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AMEP/Z.93070

July 5, 2016

VIA EMAIL & FEDEX:

Docket No. 16-00075

Mr. Herb Hilliard, Chairman
c/o Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: Petition for Approval of a Special Contract for Alternative Feed Service Between
Kingsport Power Company d/b/a AEP Appalachian Power and Eastman Chemical
Company

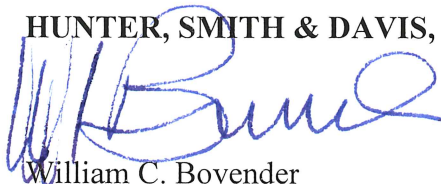
Dear Chairman Hilliard:

Enclosed are the original and five copies of the Petition for Approval of Special Contract, which has been electronically filed today. Please return one "stamped" copy to our office in the enclosed self-addressed, stamped envelope.

Also enclosed is a check in the amount of \$25.00 to cover the filing fees. If you have any questions, please feel free to contact our office.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Enclosures

Mr. Herb Hilliard, Chairman

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July 5, 2016

c: Scott P. Schallon
James R. Bacha, Esq.
William Castle
Joseph B. Harvey, Esq.

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

In Re: PETITION FOR APPROVAL OF A
SPECIAL CONTRACT FOR
ALTERNATIVE FEED SERVICE
BETWEEN KINGSPORT POWER
COMPANY D/B/A AEP APPALACHIAN
POWER AND EASTMAN CHEMICAL
COMPANY

DOCKET NO.: _____

PETITION FOR APPROVAL OF SPECIAL CONTRACT

Kingsport Power Company d/b/a AEP Appalachian Power (“Kingsport”) has entered into a Contract (EXHIBIT 1 hereto) with Eastman Chemical Company (“Eastman”) of Kingsport, Tennessee, as of April 28, 2016, and has also entered into an “ADDENDUM TO CONTRACT FOR ELECTRICAL SERVICE, ALTERNATE FEED SERVICE” (EXHIBIT 2, “Addendum”) with Eastman. Said Addendum must be approved by the Tennessee Regulatory Authority (“TRA”) as a Special Contract pursuant to TRA Rule 1220-4-1-.07. The purpose of the Petition is to obtain approval of said Addendum as a Special Contract, as discussed herein below:

1. Kingsport is a public utility, regulated by the TRA, with its principal office in Kingsport, Tennessee, and is engaged in the business of furnishing electric power services to retail customers in its service delivery area which includes parts of Sullivan, Washington and Hawkins County, Tennessee, the City of Kingsport, Tennessee, and the Town of Mt. Carmel, Tennessee. Kingsport purchases all of its electric power requirements from Appalachian Power

Company, whose rates and charges are subject to the jurisdiction of the Federal Energy Regulatory Commission.

2. Eastman is a Delaware corporation with its principal place of business located at 301 South Wilcox Drive, Kingsport, Tennessee 37660.

3. Effective April 28, 2016, Eastman agreed to receive electric service from Kingsport under Kingsport's tariff, LARGE GENERAL SERVICE PRIMARY, Code 244, at Eastman's premises located at 301 South Wilcox Drive. A copy of that contract is attached as EXHIBIT 1.

4. Eastman and Kingsport have also agreed, subject to approval by the TRA, to an Addendum to the April 28, 2016 Contract (EXHIBIT 1). Said Addendum, also entered into April 28, 2016, known as ADDENDUM TO CONTRACT FOR SERVICE – ALTERNATE FEED SERVICE – provides Kingsport will provide to Eastman, at 301 South Wilcox Drive, Alternate Feed Service (AFS) from a separate available distribution feeder. This AFS would be used to backup Eastman's Basic Service at said location, in the event of an outage to the Basic Service Circuit. The AFS would be used on a temporary basis until Basic Service is restored. Attached as EXHIBIT 2 is the ADDENDUM TO CONTRACT FOR ELECTRICAL SERVICE – ALTERNATE FEED SERVICE which includes EXHIBIT A – AMERICAN ELECTRIC POWER SPECIFICATIONS FOR CUSTOMER OWNED LOAD – TRANSFER SWITCH, which are required by Kingsport to be complied with if a customer chooses to purchase and own automatic load-transfer switches, which Eastman has chosen to purchase and own in the furtherance of said Addendum.

