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AMEP/Z.93070

August 17, 2016

**VIA EMAIL & FEDEX:**

David Jones, Chairman  
c/o Sharla Dillon, Docket Manager  
Tennessee Regulatory Authority  
502 Deaderick Street, 4th Floor  
Nashville, TN 37243

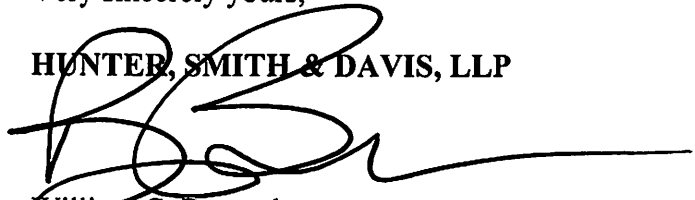
Re: Petition for Approval of a Special Contract for Alternative Feed Service Between  
Kingsport Power Company d/b/a AEP Appalachian Power and Eastman Chemical  
Company, Docket No. 16-00075

Dear Chairman Jones:

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

Very sincerely yours,

**HUNTER, SMITH & DAVIS, LLP**



William C. Bovender

Enclosures

cc: Scott P. Schallon  
David Foster  
Wayne Irvin, Esq.  
James R. Bacha, Esq.

Mr. David Jones, Chairman  
Page 2  
August 17, 2016

Kelly Grams, 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.: 16-00075

**MOTION TO WITHDRAW PETITION**

Comes Petitioner, Kingsport Power Company d/b/a AEP Appalachian Power (“Kingsport”) and moves for permission to withdraw the currently pending Petition for Approval of a Special Contract with Eastman Chemical Company for the reasons set forth herein:

1. On July 5, 2016, Kingsport filed with the Tennessee Regulatory Authority (“TRA”), a Petition, pursuant to TRA Rule 1220-4-1-.07, seeking approval of a special contract between Kingsport and Eastman Chemical Company (“Eastman”) relative to the provision of alternate feed service to Eastman’s new corporate center on Wilcox Drive in Kingsport, Tennessee.

2. Submitted with the Petition were two exhibits, the April 28, 2016 contract between Kingsport and Eastman placing Eastman under Kingport’s then existing LARGE GENERAL SERVICE PRIMARY, Code 244, for electric service, EXHIBIT 1; and the proposed Special Contract for alternate feed service, same being EXHIBIT 2 and labeled “ADDENDUM

TO CONTRACT FOR SERVICE – ALTERNATE FEED SERVICE.” In its Petition, Kingsport sought approval of said ADDENDUM as a Special Contract under TRA Rule 1220-7-1-.07. (See Docket No. 16-00075).

3. Pending at the time of the filing of the Petition in the Docket, was Kingsport’s general rate case, i.e., “PETITION OF KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER GENERAL RATE CASE AND MOTION FOR PROTECTIVE ORDER.” See, Docket No. 16-00001.

4. After extensive negotiations among Kingsport and the various intervenors in Docket No. 16-00001 and close scrutiny by the TRA Staff, on August 9, 2016, the TRA approved the STIPULATION AND SETTLEMENT AGREEMENT which had been entered into by Kingsport and the various intervenors in said Docket .

5. As a portion of that STIPULATION AND SETTLEMENT AGREEMENT, the TRA approved RIDER A.F.S. (Alternate Feed Service), Original Sheet Number 23-1 through 23-4, T.R.A. Tariff Number 2, contained in the STIPULATION AND SETTLEMENT AGREEMENT AT ATTACHMENT B (RATES, TARIFFS, RATE SCHEDULES AND TERMS AND CONDITIONS OF SERVICE), the pertinent portion of same submitted herewith as EXHIBIT A.

6. Because RIDER A.F.S. establishes terms, conditions and rates for Alternate Feed Service within Kingsport’s service territory, and would be applicable to the alternate feed service to be provided to Eastman under the proposed Special Contract which is the subject of the Docket No. 16-00075, there is now no need for the Alternate Feed Special Contract,

“ADDENDUM TO CONTRACT-FOR-SERVICE-ALTERNATE FEED SERVICE,” same being EXHIBIT 2 to the Petition.

7. As such, the relief sought in the Petition has become moot because of the adoption of the RIDER A.F.S. (Alternate Feed Service) by the TRA as part of the approval of STIPULATION AND SETTLEMENT AGREEMENT.

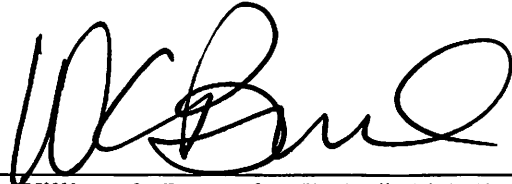
8. On July 28, 2016, the Consumer Protection and Advocate Division of the Office of the Attorney General (“Consumer Advocate”) filed a Petition to Intervene in this Docket. At the conference on August 8, 2106, action on that Petition to Intervene and whether to convene a contested case was deferred to the September conference. Because the Consumer Advocate was a party to the STIPULATION AND SETTLEMENT AGREEMENT, and, hence, approved RIDER A.F.S. (Alternate Feed Service), likewise, the Petition to Intervene of the Consumer Advocate should be denied as moot.

