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SINCE 1916

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**Of Counsel*

AMEP/Z-94511

September 19, 2017

VIA EMAIL (Sharla.Dillon@tn.gov) & FEDEX

Mr. David Price, Chairman
c/o Sharla Dillon, Dockets & Records Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: PETITION OF APPALACHIAN
POWER COMPANY FOR AUTHORITY
FOR FINANCING PROGRAM THROUGH
– DECEMBER 31, 2019
Docket No. 17- 00107

Dear Chairman Price:

We submit herewith the original and four (4) copies of the Petition of Application of Appalachian Power Company for Authority for Financing Program Through – December 31, 2019.

Authorization for these credit facilities is requested pursuant to T.C.A. § 65-4-109 and related regulations.

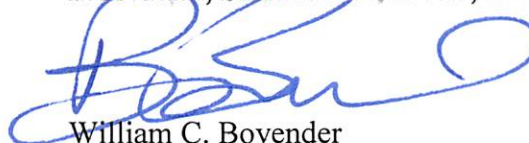
Appalachian Power Company respectfully requests that this matter be heard in calendar year 2017, so that the financing program can commence January 1, 2018.

Also, enclosed is a check in the amount of \$25.00 for filing.

Should there be any questions, please direct same to the writer.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Mr. David Price, Chairman

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September 19, 2017

Enclosures

cc: Kelly Grams, General Counsel (w/enc.)
David Foster (w/enc.)
Monica L. Smith-Ashford, Esq. (w/enc.)
Joseph B. Harvey, Esq. (w/enc.)

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:

PETITION OF APPALACHIAN
POWER COMPANY FOR AUTHORITY FOR
FINANCING PROGRAM THROUGH –
DECEMBER 31, 2019

DOCKET NO.: 17-_____

PETITION

Comes Petitioner, Appalachian Power Company (“Appalachian”), and, pursuant to T.C.A. § 65-4-109, seeks approval of its financing program through December 31, 2019 as set forth herein. In support thereof, Appalachian would show the following:

It is requested that any notice or communications with respect to this or any related Petition be sent to the following:

- A. William C. Bovender, Esq.
Joseph B. Harvey, Esq.
HUNTER, SMITH & DAVIS, LLP
1212 N. Eastman Road
P. O. Box 3740
Kingsport, TN 37664
Ph (423) 378-8858; Fax: (423) 378-8801
Email: bovender@hdsdlaw.com
Email: jharvey@hdsdlaw.com
- B. William E. Johnson
American Electric Power Service Corporation
P.O. Box 16631
Columbus, OH 43216-6631
Ph: (614) 716-1624
Email: wejohnson@aep.com

1. Your Petitioner, Appalachian Power Company (“Appalachian”), respectfully shows that:

(a) It is a corporation duly organized and existing under the laws of the Commonwealth of Virginia, having its principal office in said Commonwealth in the City of Roanoke, and is properly qualified to transact business in the State of Tennessee.

(b) A true copy of its Restated Articles of Incorporation was filed with your Honorable Authority in Docket No. U-6533.

(c) Appalachian maintains its principal office in the State of Tennessee in the City of Kingsport, Sullivan County, Tennessee.

2. With the consent and approval of the Virginia State Corporation Commission and the further consent and approval of the Tennessee Public Utility Commission (“TPUC”), Appalachian proposes to issue and sell, from time to time, from January 1, 2018 through December 31, 2019, secured or unsecured promissory notes (“Notes”) in the aggregate principal amount equal to, on the date or dates of issuance, up to \$700 million. The Notes may be issued in the form of Senior Notes, Senior or Subordinated Debentures, First Mortgage Bonds, Bank Credit Revolver or Loans or other unsecured promissory notes.

The Notes will mature in not less than nine months and not more than 60 years. The interest rate of the Notes may be fixed or variable and will be sold (i) by competitive bidding; (ii) through negotiation with underwriters or agents; or (iii) by direct placement with a commercial bank or other institutional investor. Any fixed rate Note will be sold by Appalachian at a yield to maturity which shall be determined by financial market conditions at the time of pricing. The initial interest rate on any variable rate Note will be

determined by financial market conditions at the time of pricing. Appalachian will agree to specific redemption provisions, if any, including redemption premiums, at the time of the pricing. If it is deemed advisable, the Notes may be provided some form of credit enhancement, including but not limited to a letter of credit, bond insurance, standby purchase agreement or surety bond.

