Stein. I'm an associate attorney with the Southern Environmental Loss Center. I grew up in Memphis, Tennessee and drove in today from Chapel Hill, North Carolina because I thought it was important to be here.

SELC is a regional nonprofit dedicated to protecting the natural resources in the southeast, including Tennessee. We work extensively on energy issues in Tennessee, including rate design and -- and solar policy. As an example, we participate in a stakeholder group at TVA providing input on policies related to distributed resources, including solar. I'm here today to comment on the effect of Kingsport's proposed tariffs on customers who have or who may wish to install solar on their homes or businesses.

As Director Hill has noted, this is the first Kingsport rate case in over 20 years. As the Authority is no doubt aware, this is a time of significant transition towards customer choice in the electric sector. Customers have the right to choose to generate their own electricity and to control their demand on the grid. The Authority is responsible for designing energy policy that reflects the State interest, which should be consistent with Tennessee's consumers' right to choose solar.

Unfortunately, Kingsport's proposal as it stands would effectively deprive Tennessee customers in its service territory of their right to choose solar. Kingsport proposes to significantly decrease the rate at which solar customers are compensated for the power they generate. Kingsport would also require residential and small commercial customers with solar to take service under a tariff that imposes high demand charges. A demand charge like the one currently proposed by Kingsport is not good rate design.

Because Kingsport would impose the charge regardless of whether a customer's peak use coincides with Kingsport's peak demand, it would allow the utility to over-recover from solar customers regardless of the marginal cost of providing electricity to them. This type of non-coincident demand charge is particularly inappropriate for residential and small commercial customers. It improperly shifts costs and, as we've heard today, it makes investments in solar energy uneconomical.

Kingsport states in its filed testimony that these charges are necessary to recover the utility's fixed costs; however, Kingsport does not appear to have considered alternative rate designs for customers with solar, such as time-of-use rates, that would more accurately reflect the utility's true marginal cost of service and would compensate customers for the value of the electricity their solar panels produce. Kingsport permits other customers to use time-of-use rates but it would limit solar customers to the utility's new residential and small commercial demand charge.

In doing so Kingsport fails to consider the value of solar energy to the utility, to the grid, and to its customers. Across the country utilities and utilities commissions are engaging in value of solar studies in order to properly and accurately value this important resource.

In Tennessee, for example, TVA recently completed a distributed generation exercise of this very type. While there was not consensus on the rate that they decided on, between seven to 13 cents per kilowatt hour, it's far higher than the less than four cents per kilowatt hour that

Kingsport customers will receive under the proposed rate changes. Kingsport has not demonstrated that its proposed rate is reflective of the value of solar for its customers or for -- and for Tennessee.

We urge the Authority to take this opportunity to set an important precedent for the State of Tennessee and its citizens' right to choose clean renewable energy. The Authority can and should establish smart rate design for Kingsport that will permit the utility both to earn appropriate revenue but also prevent discrimination against customers that choose to self-generate a portion of their power. Thank you.

Mary Mastin (comments read by Peter Stein)

Mr. Stein: There were two individuals who wanted to be here tonight but could not make it and -- and asked me to read comments on their behalf. The first was Mary Mastin with the Tennessee Chapter of the Sierra Club. Comments may sound similar but she thought it was important to have them read into the record today.

"Please accept these comment on behalf of the Tennessee Chapter of the Sierra Club.

The Sierra Club is a national nonprofit organization of approximately 700,000 members dedicated to exploring, enjoying, and protecting the wild places of the earth; to practicing and promoting the responsible use of the earth's ecosystems and resources; to educating and enlisting humanity to protect and restore the quality of the natural and human environment; and to using all lawful means to carry out these objectives. The Sierra Club has approximately 6000 members in Tennessee.

Protecting the planet from climate change by an expeditious transition to clean energy is a major priority for the Sierra Club. The Sierra Club is a big proponent of solar energy.

This is the Authority's first electric 10 utility rate case in more than twenty years. In the interim, solar energy has become a huge force in the nation and in Tennessee, with well over a hundred solar companies with thousands of employees in the state. Tennessee ranks 27th nationally in solar production.

How the TRE -- TRA treats this rate case can have a tremendous impact on the people of Tennessee and the potential growth for this clean energy source. The Authority has the opportunity in this case to establish state policy that supports customers' rights to choose solar, including being able to connect to the grid without discrimination and fair compensation for the value that distributed solar provides.

Kingsport has not demonstrated that its proposed rate is reflective of the value of solar for its customers, the grid, and for Tennessee.

Customer-generated solar power provides significant benefits to the grid and to Tennessee, including avoided energy, transmission, distribution and pollution costs.

Utilities across the country are increasingly engaging in studies to determine the value of solar. In Tennessee, TVA recently completed a distributed generation exercise - again while there was not consensus on the value that they determined between 7 and 13 cents per kWh it was far higher than the proposed rate - that Kingsport customers will receive...

Kingsport proposes to impose a mandatory -- again non-coincident peak demand charge on solar customers. Demand charges that are based on a customer's peak use regardless of whether that use coincides with the utility's peak demand are unfair because they do not accurately reflect the cost of providing electricity to that customer.

In addition to unfairly shifting costs, demand charges can make solar cost-prohibitive.

Instead of a demand charge, the Authority should consider alternative smart rate design for Kingsport, such as time-of-use rates. Kingsport allows other customers to select a time-of-use tariff, and solar customers should be given that same option.

