

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION**

**NASHVILLE, TENNESSEE**

**January 7, 2026**

**IN RE:**

**APPLICATION OF APPALACHIAN POWER  
COMPANY FOR PERMISSION TO MAKE NOTES  
TO EVIDENCE INDEBTEDNESS NOT TO EXCEED  
\$1,650,000,000**

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**DOCKET NO.  
25-00080**

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**ORDER APPROVING APPLICATION OF APPALACHIAN POWER  
COMPANY FOR PERMISSION TO MAKE NOTES TO EVIDENCE  
INDEBTEDNESS NOT TO EXCEED \$1,650,000,000**

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This matter came before Chairman David F. Jones, Vice Chairman John Hie, Commissioner Herbert H. Hilliard, Commissioner Robin L. Morrison, and Commissioner Kenneth C. Hill of the Tennessee Public Utility Commission (the “Commission” or “TPUC”), the voting panel assigned to this docket, during a regularly scheduled Commission Conference held on December 8, 2025. The panel convened to consider the *Application of Appalachian Power Company for Permission to Make Notes to Evidence Indebtedness Not to Exceed \$1,650,000,000* (“*Application*”) filed by Appalachian Power Company (“Appalachian” or the “Company”) on September 26, 2025.

**I. BACKGROUND AND APPLICATION**

Appalachian is a corporation duly organized and existing under the laws of the Commonwealth of Virginia and qualified to transact business in the State of Tennessee with its principal office in the City of Roanoke, Virginia.<sup>1</sup> Appalachian is a subsidiary of American Electric Power Company (“AEP”).<sup>2</sup> Appalachian provides power to Kingsport Power Company d/b/a AEP Appalachian Power (“Kingsport”), which is also subject to TPUC jurisdiction. Both Appalachian and

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<sup>1</sup> *Application*, p. 1 (September 26, 2025).

<sup>2</sup> *Id.* at Ex. C, Franz D. Messner, Pre-Filed Direct Testimony, p. 1 (“Ex. C”).

Kingsport are wholly-owned subsidiaries of AEP, a publicly traded holding company. Appalachian and Kingsport are separate legal entities that finance their operations separately. Kingsport purchases all of its power requirements from Appalachian at wholesale rates under a Federal Energy Regulatory Commission (“FERC”) approved tariff and receives some services from Appalachian at cost.

On September 26, 2025, Appalachian filed its *Application* with the Commission requesting approval of a proposed financing arrangement. Appalachian proposes to issue, from time to time, through December 31, 2027, unsecured promissory notes (“Notes”) in an aggregate principal amount up to \$1,650,000,000. The proposed financing will bear interest at a fixed rate, a fluctuating rate, or some combination of fixed and fluctuating rates.<sup>3</sup> 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 would be for a term of not less than nine months nor more than 60 years from the date of borrowing.<sup>4</sup> Appalachian indicates that it may enter into, from time to time through December 31, 2027, one or more interest rate hedging agreements, including treasury lock agreements, forward-starting interest rate swaps, treasury put options, or interest rate collar agreements to protect against future interest rate movements in connection with the issuance of the Notes.<sup>5</sup>

Further, Appalachian also requests to continue its Interest Rate Management Agreements as approved in Docket No. 21-00126<sup>6</sup> through December 31, 2027.<sup>7</sup> The *Application* states that such authority would allow Appalachian sufficient alternatives and flexibility when striving to reduce its effective costs and manage interest cost on financial transactions. The Interest Rate Management Agreements will be products commonly used in today’s capital markets with the purpose of managing

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<sup>3</sup> *Id.* at 1.

<sup>4</sup> *Id.* at 2.

<sup>5</sup> *Id.* at 3.

<sup>6</sup> *In re: Application of Kingsport Power d/b/a AEP Appalachian Power for Permission to Evidence Indebtedness Not to Exceed \$1,200,000,000 through December 31, 2023*, Docket No. 21-00126, *Order Approving Financing Arrangement* (January 9, 2022).