In connection with the sale of unsecured Notes, Appalachian may agree to restrictive covenants which would prohibit it from, among other things: (i) creating or permitting to exist any liens on its property, with certain stated exceptions; (ii) creating indebtedness except as specified therein; (iii) failing to maintain a specified financial condition; (iv) entering into certain mergers, consolidations and dispositions of assets; and (v) permitting certain events to occur in connection with pension plans. In addition, Appalachian may permit the holder of the Notes to require Appalachian to prepay them after certain specified events, including an ownership change.

The unsecured Notes may be issued under a new Indenture or the Indenture dated as of January 1, 1998, as previously supplemented and amended, and as to be further supplemented and amended by one or more Supplemental Indentures or Company Orders. A copy of a recent Company Order utilized by Appalachian is attached hereto as Exhibit A. It is proposed that a similar form of Company Order or a Supplemental Indenture be used for one or more series of the unsecured Notes (except for provisions such as interest rate, maturity, redemption terms and certain administrative matters).

The First Mortgage Bonds would be issued under and secured by a Mortgage and Deed of Trust to be entered into by Appalachian and a trustee in the event of an issuance of secured notes (the "Mortgage"). It is anticipated that any such

Mortgage would create a lien on some or all of the utility property or other tangible assets of Appalachian for the benefit of the holders of the First Mortgage Bonds. Other terms such as interest rate, maturity, redemption terms and other matters would be determined at the time of pricing.

3. Appalachian may enter into, from time to time through December 31, 2019, one or more interest rate hedging arrangements, including, but not limited to, treasury lock agreements, forward-starting interest rate swaps, treasury put options or interest rate collar agreements (“Treasury Hedge Agreement”) to protect against future interest rate movements in connection with the issuance of the Notes. Each Treasury Hedge Agreement will correspond to one or more Notes that Appalachian will issue pursuant to this Application; accordingly, the aggregate corresponding principal amounts of all Treasury Hedge Agreements cannot exceed an amount equal to, on the date or dates of entering such agreements, up to \$700 million.

Appalachian proposes, with the consent and approval of TPUC, to extend the authority granted in Docket 16-00014 (Order dated March 28, 2016) to utilize interest rate management techniques and enter into Interest Rate Management Agreements through December 31, 2019. Such authority will allow Appalachian sufficient alternatives and flexibility when striving to reduce its effective interest cost and manage interest cost on financings.

A. Interest Rate Management Agreements

The Interest Rate Management Agreements will be products commonly used in today’s capital markets, consisting of “interest rate swaps”, “caps”, “collars”, “floors”, “options”, or hedging products such as “forwards” or “futures”, or similar products, the

purpose of which is to manage and minimize interest costs. Appalachian expects to enter into these agreements with counterparties that are highly rated financial institutions. The transactions will be for a fixed period and a stated principal amount, and shall be for underlying fixed or variable obligations of Appalachian, whether existing or anticipated. The aggregate notional amount of all Interest Rate Management Agreements shall not exceed 25% of Appalachian's existing debt obligations, including pollution control revenue bonds.

By way of illustration, if Appalachian has entered into Interest Rate Management Agreements whose aggregate notional amounts equal 25% of Appalachian's existing debt obligations, Appalachian could not enter into a new Interest Rate Management Agreement unless and until an existing Interest Rate Management Agreement expired, was terminated with the assent of the counterparty, or was assigned to a non-affiliated third party (at which point Appalachian could enter into a new Interest Rate Management Agreement in a notional amount no greater than the expired, terminated or assigned Interest Rate Management Agreement). Appalachian will not agree to any covenant more restrictive than those contained in the underlying obligation unless such Interest Rate Management Agreement either expires by its terms or is unwindable on or prior to the end of the Authorization Period.