As we begin to feel the impacts of climate change in Tennessee, investments in distributed generation can serve the important function of increasing the resilience of the grid. Distributed generation in particular can create a multitude of electricity sources, which decreases the risk and harm of power outages from any one source. In contrast, when power is generated at centralized, large-scale plants, the outage of any one facility can have significant impacts on the grid.

New technological advances now allow clean, distributed energy and storage resources to be sited at critical facilities, configured to provide power continuously, and able to isolate from the gird and continue to provide electricity in case of a grid outage.

Customers of Kingsport should not be prevented from making themselves more climate-resilient and reducing their reliance on the grid.

The Authority and the State of Tennessee should ensure that state policies -- including rate design -- facilitate customer choice and climate resilience.

Thank you for the opportunity to make these comments."

Doug Haseltine (comments read by Peter Stein)

Mr. Stein: I'll be offering comments on Doug's behalf -- Mr. Haseltine's behalf. He wanted to be here but couldn't make it tonight. Mr. Haseltine is a AEP customer and offers the following comments.

Mr. Stein: "Solar sources offer cleaner technology for generating electricity. The current Net Metering Service Tariff is sufficient and appropriate, and should not be replaced by punitive changes recently proposed by AEP. I would like the TRA to consider the following points:

AEP failed to include the Net Metering change in the KgPCo Exhibit 5 at the end of prior testimony. This table was supposed to list all the % Changes in billing resulting from their proposed changes. (The highest % Change shown was 21.2% for Residential Service). For a solar system like I have installed and use for only part of my total electricity needs, the % Change would be 168%. The new Tariff rates would result in bills that are even higher than the corresponding month's bills BEFORE I made a huge investment in solar panels. 29% higher than even those bills! For other people that put in enough panels to meet all of their home use, the % Changes would be substantially higher," as we've heard from other commentors today.

"The rate calculation that includes costs and benefits seems to be designed to assure maximum possible costs and least possible benefits. Choosing a peak over a minuscule increment of time, 15 minutes out of 43,200 minutes in a billing cycle, is arbitrary. It results in a very high number for that cost term in the equation. Multiplying the net 20 KWH by $0.038 yields very low benefits for solar -- for solar generation, even though solar panels generate electricity during what the industry has long-recognized as the Daytime Peak. The time that AEP proposes to cycle off some people's heat pumps on a hot summer day is the very time the Solar Generators are producing much more clean energy, for their own use for the -- and for the grid, than those heat pumps.

Although existing net metering customers are supposed to be allowed to stay on the current rider ("grandfathered in"), AEP says that will go away if they sell their homes. The length of time to stay on the current tariff should be 25 years from the date of initial operation, as that is the useful life of the homeowner's investment in solar generation equipment. The investment's value should not go to zero if the home is sold.

AEP does not include any costs for the environmental impact or increased healthcare costs that will result when tariff changes deter investments in clean energy technology such as solar. More carbon dioxide and greenhouse gases will deteriorate the environment, and people under the plumes of AEP smokestacks will incur more healthcare costs related to emissions of toxic metals, if hurdles are placed in the way of zero-emission Solar Energy.

The existing -- net metering, provisions have the necessary limits and breakpoints to continue its use as is. The number of applications has a cap at a very small number of customers, and there are breakpoints requiring additional approval (for example, if the generation amount exceeds 25 4 KW).

In conclusion, the -- net metering, NMS tariffs should be left in their current form. Changing them to arbitrary punitive measures targeting Solar are not in the interest of the 9 public, and will negatively impact the environment and people's health."

And Doug included a graph as well which shows his power bills prior to the current net metering on the left, in addition to what the bills would be under the proposed rates.

Marie Nelms

Ms. Nelms: Can't hardly hear up there. I just am an ordinary citizen and I'd like some answers, please, because to increase my electric bill $17.21 when from that many years my income is going down and everybody wants a little more of it, what you worked and saved for to try to take care of yourself.

Now, I don't know why they need 13 percent increase. How many people that are working today ever get a 13 percent raise? How many people work for very little income to $7.25 an hour to hopefully more than that, but all my years I worked I never got a 13 percent raise. So I want to know why and I want to know why that the AEP needs $12 million. What are they going to do with that?

They say they've got no raises in several years. Well, my electric bill went up and I guess everybody else's did. And when one or the other spouses pass away, then your income goes way down but you've still got the same expenses to try to keep a roof over your head and then the companies come along and they want more money and more money.

And I do not know what a lot of people make, have no idea, but I know they make a heck of a lot more than a ordinary citizen. And everybody cannot have the same job I don't care what kind of a education you've got. Everybody cannot have a high- paying job. The ordinary work of living doesn't work that way. You have to do all sorts of chores and that just don't get it. So when they keep telling me that everybody needs to go to college and get a degree, that's well and good because everybody needs all the knowledge they can get but that don't necessarily guarantee they're going to have a job that pays a heck of a lot of money. So I want to -- I -- I want to know.

I -- it says for 1,500 kilowatts my electric bill would go up $17.21. Well, if you have on an average of 2,300 kilowatt hours and you turn your thermostat down, you fill up every crevice

and every hole everywhere because their bill says every year what all these things you can -- you can do to where you won't have -- will help out your electric bill.

Okay. This past winter I sure did cut off everything. I closed up one room in the house and I don't heat it. I wore sweaters and put on another sweater and turned down the thermostat. I -- I don't know how many of you all -- but if you live to get older you'll understand in a hurry that your body don't hold the heat it did when you were younger. I didn't understand that for a long time but I sure do now and you -- takes more heat to keep you warm and comfortable than it did when you were younger.

