S. Morris Hadden
William C. Bovender
William C. Argabrite
Jimmie Carpenter Miller
Mark S. Dessauer
Gregory K. Haden
Michael L. Forrester
Stephen M. Darden
Edward J. Webb, Jr.
James N. L. Humphreys
Suzanne Sweet Cook
Michael S. Lattier
Scott T. Powers

Respond to:
Kingsport Office
William C. Bovender
423-378-8858
bovender@hsdlaw.com

HUNTER·SMITH·DAVIS LLP
SINCE 1916

Kingsport Office
1212 North Eastman Road
P.O. Box 3740
Kingsport, TN 37664
Phone (423) 378-8800
Fax (423) 378-8801

Johnson City Office
100 Med Tech Parkway
Suite 110
Johnson City, TN 37604
Phone (423) 283-6300
Fax (423) 283-6301

Leslie Tentler Ridings
Christopher D. Owens
Jason A. Creech
Meredith Bates Humbert
Joseph B. Harvey
Rachel Ralston Mancl
Caroline Ross Williams
Marcy E. Walker
Sarah Blessing Valk
Sydney B. Gilbert
Jeannette Smith Tysinger*
Joseph A. Matherly
Will A. Ellis

**Of Counsel*

www.hsdlaw.com

AMEP/Z-10720

November 19, 2021

VIA EMAIL (tpuc.docketroom@tn.gov) & FEDEX
Dr. Kenneth Hill, Chairman
c/o Ectory Lawless, Dockets & Records Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Electronically Filed in TPUC Docket Room on November 19, 2021 at 1:11 p.m.

Re: PETITION OF APPALACHIAN POWER COMPANY FOR AUTHORITY FOR FINANCING PROGRAM THROUGH – DECEMBER 31, 2023
Docket No. 21-00126

Dear Chairman Morrison:

We submit herewith the First Amended and Restated financing Petition of Application of Appalachian Power Company for Authority for Financing Program Through December 31, 2023. We are also submitting two (2) hard copies to the Consumer Advocate Unit of the Tennessee Attorney General's Office.

The original and six (6) copies will be mailed overnight via FedEx for delivery on November 23, 2021.

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

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP

William C. Bovender

Enclosures: As stated

cc:	Kelly Grams, General Counsel (w/enc.)	***Via U.S. Mail and Email: Kelly.Grams@tn.gov***
	David Foster (w/enc.)	***Via U.S. Mail and Email: david.foster@tn.gov***
	Monica L. Smith-Ashford, Esq. (w/enc.)	***Via U.S. Mail and Email: monica.smith-ashford@tn.gov***
	Rachel Bowen, Esq. (w/enc.)	***Via U.S. Mail and Email: Rachel.Bowen@ag.tn.gov***
	Karen H. Stachowski, Esq. (w/enc.)	***Via U.S. Mail and Email: Karen.Stachowski@ag.tn.gov***

Before the
TENNESSEE PUBLIC UTILITY COMMISSION

. . . .

In the Matter of the FIRST AMENDED AND RESTATED APPLICATION of APPALACHIAN POWER COMPANY For Permission to Make Notes to Evidence Indebtedness Not to Exceed $1,200,000,000	: : : : : : :	Docket No. 21-00126

. . . .

TO THE HONORABLE TENNESSEE PUBLIC UTILITY COMMISSION:

Comes the Petitioner, Appalachian Power Company (hereinafter called "APCo"), and presents this First Amended and Restated Application (the "Application") for the following purposes:

> APCo seeks approval from this Authority to issue up to $1,200,000,000 of its unsecured long-term indebtedness from time to time through December 31, 2023. The proceeds will be used to reduce the maturing long and short-term unsecured indebtedness of the Company. The Company had no short term debt outstanding as of June 30, 2021. The proposed financing will bear interest at a fixed rate, a fluctuating rate or some combination of fixed and fluctuating rates. In order to obtain a favorable rate of interest, however, it is generally necessary to be able to commit to the financing within 24 hours from the time that funds become available. Therefore, this Application seeks approval of the financing within the ranges of maturities and interest specified herein without the need for a separate hearing on the final commitment.

