

SECURITIES AND EXCHANGE COMMISSION

FORM U-1/A

Application or declaration under the act 1935 [amend]

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KINGSPORT POWER CO

CIK: **55986** | State of Incorporation: **VA** | Fiscal Year End: **1231**
Type: **U-1/A** | Act: **35** | File No.: **070-08343** | Film No.: **94523355**

Business Address
1 RIVERSIDE PLAZA
COLUMBUS OH 43215

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2
TO
FORM U-1

APPLICATION OR DECLARATION

under the

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

* * *

KINGSPORT POWER COMPANY
422 Broad Street, Kingsport, Tennessee 37660
(Name of company filing this statement and
address of principal executive office)

* * *

AMERICAN ELECTRIC POWER COMPANY, INC.
1 Riverside Plaza, Columbus, Ohio 43215
(Name of top registered holding company
parent of each applicant or declarant)

* * *

G. P. Maloney, Executive Vice President
AMERICAN ELECTRIC POWER SERVICE CORPORATION
1 Riverside Plaza, Columbus, Ohio 43215

A. Joseph Dowd, General Counsel
AMERICAN ELECTRIC POWER SERVICE CORPORATION
1 Riverside Plaza, Columbus, Ohio 43215
(Names and addresses of agents for service)

The undersigned Kingsport Power Company ("Kingsport") hereby amends its Application or Declaration on Form U-1 in File No. 70-8343 as follows:

1. By restating the third paragraph of Item 1. Description of Proposed Transaction as follows:

"The Proposed Term Loan Agreement would provide that the Notes bear interest at a fixed rate. The actual rate of interest which each Note shall bear shall be subject to further negotiation between Kingsport and the lender. Any fixed rate of interest of the Notes will not be greater than 250 basis points above the yield at the time of issuance of the Notes to maturity of United States Treasury obligations that mature on or about the date of maturity of the Notes."

2. By supplying the following exhibit:

Exhibit D-1 Copy of Application to Tennessee Public Service Commission

SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned company has duly caused this statement to be signed on its behalf by the undersigned thereunto duly authorized.

KINGSPORT POWER COMPANY

By /s/ G. P. Maloney
Vice President

Dated: April 19, 1994

kgpt.94\70-8343.#2

Exhibit D-1

Before the
TENNESSEE PUBLIC SERVICE COMMISSION

In the Matter of the Application	:	
	:	
of	:	
	:	Docket No.
KINGSPORT POWER COMPANY	:	
	:	
For Permission to Make Notes to Evidence	:	
Indebtedness Not to Exceed \$5,000,000	:	

TO THE HONORABLE PUBLIC SERVICE COMMISSION OF THE STATE OF TENNESSEE:

Comes the Petitioner, Kingsport Power Company (hereinafter called "Kingsport"), and presents this Application for the following purposes:

Kingsport seeks approval from this Commission to issue up to \$5,000,000 of its unsecured long-term indebtedness from time to time through June 30, 1995. The proceeds will be used to reduce the short-term unsecured indebtedness of the Company. Short-term indebtedness of the Company was \$6,225,000 at September 30, 1993. 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, Kingsport respectfully submits the following:

ONE. It is a corporation duly organized and existing under the laws of Virginia, and qualified to transact business in the State of Tennessee and with its principal office in the City of Kingsport. A true copy of its Articles of Association has been filed in proceedings before the Commission, Docket No. 2894.

TWO. Kingsport proposes, subject to receipt of appropriate authorization from the Commission and the Securities and Exchange Commission ("SEC"), to pay up to \$5,000,000 of short-term unsecured indebtedness, with proceeds of new borrowings to be evidenced by the unsecured promissory note or notes of Kingsport bearing interest at a fixed rate, a fluctuating rate or some combination of fixed and fluctuating rates. Accordingly, Kingsport proposes to issue from time to time through June 30, 1995 up to \$5,000,000 principal amount of its unsecured promissory note or notes (the

"Notes") to one or more commercial banks, financial institutions or other institutional investors pursuant to one or more term loan agreements (the "Proposed Agreement") with terms similar to those contained in the preliminary draft attached hereto as Exhibit A, with appropriate insertions and deletions.

