

144 FERC ¶ 62,163
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

In Reply Refer To:
EM-4.3
Docket No. ES13-37-000

August 27, 2013

AEP Generating Company
AEP Texas North Company
AEP Texas Central Company
Appalachian Power Company
Indiana Michigan Power Company
Kentucky Power Company
Kingsport Power Company
Public Service Company of Oklahoma
Southwestern Electric Power Company
Wheeling Power Company
Attention: Renee V. Hawkins
Assistant Treasurer
1 Riverside Plaza
Columbus, Ohio 43215

Dear Ms. Hawkins:

On July 30, 2013, you filed an application pursuant to section 204 of the Federal Power Act, 16 U.S.C. § 824c (2006) requesting that the Commission authorize AEP Generating Company (AEP Generating), AEP Texas North Company (AEP Texas North), AEP Texas Central Company (AEP Texas Central), Appalachian Power Company (Appalachian Power), Indiana Michigan Power Company (Indiana Michigan), Kentucky Power Company (Kentucky Power), Kingsport Power Company (Kingsport), Public Service Company of Oklahoma (Public Service), Southwestern Electric Power Company (SWEPCo) and Wheeling Power Company (Wheeling) (collectively, Applicants) to issue short-term debt having varying maturities not to exceed one year, in the form of commercial paper, promissory notes, and other evidences of short-term indebtedness, provided that the aggregate amount outstanding will not exceed the following amounts for each Applicant: AEP Generating - \$200 million, AEP Texas North - \$250 million, AEP Texas Central - \$250 million, Appalachian Power - \$600 million, Indiana Michigan - \$500 million, Kentucky Power - \$250 million, Kingsport - \$50 million, Public Service - \$300 million, SWEPCo - \$350 million, and Wheeling - \$75

Docket No. ES13-37-000

- 2 -

million. The interest rate of the short-debt will not exceed the 30-day LIBOR as referenced in the Wall Street Journal (<http://online.wsj.com>) in effect at the time of borrowing, plus up to 400 basis points. Applicants also request authorization to issue its short-term debt through their participation in the AEP Utility Money Pool.¹ Your request is granted as detailed in the authorization section of this letter order.

On February 21, 2003, the Commission issued an order announcing four restrictions on all future public utility issuances of secured and unsecured debt.² First, public utilities seeking authorization to issue debt backed by a utility asset must use the proceeds of the debt for utility purposes. Second, if any utility assets that secure debt issuances are divested or "spun off," the debt must follow the asset and also be divested or "spun off." Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets. Specifically, if the non-utility assets are divested or "spun-off," then a proportionate share of the debt must follow the divested or "spun-off" non-utility asset. Finally, if utility assets financed by unsecured debt are divested or "spun-off" to another entity, then a proportionate share of the debt must also be divested or "spun off."

Notice of the filing was published in the *Federal Register*, with protests or interventions due on or before August 20, 2013. No protests opposing the granting of the requested authorization were filed.

Authorization:

Applicants are authorized to issue short-term debt having varying maturities not to exceed one year, in the form of commercial paper, promissory notes, other evidences of short-term indebtedness, provided that the aggregate amount outstanding will not exceed the following amounts for each Applicant: AEP Generating - \$200 million, AEP Texas North - \$250 million, AEP Texas Central - \$250 million, Appalachian Power - \$600 million, Indiana Michigan - \$500 million, Kentucky Power - \$250 million, Kingsport -

¹ FERC-regulated entities are required to file their cash management agreements with the Commission. The information provided is used to aid the Commission in monitoring cash management programs. The rule is not in the nature of a regulation governing participation in cash management programs. Therefore, this order does not address any request for authorization to participate in a cash management program. See *Regulation of Cash Management Practices*, 105 FERC ¶ 61,098 (2003).

² *Westar Energy, Inc.*, 102 FERC ¶ 61,186, *order on reh'g*, 104 FERC ¶ 61,018 (2003) (*Westar*).

Docket No. ES13-37-000

- 3 -

\$50 million, Public Service - \$300 million, SWEPCo - \$350 million, and Wheeling - \$75 million. The interest rate of the short-term debt will not exceed the 30-day LIBOR as referenced in the Wall Street Journal (<http://online.wsj.com>) in effect at the time of borrowing, plus up to 400 basis points. This authorization is based upon the terms and conditions and for the purposes specified in the application subject to the following conditions:

This authorization is effective on November 3, 2013 and terminates on November 3, 2015.

The securities are subject to the Commission's restrictions on secured and unsecured debt as outlined above and in *Westar*.

This authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before this Commission.

Nothing in this letter order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any security to which this letter order relates.

Authority to act on this matter is delegated to the Director, Division of Tariffs and Market Development – West, under 18 C.F.R. § 375.307 (2013). This order constitutes final agency action. Requests for rehearing by the Commission may be filed within thirty (30) days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2013).

If you have any questions concerning this letter order, please contact Yolanda C. Hart-Harris at (202) 502-8424 or Andrew P. Mosier, Jr. at (202) 502-6274.

Sincerely,

Steve P. Rodgers, Director
Division of Tariffs and Market
Development - West