



**TENNESSEE REGULATORY AUTHORITY**  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, Tennessee 37243

October 18, 2016

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

RE: Docket 16-00117: Application Of Kingsport Power Company d/b/a AEP Appalachian Power For Approval Of A Long-Term Indebtedness Program Through December 31, 2018

Dear Mr. Bovender:

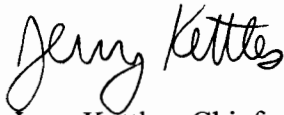
In order to review the above-referenced *Application* filed by Kingsport Power Company d/b/a AEP Appalachian ("Kingsport"), the Tennessee Regulatory Authority requires additional information. Please provide responses to the question below by October 25, 2016.

1. Provide a pro forma capital structure and average weighted cost of capital for Kingsport assuming all requested indebtedness is issued. Please make explicit all assumptions used to create the pro forma capital structure including the level of short-term debt.
2. What are the AEP Notes? Under what conditions will AEP Notes be used for Kingsport's debt issuance relative to private placement?
3. 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.
4. How do other distribution affiliates of AEP issue debt? Explain the differences, if any, in how other distribution affiliates of AEP issue debt?
5. Provide projected savings on interest expense from issuing the requested indebtedness. Discuss any other benefits from the requested debt issuance.

If you have any questions or need further assistance, please call me at 615-770-6894 or email me at [Jerry.Kettles@tn.gov](mailto: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, 4<sup>th</sup> Floor  
Nashville, TN 37243  
Email: [Sharla.Dillon@tn.gov](mailto:Sharla.Dillon@tn.gov)

Sincerely,

A handwritten signature in black ink that reads "Jerry Kettles". The signature is written in a cursive, flowing style.

Jerry Kettles, Chief  
Economic Analysis & Policy

C: Via email