As filed with the Securities and Exchange Commission on October 28, 2026
Registration Nos. 333-299104 and 333-299104-01

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 1
to
FORM SF-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

APPALACHIAN POWER COMPANY
(Exact name of registrant, sponsor and depositor as specified in its charter)

Virginia
(State or other jurisdiction of incorporation or organization)

1-3457
(Commission File Number)

0000006879
(Central Index Key Number)

54-0124790
(I.R.S. Employer Identification Number)

1 Riverside Plaza
Columbus, OH 43215-2373
(614) 716-1000
(Address, including zip code, and telephone number, including area code, of depositor's principal executive offices)

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC
(Exact name of registrant and issuing entity as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

0002145891
(Central Index Key Number)

39-4027284
(I.R.S. Employer Identification Number)

200 Association Drive, 02,
Charleston, WV 25311
(614) 716-1522
(Address, including zip code, and telephone number, including area code, of issuing entity's principal executive offices)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering ☐

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to

said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated October 28, 2026

PRELIMINARY PROSPECTUS

$1,688,600,000 Series 2026-A Senior Secured CRR Bonds

Appalachian Power Company
Sponsor, Depositor and Initial Servicer
Central Index Key Number: 0000006879

Appalachian Consumer Rate Relief Funding II LLC

Issuing Entity
Central Index Key Number: 0002145891

Tranche	Expected Weighted Average Life (Years)	Principal Amount Offered(1)	Scheduled Final Payment Date	Final Maturity Date	Interest Rate(2)	Initial Price to Public	Underwriting Discounts and Commissions	Proceeds to issuing entity (Before Expenses)	CUSIP	ISIN
A-1		$500,000,000			%			$		
A-2		$350,000,000			%			$		
A-3		$838,600,000			%			$		

(1) Preliminary subject to change.
(2) Interest on the CRR bonds will accrue from , 20 . If the CRR bonds are delivered after that date, the purchaser will pay accrued interest.

The total initial price to the public is $. The total amount of the underwriting discounts and commissions is $. The total amount of proceeds to the issuing entity before deduction of expenses (estimated to be $) is $. The distribution frequency is semi-annually. The first expected payment date is , 20 .

Investing in the Series 2026-A Senior Secured CRR bonds involves risks. Please read "Risk Factors" beginning on page 28 to read about factors you should consider before buying the CRR bonds.

Appalachian Power Company, as "**depositor**", is offering up to $1,688,600,000 aggregate principal amount of Series 2026-A Senior Secured Consumer Rate Relief Bonds (referred to herein as the "**CRR bonds**") in tranches to be issued by Appalachian Consumer Rate Relief Funding II LLC, a Delaware limited liability company (the "**issuing entity**") and wholly owned subsidiary of Appalachian Power Company. Appalachian Power Company is the "**seller**," the "**initial servicer**" and the "**sponsor**" with regard to the CRR bonds. Wheeling Power Company is the "**subservicer**" with regard to the CRR bonds. The CRR bonds are senior secured obligations of the issuing entity only and will be secured by assets of the issuing entity (including the CRR property, which includes the right to impose, charge and collect an irrevocable, binding, nonbypassable charge, known as the "**CRR charge**," paid by all existing and future Public Service Commission of the State of West Virginia jurisdictional area customers of Appalachian Power Company and Wheeling Power Company, respectively, in amounts sufficient to make timely payments on the CRR bonds, as described further in this prospectus). "**West Virginia Commission-jurisdictional area**" refers to Appalachian Power Company's and Wheeling Power Company's collective customer base in West Virginia that will be subject to the CRR charges. The initial servicer will bill and collect the CRR charges in Appalachian Power Company's service area and the subservicer will bill and collect the CRR charges in Wheeling Power Company's service area. Customers are divided into "**CRR Revenue Groups**" (residential, commercial or industrial) which are further divided into various "**customer classes**" (that represent rate classes on tariff schedules) within the CRR Revenue Group. CRR charges are required to be adjusted at least annually, with semi-annual (and, beginning 12 months prior to the scheduled final payment date of the latest maturing tranche of the CRR bonds, quarterly) or interim adjustments, as necessary, to ensure the projected recovery of amounts sufficient to provide full and timely payment of the scheduled principal, interest and other required amounts in connection with the CRR bonds during the current or next succeeding set of collection periods and nonstandard true-ups to adjust the allocation percentages among the CRR Revenue Groups to reflect significant changes from historical conditions of operation.

Credit enhancement for the CRR bonds will be provided by the true-up mechanism, as well as by funds in the general, excess funds and capital subaccounts held under the indenture governing the CRR bonds.

Each CRR bond will be entitled to interest on and of each year, beginning on , 20 . The first scheduled payment date is , 20 . Interest will accrue from the date of issuance and must be paid by the purchaser of the CRR bonds if the CRR bonds are delivered after that date. On each payment date, scheduled principal payments shall be paid sequentially in accordance with the expected sinking fund schedule in this prospectus, but only to the extent funds are available in the payment account after payment of certain fees and expenses and after payment of interest.

The CRR bonds represent obligations only of the issuing entity, Appalachian Consumer Rate Relief Funding II LLC, and are secured only by the assets of the issuing entity, consisting principally of the CRR property and related assets to support its obligations under the CRR bonds. Please read "Description of the CRR Bonds—Security for the CRR Bonds," and "Description of the CRR Property" in this prospectus. Appalachian Power Company, Wheeling Power Company and their affiliates, other than the issuing entity, are not liable for any payments on the CRR bonds. The CRR bonds do not obligate the State of West Virginia or any of its political subdivisions, agencies, or instrumentalities to levy any tax or make any appropriation for payment of the CRR bonds nor are they special obligations or indebtedness of the State of West Virginia or any of its political subdivisions, agencies or instrumentalities.

All matters relating to the structuring and pricing of the CRR bonds have been considered by Appalachian Power Company and the Public Service Commission of the State of West Virginia (the "**West Virginia Commission**"), acting through its financial advisor.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the CRR bonds through the book-entry facilities of The Depository Trust Company for the accounts of its participants including Clearstream Banking S.A. ("**Clearstream**") and Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**") against payment on or about , 20 . There currently is no secondary market for the CRR bonds, and we cannot assure you that one will develop.

The State of West Virginia, pursuant to § 24-2-4h of the West Virginia Code (the "**Securitization Law**"), has pledged to and agreed with holders of CRR bonds, assignees and financing parties that the State of West Virginia will not take or permit any action that impairs the value of CRR property or revises the consumer rate relief costs for which recovery is authorized under the financing order or, except as permitted pursuant to the true-up adjustment mechanism authorized under § 24-2-4h(k) of the Securitization Law, reduce, alter, or impair the CRR charges that are imposed, charged, collected, or remitted for the benefit of the CRR bondholders, assignees and financing parties, until any principal, interest, and redemption premium in respect to the CRR bonds, all financing costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement have been paid or performed in full.

Pursuant to the financing order, the West Virginia Commission has pledged not to impair, postpone, terminate or otherwise adjust the CRR charges approved in the financing order or impair the CRR property or the collection of CRR charges or the recovery of consumer rate relief costs for which recovery is authorized (including financing costs). The West Virginia Commission has guaranteed that it will act pursuant to the financing order to ensure that expected CRR charges are sufficient to provide for the timely payment of scheduled principal and interest on the CRR bonds and financing costs. The West Virginia Commission's obligations relating to the CRR bonds, including the true-up adjustment mechanism, are irrevocable upon issuance of the CRR bonds, and are legally enforceable against the State of West Virginia and the West Virginia Commission, which is a United States public sector entity, in accordance with West Virginia law.

Joint Book-Running Managers

RBC Capital Markets **Citigroup** **Morgan Stanley**

The date of this prospectus is , 20 .

TABLE OF CONTENTS

	Page
ABOUT THIS PROSPECTUS	**1**
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION	**2**
OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS	**4**
PROSPECTUS SUMMARY OF TERMS	**7**
SUMMARY OF RISK FACTORS	**26**
RISK FACTORS	**28**
RISKS ASSOCIATED WITH POTENTIAL JUDICIAL, LEGISLATIVE OR REGULATORY ACTIONS	**28**
SERVICING RISKS	**31**
STORM-RELATED RISKS	**34**
RISKS ASSOCIATED WITH THE UNUSUAL NATURE OF THE CRR PROPERTY	**35**
RISKS ASSOCIATED WITH POTENTIAL BANKRUPTCY PROCEEDINGS OF THE SELLER OR A SERVICER	**35**
OTHER RISKS ASSOCIATED WITH AN INVESTMENT IN THE CRR BONDS	**40**
REVIEW OF CRR PROPERTY	**46**
DESCRIPTION OF THE CRR PROPERTY	**50**
Creation of CRR Property; Financing Order	50
CRRC Schedule; CRR Charges	50
Billing and Collection Terms and Conditions	52
THE SECURITIZATION LAW	**53**
Overview	53
APCo and Other Qualifying Utilities May Securitize Consumer Rate Relief Costs and Related Financing and Ongoing Costs	53
Constitutional Matters	55
The West Virginia Commission May Adjust CRR Charges and CRR Revenue Group Allocations	57
CRR Charges Are Nonbypassable	57
The Securitization Law Protects the CRR Bondholders' Security Interest in CRR Property	58
The Securitization Law Characterizes the Transfer of CRR Property as a True Sale	58
THE FINANCING ORDER	**59**
THE DEPOSITOR, SELLER, INITIAL SERVICERS AND SPONSOR	**63**
About APCo	63
Servicing Experience	65
APCo's and WPCo's Retail Customer Base and Electric Energy Consumption	66
Forecasting Electricity Consumption	68
Credit Policy; Billing Process; Collections Process; Termination of Service	70
Average Days Sales Outstanding	74
APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC, THE ISSUING ENTITY	**76**
General	76
Our Purpose	76

Our Relationship with APCo 77
Our Managers 77
Manager Fees and Limitation on Liabilities 79
We Are a Separate and Distinct Legal Entity from APCo 79
Administration Agreement 79
Intercreditor Agreements 79

THE CRR CHARGES 81

DESCRIPTION OF THE CRR BONDS 82

General 82
Payments of Interest and Principal on the CRR Bonds 82
Expected Sinking Fund Schedule 85
Redemption of the CRR Bonds 86
CRR Bonds Will Be Issued in Book-Entry Form 86
Definitive Certificated CRR Bonds 89
Registration and Transfer of the CRR Bonds 89
The Security for the CRR Bonds 90
The Payment Account for the CRR Bonds 91
How Funds in the Payment Account Will Be Allocated 94
How Funds in the Subaccounts Will Be Used Upon Repayment of the CRR Bonds 96
Reports to CRR Bondholders 96
Website Disclosures 97
We and the Trustee May Modify the Indenture 97
What Constitutes an Event of Default on the CRR Bonds 101
Our Covenants 104
Access to the List of CRR Bondholders 106
We Must File an Annual Compliance Statement 106
The Trustee Must Provide an Annual Report to All CRR Bondholders 106
What Will Trigger Satisfaction and Discharge of the Indenture 106
Our Legal Defeasance and Covenant Defeasance Options 107
No Recourse to Others 108
Governing Law 109

THE TRUSTEE 110

WEIGHTED AVERAGE LIFE AND YIELD CONSIDERATIONS FOR THE CRR BONDS 113

Weighted Average Life Sensitivity 113

ESTIMATED ANNUAL FEES AND EXPENSES 115

THE SALE AGREEMENT 116

APCo's Sale and Assignment of the CRR Property 116
Conditions to the Sale of the CRR Property 117
APCo's Representations and Warranties 118
APCo's Covenants 122
APCo's Obligation to Indemnify Us and the Trustee and to Take Legal Action 125
Successors to APCo 126
Amendment 127

THE SERVICING AGREEMENT 128

Servicing Procedures 128
Servicing Standards and Covenants 129

CRR Charge Adjustment Process 130
Remittances to Joint Collection Account 131
Servicer Compensation 132
APCo's and WPCo's Representations and Warranties as Servicers 133
The Servicers Will Provide Statements to Us, the West Virginia Commission and the Trustee 135
The Servicers Will Provide Assessments Concerning Compliance with the Servicing Agreement 136
Matters Regarding APCo and WPCo as Servicers 136
Events Constituting a Default by a Servicer 137
The Trustee's Rights if a Servicer Defaults 138
Waiver of Past Defaults 138
The Obligations of a Successor Servicer 139
Amendment 139

HOW A BANKRUPTCY MAY AFFECT YOUR INVESTMENT DECISION **140**

USE OF PROCEEDS **144**

PLAN OF DISTRIBUTION **145**

AFFILIATIONS AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS **147**

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES **148**

General 148
Income Tax Status of the CRR Bonds and Us as Issuing Entity 149
Tax Consequences to U.S. Holders 149

MATERIAL WEST VIRGINIA INCOME TAX CONSEQUENCES **153**

ERISA CONSIDERATIONS **154**

General 154
Regulation of Assets Included in a Plan 155
Prohibited Transaction Exemptions 155
Consultation with Counsel and Representation 156

LEGAL PROCEEDINGS **157**

RATINGS FOR THE CRR BONDS **158**

WHERE YOU CAN FIND MORE INFORMATION **158**

INCORPORATION BY REFERENCE **160**

INVESTMENT COMPANY ACT AND VOLCKER RULE MATTERS **161**

RISK RETENTION **162**

LEGAL MATTERS **163**

GLOSSARY OF DEFINED TERMS **164**

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement filed with the U.S. Securities and Exchange Commission or the "**SEC**". This prospectus provides information about us, the CRR bonds, Appalachian Power Company, as depositor, sponsor and initial servicer, and Wheeling Power Company, as subservicer. This prospectus describes the terms of the CRR bonds offered hereby. You should carefully review this prospectus, any free writing prospectus the issuing entity files with the SEC, and the information, if any, contained in the documents referenced in this prospectus under the heading "Where You Can Find More Information."

References in this prospectus to the terms "**we**," "**us**," "**our**" or "**the issuing entity**" mean Appalachian Consumer Rate Relief Funding II LLC. References to "**APCo**," "**the sponsor**," "**the initial servicer**," "**the depositor**" or "**the seller**" mean Appalachian Power Company. References to "**WPCo**" or the "**the initial subservicer**" mean Wheeling Power Company. References to "**the servicers**" refer to APCo as the initial servicer and Wheeling Power Company as the initial subservicer, and any successor servicers under the servicing agreement referred to in this prospectus. References to the "**Securitization Law**" means § 24-2-4h of the Code of West Virginia, 1931, providing for a financing mechanism through which electric utilities can use securitization financing for consumer rate relief costs, by issuing "**CRR bonds**." We also refer to the Public Service Commission of the State of West Virginia as the "**West Virginia Commission**." Unless the context otherwise requires, the terms "**West Virginia Commission-jurisdictional area customer,**" "**customer**" or "**retail customer**" means all existing and future West Virginia Commission-jurisdictional area retail customers that receive electric service within APCo's and WPCo's, or any successors', collective geographic service territory in the State of West Virginia notwithstanding any change in West Virginia law regarding the ability of any such customer to choose a provider of generation or transmission service from a party other than APCo or WPCo (or their respective successor) in the future, including all existing and future West Virginia electric retail customers who are obligated to pay CRR charges pursuant to the financing order or any tariff. You can find a glossary of some of the other defined terms we use in this prospectus on page 164 of this prospectus.

We have included cross-references to sections in this prospectus where you can find further related discussions. You can also find references to key topics in the table of contents on the preceding pages.

We have not, and the underwriters have not, authorized anyone to give you any information other than in this prospectus and the information incorporated by reference herein. We take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may give you. Neither we nor any underwriter, agent, dealer, salesperson, the West Virginia Commission or APCo has authorized anyone else to provide you with any different information. Neither we nor any underwriter, agent, dealer, salesperson, the West Virginia Commission or APCo take any responsibility for, and can provide any assurance as to the reliability of, any different information that others may give you. We are not offering to sell the CRR bonds in any jurisdiction where the offer or sale is not permitted. The information in this prospectus is current only as of the date of this prospectus.

We expect to deliver the CRR bonds against payment for the CRR bonds on or about the date specified in the last paragraph of the cover page of this prospectus, which will be the sixth business day following the date of pricing of the CRR bonds. Since trades in the secondary market generally settle in one business day, purchasers who wish to trade CRR bonds on the date of pricing or the succeeding four business days will be required, by virtue of the fact that the CRR bonds initially will settle in T+6, to specify alternative settlement arrangements to prevent a failed settlement.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements included in this prospectus may be "**forward-looking statements**" within the meaning of the Securities Act of 1933, as amended (the "**Securities Act**") and the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Words such as "**may**," "**should**," "**expects**," "**intends**," "**projects**," "**plans**," "**believes**," "**estimates**," "**targets**," "**anticipates**" and similar expressions are used to identify these forward-looking statements. Forward-looking statements are based upon assumptions about future events that may not be accurate. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we and APCo undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Specific factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, those set forth below:

- state and federal legislative, judicial and regulatory actions or developments, including deregulation, re-regulation, restructuring of the electric utility industry and changes in, or changes in application of, laws or regulations applicable to various aspects of APCo's and WPCo's businesses;
- the accuracy of either servicer's estimates of market demand and prices for energy;
- the accuracy of either servicer's estimates of industrial, commercial and residential growth in APCo's and WPCo's collective customer base;
- the accuracy of either servicer's forecast of electrical consumption or the payment of CRR charges;
- the ability of APCo's and WPCo's West Virginia Commission-jurisdictional area customers to continue paying their electric utility bills;
- economic conditions in APCo's and WPCo's West Virginia service territories, including the economy's effects on customer demand for electric utility services;
- mechanical breakdowns or other incidents that could impair assets and disrupt operations of any of APCo's or WPCo's generation facilities, transmission and distribution systems, or other operations;
- wholesale and retail competition, including alternative energy sources, growth in customer-owned power resource technologies that displace utility-supplied energy or that may be sold back to the utility, and alternative energy suppliers and delivery arrangements;
- prolonged or recurring U.S. federal government shutdowns that could adversely affect APCo's or WPCo's operations, regulatory approvals, and financial performance and could cause volatility in the capital markets which may interrupt APCo's or WPCo's access to capital;
- blackouts or disruptions of interconnected transmission systems (the regional power grid);
- economic, regulatory, or workforce impacts related to pandemics;
- changes in climate and weather conditions, including natural disasters such as wind and ice storms, hurricanes, floods, wildfires and droughts;
- acts of war and military conflicts, the effects of terrorism (including increased security costs), embargoes, cybersecurity threats, labor strikes impacting material supply chains, global information technology disruptions, and other catastrophic events;
- the impact of changes in interest rates and global market conditions on financing;
- declining energy demand related to customer energy efficiency, conservation measures, technological advancements, or increased distributed generation;

- the unpredictability of civil unrest and its direct and indirect impact on APCo or WPCo; and
- other factors we discuss in this prospectus.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of this prospectus, and, except as required by law, we undertake no obligation to update or revise any forward-looking statement, including unanticipated events, after the date of this prospectus. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

All subsequent written and oral forward-looking statements attributable to us and APCo or to persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. The forward-looking statements included in this prospectus are made only as of their respective dates, and we undertake no obligation to update these statements to reflect subsequent events or circumstances, except as required by law.

OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS

NOTICE TO PROSPECTIVE INVESTORS IN THE EEA

THIS PROSPECTUS IS NOT A PROSPECTUS FOR THE PURPOSES OF REGULATION (EU) 2017/1129, AS AMENDED (THE "**PROSPECTUS REGULATION**"). THIS PROSPECTUS HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF CRR BONDS IN ANY MEMBER STATE OF THE EEA WILL BE MADE ONLY TO QUALIFIED INVESTORS WITHIN THE MEANING OF THE PROSPECTUS REGULATION (EACH, AN "**EEA QUALIFIED INVESTOR**"). ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE EEA OF CRR BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS PROSPECTUS MAY DO SO ONLY WITH RESPECT TO EEA QUALIFIED INVESTORS. NEITHER WE NOR ANY UNDERWRITER HAVE AUTHORIZED, NOR DO WE OR THEY AUTHORIZE, THE MAKING OF ANY OFFER OF CRR BONDS IN THE EEA OTHER THAN TO EEA QUALIFIED INVESTORS.

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED, SOLD OR OTHERWISE MADE AVAILABLE, AND WILL NOT OFFER, SELL OR OTHERWISE MAKE AVAILABLE, ANY CRR BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS PROSPECTUS TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, (A) THE EXPRESSION "**RETAIL INVESTOR**" MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING: (1) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU, AS AMENDED ("**MIFID II**"); OR (2) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97, AS AMENDED, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (3) AN EEA QUALIFIED INVESTOR, AND (B) THE EXPRESSION "**OFFER**" INCLUDES THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE CRR BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE CRR BONDS.

NOTICE TO PROSPECTIVE INVESTORS IN THE UK

THIS PROSPECTUS HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF CRR BONDS IN THE UK WILL BE MADE ONLY TO QUALIFIED INVESTORS AS DEFINED IN PARAGRAPH 15 OF SCHEDULE 1 TO THE PUBLIC OFFERS AND ADMISSIONS TO TRADING REGULATIONS 2024 (EACH, A "**UK QUALIFIED INVESTOR**"). ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE UK OF CRR BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS PROSPECTUS MAY DO SO ONLY WITH RESPECT TO UK QUALIFIED INVESTORS. NEITHER WE NOR ANY UNDERWRITER HAVE AUTHORIZED, NOR DO WE OR THEY AUTHORIZE, THE MAKING OF ANY OFFER OF CRR BONDS IN THE UK OTHER THAN TO UK QUALIFIED INVESTORS.

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED, SOLD, DISTRIBUTED OR OTHERWISE MADE AVAILABLE, AND WILL NOT OFFER, SELL, DISTRIBUTE OR OTHERWISE MAKE AVAILABLE, ANY CRR BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS PROSPECTUS TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, (A) THE EXPRESSION "**RETAIL INVESTOR**" MEANS A PERSON WHO IS EITHER ONE (OR BOTH) OF THE FOLLOWING: (a) NOT A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW IN THE UK; OR (b) NOT A UK QUALIFIED INVESTOR, AND (B) THE EXPRESSION "**OFFER**" INCLUDES THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE CRR BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO BUY OR SUBSCRIBE FOR THE CRR BONDS.

