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KPOW-10311

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VIA EMAIL (tpuc.docketroom@tn.gov) & FEDEX

Dr. Kenneth C. Hill, Chairman
c/o Ectory Lawless, Dockets & Records Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: IN RE: PETITION OF KINGSFORT POWER
COMPANY d/b/a AEP APPALACHIAN POWER
FOR A GENERAL RATE CASE
DOCKET NO.: 21-00107

Dear Chairman Hill:

On behalf of Kingsport Power Company d/b/a AEP Appalachian Power, we transmit for filing
Rebuttal Testimony for the following:

A. Wayne Allen
William K. Castle
Jessica M. Criss
Eleanor K. Keeton
Vanessa Y. Oren
Katharine Walsh
Michael H. Ward

The originals and four copies are being sent by overnight delivery.

Should you have any questions, please do not hesitate to contact the undersigned.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Enclosure: As stated

cc: David Foster (w/enc.)
Monica L. Smith-Ashford, Esq. (w/enc.)
Michael J. Quinan, Esq. (w/enc.)
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**REBUTTAL TESTIMONY OF
ELEANOR K. KEETON
ON BEHALF OF KINGSPORT POWER COMPANY
D/B/A AEP APPALACHIAN POWER
BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 21-00107**

1 **Q. PLEASE STATE YOUR NAME.**

2 A. My name is Eleanor K. Keeton.

3 **Q. ARE YOU THE SAME ELEANOR KEETON WHO SUBMITTED DIRECT**
4 **TESTIMONY ON BEHALF OF KINGSPORT POWER COMPANY (KGPCO,**
5 **THE COMPANY) IN THIS CASE?**

6 A. Yes.

7 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
8 **PROCEEDING?**

9 A. I respond to the direct testimony of Office of the Tennessee Attorney General,
10 Consumer Advocate Unit (CA) witness Novak's concerns with several of the
11 Company's proposed miscellaneous tariff changes, including: updates to the
12 Underground Service Policy; the establishment of an Advanced Metering
13 Infrastructure (AMI) Opt-out provision, and a change in the Reconnect Charges. I
14 also respond to the direct testimony of East Tennessee Energy Consumers' (ETEC)
15 witness Baron's request to modify the Company's proposed Renewable Energy
16 Choice Rider (Rider REC). Finally, I discuss Mr. Novak's recommendation to add
17 clarifying language to the proposed Economic Development Rider (Rider E.D.R.).

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

19 A. Yes, I am sponsoring the following exhibits:

- 1 • KgPCo Rebuttal Exhibit No. 1 (EKK): Proposed Economic Development Rider –
- 2 Rider E.D.R.
- 3 • KgPCo Rebuttal Exhibit No. 2 (EKK): Miscellaneous Service Fee Workpaper
- 4 • KgPCo Rebuttal Exhibit No. 3 (EKK): Proposed Optional Renewable Energy
- 5 Choice Rider – Rider R.E.C.

6 **Q. PLEASE DISCUSS CA WITNESS NOVAK’S COMMENTS REGARDING**

7 **THE COMPANY’S PROPOSED ECONOMIC DEVELOPMENT RIDER.**

8 A. CA Witness Novak states that certain terms in the Company’s proposed Rider

9 E.D.R. appear to be vague and notes specifically that the use of “first-come, first-

10 served basis” under Availability of Service is too general. KgPCo Rebuttal Exhibit

11 No. 1 (EKK) contains the modifications the Company is proposing under

12 Availability of Service and Terms and Conditions to address Mr. Novak’s concerns.

13 The Company is open to discuss additional modifications should Mr. Novak identify

14 other terms contained in the tariff that require clarification.