<sup>7</sup> *Application*, p. 3 (September 26, 2025).

and minimizing interest costs. The agreement will be for a fixed period and for a stated principal amount, and shall be for underlying fixed or variable obligations of Appalachian. 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.<sup>8</sup>

With its *Application*, Appalachian filed the Pre-Filed Direct Testimony of Franz D. Messner, Managing Director, Corporate Finance.<sup>9</sup> Mr. Messner testified that the “securities may be used for construction costs, to repay short-term debt, to fund long-term debt maturities and to fund working capital.”<sup>10</sup> The Company also provides utility service in the State of Virginia, which requires that the financing programs, such as the one proposed by Appalachian in this docket, be approved by the Virginia State Corporation Commission (“VSCC”). The VSCC entered an order approving the financing program at issue in this docket on November 6, 2025, a copy of which was filed with the Commission.<sup>11</sup>

## II. STANDARD FOR COMMISSION APPROVAL

Commission approval is required for these financing programs pursuant to Tenn. Code Ann. § 65-4-109, which 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 commission for such proposed issue. It shall be the duty of the commission 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 commission.<sup>12</sup>

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<sup>8</sup> *Id.* at 4.

<sup>9</sup> *Id.* at Ex. C.

<sup>10</sup> *Id.* at Ex. C, p. 2.

<sup>11</sup> *Filing on Behalf of Appalachian Power - Order Granting Approval Issued by the Commonwealth of Virginia State Corporation Commission* (November 7, 2025); see also *Application of Appalachian Power Company 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*, VSCC Case No. PUR-2025-00173.

<sup>12</sup> Tenn. Code Ann. § 65-4-109 (2025).

### **III. THE HEARING**

The hearing in this matter was held before the panel during the regularly scheduled Commission Conference on December 8, 2025, as noticed by the Commission on November 25, 2025.

Participating in the hearing were:

Appalachian Power Company – Joseph B. Harvey, Esq., Hunter, Smith & Davis, LLP, 1212 North Eastman Road, Kingsport, Tennessee 37664; and Franz D. Messner, Managing Director, 1 Riverside Plaza, Columbus, Ohio 43215.

During the hearing, Mr. Messner ratified and summarized his Pre-Filed Testimony and was subject to questioning before the panel. Members of the public were given an opportunity to offer comments, but no one sought recognition to do so.

### **IV. FINDINGS AND CONCLUSIONS**

The Commission’s review of financing programs, transactions programs, or transactions focuses on whether such financing programs or transactions are in accordance with applicable law and whether their purpose serves the public interest. The potential use of funds described in the *Application*, including redemption of long-term debt at or prior to maturity, expenses related to construction programs, and other corporate purposes, are typical business activities and consistent with previous financing transactions approved by the Commission. Accordingly, approval of these financing programs is in the public interest.

During the Commission Conference held on December 8, 2025, the panel voted unanimously to approve the *Application* and made the following findings:

1. The proposed financing programs are subject to Commission approval pursuant Tenn. Code Ann. § 65-4-109.
2. The proposed financing programs are being made in accordance with laws enforceable by the Commission.
3. The proposed financing programs are in the public interest as they will provide Appalachian flexibility to manage interest costs on financing.

**IT IS THEREFORE ORDERED THAT:**

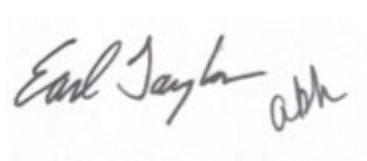
1. The *Application* filed by Appalachian Power Company on September 26, 2025, is approved.
2. Appalachian Power Company is authorized to enter the proposed financing programs as described in the *Application* and discussed herein.
3. The authorization and approval of these financing programs given hereby shall not be used by any party to infer an analysis or assessment of the risks involved, and the decision is not intended to create any liability on the part of the Tennessee Public Utility Commission, the State of Tennessee, or any political subdivision thereof.
4. Any person aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within 15 days from the date of this Order.
5. Any person aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within 60 days from the date of this Order.

**FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:**

**Chairman David F. Jones,  
Vice Chairman John Hie,  
Commissioner Herbert H. Hilliard,  
Commissioner Robin L. Morrison, and  
Commissioner Kenneth C. Hill concurred.**

None dissented.

**ATTEST:**



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**Earl R. Taylor, Executive Director**