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October 12, 2009  
VIA ELECTRONIC FILING

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Ms. Sharla Dillon, Docket Room Manager  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Re: **Application of Appalachian Power Company Seeking Approval for  
Certain 2010 Financing Programs; TRA Docket No. 09-00158  
Responses of Appalachian Power Company to Staff's Data  
Request No. 1**

Dear Ms. Dillon:

This letter contains Appalachian Power Company's (Appalachian) responses to the four (4) questions posed in Mr. Kettles' October 7, 2009 letter to me (Data Request No. 1). Per Mr. Kettles' letter, Appalachian is filing the original and four (4) copies of this letter with you. Before providing Appalachian's specific responses to Staff's Data Request No. 1, Appalachian would like to provide the context for its responses by describing the relationship between Appalachian and Kingsport Power Company (Kingsport).

Appalachian and Kingsport are separate legal entities that finance their operations separately. Kingsport is not owned by Appalachian; nor is Kingsport a subsidiary of Appalachian. Both Kingsport and Appalachian are, however, wholly-owned subsidiaries of American Electric Power Company, Inc. (AEP), a publicly traded holding company. Kingsport purchases all of its power requirements from Appalachian at wholesale under a FERC-approved tariff and receives some services from Appalachian, at cost.

Kingsport owns assets in Tennessee that are used to provide service to its retail customers at rates regulated by the Tennessee Regulatory Authority (TRA). Kingsport's most recent financing application was approved by the TRA by Order dated December 23, 2008, in Docket No. 08-00194.

Appalachian owns a small amount of transmission assets in Tennessee. Because Appalachian owns assets in Tennessee, Appalachian has traditionally requested and received approval from the TRA for refinancing and/or new financings. Appalachian filed its general annual financing application (Case

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No. PUE-2009-00110) with the Virginia State Corporation Commission (received on October 1, 2009), and is awaiting final disposition of that matter.

The instant case involves an Appalachian financing application, not a Kingsport financing application. No additional assets of Appalachian in Tennessee will be pledged as collateral for any financings undertaken by Appalachian as a result of the TRA's approval of Appalachian's application in this case. More importantly, the TRA's approval of Appalachian's application will have no effect on the manner in which Kingsport is now or will be financed in the future.

Kingsport might be affected by Appalachian's financing activity to the extent that such financings affect future costs that are either charged to Kingsport for services Appalachian provides to Kingsport or reflected in Appalachian's wholesale electric rates to Kingsport. However, approval of Appalachian's financing application by the TRA could also benefit Kingsport's retail customers, to the extent that Appalachian uses the proceeds from any such financings to maintain or expand property or facilities that are used to provide wholesale electric service or other services to Kingsport.

With this contextual explanation, Appalachian's responses to Staff Data Request No. 1 are as follows:

1. Provide the status and periodic updates of the Application including approval by the Virginia State Corporation Commission.

**Response:**

Appalachian filed its general annual financing application, Case No. PUE-2009-00110 with the Virginia State Corporation Commission (received on October 1, 2009) and is awaiting final disposition on that matter.

2. Has Appalachian applied for approval for long-term (maturity greater than one year) financing from any Federal Agency? Have they notified any Federal Agency? If so, what is the status of any such application or notification?

**Response:**

Appalachian does not file for approval of the issuance of long-term debt with any Federal Agency. Appalachian filed for approval to issue short-term debt from the Federal Energy Regulatory Commission (FERC) under Docket No. ES10-1-000 on October 1, 2009. Current short-term debt approval expires November 15, 2009 under Docket No. ES07-62-000. No other Federal approval has been sought or obtained.

3. How many end-user customers are served, directly or indirectly, by Appalachian, including customers of Kingsport Power Company ("Kingsport Power") d/b/a/ American Electric Power Company ("AEP")?

**Response:**

Appalachian directly serves approximately 962,000 retail customers in the southwestern portion of Virginia and the southern portion of West Virginia. Appalachian does sell power to Kingsport Power, which serves approximately 47,000 end-user customers in Tennessee.

Ms. Sharla Dillon, Docket Room Manager

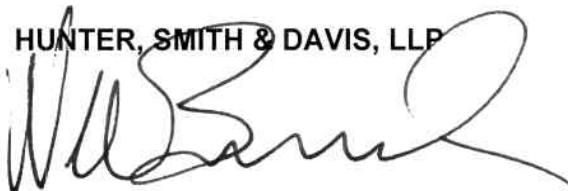
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If you have any questions, please do not hesitate to contact me.

Very sincerely yours,

**HUNTER, SMITH & DAVIS, LLP**

A handwritten signature in black ink, appearing to read 'W. Bovender', written over the firm name.

William C. Bovender

Counsel for Appalachian Power Company

WCB/slb

Enclosures

cc: Sara Kyle, Chairman (w/enc.)  
Jerry Kettles, Chief – Economics Analysis and Policy Division (w/enc.)  
William E. Johnson, Esq. (w/enc. via email)