And I'm very fortunate to be able to do what I do as old as I am and I'm thankful for that but I do not see paying tremendous amounts of number to corporations that wants to make millions of dollars. And then the directors and the CEOs at the top makes lots and lots of money that they can afford this so it don't -- it don't sink in to them what they're doing to the other people that can't make that amount of money anymore.

And fortunately I worked in the years where companies thought more of their employees than they do this day and time. We had a retirement plan, we had health insurance and we could save, but a lot of companies don't even do that anymore. They don't even think about that and we've got a government in Nashville that don't care about all these people that don't have any insurance at all but they want theirs. And I'd love to know what as taxpayers we pay to help them have their insurance. Of course, that's got nothing to do with the AEP price except for the fact we have to pay out more of our money for taxes and what everything cost.

So I'd like for somebody to tell me what my electric would -- bill would be if I use 2,300 kilowatt hours of power instead of 1,500, and I don't know who's here that would do that but I would like to know. And I do know that I have a good many people that asked me to come down here to give you all an opinion that they cannot afford this. And so I hope you'll take that to the powers that be, have a good discussion over this, and instead of having a 13 percent increase have maybe a three or five if it's necessary and I'd still want to know what AEP needs $12 million for. Thank you.

Dr. Harry Turner

Dr. Turner: That better than being this side of a court reporter than the other? Been on both sides. I'm Harry Turner. I'm just a resident in town and recently retired and enjoying the sunshine and a little bit calmer lifestyle than -- than that to you all who have not -- not done that. But my comments really are just simply that as a -- as a personal citizen.

Public utilities do a wonderful job and have a wonderful service and for that reason, because they do things that are -- that are important, have a great public value, they're given a protective appropriate functioning ability. And as part of that the reason some of us have bought utility stock in the past is that they really have a long-term good return on investment of doing something that's terribly important for the public.

In doing so they really have been given a public trust and in doing that they likewise if -- if they're well run and AEP has been well run at local, at least, and beautifully run with good representatives here before that. They really have almost a cooked-in, baked-in profit as part of that if -- if it's a well-run system as we have.

My personal comments really kind of come as those as just the reason I put solar panels on as much of my house would -- would tolerate, that's really just a response of climate change

issues and just trying to do that as a personal sense of that's something I could do. These are things that sort of nationally have had some degree of press and encouragement even though our local Times News editor apparently disagrees with modern science, but most of the rest of the world recognizes those changes and that's just simply one citizen's trying to do that. And there's -- after a period of time there's sort of a break even point that comes from ownership of these things assuming that there's some sort of payback for the -- for the cost that -- that's involved in doing that.

And there really were only two concerns that I particularly had. I think that all industries have to run at a profit. That's what allows you grow and allows you to do the right things and continue being a source of -- and being a real public servant. But I think that there's two issues that I particularly had that -- I think, one, it's very difficult to -- to value cost as they go back and forth as you sell money back -- sell power back into the grid that you produce off your -- off your particular home units that you have and I think that the proposal of this stuff to significantly reduce the value of that, the -- the purchase back of that, is concerning and it certainly makes the -- the financial advisability of an individual person putting solar units up and what not to be significantly hurt. It just makes it really an unrealistic thing to do if -- if that is not valued very much on this 3.08 cents proposal that's there.

I think the other thing is that if you do have a -- a mechanism where monies -- where power goes into and comes off the grid and repurchase things as individual homeowners, I think that those homeowners, if there is, in fact, some additional peak demand charge that goes on that, it ought to be pretty representative of what the peak demand is for either the company, AEP, or the individual user if they have individual use times that are maximal for that.

I think those of us who sometimes plan our power usage and what not based on what's generated means we're trying to be responsible with what we're doing and I think that if you do have an additional peak demand charge it really ought to truly reflect what the peak demand is for that particular user. That ought to be true for an individual, just like it ought to be true for -- for a -- a corporation if you are a major, huge buyer or purchaser of -- of power.

So those are really my only two concerns. I think it makes it very difficult if you have a very low purchase rate from the producer putting things to the grid and, secondly, if you have essentially a potentially punitive thing to the individuals as you have a peak demand charge. I think it makes it very, very difficult to be able to be a solar and green user. I think our nation has moved that direction, I think most states have moved that direction.

There -- these particular type proposals and these changes have been reflected in a number of states that have been going over through the U. S. These are things that will be brought up across Tennessee as well, but I think that in terms of fairness, in terms of the ability to pay -- be able to sustain other types of energy production I think those particular things need to be honored for individuals. That's all my comments.

Day 2, March 31, 2016 8:00 – 10:00 a.m.

Ed Boochard

Mr. Boochard: Okay. Good morning everyone and I want to thank you for this opportunity to -- to speak...B-o-o-c-h-a-r-d. Again, my name is Ed Boochard. I'm a resident of Sullivan County and would like to comment on the proposed net meter schedule rate change. In all fairness, I've got to mention that I do have a -- a small Photovoltaic system currently in play so -- but to -- before I go into my comments on the AEP schedule I'd like to mention a similar scenario that's kind of playing out currently in legislation and we can think about this going back 10 years.

At that point in time we had a situation where crude oil prices approaching $130 a barrel and we saw drops in quality of high population -- or drops in quality of air around our high population centers and our leadership felt that we needed to address that. So how they -- one of the tools that they used to address that was to promote the utilization of alternative energy-driven vehicles, either electrics or hybrids. And to promote that program they offered subsidies for citizens that were to purchase those vehicles and, of course, being good citizens that we are we went ahead and purchased those and tried to contribute to this particular need.