B. Pricing Parameters

Appalachian proposes that the pricing parameters for Interest Rate Management Agreements be governed by the parameters contained herein. Fees and commissions (but not payments) in connection with any Interest Rate Management Agreement will be in addition to the above parameters and will not exceed the greater of: (a)

2.50% of the amount of the underlying obligation involved or (b) amounts that are consistent with fees and commissions paid by similar companies of comparable credit quality in connection with similar agreements.

C. Accounting

Appalachian proposes to account for these transactions in accordance with generally accepted accounting principles.

D. TPUC Authorization

Since market opportunities for these interest rate management alternatives are transitory, Appalachian must be able to execute interest rate management transactions when the opportunity arises to obtain the most competitive pricing. Thus, Appalachian seeks approval to enter into any or all of the described transactions within the parameters discussed above prior to the time Appalachian reaches agreement with respect to the terms of such transactions.

If Appalachian utilizes Interest Rate Management Agreements, Appalachian's annual long-term interest charges could change. The authorization of the Interest Rate Management Agreements consistent with the parameters herein in no way relieves Appalachian of its responsibility to obtain the best terms available for the product selected and, therefore, it is appropriate and reasonable for the TPUC to authorize Appalachian to agree to such terms and prices consistent with said parameters.

4. Any proceeds realized from the sale of the Notes, together with any other funds which may become available to Appalachian, will be used to redeem directly or indirectly long-term debt, to repay short-term debt at or prior to maturity, to reimburse Appalachian's treasury for expenditures incurred in connection with its construction

program and for other corporate purposes. In 2018 and 2019 Appalachian has the following debt maturing: \$100,000,000 principal amount of 1.700% Pollution Control Bonds, mandatory redemption October 1, 2018; \$86,000,000 principal amount of 1.900% Pollution Control Bonds, mandatory redemption April 1, 2019; \$125,000,000 principal amount of floating Local Bank Term Loan, due June 30, 2019; \$30,000,000 principal amount of 3.250% Pollution Control Bonds, due May 1, 2019; and \$40,000,000 principal amount of 3.25% Pollution Control Bonds, due May 1, 2019.

Appalachian may purchase senior notes referred to herein or any other series of indebtedness through tender offer, negotiated, open market or other form of purchase or otherwise in addition to redemption, if they can be refunded at a lower effective cost. The tender offers will occur if Appalachian considers that the payment of the necessary premium is prudent in light of the interest expense that could be saved by early redemption of any of these series.

5. Appalachian believes that the consummation of the transactions herein proposed will be in the best interests of Appalachian's consumers and investors and consistent with sound and prudent financial policy.

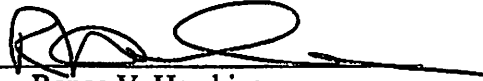
6. Balance Sheets and Statements of Income and Retained Earnings for the six months ended June 30, 2017 are attached hereto as Exhibit B.

7. The issuance of the Notes will be affected in compliance with all applicable indenture, charter and other standards relating to debt and equity securities and capitalization ratios of Appalachian.

WHEREFORE, your Petitioner respectfully prays that TPUC enter an order (1) consenting to and approving the issuance, sale and delivery by Appalachian of secured or unsecured Notes or other unsecured promissory notes in the principal amount equal to, on the date or dates of issuance, of up to \$700 million pursuant to their respective Indentures and company orders in substantially the form filed as exhibits hereto or similar documentation as described herein and (2) granting to your Petitioner such other, further or general relief as, in the judgment of TPUC, your Petitioner may be entitled to have upon the facts hereinabove set forth.

APPALACHIAN POWER COMPANY

By

A handwritten signature in black ink, appearing to read "Renee V. Hawkins", is written over a horizontal line.

Renee V. Hawkins
Assistant Treasurer

Date: September 6, 2017

STATE OF OHIO)
) ss:
COUNTY OF FRANKLIN)

Before me, the undersigned, a Notary Public in and for the State and County
aforesaid, this 6th day of September, 2017, personally appeared Renee V. Hawkins, to me
known to be the person whose name is signed to the foregoing Application, and after being
first duly sworn made oath and said that she is the Assistant Treasurer of Appalachian
Power Company, that she has read the Application and knows the contents thereof, that the
allegations therein are true and correct to the best of her knowledge, information and belief,
and that she is duly authorized to make, verify and file the Application for Appalachian
Power Company.