15 **Q. DOES THE COMPANY OBJECT TO WITNESS NOVAK’S**

16 **RECOMMENDATION TO INCLUDE THE UNDERGROUND SERVICE**

17 **POLICY WITHIN THE TARIFF?**

18 A. No, the Company does not object to Mr. Novak’s recommendation to include the

19 Underground Service Policy in the Tariff.

20 **Q. PLEASE DISCUSS WITNESS NOVAK’S OBJECTION TO THE**

21 **COMPANY’S PROPOSED AMI OPT-OUT PROVISION.**

22 A. Mr. Novak objects to the Company’s proposed opt-out provision on the basis

1 that the rates seem as if they were “designed to economically disadvantage these
2 customers to such a large degree in order to coerce them into conceding to adapt to
3 an AMI meter.”¹

4 The Company disagrees with Mr. Novak’s assessment of the proposed opt-
5 out rates as being coercive in nature. All of the charges associated with the opt-out
6 provision are cost-based and reflect the actual costs of equipment, installation, and
7 meter reading.² Although the Company acknowledges that the charges associated
8 with the opt-out provision may have some deterrent effect on customers seeking a
9 non-standard meter, it is appropriate for customers choosing to participate in the
10 AMI meter opt-out tariff provision to bear the costs that support that option, rather
11 than socializing those costs to all ratepayers. Further, customers who opt-out of a
12 standard meter do not receive many of the benefits of AMI meters such as reduced
13 restoration times.

14 Finally, as discussed in detail by Company witness Walker, changes in the
15 AMR communication modules, in addition to the general age and life expectancy of
16 the meters, mean that the Company simply will not have the infrastructure needed to
17 support the relatively few customers who have requested to keep their old AMR
18 meters.³ At some point, these remaining meters will have to be replaced,
19 necessitating the provision of alternative metering options, similar to those contained

¹ Direct testimony of CA Witness Novak. p. 38

² Direct testimony of Company Witness Keeton. p. 5

³ Direct testimony of Company Witness Walker. pp. 7-8

1 in the Company's proposed opt-out provision. This provision is similar to approved
2 opt-out provisions implemented in other states.⁴

3 **Q. PLEASE DISCUSS WITNESS NOVAK'S OBJECTION TO THE**
4 **INCREASED RECONNECTION FEE FOR NON-STANDARD METERS.**

5 A. Mr. Novak states that it would be inappropriate to have a separate meter charge for
6 the few customers who have refused the installation of an AMI meter at their
7 premises. The Company respectfully disagrees with this argument. The proposed
8 reconnect fees are cost-based and reflect the actual cost of reconnection of service.
9 As stated above, it is reasonable and appropriate for customers who have chosen a
10 non-standard meter to bear the costs that support that choice. The cost of
11 reconnecting a meter that is not capable of remote reconnection is higher than the
12 cost to reconnect an AMI meter, and this cost should be reflected appropriately in
13 the reconnection of service fees.

14 **Q. DOES THE COMPANY AGREE WITH WITNESS NOVAK'S**
15 **INCREMENTAL ANNUAL REVENUE CALCULATION FOR THE**
16 **DIFFERENCE IN THE CURRENT AND PROPOSED SERVICE**
17 **RECONNECT FEE?**

18 A. No. Mr. Novak uses the total reconnect charge amount for the July 2020 through
19 June 2021 test year to calculate the number of reconnect fees in the incremental
20 annual revenue calculation. As Mr. Novak notes in CA Revenue Workpaper R-90-
21 3.00, the Company did not record any reconnections from April 2020 through

1 September 2020, meaning that the test period “will likely be understated”.⁵ The 12
2 month period Mr. Novak used to calculate the number of reconnects is problematic,
3 as it is not representative of the number of reconnects in years in which there is no
4 moratorium on disconnects. The Company proposes to use the monthly reconnect
5 charge amounts for the 12 month period ending March 2020, during which no
6 moratorium was in effect, for a more accurate representation of reconnection fees.
7 KgPCo Rebuttal Exhibit 2 (EKK) illustrates the proposed calculation of
8 reconnection fees.

9 **Q. DESCRIBE ETEC WITNESS BARON’S RECOMMENDATION**
10 **REGARDING THE COMPANY’S PROPOSED RIDER REC.**

11 A. Mr. Baron recommends that the Company modify Option B to include a provision
12 that would permit large customers to purchase only RECs and not the full output of a
13 specific renewable project.