5. For the AFS, Eastman will be billed pursuant to the terms and conditions set forth in EXHIBIT 2.

6. Kingsport deems it necessary to obtain the approval of the TRA for this SPECIAL CONTRACT FOR ALTERNATE FEED SERVICE pursuant to TRA Rule 1220-4-1-.07. The execution of this Special Contract by the duly-designated representative of Eastman evidences its support of this Petition.

7. The use of Special Contracts between Kingsport and certain of its customers has previously been authorized by the TRA. See, Docket No. 06-00010 and No. 08-00173.

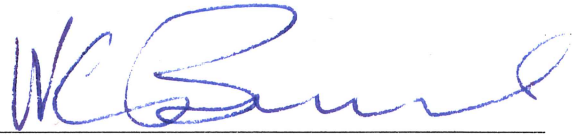
PREMISES CONSIDERED, Petitioner, Kingsport Power Company, d/b/a AEP Appalachian Power, with the support and concurrence of its customer, Eastman Chemical Company, prays:

1. That notice be issued pursuant to the Rules and Regulations of the TRA;
2. That the proposed SPECIAL CONTRACT FOR ALTERNATE FEED SERVICE with Eastman Chemical Company be reviewed and approved by the TRA; and
3. That Petitioner have such other and further specific and general relief as the TRA deems proper.

Respectfully submitted,

KINGSPORT POWER COMPANY d/b/a AEP
APPALACHIAN POWER

By:



William C. Bovender (BPR #000751)

Joseph B. Harvey (BPR #028891)

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Attorney for Kingsport Power Company

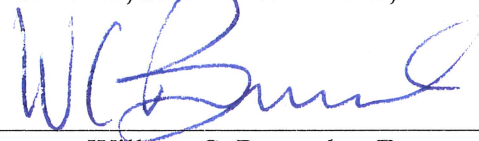
d/b/a AEP Appalachian Power

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing **PETITION FOR APPROVAL OF SPECIAL CONTRACT** has been served upon Scott P. Schallon, Director, Global Procurement, Eastman Chemical Company, by mailing a copy of same by United States mail, postage prepaid, to 301 S. Wilcox Drive, Kingsport, TN 37664, below on this the 5th day of July, 2016.

HUNTER, SMITH & DAVIS, LLP

By: _____



William C. Bovender, Esq.

This Contract, entered into this **28th day of April 2016** by and between **Kingsport Power Company**, hereafter called the Company, and **Eastman Chemical Company, 301 S Wilcox Dr, Kingsport, TN 37660**, or his or its heirs, successors or assigns, hereafter called the Customer,

Witnesseth:

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree with each other as follows:

The Company agrees to furnish to the Customer, during the term of this Contract, and the Customer agrees to take from the Company, subject to Company's standard Terms and Conditions of Service as regularly filed with the **Tennessee Regulatory Authority**, all the electric energy of the character specified herein that shall be purchased by the Customer in the premises located at **301 S Wilcox Dr, Kingsport, TN, 37660**.

The Company is to furnish and the Customer is to take electric energy under the terms of this Contract for an initial period of **24** month(s) from the time such service is commenced, and continuing thereafter until terminated upon **6** months' written notice given by either party of its intention to terminate the Contract. The date that service shall be deemed to have commenced under this Contract shall be **the latter of February 1, 2016 or the date service is energized**.

The electric energy delivered hereunder shall be alternating current at approximately **7,200 / 12,470 volts, 4-wire, 3-phase**, and it shall be delivered at **2 - Primary Meter Enclosures 1127C4 - 1883 & 1127C4 - 1884**, which shall constitute the point of delivery under this Contract. The said electric energy shall be delivered at reasonably close maintenance to constant potential and frequency, and it shall be measured by a meter or meters owned and installed by the Company and located on **2 - Primary Meter Enclosures 1127C4 - 1883 & 1127C4 - 1884**.