THE COMMUNICATION OF THIS PROSPECTUS AND ANY OTHER DOCUMENT OR MATERIALS RELATING TO THE ISSUE OF THE CRR BONDS OFFERED HEREBY IS NOT BEING MADE, AND THIS PROSPECTUS AND SUCH OTHER DOCUMENTS AND/OR MATERIALS HAVE NOT BEEN APPROVED, BY AN AUTHORIZED PERSON FOR THE PURPOSES OF SECTION 21 OF THE FSMA. ACCORDINGLY, THIS PROSPECTUS AND SUCH OTHER DOCUMENTS AND/OR MATERIALS ARE NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. THIS PROSPECTUS AND SUCH OTHER DOCUMENTS AND/OR MATERIALS ARE FOR DISTRIBUTION ONLY TO PERSONS WHO: (a) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND WHO FALL WITHIN THE DEFINITION OF INVESTMENT PROFESSIONALS (AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**ORDER**")); (b) FALL WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER; (c) ARE OUTSIDE THE UNITED KINGDOM; OR (d) ARE OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED OR DISTRIBUTED UNDER THE ORDER (EACH SUCH PERSON, A "**RELEVANT PERSON**"). THIS PROSPECTUS AND ANY SUCH OTHER DOCUMENTS AND/OR MATERIALS ARE DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PROSPECTUS AND ANY SUCH OTHER DOCUMENTS AND/OR MATERIALS RELATE WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON IN THE UNITED KINGDOM THAT IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS PROSPECTUS OR ANY OTHER DOCUMENTS AND/OR MATERIALS RELATING TO THE ISSUE OF THE CRR BONDS OFFERED HEREBY OR ANY OF THEIR CONTENTS.

EACH OF THE UNDERWRITERS HAS REPRESENTED AND AGREED THAT (A) IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE CRR BONDS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUING ENTITY; AND (B) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE CRR BONDS IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

NOTICE TO RESIDENTS OF CANADA

THE CRR BONDS MAY BE SOLD IN CANADA ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE CRR BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS PROSPECTUS (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 OF NATIONAL INSTRUMENT 33-105 UNDERWRITING CONFLICTS (NI 33-105), THE UNDERWRITERS ARE NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITER CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

PROSPECTUS SUMMARY OF TERMS

The following section is only a summary of selected information and does not provide you with all the information you will need to make your investment decision. There is more detailed information in this prospectus. To understand all of the terms of the offering of the CRR bonds, carefully read this entire prospectus. **You should carefully consider the Risk Factors beginning on page 28 of this prospectus before you invest in the CRR bonds**.

Securities Offered:

$1,688,600,000 Series 2026-A Senior Secured CRR Bonds, scheduled to pay principal semi-annually and sequentially in accordance with the expected sinking fund schedule. Only the CRR bonds are being offered through this prospectus.

Tranche	Principal Amount
A-1	$ 500,000,000
A-2	$ 350,000,000
A-3	$ 838,600,000

Issuing Entity and Capital Structure:

Appalachian Consumer Rate Relief Funding II LLC is a special purpose limited liability company formed under Delaware law and a direct, wholly owned subsidiary of APCo, a corporation formed under Virginia law. We were formed solely to purchase and own the CRR property, to issue the CRR bonds and to perform activities incidental thereto. Please read "Appalachian Consumer Rate Relief Funding II LLC, The Issuing Entity" in this prospectus.

In addition to the CRR property, our assets will include a capital investment by APCo (and not from the proceeds of the sale of the CRR bonds) in an amount equal to 0.50% of the initial principal amount of the CRR bonds (to be held in the capital subaccount). We will also have an excess funds subaccount to retain, until the next payment date, any amounts collected and remaining after all scheduled payments on the CRR bonds have been timely made.

Issuing Entity's Address:

200 Association Drive, 02, Charleston, WV 25311

Issuing Entity's Telephone Number:

(614) 716-1522

Depositor, Seller, Initial Servicer and Sponsor:

APCo is a regulated electric utility engaged principally in the generation, transmission, distribution, and sale of electricity in West Virginia, central and western Virginia and northeast Tennessee. As of December 31, 2025, APCo owned or partially owned 16 generating plants, consisting of 46 generating units for an aggregate net generating capacity of 6,927 megawatts ("**MW**"), and served approximately 418,000 West Virginia Commission-jurisdictional area customers in West Virginia through its retail business. APCo is a Virginia corporation and a wholly owned subsidiary of American Electric Power Company, Inc., referred to as "**AEP**", a public utility holding company based in Columbus, Ohio. AEP's over

	17,000 employees operate and maintain the nation's largest electricity transmission system and approximately 252,000 miles of distribution lines to deliver power to nearly 5.6 million retail customers in 11 states. AEP also is one of the nation's largest electricity producers with approximately 31,000 megawatts of diverse generating capacity. The CRR bonds do not constitute a debt, liability or other legal obligation of APCo or AEP.
APCo's Address:	1 Riverside Plaza, Columbus, Ohio 43215-2373
APCo's Telephone Number:	(614) 716-1000
Initial Subservicer:	WPCo is a regulated electric utility engaged principally in the generation, transmission, distribution, and sale of electricity in West Virginia. As of December 31, 2025, WPCo owned or partially owned 1 generating plant, consisting of 2 generating units for an aggregate net generating capacity of 780 megawatts ("**MW**"), and served approximately 41,000 West Virginia Commission-jurisdictional area customers in West Virginia through its retail business. WPCo is a West Virginia corporation and a wholly owned subsidiary of AEP.
WPCo's Address:	1 Riverside Plaza, Columbus, Ohio 43215-2373
WPCo's Telephone Number:	(614) 716-1000
Our Relationship With the West Virginia Commission:	The West Virginia Commission is consulting with APCo, to the extent requested by the West Virginia Commission, with respect to the structuring and pricing of the CRR bonds. Prior to the submission of the final issuance advice letter and through the period ending with the issuance of the CRR bonds, APCo will, to the extent requested by the West Virginia Commission, provide the West Virginia Commission or its staff with timely information so that the West Virginia Commission acting for itself, through its staff or with its financial advisor, can remain informed of all material aspects relating to the structuring and pricing of, and financing costs relating to, the CRR bonds and participate as directed.
Trustee:	U.S. Bank Trust Company, National Association. Please read "The Trustee" in this prospectus for a description of the trustee's duties and responsibilities under the indenture.
Purpose of Transaction:	The financing order authorizes each of APCo and WPCo to recover certain West Virginia Commission approved consumer rate relief costs through the issuance of the CRR bonds by us and a concurrent but separate transaction in which WPCo will separately issue its own series of consumer rate relief bonds through the WPCo issuing entity. The financing order authorizes the issuance of APCo's CRR bonds in an aggregate principal amount of approximately $1.673 billion (as estimated in the July 21, 2026 order) plus APCo's carrying charges, such aggregate amount equal to the sum of: (a) approximately $1.662 billion of eligible costs to be securitized, consisting primarily of the West Virginia Commission-jurisdictional share of the undepreciated

Amos and Mountaineer generation plant balances as of December 31, 2022 of approximately $1,145.5 million, together with the expanded net energy cost under-recovery balance of approximately $274.1 million, deferred storm expenses of approximately $155 million, and coal combustion residuals and effluent limitation guidelines environmental control costs of approximately $87.6 million plus APCo's carrying charges; plus (b) up-front financing costs allocable to APCo, which were estimated at approximately $10.4 million, in each case subject to update through the issuance advice letter process. The aggregate principal amount of APCo CRR Bonds will be $1.689 billion, which includes eligible costs plus carrying charges and upfront financing costs allocable to APCo.

Transaction Overview:

The Securitization Law authorizes a qualifying utility to recover consumer rate relief costs approved by the West Virginia Commission, including expanded net energy costs, environmental control costs, storm recovery costs and undepreciated generation utility plant balances, through the issuance of consumer rate relief bonds pursuant to, and supported by, an irrevocable financing order of the West Virginia Commission. The Securitization Law further authorizes the West Virginia Commission to impose an irrevocable, nonbypassable consumer rate relief charge on all of an electric utility's retail customers within the West Virginia Commission's jurisdiction, irrespective of generation supplier. The amount, allocation among CRR Revenue Groups, and terms of collection of consumer rate relief charges are governed by a financing order issued to the utility by the West Virginia Commission and are subject to a statutory formula-based true-up mechanism designed to correct for any over- or under-collections of the consumer rate relief charges or to otherwise ensure the full and timely payment of principal, interest and all related financing costs and other required amounts and charges payable in connection with the consumer rate relief bonds.

The Securitization Law permits a qualifying utility to sell, assign or transfer all or a portion of its rights and interests under a financing order—including the right to impose, charge and collect consumer rate relief charges, and to obtain adjustments to those charges—to a special purpose entity formed by the utility, which may issue debt securities secured by, and payable from, the right to receive revenues arising from the consumer rate relief charges. As of the date of issuance of a financing order, consumer rate relief property is approved and, upon transfer of the utility's rights and interests under the financing order to a special purpose entity, such consumer rate relief property shall be created and established in favor of the issuing entity and its successors and assignees, constituting an existing, present property right consisting of the rights and interests created under the financing order and any revenues and collections arising therefrom. Except for changes made pursuant to the true-up mechanism, the West Virginia Commission may not reduce, alter or impair the consumer rate relief charges or impair the consumer rate relief property or recovery of consumer rate relief costs until the related consumer rate relief bonds and all approved financing costs are paid in full. In addition, the State of West Virginia and the West Virginia Commission have pledged not to take or permit any action

that would impair the value of the consumer rate relief property or the security for the consumer rate relief bonds, or otherwise reduce, alter or impair the consumer rate relief charges (other than as adjusted through the true-up) until the consumer rate relief bonds and all related financing costs have been paid and performed in full.

The electric bills of the qualifying utility's retail customers must include the consumer rate relief charge as a separate line item that reflects both the rate and the amount of the charge and state that the assignee is the owner of the rights to the consumer rate relief charges and that the utility is acting as servicer for the assignee. Consumer rate relief charges are collected separate and apart from base rates.

Unless the context indicates otherwise, references in this prospectus to the "**financing order**" are to the financing order issued by the West Virginia Commission to Appalachian Power Company and Wheeling Power Company, in Case No. 25-0310-E-PC on March 31, 2026, as modified by the West Virginia Commission order issued on July 21, 2026, in Case No. 26-0469-E-ENEC, as further described below.

On March 13, 2025, APCo, together with WPCo, filed an application with the Public Service Commission of West Virginia under the State of West Virginia's Securitization Law, requesting a financing order authorizing securitization of the previously discussed costs and related financing costs. Following notice and an evidentiary hearing on July 1, 2025, the West Virginia Commission issued its financing order on March 31, 2026 authorizing the issuance of CRR bonds. The original financing order became final and no longer subject to appeal on April 30, 2026. The July 21, 2026 order that modified the original financing order became final and no longer subject to appeal on August 20, 2026.

The financing order creates a single "consumer rate relief property" that is jointly owned by APCo and WPCo. Such consumer rate relief property grants each of APCo and WPCo the right to impose, charge and collect consumer rate relief charges on West Virginia Commission-jurisdictional customers in amounts necessary to recover all principal and interest on the bonds issued by the respective issuing entity plus the related ongoing financing costs incurred by or allocable to each issuing entity. In connection with CRR bonds being issued by us, APCo will sell its interest in the above-described consumer rate relief property (i.e., the CRR property described herein) to us (and WPCo will sell its interest in the consumer rate relief property to the WPCo issuing entity for its separate bond issuance). Because each of APCo and WPCo is only selling its own individual interest, there will only be one sale of consumer rate relief property for each bond issuance, but APCo, as the initial servicer of the CRR bonds, will bill and collect the CRR charges from its customers and WPCo, as the initial subservicer, will bill and collect the CRR charges from its customers. Each will jointly prepare true-up adjustment filings, but APCo will have ultimate responsibility for preparing and making true-up adjustment filings if WPCo is unable to do so.

The financing order authorizes APCo specifically, through the issuance of CRR bonds by us, to recover certain West Virginia

Commission-approved consumer rate relief costs in an aggregate principal amount of approximately $1.673 billion (as estimated in the July 21, 2026 order) plus APCo's carrying charges, such aggregate amount equal to the sum of: (a) approximately $1.662 billion of eligible costs to be securitized, consisting primarily of the West Virginia Commission-jurisdictional share of the undepreciated Amos and Mountaineer generation plant balances as of December 31, 2022 of approximately $1,145.5 million, together with the expanded net energy cost under-recovery balance of approximately $274.1 million, deferred storm expenses of approximately $155 million, and coal combustion residuals and effluent limitation guidelines environmental control costs of approximately $87.6 million plus APCo's carrying charges; plus (b) up-front financing costs allocable to APCo, which were estimated at approximately $10.4 million, in each case subject to update through the issuance advice letter process. The aggregate principal amount of APCo CRR Bonds will be $1.689 billion, which includes eligible costs plus carrying charges and upfront financing costs allocable to APCo.

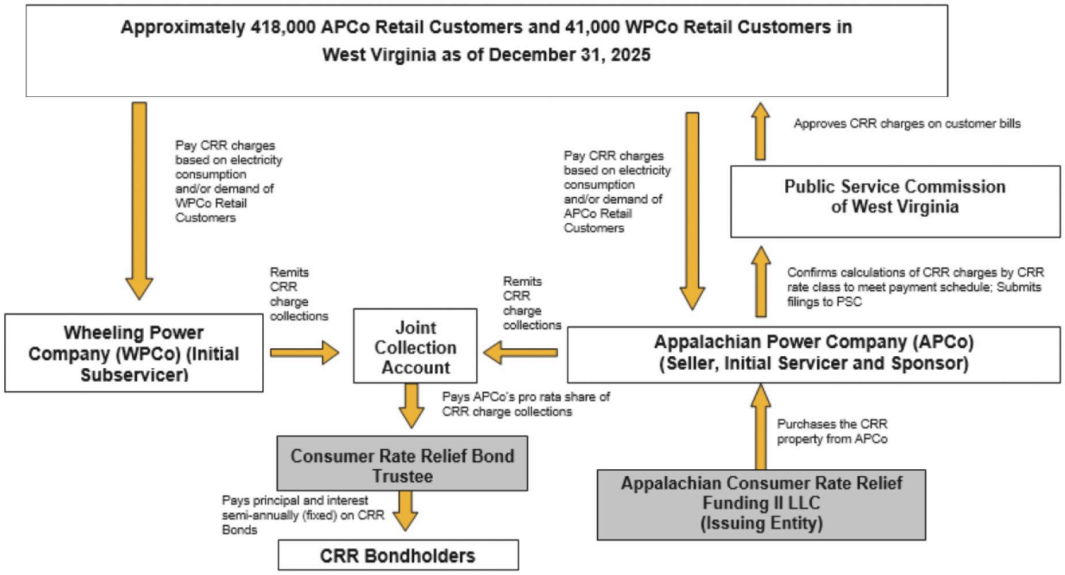
The financing order also authorizes: (a) APCo's and WPCo's proposed financing structure and issuance of the CRR bonds and the separate issuance of consumer rate relief bonds by WPCo's issuing entity; (b) the creation and sale of consumer rate relief property, including the CRR property and the right to impose, charge, and collect CRR charges, and to obtain adjustments to those charges sufficient to timely pay the CRR bonds and associated financing costs; (c) the sale of the CRR property by APCo to us; and (d) a tariff rider to implement the CRR charges.

The primary transactions underlying the issuance and sale of the CRR bonds are as follows:

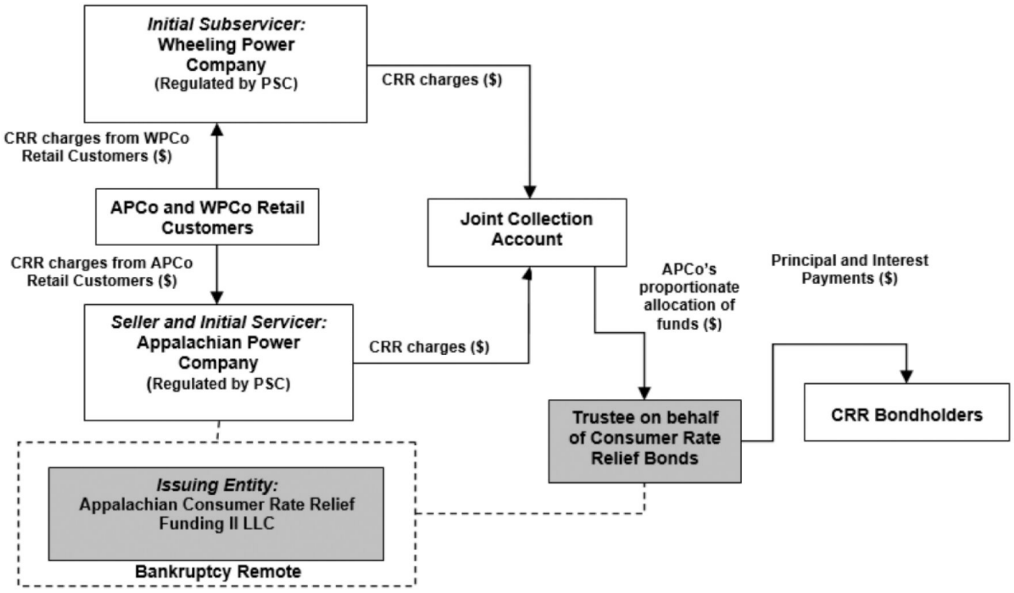
- APCo will transfer and sell the CRR property to us in exchange for the net proceeds from the sale of the CRR bonds;
- we will sell the CRR bonds, which will be secured primarily by the CRR property, to the underwriters named in this prospectus;
- APCo will act as the initial servicer of the CRR property and will be responsible for billing and collecting CRR charges from APCo customers and remitting them to the trustee; and
- WPCo will act as the initial subservicer of the CRR property and will be responsible for billing and collecting CRR charges from WPCo customers and remitting them to the trustee.

The CRR bonds are not obligations of the trustee, our managers, APCo, WPCo, AEP or of any of their affiliates other than us. The CRR bonds do not constitute a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any other political subdivision of the State of West Virginia. Holders of CRR bonds have no right to have taxes levied by the State of West Virginia or the taxing authority of any county, municipality, or any other political subdivision of this state for the payment of the principal of or interest on the bonds. The issuance of CRR bonds does not, directly, indirectly, or contingently, obligate the State of West Virginia or a county, municipality, or political subdivision of this state to levy a tax or make an appropriation for payment of the principal of or interest on the CRR bonds.

Parties to Transaction and Responsibilities: The following chart represents a general summary of the parties to the transactions underlying the offering of the CRR bonds, their roles and their various relationships to the other parties:



Flow of Funds: The following chart represents a general summary of the flow of funds:



The Security for the CRR Bonds:

The CRR bonds will be secured by the collateral pledged pursuant to the indenture. The principal asset of the CRR bond collateral will be the CRR property. Under the Securitization Law and financing order, APCo's right in the CRR property shall be property in the form of a contract right or chose in action to create the CRR property and to make the CRR charges irrevocable and nonbypassable. Upon the transfer of the CRR property to us, we will have all of the rights, title and interest in the CRR property including the right to impose, charge and collect CRR charges from APCo's and WPCo's West Virginia Commission-jurisdictional area customers, as well as to obtain periodic adjustments to such charges as provided in the financing order. In addition, the CRR property consists of any revenues, receipts. collections, claims, rights to payments, payments, money or other proceeds arising from the aforementioned rights and interests.

The "CRR bond collateral," will also consist of:

- the CRR property;
- the CRR charges related to the CRR property;
- our rights under the sale agreement and the bill of sale delivered by APCo pursuant to the sale agreement, our rights under the servicing agreement, the CRR property intercreditor agreement, the receivables intercreditor agreement and joinder, the administration agreement and any subservicing agency, other intercreditor, administration or collection agreements executed in connection with the servicing agreement, the intercreditor agreement and joinder, or the administration agreement;
- our rights in the joint collection account, the payment account and all subaccounts to each of the foregoing accounts, including the general subaccount, the capital subaccount and the excess funds subaccount, and all cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all financial assets and securities entitlements carried therein or credited thereto;
- all rights to compel the servicers to file for and obtain periodic adjustments to the CRR charges in accordance with the Securitization Law and the financing order;
- all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute CRR property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property;
- all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing; and
- all payments on or under, and all proceeds in respect of, any or all of the foregoing.

The payment account's subaccounts consist of a capital subaccount, which will be funded at closing in the amount of 0.50% of the initial

aggregate principal amount of the CRR bonds, a general subaccount, into which the servicers will transfer from the joint collection account all CRR charge collections, and an excess funds subaccount, into which we will transfer any amounts collected and remaining on a payment date after all payments to CRR bondholders and other parties have been made. Amounts on deposit in each of these subaccounts will be available to make payments on the CRR bonds on each payment date. For a description of the CRR property, please read "Description of the CRR Property" in this prospectus.

For a description of the CRR bonds, please read "Description of the CRR Bonds" in this prospectus.

The CRR Property:

In general terms, all of the rights and interests in the consumer rate relief property that APCo transfers to us pursuant to the sale agreement are referred to in this prospectus as the "**CRR property**." The CRR property includes the irrevocable right to impose, charge, and collect CRR charges in amounts sufficient to pay the principal of and interest on the CRR bonds and the related ongoing financing costs, the right to obtain periodic adjustments to the CRR charges as provided in the financing order, and any revenues, receipts, collections, claims, rights to payment, payments, money, or other proceeds arising from the foregoing rights and interests. CRR charges are payable by both APCo's and WPCo's West Virginia Commission-jurisdictional area customers.

The CRR property is the principal collateral securing the CRR bonds. CRR charges authorized in a financing order are irrevocable and not subject to reduction, impairment, or adjustment by further action of the West Virginia Commission, except for the true-up adjustments to the CRR charges. Those adjustments consist of a mandatory annual true-up, mandatory interim true-ups made semi-annually (and, beginning 12 months prior to the scheduled final payment date for the latest maturing tranche of each series of CRR bonds, quarterly) if the servicers forecast that collections will be insufficient to make, on a timely basis, all scheduled payments of principal of, interest on, and other amounts in respect of the CRR bonds and ongoing financing costs during the current or next succeeding set of collection periods and/or to replenish any draws upon the capital subaccount, interim true-ups at other times, and nonstandard true-ups to adjust the percentages used to allocate the CRR charges among the CRR Revenue Groups. Please read "The Financing Order—True-Ups" in this prospectus. Any revenues and collections resulting from CRR charges are part of the CRR property.