In support of this Application, APCo respectfully submits the following:

1. 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

2. A true copy of APCo's Restated Articles of Incorporation was filed with your Honorable Authority in Docket No. U-6533.

3. APCo maintains its principal office in the State of Tennessee in the City of Kingsport, Sullivan County, Tennessee.

4. With the consent and approval of the Virginia State Corporation Commission and the further consent and approval of the Tennessee Public Utility Commission ("TPUC"), APCo proposes to issue and sell, from time to time through December 31, 2023, secured or unsecured promissory notes ("Notes") in the aggregate principal amount equal to, on the date or dates of issuance, up to $1.2 billion. 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 APCo 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. APCo 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, APCo 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, APCo may permit the holder of the Notes to require APCo 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 ("Indentures"). A copy of a recent Company Order utilized by APCo 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 APCo 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 APCo 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.

5. APCo may enter into, from time to time through December 31, 2023, 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 APCo 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 $1.2 billion.

APCo proposes, with the consent and approval of this Commission, to extend the authority granted in Docket No. 19-00102 (Order dated January 8, 2019) to utilize interest rate management techniques and enter into Interest Rate Management Agreements through December 31, 2023. Such authority will allow APCo 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. APCo 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 APCo, whether existing or anticipated. The aggregate notional amount of all Interest Rate Management Agreements shall not exceed 25% of APCo's existing debt obligations, including pollution control revenue bonds.

By way of illustration, if APCo has entered into Interest Rate Management Agreements whose aggregate notional amounts equal 25% of APCo's existing debt obligations, APCo 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 APCo 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). APCo 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*

APCo 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*

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

If APCo utilizes Interest Rate Management Agreements, APCo'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 APCo 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 APCo 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 APCo, will be used to redeem directly or indirectly long-term debt, to repay short-term debt at or prior to maturity, to reimburse APCo's treasury for expenditures incurred in connection with its construction program and for other corporate purposes. In 2022 and 2023 APCo has the following debt maturing: $125,000,000 principal amount of Variable Rate Senior Notes, due June 5, 2022; $100,000,000 principal amount Pollution Control Bonds, due

October 1, 2022.

APCo 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 APCo 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. APCo believes that the consummation of the transactions herein proposed will be in the best interests of APCo'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, 2021 are attached hereto as Exhibit B.

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

8. Submitted as Exhibit C is the Pre-Filed Testimony of Franz D. Messner,

WHEREFORE, APCo respectfully prays that TPUC enter an order (1) consenting to and approving the issuance, sale and delivery by APCo of secured or unsecured Notes or other unsecured promissory notes in the principal amount equal to, on the date of dates of issuance, of up to $1.2 billion 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 you Petitioner such other, further or general relief as, in the judgment of TPUC, APCo may be entitled to have upon the facts hereinabove set forth.

APPALACHIAN POWER COMPANY

By: ______________________
William E. Johnson
Assistant Secretary

Dated: November 19, 2021

____
William C. Bovender Esq.
Hunter, Smith & Davis LLP
P.O. Box 3740
Kingsport, Tennessee 37664
Attorney for Petitioner

Before the
TENNESSEE PUBLIC UTILITY COMMISSION

. . . .

In the Matter of the Application of APPALACHIAN POWER COMPANY For Permission to Make Notes to Evidence Indebtedness Not to Exceed $1,200,000,000	:	Docket No. 21-00126

. . . .

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 :
: ss:
COUNTY OF FRANKLIN :

Subscribed and sworn to me this 19th day of November, 2021.

____
Ryan Aguiar
Notary Public

My Commission does not expire.

RYAN AGUIAR, ATTORNEY AT LAW NOTARY PUBLIC • STATE OF OHIO MY COMMISSION HAS NO EXPIRATION DATE SECTION 147.03 O.R.C.

#2584574v1