14 **Q. DOES THE COMPANY AGREE WITH MR. BARON’S**
15 **RECOMMENDATION?**

16 A. Yes, the Company agrees with the recommendation to modify Rider REC as
17 described by Mr. Baron and proposes to add the following language under Option B:

18 Charges for service under option B of this Tariff will be set forth in the
19 written agreement between the Company and the Customer and will reflect a
20 combination of the firm service rates otherwise available to the Customer and the
21 cost of the *RECs* or renewable energy resource being directly contracted for by the
22 Customer.

⁵ The Company did not record any disconnections during this period pursuant to Commission Order in Docket No. 20-00047 *Order Requiring All Jurisdictional Utilities to Suspend Actions to Disconnect Service for Lack of Payment During the State of Public Health Emergency*

1 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

2 **A. Yes, it does.**

KINGSPORT POWER COMPANY
d/b/a AEP Appalachian Power
Kingsport, Tennessee

Original Sheet Number 25-1
T.P.U.C. Tariff Number 3

**OPTIONAL RIDER E.D.R.
(Economic Development Rider)**

AVAILABILITY OF SERVICE

In order to encourage economic development in the Company's service area, limited-term reductions in billing demands described herein are offered to qualifying new and existing retail Customers who make application for service under this Rider.

Service under this Rider is intended for specific types of commercial and industrial Customers whose operations, by their nature, will promote sustained economic development based on plant and facilities investment and job creation. Customers must apply for service under this Rider. Availability is limited to ~~Customers on a first come, first served basis for~~ Customer load additions totaling up to 50 MW in aggregate. This Rider is available to commercial and industrial Customers who are or would be served under Tariff M.G.S., L.G.S. and I.P. who meet the following requirements:

- (1) A new Customer must have a billing demand of 500 kW or more, or at least 500 kVA for Tariff L.G.S. An existing Customer must increase billing demand by 500 kW or more, or at least 500 kVA for Tariff L.G.S., over the maximum billing demand during the 24 months prior to the date of the application by the Customer for service under this Rider (Base Maximum Billing Demand) at the same Customer location. The Base Billing Demand for a new Customer shall be 0 kW.
- (2) A new Customer, or the expansion by an existing Customer, must result in the creation of at least ten (10) full-time equivalent (FTE) jobs maintained over the contract term, or a capital investment at the service location in excess of two million five hundred thousand dollars (\$2,500,000). Company reserves the right to verify job counts. Failure to demonstrate the creation of new employment positions and to maintain the employment during the contract term or the required capital investment, will result in the termination of the contract or agreement addendum for service under this Rider.
- (3) The Customer must demonstrate to the Company's satisfaction that, absent the availability of this Rider, the qualifying new or increased demand would be located outside of the Company's service territory or would not be placed in service due to poor operating economics.

TERMS AND CONDITIONS

- (1) To receive service under this Rider, the Customer shall make written application to the Company with sufficient information contained therein to determine the Customer's eligibility for service. Applications will be reviewed in the order in which they were received.
- (2) For new Customers, billing demands for which deductions will be applicable under this Rider shall be for service at a new service location and not merely the result of a change of ownership. Relocation of the delivery point of the Company's service, moving existing equipment from another AEP-served location or load transfers from another AEP-served location do not qualify as a new service location.
- (3) For existing Customers, billing demands for which deductions will be applicable under this Rider shall be the result of an increase in business activity and not merely the result of resumption of normal operations following a force majeure, strike, equipment failure, renovation or refurbishment, or other such abnormal operating condition. In the event that such an occurrence has taken place during the 24-month period prior to the date of the application by the Customer for service under this Rider, the monthly billing demands during the 24-month period shall be adjusted as appropriate to eliminate the effects of such occurrence.
- (4) All demand adjustments offered under this Rider shall be applicable for a maximum of five years.
- (5) The existing local facilities of the Company must be deemed adequate, in the judgment of the Company, to supply the new or expanded electrical capacity requirements of the Customer. If construction of new or expanded local facilities by the Company is required, the Customer may be required to make a contribution-in-aid of construction for the installed cost of such facilities pursuant to the provisions of the Company's Terms and Conditions of Service.