We will purchase the CRR property from APCo to support the issuance of the CRR bonds. APCo, as the initial servicer, will bill and collect the CRR charges from APCo customers. WPCo, as the initial subservicer, will bill and collect the CRR charges from WPCo customers. Each of APCo and WPCo will include the CRR charges in its respective bills to its customers and is required to show the CRR charges as a separate line item that is separate and apart from APCo's and WPCo's respective base rates. In addition, the servicers are required to provide

their customers, at least annually, a plain-English explanation of the CRR charges, and to provide the ownership notification required by the financing order identifying us as the owner of the CRR property and APCo or WPCo, as the applicable servicer, as required by W. Va. Code § 24-2-4h(j)(2) and the financing order.

State and West Virginia Commission Pledges:

The State of West Virginia has pledged in the Securitization Law, for the benefit and protection of the CRR bondholders, assignees and financing parties, that it will not take or permit any action that impairs the value of the CRR property, or revise the consumer rate relief costs for which recovery is authorized under the financing order, or, except for true-up adjustments to the CRR charges as discussed in "The Financing Order—True-ups" and "The Servicing Agreement—CRR Charge Adjustment Process," reduce, alter or impair the CRR charges to be imposed, charged, collected or remitted for the benefit of the CRR bondholders, assignees and financing parties, until any principal, interest and redemption premium in respect of the CRR bonds, all financing costs, and all amounts to be paid to an assignee or financing party under any ancillary agreement have been paid or performed in full. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" and "The Securitization Law—APCo and Other Qualifying Utilities May Securitize Consumer Rate Relief Costs and Related Financing and Ongoing Costs" in this prospectus.

The West Virginia Commission is a state agency created and continued under Chapter 24 of the West Virginia Code. Under the Securitization Law, a final financing order is irrevocable, and the West Virginia Commission may not reduce, alter or impair the CRR charges authorized in the financing order or impair the CRR property or the collection or recovery of the consumer rate relief costs until the related consumer rate relief bonds and all approved financing costs are paid in full.

In the financing order, the West Virginia Commission has pledged that the financing order is irrevocable and that, except for changes made pursuant to the formula-based adjustment mechanism authorized under the financing order, it will not reduce, alter or impair the CRR charges approved in the financing order, or impair the CRR property or the collection of the CRR charges or the recovery of the aggregate costs being financed through the CRR bonds (including the upfront financing costs) and the ongoing financing costs until the related consumer rate relief bonds and all approved financing costs are paid in full; no adjustment through the adjustment mechanism will affect the irrevocability of the financing order. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" and "West Virginia Pledge and True-Up Mechanism" in the prospectus.

True-up Mechanism for Payment of Scheduled Principal and Interest:

CRR charges are required to be reviewed and adjusted, without any caps, pursuant to a true-up adjustment mechanism to correct any overcollections or undercollections of CRR charges and otherwise to

ensure the projected recovery of amounts sufficient to provide full and timely payment of the scheduled principal of, and interest on, the CRR bonds and related ongoing financing costs.

The servicers are required to make a true-up adjustment at least annually. In addition, the servicers will make a mandatory interim true-up adjustment semi-annually (and, beginning 12 months prior to the scheduled final payment date for the latest maturing tranche of each series, quarterly), if the servicers forecast that CRR charge collections during the relevant period will be insufficient to make all scheduled payments of principal of, interest on, and other amounts in respect of the CRR bonds and ongoing financing costs on a timely basis during the current or next succeeding set of collection periods, and/or to replenish any draws upon the capital subaccount.

The servicers may also make interim true-up adjustments more frequently, at any time, if the servicers forecast that CRR charge collections will be insufficient to make, on a timely basis, all scheduled payments of, interest on, and other amounts in respect of the CRR bonds and related ongoing financing costs, and/or to replenish any draws upon the capital subaccount in each case to ensure that CRR charge collections are sufficient to satisfy the periodic payment requirement on a timely basis.

In addition, the servicers must file a nonstandard true-up adjustment if the servicers jointly determine that, as a result of significant changes from historical conditions of operation (such as the addition or loss of significant electric load, or a merger of an applicant with another utility and a resulting expansion of its retail customer base) it is necessary to adjust the percentages used to allocate the CRR charges among the servicers' CRR Revenue Groups. For this purpose, a significant change is deemed to have occurred if the applicants collectively experience or project an increase or decrease of ten percent or more in the billing determinants that are the basis for the allocation factor for any such customer group, calculated by comparing the revised forecasted allocator for that group against the then-applicable threshold forecasted allocator. The threshold forecasted allocator is, prior to the implementation of the first nonstandard true-up adjustment, the initial forecasted allocator for that group specified in the applicable servicing agreement and, thereafter, the revised forecasted allocator that triggered the immediately prior nonstandard true-up adjustment. A nonstandard true-up adjustment is implemented through a West Virginia Commission proceeding to determine new allocation factors, initiated by a filing that the servicers jointly make with the West Virginia Commission at least 60 days before the proposed adjustment date, and any resulting modified allocation percentages remain effective for all future standard true-up adjustment filings unless and until a subsequent nonstandard true-up adjustment filing becomes effective.

Please read "The CRR Charges," "The Financing Order" and "The Servicing Agreement—CRR Charge Adjustment Process" in this prospectus.

Nonbypassable CRR Charges:

The nonbypassable CRR charges are separate and apart from APCo's and WPCo's base rates and shall be paid by all existing and future West Virginia Commission-jurisdictional area customers that receive electric delivery services from APCo, WPCo or their respective successors, irrespective of the generation supplier and notwithstanding any change in West Virginia law regarding the ability of retail customers to choose a provider of generation or transmission service from a party other than APCo or WPCo, under the West Virginia Commission-approved rate schedules as provided in the financing order.

Please read "The CRR Charges," "The Financing Order" and "The Servicing Agreement—CRR Charge Adjustment Process" in this prospectus.

APCo's Prior Experience With Cost Recovery Securitizations:

The CRR bonds are the second issuance of bonds APCo has sponsored in West Virginia but the first issuance secured by CRR property pursuant to the Securitization Law. AEP through its other subsidiaries has prior experience as servicer in the issuance of bonds similar to the CRR bonds, including servicing experience by APCo (in the State of West Virginia and in the Commonwealth of Virginia) and AEP's subsidiaries such as Southwestern Electric Power Company, Kentucky Power Company, Public Service Company of Oklahoma, AEP Texas, Inc. and Ohio Power Company. While WPCo has not previously acted as a servicer in the issuance of bonds similar to the CRR bonds, as noted above, WPCo's parent, AEP, has through a number of subsidiaries. Please Read "Servicing Experience" in this prospectus for additional information about AEP's experience as servicer.

Initial CRR Charge as a Percentage of Customer's Total Electricity Bill:

As of , 20 , the initial APCo CRR charge would represent approximately % of the total bill for a typical 1,000 kWh/month APCo customer. The initial WPCo CRR charge would represent approximately % of the total bill for a typical 1,000 kWh/month WPCo customer. The average initial consumer rate relief charge for West Virginia Commission-jurisdictional customers would represent approximately % of the total bill for a typical 1,000 kWh/month West Virginia Commission-jurisdictional area customer.

Payment Dates:

Interest on the CRR bonds is payable semi-annually on and . Interest will be calculated on a 30/360 basis. The first scheduled interest and principal payment date is , 20 .

Interest Payments:

Interest is due on each payment date. Interest will accrue with respect to CRR bonds from the date we issue the CRR bonds at the interest rate specified in the table below.

Tranche	Interest Rate
A-1	%
A-2	%
A-3	%

If any payment date is not a business day, payments scheduled to be made on such date may be made on the next succeeding business day and no interest shall accrue upon such payment during the intervening period.

On each payment date, we will pay interest on the CRR bonds equal to the following amounts:

- if there has been a payment default, any interest payable but unpaid on any prior payment dates, together with interest on such unpaid interest, if any; and
- accrued interest on the principal balance of the CRR bonds from the close of business on the preceding payment date, or the date of the original issuance of the CRR bonds, as applicable, after giving effect to all payments of principal made on the preceding payment date, if any.

We will pay interest on the CRR bonds before we pay the principal of the CRR bonds. Please read "Description of the CRR Bonds—Payments of Interest and Principal on the CRR Bonds" in this prospectus. We will calculate interest on the basis of a 360-day year of 12 30-day months.

Principal Payments and Record Dates and Payment Sources:

On each payment date for the CRR bonds, referred to in this prospectus as a "**payment date**," we will pay amounts of principal and interest then due or scheduled to be paid on the CRR bonds from amounts available in the payment account and the related subaccounts held by the trustee. We will make these payments to the holders of record of the CRR bonds on each record date, referred to in this prospectus as a "**record date**." These available amounts, which will include the applicable CRR charges collected by the servicers and remitted to us since the last payment date, are described in greater detail under "Description of the CRR Bonds—The Payment Account for the CRR Bonds." The trustee will pay the principal of the CRR bonds in the amounts and on the payment dates specified in the expected sinking fund schedule described in this prospectus, but only to the extent CRR charge collections received from the servicers and amounts available from trust accounts held by the trustee are sufficient to make principal payments after payment of amounts having a higher priority of payment. Please read "Description of the CRR Bonds—How Funds in the Payment Account Will Be Allocated" in this prospectus.

Failure to pay a scheduled principal payment on any payment date or the entire outstanding amount of a tranche of the CRR bonds by the scheduled final payment date for that tranche will not result in a default. The failure to pay the entire outstanding principal balance of a tranche of the CRR bonds will result in a default only if such payment has not been made by the final maturity date for that tranche.

If there is a shortfall in the amounts available to make principal payments on the CRR bonds that are due and payable, on a final maturity date or upon an acceleration following an event of default, the trustee will distribute principal from the payment account based

on the principal amount then due and payable on the payment date; and if there is a shortfall in the remaining amounts available to make principal payments on the CRR bonds that are scheduled to be paid, and if more than one tranche is scheduled to be paid on such payment date, the trustee will distribute principal from the payment account sequentially in the numerical order of such tranches.

Weighted Average Life:

Tranche	Expected Weighted Average Life (years)
A-1	
A-2	
A-3	

Scheduled Final Payment Dates and Final Maturity Dates:

The scheduled final payment dates and the final maturity dates of the CRR bonds are as set forth in the table below:

Tranche	Scheduled Final Payment Date	Final Maturity Date
A-1		
A-2		
A-3		

Optional Redemption:

None. Non-call for the life of the CRR bonds.

Mandatory Redemption:

None. We are not required to redeem the CRR bonds at any time prior to maturity.

Priority of Payments:

On each payment date for the CRR bonds, the trustee shall apply all amounts on deposit in the payment account, including all investment earnings thereon, to pay the following amounts for the CRR bonds in the following order of priority:

1. payment of (a) all amounts owed by us to the trustee (including legal fees, expenses and outstanding indemnity amounts) and (b) all amounts owed by us to the control agent (including legal fees, expenses and outstanding indemnity amounts); provided that the amounts in clauses (a) and (b) shall collectively not exceed $200,000 in any 12-month period; provided, however, that such cap shall be disregarded and inapplicable upon the acceleration of the CRR bonds following the occurrence of an event of default;

2. payment of the servicing fees relating to the CRR bonds with respect to such payment date, plus any unpaid servicing fees relating to the CRR bonds from prior payment dates;

3. payment of the due and unpaid administration fee, which will be a fixed amount specified in the administration agreement between us and APCo, and the due and unpaid fees of our independent managers, which will be in an amount specified in an agreement between us and our independent managers;

4. payment of all of our other ordinary and periodic operating expenses relating to the CRR bonds for such payment date, such as

accounting and audit fees, rating agency fees, legal fees and certain reimbursable costs of the servicers under the servicing agreement;

5. payment of the interest then due on the CRR bonds, including any past-due interest;

6. payment of the principal due to be paid on any tranche of the CRR bonds on a final maturity date or acceleration upon an event of default;

7. payment of the principal then scheduled to be paid on a tranche of the CRR bonds pursuant to the expected sinking fund schedule, including any previously unpaid scheduled principal;

8. payment of any unpaid fees, expenses and indemnity amounts owed to the trustee and, to the extent allocable to the CRR bonds under the CRR property intercreditor agreement, the control agent, including any amounts owing to the trustee and the control agent but unpaid due to the limitation in clause "1." above, shall be paid to trustee and the control agent, pro rata;

9. payment of any of our unpaid operating expenses and any remaining amounts owed pursuant to the basic documents shall be paid to the applicable parties, pro rata, to which such remaining unpaid operating expenses and remaining amounts are owed;

10. replenishment of the amount, if any, by which the required capital balance of the capital subaccount exceeds the amount in the capital subaccount as of such payment date;

11. payment of the permitted return on invested capital to APCo then due and payable;

12. allocation of the remainder, if any, to the excess funds subaccount for distribution on subsequent payment dates; and

13. after the CRR bonds have been paid in full and discharged, and all of the other foregoing amounts have been paid in full, the balance, together with all amounts in the capital subaccount and the excess funds subaccount, released to us free and clear of the lien of the indenture and series supplement and credited (other than an amount equal to the required capital level plus any unpaid permitted return) to customers through normal ratemaking processes consistent with the financing order.

The amount of the servicing fees referred to in clause 2 above will be 0.10% of the aggregate initial principal amount of the CRR bonds (for so long as APCo is the servicer) on an annualized basis. In the event of the appointment of a successor servicer that is not an affiliate of APCo or WPCo, the servicing fee shall not, unless the West Virginia Commission consents, exceed 0.25% of the initial aggregate principal amount of the CRR bonds. The priority of distributions for the collected CRR charges, as well as available amounts in the subaccounts, are described in more detail under "Description of the CRR Bonds—How Funds in the Payment Account Will Be Allocated."

Credit Enhancement:

Credit enhancement for the CRR bonds will be as follows:

- *True-Up Mechanism*. The CRR charges are required to be reviewed and adjusted, without any caps, to correct any undercollections or overcollections and otherwise to ensure the full and timely payment of the CRR bonds and the related ongoing financing costs. The servicers file for these adjustments, and, for standard true-up adjustments, the West Virginia Commission's review is limited to determining whether there is a mathematical error in the application of the adjustment mechanism. We sometimes refer to these adjustments as "true-up adjustments" or the "true-up mechanism." The CRR charges are required to be adjusted at least annually. In addition, the servicers will make a mandatory interim true-up adjustment semi-annually (and, beginning 12 months prior to the scheduled final payment date for the latest maturing tranche of each series of CRR bonds, quarterly) if the servicers forecast that collections will be insufficient to make, on a timely basis, all scheduled payments of principal of, interest on, and other amounts in respect of the CRR bonds and ongoing financing costs during the current or next succeeding set of collection periods and/or to replenish any draws upon the capital subaccount and may make interim true-up adjustments at other times. Please read "The Financing Order—True-Ups" in this prospectus.
- *Nonstandard True-Up*. In addition to the true-up mechanisms described above, the servicers must jointly file for a nonstandard true-up adjustment if they jointly determine that, as a result of significant changes from historical conditions of operation—such as the addition or loss of significant electric load, or a merger of an applicant with another utility and a resulting expansion of its retail customer base—it is necessary to adjust the percentages used to allocate the CRR charges among the applicants' CRR Revenue Groups. For this purpose, a significant change is deemed to have occurred if the applicants collectively experience or project an increase or decrease of ten percent or more in the billing determinants that are the basis for the allocation factor for any such customer group, calculated by comparing the revised forecasted allocator for that group against the then-applicable threshold forecasted allocator. The threshold forecasted allocator is, prior to the first nonstandard true-up adjustment, the initial forecasted allocator for that group specified in the applicable servicing agreement and, thereafter, the revised forecasted allocator that triggered the immediately prior nonstandard true-up adjustment. Please read "The Financing Order—True-Ups" in this prospectus.
- *Joint Collection Account*. Under the CRR property intercreditor agreement and the indenture, the securities intermediary will hold two accounts for the CRR bonds, the joint collection account and the payment account. The joint collection account is a single account held jointly by us and the WPCo issuing entity that is issuing separate consumer rate relief bonds, into which the servicers will remit estimated CRR charge collections, CRR charge collections, and all other amounts received in respect of the CRR

bond collateral (and into which the WPCo issuing entity will remit similar amounts under the indenture for such separate WPCo Bond issuance). The securities intermediary will hold the joint collection account for the benefit of a control agent, on behalf of the trustee and the indenture trustee for the separate WPCo Bond issuance. On or before each payment date, and, to the extent funds are available, at such other times as ongoing financing costs become due and payable, the servicers will transfer, or will cause the control agent to transfer, in accordance with the CRR property intercreditor agreement, our allocable share of the funds then on deposit in the joint collection account—referred to as the "**APCo transfer amount**"—to the general subaccount of the payment account. Unless otherwise agreed between the servicers and the trustee, these transfers will be made on each business day, and the final transfer prior to each payment date will be made on the business day immediately preceding that payment date. The servicers may not transfer any APCo transfer amount to the payment account unless a corresponding WPCo transfer amount is transferred at the same time, and using the same calculation methodology, to the payment account for the WPCo Bonds. The APCo transfer amount consists of the funds on deposit in the joint collection account relating to our interest in that account. As of any date of determination, our interest in the joint collection account is a percentage equal to (a) the interest and scheduled principal on the CRR bonds payable on the upcoming payment date and our ongoing financing costs payable on or prior to that payment date, divided by (b) the interest and scheduled principal on all of the CRR bonds and the WPCo Bonds payable on that payment date and all ongoing financing costs payable by us and the WPCo issuing entity on or prior to that payment date. If the funds on deposit in the joint collection account are insufficient to satisfy any payment required to be made directly from the joint collection account or the amounts owed in respect of both the CRR bonds and the WPCo Bonds, the CRR property intercreditor agreement provides that any resulting shortfall will be borne by us and the WPCo issuing entity pro rata based on the principal amount of the CRR bonds and the WPCo Bonds then outstanding. Please read "Description of the CRR Bonds—The Payment Account for the CRR Bonds" in this prospectus.

The payment account is one or more segregated trust accounts established in the trustee's name for the transfer of the APCo transfer amount from the joint collection account, and is held for the benefit of the secured parties. The payment account is divided into various subaccounts. The primary subaccounts for credit enhancement purposes are:

- the general subaccount-the APCo transfer amounts transferred from the joint collection account will be deposited into the general subaccount, together with investment earnings on amounts in the payment account;

- the capital subaccount-prior to or concurrently with the issuance of the CRR bonds, APCo will make a capital contribution to us, from its own funds and not from the proceeds of the CRR bonds, in an amount equal to the required capital level, which is 0.50% of the initial principal amount of the CRR bonds, and that amount will be deposited into the capital subaccount; and
- the excess funds subaccount-which will hold the balance, if any, of collected CRR charges and investment earnings remaining after all payments and allocations required on a payment date have been made.

If, on any payment date, amounts in the general subaccount are insufficient to make the required payments on the CRR bonds and the other required payments, the trustee will draw first on the excess funds subaccount and then on the capital subaccount to cover the shortfall. Each of these subaccounts of the payment account, in addition to any other subaccounts that may be created under the indenture, will be available to make payments on the CRR bonds on each payment date.

Reports to CRR Bondholders

Pursuant to the indenture, the trustee shall make available electronically on its reporting website to each of the CRR bondholders a statement provided and prepared by the servicers containing information concerning, among other things, us and the collateral for the CRR bonds. Unless and until the CRR bonds are issued in definitive certificated form, the reports for the CRR bonds will be provided to The Depository Trust Company. The reports will be available to beneficial owners of the CRR bonds on the reporting website of the trustee or upon written request to the trustee or the servicers. These reports will not be examined and reported upon by an independent public accountant. In addition, no independent public accountant will provide an opinion thereon. Furthermore, if required by the Trust Indenture Act, the trustee will be required to make available electronically on its website a brief annual report to all CRR bondholders containing information concerning the trustee. Please read "Description of the CRR Bonds—Reports to CRR Bondholders" and "—The Trustee Must Provide an Annual Report to All CRR Bondholders" in this prospectus.

Servicing Compensation:

We will pay APCo as servicer on each payment date the servicing fee with respect to the CRR bonds. As long as APCo or any affiliated entity acts as a servicer, this fee will be 0.10% of the initial principal amount of the CRR bonds on an annualized basis, plus reimbursement for its out-of-pocket costs for external accounting and legal services, and subject to the adjustment mechanism described in the financing order. WPCo will be compensated for its role as subservicer for the CRR bonds as well as for servicing its separate issuance of WPCo Bonds under the servicing agreement for such separate issuance.