Subscribed and sworn to before me this 6th day of September, 2017.

Molly A Behre
Notary Public



MOLLY A. BEHRE
NOTARY PUBLIC
STATE OF OHIO
My Commission Expires
January 19, 2021

Before the

TENNESSEE REGULATORY AUTHORITY

In the Matter of the :

APPLICATION :

DOCKET NO. 17_____

of :

APPALACHIAN POWER COMPANY :

VERIFICATION

I, William E. Johnson, am authorized to represent Appalachian Power Company and to make this verification on its behalf. The statements in the Application of Appalachian Power Company filed in this docket today are true and of my own knowledge, except as to matters which are stated therein on information and belief, and as to those matters, I believe them to be true. Appalachian Power Company will comply with all applicable laws with respect to its issuance of securities to the public. I declare under penalty of perjury that the foregoing is true and correct.

APPALACHIAN POWER COMPANY

By:


Assistant Secretary

STATE OF OHIO :
COUNTY OF FRANKLIN : ss.

Subscribed and sworn before me this 7th day of September 2017.

By:


Notary Public

My Commission expires: 01-19-2021



MOLLY A. BEHRE
NOTARY PUBLIC
STATE OF OHIO
My Commission Expires
January 19, 2021

Respectfully submitted this 19th day of September, 2017.

APPALACHIAN POWER COMPANY

By: 

William C. Bovender, Esq. (BPR #000751)

Joseph B. Harvey (BPR #028891)

HUNTER, SMITH & DAVIS, LLP

1212 N. Eastman Road

P. O. Box 3740

Kingsport, TN 37664

(423) 378-8858; Fax: (423) 378-8801

Email: bovender@hdsdlaw.com

Email: jharvey@hdsdlaw.com

By: 

William E. Johnson

American Electric Power Service Corporation

P.O. Box 16631

Columbus, OH 43216-6631

Ph: (614) 716-1624

Email: wejohnson@aep.com

Exhibit A

May 18, 2015

Company Order and Officers' Certificate
3.400% Senior Notes, Series V, due 2025
4.450% Senior Notes, Series W, due 2045

The Bank of New York Mellon Trust Company, N.A., as Trustee
2 North LaSalle Street
Chicago, Illinois 60602

Ladies and Gentlemen:

Pursuant to Article Two of the Indenture, dated as of January 1, 1998 (as it may be amended or supplemented, the "Indenture"), from Appalachian Power Company (the "Company") to The Bank of New York Mellon Trust Company, N.A., as successor to The Bank of New York, as trustee (the "Trustee"), and the Board Resolutions dated October 27, 2014, copies of which certified by the Secretary or an Assistant Secretary of the Company are being delivered herewith under Section 2.01 of the Indenture, and unless otherwise provided in a subsequent Company Order pursuant to Section 2.04 of the Indenture,

1. The Company's 3.400% Senior Notes, Series V, due 2025 (the "Series V Notes") and 4.450% Senior Notes, Series W, due 2045 (the "Series W Notes") are hereby established. The Series V Notes and the Series W Notes are collectively referred to herein as the "Notes". The Notes shall be in substantially the forms attached hereto as Exhibits 1 and 2.
2. The terms and characteristics of the Notes shall be as follows (the numbered clauses set forth below corresponding to the numbered subsections of Section 2.01 of the Indenture, with terms used and not defined herein having the meanings specified in the Indenture):
 - (i) The aggregate principal amount of Notes which may be authenticated and delivered under the Indenture shall be limited to \$300,000,000 for the Series V Notes and \$350,000,000 for the Series W Notes, except as contemplated in Section 2.01(i) of the Indenture and except that such principal amount may be increased from time to time; all Series V Notes and all Series W Notes need not be issued at the same time and each such series may be reopened at any time, without the consent of any securityholder, for issuance of additional Notes, which Notes will have the same interest rate, maturity and other terms as those initially issued (other than the date of issuance, the issue price and, in some circumstances, the initial interest accrual date and the initial interest payment date);
 - (ii) The date on which the principal of the Series V Notes shall be payable shall be June 1, 2025 and the date on which the principal of the Series W Notes shall be payable shall be June 1, 2045;