Issued:
By: Christian T. Beam, President

Effective: July 1, 2022
Pursuant to an Order in
Docket Number 21-00107

KINGSPORT POWER COMPANY
d/b/a AEP Appalachian Power
Kingsport, Tennessee

Original Sheet Number 25-2
T.P.U.C. Tariff Number 3

**OPTIONAL RIDER E.D.R.
(Economic Development Rider)
(continued)**

DETERMINATION OF MONTHLY ADJUSTED BILLING DEMAND

The Qualifying Incremental Billing Demand shall be determined as the amount by which the billing demand, as determined according to the Customer's Standard Schedule, for the current billing period without this Rider, exceeds the Base Maximum Billing Demand. Such incremental billing demand shall be considered to be zero, however, unless it is at least 500 kW, or at least 500 kVA for Tariff L.G.S., for new Customers or existing Customers.

The monthly adjusted billing demand under this Rider shall be the billing demand as determined according to the Customer's Tariff for the current billing period without this Rider less the product of the Qualifying Incremental Billing Demand and the applicable Adjustment Factor.

No Adjustment Factors shall be applied to any portion of minimum billing demands as calculated under the Customer's Tariff.

DETERMINATION OF ADJUSTMENT FACTOR

Customers meeting all availability and terms and conditions above shall contract for service for a period of five (5) years with an Adjustment Factor of forty percent (40%).

The adjustment factor shall be applicable over a period of 60 consecutive billing months beginning with the first such month following the end of the start-up period. The start-up period shall commence with the effective date of the contract addendum for service under this Rider and shall terminate by mutual agreement between the Company and the Customer.

In no event shall the start-up period exceed 12 months.

TERMS OF CONTRACT

A contract or agreement addendum for service under this Rider, in addition to service under Tariff M.G.S., L.G.S., and I.P., shall be executed by the Customer and the Company for the time period which includes the start-up period and the adjustment factor period immediately following the end of the start-up period. The contract addendum shall specify the Base Maximum Billing Demand, the anticipated total demand, the Adjustment Factor and related provisions to be applicable under this Rider, and the effective date for the contract addendum.

The Customer may discontinue service under this Rider before the end of the contract or agreement addendum only by reimbursing the Company for any demand adjustments received under this Rider billed at the applicable rate.

SPECIAL TERMS AND CONDITIONS

Except as otherwise provided in this Rider, written agreements shall remain subject to all of the provisions of the applicable tariff. This Rider is subject to the Company's Terms and Conditions of Service.

Issued:
By: Christian T. Beam, President

Effective: July 1, 2022
Pursuant to an Order in
Docket Number 21-00107

WHN Consulting
KINGSPORT POWER COMPANY
Analysis of Other Revenue - KPC Reconnect Tariff Rate

R-90-3.00
4/25/22 9:38 AM

Date	Disconnect Trip Charge	Energy Diversion	Reconnect Charge	Bad Check Charge	Temporary Service	Temporary Facilities	Miscellaneous	Total
Revenues:								
For the 12 Months Ended June 30, 2017	\$5,294	\$471	\$55,074	\$7,125	\$16,066	-\$27,107	\$100	\$57,023 A/
For the 12 Months Ended June 30, 2018	0	805	57,050	7,905	15,514	-19,179	250	62,345 A/
For the 12 Months Ended June 30, 2019	0	349	151,257	7,515	14,462	-22,481	900	152,002 A/
For the 12 Months Ended June 30, 2020	0	329	211,458	7,470	10,743	-24,633	400	205,766 A/
For the 12 Months Ended June 30, 2021	0	436	201,000	7,868	16,556	-25,834	150	200,176 A/

Current Tariff Rate	\$50.00	\$12.50 B/	Attrition Amount	\$200,176
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Determinants:

For the 12 Months Ended June 30, 2017	1,101	570
For the 12 Months Ended June 30, 2018	1,141	632
For the 12 Months Ended June 30, 2019	3,025	601
For the 12 Months Ended June 30, 2020	4,229	598
For the 12 Months Ended June 30, 2021	4,020	629

Reconnects	4,020	4,020 C/
Rate	50.00	20.00 C/
Revenue	201,000	80,400
Difference		120,600 C/
Company Calculation		\$174,600 C/

Conclusion: Test Period balances appear to be a reasonable estimate of the attrition period.

NOTE: From April 2020 through September 2020, the Company did not record any reconstructions.
This may have been due to voluntary Covid Pandemic relief. However, the test period amount will likely be understated.

