

**DIRECT TESTIMONY OF
GARRY H. SIMMONS
ON BEHALF OF KINGSPORT POWER COMPANY
D/B/A AEP APPALACHIAN POWER
BEFORE THE
TENNESSEE REGULATORY AUTHORITY
DOCKET NO. 16-_____**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND PRESENT**
2 **POSITION .**

3 A. My name is Garry H. Simmons. My business address is Three James Center,
4 1051 E. Cary Street, Suite 1100, Richmond Virginia 23219. I am employed by
5 Appalachian Power Company (APCo) as a Regulatory Consultant of Regulatory
6 Services VA/TN. Appalachian Power Company (“APCo”) and Kingsport Power
7 Company (“Kingsport”, “KgPCo” or “the Company”) are wholly owned
8 subsidiaries of American Electric Power Company, Inc. (AEP).

9 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND EMPLOYMENT**
10 **BACKGROUND.**

11 A. I am a Certified Public Accountant in Virginia. I have a Bachelor of Business
12 Administration Degree in Accounting from North Georgia College. In 1979, I
13 was employed by Advance Stores, Inc. as a financial accountant in their
14 Corporate Accounting Department. In May 1982, I joined APCo as a Statistical
15 Clerk in the Regulatory and Special Reports Section of the Accounting
16 Department. In 1984, I was promoted to Associate Staff Accountant in the Tax
17 Department and over the following 16 years was promoted to various positions of

1 increasing responsibility. In 2001, I transferred to Regulatory Services in

2 Richmond and in April, 2013 was promoted to my current position.

3 **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.**

4 A. I am responsible for the facilitation and administration of compliance filings,
5 regulatory case filings, discovery and testimony for APCo's Virginia/Tennessee
6 Regulatory Services Department, which has responsibility for all rate and
7 regulatory matters affecting APCo's Virginia jurisdiction and Kingsport Power
8 Company ("KgPCo"). I report directly to the Director of Regulatory Services.

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY COMMISSION?**

10 A. Yes, I have presented testimony before the Tennessee Regulatory Authority
11 ("TRA") in Kingsport's current Storm Damage Rider case (Docket No. 15-
12 00024). I have also testified in Virginia in numerous non-fuel cases and in
13 APCo's last eight applications to revise its fuel factor.

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
15 **PROCEEDING?**

16 A. My testimony supports proposed changes in the Terms & Conditions (T&Cs) of
17 Service in the Company's Tariff.

18 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

19 A. Yes. I am sponsoring Exhibit No. 1 (GHS), which is a redlined version of our
20 T&Cs. This exhibit contains the precise language and changes the Company
21 proposes. Exhibit No. 2 (GHS) is a clean version of the T&Cs. I am also
22 sponsoring Exhibit No. 3 (GHS) which is a summary of the miscellaneous fee
23 calculations.

1 **Q. WILL THESE CHANGES REQUIRE A NEW TARIFF?**

2 A. Yes. Due to the volume of proposed changes in the Terms and Conditions of
3 Service, as well as to the rate schedules, the Company is naming this T.R.A.
4 Tariff Number 2.

5 **Q. WHY IS KINGSPORT PROPOSING CHANGES IN ITS T&Cs AT THIS**
6 **TIME?**

7 A. It has been over 20 years since the last comprehensive review of KgPCo's T&Cs
8 and they are outdated. Many things have changed over time including customer
9 expectations, TRA rules and Company procedures and policies. The Company is
10 revising its T&Cs to be more in line with these changes.

11 **Q. CAN YOU BRIEFLY SUMMARIZE THE CATEGORIES OF CHANGES**
12 **THE COMPANY IS PROPOSING?**

13 A. Yes. Our proposed changes can be separated into three general categories: 1)
14 clarification of existing procedures and policies; 2) new procedures and policies;
15 and 3) fee changes.

16 Please see Exhibit No. 1 (GHS) for all the proposed changes. The primary
17 changes are described below.

18 **Q. HOW DOES THE COMPANY PROPOSE TO CLARIFY THE T&CS?**

19 A. One of the Company's primary goals in amending the T&Cs is to make them less
20 confusing to customers. At the same time, clarity would facilitate improved
21 administration of the tariff for the Company and the TRA as well. In developing
22 these changes, the Company considered its experiences with customers over the
23 past 20 years and determined that several of our T&Cs could be re-organized or

1 amended to reduce customer confusion regarding service, policies, rights and
2 responsibilities. Some examples include changes to the following sections of the
3 T&Cs:

4 ► Under **DEFINITIONS**: The Company created a new section of defined terms
5 and conditions that will better assist customers in understanding the T&Cs.

6 ► Under **METERING AND BILLING**: This is a new section that explains
7 the characteristics of metering and is modeled after Appalachian Power's Virginia
8 tariff.

9 ► Under **SERVICE CONNECTIONS**: The Company proposes to add the
10 following: "*The Company shall not be required to obtain easements or permits*
11 *over or under the property of another necessary for service if the terms thereof*
12 *are unduly burdensome.*" The Company goes to great lengths to obtain
13 easements in order to provide service to customers, but there are occasions when
14 neighboring landowners either will not grant an easement or demand
15 unreasonable compensation. In these situations, the Company should not be
16 obligated to obtain easements, and service can be denied to the customer if they
17 cannot obtain easement rights themselves and there is no reasonable alternative to
18 reach the customers' premises.

19 ► Under **DOMESTIC SERVICE**: The Company proposes to add this new
20 section. It explains how residential and multi-unit residential dwellings are to be
21 served and metered. It also distinguishes between residential and business
22 purposes. Often times, customers have home-based commercial businesses that

1 they wish to have on residential rates. Businesses are properly billed under
2 commercial tariffs and should be separately metered.

3 ► Under **CHANGE OF ADDRESS BY CUSTOMER**: The Company
4 proposes to add this new section. Within this section, the Company proposes to
5 add the following: *“It is the responsibility of an existing customer to notify the*
6 *Company when service is to be discontinued and to provide a mailing address for*
7 *the final bill.”* Customers sometimes move without giving the company their new
8 mailing address. This can result in bad credit ratings for the customers and
9 charge-offs for the company.

10 ► Under **METER ACCURACY AND TESTS**: The Company proposes to add
11 this new section to align the T&C’s with TRA Section 1220-4-4-.18. Of
12 particular note, the Company proposes to add the following: *“The Company is*
13 *under no obligation, legal or regulatory, to replace any properly functioning*
14 *meter in service.”* It will provide clarity in the situation where a customer insists
15 that their meter be replaced, even after it has been tested and found to be
16 functioning properly.

17 These are the most significant of the proposed changes to the T&Cs. For a
18 full recitation of all the proposed changes, please review Exhibit No. 1 (GHS).

19 **Q. WHAT ARE SOME OF THE NEW PROCEDURES OR POLICIES BEING**
20 **PROPOSED?**

21 A. This category would include the following changes to the T&Cs:

22 ► **CIAC TAXABILITY**: Contributions-in-Aid of Construction (CIAC)
23 payments are required of certain customers. Section 118(b) of the Internal

1 Revenue Code, as amended by the 1986 Tax Act, provides that contributions-in-
2 aid of construction and other contributions made by a customer or potential
3 customer are required to be included in the taxable income of the party receiving
4 the contribution. Since the facilities are for the sole benefit of the customer
5 requesting the facilities, the customer should also cover the Company's income
6 tax liability on the CIAC instead of this being absorbed by all retail customers.
7 Therefore, we are proposing that all CIAC payments from customers be grossed
8 up to cover state and federal income taxes associated with the CIAC.

9 The Company proposes to add the following: *"The customer shall reimburse the*
10 *Company for all state and federal income taxes associated with the CIAC."*

11 ► Under **SERVICE CONNECTIONS**: The Company proposes to add the
12 following: *"The Company will not furnish, install or replace service entrance*
13 *cable."* Customers have been responsible for installing their own service entrance
14 cable since the early 1980's, so any service entrance cable now needing to be
15 replaced would also be the responsibility of the customer.

16 ► Under **SERVICE CONNECTIONS**: Generally, customers requesting
17 equipment or facilities in addition to those normally provided by the Company are
18 required to pay the entire costs of the equipment and facilities up front before
19 construction begins. Over the years, many commercial and industrial (C&I)
20 customers have expressed a preference to pay for these facilities on a monthly
21 basis, therefore the Company plans to offer commercial and industrial customers
22 the option of paying a monthly facilities charge that would cover the Company's
23 initial investment and future maintenance costs.

1 **Q. WHAT CHANGES IN FEES IS THE COMPANY PROPOSING AND HOW**
2 **WILL CUSTOMERS BE IMPACTED?**

3 A. ► Under **RETURNED CHECK CHARGE:** The current charge has been in
4 place since 1983. The Company is proposing to increase its Returned Check
5 Charge from \$7.50 to \$12.50. The proposed increased fee will help ensure that
6 the customers responsible for initiating the bad checks, appropriately incur the
7 costs.

8 ► Under **METER ACCURACY AND TESTS:** The Company is proposing to
9 add the following: *“If tests of Company-owned meters are requested by the*
10 *customer to be made more frequently than once every twelve months, then the*
11 *customer shall pay the Company a deposit of \$15 for a single phase meter or \$30*
12 *for a polyphase meter for each test. The deposit shall be refunded only if the*
13 *percentage registration of the meter is less than 98% or greater than 102%.”*

14 This language aligns our Tennessee customers with our other jurisdictions.

15 ► Under **RECONNECTION CHARGES:** The Company proposes to increase
16 its current service reconnection fee of \$16.00 to \$50.00 to more accurately reflect
17 the current costs of providing this service. This change is necessary since
18 KgPCo’s reconnect fee has not been updated since 1983.

19 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

20 A. Yes.

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Kingsport, Tennessee

Sheet Number 1
T.R.A. Tariff Number 2

TERMS AND CONDITIONS OF SERVICE

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TERMS AND CONDITIONS OF SERVICE

DEFINITIONS

Words or phrases in this tariff shall be defined as follows:

“Advanced Metering” – A meter (1) capable of remote meter reading and/or (2) capable of storing electric consumption data at specified time intervals compliant with existing tariffs and in conformance with applicable performance specifications.

“Applicant” – Any person, group of persons, including the developer, builder, property owner or other person, association, partnership, firm, corporation or other entity requesting Electric Service from the Company, or who has not been recognized by the Company as a customer.

“Company” – Kingsport Power Company.

“Contribution-in-Aid-of-Construction (CIAC)” – Payment by customer to cover the cost of facilities not covered by the applicable revenue credit. The CIAC includes all state and federal income taxes incurred by the Company that are associated with such payment
–

“Customer” – Any person, group of persons, including the developer, builder, property owner or other person, association, partnership, firm, corporation or other entity purchasing Electric Service from the Company.

“Delivery Point” – The point of connection between the distribution facilities of the Company and the electric system of the customer.

“Electric Service” – The supply of electricity by the Company to a retail customer.