But what we're seeing in the legislature today rather than being recognized for following through on -- on that particular need we're being penalized because a lot of these legislatures are recognizing that they need to pass tariffs on the alternative energy-driven vehicles because they're not paying their fair share of road tax. So just a comment.

Then we go back seven years ago and, again, our leadership felt that we needed to do something to positively influence this global warming scenario, be it a situation where it was individually driven or whether it's just the natural swing in -- in climate change. And to address that leadership promoted the use of alternative energy-driven -- or alternative energy devices such as wind power generation or solar power generation. And to promote that program and drive market development they again offered subsidies for individuals to install these devices which would remove a lot of pressure on generation plants using coal in this case.

So, again, as good citizens we followed through with that desire, installed these systems, and that brings us kind of here today. We're seeing a situation where we're going to be penalized again for following through on the desires on our leadership. And I'm sure you've heard many times about this proposed change in the net meter program and how it's basically going to negate the -- the individual's return on investment for those of us that were the good citizens and followed through with installation of -- of these systems at homes and wherever so -- so I won't really revisit that program.

But I would make one last comment. Driving here today listening to the radio as it was reported on the radio TVA announced that they have partnered with a western company to bring four megawatts of wind generated power to the Tennessee area. So I thought that was interesting that here we are battling over the contribution of -- on alternative energy systems where the utilities themselves would like to somehow profit from that technology. So those would be my comments.

Mr. Boochard: Oh, that's interesting because, I don't know, I'm just kind of perplexed on we -- when you have -- you know, everyone's stressing the -- the need of -- of these alternative energy sources and but, yet, as in individuals when it comes time for us to participate and contribute we're kind of being chastised and told to keep hands off.

Eric Middlemas

Mr. Middlemas: I beg your pardon. My first name Eric, E-r-I-c, and my last name Middlemas is M-I-d-d-l-e-m-a-s. Okay. Well, like I was getting ready to say, I have to fess up a little bit. I'm -- I'm not actually a resident of Kingsport. I'm a resident of Johnson City and I'm a -- I -- I have my own rooftop solar system that was put in just this last October so -- so maybe it's not proper that I even speak at this meeting. I don't know but I have a number of friends who live in Kingsport and they actually asked me to come because they were -- they felt this was such an important issue.

This business -- you know, looking through -- you know, when I started talking to them and -- and hearing what the cost of this net metering schedule change would -- would mean for them would basically make solar power -- rooftop solar power generation untenable for quite a few people and, you know, when I started looking back I just looked -- you know, did some brief research in this area and, you know, you run across a number of articles about -- about this.

One article here is the Washington Post and the title is 'Utilities Wage Campaign Against Rooftop Solar'. And basically the gist of this article, and I'll be glad to send links to this to anybody, is that, you know, solar panels have come down greatly in price and so, you know, they make them a lot more affordable for people. People are installing them in a -- at a terrific rate and, of course, this threatens the utility industry. They make their money by selling solar power and, you know, when people begin generating it themselves it creates a loss of revenue.

So the argument that the utilities use is, "Well, you know, we have this infrastructure and these people aren't consuming power, we're not selling them power, so they're not paying their share of cost for the infrastructure; however, I think -- and this article goes on to describe, well, you know, they've tried to actually put a stop to solar power by in some cases going through the -- the -- the state legislatures -- legislatures and, you know, putting laws that would eliminate net metering which, of course, would make it impossible for somebody to put in a rooftop solar system.

That hasn't proved to be successful so what they've done is start going to public utility commissions and putting on these surcharges and so forth and they describe a number of states. For example, in Arizona, you know, they put a $50 surcharge on a net metering system which, of course, greatly reduces the -- the economics of putting in your own solar system.

Second article I ran across is, you know, West Virginia. This says 'West Virginia monopoly utilities launch a two-pronged attack on rooftop solar.' What they describe here is AEP and FirstEnergy attempting to, again in West Virginia, nullify a net metering law. That didn't work, that law, so now they're putting their efforts behind a bill, HB 2001, which basically would prevent leasing of solar panels which, of course, everybody understands reduces the -- the up-front cost of putting in solar panels and makes it much less available to people.

So when you look at these -- when you take these in combination one conclusion a reasonable person might conclude that -- that, you know, what's really going on here is an attempt to stop rooftop solar power generation. Not necessarily recover lost revenues -- of course, that's part of the equation, but to actually put an end to it by making it unprofitable for -- for the individual to put in a rooftop solar system.

Now, you know, a second issue, I think everybody who -- who engages in rooftop solar generation recognizes, you know, we've got to -- we've got to support the grid, in other words their infrastructure, utility companies need to make a profit but it needs to be fair. It needs to be

fairly distributed. And, you know, exactly what these infrastructure costs are is a -- is a -- is a question of intense debate.

You know, I've seen studies where it says, you know, "What we're actually doing with rooftop solar is shifting the cost to something like" -- you know, I've seen up -- you know, in Arizona they've talked about $2 million, shifting the cost over to the consumers -- normal power 19 consumers. Other -- other studies suggest that actually -- you're actually helping the consumer because you're deferring capital expense. You're -- you're providing power during peak generation times so it actually helps the -- the -- the rate payer. So it seems to me that one issue is what are the actual infrastructure costs? And I don't think anybody has a problem paying their fair share but it needs to be fair.