(iii) Interest shall accrue from the date of authentication of the Notes; the Interest Payment Dates on which such interest will be payable shall be June 1 and December 1, and the Regular Record Date for the determination of holders to whom interest is payable on any such Interest Payment Date shall be the May 15 or November 15, respectively; provided that the first Interest Payment Date shall be December 1, 2015 and interest payable on the Stated Maturity Date applicable to each series of the Notes or any Redemption Date shall be paid to the Person to whom principal shall be paid;

(iv) The interest rate at which the Series V Notes shall bear interest shall be 3.400% per annum and the interest rate at which the Series W Notes shall bear interest shall be 4.450% per annum;

(v) The Series V Notes may be redeemed by the Company at its option, in whole at any time or in part from time to time, upon not less than thirty but not more than sixty days' prior notice given by mail to the registered owners of the Series V Notes. At any time prior to March 1, 2025, the Company may redeem the Series V Notes either as a whole or in part at a redemption price equal to the greater of (1) 100% of the principal amount of the Series V Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series V Notes being redeemed (excluding the portion of any such interest accrued to but excluding the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 20 basis points, plus, in each case, accrued and unpaid interest thereon to but excluding the date of redemption.

At any time on or after March 1, 2025, the Company may redeem the Series V Notes in whole or in part at 100% of the principal amount of the Series V Notes being redeemed, plus accrued and unpaid interest thereon to but excluding the date of redemption.

The Series W Notes may be redeemed by the Company at its option, in whole at any time or in part from time to time, upon not less than thirty but not more than sixty days' prior notice given by mail to the registered owners of the Series W Notes. At any time prior to December 1, 2044, the Company may redeem the Series W Notes either as a whole or in part at a redemption price equal to the greater of (1) 100% of the principal amount of the Series W Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series W Notes being redeemed (excluding the portion of any such interest accrued to but excluding the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 25 basis points, plus, in each case, accrued and unpaid interest thereon to but excluding the date of redemption.

At any time on or after December 1, 2044, the Company may redeem the Series W Notes in whole or in part at 100% of the principal amount of the Series W Notes being redeemed, plus accrued and unpaid interest thereon to but excluding the date of redemption.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term (“remaining life”) of the applicable series of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining life of the applicable series of the Notes.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Company obtains fewer than four of such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company and notified by the Company to the Trustee.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer or dealers selected by the Company and notified by the Company to the Trustee.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Company and notified to the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company and the Trustee by such Reference Treasury Dealer at or before 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

“Treasury Rate” means, with respect to any redemption, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

- (vi) (a) the Notes of each series shall be issued in the form of a Global Note; (b) the Depository for each such Global Note shall be The Depository Trust Company; and (c) the procedures with respect to transfer and exchange of Global Notes shall be as set forth in the form of the applicable Note attached hereto;
- (vii) the title of the Series V Notes shall be “3.400% Senior Notes, Series V, due 2025” and the title of the Series W Notes shall be “4.450% Senior Notes, Series W, due 2045”;
- (viii) the forms of the Notes shall be as set forth in Paragraph 1. above;
- (ix) not applicable;

- (x) the Notes may be subject to a Periodic Offering;
- (xi) not applicable;
- (xii) not applicable;
- (xiii) not applicable;
- (xiv) the Notes shall be issuable in denominations of \$1,000 and any integral multiple thereof;
- (xv) not applicable;
- (xvi) the Notes shall not be issued as Discount Securities;
- (xvii) not applicable;
- (xviii) not applicable;
- (xix) Limitations on Liens:

So long as any of the Notes are outstanding, the Company will not create or suffer to be created or to exist any mortgage, pledge, security interest, or other lien (collectively, "Liens") on any of the Company's utility properties or tangible assets now owned or hereafter acquired to secure any indebtedness for borrowed money ("Secured Debt"), without providing that such Notes will be similarly secured. This restriction does not apply to the Company's subsidiaries, nor will it prevent any of them from creating or permitting to exist Liens on their property or assets to secure any Secured Debt. In addition, this restriction does not prevent the creation or existence of:

