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TENNESSEE REGULATORY AUTHORITY
502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243

June 30, 2015

William Bovender, Counsel
1212 North Eastman Road
P.O. Box 3740
Kingsport, TN 37664-0740

RE: Docket 15-00067: Application Of Kingsport Power Company d/b/a AEP Appalachian Power To Make Notes To Evidence Indebtedness Not To Exceed \$20,000,000

Dear Mr. Bovender:

In order to review the above-referenced *Application* filed by Kingsport Power Company d/b/a AEP Appalachian ("Kingsport"), the Tennessee Regulatory Authority requires additional information. Please provide responses to the requests below by July 10, 2015.

1. Provide a schedule of maturities, rates and amounts of Kingsport's existing indebtedness.
2. Provide the current capital structure and average weighted cost of capital for Kingsport and its parent company.
3. Provide capital structure and average weighted cost of capital from Kingsport's last rate proceeding before the TRA or its predecessor.
4. Provide a pro forma capital structure and average weighted cost of capital for Kingsport assuming all requested indebtedness is issued.
5. What are the AEP Notes? Under what conditions will AEP Notes be used for Kingsport's debt issuance relative to private placement?
6. Is there an agreement between Kingsport and an affiliate or its parent governing issuance of the AEP Notes? If so, provide a copy of the agreement.
7. How do other distribution affiliates of AEP issue debt? Explain the differences, if any, in how other distribution affiliates of AEP issue debt?
8. Provide projected savings on interest expense from the requested indebtedness.
9. What is the spread of interest rates between existing Kingsport indebtedness and U.S. Treasury obligations of similar maturity? At what spreads relative to U.S. Treasury

obligations of similar maturity does Kingsport's parent company or finance affiliate issue indebtedness.

10. Provide information demonstrating that private placement of debt is more cost effective for Kingsport relative to utilizing public markets?

If you have any questions or need further assistance, please call me at 615-770-6894 or email me at Jerry.Kettles@tn.gov. Please respond by sending the original and 13 copies either by U.S. Mail or express mail. Alternatively, you may send the original and four (4) copies along with an electronic file to:

Ms. Sharla Dillon, Docket Room Manager
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243
Email: Sharla.Dillon@tn.gov

Sincerely,



Jerry Kettles, Chief
Economic Analysis & Policy

C: Via email