9. PREMISES CONSIDERED, KINGSPORT hereby moves that it be allowed to withdraw the Petition as the reason for same is now moot and Eastman can be provided alternate feed service under RIDER A.F.S. (Alternate Feed Service); and, that the Petition to Intervene filed by the Consumer Advocate should be denied as same is also now moot.

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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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the foregoing **MOTION TO WITHDRAW PETITION** has been served by mailing a copy of same by United States mail postage prepaid upon the following on this the 17<sup>th</sup> day of August, 2016:

Scott P. Schallon, Director, Global Procurement  
Eastman Chemical Company  
301 S. Wilcox Drive  
Kingsport, TN 37664

Wayne M. Irvin  
Assistant Attorney General  
Consumer Advocate and Protection Division  
Office of the Tennessee Attorney General  
PO Box 20207  
Nashville, TN 37202-0207  
*Email: wayne.irvin@ag.tn.gov*

**HUNTER, SMITH & DAVIS, LLP**

By: \_\_\_\_\_



William C. Bovender, Esq.

**RIDER A.F.S.  
(Alternate Feed Service)**

AVAILABILITY OF SERVICE

Standard Alternate Feed Service (AFS) is a premium service providing a redundant distribution service provided through a redundant distribution line and distribution station transformer, with automatic or manual switch-over and recovery, which provides increased reliability for distribution service. Rider AFS applies to those customers requesting new or upgraded AFS after December 31, 2016 or existing AFS customers that desire to maintain redundant service when the Company must make expenditures after December 31, 2016 in order to continue providing such service.

Rider AFS is available to customers who request a primary voltage alternate feed and who normally take service under Tariffs M.G.S., L.G.S., and I.P. for their basic service requirements, provided that the Company has adequate capacity in existing distribution facilities, as determined by the Company, or if changes can be made to make capacity available. AFS provided under this rider may not be available at all times, including emergency situations.

SYSTEM IMPACT STUDY CHARGE

The Company shall charge the customer for the actual cost incurred by the Company to conduct a system impact study for each site reviewed. The study will consist of, but is not limited to, the following: (1) identification of customer load requirements, (2) identification of the potential facilities needed to provide the AFS, (3) determination of the impact of AFS loading on all electrical facilities under review, (4) evaluation of the impact of the AFS on system protection and coordination issues including the review of the transfer switch, (5) evaluation of the impact of the AFS request on system reliability indices and power quality, (6) development of cost estimates for any required system improvements or enhancements required by the AFS, and (7) documentation of the results of the study. The Company will provide to the customer an estimate of charges for this study.

EQUIPMENT AND INSTALLATION CHARGE

The customer shall pay, in advance of construction, a nonrefundable amount for all equipment and installation costs for all dedicated and/or local facilities provided by the Company required to furnish either a new or upgraded AFS. The payment shall be grossed-up for federal and state income taxes, assessment fees and utility receipts taxes. The customer will not acquire any title in said facilities by reason of such payment. The equipment and installation charge shall be determined by the Company and shall include, but not be limited to, the following: (1) all costs associated with the AFS dedicated and/or local facilities provided by the Company and (2) any costs or modifications to the customer's basic service facilities.

The customer is responsible for all costs associated with providing and maintaining phone service for use with metering to notify the Company of a transfer of service to the AFS or return to basic service.





**RIDER A.F.S.**  
**(Alternate Feed Service)**

**TRANSFER SWITCH PROVISIONS**

In the event the customer receives basic service at primary voltage, the customer shall install, own, maintain, test, inspect, operate and replace the transfer switch. Customer-owned switches are required to be at primary voltage and must meet the Company's engineering, operational and maintenance specifications. The Company reserves the right to inspect the customer-owned switches periodically and to disconnect the AFS for adverse impacts on reliability or safety.

Existing AFS customers, who receive basic service at primary voltage and are served via a Company-owned transfer switch and control module, may elect for the Company to continue ownership of the transfer switch. When the Company-owned transfer switch and/or control module requires replacement, and the customer desires to continue the AFS, the customer shall pay the Company the total cost to replace such equipment which shall be grossed up for federal and state income taxes, assessment fees and utility receipts taxes. In addition, the customer shall pay a monthly rate of \$14.69 for the Company to annually test the transfer switch / control module and the customer shall reimburse the Company for the actual costs involved in maintaining the Company-owned transfer switch and control module.

In the event a customer receives basic service at secondary voltage and requests AFS, the Company will provide the AFS at primary voltage. The Company will install, own, maintain, test, inspect and operate the transfer switch and control module. The customer shall pay the Company a nonrefundable amount for all costs associated with the transfer switch installation. The payment shall be grossed-up for federal and state income taxes, assessment fees and utility receipts taxes. In addition, the customer is required to pay the monthly rate for testing and ongoing maintenance costs defined above. When the Company-owned transfer switch and/or control module requires replacement, and the customer desires to continue the AFS, customer shall pay the Company the total cost to replace such equipment which shall be grossed up for federal and state income taxes, assessment fees and utility receipts taxes.