THREE. Kingsport has been advised that funds for long-term unsecured note borrowings of the magnitude proposed herein are generally available for not more than 24 hours, which is inadequate time to request a special Order from this Commission approving that loan. Consequently, Kingsport is requesting an Order of this Commission approving the proposed financing in all respects such that, upon receipt of such Order, Kingsport may unconditionally, and without further Order of this Commission, enter into a definitive agreement with a bank or banks, in the form of the Proposed Agreement and subject to the conditions, restrictions and limitations specified herein.

FOUR. The Proposed Agreement does not represent a definitive form of agreement with any bank and would provide that the Notes bear interest at either a fixed rate, fluctuating rate or some combination of fixed and fluctuating rates. Kingsport believes that it would be beneficial to commit itself to a long-term obligation. The actual rate of interest which each Note shall bear, and the maturity thereof, shall be subject to further negotiation between Kingsport and the lender.

Any fixed rate of interest of the Notes will not, at the time of issuance of the Notes, be greater than 250 basis points above the yield to maturity of United States Treasury obligations that mature on or about the date of maturity of the Notes. Any fluctuating rate will not be greater than 200 basis points above the rate of interest announced publicly by the lending bank from time to time as its base or prime rate.

No compensating balances shall be maintained with, or fees in the form of substitute interest paid to, a lender under the Proposed Agreement. However, in the event a bank or financial institution arranges for a borrowing from a third party, such institution may charge Kingsport a placement fee, not to exceed 0.875% of the principal amount of such borrowing.

A lender may desire to assign, or to sell participations in, all or any part of the Proposed Agreement and the Notes thereunder to other entities. Such assignee would have the same rights and benefits under the Proposed Agreement as the lender. Such participant would not have any rights under the Proposed Agreement, but would have rights against the lender in respect of the agreement between the participant and the lender.

The Proposed Agreement specifies that, in the event a Note bearing interest at a fixed rate is paid prior to maturity in whole or in part, Kingsport shall pay to the lender a fee equal to the present value of the amount by which the sum of the quarterly interest payments on that part of the principal amount of the loan prepaid, calculated at the fixed rate, exceeds the sum of the interest payments on the principal amount of the loan prepaid,

calculated at a rate per annum equal to a moving average on yields to maturity of United States Treasury Notes trading closest to par value and maturing on, or within three months of, the maturity date of the Note.

The Proposed Agreement may contain restrictive covenants which would prohibit Kingsport from: (i) creating, incurring, assuming or suffering to exist any liens on its property, with certain stated exceptions; (ii) creating or incurring any indebtedness for borrowed money, except as specified therein; (iii) entering into certain mergers, consolidations and dispositions of assets; and (iv) permitting certain events to occur in connection with its pension plans.

A borrowing by Kingsport from a bank under the Proposed Agreement will be evidenced by one or more Notes of Kingsport, substantially in the form of Exhibit A, B or C to the Proposed Agreement with appropriate insertions. The Proposed Agreement and such Notes thereunder would be for a term of not less than one year nor more than ten years from the date of borrowing.

FIVE. Kingsport proposes to apply all of the proceeds of the financing to pay short-term indebtedness incurred by Kingsport.

SIX. Balance sheets of Kingsport as of September 30, 1993 and the related statements of income and retained earnings of Kingsport for the twelve-month period then ended are annexed hereto as Exhibit B.

WHEREFORE, Kingsport respectfully prays that an Order be entered (1) authorizing Kingsport from time to time through June 30, 1995 to borrow up to \$5,000,000 pursuant to the Proposed Agreement and to execute a note or notes substantially in the form of the Notes in an amount not to exceed \$5,000,000 to evidence the borrowings to be made pursuant to the Proposed Agreement and (2) granting to Kingsport such other, further or general relief as, in your judgment, Kingsport may be entitled to have upon the facts hereinabove set forth.

KINGSPORT POWER COMPANY

By: /s/ G. P. Maloney
Vice President

Dated: January 25, 1994

T. Arthur Scott, Jr., Esq.
Hunter, Smith & Davis
1212 North Eastman Road
Kingsport, Tennessee 37664
Attorney for Petitioner

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