- Liens on property existing at the time of acquisition or construction of such property (or created within one year after completion of such acquisition or construction), whether by purchase, merger, construction or otherwise, or to secure the payment of all or any part of the purchase price or construction cost thereof, including the extension of any Liens to repairs, renewals, replacements substitutions, betterments, additions, extensions and improvements then or thereafter made on the property subject thereto;
- Financing of the Company's accounts receivable for electric service;
- Any extensions, renewals or replacements (or successive extensions, renewals or replacements), in whole or in part, of liens permitted by the foregoing clauses; and
- The pledge of any bonds or other securities at any time issued under any of the Secured Debt permitted by the above clauses.

In addition to the permitted issuances above, Secured Debt not otherwise so permitted may be issued in an amount that does not exceed 15% of Net Tangible Assets as defined below.

“Net Tangible Assets” means the total of all assets (including revaluations thereof as a result of commercial appraisals, price level restatement or otherwise) appearing on the Company’s balance sheet, net of applicable reserves and deductions, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount and all other like intangible assets (which term shall not be construed to include such revaluations), less the aggregate of the Company’s current liabilities appearing on such balance sheet. For purposes of this definition, the Company’s balance sheet does not include assets and liabilities of the Company’s subsidiaries.

This restriction also will not apply to or prevent the creation or existence of leases made, or existing on property acquired, in the ordinary course of business; and

(xx) Certain Tax Information.

In order to comply with applicable tax laws (inclusive of rules, regulations and interpretations promulgated by competent authorities) related to the Indenture, this Company Order and Officers’ Certificate and the Series V Notes and the Series W Notes in effect from time to time (“Applicable Law”) that a foreign financial institution, issuer, trustee, paying agent or other party is or has agreed to be subject to, the Company agrees (i) to provide to the Trustee sufficient information about the parties and/or transactions (including any modification to the terms of such transactions) so the Trustee can determine whether it has tax related obligations under Applicable Law and (ii) that the Trustee shall be entitled to make any withholding or deduction from payments to the extent necessary to comply with Applicable Law for which the Trustee shall not have any liability.

3. You are hereby requested to authenticate \$300,000,000 aggregate principal amount of 3.400% Senior Notes, Series V, due 2025 and \$350,000,000 aggregate principal amount of 4.450% Senior Notes, Series W, due 2045, each executed by the Company and delivered to you concurrently with this Company Order and Officers’ Certificate, in the manner provided by the Indenture.
4. You are hereby requested to hold the Notes as custodian for DTC in accordance with the Blanket Issuer Letter of Representations dated June 24, 2004, from the Company to DTC.
5. Concurrently with this Company Order and Officers’ Certificate, an Opinion of Counsel under Sections 2.04 and 13.06 of the Indenture is being delivered to you.
6. The undersigned, Renee V. Hawkins and Thomas G. Berkemeyer, the Assistant Treasurer and Assistant Secretary, respectively, of the Company do hereby certify that:
 - (i) The form and terms of the Notes have been established in conformity with the provisions of the Indenture:

- (ii) We have read the relevant portions of the Indenture, including without limitation the conditions precedent provided for therein relating to the action proposed to be taken by the Trustee as requested in this Company Order and Officers' Certificate, and the definitions in the Indenture relating thereto;
- (iii) We have read the Board Resolutions of the Company and the Opinion of Counsel referred to above;
- (iv) We have conferred with other officers of the Company, have examined such records of the Company and have made such other investigation as we deemed relevant for purposes of this certificate;
- (v) In our opinion, we have made such examination or investigation as is necessary to enable us to express an informed opinion as to whether or not such conditions have been complied with; and
- (vi) On the basis of the foregoing, we are of the opinion that all conditions precedent provided for in the Indenture relating to the action proposed to be taken by the Trustee as requested herein have been complied with.