And so, you know, one proposal that I would have is why not have an independent body determine what infrastructure costs are, sort of a form of mediation. You have the power company on one side saying, "This is what it is. You know, we're losing revenue." On the other hand you have the rooftop consumer says, "Well, you know, I need to use the grid because it -- you know, I need that vehicle to sell my power back." So what we need is an equitable, fair, you know, conclusion of -- you know, a resolution of -- of that issue.

The other thing to keep in mind is that the power grid is not -- you know, is operated by -- - AEP is operated by power company -- utility companies but it's a public -- it's a public asset. They use public lands to -- to run their lines so it's important that the grid remain in place and as a matter of public policy it's important that we emphasize alternative energy.

Just an article today came forth in -- in the New York Times talking about revised climate modeling which predicts that the antarctic icecap could collapse, you know, by the end of the century raising sea levels by six feet. Well, a six foot rise in sea level is catastrophic. These are -- these are issues that face our children. So as a matter of public policy we ought to be emphasizing alternative energy so -- but it needs to be done 6 fairly.

The -- so I guess my final comment is that, you know, I question the motivation a little bit but I recognize that these things need to be done fairly and it -- and it doesn't seem like that the charges that they proposed for their net metering schedule is fair because, Number One, it seems to emphasize solar producers. It doesn't just address people who -- who conserve electricity normally.

For example, you know, what about a person or a household that just doesn't use much electricity? Do they get the surcharge? They're not paying their share either. For example, I have friends who -- who travel in a -- a motor home for eight months out of the year. Should they be subject to a surcharge? Why not surcharge them for not -- for their infrastructure costs.

The same reasoning could be applied to, as Ed pointed out, somebody who drives a -- a -- a hybrid vehicle. It gets good gas mileage. They're not paying the infrastructure that the oil company needs to run their refinery. So what would happen if you had a energy efficient vehicle and you walked into a gas station, somebody says, "Well, you know, we -- you're not paying your share so we're going to charge you -- charge you an extra, you know, 50 bucks for your gallon -- for your tank of gas"? So that doesn't seem fair.

So -- and it doesn't -- and seems contrary to public policy and what science is telling us about the dangers of carbon -- or carbon dioxide emissions. Anyway, I'll leave it there as my comments.

Joseph Schiller (comments read by Peter Stein)

Mr. Stein: Good morning. My name is Peter Stein. I'm a -- an associate attorney with the Southern Environmental Law Center. I was here yesterday and presented comments but was asked by Mr. Schiller to read in an additional set of comments, so I wanted to thank you again for giving us the opportunity to comment.

Mr. Stein: I'm -- "I am submitting the following comments to the Tennessee Regulatory Authority opposing Kingsport Power Company's requests to reduce their net meter tariff, apply discriminatory fixed charges to solar net metered customers, impose discriminatory demand charges to solar net metered customers, and deny billing terms to solar net metered customers extended to other customer classes for the reasons explained below. I'm submitting these comments on behalf of the Tennessee Solar Energy Association, a nonprofit solar organization with members in the Kingsport area.

Kingsport Power Company assumes cross subsidization of solar net metered customers by other rate payers as justifying all the various tariff fee and policy revisions it seeks to apply to solar net metered customers. This assumption can only be validated if Kingsport undertakes a value of solar study to determine if the value of solar is, as they claim, less than the retail rate. If the value of solar exceeds the retail rate, then current net metered customers are subsidizing other rate payers.

Kingsport should conduct a value of solar study using established utility industry best practices such as those developed by the National Renewable Energy Laboratory in 2014 or TVA in 2015 to determine which customers, if any, are actually benefitting from cross subsidization. Without such a study all claims by Kingsport are speculative and without merit.

Only an accurately determined value of solar tariff can provide the objective cost benefit analysis needed to establish a fair tariff that eliminates cross subsidization among rate payer classes. Even if the value of solar for Kingsport residential and commercial rate payers is below retail the proposed avoided cost compensation to net metered residential rate payers is well below the value of solar estimated by all but one of a dozen other value of solar studies recently conducted around the USA.

Further, a weight of evidence observation based these value of solar studies suggest Kingsport net metered customers are already subsidizing other rate payers by not being paid a fair net metered rate. Only one other study has obtained a value of solar estimate lower than Kingsport's current net metered rate and none have ever obtained a value lower than Kingsport's proposed new rate.

The value of solar studies cited above range from approximately four and a half cents per kilowatt hour to 33-1/2 cents per kilowatt hour. These estimates vary in part because of which parameters are included in the value of solar methodology, as well as utility specific factors.

Because TVA did not include environmental externalities or other benefits that accrue to the citizens of the valley rather than to the utility itself its analysis is essentially a baseline solar specific avoided costs study. This seems to be how Kingsport seeks to value the solar energy they receive from their solar net metered customers; however, TVA's recent estimate of the value of solar of 7.2 cents per kilowatt hour, which is among the lowest of the dozen studies cited, it's still almost double the value of Kingsport's proposed compensation for net metered customers.

Given that Kingsport does not operate as diverse a generation portfolio as TVA it is likely solar would have a higher valuation in their service area. Further, if TVA's value of solar estimate is applicable or even conservative, when applied to Kingsport solar net metered customers are subsidizing other rate payers by almost two cents a kilowatt hour at the current tariff level of 5.36 cents per kilowatt hour for residential and commercial net metered customers are at parody.