“Electricity Supply Service” – The generation of electricity, or when provided together, the generation of electricity and its transmission to the distribution facilities of the Company on behalf of a retail customer.

“Meter Reading” -- Any reading obtained from a meter via manual or electronic reading process.

“Month” -- The elapsed time between two successive meter readings approximately thirty (30) days apart.

“Person” – Any individual, corporation, partnership, association, company, business, trust, joint venture, or other private legal entity, and the State of Tennessee or any city, county, town, authority or other political subdivision of the State of Tennessee..

“Submetered Service” – The measurement of electricity by the owner/operator of a master metered multiple occupancy building for the purpose of determining the actual use of individual occupants.

“TRA” -- Tennessee Regulatory Authority.

APPLICATION

The Company reserves the right to require an applicant, before any electricity is delivered, to:

- (1) Establish that the applicant is the owner or bona fide lessee of the premises and to require all owners and bona fide lessees to have the electric service in their names.
- (2) Execute an electric service application. Notwithstanding the application, an applicant, by accepting the electricity, agrees to be bound by the applicable Tariff and these Terms and Conditions as amended from time to time. Failure to make application does not relieve new customers from being liable for all services supplied since the last meter reading, either actual or estimated, under the appropriate Tariff.

A copy of the ~~tariffs~~ Tariffs and standard the Terms and Conditions under which service is to be rendered to the customer will be furnished upon request, at the Company's office and the customer shall elect upon which tariff applicable to his service his application shall be based. The customer shall select the particular Tariff, of those available, upon which the application for service shall be based. The Company may assist the customer in making this selection but responsibility for the selection rests exclusively with the customer.

A written agreement may be required from ~~each a~~ customer before service will be commenced. A copy of the agreement will be furnished to the customer upon request.

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TERMS AND CONDITIONS OF SERVICE

When the customer desires delivery of energy at more than one point, a separate agreement will be required for each separate point of delivery. Service delivered at each point of delivery will be billed separately under the applicable ~~tariff~~ Tariff.

DEPOSITS

~~Pursuant to the Rules and Regulations of the TRA, Section 1220-4-4-.15, a~~ deposit, or suitable guarantee, as security for the payment of bills, may be required of the customer at any time or from time to time before or after service is commenced. ~~Such deposit shall not be more in amount than the maximum estimated charge for service for two (2) consecutive billing periods or ninety (90) days, whichever is less, or as may reasonably be required by the utility in cases involving service for short periods or special occasions. The Company will pay an interest rate on deposits so made in accordance with legal requirements as approved by the TRA. The Company will not pay interest on deposits more than one month after discontinuance of service to the customer. Retention by the Company, prior to final settlement of any deposit or guarantee is not payment or part payment of any bill for service. The Company may retain the deposit as long as it feels it is necessary to insure payment of bills for service.~~

~~The Company will not be required to supply service if deposit conditions are not met or if an appropriate deposit is not paid as required.~~

The Company shall have a reasonable time in which to read and remove the meters and to ascertain that the obligations of the customer have been fully performed before being required to return any deposit. ~~Retention by the Company, prior to final settlement, of any deposit or guarantee, shall not be deemed a payment or partial payment of any bill for service.~~

METERING AND BILLING

~~Meters will be read monthly, unless otherwise indicated within an individual tariff, except that readings may be estimated on occasion as necessary.~~

~~All electricity sold by the Company shall be on the basis of meter measurement, except for installations such as street lighting, outdoor lighting, traffic signal and other service where the usage is constant and the consumption may readily be computed, consistent with tariff availability, and all charges for electricity used shall be calculated from the meter reading or estimated consumption and the usage at each Delivery Point shall be billed separately.~~

~~Whenever it is found that electric service is being used as a result of tampering, the customer will pay to the Company an amount estimated by the Company to be sufficient to cover the electric service used and not previously paid for, as well as an amount equal to any damage done to the company's facilities as a result of such tampering.~~

~~When meters are installed by the Company to measure the Electric Service used by the Company's Customers, all charges for Electric Service used, except certain customer and minimum charges, shall be calculated from the readings of such meters. All meters used to determine billing will be owned and operated by the Company.~~

~~The Company installs, maintains and operates a variety of meters, including Advanced Meters and related equipment designed to measure and record Customers' consumption and usage of electric services provided under this Tariff. The Company may from time to time, at its sole and exclusive discretion, install such meters and related equipment, including but not limited to, telemetering equipment and Advanced Meters, it deems reasonable and appropriate to provide electric service to Customers under this Tariff.~~

PAYMENTS

Bills will be rendered by the Company to the customer monthly in accordance with the tariff selected applicable to the customer's service with the following exceptions:

EQUAL EXTENDED PAYMENT PLAN (EEP)

Residential customers shall have the option of paying bills under the Company's equal payment plan (Budget Plan), whereby the total service for the succeeding 12-month period is estimated in advance, and bills are rendered monthly on the basis of one twelfth of the 12-month estimate. The Company may at any time during the 12-month period adjust the estimate so made, and the bills rendered in accordance with such estimate, to conform more nearly with the actual use of service being experienced.

The normal equal payment period will be 12 months, commencing in any month selected by the Company.

In case the actual service used during any equal payment period exceeds the bills as rendered on the equal payment plan, the amount of such excess shall be paid on or before the due date of the bill covering the last month of the equal payment period in which such excess appears. If the customer discontinues service with the Company under the equal payment plan, any such excess not yet paid shall become payable immediately. In case the actual service used during the equal payment period is less than the amount paid under the equal payment plan during such period, the amount of such overpayment shall, at the option of the Company, either be refunded to the customer or credited on his last bill for the period.

If a customer fails to pay bills as rendered on the equal payment plan, the Company shall have the right to withdraw the plan with respect to such customer and to restore the customer to billing as provided for in the applicable tariffs, in addition to any other rights which the Company may have under such tariffs in case of arrearage in payment of bills.

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AVERAGE MONTHLY PAYMENT PLAN (AMP)

The Average Monthly Payment Plan (AMP) is available to year-round residential customers and Small General Service customers ~~and when mutually agreeable the AMP Plan may be offered by the Company to customers served under other tariff schedules.~~

The AMP Plan is designed to minimize large seasonal variations in electric service billings by allowing the customer to pay an average amount each month based on the current month's billing, including applicable taxes and surcharges, plus the eleven (11) preceding months, divided by the total billing days associated with those billings to get a per day average. The average daily amount will be multiplied by thirty (30) days to determine the current month's payment under the AMP Plan. At the next billing period, the oldest month's billing history is dropped, the current month's billing is added and the average is recalculated to find a new payment amount. The average is recalculated each month in this manner.

In such cases where sufficient billing history is not available, an AMP account may be established allowing the first month's amount ~~due~~ be the average based on the actual billing for the month. The second month's amount due will be the average based on the first and second billing. The average will be recomputed each month using the available actual history throughout the first AMP year.

Actual billing will continue to be based on the applicable rate and meter readings obtained to determine consumption. The difference between actual billings and the averaged billings under the AMP Plan will be carried in a deferred balance that will accumulate both debit and credit differences for the duration of the AMP Plan year – twelve consecutive billing months. At the year of the AMP Plan year (anniversary month), the net accumulated deferred balance is divided by twelve (12) and the result is included in the average payment amount starting with the first billing of the new AMP Plan year and continuing for twelve (12) consecutive months. Settlement occurs only when participation in the plan is terminated. This happens if an account is final billed, if the customer requests termination, or may be terminated by the Company if the customer fails to make two or more consecutive monthly payments on an account. The deferred balance (debit or credit) is then applied to the billing now due.

All bills are payable either by mail, checkless payment plan, electronic payment plan, through authorized collection agencies, or by other payment methods acceptable to the Company. Any fees charged by third party vendors for providing payment services are the responsibility of the customer.

All bills are payable within the time limits specified in the tariff. Failure to receive bill will not entitle customer to any discount or to the remission of any charge for non-payment within the time specified. ~~The word "month" as used herein and in the tariffs is hereby defined to be the elapsed time between 2 successive meter readings approximately 30 days apart.~~ In the event of the stoppage of or the failure of any meter to register the full amount of energy consumed, the customer will be billed for such period on an estimated consumption based upon his use of energy in a similar period of like use.

The tariffs of the Company contain a provision to allow a discount if the account of the customer is paid within the time limit specified in the tariff applicable to his service.

RETURNED CHECK CHARGE

In cases where a check is tendered for payment of an account is returned for insufficient funds or other reason, excluding bank error, a \$12.50 service charge will be made.

INSPECTION

It is to the interest of the customer to properly install and maintain ~~his~~ the customer's wiring and electrical equipment and ~~he~~ the customer shall at all times be responsible for the character and condition thereof. It is the customer's responsibility to assure that all inside wiring, appliances and equipment are grounded and are otherwise in accordance with requirements of the National Electric Code or the requirements of any local inspection authority having jurisdiction. The Company is not required to inspect such wiring and electrical equipment, and in no event shall the Company be responsible therefore or liable for any damages to person or property caused by such wiring or equipment.

~~The Company makes no inspection thereof and in no event shall be responsible therefor.~~

Where a customer's premises are located in a municipality or other governmental subdivision where inspection laws or ordinances are in effect, the Company may withhold furnishing service to new installations until it has received evidence that the inspection laws or ordinances have been complied with.

Where a customer's premises are located outside of an area where inspection service is in effect, the Company may require the delivery by the customer to the Company of an agreement duly signed by the owner and tenant of the premises authorizing the connection to the wiring system of the customer and assuming responsibility therefor. No responsibility shall attach to the Company because of any waiver of this requirement.

SERVICE CONNECTIONS

The Company shall not be required to obtain easements or permits over or under the property of another necessary for service if the terms thereof are unduly burdensome. The Company shall not be required to provide electric service until a reasonable time has

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elapsed after the Company has obtained or received all suitable permits, certificates and easements.

_____If requested, applicants and customers shall supply the Company with drawings and specifications covering the plot and structures requiring electric service. The Company shall not be obligated to provide electric service until the applicant or customer has properly prepared the site for installation of the Company's facilities.

_____The Company shall supply electricity at one Delivery Point whose location shall be determined by the Company. The customer's wiring shall, except for those cases listed below, be brought outside the building wall nearest the Company's service wires so as to be readily accessible thereto. When service is from an overhead system, the customer's wiring shall extend at least 18 inches beyond the building.

_____The Company will not furnish, install or replace service entrance cable. The Company will, when requested to furnish service, designate the location of its service connection. The customer's wiring must, except for those cases listed below, be brought outside the building wall nearest the Company's service wires so as to be readily accessible thereto. When service is from an overhead system, the customer's wiring must extend at least 18 inches beyond the building. Where customers install service entrance facilities which have capacity and layout specified by the Company and/or install and use certain utilization equipment specified by the Company, the Company may provide or offer to own certain facilities on the customer's side of the point where the service wires attach to the building.

All inside wiring must be grounded in accordance with the requirements of the National Electrical Code or the requirements of any local inspection service authorized by a state or local authority.