If a successor servicer that is not an affiliate of APCo or WPCo is appointed, the servicing fee will be negotiated by the successor servicer and the trustee (acting at the written direction of the holders

	of a majority in principal amount of the CRR bonds), but will not, unless the West Virginia Commission consents, exceed 0.25% of the initial principal amount of the CRR bonds on an annualized basis. In no event will the trustee be liable for any servicing fee in its individual capacity or its capacity as trustee.
Federal Income Tax Status:	Sidley Austin LLP expects to issue an opinion, that, for federal income tax purposes (1) we will not be treated as a taxable entity separate and apart from APCo, our sole member, and (2) the CRR bonds will constitute indebtedness of APCo. Each beneficial owner of a CRR bond, by acquiring a beneficial interest, agrees to treat such CRR bond as indebtedness of our sole member secured by the collateral for federal (and, to the extent applicable, state) income tax purposes unless otherwise required by appropriate taxing authorities. Please read "Material U.S. Federal Income Tax Consequences" in this prospectus.
West Virginia State Income Tax Status:	Jackson Kelly PLLC, special West Virginia tax counsel to us and to APCo, expects to issue an opinion that for West Virginia income tax purposes (a) assuming that the issuing entity is treated as an entity that is disregarded from APCo for federal income tax purposes, we will not be treated as a taxable entity separate and apart from APCo, our sole member; and (b) assuming that the CRR bonds are treated as indebtedness for federal income tax purposes, the CRR bonds will constitute indebtedness of APCo, assuming, in each case, that such treatment applies for U.S. federal income tax purposes. Please read "Material U.S. Federal Income Tax Consequences" and "Material West Virginia Income Tax Consequences" in this prospectus.
ERISA Considerations:	Employee benefit plans, plans or other arrangements that are subject to (a) ERISA or Section 4975 of the Internal Revenue Code; or (b) any federal, state, local or other law that is similar to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code ("**applicable similar law**") and investors acting on behalf of, or using assets of, such employee benefit plans, plans or arrangements may acquire the CRR bonds subject to specified conditions. The acquisition, holding or disposition of the CRR bonds could be treated as a direct or indirect prohibited transaction under ERISA and/or Section 4975 of the Internal Revenue Code or in the case of employee benefit plans, plans or arrangements subject to applicable similar law, could be treated as a violation of such applicable similar law. Accordingly, by purchasing and holding the CRR bonds, each investor that is or is acting on behalf of, or using assets of, such an employee benefit plan, plan or arrangement subject to ERISA and/or Section 4975 of the Internal Revenue Code or applicable similar law will be deemed to certify that the purchase, holding and subsequent disposition of the CRR bonds will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code, or, in the case of an employee benefit plan, plan or arrangement subject to applicable similar law, will not

	constitute or result in a violation of applicable similar law. Please read "ERISA Considerations" in this prospectus.
Credit Ratings:	The CRR bonds are expected to receive credit ratings from at least two nationally recognized statistical rating organizations. See "Ratings for the CRR Bonds" in this prospectus.
Use of Proceeds:	Upon the issuance and sale of the CRR bonds, we will use the net proceeds to pay to APCo the purchase price of APCo's rights under the financing order, which are CRR property. The net proceeds from the sale of the CRR property will be applied in accordance with the financing order, and shall be used to finance approximately $1.662 billion of eligible costs (as estimated in the July 21, 2026 order), *plus* APCo's carrying charges, *plus* up-front financing costs of issuing the CRR bonds of approximately $11.6 million. Please read "Use of Proceeds" in the prospectus.
Investment Company Act Registration:	We anticipate relying on the exclusion or exemption from the definition of "investment company" under the Investment Company Act contained in Rule 3a-7 of the Investment Company Act, although there may be additional exclusions or exemptions available to us. We are being structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
Risk Retention:	The CRR bonds are not subject to the 5% risk retention requirements imposed by Section 15G of the Exchange Act due to the exemption provided in Rule 19(b)(8) of the risk retention regulations in 17 C.F.R. Part 246 of the Exchange Act or Regulation RR. For information regarding the requirements of the EU Securitization Regulation and the UK Securitization Framework as to risk retention and other matters, please read "Risk Factors—Other Risks Associated with an Investment in the CRR Bonds—Regulatory provisions affecting certain investors could adversely affect the liquidity and the regulatory treatment of investments in the CRR bonds" in this prospectus.
Minimum Denomination:	$2,000 or integral multiples of $1,000 in excess thereof, except for one bond of each tranche which may be of a smaller denomination.
Expected Settlement:	, 20 , settling flat. DTC, Clearstream and Euroclear.
Risk Factors:	**You should consider carefully the risk factors beginning on page 28 of this prospectus before you invest in the CRR bonds.**

SUMMARY OF RISK FACTORS

Set forth below is a summary of the material risk factors which you should consider before deciding whether to invest in the CRR bonds. These risks can affect the timing or ultimate payment of the CRR bonds and the value of your investment in the CRR bonds.

- You may experience material payment delays or incur a loss on your investment in the CRR bonds because the source of funds for payment is limited.

Risks associated with potential judicial, legislative or regulatory actions

- We and APCo are not obligated to indemnify you for changes in law.
- Future judicial action could reduce the value of your investment in the CRR bonds.
- Future state action could reduce the value of your investment in the CRR bonds.
- The West Virginia Commission might attempt to take actions that could reduce the value of your investment in the CRR bonds.
- A servicer may not fulfill, or may be unsuccessful in any attempt to fulfill, its obligations to act on behalf of the CRR bondholders to protect bondholders from actions by the West Virginia Commission or the State of West Virginia.
- A municipal entity may seek to acquire portions of APCo's or WPCo's electric distribution facilities and avoid payment of the CRR charges.

Servicing Risks

- Your investment in the CRR bonds depends on APCo, WPCo or their respective successors or assignees, acting as servicers of the CRR property.
- Inaccurate forecasting of electricity consumption or unanticipated delinquencies or write-offs might reduce scheduled payments on the CRR bonds.
- If we have to replace APCo or WPCo as a servicer, we may experience difficulties finding and using a replacement servicer.
- Changes to billing and collection practices might result in delays in collections which may reduce the value of your investment in the CRR bonds.
- Limits on rights to terminate service might make it more difficult to collect the CRR charges.
- If a servicer enters bankruptcy proceedings, the remittance of CRR charges by such servicer prior to the date of bankruptcy might constitute preferences, which means these funds might be unavailable to pay amounts owing on the CRR bonds.

Storm related risks

- Storm damage to APCo's or WPCo's service territories could impair payment of the CRR bonds.

Risks associated with the unusual nature of the CRR property

- Future adjustments to reallocate the CRR charges among CRR Revenue Groups might result in insufficient collection.
- Foreclosure of the trustee's lien on the CRR property might not be practical, and acceleration of the CRR bonds before maturity might have little practical effect.

Risks associated with potential bankruptcy proceedings of the seller or a servicer

- Each servicer will commingle the CRR charges with other revenues it collects, which might obstruct access to the CRR charges in case of such servicer's bankruptcy and reduce the value of your investment in the CRR bonds.
- The bankruptcy of APCo or WPCo might result in losses or delays in payments on the CRR bonds.
- The sale of the CRR property might be construed as a financing and not a sale in a case of APCo's or WPCo's bankruptcy which might delay or limit payments on the CRR bonds.
- If a servicer enters bankruptcy proceedings, the remittance of certain CRR charges by such servicer prior to the date of bankruptcy might constitute preferences, which means these funds might be unavailable to pay amounts owed on the CRR bonds.
- Claims against APCo might be limited in the event of a bankruptcy of the seller.
- The bankruptcy of APCo or WPCo might limit the remedies available to the trustee.
- Our collections will be commingled with the WPCo issuing entity's collections in a joint collection account, and you must rely on the intercreditor arrangements to allocate those funds correctly and on a timely basis.
- The CRR bonds are not cross-collateralized with the WPCo Bonds. Although the financing order was issued to both APCo and WPCo and CRR charges are jointly owned, each issuing entity owns and pledges only its separately allocated portion of the consumer rate relief property, with no recourse to the other issuing entity's portion.

Other risks associated with an investment in the CRR bonds

- APCo's indemnification obligations under the sale agreement and the servicing agreement, and WPCo's indemnification obligations under the servicing agreement, are limited and might not be sufficient to protect your investment in the CRR bonds.
- The credit ratings are no indication of the expected rate of payment of principal on the CRR bonds.
- The CRR bonds' credit ratings might affect the market value of the CRR bonds.
- Alternatives to purchasing electricity through APCo's or WPCo's distribution facilities may be more widely utilized by customers in the future.
- We are issuing several tranches of the CRR bonds.
- The absence of a secondary market for the CRR bonds might limit your ability to resell the CRR bonds.
- You might receive principal payments for the CRR bonds later than you expect.
- WPCo is concurrently causing the issuance, by its subsidiary, of additional consumer rate relief bonds secured by the consumer rate relief property that includes consumer rate relief charges on both APCo and WPCo customers; and APCo or WPCo may cause the further issuance, by another subsidiary or affiliated entity, of additional consumer rate relief bonds secured by additional similar property that includes a nonbypassable charge on APCo customers, WPCo customers or both.
- APCo's and WPCo's operations are subject to risks beyond its control, including cyber-security intrusions, terrorist attacks or other catastrophic events, which could limit APCo's or WPCo's operations and ability to service the CRR property.
- If the investment of collected CRR charges and other funds held in the joint collection account or by the trustee in the payment account results in investment losses or the investments become illiquid, you may receive payment of principal and interest on the CRR bonds later than you expect.
- Regulatory provisions affecting certain investors could adversely affect the liquidity and the regulatory treatment of investments in the CRR bonds.

RISK FACTORS

Please carefully consider all the information we have included or incorporated by reference in this prospectus, including the risks described below and the statements in "Cautionary Statement Regarding Forward-Looking Information," before deciding whether to invest in the CRR bonds.

You may experience material payment delays or incur a loss on your investment in the CRR bonds because the source of funds for payment is limited.

The only source of funds for payment of the CRR bonds will be our assets, which consist of:

- the CRR property securing the CRR bonds, including the right to impose, bill, charge, collect and receive CRR charges;
- the funds on deposit in the accounts held by the trustee; and
- our rights under various contracts we describe in this prospectus.

The CRR bonds are not a charge on the full faith and credit or taxing power of the State of West Virginia or any governmental agency or instrumentality, nor will the CRR bonds be insured or guaranteed by APCo, including in its capacity as the sponsor, depositor, seller or initial servicer, or by its parent, AEP, any of their respective affiliates (other than us), the trustee or any other person or entity. The CRR bonds will be nonrecourse obligations, secured only by the collateral pledged to secure the CRR bonds under the indenture. Delays in payment on the CRR bonds might result in a reduction in the market value of the CRR bonds and, therefore, the value of your investment in the CRR bonds. Thus, you must rely for payment of the CRR bonds solely upon the collections of the CRR charges, and funds on deposit in the accounts held by the trustee. Our organizational documents restrict our right to acquire other assets unrelated to the transactions described in this prospectus. Please read "Appalachian Consumer Rate Relief Funding II LLC, The Issuing Entity" in this prospectus.

RISKS ASSOCIATED WITH POTENTIAL JUDICIAL, LEGISLATIVE OR REGULATORY ACTIONS

We and APCo are not obligated to indemnify you for changes in law.

Neither we nor APCo, nor any affiliate, successor or assignee, will indemnify you for any changes in the law, including any federal preemption or repeal or amendment of the Securitization Law, that might affect the value of the CRR bonds. APCo will agree in the sale agreement to institute any legal or administrative action or proceeding as may be reasonably necessary to block or overturn any attempts to cause a repeal, modification or supplement to the Securitization Law that would be materially adverse to us, the trustee or the CRR bondholders. However, we cannot assure you that APCo would be able to take this action or that any such action would be successful. Although APCo or any successor assignee might be required to indemnify us if legal action based on the law in effect at the time of the issuance of the CRR bonds invalidates the CRR property, such indemnification obligations do not apply for any changes in law after the date the CRR bonds are issued, whether such changes in law are effected by means of any legislative enactment, any constitutional amendment or any final and non-appealable judicial decision. Please read "The Sale Agreement—APCo's Covenants" in this prospectus.

Future judicial action could reduce the value of your investment in the CRR bonds.

The CRR property is a creation of the Securitization Law and the financing order that has been issued by the West Virginia Commission to APCo and WPCo pursuant to the Securitization Law. There is uncertainty associated with investing in bonds payable from an asset that depends for its existence on legislation because there is limited judicial or regulatory experience implementing and interpreting the legislation.

The Securitization Law or any financing order or any provision thereof might be directly contested in courts or otherwise become the subject of litigation. Because the CRR property is a creation of the Securitization Law

and the financing order, any judicial determination affecting the validity of or interpreting the Securitization Law or the financing order, the CRR property or our ability to make payments on the CRR bonds might have an adverse effect on the value of the CRR bonds or cause a delay in the recovery of your investment. As of the date of this prospectus, no such litigation has arisen; however, we cannot assure you that a lawsuit challenging the validity of the Securitization Law or any financing order will not be filed in the future or that, if filed, such lawsuit will not be successful. If an invalidation of any relevant underlying legislative provision or any financing order provision were to result from such litigation, you might lose some or all of your investment or might experience delays in recovering your investment. Please read "The Securitization Law—Constitutional Matters" in this prospectus.

Other states have passed laws with financing provisions similar to some provisions of the Securitization Law, and some of these laws have been challenged by judicial actions or utility commission proceedings. To date, none of these challenges has succeeded, but future judicial challenges might be made. An unfavorable decision regarding another state's law would not automatically invalidate the Securitization Law or the financing order, but it might provoke a challenge to the Securitization Law or the financing order, establish a legal precedent for a successful challenge to the Securitization Law or the financing order or heighten awareness of the political and other risks of the CRR bonds, and in that way may limit the liquidity and value of the CRR bonds. Therefore, legal activity in other states may indirectly affect the value of your investment in the CRR bonds.

Future state action could reduce the value of your investment in the CRR bonds.

Despite the State of West Virginia's pledge in the Securitization Law and the West Virginia Commission's pledge in the financing order, respectively, not to take or permit certain actions that would impair the value of the CRR property or the CRR charges, the West Virginia legislature might attempt to repeal or amend the Securitization Law in a manner that limits or alters the CRR property so as to reduce its value. For a description of the State of West Virginia's pledge, please read "The Securitization Law—APCo and Other Qualifying Utilities May Securitize Consumer Rate Relief Costs and Related Financing and Ongoing Costs" in this prospectus. As of the date of this prospectus, we are not aware of any pending legislation in the West Virginia legislature that would affect any provisions of the Securitization Law.

Except as described in "The Sale Agreement—APCo's Obligation to Indemnify Us and the Trustee and to Take Legal Action" in this prospectus, neither we, APCo, nor any of its successors, assignees or affiliates will indemnify you for any change in law, including any amendment or repeal of the Securitization Law, that might affect the value of the CRR bonds.

If an action of the West Virginia legislature or the West Virginia Commission adversely affecting the CRR property or the ability to collect CRR charges were considered a "taking" under the United States or West Virginia Constitutions, the State of West Virginia might be obligated to pay full compensation in an amount equal to the estimated value of the CRR property at the time of the taking. However, even in that event, there is no assurance that any amount provided as compensation would be sufficient for you to recover fully your investment in the CRR bonds or to offset interest lost pending such recovery.

Nothing in either the State of West Virginia or West Virginia Commission's pledge precludes any limitation or alteration of the Securitization Law or the financing order if full compensation is made by law for the full protection of the CRR charges collected pursuant to the financing order and of the holders of the CRR bonds and any assignee or financing party entering into a contract with APCo. It is unclear what "full compensation" and "full protection" would be afforded to the holders of CRR bonds by the State of West Virginia or the West Virginia Commission if such limitation or alteration were attempted.

The electorate of the State of West Virginia does not have the power to enact new laws or constitutional amendments or to repeal existing laws. The West Virginia Constitution vests the power to enact or repeal laws solely in the West Virginia legislature. The enforcement of any rights against the State of West Virginia or the

West Virginia Commission under their respective pledges may be subject to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against state and local governmental entities in West Virginia. These limitations might include, for example, the necessity to exhaust administrative remedies prior to bringing suit in a court, or limitations on type and locations of courts in which the State of West Virginia or the West Virginia Commission may be sued, or limitations on awards or collection of damages.

The West Virginia Commission might attempt to take actions that could reduce the value of your investment in the CRR bonds.

The Securitization Law provides that a financing order issued to create CRR property is irrevocable and that the West Virginia Commission may not reduce, alter or impair the CRR charges approved in the financing order, except for the true-up adjustments to the CRR charges, or impair the CRR property or the collection or recovery of the consumer rate relief costs until the related consumer rate relief bonds and all approved financing costs are paid in full. However, the West Virginia Commission retains the power to adopt, revise or rescind rules or regulations affecting APCo, WPCo or a successor utility. The West Virginia Commission also retains the power to interpret the financing order granted to APCo and WPCo, and in that capacity might be called upon to rule on the meanings of provisions of the financing order that might need further elaboration. Any new or amended regulations or orders from the West Virginia Commission might adversely affect the ability of a servicer to disconnect customers for nonpayment, assess late fees, impose deposit requirements or collect the CRR charges in full and on a timely basis, which may negatively impact the rating of the CRR bonds or their price and, accordingly, the amortization of the CRR bonds and their weighted average lives.

The servicers are required to file with the West Virginia Commission, on our behalf, certain periodic true-up adjustments of the CRR charges.

The West Virginia Commission is obligated under the financing order to administratively approve the requested adjustment (including, if applicable, the correction of any mathematical or clerical error in such calculations) within 15 days of the date of the request for adjustment; absent such notice, the adjustment becomes effective. However, for purposes of any nonstandard true-up, the servicers must specify an effective date at least 60 days after filing, and upon administrative approval or the passage of 60 days without notification from the West Virginia Commission regarding the nonstandard true-up, no further action of the West Virginia Commission is required for implementation of the nonstandard true-up. Please read "The Financing Order—True-Ups" and "CRR Charge Adjustment Process" in this prospectus. True-up adjustment procedures may be challenged in the future. Challenges to or delays in the true-up process might adversely affect the market perception and valuation of the CRR bonds. Also, any litigation might materially delay CRR charge collections due to delayed implementation of true-up adjustments and might result in missing payments or payment delays and lengthened weighted average life of the CRR bonds.

A servicer may not fulfill, or may be unsuccessful in any attempt to fulfill, its obligations to act on behalf of the CRR bondholders to protect bondholders from actions by the West Virginia Commission or the State of West Virginia.

Each servicer will agree in the servicing agreement to take any action or proceeding reasonably necessary to compel performance by the West Virginia Commission and the State of West Virginia of any of their obligations or duties under the securitization provisions of the Securitization Law or the financing order, including any actions reasonably necessary to block or overturn any attempts to cause a repeal, or modification of, or supplement to the securitization provisions of the Securitization Law or the financing order or the rights of bondholders in the CRR property by executive action, legislative enactment, constitutional amendment or other means that would be adverse to the bondholders. The servicers, however, may not be able to take those actions for a number of reasons, including due to legal or regulatory restrictions, financial constraints and practical difficulties in successfully challenging any such legislative enactment or constitutional amendment. Additionally, any action a servicer is able to take may not be successful. Any such failure to perform its obligations or to

successfully compel performance by the West Virginia Commission or the State of West Virginia could negatively affect CRR bondholders' rights and result in a loss of their investment in the CRR bonds.

A municipal entity may seek to acquire portions of APCo's or WPCo's electric distribution facilities and avoid payment of the CRR charges.

West Virginia law authorizes municipalities to seek to acquire portions of an electric utility's electric distribution facilities through voluntary transactions. A municipality may not condemn a privately owned electric utility's distribution system, or any portion of it, to create or expand a municipal electric system. A municipality may potentially condemn independently owned land, easements, or rights-of-way needed to construct its own facilities, provided that the property is not itself part of a privately owned electric power system; the taking satisfies Chapter 54 of the West Virginia Code and constitutional public use and just compensation requirements; and the project complies with applicable territorial, certificate, and non-competition limitations. There can be no assurance that one or more municipalities will not seek to acquire some or all of APCo's or WPCo's electric distribution facilities while the CRR bonds remain outstanding. The Securitization Law specifies that CRR charges approved by a financing order shall be collected by a qualifying utility as well as its successors. In the servicing agreement, each of APCo and WPCo has covenanted to assert in an appropriate forum that any municipality that acquires any portion of the electric distribution facilities of APCo or WPCo, as applicable, by condemnation, including upon the expiration of any franchise agreement, must be treated as a successor to APCo or WPCo, as applicable, under the Securitization Law and the financing order and that customers in such municipalities remain responsible for payment of CRR charges. However, the involved municipality might assert that it should not be treated as a successor to APCo or WPCo for these purposes and that its distribution customers are not responsible for payment of CRR charges. In any case, we cannot assure you that the CRR charges will be collected from customers of municipally owned utilities who were formerly customers of APCo or WPCo and that such an occurrence might not affect the timing or receipt of payments with respect to the CRR bonds.

SERVICING RISKS

Your investment in the CRR bonds depends on APCo, WPCo or their respective successors or assignees, acting as servicers of the CRR property.

APCo, as initial servicer, will be responsible for, among other things, calculating, billing and collecting the CRR charges from APCo customers, submitting requests to the West Virginia Commission to adjust these charges, monitoring its portion of the collateral for the CRR bonds and taking certain actions in the event of non-payment by a customer. WPCo, as initial subservicer, will be responsible for, among other things, calculating, billing and collecting the CRR charges from WPCo customers, monitoring its portion of the collateral for the CRR bonds and taking certain actions in the event of non-payment by a customer. The trustee's receipt of collections in respect of the CRR charges, which will be used to make payments on the CRR bonds, will depend in part on the skill and diligence of the servicers in performing these functions. The systems that each servicer has in place for CRR charge billings and collections, together with the regulations of the West Virginia Commission governing electric utilities such as APCo and WPCo might, in particular circumstances, cause a servicer to experience difficulty in performing these functions in a timely and completely accurate manner. If a servicer fails to make CRR charge collections for any reason, then the servicer's payments to the trustee in respect of the CRR charges might be delayed or reduced. In that event, our payments on the CRR bonds might be delayed or reduced.

Inaccurate forecasting of, or changes in, electricity consumption or unanticipated delinquencies or write-offs might reduce scheduled payments on the CRR bonds.

The CRR charges are assessed based on forecasted customer usage (i.e., kilowatt-hours ("**kWh**") or megawatt-hours ("**MWh**") of electricity consumed by customers). The amount and the rate of CRR charge

collections will depend in part on actual electricity usage and the amount of collections and write-offs. If a servicer inaccurately forecasts electricity consumption or uses inaccurate customer delinquency or write-off data when setting or adjusting the CRR charges, or if the effectiveness of the adjustments is delayed for any reason, there could be a shortfall or material delay in CRR charge collections, which might result in missed or delayed payments of principal and/or interest and lengthened weighted average life of the CRR bonds. Please read "The Financing Order—True-Ups" and "CRR Charge Adjustment Process" in this prospectus.

Each of APCo's and WPCo's base rate revenue forecast is developed by applying the consumption forecast for each customer class, through the next budget year (typically only the first two years of the forecast horizon), to estimated price-consumption relationships. These price-consumption relationships are regression models that estimate class-level average base rate revenue realizations as a function of either monthly MWh consumption per customer (for the residential and commercial classes) or monthly MWh sales (for all other classes). The functions are estimated based on monthly data taken from APCo's and WPCo's billing systems. While each of APCo and WPCo monitors the accuracy of its forecast by conducting variance analysis on a monthly basis while taking into account weather impacts on MWh sales and other deviations from such forecast within the customer count, inaccurate forecasting of base rate revenue by a servicer might result from, among other things, unanticipated weather or economic conditions, resulting in less base rate revenue than forecast using systematic patterns; general economic conditions causing customers to leave APCo or WPCo or reduce the base rate revenue from such customers; the occurrence of a natural disaster, such as a hurricane or winter storm, or an act of terrorism, cyberattack or other catastrophic event, including pandemics, unexpectedly disrupting electrical service and reducing base rate revenues and demand; changes in the market structure of the electric industry; customers consuming less electricity than anticipated because of increased energy prices, increased conservation efforts, economic conditions or unanticipated increases in electric usage efficiency; or customers unexpectedly switching to alternative sources of energy, including self-generation of electric power to the extent such self-generation is delivered on APCo or WPCo's delivery systems or exceeds the consuming customer's average usage as determined over the most recent three-year period preceding the behind the meter generation. Please read "The Depositor, Seller, Initial Servicers and Sponsor—Forecasting Electricity Consumption" in this prospectus for additional information about APCo's and WPCo's base rate revenue forecast.