The Customer acknowledges that the Customer may be eligible to receive service under more than one of the Company's schedules and that such options have been explained to the Customer. The Customer and Company agree that the Customer has chosen to receive service under the provisions of the Company's Tariff **LARGE GENERAL SERVICE PRIMARY, Code 244**. The Customer agrees to pay the Company monthly for electric energy delivered hereunder at the rates and under the provisions of the Company's Tariff **LARGE GENERAL SERVICE PRIMARY, Code 244**, as regularly filed with the **Tennessee Regulatory Authority**, as long as that schedule is in effect. In the event that the Tariff chosen by the Customer is replaced by a new or revised Tariff incorporating different rates or provisions, or both, the Company and Customer understand and agree that the Company will continue to provide service, and the Customer will continue to take service, under this Contract, subject to such changed provisions, and that the Customer will pay for such service at the new rates on and after the date such rates become effective.

The Customer's contract capacity under the Tariff named herein is hereby fixed at **2,200 kVA***. If a time-of-day demand is available under the Tariff and is selected by the Customer, the reservation of capacity aforementioned shall be the peak period reservation of capacity and shall determine the Tariff minimum monthly billing demand.

There are no unwritten understandings or agreements relating to the service hereinabove provided. This Contract cancels and supersedes all previous agreements, relating to the purchase by Customer and sale by Company of electric energy at Customer's premises as referred to above, on the date that service under this Contract commences. This Contract shall be in full force and effect when signed by the authorized representatives of the parties hereto.

***Addendum for ALTERNATE FEED SERVICE is attached and is part of this agreement.**

Kingsport Power Company

By: David M. Nance

David M. Nance

Title: Customer Services Manager

Date: 5/17/2016

Eastman Chemical Company

By: Scott P. Schallon

Scott P. Schallon

Title: Director, Global Procurement

Date: 6/1/16

ADDENDUM TO CONTRACT FOR ELECTRICAL SERVICE ALTERNATE FEED SERVICE

This Addendum is a part of the Agreement entered into this 28th day of April, 2016, by and between **Kingsport Power Company (Company)** and **Eastman Chemical Company (Customer)** for an Alternate Feed Service (AFS) to be served from a separate available distribution feeder. This AFS shall be used to back up the Customer's Basic Service, in the event of an outage to the Basic Service circuit. The AFS shall be used on a temporary basis until the Basic Service becomes available.

AFS Delivery Point

The electric energy delivered hereunder shall be alternating current at approximately **7,200 / 12,470 volts** and it shall be delivered at **Company's Primary Metering Enclosures 1127C4 – 1883 & 1127C4 – 1884**, which shall constitute the AFS delivery point under this Addendum.

The Company will have sole discretion in designating the AFS circuit and the Basic Service circuit.

AFS Capacity Reservation

The AFS Capacity Reservation is **2,200 KVA**.

AFS Billing Demand

The AFS Billing Demand shall be taken each month as the single-highest 15 - minute integrated peak as registered during the month by a demand meter or indicator, but the monthly AFS Billing Demand so established shall in no event be less than the greater of (a) the Customer's AFS Capacity Reservation under this Addendum, or (b) the Customer's highest previously established monthly billing demand on the AFS during the past 11 months, or (c) the Customer's Basic Service capacity reservation, or (d) the Customer's highest previously established monthly billing demand on the Basic Service during the past 11 months.

AFS Capacity Reservation Demand Charge

The Monthly AFS Capacity Reservation Demand Charge is **\$3.62 / kVA** of AFS Billing Demand. The Company reserves the right to change the Monthly AFS Capacity Reservation Demand Charge after approval by the TRA.