Reconnects	6,652	6,652 C/
Rate	50.00	20.00 C/
Revenue	332,608	133,043
Difference		199,565 C/

NOTE: Company has proposed to change the Reconnect Charge from \$50.00 to \$20.00.
This change is based on the expected cost reduction to reconnect an electronic meter and results in a proposed revenue offset of \$174,600.
However, this proposed tariff change should not have been considered as an attrition adjustment as the Company has done.
Therefore, I have kept the current rate as the attrition period amount, but plan to recommend in testimony that the new rate be adopted.
See Company filing, Exhibit EKK-2 for details.

A/ WHN Revenue Workpaper R-90-3.01 and R-90-3.02.

B/ WHN Revenue Workpaper R-90-3.03 and R-90-3.04.

C/ Company is proposing to change the reconnect charge from \$50 to \$20. See CA3-20.

WHN Consulting

KINGSPORT POWER COMPANY

Analysis of Other Revenue - KPC Historical Miscellaneous Service Fees

R-90-3.01

4/25/22 9:38 AM

SOURCE: Company response to CA3-19.

Date	Disconnect Trip Charge	Energy Diversion	Reconnect Charge	Bad Check Charge	Temporary Service	Temporary Facilities	Miscellaneous	Total
201512	\$1,006		\$1,136	\$390	\$801	-\$2,107		\$1,227
201601	2,319	182	144	420	425	-2,220	50	1,320
201602	2,231		752	353	1,907	-381		4,861
201603	1,479		5,632	510	2,256	-991		8,886
201604	2,520	91	5,408	563	752	-719		8,614
201605	2,161	91	4,320	593	1,564	-1,052		7,676
201606	2,651	181	4,048	638	2,332	-1,226		8,624
201607	2,118		3,024	443	425	-705		5,304
201608	3,115		2,736	503	3,397	-2,714		7,037
201609	3,719	98	2,144	638	2,392	-427		8,562
201610	3,780		2,576	608	2,098	-2,814	50	6,298
201611	2,511		2,608	683	730	-3,836		2,695
201612	2,616		1,520	600	365	-5,086		16
201701	2,336		5,252	728	812	-2,660		6,468
201702	-14,901	192	4,514	660	1,624	-2,299		-10,210
201703		183	6,000	488	741	-1,695		5,716
201704			7,300	623	2,572	-1,772		8,723
201705			8,200	525	425	-2,895	50	6,305
201706			9,200	630	485	-206		10,109
201707			7,250	548	1,466	-1,435		7,829
201708		101	7,650	878	1,128	-3,310	50	6,496
201709			6,700	660	1,030	-1,469	100	7,021
201710		692	4,700	743	2,583	9,709		18,427
201711			6,050	668	921	-9,405		-1,767
201712			700	638	1,068	-1,408		1,000
201801			1,900	630	534	-2,500		564
201802			2,750	645	1,482	-2,469		2,408
201803			1,500	503	801	-1,527		1,277
201804		12	4,800	638	1,286	-2,461	50	4,324
201805			6,750	645	2,463	-963		8,895
201806			6,300	713	752	-1,943	50	5,871
201807			5,516	675	1,869	-2,759		5,301
201808			4,675	743	1,346	-1,832		4,932
201809			3,000	518	741	-1,127	100	3,232
201810		349	4,800	668	1,188	-1,321	50	5,733
201811			1,516	585	1,166	-909		2,358
201812			50	533	779	-1,178	50	234
201901			1,150	720	2,185	-5,169		-1,114
201902			650	518	278	-1,453		-7
201903			8,750	593	218	-1,047	100	8,613
201904			45,450	600	1,406	-2,864		44,592
201905			42,800	750	2,948	-1,468	600	45,630
201906			32,900	615	338	-1,355		32,498
201907			27,650	705	-305	-1,230	100	26,920
201908			32,450	735	215	-1,910		31,490
201909			28,100	615	1,613	-1,448	50	28,930
201910			29,650	570	158	-2,974	100	27,504
201911			22,050	615	703	-1,504		21,864
201912			6,800	593	496	-4,831	100	3,157
202001		197	22,000	923	545	-576		23,089
202002			19,650	698	267	-3,459	50	17,206
202003			23,108	660	1,831	-752		24,846
202004		132		510	2,294	-1,775		1,161
202005				450	1,918	-2,173		195
202006				398	1,008	-2,003		-597
202007			-50	540	1,297	-509		1,278
202008			0	810	812	-1,214		408
202009				705	752	-2,461		-1,004
202010			30,300	945	812	125	100	32,282
202011		218	19,850	593	1,929	-3,314		19,276
202012			1,200	608	2,136	-4,884	50	-891
202101			2,300	585	654	-1,427		2,112
202102			15,050	555	1,139	-2,410		14,334
202103			25,700	683	2,087	-1,615		26,854
202104		218	41,250	555	2,038	-2,420		41,641
202105			34,700	720	2,050	-4,036		33,434
202106			30,700	570	850	-1,668		30,452