When ~~ever~~ a customer desires that energy be delivered at a point or in a manner other than that designated by the Company, the customer shall pay a Contribution-in-Aid-of-Construction (CIAC) reimbursing the Company for the additional costs of providing such service. The customer shall also reimburse the Company for all state and federal income taxes associated with the CIAC. ~~the additional cost of same.~~

If the customer desires equipment, facilities or engineering estimates in excess of those which the Company would normally provide, and the Company finds it practicable, such additional equipment, facilities or engineering estimates will be supplied by the Company provided the customer pays, in advance of construction, the additional estimated costs or agrees to pay a monthly facility charge equal to ~~1.4308~~ 1.308% of the additional estimated costs.

The Company ~~will~~ shall provide underground distribution and/or underground services to individual customers, to groups of customers, or to real estate developers in accordance with the Underground Distribution and Service Plan on file with the Tennessee Public Service Commission ~~Regulatory Authority~~. Copies of the Underground Distribution and Service Plan are available ~~at the Company's offices~~ upon request.

CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER ADVANCES

The Company will require from any customer and/or developer a Contribution in Aid of Construction or Customer Advance for installation of underground service in lieu of standard overhead service, construction of additional facilities to serve only the subject customer or facilities over and above the standard necessary to provide reliable electric power service. This Contribution in Aid of Construction or Customer Advance will be calculated according to the most recent facility costs available to the Company. The customer shall also reimburse the Company for all state and federal income taxes associated with the CIAC. ~~The Contribution in Aid of Construction or Customer Advance, if calculated to be \$100,000 or more, will be grossed up by 33 percent to recognize the carrying costs associated with federal and state income taxes. Contributions in Aid of Construction or Customer Advances of less than \$100,000 will not be grossed up and will be charged at the calculated amount.~~

RELOCATION OF COMPANY'S FACILITIES AT CUSTOMER'S REQUEST

Whenever, at ~~the~~ customer's request, Company's facilities located on ~~the~~ customer's premises are relocated to suit the convenience of ~~the~~ customer, the customer shall reimburse the Company for the entire cost incurred in making such ~~change~~ relocation. Such relocation shall include all state and federal income taxes associated with the relocation cost.

LIMITATIONS OF COMPANY'S LIABILITY

The Company will use reasonable diligence in furnishing a regular and uninterrupted supply of energy, ~~but the Company~~ does not guarantee uninterrupted service. The Company shall not be liable for damages for injury to person or property in ~~case the event~~ such supply ~~should be~~ interrupted or fails by reason of an act of God, the public enemy, accidents, strikes or labor disputes, orders or acts of civil or military authority, breakdowns or injury to the machinery, transmission lines, distribution lines or other facilities of the Company, extraordinary repairs, or any act of the Company to interrupt service to any customer whenever in the sole judgment of the Company such interruption is indicated in order to prevent or limit any instability or disturbance on the electric system of the Company or any electric system interconnected with the Company or ordinary negligence or breach of contract on the part of the Company, its agents or employees.

Unless otherwise provided in a contract between Company and Customer, the point at which service is delivered by Company to customer, to be known as "delivery point", shall be the point at which the customer's facilities are connected to the Company's facilities. The metering device is the property of the Company; however, the meter base and all internal parts inside the meter base are customer owned, and are the responsibility of the customer to install and maintain. The Company shall not be liable for any loss, injury, or damage resulting from the customer's use of ~~his the customer's~~ equipment or ~~occasioned by use of~~ the energy furnished by the Company beyond the delivery point.

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The Company does not guarantee the delivery of service against fluctuations or interruptions. The Company will not be liable for any damages, whether direct or consequential, including, without limitations, loss of profits, loss of revenue, or loss of production capacity occasioned by fluctuations or interruptions. The customer shall provide and maintain suitable protective devices on the customer's equipment to prevent any loss, injury or damage that might result from single phasing conditions or any other fluctuation or irregularity in the supply of energy. The Company shall not be liable for any loss, injury or damage resulting from a single phasing condition or any other fluctuation or irregularity in the supply of energy which could have been prevented by the use of such protective devices.

The Company is not responsible for loss or damage caused by the disconnection or reconnection of its facilities. The Company is not responsible for loss or damages caused by the theft or destruction of Company facilities by a third party.

The customer shall provide and maintain suitable protective devices on his equipment to prevent any loss, injury or damage that might result from single phasing conditions or any other fluctuation or irregularity in the supply of energy. The Company shall not be liable for any loss, injury or damage resulting from a single phasing condition or any other fluctuation or irregularity in the supply of energy which could have been prevented by the use of such protective devices.

The Company will shall provide and maintain the necessary line or service connections, transformers (when same are required by conditions of contract between the parties thereto), meters and other apparatus which may be required for the proper measurement of and protection to its service. All such apparatus shall be and remain the property of the Company.

In the event it is determined the Company is liable for damages resulting from interrupted service, such damages shall be limited to the cost of necessary repairs of physical damage proximately caused by the service failure.

CUSTOMER'S LIABILITY

In the event of loss or injury to the property of the Company through misuse by, or the negligence of, the customer or the customer's agents and employees of the same, the customer shall be obligated for and shall pay to the Company the full cost of repairing or replacing such property. The customer shall be responsible for the entire cost incurred in relocating a Company pole if the customer jeopardizes the integrity of the pole. In addition, the customer shall reimburse the Company for all state and federal income taxes associated with such relocation. the cost of the necessary repairs or replacement thereof shall be paid to the Company by the customer.

The customer and the customer's agents and employees shall not tamper with, interfere with or break the seals of any meters used by the Company or any Company-owned equipment installed on the customer's premises, and the customer assumes all liability for the consequences thereof. Customers will be responsible for tampering with, interfering with, or breaking of seals of meters, or other equipment of the Company installed on the customer's premises. The customer hereby agrees that no one, except the agents and employees of the Company, shall be allowed to make any internal or external adjustments of any installed meter used by the Company or any other piece of apparatus which shall be the property of belongs to the Company.

The Company shall have the right at all reasonable hours to enter the premises of the customer for the purpose of installing, reading, removing, testing, replacing or otherwise disposing of meters used by the Company, regardless of ownership, its and all Company-owned apparatus and property, and the right of entire removal of the Company's property in the event of the termination of the contract for any cause. The Company shall have the right to discontinue electric service if such access at any time is not provided. The Company shall also have the right to remove any or all of the Company's property in the event of termination of the customer's service for any reason.

DOMESTIC SERVICE

Individual residences shall be served individually under the appropriate residential tariff. The customer may not take service for two or more separate residences through a single point of delivery under any residential schedules, even if the customer owns all of such residences. In the case of multi-unit residential dwellings such as apartment houses, condominiums, townhouses, etc., the owner shall have the choice of providing separate wiring for each unit so that the Company may supply each such unit separately under residential schedules, or of purchasing the entire service through a single meter under the appropriate general service tariff. The owner may provide submetered service to the individual units under rules for master metering electricity as specified in the Rules and Regulations of the TRA, Section 1220-4-4-.07 (2). Hospitals, nursing homes, hotels, motels and dormitories are not considered multi-unit residential dwellings.

The appropriate residential tariff shall cease to apply to a residence which becomes regularly used for business, professional, institutional or any gainful purpose. Under these circumstances, the customer shall have the choice: (a) of separating the wiring so that the residential portion of the premises is served through a separate meter under such schedules and the other uses as enumerated above are served through a separate meter or meters under the appropriate general service tariff, or (b) of taking the entire service under the appropriate general service tariff. Single phase motors of 10 H.P., or less, may be served under the appropriate residential tariff. Larger motors may be served when, in the Company's sole judgment, the existing service facilities of the Company are adequate.

Detached buildings actually appurtenant to the customer's residence, such as a garage, stable, or barn, may be served by an extension of the customer's residential wiring through the residential meter provided no business activities are transacted in the detached buildings.

CHANGE OF ADDRESS BY CUSTOMER

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It is the responsibility of an existing customer to notify the Company when service is to be discontinued, and to provide a mailing address for the final bill.

When the Company receives notice from an existing customer that the service is to be discontinued, or from a prospective customer that an existing service is to be transferred into the prospective customer's name, the Company will determine the meter reading for the final bill to the existing customer. The existing customer will be responsible for all service supplied to the premises until such meter reading and discontinuance or transfer is made. Transfer of service to a qualified prospective customer will not be delayed or denied because of nonpayment of the final bill by the former customer, unless the former customer continues to be a consumer of electric service at the premise.

EXTENSION OF SERVICE

The electrical facilities of the Company will be extended or be expanded to supply electric service when the revenue is sufficient to justify the cost of making such additions, or in lieu of sufficient revenue the Company may require a long term contract and/or contribution, monthly minimum charge, definite and written guarantee, from a customer or group of customers in addition to any minimum payment required by the tariff as may be necessary. This requirement may also be applied to cover the payment by the customer of the cost of tapping existing transmission or distribution lines for electric service or for reservation of electrical capacity when such service or reservation will not otherwise provide sufficient revenue to justify the cost of tapping said lines.

LOCATION AND MAINTENANCE OF COMPANY'S EQUIPMENT

—In order to provide service to the customer, the Company shall have the right to construct its poles, lines and circuits on the customer's property, and to place its transformers and other apparatus on the property or within the buildings of the customer, at a point or points convenient for such purpose, as required to serve such customer, and.

The customer shall provide suitable space for the installation of necessary measuring instruments at an outside location, where practicable, designated by the Company so that the latter such instruments will may be protected from injury by the elements or through the negligence or deliberate acts of the customer or of any of its agents and employees of the same. Such space for measuring instruments should be unobstructed, readily accessible and, safe and convenient for reading, testing and servicing by the Company.

USE OF ENERGY BY CUSTOMER

The tariffs for electric energy given herein are classified by the character of use of such energy and are not available for service except as provided herein.

When more than one tariff is available for the service requested, the customer shall designate the tariff on which the request or contract shall be based. The Company will assist the customer in the selection of the tariff best adapted to the customer's service requirements, provided, however, that the Company does not assume responsibility for the selection or that the customer will at all times be served under the most favorable tariff.

The customer may change the initial tariff selection to another applicable tariff at any time by either written notice to Company and/or by executing a new contract for the tariff selected, provided that the application of such subsequent selection shall continue for 12 months before any other selection may be made. In no case will the Company refund any monetary difference between the tariff under which service was billed in prior periods and the newly selected tariff.

With particular reference to power customers it shall be understood that upon the expiration of a contract the customer may elect to renew the contract upon the same or another tariff published by the Company available in the district in which the customer resides or operates and applicable to the customer's requirements, except that in no case shall the Company be required to maintain transmission, switching or transformation equipment (either for voltage or form of current change) different from or in addition to that generally furnished to other customers receiving electrical supply under the terms of the tariff elected by the customer.

A customer may not change from one tariff to another during the term of contract except with the consent of the Company.