The servicers' use of inaccurate delinquency or write-off rates might result also from, among other things, unexpected deterioration of the economy or the occurrence of a natural disaster or extreme weather, an act of terrorism, cyberattack or other catastrophic event or the unanticipated declaration of a moratorium on terminating electric service to customers in the event of any such occurrences, any of which would cause greater delinquencies or write-offs than expected or force APCo or WPCo to grant additional payment relief to more customers, or any other change in law that makes it more difficult for APCo or WPCo to terminate service to nonpaying customers or that requires APCo or WPCo to apply more lenient credit standards in accepting customers.

If we have to replace APCo or WPCo as a servicer, we may experience difficulties finding and using a replacement servicer.

If APCo or WPCo ceases to service the CRR property, it might be difficult to find a successor servicer. Under the financing order, the annual servicing fee payable to a successor servicer is capped and the payment of compensation in excess of the cap is dependent upon West Virginia Commission approval. Also, any successor servicer might have less experience and ability than APCo or WPCo and might experience difficulties in collecting CRR charges and determining appropriate adjustments to the CRR charges and billing and/or payment arrangements may change, resulting in delays or disruptions in collections. A successor servicer might charge fees that, while permitted under the financing order, are substantially higher than the fees paid to APCo as the initial servicer. Although a true-up adjustment may be required to allow for the increase in fees, there could be a gap between the incurrence of those fees and the implementation of the true-up adjustment to adjust for the increase that might adversely affect distributions from the joint collection account. In the event of the commencement of a case by or against a servicer under the Bankruptcy Code or similar laws, we and the trustee

might be prevented from effecting a transfer of servicing due to operation of the Bankruptcy Code. Any of these factors and others might delay the timing of payments and may reduce the value of your investment. Please read "The Servicing Agreement" in this prospectus.

APCo has entered into the APCo Receivables Purchase Agreement and the corresponding APCo Receivables Agency Agreement, and may enter in the future, financing arrangements involving the sale of its accounts receivable. With respect to the APCo Receivables Purchase Agreement, such agreement will, upon the issuance of the CRR bonds, be subject to the intercreditor agreement and joinder described under "Appalachian Consumer Rate Relief Funding II LLC The Issuing Entity—Intercreditor Agreements." APCo will agree with us in the sale agreement that if it becomes a party to another future trade receivables purchase and sale arrangement or similar arrangement under which it sells all or any portion of its accounts receivables, or if APCo hereafter causes consumer rate relief property or other similar property to be created under a separate financing order and acts as servicer for such consumer rate relief property, or similar property, consisting of nonbypassable charges payable by APCo's customers comparable to those sold by the seller pursuant to the sale agreement, in connection with a separate issuance of bonds, APCo and the other parties to such arrangement shall enter into a joinder or amendment to the intercreditor agreement or into a separate intercreditor agreement in connection therewith and the terms the documentation evidencing such trade receivables purchase and sale arrangement or similar arrangement will expressly exclude the CRR charges from any receivables or other assets pledged or sold under such arrangement and the rating agency condition shall be satisfied. Although the CRR charges are not subject to such receivables financings, the CRR charges and accounts receivable are owed by the same customers, including those comprising the CRR Revenue Groups described herein and are expected to be collected for the foreseeable future under a single bill with respect to such customers. As required by the sale agreement, each intercreditor agreement will provide that, in the event the trustee has the right to replace APCo as servicer or the investors have the right to replace APCo as collection agent for the accounts receivable financing, the trustee (acting at the written direction of the holders of a majority in principal amount of the CRR bonds) and the investors' agent will act jointly in the exercise of such rights and neither party will be entitled to replace APCo under its agreement without the consent of the other party (which consent, in the case of the trustee, shall be at the written direction of the holders of a majority in principal amount of the CRR bonds). The intercreditor agreement and joinder, or any similar agreement executed after the issuance of the CRR bonds in accordance with the requirements of the sale agreement, may therefore make it more difficult for the trustee to replace APCo following a servicer default. Conversely, if a default were to occur under the APCo Receivables Agency Agreement or similar agreement executed by APCo in the future, such a default may increase the possibility of APCo being replaced as servicer under the servicing agreement, even if APCo is not in default under the servicing agreement.

Changes to billing and collection practices might result in delays in collections which may reduce the value of your investment in the CRR bonds.

The financing order specifies the methodology for determining the amount of the CRR charges we may impose. The servicers may not change this methodology without approval from the West Virginia Commission. However, each servicer may set its own billing and collection arrangements with retail customers from whom it collects the charges directly, provided that these arrangements comply with the West Virginia Commission's customer safeguards and the provisions of the servicing agreement. For example, to recover part of an outstanding bill, a servicer may agree to extend a retail customer's payment schedule or to write off the remaining portion of the bill, including the CRR charges. Also, a servicer may change billing and collection practices, which might adversely impact the timing and amount of retail customer payments and might reduce CRR charge collections, thereby limiting our ability to make scheduled payments on the CRR bonds until any resulting undercollections can be trued-up and recovered from other retail customers. Separately, the West Virginia Commission might require changes to these practices. Any changes in billing and collection practices regulations might make it more difficult for a servicer to collect the CRR charges and adversely affect the value of your investment in the CRR bonds.

Limits on rights to terminate service might make it more difficult to collect the CRR charges.

If APCo, as the initial servicer, or WPCo, as the initial subservicer, is billing customers for CRR charges, either may terminate service to the customer for non-payment of CRR charges pursuant to the applicable rules of the West Virginia Commission. Nonetheless, the rules and regulations of the West Virginia Commission, which may change from time to time, regulate and control the right to disconnect service. For example, electric utilities generally may not terminate service to a customer (a) on a holiday or weekend day; (b) during certain extreme weather conditions; or (c) during a federal government shutdown who timely provides proof that such customer is a federal government employee whose pay is suspended. To the extent these customers do not pay for their electric service, APCo or WPCo, as applicable, will not be able to collect CRR charges from these customers.

In addition, APCo and WPCo may be limited in the future in its ability to terminate service or collect CRR charges. The West Virginia Commission, in response to a federal mandate or otherwise, could impose restrictions on the rates APCo or WPCo charges to provide its services, including the inability to implement approved rates, or delay actions with respect to APCo's base rate case and filings. For example, under its emergency powers, the West Virginia legislature or the West Virginia Commission could impose a temporary rate reduction and/or a temporary moratorium on electric service disconnections for the non-payment of customer bills.

If a servicer enters bankruptcy proceedings, the remittance of CRR charges by a servicer prior to the date of bankruptcy might constitute preferences, which means these funds might be unavailable to pay amounts owing on the CRR bonds.

In the event of a bankruptcy of a servicer, a party in interest might take the position that the remittance of funds prior to bankruptcy of such servicer, pursuant to the servicing agreement or intercreditor agreements, constitutes a preference under bankruptcy law if the remittance of those funds was deemed to be paid on account of a preexisting debt. If a court were to hold that the remittance of funds constitutes a preference, any such remittance within 90 days of the filing of the bankruptcy petition could be avoidable, and the funds could be required to be returned to the bankruptcy estate of such servicer. To the extent that CRR charges have been commingled with the general funds of a servicer, the risk that a court would hold that a remittance of funds was a preference would increase. Also, if we are considered to be an "insider" of a servicer, any such remittance made within one year of the filing of the bankruptcy petition could be avoidable as well if the court were to hold that such remittance constitutes a preference. In either case, we or the trustee would merely be an unsecured creditor of a servicer. If any funds were required to be returned to the bankruptcy estate of a servicer, we would expect that the amount of any future CRR charges would be increased through the true-up mechanism to recover such amount, though this would not eliminate the risk of payment delays or losses on your investment in the CRR bonds.

STORM-RELATED RISKS

Storm damage to APCo's or WPCo's service territories could impair payment of the CRR bonds.

Transmission, distribution and usage of electricity could be interrupted temporarily, reducing the collections of CRR charges. There could be longer-lasting weather-related adverse effects on residential and commercial development and economic activity in APCo's or WPCo's service territories, which could cause the per-kWh CRR charge to be greater than expected. Legislative action adverse to the CRR bondholders might be taken in response, and such legislation, if challenged as violative of the State of West Virginia's or the West Virginia Commission's pledge, might be defended on the basis of public necessity. Please read "The Securitization Law—APCo and Other Qualifying Utilities May Securitize Consumer Rate Relief Costs and Related Financing and Ongoing Costs" and "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions—Future state action could reduce the value of your investment in the CRR bonds" in this prospectus.

RISKS ASSOCIATED WITH THE UNUSUAL NATURE OF THE CRR PROPERTY

Future adjustments to reallocate the CRR charges among CRR Revenue Groups might result in insufficient collection.

The customers who pay the CRR charges are divided into CRR Revenue Groups which are further divided into customer classes. CRR charges will be allocated among the customer classes within each CRR Revenue Group, in accordance with the formula specified in the financing order.

A shortfall in the collections of CRR charges from one CRR Revenue Group may be corrected by adjusting the CRR charges payable by that group and any other CRR Revenue Group. Accordingly, if enough customers in a CRR Revenue Group fail to pay CRR charges or cease to be customers, the servicers might have to substantially increase the CRR charges for the remaining customers in that group and for other CRR Revenue Groups. These increases could lead to further unanticipated failures by the remaining customers to pay CRR charges, thereby increasing the risk of a shortfall in funds to pay interest and principal on the CRR bonds.

Foreclosure of the trustee's lien on the CRR property might not be practical, and acceleration of the CRR bonds before maturity might have little practical effect.

Under the Securitization Law and the indenture, the trustee or the CRR bondholders have the right to foreclose or otherwise enforce the lien on the CRR property securing the CRR bonds. However, in the event of foreclosure, there is likely to be a limited market, if any, for the CRR property. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the CRR bonds will be due and payable upon acceleration of the CRR bonds before maturity, CRR charges likely would not be accelerated and the nature of our business will result in the principal of the CRR bonds being paid as funds become available.

RISKS ASSOCIATED WITH POTENTIAL BANKRUPTCY PROCEEDINGS OF THE SELLER OR A SERVICER

For a detailed discussion of the following bankruptcy risks, please read "How a Bankruptcy May Affect Your Investment Decision" in this prospectus.

Each servicer will commingle the CRR charges with other revenues it collects, which might obstruct access to the CRR charges in case of such servicer's bankruptcy and reduce the value of your investment in the CRR bonds.

Each servicer will be required to remit collections to the joint collection account on our behalf each business day based on estimated daily collections, using a weighted average balance of days outstanding on APCo's and WPCo's retail bills. Neither servicer will segregate the CRR charges from the other funds it collects from customers or its general funds. The CRR charges will be segregated only when a servicer pays them to the joint collection account and subsequently transfers its respective portion to the trustee.

Despite this requirement, a servicer might fail to remit the full amount of the CRR charges to the joint collection account or might fail to do so on a timely basis. This failure, whether voluntary or involuntary, might materially reduce the amount of CRR charge collections available to make payments on the CRR bonds.

The Securitization Law provides that the priority of a security interest perfected in CRR property is not impaired by the commingling of the funds arising from CRR charges with any other funds of a servicer. In a bankruptcy of a servicer, however, a bankruptcy court might rule that federal bankruptcy law does not recognize our right to collections of the CRR charges that are commingled with other funds of such servicer as of the date of bankruptcy. If so, the collections of the CRR charges held by a servicer as of the date of bankruptcy would not be available to pay amounts owed on the CRR bonds. In this case, we would have only a general unsecured claim

against such servicer for those amounts. This decision could cause material delays in payments of principal or interest, or losses, on the CRR bonds and could materially reduce the value of your investment in the CRR bonds. Please read "How a Bankruptcy May Affect Your Investment Decision" in this prospectus.

The bankruptcy of APCo or WPCo might result in losses or delays in payments on CRR bonds.

The Securitization Law and the financing order provide that as a matter of West Virginia law:

- the rights and interests of a selling utility under a financing order, including the right to impose, charge and collect CRR charges, may be transferred, sold, conveyed or assigned to any affiliate of the qualifying utility created for the limited purpose of acquiring, owning or administering CRR property, issuing CRR bonds under the financing order or a combination of these purposes,
- upon the transfer to us and pledge to the trustee for the benefit of the CRR bondholders, in connection with the issuance of the CRR bonds, the rights described above will become CRR property, which CRR property will continue to exist until the bonds and all ongoing financing costs relating thereto have been paid in full,
- the CRR property constitutes an existing, present property right or interest therein, even though the imposition and collection of CRR charges depend on further acts that have not yet occurred; and
- a transfer of the CRR property from the seller, or its affiliate, to us, under an agreement that expressly states the transfer is a sale or other absolute transfer, is a true sale of and not a pledge of, or secured transaction relating to, the CRR property.

Please read "The Securitization Law" in this prospectus. These provisions are important to maintaining payments on the CRR bonds in accordance with their terms during any bankruptcy of APCo. In addition, the transaction has been structured with the objective of keeping us legally separate from APCo and its affiliates in the event of a bankruptcy of APCo or any such affiliates.

A bankruptcy court generally follows state property law on issues such as those addressed by the state law provisions described above. However, a bankruptcy court does not follow state law if it determines that the state law is contrary to a paramount federal bankruptcy policy or interest. If a bankruptcy court in an APCo bankruptcy refused to enforce one or more of the state property law provisions described above, the effect of this decision on you as a beneficial owner of the CRR bonds might be similar to the treatment you would receive in an APCo bankruptcy if the CRR bonds had been issued directly by APCo. A decision by the bankruptcy court that, despite our separateness from APCo, our assets and liabilities and those of APCo should be consolidated would have a similar effect on you as a bondholder.

We have taken steps together with APCo, as the seller, to reduce the risk that in the event the seller or an affiliate of the seller were to become the debtor in a bankruptcy case, a court would order that our assets and liabilities be substantively consolidated with those of APCo or an affiliate. Nonetheless, these steps might not be completely effective, and thus if APCo or an affiliate were to become a debtor in a bankruptcy case, a court might order that our assets and liabilities be consolidated with those of APCo or such affiliate. This might cause material delays in payment of, or losses on, the CRR bonds and might materially reduce the value of your investment in the CRR bonds. For example:

- without permission from the bankruptcy court, the trustee might be prevented from taking actions against APCo or recovering or using funds on your behalf or replacing APCo as a servicer;
- the bankruptcy court might order the trustee to exchange the CRR property for other property, of lower value;
- tax or other government liens on APCo's property might have priority over the trustee's lien and might be paid from collected CRR charges before payments on the CRR bonds;

- the trustee's lien might not be properly perfected in the collected CRR property collections prior to or as of the date of APCo's bankruptcy, with the result that the CRR bonds would represent only general unsecured claims against APCo;
- the bankruptcy court might rule that neither our property interest nor the trustee's lien extends to CRR charges in respect of electricity consumed after the commencement of APCo's bankruptcy case, with the result that the CRR bonds would represent only general unsecured claims against APCo;
- we and APCo might be relieved of any obligation to make any payments on the CRR bonds during the pendency of the bankruptcy case and might be relieved of any obligation to pay interest accruing after the commencement of the bankruptcy case;
- APCo might be able to alter the terms of the CRR bonds as part of its plan of reorganization;
- the bankruptcy court might rule that the CRR charges should be used to pay, or that we should be charged for, a portion of the cost of providing electric service;
- the bankruptcy court might rule that the remedy provisions of the sale agreement are unenforceable, leaving us with an unsecured claim for actual damages against APCo that may be difficult to prove or, if proven, to collect in full;
- if a servicer defaults or enters bankruptcy proceedings, it might be difficult to find a successor servicer and payments on the CRR bonds might be suspended;
- the mere fact of a servicer or seller bankruptcy proceeding might have an adverse effect on the resale market for the CRR bonds and on the value of the CRR bonds; or
- each servicer will commingle the CRR charges with other revenues it collects, which might obstruct access to the CRR charges in case of the bankruptcy of a servicer and reduce the value of your investment in the CRR bonds.

Please read "How a Bankruptcy May Affect Your Investment Decision" in this prospectus.

The sale of the CRR property might be construed as a financing and not a sale in a case of APCo's bankruptcy which might delay or limit payments on the CRR bonds.

The Securitization Law provides that the characterization of a transfer of CRR property as a sale or other absolute transfer will not be affected or impaired by treatment of the transfer as a financing for federal or state tax purposes or financial reporting purposes. We and APCo will treat the transaction as a sale under applicable law, although for financial reporting and federal and state tax purposes the transaction is intended to be treated as a financing. In the event of a bankruptcy of APCo, a party in interest in the bankruptcy might assert that the sale of the CRR property to us was a financing transaction and not an "absolute transfer and true sale" and that the treatment of the transaction for financial reporting and tax purposes as a financing and not a sale lends weight to that position. If a court were to characterize the transaction as a financing, we expect that we would, on behalf of ourselves and the trustee, be treated as a secured creditor of APCo in the bankruptcy proceedings, although a court might determine that we only have an unsecured claim against APCo. See "—Each servicer will commingle the CRR charges with other revenues it collects, which might obstruct access to the CRR charges in case of such servicer's bankruptcy and reduce the value of your investment in the CRR bonds" above.

Even if we had a security interest in the CRR property, we would not likely have access to the related CRR charge collections during the bankruptcy and would be subject to the risks of a secured creditor in a bankruptcy case, including the possible bankruptcy risks described in the immediately preceding risk factor. As a result, repayment of the CRR bonds might be significantly delayed and a plan of reorganization in the bankruptcy might permanently modify the amount and timing of payments to us of the CRR charge collections and therefore the amount and timing of funds available to us to pay CRR bondholders.

If a servicer enters bankruptcy proceedings, the remittance of certain CRR charges by such servicer prior to the date of bankruptcy might constitute preferences, which means these funds might be unavailable to pay amounts owed on the CRR bonds.

In the event of a bankruptcy of a servicer, a party in interest might take the position that the remittance of funds prior to bankruptcy of such servicer, pursuant to the servicing agreement, constitutes a preference under bankruptcy law if the remittance of those funds was deemed to be paid on account of a preexisting debt. If a court were to hold that the remittance of funds constitutes a preference, any such remittance within 90 days of the filing of the bankruptcy petition could be voidable, and the funds could be required to be returned to the bankruptcy estate of such servicer. To the extent that CRR charges have been commingled with the general funds of such servicer, the risk that a court would hold that a remittance of funds was a preference would increase. Also, if we are considered to be an "**insider**" of a servicer, any such remittance made within one year of the filing of the bankruptcy petition could be voidable as well if the court were to hold that such remittance constitutes a preference. In either case, we or the trustee would merely be an unsecured creditor of such servicer. If any funds were required to be returned to the bankruptcy estate of a servicer, we would expect that the amount of any future CRR charges would be increased through the true-up mechanism to recover such amount, though this would not eliminate the risk of payment delays or losses on your investment in the CRR bonds.

Claims against APCo might be limited in the event of a bankruptcy of the seller.

If the seller were to become a debtor in a bankruptcy case, claims, including indemnity claims, by us against the seller under the sale agreement and the other documents executed in connection with the sale agreement would be unsecured claims and would be disposed of in the bankruptcy case. In addition, the bankruptcy court might estimate any contingent claims that we have against the seller and, if it determines that the contingency giving rise to these claims is unlikely to occur, estimate the claims at a lower amount. A party in interest in the bankruptcy of APCo, as the seller, might challenge the enforceability of the indemnity provisions in the sale agreement. If a court were to hold that the indemnity provisions were unenforceable, we would be left with a claim for actual damages against the seller based on breach of contract principles, which would be subject to estimation and/or calculation by the court. We cannot give any assurance as to the result if any of the above-described actions or claims were made. Furthermore, we cannot give any assurance as to what percentage of their claims, if any, unsecured creditors would receive in any bankruptcy proceeding involving APCo.

The bankruptcy of APCo or WPCo might limit the remedies available to the trustee.

Upon an event of default for the CRR bonds under the indenture, the Securitization Law permits the trustee to enforce the security interest in the CRR property in accordance with the terms of the indenture. In this capacity, the trustee is permitted to request the West Virginia Commission to order the sequestration and payment to all CRR bondholders of any revenues arising from the CRR charges. There can be no assurance, however, that a West Virginia court would issue this order after an APCo or WPCo bankruptcy in light of the automatic stay provisions of Section 362 of the United States Bankruptcy Code. In that event, the trustee would be required to seek an order from the bankruptcy court lifting the automatic stay to permit this action by the West Virginia court, and an order requiring an accounting and segregation of the revenues arising from the CRR property. There can be no assurance that a court would grant either order.

Our collections will be commingled with the WPCo issuing entity's collections in a joint collection account, and you must rely on the intercreditor arrangements to allocate those funds correctly and on a timely basis.

The CRR bonds are being issued as part of a concurrent dual issuance and are secured by the same consumer rate relief property. APCo will sponsor, and we will issue, the CRR bonds, and WPCo will separately sponsor, and the WPCo issuing entity will separately issue a series of consumer rate relief bonds. Unlike a stand-alone securitization, the estimated CRR charge collections, CRR charge collections and other amounts received

with respect to our CRR property will not be deposited initially into an account held solely for your benefit. Instead, those amounts will be deposited into a joint collection account established and maintained jointly by us and the WPCo issuing entity, into which the WPCo issuing entity will deposit similar amounts collected under its own indenture. Funds in the joint collection account will be held by the securities intermediary for the benefit of a control agent acting on behalf of both our trustee and the WPCo indenture trustee, and the control agent—not our trustee acting alone—will hold the right to control the disposition of funds in that account under the related account control agreement. Prior to a servicer default or an event of default under the indenture, funds in the joint collection account will be disbursed by the control agent at the direction of the servicers. Only after allocation will the APCo transfer amount be transferred to the payment account held by our trustee and applied to make payments on the CRR bonds. The APCo transfer amount consists of the funds on deposit in the joint collection account relating to our interest in that account, as determined by the servicers based on our share of the joint CRR charges established at each true-up adjustment, and if the amount on deposit in the joint collection account is insufficient to satisfy any payment required to be made directly from the joint collection account or the amounts owed on both our bonds and the WPCo Bonds, the intercreditor agreement provides that the resulting shortfall will be borne by the two issuing entities on a pro rata basis according to the relative outstanding principal of our CRR bonds and the WPCo Bonds. As a result, we may bear a share of a shortfall in the joint collection account even if the payment giving rise to the shortfall relates to the WPCo Bonds, which would reduce the APCo transfer amounts transferred to our payment account and could reduce the funds available to pay the CRR bonds.