The proposed tariff decrease for residential solar net metered customers Kingsport is requesting would increase the subsidy solar net metered customers are providing other rate payers to almost four cents a kilowatt hour if the value of solar is the same as TVA's estimate. Kingsport is justifying its request to impose discriminatory tariffs, fixed charges, and service plans on solar net metered customers because these customers are allegedly being cross subsidized.

At the same time Kingsport is requesting to implement a low income program that is a form of cross subsidization. Kingsport is to be commended for designing a residential low income program that emphasizes implementation of energy conservation and efficiency measured targeted at low income rate payers; however, Kingsport's low income program is designed to reduce the quantity of energy consumed by its low income customers through energy conserving retrofits and efficient appliances such as LED bulbs.

This is exactly what net metering solar customers are doing by investing in solar generation technology, they're reducing their energy consumption; however, solar net metered customers are investing their own money, not the money of other Kingsport customers, and depending upon what the actual value of solar is in the Kingsport service area they may be additionally subsidizing other customers by feeding solar into the distribution system that is more valuable than what they are being compensated.

Kingsport is arguing that solar net metered customers are not paying for the infrastructure to provide quality reliable service because they are not using as much energy as other customers while at the same time asking to be granted permission to use $300,000 of rate payers' money to subsidize low income customers to install energy conservation and efficiency upgrades that will reduce their energy consumption.

We support Kingsport in its efforts to craft policy that benefits its low income customers; however, we feel it is important to recognize that Kingsport itself employs cross subsidization to achieve a policy goal and -- and -- and objectively determined cost of solar analysis might choose to accept a certain level of cross subsidization to achieve other policy goals such as climate change mitigation, pollution reduction, meeting requirements of the Clean Power Plan, and others.

The fixed charges proposed for solar customers are based on the unsubstantiated assumption that solar net metered customers are enjoying cross subsidization by other customers as described above; however, even if this were the case a fixed demand charge for one class of customer is discriminatory and not based on sound billing principles. If the lower rate of net metered compensation is based on the assumption that solar net metered customers are not paying their fair share, that should be reconciled by the value of solar calculation.

High fixed charges are also bad billing option because they reduce rate payers' incentive to reduce energy while encouraging the utility to invest in unneeded and costly infrastructure. Because customers will see high fixed charges regardless of how much energy they use they will use more energy. Because utilities will receive high payments regardless of how much they spend on infrastructure they will not make the most efficient infrastructure investments.

The commission should also be aware that fixed charge requests such as those proposed here by Kingsport have proliferated since an article, 'Disruptive Challenges', was published by Kind in 2013. This article described the challenges facing the utility sector as customer implementation of distributed generation increases in the power grid.

A subsequent publication by Kind in 2015, 'Pathways to a 21st Century Utility', repudiates the widespread utility sector response to the 2013 publication of requesting more fixed charges for many of the same reasons cited here. In reflecting 12 on the 2013 publication Kind states in the 2015 13 publication, 'What is needed is a value of solar approach. Let's figure out the cheapest way to provide renewables and use that as the basis for setting net energy metering rates.'

Kingsport should be denied the request to impose discriminatory demand charges against -- against a class of customer without undertaking an objective analysis of the value of solar on their system. If this is done, then any cross subsidization issues would be addressed by an appropriate net meter tariff.

Kingsport is affording other customers the option to enroll in time-of-use pricing, which is laudatory because it provides a strong market signal to customers to use least cost power while denying the same option to solar net metered customers who have greater ability to respond to such price signals than other customers. Applying Kingsport's reasoning, if a customer installed a solar hot water collector on their house to offset the electricity they use to heat the house and their domestic hot water, Kingsport would be entitled to charge them a higher fixed fee and deny them the time-of-use pricing they afford their other customers.

Kingsport is to be commended for considering tariff reform that incorporates demand side manage -- management strategies; however, solar generation is in and of itself a widely accepted strategy for demand side management by helping to reduce peak load during summer daytime peak demand periods.

Charging solar net metered customers a discriminatory higher demand fee compounds the unjustice of the discriminatory fixed charges levied against solar net metered customers and both tariffs are redundant mechanisms for addressing any cross subsidization by establishing an accurate value of solar tariff. However, Kingsport is not offering solar net metered customers the option of using time-of-use billing, an option it does afford other customers classes. Not only is this arbitrary and discriminatory to solar net metered customers, it is a disincentive to these customers to better harmonize their solar production with their use of the benefit of all customers in the distribution system.

Because solar net metered customers often produce excess power at peak summer use periods they are providing a net benefit to all Kingsport customers. Time-of-use billing would further incentify solar net metered customers to adjust their energy consumption to maximize their contribution to peak load reduction."

And, again, those were comments offered by Joseph Schiller who is the treasurer of the Tennessee Solar Energy Association. Thank you.

Francis Lamberts

Ms. Lamberts: So it's Francis Lamberts, L-a-m-b-e-r-t-s. I, like Mr. Middlemas, are not from here and, therefore, I think will not be affected by this plan going forward, but I came in -- in sympathy -- sympathy to friends up here and with concern about a couple of the issues in this

plan that, if I understand them correctly -- to begin with, my -- my -- the information that I tried to understand comes from a report on -- that was available on the Internet on a general case report regarding this and it was so difficult for me to understand.

All these bullet -- bullet points were so hard and -- and -- and I guess one thing I -- I mean, even for what I hope is a reasonably literate person, I would suggest that the authority should make documents regarding what affects people's lives, you know, very directly and fundamentally, to make these easier to understand. I mean, that -- that would be a big help.