The service connections, transformers, meters and appliances supplied by the Company for each customer have a definite capacity and no additions to the equipment, or load connected thereto, will be allowed except by consent of the Company. The customer shall install only motors, apparatus or appliances which are suitable for operation with the character of the service supplied by the Company, and which shall not be detrimental to same, and the electric power must not be used in such a manner as to cause unprovided for voltage fluctuations or disturbances in the Company's transmission or distribution system. The Company shall be the sole judge as to the suitability of apparatus or appliances, and also as to whether the operation of such apparatus or appliances is or will be detrimental to its general service. No attachment of any kind whatsoever may be made to the Company's lines, poles, cross arms, structures or other facilities without the express written consent of the Company.

The customer shall make no attachment of any kind whatsoever to the Company's lines, poles, crossarms, structures or other facilities without the express written consent of the Company.

All apparatus used by the customer shall be of such type as to secure the highest practicable commercial efficiency, power factor and proper balancing of phases. Motors which are frequently started or motors arranged for automatic control, must be of a type to give maximum starting torque with minimum current flow, and must be of a type, and equipped with controlling devices, approved by the Company. The customer agrees to notify the Company of any increase or decrease in his connected load.

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The Company will not supply service to customers who have other sources of energy supply except under tariffs which specifically provide for same. Whenever used in these Terms and Conditions of Service or in any of the Company's tariffs the term "other sources of energy supply" shall mean "other sources of electric energy supply". The customer shall not be permitted to operate his own generating equipment in parallel with the Company's service except ~~on with the express~~ written ~~permission~~ consent of the Company.

Resale of energy will be permitted only by written consent of the Company.

RESIDENTIAL SERVICE

Individual residences shall be served individually with single-phase service under the residential service tariff. Customers may not take service for 2 or more separate residences through a single point of delivery under any tariff even if the customer owns all of such residences, irrespective of common ownership of the several residences, except that in the case of multi-unit residential dwellings such as apartment houses, condominiums, townhouses, etc., the owner with a number of individual apartments the landlord shall have the choice of providing separate wiring for each apartment unit so that the Company may supply each apartment unit separately under residential tariffs, or of purchasing the entire service through a single meter under the appropriate general service tariff without submetering the service to the apartment units.

The residential service tariff shall cease to apply to that portion of a residence which becomes regularly used for business, professional, institutional or any gainful purposes or which requires three phase service or which requires service to motors in excess of 10 HP each. Under these circumstances, customer shall have the choice: (1) of separating the wiring so that the residential portion of the premises is served through a separate meter under the residential service tariff and the other uses as enumerated above are served through a separate meter or meters under the appropriate general service tariff; or (2) of taking the entire service under the appropriate general service tariff. Detached building or buildings, actually appurtenant to the residence, such as a garage, stable or barn, may be served by an extension of the customer's residence wiring through the residence meter.

DENIAL OR DISCONTINUANCE OF SERVICE

~~The Company reserves the right to refuse to serve any applicant for service or to discontinue to serve any customer after at least 7 days notice in writing if the applicant or customer is indebted to the Company for any service theretofore rendered at any location; provided however, that no notice shall be given when an emergency exists or where fraudulent use of electricity is detected.~~

~~The Company reserves the right to discontinue to serve any customer for failure to provide and maintain adequate security for the payment of bills as requested by the Company, for failure to comply with these terms and conditions or to prevent fraud upon the Company.~~

~~Any discontinuance of service shall not terminate the contract between the Company and the customer nor shall it abrogate any minimum charge, which may be effective.~~

TEMPORARY SERVICE

Temporary service is electric service that is required for a limited duration, where capacity is available, to nonpermanent installations such as construction projects, transient uses such as traveling shows, fairs, exhibitions, outdoor or indoor entertainment, seasonal installations, or under other circumstances where the Company has reason to believe that the facilities will not be used for a permanent supply of electricity during the construction phase of a project or electric service that is provided to new customers for a period not to exceed thirty (30) days. Such service is available only upon approval of the Company. In order to qualify for temporary service, the customer must demonstrate, to the Company's satisfaction, that the requested service will, in fact, be temporary in nature.

Temporary service shall be provided through its own separately metered delivery point. The temporary service pole shall be reasonably accessible to the Company's service vehicles without causing damage to the customer's or other's property.

Temporary service for light and power will be supplied under any published tariff applicable to the class of business of the customer, when the Company has available unsold capacity of lines, transformers, and generating equipment. The customer will pay a temporary service charge in advance equal to the estimated cost to the Company for providing the temporary service. The service charge, as set forth in the applicable tariff shall be, in no case, less than one full monthly amount. The Company reserves the right to require a written contract for temporary service, at its option.

VOLTAGES

The standard nominal distribution service voltages within the service area of the Company are:

| <u>Secondary</u> | | <u>Primary</u> |
|---------------------|----------------------|--------------------|
| <u>Single Phase</u> | <u>Three Phase</u> | <u>Three Phase</u> |
| 120/240 volts | 120/208 volts | 12,470/7,200 volts |
| 120/208 volts | 240 volts | 34.5/19.9 KV |
| | <u>277/480 volts</u> | |

The standard subtransmission and transmission service voltages within the service area of the Company are:

| <u>Subtransmission</u> | <u>Transmission</u> |
|------------------------------|---------------------|
| <u>Single or Three Phase</u> | <u>Three Phase</u> |

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23 KV 138 KV
34.5 KV
69 KV

METER ACCURACY AND TESTS

The Company's meter performance levels, testing methods, and test schedules are in conformance with the standards recommended by the American National Standard Code for Electricity Metering, (ANSI C12.1), as revised from time to time.

The performance of a Watthour meter is considered to be acceptable when the meter disk does not creep and when the percent registration is not more than 102%, nor less than 98%, based upon the simple average of light load and heavy load.

The performance of a demand meter or register shall be acceptable when the error in registration does not exceed 4% in terms of full scale value when tested at any point between 25% and 100% of full scale value.

Whenever Watthour meters are being tested for accuracy and found to be registering outside 1% on either light or heavy load or outside 2% on lag, the percentage registration of the meter shall be adjusted to within these limits of error or the meter shall be discarded.

Whenever demand meters or registers are being tested for accuracy and found to be registering outside $\pm 4\%$ of full scale value, the demand meter or register shall be adjusted to within $\pm 2\%$ of full scale value or the meter shall be discarded.

The Company shall, without charge, make a test of the accuracy of any Company-owned electric meter upon request, provided the customer does not request such tests more frequently than once every twelve months. If tests of Company-owned meters are requested by the customer to be made more frequently than once every twelve months, then the customer shall pay the Company a deposit of \$15 for a single phase meter or \$30 for a polyphase meter for each test. The deposit shall be refunded only if the percentage registration of the meter is less than 98% or greater than 102%.

Whenever a meter is found upon periodic, request or complaint test to have an average error of registration of more than 2% (fast or slow), the Company shall recalculate the monthly bills as referenced in the Rules and Regulations of the TRA, Section 1220-4-4-.18.

The Company is under no obligation, legal or regulatory, to replace any properly functioning meter in service.

DENIAL OR DISCONTINUANCE OF SERVICE

(1) Reasons for Termination of Service or Denial of Service. Service may be refused or discontinued for any of the reasons listed below:

- (a) Without notice in the event of a condition determined by the utility to be hazardous.
- (b) Without notice in the event of customer use of equipment in such a manner as to adversely affect the utility's equipment or the utility's service to others.
- (c) Without notice if there is evidence of tampering with the equipment furnished and owned by the utility.
- (d) Without notice if there is evidence of unauthorized use.
- (e) For violation of and/or non-compliance with the utility's rules on file with and approved by the Authority.
- (f) For failure of the customer to fulfill his contractual obligations for service and/or facilities subject to regulations by the Authority.
- (g) For failure of the customer to permit the utility reasonable access to its equipment.
- (h) For non-payment of delinquent account.
- (i) For failure of the customer to provide the utility with a deposit.

Unless otherwise stated, the utility shall comply with the notice requirements set forth in paragraph (2) below before service is discontinued. However, no service shall be discontinued on the day or a date preceding a day or days on which the services of the utility are not available to the general public for the purpose of reconnecting the discontinued service, except as provided in (a), (b), (c) and (d) above. For purposes of this section, the Company recognizes the following holidays: New Year's Day, Good Friday, Memorial Day, July 4th, Labor Day, Thanksgiving Day, the Friday following Thanksgiving Day, Christmas Eve and Christmas Day.

(2) Notice of Termination of Service. Electric service to any electric customer may not be terminated without reasonable opportunity to dispute the reasons for such termination.

- (a) Content of the notice, which may be included in the customer's bill, shall be clearly legible and contain the following information:
 1. The name and address of the customer and the address of the service, if different.
 2. A clear and concise statement of the reason for the proposed termination of service.
 3. The date on which service will be terminated unless the customer takes appropriate action. The date of the proposed termination by the utility shall be at least seven (7) days after the utility sends the notice by first class mail. The mailing of the notice of termination as set forth above, shall constitute reasonable prior notice within the meaning of this rule.
 4. Information concerning the reconnection fee.
 5. The telephone number and address of the utility where the customer may make inquiry, enter into a service continuation agreement, or file a complaint.

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6. The notice shall also contain the name and address of the Authority and a statement to the effect that the Authority is the regulatory authority for this service.
7. In cases where the termination is based on the failure to pay, the notice shall state if the bill is the actual or estimated, amount owed, and the time period over which the amount was incurred.
- (b) Notwithstanding any other provisions of these rules, a utility shall postpone the physical termination of utility service to a residential customer for a period of thirty (30) days in the event a physician, public health officer, or social service official certifies in writing that discontinuation of the service will aggravate an existing medical emergency of the customer or other permanent resident of the premises where service is rendered. During the thirty (30) day extension the customer or other permanent resident of the premises where service is rendered shall be referred to social service agencies for investigation, confirmation of need and guarantee of payment. The local utility shall supply customers with names of agencies providing assistance.
- (c) All customers shall be provided with the option of a Third Party Notification service and shall be notified annually by the utility of its availability. The Third Party Notification will provide any customer with the opportunity to designate a third party who will receive a duplicate of any termination notice by first class mail.

COLLECTION AND RECONNECTION CHARGES

(1) In cases where the Company had discontinued service as herein provided for, the customer shall pay the Company a reconnection charge of \$50.00, as described below, prior to the Company's reconnection of the service.

- (a) When payment is made during normal working hours (8:00 a.m. to 6:00 p.m., Monday through Friday, excluding holidays), service will be reconnected the same day to residential or small general service customers.
- (b) For payments made after 7:00 p.m. Monday through Friday or during weekends or holidays, service to residential or small general service customers will be reconnected the next regular business day.

The reconnection charge for all customers, where service has been disconnected for fraudulent use of electricity, will be the actual cost of the reconnection.

(2) When the Company requires past-due balances to be paid prior to reconnection, the Company may further require such payments to be made by cash, certified check, cashier's check or money order at a Company designated payment location when, during the previous twelve months, either of the events below have occurred:

- (a) The customer's electric service has been disconnected due to non-payment of any bill for electric service.
- (b) The customer has attempted to make payment by a check upon which the Company was initially unable to collect.