Kindly acknowledge receipt of this Company Order and Officers' Certificate, including the documents listed herein, and confirm the arrangements set forth herein by signing and returning the copy of this document attached hereto.

Very truly yours.

APPALACHIAN POWER COMPANY

By: /s/ Renee V. Hawkins
Renee V. Hawkins
Assistant Treasurer

And: Thomas G. Berkemeyer
Thomas G. Berkemeyer
Assistant Secretary

Acknowledged by Trustee:

By: Jonathan Glover
Authorized Signatory

Exhibit B

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Three and Six Months Ended June 30, 2017 and 2016
(in millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
REVENUES				
Electric Generation, Transmission and Distribution	\$ 625.6	\$ 638.8	\$ 1,370.6	\$ 1,414.3
Sales to AEP Affiliates	46.3	32.2	88.7	72.6
Other Revenues	3.4	2.5	8.8	6.6
TOTAL REVENUES	675.3	673.5	1,468.1	1,493.5
EXPENSES				
Fuel and Other Consumables Used for Electric Generation	152.5	153.3	319.7	304.0
Purchased Electricity for Resale	65.2	63.5	156.0	171.7
Other Operation	137.9	111.2	250.5	231.8
Maintenance	60.8	60.2	132.0	129.5
Depreciation and Amortization	100.7	96.4	201.3	191.9
Taxes Other Than Income Taxes	30.8	30.6	61.0	61.9
TOTAL EXPENSES	547.9	515.2	1,120.5	1,090.8
OPERATING INCOME	127.4	158.3	347.6	402.7
Other Income (Expense):				
Interest Income	0.5	0.2	0.8	0.5
Carrying Costs Income	0.3	1.0	0.6	0.2
Allowance for Equity Funds Used During Construction	2.0	2.3	3.5	4.6
Interest Expense	(48.2)	(47.3)	(96.3)	(94.3)
INCOME BEFORE INCOME TAX EXPENSE	82.0	114.5	256.2	313.7
Income Tax Expense	29.9	41.1	93.5	114.0
NET INCOME	\$ 52.1	\$ 73.4	\$ 162.7	\$ 199.7

The common stock of APCo is wholly-owned by Parent.

See Condensed Notes to Condensed Financial Statements of Registrants beginning on page 115.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

June 30, 2017 and December 31, 2016

(in millions)

(Unaudited)

	June 30, 2017	December 31, 2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2.6	\$ 2.7
Restricted Cash for Securitized Funding	15.4	15.8
Advances to Affiliates	23.8	24.1
Accounts Receivable:		
Customers	106.9	131.4
Affiliated Companies	61.7	54.4
Accrued Unbilled Revenues	44.2	52.7
Miscellaneous	1.8	0.9
Allowance for Uncollectible Accounts	(2.7)	(3.5)
Total Accounts Receivable	211.9	235.9
Fuel	110.4	112.0
Materials and Supplies	100.3	98.8
Risk Management Assets	41.6	2.6
Accrued Tax Benefits	6.2	4.2
Regulatory Asset for Under-Recovered Fuel Costs	72.4	68.4
Margin Deposits	6.3	17.5
Prepayments and Other Current Assets	12.7	9.7
TOTAL CURRENT ASSETS	603.6	591.7
PROPERTY, PLANT AND EQUIPMENT		
Electric:		
Generation	6,389.0	6,332.8
Transmission	2,873.6	2,796.9
Distribution	3,657.6	3,569.1
Other Property, Plant and Equipment	403.2	373.5
Construction Work in Progress	397.8	390.3
Total Property, Plant and Equipment	13,721.2	13,462.6
Accumulated Depreciation and Amortization	3,762.8	3,636.8
TOTAL PROPERTY, PLANT AND EQUIPMENT – NET	9,958.4	9,825.8
OTHER NONCURRENT ASSETS		
Regulatory Assets	1,106.9	1,121.1
Securitized Assets	293.7	305.3
Deferred Charges and Other Noncurrent Assets	131.3	133.3
TOTAL OTHER NONCURRENT ASSETS	1,531.9	1,559.7
TOTAL ASSETS	\$ 12,093.9	\$ 11,977.2