So things that -- that would concern me very much as I understand this document and this plan is the -- the measurement and the billing perhaps being based on a high demand very short period within the month, which seems to me about the opposite of what we ought to be going. We have to support -- given what's happening in the environment, given what's happening with regard to climate change, the dangers ahead from this, we must support reduction and, therefore, should promote reduced and not just pick an arbitrary high use period and -- and -- and base billing on that. It seems completely unfair and completely -- completely unreasonable.

We ought to be charged for what we use so that everyone is motivated to reduce less, so charges certainly. And if I understand this correctly, this bullet point, that your billing is based on the single highest 15-minute demand period as registered during a month. I think this is quite unreasonable and -- and quite counterproductive.

The other issue is what -- what has been discussed now by -- by previous commentors, namely as I understand it the -- the -- the net metering system being changed in a very unhelpful way. As it is as I read this net metering rider that is also available on the Internet that seems to me to be extremely ungenerous even as it is relative to some other, for example, TVA, the -- the -- the TVA's Green Power Producer program. That rider states that "The customer shall receive no compensation from the company for excess generation beyond their own use during the billing period."

Now, to me it -- it -- you know, this reads as if under the current net metering system the company provides customers don't, A, not even receive reimbursement -- actual reimbursement for what they contribute to the company in terms of generation of clean alternative power. And one would expect this from plain free market principles, that if you receive a benefit in terms of power into your grid and particularly clean alternative energy you have to contribute paying for that but the AEP customer appears to only be allowed credit for his excess generation to be carried forward. And so to me this is a pretty miserly arrangement as is and -- and to me I understand this is now to be terminated or made even -- even less productive for -- for -- for customers.

Personally, I had solar panels installed in the year 2001 for two main reasons, A, because of shade trees I didn't want to miss and, B, because a Photovoltaic system cost I couldn't afford. My system is a solar thermal to heat my water, which it still does. I had no incentive, therefore, to have defrayed the up-front cost but the -- but it allowed me what I wished to do, namely to reduce carbon footprint. And in conjunction with a Home Energy Efficient retrofit I had done earlier it really allowed me to reduce my energy draw and, therefore, reduce the carbon pollution.

So it seems to me that the authority should, A, assure even in the interest of this state and of state agencies not working at cross purposes in the interest of the state's own efforts to reduce carbon pollution in the light of changing climate and to achieve clean power plant objectives that AEP customers at the very least should maintain what they currently have under the net metering system but I think that ought to be upgraded to respond to the need and the urgency for state and nation to transition to -- to non-fossil fuel, clean energy, alternative energy.

It seems to me also that the -- the agency should assure -- should not allow billing to be based on some arbitrary just one short high demand period but billing should reflect actual energy used and -- and also should issue that all these, as I read them, applied for fees and service charges, particularly any that disproportionate and discriminatory for renewable energy, that they do not disproportionately penalize Tennessee rate payers over other utility customers. Thank you.

Edward Wolff

Mr. Wolff: My name is Edward Wolff. That's Edward and W-o-l-f-f. I live in Jonesborough, Tennessee. I am a co-chairman of the northeast chapter of Citizens Climate Lobby which includes Kingsport and that's the purpose for my being here today.

I don't think I need to take anybody's time to be repetitious about all -- what's already been said, especially as we are grasping and wrestling with the fact that there is a problem with our climate and that problem is carbon emissions. And one of the challenges we have is to produce solar, wind, or whatever energy in order to reduce carbon emissions. There are people, as I think Mr. Middlemas was it said, that are taking it upon themselves to put in solar energy in order to commit their own resources in order to reduce the amount of carbon emissions.

My own home has 26 panels of solar energy. I'm in the TVA system. Fortunately, it's not net metering so that they buy and I -- I buy from them. That cost me $30,000. I didn't ask for a subsidy but TVA has not turned around and said, "Well, because you have this I am now going to penalize you." I would think the utility industry as a whole needs to look at a long range policy and plan on how to deal with the reality that carbon emissions -- any type of fuel that evicts carbon emissions needs to be changed so that we get into wind and we get into solar power and to work together with the people who really believe in it in order to make it happen rather than penalize them.

I hear, and I don't know the details, that Hawaii plans to be 100 percent carbon free in I think the year 2030 or 2050. It's a different state, it's a different climate; however, there is now in Washington D.C. a bipartisan climate policy caucus that is meeting and developing in order to shape and form policy that makes sense to all people. And it seems to me that's what utilities should be working for along with the common people who are really concerned and interested in keeping this Earth of ours the way it should be.

I was talking to an aide for Representative Phillip Roe and he says, "I don't want my children, grandchildren to have to wear masks like they do in China." I said, "I don't want my grandchildren to have to live in a climate that's seven degrees higher than it is now on average, and what does it take to be -- to get there?"

Now, in a previous life I used to be in public accounting and I know very well that every corporation, whether it's a public utility or otherwise, looks to the quarterly profit. Somehow we have to shift that in order to look to the long range needs of this world of ours and specifically this country and do what is necessary in order to keep this Earth of ours the way we want it to be.

I have friends in Kingsport who have solar energy and the first thing they say to me, "Ed, this policy is designed to take away any effort, any encouragement, any investment in solar power even though I'm investing my own money." So I would encourage all of us to look at what we're trying to do for the benefit of the world, not just for the benefit of the bottom line in this quarter or next year. Thank you.