(3) In addition, the Company may, at its option, require a deposit from the customer prior to reconnecting the service.

(4) Where service has been discontinued at the request of the customer, and where the same customer requests that the service be reconnected within a period of 8 months from the date that service was discontinued, the customer will be required to pay (1) the avoided monthly basic service charges associated with the rate schedule on which the customer was previously receiving service, plus (2) the reconnection fee in accordance with the above stated reconnection charges.

In cases where the Company has to make a field trip to collect past due bills or disconnect service for non-payment and reconnect service after disconnection for non-payment, a charge will be made in accordance with the following schedule:

- (1) Trip to collect past due bill when customer pays the delinquent bill or makes satisfactory arrangements for payment \$ 8.75
- (2) Trip to collect past due bill which results in disconnection of service for non-payment and subsequent trip to reconnect service after payment is made \$16.00

RETURNED CHECK CHARGE

In cases where a check is tendered for payment of an account is returned for insufficient funds or other reason, excluding bank error, a \$7.50 service charge will be made.

CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER ADVANCES

The Company will require from any customer and/or developer a Contribution in Aid of Construction or Customer Advance for installation of underground service in lieu of standard overhead service, construction of additional facilities to serve only the subject

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~~customer or facilities over and above the standard necessary to provide reliable electric power service. This Contribution in Aid of Construction or Customer Advance will be calculated according to the most recent facility costs available to the Company. The Contribution in Aid of Construction or Customer Advance, if calculated to be \$100,000 or more, will be grossed up by 33 percent to recognize the carrying costs associated with federal and state income taxes. Contributions in Aid of Construction or Customer Advances of less than \$100,000 will not be grossed up and will be charged at the calculated amount.~~

TERMINATION OF ELECTRIC SERVICE

Grounds for Termination

~~The Company may refuse or terminate electric service for any of the following reasons:~~

- ~~-(a) Without notice in the event of a condition determined by the Company to be hazardous.~~
- ~~-(b) Without notice in the event of customer use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.~~
- ~~-(c) Without notice if there is evidence of tampering with the equipment furnished and owned by the Company.~~
- ~~-(d) Without notice if there is evidence of unauthorized use.~~
- ~~-(e) For violation of and/or noncompliance with the Company's rules on file with and approved by the Tennessee Public Service Commission.~~
- ~~-(f) For failure of the customer to fulfill his/her contractual obligations for service and/or facilities subject to regulations by the Tennessee Public Service Commission.~~
- ~~-(g) For failure of the customer to permit the Company reasonable access to its equipment.~~
- ~~-(h) For nonpayment of delinquent account.~~
- ~~-(i) For failure of the customer to provide the Company with a deposit as authorized by Tennessee Public Service Commission rules.~~

Payment of Outstanding Bills

~~The Company will render bills for its electric service at intervals of approximately thirty (30) days, according to billing cycles established at the Company's discretion. The bill will be calculated based on actual meter readings, unless otherwise indicated on the bill. Each monthly bill for electric service is due and payable on the date specified on the bill as the last pay date for net amount, fifteen (15) days after the bill is issued. The payment must be received by the Company in its offices or by an authorized collection agency by the specified last pay date for net amount. Failure to pay by the specified last pay date for net amount will forfeit the prompt payment discount, the bill shall be considered delinquent, and the service subject to termination. Before termination of service for nonpayment of bill, a termination notice will be sent to customers informing them of the date of proposed termination of service. The date of the termination shall be at least seven (7) days after the company sends a notice by first class mail.~~

TERMINATION OF ELECTRIC SERVICE (Continued)

Restoration of Service

~~Service will be reconnected as soon as the reason for which service was terminated is corrected and the appropriate charges, if any, are paid. If service is terminated for nonpayment, the total amount due, plus a reconnection charge, as stated in the Company's Terms and Conditions of Service, must be paid before service is restored. A security deposit may also be required.~~

CUSTOMER RIGHTS AND REMEDIES~~Customer Rights and Remedies~~

1. **Dispute Resolution.** Customers have the right to dispute the reasons for service refusal or termination. The Company has employees available to answer questions, to resolve complaints, to negotiate partial payment plans and to furnish information on its Equal Payment Plan in which the customer can elect to average electric bills so they can be the same each month of the year, provided any outstanding balance is paid.
2. **Initiation Date.** If a payment plan is agreed upon, service will not be terminated as long as the customer meets the requirements of the plan. If no payment plan can be mutually agreed upon, the customer may contact the Tennessee Public Service Commission. To use the dispute resolution process, the customer must contact the Company on or before the specified last payment date for net amount shown on the bill.
3. **Financial Assistance.** A customer needing financial assistance may qualify for aid under certain federal, state or local programs. If a customer needs assistance in paying a electric service bill, the customer should contact the Upper East Tennessee Human Development Agency, phone: 246-6180.
4. **Payment Pending Resolution.** A customer who disputes a bill must notify the Company of the portion of the bill that is disputed and the reasons for disputing the bill. The customer does not have to pay that portion of a bill which is under dispute while the dispute process is underway. However, the greater of the undisputed portion of the bill or the customer's average monthly usage amount must be paid by the specified last payment date for net amount, or service will be terminated.
5. **Medical Emergency.** Electric service will be continued for a period of 30 days when a written certificate, signed by a

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- physician, public health officer or social service official is furnished by the customer stating that an existing medical emergency at the residence will be aggravated by termination of service. During the 30-day extension, the customer should contact the Upper East Tennessee Human Development Agency, phone: 246-6180 for assistance in paying electric bills and arranging for continuation of electric service.
6. Critical Health Maintenance Appliances. It is the customer's responsibility to notify the Company if the household has an appliance which is critical for maintenance of the health of any of the residents. The Company will provide the necessary form for notification upon request from the customer.
7. Third Party Notification. Any customer may designate a third party, either an agency or an individual, to receive a copy of all termination notices. The Company will provide the necessary form for notification upon request from the customer.
8. Deferred Payment Plan. Any residential customer about to be disconnected for nonpayment of past due bills for electric service may have service continued if he/she enters into an agreement with the Company that the total amount due be paid in monthly payments until paid in full within the following six (6) month period in addition to their regular electric service bill. The customer shall be provided a copy of the agreement.
9. Winter Reconnection Plan. Any residential customer whose service has been disconnected for nonpayment and who has not been reconnected as of November 1 in any year shall have service reconnected if he/she makes a down payment agreeable with both the Company and the customer not to exceed twenty-five percent (25%) of the balance owed at the time of the service termination, and enters into an agreement with the Company that the balance of the amount past due be paid in monthly payments until paid in full within the following six (6) month period in addition to their regular electric service bill. The customer shall be provided a copy of this agreement.
- If the Company and the customer cannot agree about the amount of the down payment, the Company shall inform the customer that he/she may appeal the Company's decision to the Tennessee Public Service Commission and provide the customer with the Commission's toll-free telephone number.
- This program, to be known as the "Winter Reconnection Plan," will be in effect from November 1 through March 31 of any year.
10. Tenant Notification of Disconnection. At least thirty (30) days prior to the scheduled date of termination of service for nonpayment at commercially operated master metered multi-family projects, the Company will use its best efforts to notify tenants who are not direct customers of the Company. Posting of a notice of termination at the office of the project shall be deemed compliance with this provision.

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DEFINITIONS

Words or phrases in this tariff shall be defined as follows:

“Advanced Metering” – A meter (1) capable of remote meter reading and/or (2) capable of storing electric consumption data at specified time intervals compliant with existing tariffs and in conformance with applicable performance specifications.

“Applicant” – Any person, group of persons, including the developer, builder, property owner or other person, association, partnership, firm, corporation or other entity requesting Electric Service from the Company, or who has not been recognized by the Company as a customer.

“Company” – Kingsport Power Company.

“Contribution-in-Aid-of-Construction (CIAC)” – Payment by customer to cover the cost of facilities not covered by the applicable revenue credit. The CIAC includes all state and federal income taxes incurred by the Company that are associated with such payment. “

“Customer” – Any person, group of persons, including the developer, builder, property owner or other person, association, partnership, firm, corporation or other entity purchasing Electric Service from the Company.

“Delivery Point” – The point of connection between the distribution facilities of the Company and the electric system of the customer.

“Electric Service” – The supply of electricity by the Company to a retail customer.

“Electricity Supply Service” – The generation of electricity, or when provided together, the generation of electricity and its transmission to the distribution facilities of the Company on behalf of a retail customer.

“Meter Reading” -- Any reading obtained from a meter via manual or electronic reading process.

“Month” -- The elapsed time between two successive meter readings approximately thirty (30) days apart.

“Person” – Any individual, corporation, partnership, association, company, business, trust, joint venture, or other private legal entity, and the State of Tennessee or any city, county, town, authority or other political subdivision of the State of Tennessee..

“Submetered Service” – The measurement of electricity by the owner/operator of a master metered multiple occupancy building for the purpose of determining the actual use of individual occupants.

“TRA” -- Tennessee Regulatory Authority.

APPLICATION

The Company reserves the right to require an applicant, before any electricity is delivered, to:

- (1) Establish that the applicant is the owner or bona fide lessee of the premises and to require all owners and bona fide lessees to have the electric service in their names.
- (2) Execute an electric service application. Notwithstanding the application, an applicant, by accepting the electricity, agrees to be bound by the applicable Tariff and these Terms and Conditions as amended from time to time. Failure to make application does not relieve new customers from being liable for all services supplied since the last meter reading, either actual or estimated, under the appropriate Tariff.

A copy of the Tariffs and the Terms and Conditions under which service is to be rendered to the customer will be furnished upon request. The customer shall select the particular Tariff, of those available, upon which the application for service shall be based. The Company may assist the customer in making this selection but responsibility for the selection rests exclusively with the customer.

A written agreement may be required from a customer before service will be commenced. A copy of the agreement will be furnished to the customer upon request.

When the customer desires delivery of energy at more than one point, a separate agreement will be required for each separate point of delivery. Service delivered at each point of delivery will be billed separately under the applicable Tariff.

TERMS AND CONDITIONS OF SERVICE

DEPOSITS

Pursuant to the Rules and Regulations of the TRA, Section 1220-4-4-.15, a deposit, or suitable guarantee, as security for the payment of bills, may be required of the customer at any time or from time to time before or after service is commenced. Such deposit shall not be more in amount than the maximum estimated charge for service for two (2) consecutive billing periods or ninety (90) days, whichever is less, or as may reasonably be required by the utility in cases involving service for short periods or special occasions. The Company will pay an interest rate on deposits as approved by the TRA. The Company may retain the deposit as long as it feels it is necessary to insure payment of bills for service.

The Company will not be required to supply service if deposit conditions are not met or if an appropriate deposit is not paid as required.

The Company shall have a reasonable time in which to read and remove the meters and to ascertain that the obligations of the customer have been fully performed before being required to return any deposit. Retention by the Company, prior to final settlement, of any deposit or guarantee, shall not be deemed a payment or partial payment of any bill for service.