In addition, APCo will bill the CRR charges to the same retail customers from whom it collects charges for a prior APCo securitization and the WPCo issuing entity's share of the joint consumer rate relief charges, and APCo acts as a common collection agent for those charges. If a customer does not pay their bill in full, the CRR property intercreditor agreement requires the resulting shortfall to be allocated on a pro rata basis among those separate securitization charges based on the amounts then due and owing. Consequently, a payment shortfall or an allocation dispute affecting the collections of another securitization sharing these customers could reduce or delay the funds available to pay the CRR bonds, and you will depend on APCo's proper performance of these allocation functions.

As a result, your investment depends not only on the collection of CRR charges from APCo's and WPCo's West Virginia Commission-jurisdictional area customers, but also on the proper and timely operation of the control agent and the CRR property intercreditor agreement in allocating and transferring funds from the joint collection account. A dispute regarding the allocation of funds, an administrative delay in effecting transfers, an error by the control agent, or the insolvency or default of the WPCo issuing entity, the WPCo servicer or the WPCo indenture trustee could delay or reduce the funds available to make payments on the CRR bonds, even if APCo's own CRR charge collections are sufficient and are collected and remitted on a timely basis. The control agent generally disburses funds from the joint collection account in reliance on the payment instructions and calculations provided by the servicers and has no duty to independently verify them, so an error in the servicers' reports could result in a misallocation of funds, and amounts transferred to our payment account in excess of the amount properly allocable to us as a result of such an error may be returned from the general subaccount to the joint collection account. Moreover, a servicer default or other event requiring the replacement of APCo or WPCo as a servicer could not be effected by our trustee acting alone; the intercreditor agreement requires our trustee, the WPCo indenture trustee and the indenture trustee for a prior APCo securitization, each acting at the written direction of the applicable bondholders under the applicable servicing agreement and indenture, to agree on any replacement servicer within a limited period, failing which any trustee may petition a court to appoint a successor servicer, which could delay a servicing transition and payments on the CRR bonds. In addition, our trustee's first priority perfected security interest in the joint collection account is shared with the WPCo indenture trustee and is subject to the terms of the CRR property intercreditor agreement, rather than being held solely for the benefit of the CRR bondholders. Any of these factors could cause delays in payment of principal of, or interest on, or losses on, the CRR bonds and could reduce the value of your investment.

The CRR bonds are not cross-collateralized with the WPCo Bonds.

Notwithstanding the use of a joint collection account, the CRR bonds are secured only by our bond collateral, which consists principally of the CRR property transferred to us by APCo, the right to bill the CRR charges, the collections of the CRR charge with respect to the CRR property, and the funds allocated to us and held in the joint collection account, payment account and their respective subaccounts. Amounts in the joint collection account are allocated between us and the WPCo issuing entity so that each issuing entity is entitled only to its respective share, and the WPCo Bonds are secured by a separate estate of collateral under a separate indenture. Accordingly, the collateral securing the WPCo Bonds is not available to make payments on the CRR bonds, and you should not assume that any shortfall in CRR charge collections available to pay the CRR bonds would be made up from collateral or collections attributable to the WPCo Bonds. Conversely, our bond collateral and the collections allocated to us are not available to pay the WPCo Bonds, and each trustee holds a security interest only in its own issuing entity's share of the joint collection account. The interdependency between the two series of CRR bonds is therefore limited to the joint collection account and the pro rata allocation of any shortfall in that account described above, and does not extend to the separate CRR property securing each series.

OTHER RISKS ASSOCIATED WITH AN INVESTMENT IN THE CRR BONDS

APCo's indemnification obligations under the sale agreement and the servicing agreement, and WPCo's indemnification obligations under the servicing agreement, are limited and might not be sufficient to protect your investment in the CRR bonds.

APCo is obligated under the sale agreement to indemnify us and the trustee, for itself and on behalf of the CRR bondholders, only in specified circumstances and will not be obligated to repurchase any CRR property in the event of a breach of any of its representations, warranties or covenants regarding the CRR property. Similarly, APCo and WPCo are each obligated under the servicing agreement to indemnify us, the independent managers and the trustee, for itself and on behalf of the CRR bondholders only in specified circumstances. Please read "The Sale Agreement" and "The Servicing Agreement" in this prospectus.

Neither the trustee nor the CRR bondholders will have the right to accelerate payments on the CRR bonds as a result of a breach under the sale agreement or servicing agreement, absent an event of default under the indenture governing the CRR bonds as described in "Description of the CRR Bonds—What Constitutes an Event of Default on the CRR bonds." Furthermore, APCo or WPCo might not have sufficient funds available to satisfy its indemnification obligations under these agreements, and the amount of any indemnification paid by APCo or WPCo might not be sufficient for you to recover all of your investment in the CRR bonds. In addition, if APCo or WPCo becomes obligated to indemnify CRR bondholders, the ratings on the CRR bonds will likely be downgraded as a result of the circumstances causing the breach and the fact that CRR bondholders will be unsecured creditors of APCo or WPCo with respect to any of these indemnification amounts. Neither APCo nor WPCo will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the CRR bonds, or for any consequential damages, including any loss of market value of the CRR bonds resulting from a default or a downgrade of the ratings of the CRR bonds. Please read "The Sale Agreement—APCo's Representations and Warranties" and "—APCo's Obligation to Indemnify Us and the Trustee and to Take Legal Action" in this prospectus.

The credit ratings are no indication of the expected rate of payment of principal on the CRR bonds.

We expect that the CRR bonds will receive credit ratings from at least two nationally recognized statistical rating organizations ("**NRSRO**"). A rating is not a recommendation to buy, sell or hold the CRR bonds. The ratings merely analyze the probability that we will repay the total principal amount of the CRR bonds at the final maturity date (which is later than the scheduled final payment date) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to the expected sinking fund schedule.

Under Rule 17g-5 of the Exchange Act, NRSROs providing APCo, as the sponsor, with the requisite certification will have access to all information posted on a website by APCo for the purpose of determining the initial rating and monitoring the rating after the closing date in respect of the CRR bonds. As a result, an NRSRO other than the NRSRO hired by APCo (the "**hired NRSRO**") may issue ratings on the CRR bonds ("**Unsolicited Ratings**"), which may be lower, and could be significantly lower, than the ratings assigned by the hired NRSROs. The Unsolicited Ratings may be issued prior to, or after, the issuance date of the CRR bonds. Issuance of any Unsolicited Rating will not affect the issuance of the CRR bonds. Issuance of an Unsolicited Rating lower than the ratings assigned by the hired NRSRO on the CRR bonds might adversely affect the value of the CRR bonds and, for regulated entities, could affect the status of the CRR bonds as a legal investment or the capital treatment of the CRR bonds. Investors in the CRR bonds should consult with their legal counsel regarding the effect of the issuance of a rating by a non-hired NRSRO that is lower than the rating of a hired NRSRO. None of APCo, us, the underwriters or any of their affiliates will have any obligation to inform you of any Unsolicited Ratings assigned after the date of this prospectus. In addition, if we or APCo fail to make available to a non-hired NRSRO any information provided to any hired rating agency for the purpose of assigning or monitoring the ratings on the CRR bonds, a hired NRSRO could withdraw its ratings on the CRR bonds, which could adversely affect the market value of the CRR bonds and/or limit your ability to resell the CRR bonds.

The CRR bonds' credit ratings might affect the market value of the CRR bonds.

A downgrading of the credit ratings on the CRR bonds might have an adverse effect on the market value of the CRR bonds. Credit ratings may change at any time. A NRSRO has the authority to revise or withdraw its rating based solely upon its own judgment.

We are issuing several tranches of the CRR bonds.

The financing order authorizes us to issue one or more tranches of CRR bonds. CRR charges collected by APCo and WPCo will be allocated among the tranches of CRR bonds as set forth in the expected sinking fund schedule and the priority of payments set forth under "Description of the CRR Bonds—How Funds in the Payment Account Will Be Allocated" in this prospectus. However, we cannot assure you that the existence of multiple tranches of CRR bonds would not cause reductions or delays in payment on your CRR bonds. In addition, some matters relating to the CRR bonds may require the vote of the CRR bondholders of all tranches of the CRR bonds. Your interests in these votes might conflict with the interests of the beneficial owners of CRR bondholders of another tranche and therefore these votes could result in an outcome that is materially unfavorable to you.

Alternatives to purchasing electricity through APCo's or WPCo's distribution facilities may be more widely utilized by customers in the future.

Broader use of distributed generation by APCo's or WPCo's West Virginia Commission-jurisdictional area customers may result from customers' changing perceptions of the merits of utilizing existing generation technology or from technological developments resulting in smaller-scale, more fuel efficient, more environmentally friendly and/or more cost effective distributed generation. CRR charges, which generally are consumption based, are applied to all existing and future West Virginia Commission-jurisdictional area customers of APCo and WPCo (or their respective successors or assignees) that receive electric service within
the combined service territory of APCo and WPCo in the State of West Virginia.

The absence of a secondary market for the CRR bonds might limit your ability to resell the CRR bonds.

The underwriters for the CRR bonds might assist in resales of the CRR bonds, but they are not required to do so. A secondary market for the CRR bonds might not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow you to resell any of the CRR bonds. We do not

anticipate that the CRR bonds will be listed on any securities exchange. Please read "Plan of Distribution" in this prospectus.

You might receive principal payments for the CRR bonds later than you expect.

The amount and the rate of collection of the CRR charges for the CRR bonds, together with the related CRR charge adjustments, will generally determine whether there is a delay in the scheduled repayments of the CRR bonds principal. If a servicer collects the CRR charges at a slower rate than expected, it might have to request adjustments of the CRR charges. If those adjustments are not timely and accurate, you might experience a delay in payments of principal and interest and a decrease in the value of your investment in the CRR bonds. Please read "Description of the CRR Bonds" in this prospectus.

WPCo is concurrently causing the issuance, by its subsidiary, of additional consumer rate relief bonds secured by the consumer rate relief property that includes consumer rate relief charges on both APCo and WPCo West Virginia Commission-jurisdictional area customers, and APCo may cause the issuance, by another subsidiary or affiliated entity, of additional CRR bonds, or similar bonds, secured by additional similar property that includes a nonbypassable charge on APCo customers, WPCo customers or both.

The expected concurrent issuance by WPCo or its subsidiary of additional consumer rate relief bonds, or any new issuance of CRR bonds, or similar bonds, by another subsidiary or affiliated entity of APCo or WPCo may include terms and provisions that would be unique to that particular issuance, and will be registered on separate registration statements or otherwise exempt from registration. APCo has covenanted in the sale agreement that the satisfaction of the rating agency condition and the execution and delivery of an amendment or possible joinder to the intercreditor agreement are conditions precedent to the sale of additional consumer rate relief property or similar property consisting of nonbypassable charges payable by customers comparable to the CRR property to another subsidiary or affiliated entity. Please read "The Sale Agreement—APCo's Covenants" in this prospectus.

In the event a customer does not pay in full all amounts owed under any bill, including CRR charges, APCo, as initial servicer, and WPCo, as subservicer, are required to allocate any resulting shortfalls in the collection of consumer rate relief charges ratably based on the amounts of CRR charges owed in respect of the CRR bonds, and amounts owed in respect of additional CRR bonds, or similar bonds. However, if a dispute arises with respect to the allocation of such consumer rate relief charges or other delays occur on account of the administrative burdens of making such allocation, we cannot assure you that any new issuance of CRR bonds, or similar bonds, by another subsidiary or affiliated entity of APCo or WPCo would not cause reductions or delays in payment of principal and interest on your CRR bonds.

APCo's and WPCo's operations are subject to risks beyond its control, including cyber-security intrusions, terrorist attacks or other catastrophic events, which could limit APCo's operations and ability to service the CRR property.

Each of APCo and WPCo operates in an industry that requires the use of sophisticated information technology systems and network infrastructure, which control an interconnected system of generation, distribution, and transmission systems shared with third parties. APCo's and WPCo's continued efforts to integrate, consolidate, and streamline its operations have also resulted in increased reliance on current and recently completed projects for technology systems, including but not limited to, a customer information and billing system, automated meter reading systems, and other similar technological tools and initiatives.

APCo and WPCo have been subject to attempted cyberattacks from time to time, but these attacks have not had a material impact on its system or business operations. A successful physical or cyber-security intrusion may occur despite APCo's and WPCo's security measures or those that it requires its vendors to take, which include compliance with reliability standards and critical infrastructure protection standards. Despite the implementation

of security measures, all assets and systems are potentially vulnerable to disability, failures, or unauthorized access due to physical or cyber-security intrusions caused by human error, vendor bugs, terrorist attacks, or other malicious acts. If APCo's or WPCo's assets or systems were to fail, be physically damaged, or be breached, and were not recovered in a timely manner, APCo and WPCo may be unable to perform critical business functions, including the distribution of electricity and the metering and billing of customers, all of which could materially affect APCo's or WPCo's ability to bill and collect CRR charges or otherwise service the CRR property.

If the investment of collected CRR charges and other funds held in the joint collection account or by the trustee in the payment account results in investment losses or the investments become illiquid, you may receive payment of principal and interest on the CRR bonds later than you expect.

Funds held in the joint collection account and by the trustee in the payment account will be invested in eligible investments at the written direction of the servicers. Eligible investments include money market funds having a rating from Moody's and S&P of "Aaa-mf" and "AAAm," respectively. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity is experienced, you might experience a delay in payments of principal and interest on the CRR bonds and a decrease in the value of your investment in the CRR bonds.

Regulatory provisions affecting certain investors could adversely affect the liquidity and the regulatory treatment of investments in the CRR bonds.

Investors should be aware, and in some cases are required to be aware, of certain restrictions and obligations with regard to any securitisation (as such term is defined for purposes of the relevant legislation) imposed:

- in the European Union ("**EU**"), pursuant to Regulation (EU) 2017/2402 relating to a European framework for simple, transparent and standardised securitisation (including any implementing regulation, secondary legislation, technical standards and official guidance related thereto), in each case as amended, varied or substituted from time to time (as amended, the "**EU Securitization Regulation**");
- in the non-EU member states of the European Economic Area ("**EEA**"), pursuant to the EU Securitization Regulation, to the extent (if at all) implemented or applicable in such member states; and
- in the United Kingdom ("**UK**"), pursuant to the regime under the Financial Services and Markets Act 2000, as amended (the "**FSMA**") comprising (a) the Securitisation Regulations 2024 (SI 2024/102), as amended ("**SR 2024**") as well as (b) the Securitisation Part of the Prudential Regulation Authority ("**PRA**") Rulebook (the "**PRA Securitization Rules**") and the securitisation sourcebook ("**SECN**") of the FCA Handbook (collectively, the "**UK Securitization Framework**" and together with the EU Securitization Regulation the "**Securitization Regulations**").

The EU Due Diligence Requirements apply to institutional investors (as defined in the EU Securitization Regulation), being (subject to certain conditions and exceptions) (a) institutions for occupational retirement provision; (b) credit institutions (as defined in Regulation (EU) No 575/2013, as amended (the "**CRR**")); (c) alternative investment fund managers who manage and/or market alternative investment funds in the EU; (d) investment firms (as defined in the CRR); (e) insurance and reinsurance undertakings; and (f) management companies of UCITS funds (or internally managed UCITS); and the EU Due Diligence Requirements apply also to certain consolidated affiliates of such credit institutions and investment firms. Each such institutional investor and each relevant affiliate is referred to herein as an "**EU Institutional Investor**".

The UK Due Diligence Requirements apply to institutional investors (as defined in the UK Securitization Framework) being (subject to certain conditions and exceptions): (a) insurance undertakings and reinsurance

undertakings as defined in the FSMA; (b) trustees or managers of an occupational pension scheme as defined in the FSMA, and certain fund managers appointed under the Pensions Act 1995 in respect of such schemes; (c) alternative investment fund managers as defined in the Alternative Investment Fund Managers Regulations 2013 with permission under Part 4A of the FSMA (in respect of managing an AIF), who market or manage alternative investment funds in the UK (and additionally, small registered UK AIFMs as defined in the Alternative Investment Fund Managers Regulations 2013); (d) UCITS as defined in the FSMA, which are authorised open ended investment companies as defined in the FSMA, and management companies as defined in the FSMA; (e) FCA investment firms as defined in Regulation (EU) No 575/2013 as it forms part of UK domestic law and as amended (the "**UK CRR**"); and (f) CRR firms as defined in the UK CRR; and the UK Due Diligence Requirements apply also to certain consolidated affiliates of such CRR firms. Each such institutional investor and each relevant affiliate is referred to herein as a "**UK Institutional Investor**".

EU Institutional Investors and UK Institutional Investors are referred to together as "**Institutional Investors**"; and a reference to the applicable EU Due Diligence Requirements and the UK Due Diligence Requirements (together and for the purposes of this section, the "**Due Diligence Requirements**") means, in relation to an Institutional Investor, as the case may be, the Due Diligence Requirements to which such Institutional Investor is subject. In addition, for the purpose of the following paragraph, a reference to a "**third country**" means (a) in respect of an EU Institutional Investor and the EU Securitization Regulation, a country other than an EU Member State, or (b) in respect of a UK Institutional Investor and the UK Securitization Framework, a country other than the UK.

The applicable Due Diligence Requirements restrict an Institutional Investor from investing in a securitisation unless:

- in each case, it has verified that the originator, sponsor or original lender will retain, on an ongoing basis, a material net economic interest of not less than five percent. in the securitisation in accordance with the applicable Retention Requirement and the risk retention is disclosed to the Institutional Investor;
- in the case of an EU Institutional Investor, it has verified that the originator, sponsor or SSPE has, where applicable, made available the information required by the EU Transparency Requirements in accordance with the frequency and modalities provided for thereunder;
- in the case of a UK Institutional Investor, it has verified that the originator, sponsor or SSPE has made available sufficient information to enable the investor independently to assess the risks of holding the securitisation position, and has committed to make further information available on an ongoing basis, as appropriate;
- in the case of an EU Institutional Investor, it has verified that, where the originator or original lender either (a) is not a credit institution or an investment firm or (b) is established in a third country, the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness; and
- in the case of a UK Institutional Investor, it has verified that, where the originator or original lender is established in the UK and is not a UK CRR firm or an FCA investment firm, the originator or original lender grants all the credits giving rise to the underlying exposures (unless they are trade receivables not originated in the form of a loan) on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes in accordance with UK SECN 8.2 or Article 9(1) of Chapter 2 of the Securitisation Part of the PRA Rulebook, as amended.

The applicable Due Diligence Requirements further require that an Institutional Investor carry out a due diligence assessment which enables it to assess the risks involved prior to investing, including but not limited to the risk characteristics of the individual investment position and the underlying assets and all the structural features of the securitisation that can materially impact the performance of the investment. In addition, pursuant to the applicable Due Diligence Requirements, while holding an exposure to a securitisation, an Institutional Investor is subject to various monitoring obligations in relation to such exposure, including but not limited to: (a) establishing appropriate written procedures to monitor compliance with the due diligence requirements and the performance of the investment and of the underlying assets; (b) performing stress tests on the cash flows and collateral values supporting the underlying assets; (c) ensuring internal reporting to its management body; and (d) being able to demonstrate to its competent authorities, upon request, that it has a comprehensive and thorough understanding of the investment and underlying assets and that it has implemented written policies and procedures for the risk management and as otherwise required by the applicable Due Diligence Requirements.

If a Competent Authority for an Institutional Investor determines that such Institutional Investor failed to comply with the applicable Due Diligence Requirements in respect of an investment in a securitisation, including as a result of non-compliance with (a) the applicable EU Retention Requirements and/or UK Retention Requirements or (b) the applicable EU Transparency Requirements and/or UK Transparency Requirements, such Institutional Investor is liable to penalties and, if it is subject to regulatory capital requirements, a punitive regulatory capital charge with respect to such securitisation position.

Neither we nor APCo nor any other party to the transactions described in this prospectus, intends, at any time, to retain a material net economic interest in such transactions, or to take any other action with regard to such transactions, in a manner prescribed or contemplated by the Securitization Regulations. In particular, no such party undertakes to take any action, or refrain from taking any action, for purposes of, or in connection with, compliance by any prospective investor (or any other Person) with any applicable requirement thereof.

Neither we nor APCo nor any other party to the transactions described in this prospectus, nor our or each of their respective affiliates, corporate officers or professional advisers or any other person makes any representation, warranty or guarantee that any such information and in any reports provided to investors in relation to this transaction is sufficient for the purposes of complying with the Due Diligence Requirements and no such person shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transactions contemplated hereby to satisfy or otherwise comply with the Securitization Regulations or any other legal, regulatory or other requirements, and no such person shall have any liability to any prospective investor with respect to any deficiency in such information or any failure of the transactions or structure contemplated hereby to comply with or otherwise satisfy such requirements.

Consequently, the CRR bonds may not be a suitable investment for an Institutional Investor. As a result, the price and liquidity of the CRR bonds in the secondary market may be adversely affected.

With respect to the Securitization Regulations, each prospective investor in the CRR bonds is required to independently assess and determine whether the information provided herein (including in respect of the structural features of the transaction) and in any reports provided to investors in relation to this transaction are sufficient to comply with the Securitization Regulations or any other regulatory requirement. Neither we, nor APCo nor any other party to the transactions, nor our or their respective affiliates or any other person makes any representation, warranty or guarantee that any such information or structure is sufficient for such purposes or any other purpose and no such person shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or structure or any failure of the transactions contemplated hereby to satisfy the requirements of the Securitization Regulations or any other regulatory requirement. Each prospective investor in the CRR bonds which is subject to the Due Diligence Requirements of the Securitization Regulations or any other regulatory requirement should consult with its own legal, accounting and other advisors and/or its national regulator to determine whether, and to what extent, such information or structure is sufficient for such purposes and any other requirements of which it is uncertain.

REVIEW OF CRR PROPERTY

Pursuant to the rules of the SEC, APCo, as sponsor, has performed, as described below, a review of the CRR property underlying the CRR bonds. As required by these rules, the review was designed and effected to provide reasonable assurance that disclosure regarding the CRR property is accurate in all material respects. APCo did not engage a third party in conducting its review.

