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November 7, 2025

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**VIA EMAIL (tpuc.docketroom@tn.gov) & FEDEX**

David F. Jones, 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 7, 2025 at 8:53 a.m.

RE: Docket No. 25-00080: Application of Appalachian Power Company for Permission to Make Notes To Evidence Indebtedness Not To Exceed \$1,650,000,000

Dear Chairman Jones:

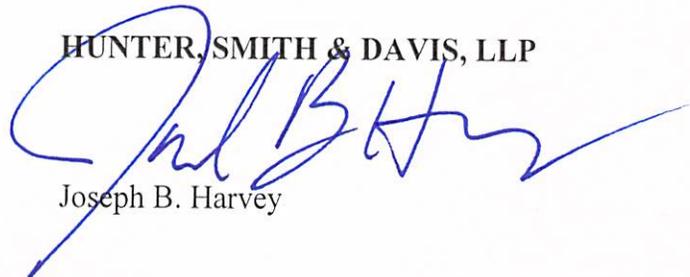
On behalf of Appalachian Power Company, we transmit herewith for filing the following:

Order Granting Approval – Commonwealth of Virginia State Corporation Commission

The original and four (4) copies are being sent via Fed Ex delivery. Please do not hesitate to contact the undersigned with any questions.

Very sincerely yours,

**HUNTER, SMITH & DAVIS, LLP**



Joseph B. Harvey

Enclosures

Cc: William E. Johnson, Esq. (w/enc.)  
Jerry Kettles (w/enc.)  
Kelly Grams, General Counsel (w/enc.)  
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## STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 6, 2025

*State Corporation Commission  
Document Control Center  
11/6/25 - 10:58 AM*

## APPLICATION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2025-00173

For authority to issue up to \$1.65 billion  
in secured and unsecured notes under Chapter 3 of  
Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On September 17, 2025, Appalachian Power Company (“APCo” or “Company”) completed an application (“Application”) with the State Corporation Commission (“Commission”) under Chapter 3 of Title 56 of the Code of Virginia<sup>1</sup> (“Code”) requesting authority to issue up to \$1.65 billion in secured and unsecured notes (“Notes”). Additionally, APCo requests authority to utilize and enter into one or more interest rate hedging arrangements to protect against future interest rate movements (“Treasury Hedge Agreement”). Furthermore, APCo requests authority to use interest rate management techniques by entering into various Interest Rate Management Agreements (“IRMAs”). APCo paid the requisite fee of \$250. On October 1, 2025, the Commission entered an Extension Order extending the review period for this case by 30 additional days.

APCo proposes to issue and sell the Notes from time to time through December 31, 2027.<sup>2</sup> The Notes may be issued in the form of Senior Notes, Senior or Subordinated

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<sup>1</sup> Code § 56-55 *et seq.*

<sup>2</sup> The Company clarified in response to data requests from Commission Staff (“Staff”) that the authority requested is for the period from January 1, 2026, through December 31, 2027. See Company responses to Staff Data Request (“DR”) Nos. 2-14 and 2-15. All data request responses cited herein are attached to Staff’s Action Brief filed concurrently with this Order Granting Approval. The Company also notified Staff that APCo has \$550 million of remaining authority that was granted in Case No. PUR-2024-00008 (ending December 31, 2025) and plans to issue

Debentures, First Mortgage Bonds, Bank Credit Revolver or Loans, or other unsecured promissory notes. Within certain limitations, APCo requests flexibility to select specific terms and conditions for the Notes based on market conditions at the time of issuance. The Notes would have maturities of not less than nine months and not more than 60 years. The interest rates may be fixed or variable. APCo intends to sell the Notes: (i) by competitive bidding; (ii) through negotiation with underwriters or agents; or (iii) by direct placement with a commercial bank or other institutional investor.<sup>3</sup> APCo estimates that the underwriting costs for the Notes would be approximately 1% of the principal amount, or roughly \$16.5 million.<sup>4</sup> In addition, APCo estimates that other costs for the Notes would be approximately \$4.1 million.<sup>5</sup> APCo states that proceeds from the sale of the Notes, together with any other funds that may become available to the Company, would be used to redeem long-term debt, repay short-term debt at or prior to maturity, reimburse APCo's treasury for expenditures incurred in connection with its construction program, and for other corporate purposes.<sup>6</sup>

Additionally, APCo requests authority to enter into one or more Treasury Hedge Agreements to protect against future interest rate movements in connection with the issuance of the Notes. Such hedging arrangements may include, but are not limited to, treasury lock agreements, forward-starting interest rate swaps, treasury put options, or interest rate collar

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long-term debt up to the remaining unused authority in the fourth quarter of 2025. Company responses to Staff DR Nos. 1-2 and 2-15. *See Application of Appalachian Power Company, For approval of authority to issue up to \$1.8 billion in secured and unsecured notes under Chapter 3 of Title 56 of the Code of Virginia, Case No. PUR-2024-00008, 2024 S.C.C. Ann. Rept. 282, Order Granting Approval (Feb. 15, 2024) ("2024 Order").*

<sup>3</sup> Application at 2.