Transfer Scheme Provision

The Customer has previously purchased and installed a Main-Tie-Main (MTM) transfer scheme, which is in service at this time. The Customer will continue to own, maintain, test, inspect and operate the MTM transfer scheme. The Customer and the Company agree to a manual return setting. The Customer's MTM transfer scheme is currently set at a manual return, therefore, the Company and Customer agree and adhere to the following operating guidelines:

- The MTM Transfer Scheme will be implemented and controlled by one SEL relay. This will be in addition to any other metering functions provided by the SEL relay.
- The normal operation of this substation is to operate at approximately one half (1/2) the capacity of each of the two transformers on either bus section with the tie breaker open. In the event power is lost to the main breaker on either end, an automatic transfer will be initiated in approximately one second, restoring full power from one source only.
- An automatic transfer will be initiated after a sustained voltage loss below 79% of the normal voltage for approximately 20 seconds is sensed by the SEL relay.
- A timing function is required in the logic set to approximately ten (10) cycles, to block a transfer if there is a simultaneous return of voltage.
- The secondary main breakers' bell alarms (actuate when the solid state trip units trip the breaker) will trip a lockout relay that will block the automatic throwover circuitry from closing the tie breaker.
- The Customer agrees to return to the Basic Service within 18 hours, or as mutually agreed by the Company and Customer, after receipt of notification that the supply of electricity has been returned to both transformers by the Company.
- All reasonable efforts shall be made to perform the transfer of service outside of typical occupancy hours.
- In the event of system constraints, the Customer shall accomplish the transfer back to the Basic Service as soon as possible, not to exceed one hour after notification of system constraints; the Company will endeavor to provide as much advance notice as possible to the Customer.
- Return to the Basic Service circuit will be performed manually by the Customer, such that the transfer shall not parallel the Company's sources with each other (i.e. break before make transfer), and will be coordinated with the Company load dispatcher.
- In the event the Customer fails to return to Basic Service within 18 hours, or as mutually agreed to by the Company and Customer, or within one hour of notification of system constraints, the Company reserves the right to immediately disconnect the Customer's load from the AFS source.

**ADDENDUM TO CONTRACT FOR ELECTRICAL SERVICE
ALTERNATE FEED SERVICE**

- If the Customer does not return to the Basic Service as agreed to, or as requested by the Company, the Company may also provide 30 days' notice to terminate this Addendum with the Customer.

All planned, non-emergency, transfers requested by either the Customer or the Company will be coordinated between the customer and the Company load dispatcher. The Customer shall provide for a trained individual to conduct all manual switching.

The Customer agrees to test and inspect the switching facilities every 12 months and perform maintenance as required. The testing, inspection and maintenance will be performed by the Customer or by an outside contractor (for the Customer) to ensure that the functional requirements of the attached **Exhibit A – Specifications for Customer Owned Automatic-Load Transfer Switch** continue to be met.

The Company reserves the right to inspect the Customer-owned transfer switch and controls periodically and to disconnect the AFS for adverse impacts on reliability or safety.

Term

Unless the Parties mutually agree otherwise, this Addendum shall be in effect for an initial term of 24 months and shall remain in effect thereafter until either Party gives the other Party at least six (6) months written notice of the intention to discontinue service under this Addendum.

Special Provisions

The Company shall have the right to cancel this Addendum and to remove the circuit providing the AFS at any time should the Customer's demand on the AFS circuit exceed the Customer's specified AFS Capacity Reservation under this Addendum.

Disconnection of AFS under this Addendum due to reliability or safety concerns associated with Customer-owned transfer switches or AFS metered demand in excess of the AFS Capacity Reservation will not relieve the Customer of payments required during the remaining term of this Addendum.

In the event the Customer plans to increase AFS demand at any time, the Customer agrees to promptly notify the Company of such additional AFS Capacity Reservation requirements. The Customer agrees to pay the Company the actual costs of any and all additional dedicated / local facilities required to provide AFS pursuant to the Company's Terms and Conditions of Service as then filed with the Tennessee Regulatory Authority and to enter into a new Addendum contracting for such additional AFS Capacity Reservation requirements.

In the event the Customer's AFS metered demand exceeds the agreed upon AFS Capacity Reservation, which jeopardizes Company facilities or the electrical service to other Company customers, the Company reserves the right to disconnect the AFS immediately.