The CRR bonds will be secured under the indenture by the CRR bond collateral. The principal asset of the CRR bond collateral is the CRR property. The CRR property is an existing, present property right authorized and created pursuant to the Securitization Law and an irrevocable financing order. The CRR property includes (a) the irrevocable right to impose, charge, and collect CRR charges in amounts sufficient to pay the scheduled principal of and interest on the CRR bonds and the related ongoing financing costs, (b) the right to obtain adjustments to the CRR charges as provided in the financing order, and (c) any revenues, receipts, collections, rights to payment, payments, money, claims, or other proceeds arising from the rights and interests created under the financing order. The CRR charges are nonbypassable and may not be avoided by any West Virginia retail customer and must be paid by any such customer that receives service from APCo or WPCo (or their successors) for so long as the CRR bonds are outstanding and notwithstanding any change in West Virginia law regarding the ability of retail customers to choose a generation or transmission provider other than APCo or WPCo.

CRR charges will be added to each customer's bill as a separate line item. During the 12 months ended December 31, 2025:

- approximately 41% of APCo's total deliveries in West Virginia were to residential customers, approximately 26% were to commercial customers, and approximately 33% were to industrial customers;
- approximately 73% of APCo's total deliveries in West Virginia were to retail customers at distribution voltage and 27% were to customers at transmission voltage;
- approximately 8% of WPCo's total deliveries in West Virginia were to residential customers, approximately 8% were to commercial customers, and approximately 84% were to industrial customers;
- approximately 20% of WPCo's total deliveries in West Virginia were to retail customers at distribution voltage and 80% were to customers at transmission voltage;

The CRR property is not a static pool of receivables or assets. CRR charges authorized in the financing order are irrevocable and not subject to reduction, alteration or impairment by further action of the West Virginia Commission until the related consumer rate relief bonds and all approved financing costs are paid in full, except that CRR charges are subject to the true-up adjustment mechanism to correct for over-collections and under-collections and otherwise ensure the projected recovery amounts sufficient to provide for the full and timely payment of the scheduled principal of and interest on the CRR bonds and the related ongoing financing costs. There is no cap on the level of CRR charges that may be imposed on retail customers to meet the scheduled principal of and interest on the CRR bonds and the related ongoing financing costs. Any revenues and collections resulting from CRR charges provided for in the financing order are part of the CRR property. The CRR property is described in more detail under "Description of the CRR Property" in this prospectus.

In the financing order, the West Virginia Commission, among other things:

- authorizes and orders that APCo and WPCo, each acting as a servicer for retail customers in its respective service territory, shall impose, charge, and collect from existing and future West Virginia retail customers of APCo, WPCo and of any of their respective successors CRR charges in an amount sufficient to provide for the full and timely payment of the scheduled principal of and interest on the CRR bonds and the related ongoing financing costs, with those charges appearing as a separate line item on customers' bills;

- orders that, upon the transfer of the CRR property by APCo to us, all of APCo's rights, title, and interest under the financing order become CRR property, and we will have all of APCo's rights, title, and interest with respect to the CRR property, including the right to impose, charge, and collect the CRR charges, and APCo and WPCo (or any successor servicers) will bill and collect the CRR charges for our benefit; and
- pledges that the financing order is irrevocable and that, except for changes made pursuant to the true-up adjustment mechanism authorized under the financing order, the West Virginia Commission will not reduce, alter or impair, the CRR charges approved in the financing order, or impair the CRR property or the collection of the CRR charges or the recovery of the total securitized costs (including upfront financing costs) and ongoing financing costs until the related consumer rate relief bonds are paid in full. In addition, as provided in the Securitization Law, the State of West Virginia has pledged, for the benefit and protection of the CRR bondholders, assignees, and financing parties, that it will not take or permit any action that impairs the value of the CRR property, or, except pursuant to the true-up adjustment mechanism, reduce, alter, or impair the CRR charges to be imposed, charged, collected, or remitted for their benefit, until the principal of, interest on, and redemption premium (if any) in respect of the CRR bonds, all financing costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement have been paid or performed in full.

Please read "The Securitization Law" and "The Financing Order" in this prospectus for more information.

The characteristics of CRR property are unlike the characteristics of assets underlying mortgage and other commercial asset securitizations because CRR property is a creature of statute and state regulatory commission proceedings. Because the nature and characteristics of the CRR property and many elements of the CRR bonds securitization are set forth and constrained by the Securitization Law, APCo, as sponsor, does not select the assets to be securitized in ways common to many securitizations. Moreover, the CRR bonds do not contain origination or underwriting elements similar to typical mortgage or other loan transactions involved in other forms of asset-backed securities. Under the Securitization Law and the financing order, the CRR charges are nonbypassable and may not be avoided by any West Virginia retail customer and must be paid by any such customer that receives service from APCo or WPCo (or their successors) for so long as the CRR bonds are outstanding. Please read "The CRR Charges" in this prospectus. Because the CRR charges are assessed against all such customers and the true-up adjustment mechanism adjusts, without any caps, to correct for undercollections (including the impact of customer defaults) and overcollections, the collectability of the CRR charges is not ultimately dependent upon the credit quality of particular APCo customers, as would be the case in the absence of the true-up adjustment mechanism.

The review by APCo of the CRR property underlying the CRR bonds has involved a number of discrete steps and elements as described in more detail below. First, APCo has analyzed and applied the securitization provisions of the Securitization Law's requirements for securitization of consumer rate relief costs in its application to the West Virginia Commission for a financing order, and in seeking the West Virginia Commission's issuance of the financing order, with respect to the characteristics of the CRR property to be created pursuant to the Securitization Law and the financing order. APCo worked with its counsel in preparing the application for a financing order and with the West Virginia Commission on the terms of the financing order. Moreover, APCo worked with its counsel and counsel to the underwriters in preparing the legal agreements that provide for the terms of the CRR bonds and the security for the CRR bonds. APCo has analyzed economic issues and practical issues for the scheduled payment of the CRR bonds.

In light of the unique nature of the CRR property, APCo has taken (or prior to the offering of the CRR bonds, will take) the following actions in connection with its review of the CRR property and the preparation of the disclosure for inclusion in this prospectus describing the CRR property, the CRR bonds and the proposed securitization:

- reviewed the securitization provisions of the Securitization Law, the rules and regulations of the West Virginia Commission as they relate to the CRR property in connection with the preparation and filing

of the application with the West Virginia Commission for the approval of the financing order in order to confirm that the application and proposed financing order satisfied applicable statutory and regulatory requirements;

- actively participated in the proceeding before the West Virginia Commission relating to the approval of the requested financing order;
- compared the financing order, as issued by the West Virginia Commission, to the securitization provisions of the Securitization Law and the rules and regulations of the West Virginia Commission as they relate to the CRR property to confirm that the financing order met such requirements;
- compared the proposed terms of the CRR bonds to the applicable requirements in the securitization provisions of the Securitization Law, the financing order and the regulations of the West Virginia Commission to confirm that they met such requirements;
- prepared and reviewed the agreements to be entered into in connection with the issuance of the CRR bonds and compared such agreements to the applicable requirements in the securitization provisions of the Securitization Law, the financing order and the regulations of the West Virginia Commission to confirm that they met such requirements;
- reviewed the disclosure in this prospectus regarding the securitization provisions of the Securitization Law, the financing order and the agreements to be entered into in connection with the issuance of the CRR bonds, and compared such descriptions to the relevant securitization provisions of the Securitization Law, the financing order and such agreements to confirm the accuracy of such descriptions;
- consulted with legal counsel to assess if there is a basis upon which the CRR bondholders (or the trustee acting on their behalf) could successfully challenge the constitutionality of any legislative action by the State of West Virginia (including the West Virginia Commission) that could repeal or amend the securitization provisions of the Securitization Law that could substantially impair the value of the CRR property, or substantially reduce, alter or impair the CRR charges;
- reviewed the process and procedures in place for it, as servicer, to perform its obligations under the servicing agreement, including without limitation, billing and collecting the CRR charges to be provided for under the CRR property, forecasting CRR charge revenues, preparing and filing applications for true-up adjustments to the CRR charges and enforcing credit standards;
- reviewed the operation of the true-up mechanism for adjusting CRR charge levels to meet the scheduled payments on the CRR bonds; and
- with the assistance of the underwriters, prepared financial models in order to set the initial CRR charges to be provided for under the CRR property at a level sufficient to pay on a timely basis scheduled principal and interest on the CRR bonds.

In connection with the preparation of such models, APCo:

- reviewed (a) the historical electric usage and customer growth within APCo's and WPCo's West Virginia Commission-jurisdictional area customer base; and (b) forecasts of expected energy sales and customer growth; and
- analyzed the sensitivity of the weighted average life of the CRR bonds in relation to variances in actual electricity consumption levels (electric sales at distribution voltage) from forecasted levels and in relation to the true-up mechanism in order to assess the probability that the weighted average life of the CRR bonds may be extended as a result of such variances, and in the context of the operation of the true-up mechanism for adjustment of CRR charges to address under- or over-collections in light of scheduled payments on the CRR bonds.

As a result of this review, APCo has concluded that:

- the CRR property, the financing order and the agreements to be entered into in connection with the issuance of the CRR bonds meet in all material respects the applicable statutory and regulatory requirements;
- the disclosure in this prospectus regarding the securitization provisions of the Securitization Law, the financing order and the agreements to be entered into in connection with the issuance of the CRR bonds is as of its date, accurate in all material respects;
- the servicers have adequate processes and procedures in place to perform its obligations under the servicing agreement;
- CRR charge revenues, as adjusted from time to time as provided in the securitization provisions of the Securitization Law and the financing order, are expected to be sufficient to pay on a timely basis scheduled principal and interest on the CRR bonds; and
- the design and scope of APCo's review of the CRR property as described above is effective to provide reasonable assurance that the disclosure regarding the CRR property in this prospectus is accurate in all material respects.

DESCRIPTION OF THE CRR PROPERTY

Creation of CRR Property; Financing Order

In accordance with the Securitization Law, the financing order created a single "consumer rate relief property" that is jointly owned by APCo and WPCo. Such consumer rate relief property grants each of APCo and WPCo the right to impose, charge and collect consumer rate relief charges in amounts necessary to recover all principal and interest on the bonds issued by the respective issuing entity plus the related ongoing financing costs incurred by or allocable to each issuing entity. APCo's interest in such consumer rate relief property created pursuant to the financing order and under the Securitization Law and transferred, sold, conveyed or assigned to us pursuant to the sale agreement, including the right to impose, charge, and collect CRR charges authorized in the financing order, the right to obtain adjustments to those CRR charges as provided in the financing order, and any revenues, receipts, collections, rights to payment, payments, moneys, claims, or other proceeds arising from the rights and interests of APCo created under the financing order collectively constitute the CRR property. The CRR bonds will be secured by the CRR property, as well as the other collateral described under "Description of the CRR Bonds—The Security for the CRR Bonds."

In addition to the right to impose, charge, and collect CRR charges, the financing order:

- authorizes the transfer of the CRR property to us and the issuance of CRR bonds;
- establishes procedures for annual true-up adjustments to the CRR charges to correct for over-collections and under-collections, mandatory interim true-up adjustments made semi-annually (and, beginning 12 months prior to the scheduled final payment date for the latest maturing tranche of each series, quarterly) if the servicers forecast that CRR charge collections will be insufficient, interim true-up adjustments at other times, and nonstandard true-up adjustments; and
- provides that the financing order is irrevocable and that, except for changes made pursuant to the adjustment mechanism authorized under the financing order, the West Virginia Commission may not reduce, alter or impair the CRR charges approved in the financing order, or impair the CRR property or the collection of the CRR charges until the related consumer rate relief bonds and all approved financing costs are paid in full.

A form of issuance advice letter and a form of tariff rider (such rider referred to herein as the "**CRRC Schedule**") are attached to the financing order. Following the determination of the final terms of the CRR bonds, the applicants, as servicers, will jointly complete and file the issuance advice letter with the West Virginia Commission no later than the end of the first business day after the pricing date of the CRR bonds. The issuance advice letter will report the final structure and terms of the CRR bonds, provide the best available estimate of total ongoing financing costs, and set forth the actual dollar amount of the initial CRR charges, as described below under "The Financing Order—Issuance Advice Letter." The West Virginia Commission's review of the issuance advice letter will be limited to the arithmetic accuracy of the calculations and compliance with the Securitization Law, the financing order, and the specific requirements set forth in the issuance advice letter. The initial CRR charges and the final terms of the CRR bonds set forth in the issuance advice letter will become effective on the date of issuance of the CRR bonds unless, prior to noon on the fourth business day after the West Virginia Commission receives the issuance advice letter, the West Virginia Commission issues a disapproval order.

CRRC Schedule; CRR Charges

The CRRC Schedule establishes the initial CRR charges. It also implements the procedures for periodic adjustments to the CRR charges, the payment of CRR charges, and the procedures allowing each of APCo and WPCo, as servicers, to reconcile the amount of CRR charge remittances with the periodic payment requirement. The CRR charges are nonbypassable and may not be avoided by any West Virginia retail customer and must be paid by any such customer that receives service from APCo or WPCo (or their successors) for so long as the CRR bonds are outstanding. Please read "The Securitization Law—CRR Charges Are Nonbypassable" in this prospectus.

For purposes of billing CRR charges, each customer will be designated as a customer belonging to one of the CRR Revenue Groups, and the CRR charges will be allocated among the CRR Revenue Groups, in the manner set forth in the financing order. Accordingly, APCo and WPCo will initially allocate the CRR charges among the CRR Revenue Groups as follows:

CRR Revenue Groups

1. APCo Revenue Groups

Revenue Group	Allocation Percentage
Residential	31.54%
Commercial	15.38%
Industrial	31.08%
Total*	78.00%

* Total may not add up due to rounding.

2. WPCo Revenue Groups

Revenue Group	Allocation Percentage
Residential	8.89%
Commercial	4.34%
Industrial	8.77%
Total*	22.00%

* Total may not add up due to rounding.

3. Combined Revenue Groups

Revenue Group	Allocation Percentage
Residential	40.43%
Commercial	19.72%
Industrial	39.85%
Total*	100.00%

* Total may not add up due to rounding.

The financing order provides that the allocation percentages established for the CRR Revenue Groups will remain in effect for all future standard true-up adjustments unless and until modified pursuant to a nonstandard true-up adjustment. Upon the occurrence of a significant change from historical conditions of operation, the servicers must jointly file for a nonstandard true-up adjustment with the West Virginia Commission to reallocate the CRR charges among the CRR Revenue Groups. For this purpose, a significant change is deemed to have occurred if the applicants collectively experience or project an increase or decrease of ten percent or more in the billing determinants that are the basis for the allocation factor for any CRR Revenue Group, calculated by comparing the revised forecasted allocator for that group against the then-applicable threshold forecasted allocator. Please read “The Servicing Agreement—CRR Charge Adjustment Process” in this prospectus.

The nonbypassable charge applicable to each CRR Revenue Group for any period will be determined based on the allocation percentage of such class and the periodic billing requirement, which includes the amount necessary to make payments on the CRR bonds and pay ongoing financing costs for the related period, and the most recent forecast of billing determinants for that class. The periodic billing requirement represents the

aggregate dollar amount of the CRR charges that must be billed during the period so that the projected CRR charge collections will be sufficient to meet, on a timely basis, the entire aggregate periodic payment requirement for that period, based upon: (a) forecasted usage data for the period; (b) forecasted uncollectibles for the period; and (c) projected lags in the collection of billed CRR charges for the period. In the true-up process, the over-collection or under-collection from any prior period will be added to or subtracted from, as the case may be, the periodic billing requirement for the upcoming period.

The true-up adjustment methodology approved in the financing order requires that any delinquencies or under-collections, regardless of the customer class in which they arise, are reflected in the cumulative difference between the periodic payment requirement and actual collections and are taken into account in the application of the true-up mechanism.

The CRR charges will be calculated to recover the periodic payment requirement for the CRR bonds, including the financing costs (consisting of the remaining upfront financing costs and ongoing financing costs), and will be allocated among the CRR Revenue Groups in accordance with the cost classification and allocation methodology approved in the financing order. The CRR charges for each class will then be determined using the most recent forecast of billing determinants for that class, consistent with the tariff and true-up methodology approved in the financing order.

The initial CRR charge would represent approximately % of the total bill for a typical 1,000 kWh/month West Virginia Commission-jurisdictional area customer as of , 20 .

Billing and Collection Terms and Conditions

APCo and WPCo each bills its customers, on average, every business day based on a 21-day cycle. Residential and most commercial customers are billed in established cycles, with the total number of days between meter readings ranging from 28 to 30 days. Commercial and industrial customers with more complex billing arrangements (normally dictated by contractual terms) are manually billed on a calendar month basis.

CRR charges will be collected by the servicers. The servicers will remit CRR charge collections to the joint collection account under the terms of the indenture, the servicing agreement, and the intercreditor agreements. On each servicer business day, each servicer will remit to the joint collection account the CRR charge payments estimated to have been received on that day (based on the billed CRR charges and the weighted average days outstanding then in effect, reduced by the system-wide charge-off percentage), subject to subsequent reconciliation with actual customer receipts, in accordance with the procedures described below under “The Servicing Agreement—Remittances to Joint Collection Account.”

So long as the intercreditor agreements are in effect, each of APCo and WPCo will allocate, or cause to be allocated, amounts owed to us and the other recipients of remittances described therein in accordance with the terms of the intercreditor agreements. Any amounts collected by APCo or WPCo, as applicable, that represent partial payments of: (a) if any intercreditor agreement remains in effect, the portion of the customer bill allocable to CRR charges pursuant to the terms of such intercreditor agreement; or (b) otherwise, the amount paid by a customer will be applied to all charges on such customer’s bill, including without limitation electric service charges and all consumer rate relief charges (under the financing order or future financing orders) and all similar securitization charges, based, as to a bill with charges covering more than one month, on the chronological order of billing, and, as to those charges with the same billing date, on a pro-rata basis. In addition, subject to any applicable intercreditor agreements, in the event APCo sponsors future offerings of CRR bonds or other securitization bonds, partial collections representing CRR charges and any other similar securitization charges shall be allocated among all such securitization bonds on a pro-rata basis based upon the amounts billed with respect to each issuance of securitization bonds.

THE SECURITIZATION LAW

Overview

In 2023, the West Virginia Legislature enacted legislation authorizing the securitization of certain utility costs (referred to herein as the "**Securitization Law**"), establishing a financing mechanism through which APCo and WPCo can use securitization financing for consumer rate relief costs by issuing "consumer rate relief bonds." The consumer rate relief bonds must be approved in a financing order issued by the West Virginia Commission. The Securitization Law is codified at W. Va. Code § 24-2-4h. A qualifying utility subject to the jurisdiction of the West Virginia Commission must apply to, and obtain a financing order from, the West Virginia Commission in order to be authorized to issue consumer rate relief bonds. Under the Securitization Law, a qualifying utility includes an affiliated electric utility, such as WPCo, that has applied jointly for and receives a financing order.

APCo and WPCo jointly, as a collective qualifying utility, applied for a financing order under the Securitization Law, which was issued on March 31, 2026. The original financing order became final and no longer subject to appeal on April 30, 2026. The July 21, 2026 order that modified the original financing order became final and no longer subject to appeal on August 20, 2026.

Under the Securitization Law and the financing order, APCo's and WPCo's West Virginia Commission-jurisdictional area customers will pay CRR charges, which are nonbypassable charges included in their charges for electric service. CRR charges will fund the payment of principal of and interest on the CRR bonds, together with related ongoing financing costs. CRR charges will be collected from APCo customers by APCo, as initial servicer, or its successor or assignee, and from WPCo customers by WPCo, as initial subservicer, or its successor or assignee, in each case as provided for in the financing order. CRR charges are required to be reviewed and adjusted at least annually, and more frequently as provided in the financing order, to correct overcollections or undercollections and otherwise to ensure the projected recovery of amounts sufficient to provide for the full and timely payment of the scheduled principal of and interest on the CRR bonds and related ongoing financing costs.

APCo and Other Qualifying Utilities May Securitize Consumer Rate Relief Costs and Related Financing and Ongoing Costs

We May Issue CRR Bonds to Recover APCo's Consumer Rate Relief Costs.

Under the Securitization Law, the West Virginia Commission may issue financing orders approving the issuance of consumer rate relief bonds, such as the CRR bonds, to recover certain costs of APCo, including the eligible costs to be securitized (which may include environmental control costs, expanded net energy costs, storm recovery costs, and undepreciated generation utility plant balances) and the related upfront and ongoing financing costs associated with the issuance of the CRR bonds. APCo, its successors, or an assignee may issue consumer rate relief bonds. The Securitization Law requires the proceeds of the consumer rate relief bonds to be used for the recovery of the eligible costs to be securitized that occasioned their issuance, including the retirement of related debt or equity, and for no other purpose. The CRR bonds are secured by and payable from the CRR property, which includes the right to impose, charge, and collect the CRR charges, the right to obtain adjustments to those charges as provided in the financing order, and any revenues, receipts, collections, rights to payment, payments, money, claims, or other proceeds arising from the rights and interests created under the financing order. Under the financing order, the latest scheduled final payment date of any series of CRR bonds is required to be no later than 33 years from the date of issuance of such series, and the latest legal final maturity date is required to be no later than 35 years after issuance of such series; the legal final maturity date of each tranche is later than the scheduled final payment date for such tranche.

Under the financing order, the CRR charges generally are to be allocated among the CRR Revenue Groups in accordance with the cost classification and allocation methodology approved in the financing order. CRR charges can be imposed only when and to the extent that CRR bonds are issued.

The Securitization Law contains a number of provisions designed to facilitate the securitization of consumer rate relief costs and related upfront and ongoing financing costs.

Creation of CRR Property.

As authorized by the Securitization Law, and provided by the financing order, the CRR property is approved and, upon its transfer to us, the CRR property will be created and will consist of (a) the property rights and interests of APCo, or an assignee, under the financing order, including the right to impose, charge, and collect the CRR charges that will be used to pay and secure the payment of CRR Bonds and financing costs authorized in the financing order and the right to obtain adjustments to those charges as provided in the financing order, and (b) any revenues, receipts, collections, rights to payment, payments, money, claims, or other proceeds arising from the rights and interests created under the financing order. The creation of the CRR property is conditioned upon, and will be simultaneous with, the sale or other transfer of the CRR property to us and the pledge of the CRR property to secure the CRR bonds, in connection with the issuance of the CRR bonds.

A Financing Order is Irrevocable.

A financing order, once effective, together with the consumer rate relief charges authorized in such financing order, is irrevocable and not subject to amendment or modification by the West Virginia Commission, except for true-up adjustments pursuant to the Securitization Law in order to correct over-collections or under-collections and to ensure the projected recovery of amounts sufficient to provide full and timely payment of debt service and all other upfront and ongoing financing costs in connection with the related consumer rate relief bonds. Although a financing order is irrevocable, the Securitization Law permits the West Virginia Commission, upon petition or upon its own motion, to commence a proceeding and issue a subsequent financing order providing for the retiring and refunding of CRR bonds issued under the financing order, if the West Virginia Commission finds that the subsequent financing order satisfies the statutory requirements and does not violate the terms of the outstanding CRR bonds.