<sup>4</sup> See Exhibit B to the Application ("Financing Summary") at 2.

<sup>5</sup> See Financing Summary at Exhibit B.1.

<sup>6</sup> Application at 6.

agreements. Each Treasury Hedge Agreement would correspond to the underlying amount of one or more of the Notes issued pursuant to the authority requested in the Application.<sup>7</sup>

Therefore, the cumulative notional amount of the Treasury Hedge Agreements would not exceed the corresponding face amount of the Notes issued.

Finally, APCo requests continuation of similar authority, consistent with that previously granted by the Commission,<sup>8</sup> to use interest rate management techniques and enter into IRMAs through December 31, 2027. The IRMAs would consist of interest rate swaps, caps, collars, floors, options, hedging forwards or futures, or any similar products designed and used to manage and minimize interest costs.<sup>9</sup> The Company states that it expects to enter into IRMAs with counterparties that are highly rated financial institutions. The aggregate notional amount of all IRMAs would be limited to 25% of APCo's outstanding existing debt obligations, including pollution control revenue bonds.<sup>10</sup>

NOW THE COMMISSION, upon consideration of this matter and having been advised by Staff, through Staff's Action Brief, is of the opinion and finds that approval of the Application does not appear to be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) APCo is authorized to issue up to \$1.65 billion in secured and unsecured Notes for the period from January 1, 2026, through December 31, 2027, under the terms and conditions,

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<sup>7</sup> *Id.* at 4.

<sup>8</sup> See, e.g., 2024 Order, *Application of Appalachian Power Company, Application under Chapter 3 of Title 56 of the Code of Virginia*, Case No. PUR-2021-00271, 2021 S.C.C. Ann. Rept. 574, Order Granting Approval (Dec. 10, 2021).

<sup>9</sup> Application at 4.

<sup>10</sup> *Id.* at 4-5.

and for the purposes stated, in the Application, subject to the requirements set forth in the Appendix attached to this order.

(2) APCo is authorized to enter into Treasury Hedge Agreements for the period from January 1, 2026, through December 31, 2027, under the terms and conditions, and for the purposes stated, in the Application, subject to the requirements set forth in the Appendix attached to this order.

(3) APCo is authorized to enter into IRMAs for the period from January 1, 2026, through December 31, 2027, under the terms and conditions, and for the purposes stated, in the Application, subject to the requirements set forth in the Appendix attached to this order.

(4) This matter is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.

**APPENDIX**

1. APCo shall not enter into any IRMAs or Treasury Hedge Agreement transactions involving counterparties having credit ratings less than investment grade.
2. Any debt issued after the date that this Order Granting Approval is issued, but prior to January 1, 2026, will continue to fall under the authority granted in Case No. PUR-2024-00008.
3. The reporting requirements directed in the Order Granting Approval in Case No. PUR-2024-00008 shall remain in effect until March 1, 2026.
4. APCo shall file with the Clerk of the Commission a preliminary report of action within ten (10) days after the issuance of any Notes pursuant to the authority granted in this case, with such report to include the date of issuance, the amount of issuance, the applicable interest rate, the maturity date, and the proceeds to APCo.
5. APCo shall file with the Clerk of the Commission a preliminary report of action within ten (10) days after it enters into any Treasury Hedge Agreement or IRMA pursuant to the authority granted in this case, with such report to include the following:
  - a. the beginning and, if established, the ending dates of the agreement;
  - b. the notional amount and the underlying securities upon which such agreement is based;
  - c. an explanation of the general terms of the agreement that explains how the payment obligation is determined and when it is payable; and
  - d. for reports that include IRMAs, a calculation of the cumulative notional amount of all outstanding IRMAs as a percentage of APCo's total outstanding debt.
6. APCo shall file a more detailed report of action within sixty (60) days after the end of each calendar year in which any security is issued pursuant to this case, with a final report due on or before March 1, 2028. Such annual report shall include a summary of the information from preliminary reports for all securities issued during the year pursuant to the exercise of authority granted in this case. The final report shall include a cumulative summary of the actions taken during the period authorized and an itemized list of issuance expenses to date associated with each security and how such costs will be booked and treated for accounting purposes.
7. APCo shall submit a report to the Commission's Division of Utility Accounting and Finance if its bond rating declines below investment grade during the period of authority in this case. Such report shall be submitted within thirty (30) days of such a decline in bond rating, and the report shall outline any Company plans and actions to restore an investment grade bond rating and how any remaining authority in this case is impacted.
8. The approval granted in this case shall have no accounting or ratemaking implications.