METERING AND BILLING

Meters will be read monthly, unless otherwise indicated within an individual tariff, except that readings may be estimated on occasion as necessary.

All electricity sold by the Company shall be on the basis of meter measurement, except for installations such as street lighting, outdoor lighting, traffic signal and other service where the usage is constant and the consumption may readily be computed, consistent with tariff availability, and all charges for electricity used shall be calculated from the meter reading or estimated consumption and the usage at each Delivery Point shall be billed separately.

Whenever it is found that electric service is being used as a result of tampering, the customer will pay to the Company an amount estimated by the Company to be sufficient to cover the electric service used and not previously paid for, as well as an amount equal to any damage done to the company's facilities as a result of such tampering.

When meters are installed by the Company to measure the Electric Service used by the Company's Customers, all charges for Electric Service used, except certain customer and minimum charges, shall be calculated from the readings of such meters. All meters used to determine billing will be owned and operated by the Company.

The Company installs, maintains and operates a variety of meters, including Advanced Meters and related equipment designed to measure and record Customers' consumption and usage of electric services provided under this Tariff. The Company may from time to time, at its sole and exclusive discretion, install such meters and related equipment, including but not limited to, telemetering equipment and Advanced Meters, it deems reasonable and appropriate to provide electric service to Customers under this Tariff.

PAYMENTS

Bills will be rendered by the Company to the customer monthly in accordance with the tariff selected applicable to the customer's service with the following exceptions:

EQUAL EXTENDED PAYMENT PLAN (EEP)

Residential customers shall have the option of paying bills under the Company's equal payment plan (Budget Plan), whereby the total service for the succeeding 12-month period is estimated in advance, and bills are rendered monthly on the basis of one twelfth of the 12-month estimate. The Company may at any time during the 12-month period adjust the estimate so made, and the bills rendered in accordance with such estimate, to conform more nearly with the actual use of service being experienced.

The normal equal payment period will be 12 months, commencing in any month selected by the Company.

In case the actual service used during any equal payment period exceeds the bills as rendered on the equal payment plan, the amount of such excess shall be paid on or before the due date of the bill covering the last month of the equal payment period in which such excess appears. If the customer discontinues service with the Company under the equal payment plan, any such excess not yet paid shall become payable immediately. In case the actual service used during the equal payment period is less than the amount paid under the equal payment plan during such period, the amount of such overpayment shall, at the option of the Company, either be refunded to the customer or credited on his last bill for the period.

If a customer fails to pay bills as rendered on the equal payment plan, the Company shall have the right to withdraw the plan with respect to such customer and to restore the customer to billing as provided for in the applicable tariffs, in addition to any other rights which the Company may have under such tariffs in case of arrearage in payment of bills.

AVERAGE MONTHLY PAYMENT PLAN (AMP)

The Average Monthly Payment Plan (AMP) is available to year-round residential customers and Small General Service customers.

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The AMP Plan is designed to minimize large seasonal variations in electric service billings by allowing the customer to pay an average amount each month based on the current month's billing, including applicable taxes and surcharges, plus the eleven (11) preceding months, divided by the total billing days associated with those billings to get a per day average. The average daily amount will be multiplied by thirty (30) days to determine the current month's payment under the AMP Plan.

PAYMENTS (cont'd)

At the next billing period, the oldest month's billing history is dropped, the current month's billing is added and the average is recalculated to find a new payment amount. The average is recalculated each month in this manner.

In such cases where sufficient billing history is not available, an AMP account may be established allowing the first month's amount be the average based on the actual billing for the month. The second month's amount due will be the average based on the first and second billing. The average will be recomputed each month using the available actual history throughout the first AMP year.

Actual billing will continue to be based on the applicable rate and meter readings obtained to determine consumption. The difference between actual billings and the averaged billings under the AMP Plan will be carried in a deferred balance that will accumulate both debit and credit differences for the duration of the AMP Plan year – twelve consecutive billing months. At the year of the AMP Plan year (anniversary month), the net accumulated deferred balance is divided by twelve (12) and the result is included in the average payment amount starting with the first billing of the new AMP Plan year and continuing for twelve (12) consecutive months. Settlement occurs only when participation in the plan is terminated. This happens if an account is final billed, if the customer requests termination, or may be terminated by the Company if the customer fails to make two or more consecutive monthly payments on an account. The deferred balance (debit or credit) is then applied to the billing now due.

All bills are payable either by mail, checkless payment plan, electronic payment plan, through authorized collection agencies, or by other payment methods acceptable to the Company. Any fees charged by third party vendors for providing payment services are the responsibility of the customer.

All bills are payable within the time limits specified in the tariff. Failure to receive bill will not entitle customer to any discount or to the remission of any charge for non-payment within the time specified.. In the event of the stoppage of or the failure of any meter to register the full amount of energy consumed, the customer will be billed for such period on an estimated consumption based upon his use of energy in a similar period of like use.

The tariffs of the Company contain a provision to allow a discount if the account of the customer is paid within the time limit specified in the tariff applicable to his service.

RETURNED CHECK CHARGE

In cases where a check is tendered for payment of an account is returned for insufficient funds or other reason, excluding bank error, a \$12.50 service charge will be made.

INSPECTION

It is to the interest of the customer to properly install and maintain the customer's wiring and electrical equipment and the customer shall at all times be responsible for the character and condition thereof. It is the customer's responsibility to assure that all inside wiring, appliances and equipment are grounded and are otherwise in accordance with requirements of the National Electric Code or the requirements of any local inspection authority having jurisdiction. The Company is not required to inspect such wiring and electrical equipment, and in no event shall the Company be responsible therefore or liable for any damages to person or property caused by such wiring or equipment.

Where a customer's premises are located in a municipality or other governmental subdivision where inspection laws or ordinances are in effect, the Company may withhold furnishing service to new installations until it has received evidence that the inspection laws or ordinances have been complied with.

Where a customer's premises are located outside of an area where inspection service is in effect, the Company may require the delivery by the customer to the Company of an agreement duly signed by the owner and tenant of the premises authorizing the connection to the wiring system of the customer and assuming responsibility therefor. No responsibility shall attach to the Company because of any waiver of this requirement.

SERVICE CONNECTIONS

The Company shall not be required to obtain easements or permits over or under the property of another necessary for service if the terms thereof are unduly burdensome. The Company shall not be required to provide electric service until a reasonable time has elapsed after the Company has obtained or received all suitable permits, certificates and easements.

If requested, applicants and customers shall supply the Company with drawings and specifications covering the plot and structures requiring electric service. The Company shall not be obligated to provide electric service until the applicant or customer has properly prepared the site for installation of the Company's facilities.

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The Company shall supply electricity at one Delivery Point whose location shall be determined by the Company. The customer's wiring shall, except for those cases listed below, be brought outside the building wall nearest the Company's service wires so as to be readily accessible thereto. When service is from an overhead system, the customer's wiring shall extend at least 18 inches beyond the building.

SERVICE CONNECTIONS (cont'd)

The Company will not furnish, install or replace service entrance cable. Whenever a customer desires that energy be delivered at a point or in a manner other than that designated by the Company, the customer shall pay a Contribution-in-Aid-of-Construction (CIAC) reimbursing the Company for the additional costs of providing such service. The customer shall also reimburse the Company for all state and federal income taxes associated with the CIAC.

If the customer desires equipment, facilities or engineering estimates in excess of those which the Company would normally provide, and the Company finds it practicable, such additional equipment, facilities or engineering estimates will be supplied by the Company provided the customer pays, in advance of construction, the additional estimated costs or agrees to pay a monthly facility charge equal to 1.08% of the additional estimated costs.

The Company shall provide underground distribution and/or underground services to individual customers, to groups of customers, or to real estate developers in accordance with the Underground Distribution and Service Plan on file with the Tennessee Regulatory Authority. Copies of the Underground Distribution and Service Plan are available upon request.

CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER ADVANCES

The Company will require from any customer and/or developer a Contribution in Aid of Construction or Customer Advance for installation of underground service in lieu of standard overhead service, construction of additional facilities to serve only the subject customer or facilities over and above the standard necessary to provide reliable electric power service. This Contribution in Aid of Construction or Customer Advance will be calculated according to the most recent facility costs available to the Company. The customer shall also reimburse the Company for all state and federal income taxes associated with the CIAC.

RELOCATION OF COMPANY'S FACILITIES AT CUSTOMER'S REQUEST

Whenever, at the customer's request, Company's facilities located on the customer's premises are relocated to suit the convenience of the customer, the customer shall reimburse the Company for the entire cost incurred in making such relocation. Such relocation shall include all state and federal income taxes associated with the relocation cost.

COMPANY'S LIABILITY

The Company will use reasonable diligence in furnishing a regular and uninterrupted supply of energy, but the Company does not guarantee uninterrupted service. The Company shall not be liable for damages for injury to person or property in the event such supply is interrupted or fails by reason of an act of God, the public enemy, accidents, strikes or labor disputes, orders or acts of civil or military authority, breakdowns or injury to the machinery, transmission lines, distribution lines or other facilities of the Company, extraordinary repairs, or any act of the Company to interrupt service to any customer whenever in the sole judgment of the Company such interruption is indicated in order to prevent or limit any instability or disturbance on the electric system of the Company or any electric system interconnected with the Company or ordinary negligence or breach of contract on the part of the Company, its agents or employees.

Unless otherwise provided in a contract between Company and Customer, the point at which service is delivered by Company to customer, to be known as "delivery point", shall be the point at which the customer's facilities are connected to the Company's facilities. The metering device is the property of the Company; however, the meter base and all internal parts inside the meter base are customer owned, and are the responsibility of the customer to install and maintain. The Company shall not be liable for any loss, injury, or damage resulting from the customer's use of the customer's equipment or use of the energy furnished by the Company beyond the delivery point.

The Company does not guarantee the delivery service against fluctuations or interruptions. The Company will not be liable for any damages, whether direct or consequential, including, without limitations, loss of profits, loss of revenue, or loss of production capacity occasioned by fluctuations or interruptions. The customer shall provide and maintain suitable protective devices on the customer's equipment to prevent any loss, injury or damage that might result from single phasing conditions or any other fluctuation or irregularity in the supply of energy. The Company shall not be liable for any loss, injury or damage resulting from a single phasing condition or any other fluctuation or irregularity in the supply of energy which could have been prevented by the use of such protective devices.

The Company is not responsible for loss or damage caused by the disconnection or reconnection of its facilities. The Company is not responsible for loss or damages caused by the theft or destruction of Company facilities by a third party.

The Company shall provide and maintain the necessary line or service connections, transformers (when same are required by conditions of contract between the parties thereto), meters and other apparatus which may be required for the proper measurement of and protection to its service. All such apparatus shall be and remain the property of the Company.

