

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

January 7, 2026

IN RE:

**APPLICATION OF KINGSPORT POWER
COMPANY FOR PERMISSION TO MAKE NOTES
TO EVIDENCE INDEBTEDNESS NOT TO EXCEED
\$60,000,000.**

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**DOCKET NO.
25-00083**

**ORDER APPROVING APPLICATION OF KINGSPORT POWER
COMPANY FOR PERMISSION TO MAKE NOTES TO
EVIDENCE INDEBTEDNESS NOT TO EXCEED \$60,000,000**

This matter came before Chairman David F. Jones, Commissioner Herbert H. Hilliard, Commissioner Clay R. Good, Commissioner Kenneth C. Hill, and Commissioner Robin Morrison 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 Kingsport Power Company for Permission to Make Notes to Evidence Indebtedness Not to Exceed \$60,000,000* (“Application”) filed by Kingsport Power Company (“Kingsport” or the “Company”) on October 1, 2025.

I. BACKGROUND AND APPLICATION

Kingsport 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 Kingsport, Tennessee.¹ Kingsport is a wholly owned subsidiary of American Electric Power Company (“AEP”).²

¹ *Application*, p. 1 (October 1, 2025).

² *Id.* at Ex. B 2024 Financial Reports, p. 10 (“Ex. B”).

On October 1, 2025, Kingsport filed its *Application* with the Commission requesting approval of a proposed financing arrangement. Kingsport proposes to issue, from time to time, through December 31, 2027, unsecured promissory notes (“Notes”) in an aggregate principal amount up to \$60,000,000. The proposed financing will bear interest at a fixed rate, a fluctuating rate, or some combination of fixed and fluctuating rates.³ The Notes would be for a term of not less than nine months nor more than 40 years from the date of borrowing.⁴

Kingsport will issue or sell the Notes to one or more of the following: commercial banks, financial institutions, other institutional investors, or its parent, AEP. Kingsport states that any fixed rate of interest of the Notes at the time of issuance will not be greater than 400 basis points above the yield to maturity of United States Treasury obligations that mature on or about the date of maturity of the Notes.⁵ The Company proposes to apply all of the proceeds of the financing for general corporate purposes related to its utility business, including “redeeming or repurchasing outstanding short or long-term debt, funding its construction program and replenishing working capital.”⁶

With its *Application*, Kingsport filed the Pre-Filed Direct Testimony of Franz D. Messner, Managing Director, Corporate Finance.⁷ Mr. Messner testified that the “securities may be used to repay short-term debt, for construction costs and to fund working capital.”⁸ He stated why it is beneficial for Kingsport to issue or sell the Notes to AEP, including the ability to obtain competitive rates and reduced costs. He also explained how the interest rate is determined on the Notes issued or sold to AEP.⁹

³ *Id.* at 1.

⁴ *Id.* at 3.

⁵ *Id.* at 1-2.

⁶ *Id.* at 3.

⁷ *Id.* at Ex. A, Franz D. Messner, Pre-Filed Direct Testimony (“Ex. A”).

⁸ *Id.* at Ex. A, p. 2.

⁹ *Id.* at Ex. A, p. 4.

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.¹⁰

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:

Kingsport Power Company d/b/s AEP Appalachian Power – Joseph B. Harvey, Esq., Hunter, Smith & Davis, LLP, 1212 N. 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 their purpose is in 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, and

¹⁰ Tenn. Code Ann. § 65-4-109 (2025).

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 to 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 help Kingsport secure long-term financing for its operations.

IT IS THEREFORE ORDERED THAT:

1. The *Application* filed by Kingsport Power Company d/b/a AEP Appalachian Power on October 1, 2025, is approved.
2. Kingsport Power Company d/b/a AEP Appalachian Power 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 for the purpose of inferring 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.

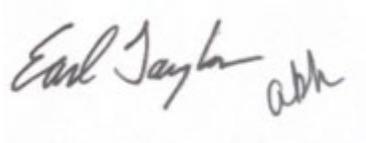
5. Any person aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within 60 days from the date of this Order.

FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:

**Chairman David F. Jones,
Commissioner Herbert H. Hilliard,
Commissioner Clay R. Good,
Commissioner Kenneth C. Hill, and
Commissioner Robin L. Morrison concurred.**

None dissented.

ATTEST:

A handwritten signature in cursive script that reads "Earl Taylor" followed by the initials "abh" written in a smaller, more compact cursive style.

Earl R. Taylor, Executive Director