The provisions and charges under this Addendum are subject to revision should the Customer's contract for Basic Service be modified in any way.

In the event the Customer's contract for Basic Service terminates for any reason, the Customer is required to fulfill all payments during the term of this Addendum.

The Company assumes no responsibility should the alternate distribution circuit or other equipment required to provide the AFS fail to operate as designed or be unavailable for any reason.

Kingsport Power Company

By: David M. Nance
David M. Nance

Title: Customer Services Manager

Date: 5/17/2016

Eastman Chemical Company

By: Scott P. Schallon
Scott P. Schallon

Title: Director, Global Procurement

Date: 6/1/16

Account Number: 016-535-927-0

Exhibit A
AMERICAN ELECTRIC POWER
Specifications for Customer Owned Automatic Load-Transfer Switch

1. SCOPE

This specification lists the minimum requirements for automatic load-transfer switches purchased and owned by customers of American Electric Power.

2. ELECTRICAL RATINGS

The switches shall be rated as follows:

System Nominal Voltage	13.8kV	25kV	35kV
Switch Maximum Voltage	15.5kV	27kV	38kV
Impulse Voltage (BIL)	95kV	125kV	150kV

3. SWITCH CONFIGURATION

3.1. The source side configuration shall include two (2) separately mounted three-phase gang-operated switches, two (2) operating mechanisms, and control system, containing one (1) main control unit and one (1) remote control unit for submersible applications. The switches shall be capable of operating in the following modes:

3.1.1. Switch number one (connected to the preferred feeder) closed and switch number two (connected to the non-preferred feeder) opened:

3.1.2. Switch number one open and switch number two closed.

3.1.3. Switch number one and switch number two open.

3.2. The switch shall have a field selective option of a closed transition (paralleling sources) or an open transition (sources not paralleled).

4. CONTROL SYSTEM CHARACTERISTICS

4.1. The automatic load transfer switch shall include a control system including instrument transformers that operates the switch as follows:

4.1.1. The control shall transfer load from the preferred to the non-preferred source upon loss of voltage on the preferred source, providing fault-blocking relays have not been activated prior to loss of voltage of the preferred source.

4.1.2. If the fault blocking relays have been activated prior to the loss of voltage of the preferred source, the switch connected to the preferred source shall open and no transfer to the non-preferred source shall occur. Both switches shall remain in the open position.

4.1.3. If the load is supplied from the non-preferred source, the control shall permit the optional transfer back from the non-preferred source to the preferred source after energization of the preferred source, with or without paralleling sources.

Exhibit A
AMERICAN ELECTRIC POWER
Specifications for Customer Owned Automatic Load-Transfer Switch

- 4.1.4. Transfers of load from the preferred source to the alternate source shall occur after time delay that can be adjusted from 2 to 80 seconds. Transfers back to the preferred source shall occur after a time delay that can be adjusted from 30 seconds to 120 minutes.
- 4.2. The fault blocking sub-system shall include a manual resetting switch and an indicating light showing that the fault blocking relay has been activated, indicating an internal fault. The overcurrent relays connected to the fault blocking relay circuit shall be of the time delay, very inverse type.
- 4.3. The current sensors for the fault blocking relays shall be located on the source side of the switch and consist of three (3) current sensors for each source (one per phase).
- 4.4. The control shall have provisions for operation in either the automatic or manual mode.
- 5. **MANUAL SWITCH OPERATION AND WORKING CLEARANCE PROVISIONS**
 - 5.1. Manual operation of the transfer switchgear shall be such that non-paralleling of sources is the preferred arrangement.
 - 5.2. Provisions shall be made to permit access to the switchgear by utility personnel for the purpose of obtaining equipment/circuit clearance.
 - 5.2.1. Each switch shall have provisions to padlock it in the open (de-energized) position.
 - 5.2.2. Locking provisions shall accommodate a padlock with a 5/16" shackle.
 - 5.3. A circuit diagram showing the internal electrical configuration of the switch shall be available at the switchgear.