CUSTOMER'S LIABILITY

In the event of loss or injury to the property of the Company through misuse by, or the negligence of, the customer or the

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customer's agents and employees, the customer shall be obligated for and shall pay to the Company the full cost of repairing or replacing such property. The customer shall be responsible for the entire cost incurred in relocating a Company pole if the customer jeopardizes the integrity of the pole. In addition, the customer shall reimburse the Company for all state and federal income taxes associated with such relocation.

CUSTOMER'S LIABILITY (cont'd)

The customer and the customer's agents and employees shall not tamper with, interfere with or break the seals of any meters used by the Company or any Company-owned equipment installed on the customer's premises, and the customer assumes all liability for the consequences thereof. . The customer hereby agrees that no one, except the agents and employees of the Company, shall be allowed to make any internal or external adjustments of any installed meter used by the Company or any other piece of apparatus which belongs to the Company.

The Company shall have the right at all reasonable hours to enter the premises of the customer for the purpose of installing, reading, removing, testing, replacing or otherwise disposing of meters used by the Company and all Company-owned apparatus and property. The Company shall have the right to discontinue electric service if such access at any time is not provided. The Company shall also have the right to remove any or all of the Company's property in the event of termination of the customer's service for any reason.

DOMESTIC SERVICE

_____ Individual residences shall be served individually under the appropriate residential tariff. The customer may not take service for two or more separate residences through a single point of delivery under any residential schedules, even if the customer owns all of such residences. In the case of multi-unit residential dwellings such as apartment houses, condominiums, townhouses, etc., the owner shall have the choice of providing separate wiring for each unit so that the Company may supply each such unit separately under residential schedules, or of purchasing the entire service through a single meter under the appropriate general service tariff. The owner may provide submetered service to the individual units under rules for master metering electricity as specified in the Rules and Regulations of the TRA, Section 1220-4-4-.07 (2). Hospitals, nursing homes, hotels, motels and dormitories are not considered multi-unit residential dwellings.

The appropriate residential tariff shall cease to apply to a residence which becomes regularly used for business, professional, institutional or any gainful purpose. Under these circumstances, the customer shall have the choice: (a) of separating the wiring so that the residential portion of the premises is served through a separate meter under such schedules and the other uses as enumerated above are served through a separate meter or meters under the appropriate general service tariff, or (b) of taking the entire service under the appropriate general service tariff. Single phase motors of 10 H.P., or less, may be served under the appropriate residential tariff. Larger motors may be served when, in the Company's sole judgment, the existing service facilities of the Company are adequate.

Detached buildings actually appurtenant to the customer's residence, such as a garage, stable, or barn, may be served by an extension of the customer's residential wiring through the residential meter provided no business activities are transacted in the detached buildings.

CHANGE OF ADDRESS BY CUSTOMER

It is the responsibility of an existing customer to notify the Company when service is to be discontinued, and to provide a mailing address for the final bill.

When the Company receives notice from an existing customer that the service is to be discontinued, or from a prospective customer that an existing service is to be transferred into the prospective customer's name, the Company will determine the meter reading for the final bill to the existing customer. The existing customer will be responsible for all service supplied to the premises until such meter reading and discontinuance or transfer is made. Transfer of service to a qualified prospective customer will not be delayed or denied because of nonpayment of the final bill by the former customer, unless the former customer continues to be a consumer of electric service at the premise.

EXTENSION OF SERVICE

The electrical facilities of the Company will be extended or be expanded to supply electric service when the revenue is sufficient to justify the cost of making such additions, or in lieu of sufficient revenue the Company may require a long term contract and/or contribution, monthly minimum charge, definite and written guarantee, from a customer or group of customers in addition to any minimum payment required by the tariff as may be necessary. This requirement may also be applied to cover the payment by the customer of the cost of tapping existing transmission or distribution lines for electric service or for reservation of electrical capacity when such service or reservation will not otherwise provide sufficient revenue to justify the cost of tapping said lines.

LOCATION AND MAINTENANCE OF COMPANY'S EQUIPMENT

In order to provide service to the customer, the Company shall have the right to construct its poles, lines and circuits on the customer's property, and to place its transformers and other apparatus on the property or within the buildings of the customer, at a point or points convenient for such purpose.

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The customer shall provide suitable space for the installation of necessary measuring instruments at an outside location, where practicable, designated by the Company so that such instruments will be protected from injury by the elements or through the negligence or deliberate acts of the customer, its agents and employees. Such space for measuring instruments should be unobstructed, readily accessible and, safe and convenient for reading, testing and servicing by the Company.

USE OF ENERGY BY CUSTOMER

The tariffs for electric energy given herein are classified by the character of use of such energy and are not available for service except as provided herein.

When more than one tariff is available for the service requested, the customer shall designate the tariff on which the request or contract shall be based. The Company will assist the customer in the selection of the tariff best adapted to the customer's service requirements, provided, however, that the Company does not assume responsibility for the selection or that the customer will at all times be served under the most favorable tariff.

The customer may change the initial tariff selection to another applicable tariff at any time by either written notice to Company and/or by executing a new contract for the tariff selected, provided that the application of such subsequent selection shall continue for 12 months before any other selection may be made. In no case will the Company refund any monetary difference between the tariff under which service was billed in prior periods and the newly selected tariff.

With particular reference to power customers it shall be understood that upon the expiration of a contract the customer may elect to renew the contract upon the same or another tariff published by the Company available in the district in which the customer resides or operates and applicable to the customer's requirements, except that in no case shall the Company be required to maintain transmission, switching or transformation equipment (either for voltage or form of current change) different from or in addition to that generally furnished to other customers receiving electrical supply under the terms of the tariff elected by the customer.

A customer may not change from one tariff to another during the term of contract except with the consent of the Company.

The service connections, transformers, meters and appliances supplied by the Company for each customer have a definite capacity and no additions to the equipment, or load connected thereto, will be allowed except by consent of the Company. The customer shall install only motors, apparatus or appliances which are suitable for operation with the character of the service supplied by the Company, and which shall not be detrimental to same, and the electric power must not be used in such a manner as to cause unprovided for voltage fluctuations or disturbances in the Company's transmission or distribution system. The Company shall be the sole judge as to the suitability of apparatus or appliances, and also as to whether the operation of such apparatus or appliances is or will be detrimental to its general service. No attachment of any kind whatsoever may be made to the Company's lines, poles, cross arms, structures or other facilities without the express written consent of the Company.

The customer shall make no attachment of any kind whatsoever to the Company's lines, poles, crossarms, structures or other facilities without the express written consent of the Company.

All apparatus used by the customer shall be of such type as to secure the highest practicable commercial efficiency, power factor and proper balancing of phases. Motors which are frequently started or motors arranged for automatic control, must be of a type to give maximum starting torque with minimum current flow, and must be of a type, and equipped with controlling devices, approved by the Company. The customer agrees to notify the Company of any increase or decrease in his connected load.

The Company will not supply service to customers who have other sources of energy supply except under tariffs which specifically provide for same. Whenever used in these Terms and Conditions of Service or in any of the Company's tariffs the term "other sources of energy supply" shall mean "other sources of electric energy supply". The customer shall not be permitted to operate his own generating equipment in parallel with the Company's service except with the express written consent of the Company.

Resale of energy will be permitted only by written consent of the Company.

RESIDENTIAL SERVICE

Individual residences shall be served individually with single-phase service under the residential service tariff. Customers may not take service for 2 or more separate residences through a single point of delivery under any tariff even if the customer owns all of such residences. In the case of multi-unit residential dwellings such as apartment houses, condominiums, townhouses, etc., the owner shall have the choice of providing separate wiring for each unit so that the Company may supply each unit separately under residential tariffs, or of purchasing the entire service through a single meter under the appropriate general service tariff without submetering the service to the units.

The residential service tariff shall cease to apply to that portion of a residence which becomes regularly used for business, professional, institutional or any gainful purposes or which requires three phase service or which requires service to motors in excess of 10 HP each. Under these circumstances, customer shall have the choice: (1) of separating the wiring so that the residential portion of the premises is served through a separate meter under the residential service tariff and the other uses as enumerated above are served through a separate meter or meters under the appropriate general service tariff; or (2) of taking the entire service under the appropriate general service tariff. Detached building or buildings, actually appurtenant to the residence, such as a garage, stable or barn, may be served by an extension of the customer's residence wiring through the residence meter.

TEMPORARY SERVICE

Temporary service is electric service that is required for a limited duration, where capacity is available, to nonpermanent

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installations such as construction projects, transient uses such as traveling shows, fairs, exhibitions, outdoor or indoor entertainment, seasonal installations, or under other circumstances where the Company has reason to believe that the facilities will not be used for a permanent supply of electricity. Such service is available only upon approval of the Company. In order to qualify for temporary service, the customer must demonstrate, to the Company's satisfaction, that the requested service will, in fact, be temporary in nature.

Temporary service shall be provided through its own separately metered delivery point. The temporary service pole shall be reasonably accessible to the Company's service vehicles without causing damage to the customer's or other's property.

Temporary service for light and power will be supplied under any published tariff applicable to the class of business of the customer, when the Company has available unsold capacity of lines, transformers, and generating equipment. The customer will pay a temporary service charge in advance equal to the estimated cost to the Company for providing the temporary service. The service charge, as set forth in the applicable tariff shall be, in no case, less than one full monthly amount. The Company reserves the right to require a written contract for temporary service, at its option.

VOLTAGES

The standard nominal distribution service voltages within the service area of the Company are:

| <u>Secondary</u> | | <u>Primary</u> |
|---------------------|--------------------|--------------------|
| <u>Single Phase</u> | <u>Three Phase</u> | <u>Three Phase</u> |
| 120/240 volts | 120/208 volts | 12,470/7,200 volts |
| 120/208 volts | 240 volts | 34.5/19.9 KV |
| | 277/480 volts | |

The standard subtransmission and transmission service voltages within the service area of the Company are:

| <u>Subtransmission</u> | <u>Transmission</u> |
|------------------------------|---------------------|
| <u>Single or Three Phase</u> | <u>Three Phase</u> |
| | 138 KV |
| 34.5 KV | |
| 69 KV | |

METER ACCURACY AND TESTS

The Company's meter performance levels, testing methods, and test schedules are in conformance with the standards recommended by the American National Standard Code for Electricity Metering, (ANSI C12.1), as revised from time to time.

The performance of a Watthour meter is considered to be acceptable when the meter disk does not creep and when the percent registration is not more than 102%, nor less than 98%, based upon the simple average of light load and heavy load.

The performance of a demand meter or register shall be acceptable when the error in registration does not exceed 4% in terms of full scale value when tested at any point between 25% and 100% of full scale value.

Whenever Watthour meters are being tested for accuracy and found to be registering outside 1% on either light or heavy load or outside 2% on lag, the percentage registration of the meter shall be adjusted to within these limits of error or the meter shall be discarded.

Whenever demand meters or registers are being tested for accuracy and found to be registering outside $\pm 4\%$ of full scale value, the demand meter or register shall be adjusted to within $\pm 2\%$ of full scale value or the meter shall be discarded.