See Condensed Notes to Condensed Financial Statements of Registrants beginning on page 115.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
LIABILITIES AND COMMON SHAREHOLDER'S EQUITY
June 30, 2017 and December 31, 2016
(Unaudited)

	June 30, 2017	December 31, 2016
	(in millions)	
CURRENT LIABILITIES		
Advances from Affiliates	\$ 124.7	\$ 79.6
Accounts Payable:		
General	212.5	253.7
Affiliated Companies	102.3	82.6
Long-term Debt Due Within One Year - Nonaffiliated	149.0	503.1
Risk Management Liabilities	0.4	0.3
Customer Deposits	83.1	83.1
Accrued Taxes	78.2	107.6
Accrued Interest	41.0	40.6
Other Current Liabilities	107.3	129.5
TOTAL CURRENT LIABILITIES	898.5	1,280.1
NONCURRENT LIABILITIES		
Long-term Debt - Nonaffiliated	3,841.5	3,530.8
Long-term Risk Management Liabilities	0.4	0.9
Deferred Income Taxes	2,756.3	2,672.3
Regulatory Liabilities and Deferred Investment Tax Credits	633.2	627.8
Asset Retirement Obligations	107.5	108.8
Employee Benefits and Pension Obligations	92.2	108.5
Deferred Credits and Other Noncurrent Liabilities	79.1	64.5
TOTAL NONCURRENT LIABILITIES	7,510.2	7,113.6
TOTAL LIABILITIES	8,408.7	8,393.7
Rate Matters (Note 4)		
Commitments and Contingencies (Note 5)		
COMMON SHAREHOLDER'S EQUITY		
Common Stock - No Par Value:		
Authorized - 30,000,000 Shares		
Outstanding - 13,499,500 Shares	260.4	260.4
Paid-in Capital	1,828.7	1,828.7
Retained Earnings	1,605.5	1,502.8
Accumulated Other Comprehensive Income (Loss)	(9.4)	(8.4)
TOTAL COMMON SHAREHOLDER'S EQUITY	3,685.2	3,583.5
TOTAL LIABILITIES AND COMMON SHAREHOLDER'S EQUITY	\$ 12,093.9	\$ 11,977.2

See Condensed Notes to Condensed Financial Statements of Registrants beginning on page 115.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN
COMMON SHAREHOLDER'S EQUITY
For the Six Months Ended June 30, 2017 and 2016
(in millions)
(Unaudited)

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
TOTAL COMMON SHAREHOLDER'S EQUITY - DECEMBER 31, 2015	\$ 260.4	\$ 1,828.7	\$ 1,388.7	\$ (2.8)	\$ 3,475.0
Common Stock Dividends			(150.0)		(150.0)
Net Income			199.7		199.7
Other Comprehensive Loss				(1.1)	(1.1)
TOTAL COMMON SHAREHOLDER'S EQUITY - JUNE 30, 2016	<u>\$ 260.4</u>	<u>\$ 1,828.7</u>	<u>\$ 1,438.4</u>	<u>\$ (3.9)</u>	<u>\$ 3,523.6</u>
TOTAL COMMON SHAREHOLDER'S EQUITY - DECEMBER 31, 2016	\$ 260.4	\$ 1,828.7	\$ 1,502.8	\$ (8.4)	\$ 3,583.5
Common Stock Dividends			(60.0)		(60.0)
Net Income			162.7		162.7
Other Comprehensive Loss				(1.0)	(1.0)
TOTAL COMMON SHAREHOLDER'S EQUITY - JUNE 30, 2017	<u>\$ 260.4</u>	<u>\$ 1,828.7</u>	<u>\$ 1,605.5</u>	<u>\$ (9.4)</u>	<u>\$ 3,685.2</u>

See Condensed Notes to Condensed Financial Statements of Registrants beginning on page 115.

CERTIFICATE OF SERVICE


The undersigned hereby certifies that the foregoing **Petition** has been served upon the following by mailing a copy of same by United States mail, postage prepaid, and Emailing as follows, on this the 19th day of September, 2017.

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HUNTER, SMITH & DAVIS, LLP

By 
William C. Bovender