

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**January 10, 2017**

**IN RE:**

**APPLICATION OF KINGSPORT POWER COMPANY  
d/b/a AEP APPALACHIAN POWER COMPANY FOR  
APPROVAL OF A LONG-TERM INDEBTEDNESS  
THROUGH DECEMBER 31, 2018**

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**DOCKET NO.  
16-00117**

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**ORDER APPROVING FINANCING TRANSACTION**

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This matter came before Vice Chairman Robin L. Morrison, Director Herbert H. Hilliard, and Director Kenneth C. Hill of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on December 12, 2016 for consideration of the *Application* filed on October 5, 2016 by Kingsport Power Company (“Kingsport” or “Applicant”) seeking approval to issue up to \$30,000,000 of unsecured long-term indebtedness from time to time, until December 31, 2018.

**THE APPLICATION**

Kingsport is a Virginia corporation, with its principal offices in Kingsport, Tennessee, and a wholly-owned subsidiary of American Electric Power Company, Inc. (“AEP”). According to the *Application*, Kingsport seeks approval to issue and sell from time to time through December 31, 2018, up to \$30,000,000 of its unsecured promissory notes or notes (“Notes”) to one or more commercial banks, financial institutions or other institutional investors or lenders pursuant to one or more term loan agreements or note purchase agreements. In addition, Kingsport proposes to issue one or more unsecured promissory notes (“AEP Notes”) to its parent, American Electric Power Company, Inc., provided that the aggregate amount of the Notes and AEP Notes issued do not exceed \$30,000,000.

Further, Kingsport states that the proposed agreements would represent a definitive form of agreement with any bank, and that the Notes will bear interest at either a fixed rate, fluctuating rate, or some combination of fixed and fluctuating rates. Kingsport believes that it would be beneficial to commit itself to a long-term obligation. The actual rate of interest that each Note shall bear, and its maturity, shall be subject to further negotiation between Kingsport and the lender. Any fixed rate of interest of the Notes will not, at the time of issuance of the Notes, be greater than 300 points above the yield to maturity of United States Treasury obligations that mature on or about the date of maturity of the Notes. The interest rate and maturity parameters for the Notes would also apply to the AEP Notes.

#### **HEARING ON THE MERITS**

The Hearing in this matter was held before the voting panel of Directors during the regularly scheduled Authority Conference on December 12, 2016, as noticed by the Authority on December 2, 2016. Appearing for the Company were William C. Bovender, Esq., and Ms. Renee Hawkins, Managing Director, Corporate Finance. During the Hearing, Ms. Hawkins ratified and summarized her pre-filed testimony and was subject to questioning before the panel. No person sought intervention in the proceedings. Members of the public were given an opportunity to offer comments, but no one sought recognition to do so.

#### **FINDINGS AND CONCLUSIONS**

Tenn. Code Ann. § 65-4-109 (2004) provides:

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the [A]uthority for such proposed issue. It shall be the duty of the [A]uthority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the [A]uthority.

At a regularly scheduled Authority Conference held on December 12, 2016, the panel voted unanimously to approve the *Application* and made the following findings:

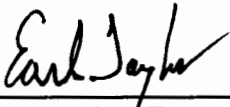
1. The proposed financing transactions are subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The proposed transactions are being made in accordance with laws enforceable by this agency.
3. The proposed transactions are in the public interest.

**IT IS THEREFORE ORDERED THAT:**

1. The *Application* of Kingsport Power Company seeking authorization from time to time through December 31, 2018, to borrow \$30,000,000 and to execute a note or notes to evidence the borrowing made as discussed herein is approved pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The authorization and approval given hereby shall not be used by any party for the purpose of inferring an analysis or assessment of the risks involved. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.

**Vice Chairman Robin L. Morrison, Director Herbert H. Hilliard, and Director Kenneth C. Hill concur.**

**ATTEST:**

  
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**Earl R. Taylor, Executive Director**