After a transfer of service to the AFS, a customer utilizing a manual or semi-automatic transfer switch shall return to the basic service within one (1) week or as mutually agreed to by the Company and customer. In the event system constraints require a transfer to be expedited, the Company will endeavor to provide as much advance notice as possible to the customer. However, the customer shall accomplish the transfer back to the basic service within ten minutes if notified by the Company of system constraints. In the event the customer fails to return to basic service within 12 hours, or as mutually agreed to by the Company and customer, or within ten minutes of notification of system constraints, the Company reserves the right to immediately disconnect the customer's load from the AFS source. 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 the AFS agreement with the customer.

The customer shall make a request to the Company for approval three days in advance for any planned switching.

**MONTHLY AFS CAPACITY RESERVATION DEMAND CHARGE**

Monthly AFS charges will be in addition to all monthly basic service charges paid by the customer under the applicable tariff.

The Monthly AFS Capacity Reservation Demand Charge for the reservation of distribution station and primary lines is \$2.46 per kW/kVA.

**RIDER A.F.S.**  
**(Alternate Feed Service)**

**AFS CAPACITY RESERVATION**

The customer shall reserve a specific amount of AFS capacity equal to, or less than, the customer's normal maximum requirements, but in no event shall the customer's AFS capacity reservation under this rider exceed the capacity reservation for the customer's basic service under the appropriate tariff. The Company shall not be required to supply AFS capacity in excess of that reserved except by mutual agreement.

If the customer plans to increase the AFS demand at anytime in the future, the customer shall promptly notify the Company of such additional demand requirements. The customer's AFS capacity reservation and billing will be adjusted accordingly. The customer will pay the Company the actual costs of any and all additional dedicated and/or local facilities required to provide AFS in advance of construction and pursuant to an AFS construction agreement. If customer exceeds the agreed upon AFS capacity reservation, the Company reserves the right to disconnect the AFS. If the customer's AFS metered demand exceeds the agreed upon AFS capacity reservation, which jeopardizes company facilities or the electrical service to other customers, the Company reserves the right to disconnect the AFS immediately. If the Company agrees to allow the customer to continue AFS, the customer will be required to sign a new AFS agreement reflecting the new AFS capacity reservation. In addition, the customer will promptly notify the Company regarding any reduction in the AFS capacity reservation.

The customer may reserve partial-load AFS capacity, which shall be less than the customer's full requirements for basic service subject to the conditions in this provision. Prior to the customer receiving partial-load AFS capacity, the customer shall be required to demonstrate or provide evidence to the Company that they have installed demand-controlling equipment that is capable of curtailing load when a switch has been made from the basic service to the AFS. The Company reserves the right to test and verify the customer's ability to curtail load to meet the agreed upon partial-load AFS capacity reservation.

**DETERMINATION OF BILLING DEMAND**

**Full-Load Requirement:**

For customers requesting AFS equal to their load requirement for basic service, the AFS billing demand shall be taken each month as the single-highest 15-minute or 30-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, 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

**Partial-Load Requirement:**

For customers requesting partial-load AFS capacity reservation that is less than the customer's full requirements for basic service, the AFS billing demand shall be taken each month as the single-highest 15-minute integrated peak on the AFS 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, or (b) the customer's highest previously established monthly metered demand on the partial-load AFS during the past 11 months.

**PROMPT PAYMENT DISCOUNT**

A discount of 1.5 percent will be allowed if account is paid in full within 15 days of date of bill.

**RIDER A.F.S.**  
**(Alternate Feed Service)**

**TERM OF CONTRACT**

The AFS agreement under this rider will be made for a period of not less than one year and shall remain in effect thereafter until either party shall give at least six months' written notice to the other of the intention to discontinue service under the terms of this rider.

Disconnection of AFS under this rider due to reliability or safety concerns associated with customer-owned transfer switches will not relieve the customer of payments required hereunder for the duration of the agreement term.

**SPECIAL TERMS AND CONDITIONS**

This rider is subject to the Company's Terms and Conditions of Service.

Upon receipt of a request from the customer for non-standard AFS (AFS which includes unique service characteristics different from standard AFS), the Company will provide the customer with a written estimate of all costs, including system impact study costs, and any applicable unique terms and conditions of service related to the provision of the non-standard AFS. An AFS agreement will be filed with the Commission under the 30-day filing procedures. The AFS agreement shall provide full disclosure of all rates, terms and conditions of service under this rider, and any and all agreements related thereto.

The Company will have sole responsibility for determining the basic service circuit and the AFS circuit.

The Company assumes no liability should the AFS circuit, transfer switch, or other equipment required to provide AFS fail to operate as designed, is unsatisfactory, or is not available for any reason.