Number of Reconnects		
12 mos ended June 30, 2021	4,020	CA Proposed
4/19 - 3/20	6,652	Company
	5,668	

KINGSPORT POWER COMPANY
d/b/a AEP Appalachian Power
Kingsport, Tennessee

Original Sheet Number 26
T.P.U.C. Tariff Number 3

**OPTIONAL RIDER R.E.C.
(Renewable Energy Choice Rider)**

AVAILABILITY OF SERVICE

Available to customers taking service under the Company's metered rate schedules. The Company will purchase and retire Renewable Energy Certificates (RECs) on behalf of participating customers under Option A. The Company will seek to purchase the lowest cost RECs available on behalf of customers. The Company reserves the right to evaluate the market value of RECs annually and adjust the rate to reflect prevailing costs.

Customers who wish to directly purchase the electrical output and all associated environmental attributes from a renewable energy generator may contract bilaterally with the Company under Option B. Option B is available to customers taking metered service under the Company's I.P. or L.G.S. tariffs, or multiple P.S., G.S.-T.O.D. or M.G.S. tariff accounts with common ownership under a single parent company that can aggregate multiple accounts to exceed 1000 kW of peak demand.

CONDITIONS OF SERVICE

Customers who wish to support the development of electricity generated by Renewable Resources may under Option A contract to purchase each month a specific number of fixed kWh blocks, or choose to cover all of their monthly usage. All REC's purchased under Option A of this tariff shall be retained or retired by the Company on behalf of customers.

MONTHLY RATES

Option A

In addition to the monthly charges determined according to the Company's rate schedule under which the customer takes service, the customer shall participate in the Renewable Energy Credit Rider under one of the following options:

Block Purchase Option: \$5.35 for each 500 kWh block nominated
All Usage Purchase Option: \$0.0107/kWh consumed

The Monthly Rate for Renewable Energy (MRRE) is calculated as follows:

$$MRRE = CR + CSS$$

Where

CR = \$0.0060 per kWh/\$3.00 per 500 kWh block, the cost of procuring Renewable Energy derived from Renewable Energy Certificates ("RECs"). A REC is a tradable instrument that is equal to one megawatt hour of electricity or equivalent energy supplied by a renewable energy facility.

And

CSS = \$0.0047 per kWh/\$2.35 per 500 kWh block, the cost of Support Services. "Support Services", includes but is not limited to customer enrollment, customer service center support, reporting functions, marketing and customer education.

Customers participating under Option A may terminate service under this Rider by notifying the Company with at least thirty (30) days prior notice.

Option B

Charges for service under option B of this Tariff will be set forth in the written agreement between the Company and the Customer and will reflect a combination of the firm service rates otherwise available to the Customer and the cost of the RECs or renewable energy resource being directly contracted for by the Customer.

Under Option B, the term of the agreement will be determined in the written agreement between the Company and the Customer.

SPECIAL TERMS AND CONDITIONS

This Rider is subject to the Company's Standard Terms and Conditions of Service and all provisions of the rate schedule under which the customer takes service, including all payment provisions. The Company may deny or terminate service under this Rider to customers who are delinquent in payment to the Company.

Issued:
By: Christian T. Beam, President

Effective: July 1, 2022
Pursuant to an Order in
Docket Number 21-00107