The Company shall, without charge, make a test of the accuracy of any Company-owned electric meter upon request, provided the customer does not request such tests more frequently than once every twelve months. If tests of Company-owned meters are requested by the customer to be made more frequently than once every twelve months, then the customer shall pay the Company a deposit of \$15 for a single phase meter or \$30 for a polyphase meter for each test. The deposit shall be refunded only if the percentage registration of the meter is less than 98% or greater than 102%.

Whenever a meter is found upon periodic, request or complaint test to have an average error of registration of more than 2% (fast or slow), the Company shall recalculate the monthly bills as referenced in the Rules and Regulations of the TRA, Section 1220-4-4-.18,

The Company is under no obligation, legal or regulatory, to replace any properly functioning meter in service.

DENIAL OR DISCONTINUANCE OF SERVICE

- (1) Reasons for Termination of Service or Denial of Service. Service may be refused or discontinued for any of the reasons listed below:
 - (a) Without notice in the event of a condition determined by the utility to be hazardous.
 - (b) Without notice in the event of customer use of equipment in such a manner as to adversely affect the utility's equipment or the utility's service to others.
 - (c) Without notice if there is evidence of tampering with the equipment furnished and owned by the utility.
 - (d) Without notice if there is evidence of unauthorized use.
 - (e) For violation of and/or non-compliance with the utility's rules on file with and approved by the Authority.
 - (f) For failure of the customer to fulfill his contractual obligations for service and/or facilities subject to regulations by the

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- Authority.
- (g) For failure of the customer to permit the utility reasonable access to its equipment.
 - (h) For non-payment of delinquent account.
 - (i) For failure of the customer to provide the utility with a deposit.

DENIAL OR DISCONTINUANCE OF SERVICE (cont'd)

Unless otherwise stated, the utility shall comply with the notice requirements set forth in paragraph (2) below before service is discontinued. However, no service shall be discontinued on the day or a date preceding a day or days on which the services of the utility are not available to the general public for the purpose of reconnecting the discontinued service, except as provided in (a), (b), (c) and (d) above. For purposes of this section, the Company recognizes the following holidays: New Year's Day, Good Friday, Memorial Day, July 4th, Labor Day, Thanksgiving Day, the Friday following Thanksgiving Day, Christmas Eve and Christmas Day.

- (2) Notice of Termination of Service. Electric service to any electric customer may not be terminated without reasonable opportunity to dispute the reasons for such termination.
 - (a) Content of the notice, which may be included in the customer's bill, shall be clearly legible and contain the following information:
 - 1. The name and address of the customer and the address of the service, if different.
 - 2. A clear and concise statement of the reason for the proposed termination of service.
 - 3. The date on which service will be terminated unless the customer takes appropriate action. The date of the proposed termination by the utility shall be at least seven (7) days after the utility sends the notice by first class mail. The mailing of the notice of termination as set forth above, shall constitute reasonable prior notice within the meaning of this rule.
 - 4. Information concerning the reconnection fee.
 - 5. The telephone number and address of the utility where the customer may make inquiry, enter into a service continuation agreement, or file a complaint.
 - 6. The notice shall also contain the name and address of the Authority and a statement to the effect that the Authority is the regulatory authority for this service.
 - 7. In cases where the termination is based on the failure to pay, the notice shall state if the bill is the actual or estimated, amount owed, and the time period over which the amount was incurred.
 - (b) Notwithstanding any other provisions of these rules, a utility shall postpone the physical termination of utility service to a residential customer for a period of thirty (30) days in the event a physician, public health officer, or social service official certifies in writing that discontinuation of the service will aggravate an existing medical emergency of the customer or other permanent resident of the premises where service is rendered. During the thirty (30) day extension the customer or other permanent resident of the premises where service is rendered shall be referred to social service agencies for investigation, confirmation of need and guarantee of payment. The local utility shall supply customers with names of agencies providing assistance.
 - (c) All customers shall be provided with the option of a Third Party Notification service and shall be notified annually by the utility of its availability. The Third Party Notification will provide any customer with the opportunity to designate a third party who will receive a duplicate of any termination notice by first class mail.

RECONNECTION CHARGES

(1) In cases where the Company had discontinued service as herein provided for, the customer shall pay the Company a reconnection charge of \$50.00, as described below, prior to the Company's reconnection of the service.

- (a) When payment is made during normal working hours (8:00 a.m. to 6:00 p.m., Monday through Friday, excluding holidays), service will be reconnected the same day to residential or small general service customers.
- (b) For payments made after 7:00 p.m. Monday through Friday or during weekends or holidays, service to residential or small general service customers will be reconnected the next regular business day.

The reconnection charge for all customers, where service has been disconnected for fraudulent use of electricity, will be the actual cost of the reconnection.

(2) When the Company requires past-due balances to be paid prior to reconnection, the Company may further require such payments to be made by cash, certified check, cashier's check or money order at a Company designated payment location when, during the previous twelve months, either of the events below have occurred:

- (a) The customer's electric service has been disconnected due to non-payment of any bill for electric service.
 - (b) The customer has attempted to make payment by a check upon which the Company was initially unable to collect.
- (3) In addition, the Company may, at its option, require a deposit from the customer prior to reconnecting the service.

TERMS AND CONDITIONS OF SERVICE

- (4) Where service has been discontinued at the request of the customer, and where the same customer requests that the service be reconnected within a period of 8 months from the date that service was discontinued, the customer will be required to pay (1) the avoided monthly basic service charges associated with the rate schedule on which the customer was previously receiving service, plus (2) the reconnection fee in accordance with the above stated reconnection charges.

CUSTOMER RIGHTS AND REMEDIES

1. Dispute Resolution. Customers have the right to dispute the reasons for service refusal or termination. The Company has employees available to answer questions, to resolve complaints, to negotiate partial payment plans and to furnish information on its Equal Payment Plan in which the customer can elect to average electric bills so they can be the same each month of the year, provided any outstanding balance is paid.
2. Initiation Date. If a payment plan is agreed upon, service will not be terminated as long as the customer meets the requirements of the plan. If no payment plan can be mutually agreed upon, the customer may contact the Tennessee Public Service Commission. To use the dispute resolution process, the customer must contact the Company on or before the specified last payment date for net amount shown on the bill.
3. Financial Assistance. A customer needing financial assistance may qualify for aid under certain federal, state or local programs. If a customer needs assistance in paying a electric service bill, the customer should contact the Upper East Tennessee Human Development Agency, phone: 246-6180.
4. Payment Pending Resolution. A customer who disputes a bill must notify the Company of the portion of the bill that is disputed and the reasons for disputing the bill. The customer does not have to pay that portion of a bill which is under dispute while the dispute process is underway. However, the greater of the undisputed portion of the bill or the customer's average monthly usage amount must be paid by the specified last payment date for net amount, or service will be terminated.
5. Medical Emergency. Electric service will be continued for a period of 30 days when a written certificate, signed by a physician, public health officer or social service official is furnished by the customer stating that an existing medical emergency at the residence will be aggravated by termination of service. During the 30-day extension, the customer should contact the Upper East Tennessee Human Development Agency, phone: 246-6180 for assistance in paying electric bills and arranging for continuation of electric service.
6. Critical Health Maintenance Appliances. It is the customer's responsibility to notify the Company if the household has an appliance which is critical for maintenance of the health of any of the residents. The Company will provide the necessary form for notification upon request from the customer.
7. Third Party Notification. Any customer may designate a third party, either an agency or an individual, to receive a copy of all termination notices. The Company will provide the necessary form for notification upon request from the customer.
8. Deferred Payment Plan. Any residential customer about to be disconnected for nonpayment of past due bills for electric service may have service continued if he/she enters into an agreement with the Company that the total amount due be paid in monthly payments until paid in full within the following six (6) month period in addition to their regular electric service bill. The customer shall be provided a copy of the agreement.
9. Winter Reconnection Plan. Any residential customer whose service has been disconnected for nonpayment and who has not been reconnected as of November 1 in any year shall have service reconnected if he/she makes a down payment agreeable with both the Company and the customer not to exceed twenty-five percent (25%) of the balance owed at the time of the service termination, and enters into an agreement with the Company that the balance of the amount past due be paid in monthly payments until paid in full within the following six (6) month period in addition to their regular electric service bill. The customer shall be provided a copy of this agreement.

If the Company and the customer cannot agree about the amount of the down payment, the Company shall inform the customer that he/she may appeal the Company's decision to the Tennessee Public Service Commission and provide the customer with the Commission's toll-free telephone number.

This program, to be known as the "Winter Reconnection Plan," will be in effect from November 1 through March 31 of any year.

10. Tenant Notification of Disconnection. At least thirty (30) days prior to the scheduled date of termination of service for nonpayment at commercially operated master metered multi-family projects, the Company will use its best efforts to notify tenants who are not direct customers of the Company. Posting of a notice of termination at the office of the project shall be deemed compliance with this provision.

Kingsport Power Company
Miscellaneous Fee Changes

Exhibit No. 3 (GHS)

Page 1 of 1

Reconnections:

Assumptions:

One hour of labor to reconnect

Hourly rate: MRO Servicer II = \$24.26 * 1.70 for loading = \$41.24

Avg. mileage = 23.76 total miles @\$0.40/mile = \$9.50

Total Cost = \$50.74 (rounded to \$50.00)

| RESIDENTIAL | Current | | Dollars | Proposed | Proposed | |
|--------------------|----------------|------------------|------------------|-----------------|----------------------------|-------------------|
| <u>Year</u> | Fee | # of fees | Collected | New Fee | Total | Difference |
| 2014 | \$ 16 | 1,141 | \$ 18,256 | \$ 50 | \$ 57,050 | \$ 38,794 |
| COMMERCIAL | | | | | | |
| <u>Year</u> | | | | | | |
| 2014 | \$ 16 | 43 | \$ 688 | \$ 50 | \$ 2,150 | \$ 1,462 |
| INDUSTRIAL | | | | | | |
| <u>Year</u> | | | | | | |
| 2014 | \$ 16 | 0 | 0 | \$ 50 | 0 | 0 |
| | | <u>1,184</u> | | | Total All Classes = | \$ 40,256 |

Bank Fees:

| RESIDENTIAL | Current | | Dollars | Proposed | Proposed | |
|--------------------|----------------|------------------|------------------|-----------------|----------------------------|-------------------|
| <u>Year</u> | Fee | # of fees | Collected | New rate | Total | Difference |
| 2014 | \$ 7.50 | 810 | \$ 6,075 | \$ 12.50 | \$ 10,125 | \$ 4,050 |
| COMMERCIAL | | | | | | |
| <u>Year</u> | | | | | | |
| 2014 | \$ 7.50 | 67 | \$ 503 | \$ 12.50 | \$ 838 | \$ 335 |
| INDUSTRIAL | | | | | | |
| <u>Year</u> | | | | | | |
| 2014 | \$ 7.50 | 0 | 0 | \$ 12.50 | 0 | 0 |
| | | <u>877</u> | | | Total All Classes = | \$ 4,385 |