Nancy Moles

Ms. Moles: I want to say good morning to all you fellow -- fellows and ladies that are here this morning. I'm Nancy Moles and I live in -- in this beautiful town of Kingsport, Tennessee. And at first when I got the news that we were going to have a rate increase, of course, me being on fixed income and widowed, no way to earn extra money, although I've been very selective in my heating process and all of my utility uses -- as I was growing up I remember when we only had one bulb in the ceiling. We had no electric stove, we had no electric water heater, we had no electric dryer and electric washer. We washed our clothes on a washboard.

I don't know if any of you all are in here that is my age but I'm proud of my age because God let me see this day. I could have been taken out and I just the other day told Him that I thought he had more work for me to do and that I was not ready to go as now.

So let me tell you all my Savior and God spoke this world into existence and he said, "Let there be light," and there was light. And let me tell you I didn't come to preach but I am a witness that when I was growing up as a five-year-old child my parents took me to a missionary chapel. In that little chapel I learned about my Savior and Lord and I hope you all here today take a message for -- for what I'm trying to say because that is my first and foremost message for you and you and you and you.

We are passing through this land and as we pass we're going to come against trials and temptations and this one is one that struck me really close because, you see, there's many people in this town that would open their mouth and grumble and I, for one, did until I don't understand what is taking place. And if you are doing this and putting more heavy burdings on us as a low income family God help you but the facts here today seem to say that this is needful.

And so I say again unto you today, fellow men, I, myself, am proud of being in America and I'm proud that I can turn my electricity on and turn up the heat and turn on the hot water and use my electric stove and my washer and dryer. It is -- I still -- I'm still of the opinion that we can be more saving.

Now, my daughter says, "Mom, you seem to be cold all the time," so last fall she said, "Mom, turn up the heat some more because I don't want to think you're cold," and I said, "Honey, when I get cold I just put on more clothes," you know, and I get more shoes and more socks because I was raised in a cold house. You know, we did not have electric heat that run hours a day. We had to put the wood in there, stoke it up, and you know the story.

So anyway, I am proud that I have electricity in my home and I can say if this is needed and it's justified then let it be because you know what, I have walked through the grocery store and I'm very conservative, I'm very -- trying to eat healthy. And I looked around the other day at a area store and I won't name the one and these people had so many soda pop in their buggy that I could not see how they could possibly drink it all and, as you know, that's not a good food, that's not a good source. So I'm saying to the poor in this town look around and see if you're really poor enough to grumble about this bill and don't make statements that you're going to be sorry for and have to give account for when you stand before our Lord and Savior.

And just remember that if you're not saved I hope you all will be before -- and -- and I think -- and I don't know if you'll agree with me or not but when I look at the scriptures and hear the old men of old -- back when I was a little girl they preached this and people says, "Oh, the Lord hadn't come yet. Is He delayed His coming as the scripture said"? No, I think not. We are living in the end times so, therefore, I wish you all would be ready to go in the clouds of glory

when He appears and that's my -- that's all I have to say. Thank you very much and you all have a wonderful day.

Kyle Butler

Mr. Butler: Okay. Kyle, K-y-l-e, Butler, B-u-t-l-e-r. I guess my concern is the 13 percent seems a little steep. I'm trying to retire and everything seems to keep going up. My county taxes are higher than my city taxes and so on and so on. This is going to not help.

I got a letter from AEP saying that they wanted to charge me for the box hook-up to my house $5 a month, which comes to, what, I think about $60 a year on top of this 13 percent and I don't know where this come from. It's always been provided in the electrical system...

Mr. Butler: ...but now I've got to pay for that.

Mr. Butler: ...it'd stay like it is. Well, that...

Mr. Butler: ...was my concern about it. And 13 percent does seem a little high but I understand things go up but appreciate your time and letting me voice my opinion.

Mr. Butler: I -- I'd like to see some competition. The thing is, see, I -- I -- I turn lights out, I try to save on electricity for retirement and get used to this and -- and my bill's like $57 a month and I try to save on electricity and then this -- this hits me and I'd like to see it not -- I understand you have expenses but it seems 13 percent's going to hurt a lot. Thank you for your time.

Stephenson Todd

Mr. Todd: Good morning. I really wasn't planning on saying anything this morning, I just wanted to come over here and see and observe, but my aunt was Mrs. J. Fred Johnson and I understand the rate structure was the -- that they're working off of was the rate structure established by J. Fred Johnson. And I have a real concern about the people that are on fixed incomes that cannot afford -- especially couples where one is a widow and this -- I think that electricity is a necessity of life.

I wonder -- and I think J. Fred Johnson would agree with that. I don't know the solution for people who are fixed income that cannot afford to pay electric bills when they go up, I just don't know the solution for that. I am blessed that I can afford to pay for my electricity and I can have the heat in my house as hot as I want it and in the summertime I can have it as cold as I want it. I'm blessed because of -- of my situation in life. A lot of people in this area are not so blessed. I have concerns about them. I don't know a solution.

There has to be some way for people on fixed incomes to be able to have access to the necessary amount of electricity because, like I say, I believe it is -- it's a necessity of life. It almost ought to be free to everybody, you know, because we have to have that to exist in -- in society today. We cannot go back to wood burning stoves in everybody's house and heat -- heating by electricity, cook -- I mean cooking by stoves and -- and all that but we have to have something to take into consideration the really poor people, not the lazy people but the poor

people on fixed incomes that have no way to produce an extra source of revenue to pay their bills. And I appreciate the opportunity.