State of West Virginia and West Virginia Commission Pledges.

The State of West Virginia has pledged in the Securitization Law, for the benefit and protection of the CRR bondholders, assignees, and financing parties, that it will not take or permit any action that impairs the value of the CRR property, or revises the consumer rate relief costs for which recovery is authorized under the financing order, or, except pursuant to the true-up adjustments discussed in "The Financing Order—True-Ups" and "The Servicing Agreement—CRR Charge Adjustment Process," reduce, alter, or impair the CRR charges to be imposed, charged, collected, or remitted for the benefit of the CRR bondholders, assignees, and financing parties, until the principal of, interest on, and redemption premium (if any) in respect of the CRR bonds, all financing costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement have been paid or performed in full. We are authorized to include this pledge in the documentation relating to the CRR bonds. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" in this prospectus.

The West Virginia Commission is a state agency created and continued under Chapter 24 of the West Virginia Code and has jurisdiction over APCo. As expressly provided in the financing order, the financing order is irrevocable, and, except for changes made pursuant to the formula-based true-up adjustment mechanism authorized in the financing order, the West Virginia Commission may not impair, postpone or terminate the CRR charges approved in the financing order, or impair the CRR property or the collection of the CRR charges or the recovery of the total securitized costs (including upfront financing costs) and ongoing financing costs, until the CRR bonds and the related financing costs have been paid in full. No adjustment through the true-up adjustment mechanism will affect the irrevocability of the financing order. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" in this prospectus.

The electorate of the State of West Virginia does not have the power to enact new laws, constitutional amendments or repeal existing laws. The West Virginia Constitution vests the power to enact or repeal laws solely in the Legislature. Thus, absent an amendment of the West Virginia Constitution to provide for such rights, the Securitization Law cannot be amended or repealed by direct action of the electorate of the State of West Virginia.

Constitutional Matters

To date, no federal or West Virginia cases addressing the repeal or amendment of the Securitization Law or securitization provisions analogous to those contained in the Securitization Law have been decided. There have been cases in which federal courts have applied the Contract Clause of the United States Constitution to strike down legislation regarding similar matters (such as legislation reducing or eliminating taxes, public charges or other sources of revenues servicing other types of bonds issued by public instrumentalities or private issuers) or otherwise substantially impairing or eliminating the security for bonds or other indebtedness. However, while West Virginia courts apply the Contract Clause of the West Virginia Constitution set forth in West Virginia Constitution Art. III, § 4 in a similar manner to the Contract Clause of the United States Constitution, West Virginia courts have not addressed the Contract Clause of the West Virginia Constitution in the context of similar utility securitizations, leaving the federal Contract Clause as the better-tested constitutional contract clause challenge to any legislation that substantially impairs private contractual rights with respect to the CRR bonds.

Based upon this case law, Sidley Austin LLP, as counsel to APCo and us, with respect to the Contract Clause of the United States Constitution, and Steptoe & Johnson PLLC, as West Virginia counsel to APCo and us, with respect to the Contract Clause of the West Virginia Constitution, expect to deliver opinions prior to the closing of the offering of the CRR bonds described in this prospectus to the effect that, for the purposes of the Contract Clause of the United States Constitution and the Contract Clause of the West Virginia Constitution, respectively, the state pledge described above unambiguously indicates the State of West Virginia's intent to be bound with the holders of the CRR bonds and, subject to all of the qualifications, limitations and assumptions set forth in their opinions, supports the conclusion that, for the purposes of the Contract Clause of the United States Constitution and the Contract Clause of the West Virginia Constitution, respectively, the state pledge constitutes a binding contractual relationship between the State of West Virginia and the holders of the CRR bonds.

Subject to all of the qualifications, limitations and assumptions set forth in such opinion, including that any impairment of the contract be "substantial," (a) the opinion of Sidley Austin LLP with respect to the Contract Clause of the United States Constitution is expected to state that a reviewing court of competent jurisdiction would conclude that, absent a demonstration by the State of West Virginia that the same is necessary to further a significant and legitimate public purpose, the holders of the CRR bonds could successfully challenge under the Contract Clause of the United States the constitutionality of any action by the West Virginia legislature which becomes law and any action of a legislative character of the West Virginia Commission, including any action to rescind or amend the financing order, provided that such action is determined by such court to limit, alter, impair or reduce the value of the CRR charges or CRR property or otherwise cause an impairment of the terms of the CRR bonds or the rights and remedies of the holders of the CRR bonds prior to the time that the CRR bonds are fully paid and discharged, and (b) the opinion of Steptoe & Johnson PLLC with respect to the Contract Clause of the West Virginia Constitution is expected to state that a reviewing West Virginia court of competent jurisdiction would conclude that the state pledge constitutes a contractual relationship which provides a basis for the holders of the CRR bonds to successfully challenge under the Contract Clause of the West Virginia Constitution any action by the legislature of the State of West Virginia and any action of a legislative character by the West Virginia Commission, including any action to rescind or amend the financing order, provided that such action violates the state pledge in a manner that substantially impairs or would substantially impair the value of the CRR charges or CRR property prior to the time that the CRR bonds are paid and performed in full, unless the action is a proper exercise of the State of West Virginia's police power and the adjustment of the rights and responsibilities with respect to the CRR bonds are based upon reasonable conditions and of a character appropriate to the public purpose justifying the action.

In addition, any action of the West Virginia legislature adversely affecting the CRR property or the ability to collect CRR charges may be considered a "taking" under the United States or West Virginia Constitutions. Sidley Austin LLP has advised us that it is not aware of any federal court cases, and Steptoe & Johnson PLLC has advised us that it is not aware of any West Virginia court cases, addressing the applicability of the Takings Clause of the United States or West Virginia Constitution, respectively, in a situation analogous to an amendment or repeal of the Securitization Law. It is possible that a court would decline even to apply a Takings Clause analysis to a claim based on an amendment or repeal of the Securitization Law because such court might determine that a Contract Clause analysis rather than a Takings Clause analysis should be applied. Accordingly, while the application is uncertain (a) assuming applicable courts would apply a Takings Clause analysis under the Takings Clause of the United States Constitution, the opinion of Sidley Austin LLP is expected to state that, under the Takings Clause of the United States Constitution, the State of West Virginia would be required to pay just compensation to holders of the CRR bonds if the State of West Virginia, including through a legislative action of the West Virginia Commission, repealed or amended the Securitization Law or took any other action in contravention of the state pledge and doing so (i) constituted a permanent appropriation of a substantial property interest of the holders of the CRR property or denied all economically productive use of the CRR property, (ii) destroyed the CRR property other than in response to emergency conditions, or (iii) substantially impaired the value of the CRR property or the CRR charges (other than as contemplated under the formula-based true-up mechanism authorized by the Securitization Law and the financing order) so as to unduly interfere with the reasonable expectations of the holders of the CRR bonds arising from their investments in the bonds and (b) although there is an absence of judicial precedent directly on point, and assuming applicable West Virginia courts would apply a Takings Clause analysis under the Takings Clause of the West Virginia Constitution, the opinion of Steptoe & Johnson PLLC is expected to state that, under the Takings Clause of the West Virginia Constitution, a reviewing West Virginia court of competent jurisdiction would hold that the state would be required to pay just compensation to holders of the CRR bonds if the state of West Virginia, including through a legislative action of the West Virginia Commission, repealed or amended the Securitization Law or took any other action in contravention of the state pledge and doing so (i) constituted a permanent appropriation of a substantial property interest of the holders of the CRR bonds in the CRR property or denied all economically productive use of the CRR property, (ii) destroyed the CRR property other than in response to emergency conditions, or (iii) substantially impaired the value of the CRR property or the CRR charges (other than as contemplated under the formula-based true-up mechanism authorized by the Securitization Law and the financing order) so as to unduly interfere with the reasonable expectations of the holders of the CRR bonds arising from their investments in the bonds. In examining whether action of the West Virginia legislature amounts to a regulatory taking, both federal and state courts may consider the character of the governmental action, the economic impact of the governmental action on the holders of the CRR bonds, and the extent to which the governmental action interferes with distinct investment-backed expectations. There is no assurance, however, that any such award of compensation would be sufficient to pay the full amount of principal and interest on the CRR bonds.

In connection with the foregoing, Sidley Austin LLP has advised us that issues relating to the Contract and Takings Clauses of the United States Constitution, and Steptoe & Johnson PLLC has advised us that issues relating to the Contract and Takings Clauses of the West Virginia Constitution, are typically analyzed on a case-by-case basis and that the courts' determinations, in most cases, are usually strongly influenced by the facts and circumstances of the particular case. Each has further advised us that there are no reported controlling judicial precedents that are directly on point. The opinions described above will be subject to the qualifications included in them. The degree of impairment necessary to meet the standards for relief under a Takings Clause analysis or Contract Clause analysis could be substantially in excess of what a holder of the CRR bonds would consider material.

In addition, Steptoe & Johnson PLLC expects to render an opinion prior to the closing of the offering of the CRR bonds described in this prospectus to the effect that the Securitization Law was duly enacted by the West Virginia legislature in accordance with all applicable laws of the State of West Virginia, is in full force and effect, and Steptoe & Johnson PLLC is unaware of any pending appeal or litigation challenging the validity of the Securitization Law.

We and APCo will file a copy of each of the Sidley Austin LLP and Steptoe & Johnson PLLC opinions as exhibits to an amendment to the registration statement of which this prospectus is a part or to one of our periodic filings with the SEC.

For a discussion of risks associated with potential judicial, legislative or regulatory actions, please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" in this prospectus.

The West Virginia Commission May Adjust CRR Charges and CRR Revenue Group Allocations

The Securitization Law authorizes the West Virginia Commission to provide, and the West Virginia Commission has provided, in the financing order, that CRR charges be adjusted at least annually. The purposes of these true-up adjustments are:

- to correct any over-collections or under-collections; and
- to ensure the projected recovery of amounts sufficient to provide full and timely payment of debt service and all other financing costs (including any necessary replenishment of the capital subaccount).

True-up adjustments will additionally be applied semi-annually (and, beginning 12 months prior to the last scheduled final payment date of the last maturing tranche, quarterly) if a servicer forecasts a shortfall in CRR charge collections to ensure the amount of CRR charges collected is sufficient to make all scheduled payments of principal of and interest on the CRR bonds and ongoing financing costs on a timely basis, including to replenish draws on the capital subaccount.

In addition to these annual, semi-annual and quarterly true-up adjustments, APCo and WPCo will also be authorized to apply the true-up mechanism more frequently to make interim true-up adjustments from time-to-time in order to ensure recovery of amounts sufficient to the timely and full payment of interest and scheduled principal on the CRR bonds and other required amounts and charges in connection with the CRR bonds.

The financing order also provides for a nonstandard true-up to adjust, if necessary, CRR Revenue Group allocations. If the servicers jointly determine that, as a result of significant changes from historical conditions of operation, such as the addition or loss of significant electric load, or a merger of an applicant with another utility and a resulting expansion of its retail customer base, it is necessary to adjust the percentages used to allocate the CRR charges among the applicants' CRR Revenue Groups, then the servicers must file a nonstandard true-up with the West Virginia Commission.

CRR Charges Are Nonbypassable

The Securitization Law and financing order provide that the CRR charges are nonbypassable. The CRR charges are: (a) imposed on and part of all retail customer bills; (b) collected by APCo and WPCo or their respective successors or assignees (or a collection agent) separate and apart from base rates; and (c) paid by any retail customers that receive service from APCo or WPCo or their successors so long as the CRR bonds are outstanding.

Any successor to APCo or WPCo, including after reorganization, bankruptcy, merger, sale, or electric utility restructuring, must perform and satisfy APCo's or WPCo's obligations, as applicable, under the financing order in the same manner and to the same extent as APCo or WPCo, as applicable, including billing, collecting, and remitting the CRR charges. Selecting another supplier for electricity supply service does not permit a customer to bypass the CRR charges so long as the customer remains a retail customer within APCo's or WPCo's West Virginia service territory.

The Securitization Law Protects the CRR Bondholders' Security Interest in CRR Property

The Securitization Law provides that a valid and binding security interest in CRR property under a final financing order will be created after all of the following have occurred: (a) a security agreement granting such security interest is executed and delivered by the debtor or seller and (b) value is received for such CRR bonds. The security interest attaches without physical delivery of collateral or other act, and upon filing of a financing statement with the Office of the Secretary of State of West Virginia.

Upon perfection by filing a financing statement in accordance with § 24-2-4h(o)(4) of the Securitization Law and otherwise in accordance with the West Virginia Uniform Commercial Code, the security interest will be valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the person granting the security interest, regardless of whether the parties have notice of the lien. Upon the filing of a financing statement with respect to a transfer in accordance with § 24-2-4h(o)(2) of the Securitization Law and a financing statement with respect to the security interest in accordance with § 24-2-4h(o)(4) of the Securitization Law, a transfer of an interest in the CRR property shall be perfected against all parties having claims of any kind, including any judicial or other lien creditors or any claims of the transferor or creditors of the transferor, and shall have priority over all competing claims other than any prior security interest, ownership interest, or assignment in the property previously perfected in accordance with the Securitization Law.

The Securitization Law provides that priority of transfers of and security interests in CRR property will not be impaired by:

- commingling of funds arising from CRR charges with other funds; or
- any application of the true-up adjustment under the financing order.

Please read "Risk Factors—Risks Associated with the Unusual Nature of the CRR Property" in this prospectus.

The Securitization Law Characterizes the Transfer of CRR Property as a True Sale

The Securitization Law provides that any sale, assignment, or other transfer of CRR property shall be an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the transferor's right, title, and interest in, to, and under the CRR property, if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer. For all purposes other than federal and state income tax purposes, the parties' characterization of a transaction as a sale of an interest in CRR property shall be conclusive that the transaction is a true sale and that ownership has passed to the party characterized as the purchaser, regardless of any fact or circumstance that might support characterization of the transfer as a secured transaction. Please read "The Sale Agreement" and "Risk Factors—Risks Associated with Potential Bankruptcy Proceedings of the Seller or a Servicer" in this prospectus.

THE FINANCING ORDER

Background. APCo's and WPCo's West Virginia Commission-jurisdictional area incurred substantial costs associated with (a) Expanded Net Energy Cost (ENEC) under-recovery balances, (b) the West Virginia Commission-jurisdictional area share of the undepreciated generation utility plant balances of APCo's Amos and Mountaineer and WPCo's Mitchell generating facilities as of December 31, 2022, (c) environmental control costs related to Coal Combustion Residuals (CCR) and Effluent Limitation Guidelines (ELG), (d) certain major storm costs, and (e) each of APCo's and WPCo's carrying charges accruing on its respective portion of the foregoing eligible costs. On March 13, 2025, APCo, jointly with WPCo, completed filing a petition with the West Virginia Commission under the State of West Virginia's Securitization Law, requesting a financing order authorizing securitization of the previously discussed costs and related financing costs. Following notice, Staff investigation, and an evidentiary hearing on July 1, 2025, the West Virginia Commission issued its financing order on March 31, 2026, authorizing the issuance of CRR bonds.

The financing order created a single "consumer rate relief property" that is jointly owned by APCo and WPCo. Such consumer rate relief property grants each of APCo and WPCo the right to impose, charge and collect consumer rate relief charges in amounts necessary to recover all principal and interest on the bonds issued by the respective issuing entity plus the related ongoing financing costs incurred by or allocable to each issuing entity. In connection with CRR bonds being issued by us, the financing order authorizes APCo to sell its interest in the above-described consumer rate relief property (i.e., the CRR property described herein) to us (and WPCo to sell its interest in the above-described consumer rate relief property for its separate bond issuance).

The financing order authorizes APCo specifically, through the issuance of CRR bonds by us, to recover its portion of the previously discussed costs and related financing costs in an aggregate principal amount of approximately $1.673 billion (as estimated in the July 21, 2026 order) plus APCo's carrying charges, such aggregate amount equal to the sum of: (a) approximately $1.662 billion of eligible costs to be securitized, consisting primarily of the West Virginia Commission-jurisdictional share of the undepreciated Amos and Mountaineer generation plant balances as of December 31, 2022 of approximately $1,145.5 million, together with the expanded net energy cost under-recovery balance of approximately $274.1 million, deferred storm expenses of approximately $155 million, and coal combustion residuals and effluent limitation guidelines environmental control costs of approximately $87.6 million plus APCo's carrying charges; plus (b) up-front financing costs allocable to APCo, which were estimated at approximately $10.4 million, in each case subject to update through the issuance advice letter process. The aggregate principal amount of APCo CRR Bonds will be $1.689 billion, which includes eligible costs plus carrying charges and upfront financing costs allocable to APCo.

The financing order also authorizes: (a) APCo's and WPCo's proposed financing structure and issuance of the CRR bonds; (b) the creation and sale of consumer rate relief property, including the right for the imposition, collection and periodic adjustments of CRR charges sufficient to timely pay the CRR bonds and associated financing costs; (c) the sale of the CRR property by APCo to us; and (d) the CRRC Schedule to implement the CRR charges. The original financing order became final and no longer subject to appeal on April 30, 2026. The July 21, 2026 order that modified the original financing order became final and no longer subject to appeal on August 20, 2026.

We have filed the financing order with the SEC as an exhibit to the registration statement of which this prospectus forms a part.

The financing order and the Securitization Law include the State of West Virginia's pledge that the State of West Virginia shall not take or permit any action that impairs the value of the CRR property under the financing order or revises the consumer rate relief costs for which recovery is authorized under the financing order or, except for changes made pursuant to the true-up adjustment allowed under Section 24-2-4h(k) of the Securitization Law, reduce, alter, or impair CRR charges that are imposed, billed, charged, collected, or remitted for the benefit of the CRR bondholders, assignees, and financing parties, until any principal, interest and redemption premium in respect of the CRR bonds, all financing costs and all amounts to be paid to an assignee or

financing party under an ancillary agreement are paid and performed in full. This pledge is binding upon issuance of the CRR bonds and is legally enforceable; however, the CRR bonds are not a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any political subdivision. Bondholders have no right to have taxes levied by the State of West Virginia or the taxing authority of any county, municipality or any other political subdivisions for the payment of the principal of or interest on the CRR bonds.

Issuance of CRR Bonds. The financing order authorizes APCo to cause us to issue CRR bonds in an aggregate principal amount of approximately $1.673 billion plus APCo's carrying charges.

Collection of CRR Charges. The financing order authorizes APCo and WPCo to impose, collect and receive nonbypassable CRR charges from APCo's and WPCo's retail customers in amounts designed, through a formula-based true-up mechanism, to be sufficient to provide for full and timely payment of scheduled principal of and interest on the CRR bonds and to pay all related ongoing financing costs associated with the CRR bonds.

No Cap; Duration of CRR Charges. There is no "cap" on the level of CRR charges that may be imposed on customers to provide for the full and timely payment of scheduled principal and interest on the CRR bonds and all related financing costs and other required amounts and charges payable in connection with the CRR bonds. There is also no limit on how long CRR charges may be imposed; pursuant to the financing order, the CRR charges will be imposed until the CRR bonds and all related financing costs have been paid in full.

Issuance Advice Letter. Following the determination of the final terms of the CRR bonds and prior to their issuance, APCo and WPCo are required to jointly submit to the West Virginia Commission within one business day after actual pricing of the CRR bonds an issuance advice letter, which will:

- describe the final structure and terms of the CRR bond issuance, including an updated accounting of the up-front financing costs, and on-going financing costs;
- demonstrate compliance with and certify that the structuring, pricing and financing costs of the CRR bonds achieved the statutory cost objectives, as set forth in the financing order; and
- provide an updated analysis of the net present value calculation, as compared to traditional methods of finance.

Both the issuance advice letter and the accompanying CRRC Schedule become effective on the date of issuance of the CRR bonds.

Subsequently, unless the West Virginia Commission, prior to noon on the fourth business day after the West Virginia Commission receives the issuance advice letter, issues a disapproval letter stating the basis for such disapproval and directing the stopping of the issuance of CRR bonds, the issuance advice letter shall be effective and the transaction shall proceed without any further action by the West Virginia Commission.

CRRC Schedule. We are required, prior to the issuance of any CRR charges, to complete and file the CRRC Schedule in the form attached to the financing order. The CRRC Schedule establishes the initial CRR charges. It also implements the procedures for periodic adjustments to the CRR charges.

True-Ups. The financing order provides that CRR charges will be reviewed and adjusted at least annually to correct any overcollections or undercollections and to ensure the billing of amounts necessary to generate collections of the CRR charges sufficient to timely provide payment of all amounts due on the CRR bonds and all other ongoing financing costs. This true-up mechanism will additionally be applied semi-annually (and, beginning 12 months prior to the scheduled final payment date of the last maturing tranche, quarterly) if the servicers forecast a shortfall in CRR charge collections to ensure the amount of CRR charges collected is sufficient to make all scheduled payments of principal of and interest on the CRR bonds and ongoing financing costs on a timely basis, including to replenish draws on the capital subaccount. In addition to these annual, semi-annual and quarterly true-up adjustments, APCo and WPCo will also be authorized to apply the true-up mechanism more frequently to make interim true-up adjustments

from time-to-time in order to ensure recovery of amounts sufficient to the timely and full payment of interest and scheduled principal on the CRR bonds and other required amounts and charges in connection with the CRR bonds.

In addition to the true-up mechanism described above, the servicers also have the right to effect a nonstandard true-up in the event that (a) the servicers collectively experience or anticipate a change of 10% or more in the billing determinants for the allocations of the CRR Revenue Groups, including but not limited to the consumption of electricity or (b) the servicers otherwise jointly determine that a nonstandard true-up adjustment is required due to significant changes from historical conditions of operation.

To effect a nonstandard true-up, the servicers shall jointly file the proposed nonstandard true-up with the West Virginia Commission, including the justification for such changes as necessary to address the specific causes of the proposed nonstandard true-up, and the effective date for the adjustment, which must be at least 60 days after the date of the filing with the West Virginia Commission. On the same day that the servicers jointly file for a true-up adjustment, but only if the true-up adjustment would result in an increase to the amount of the CRR charges, the servicers will give public notice through the publication of a Class I Legal advertisement in Kanawha County as required by § 24-2-4h(k)(2) of the Securitization Law. The West Virginia Commission will allow financing parties to comment on a servicer's filing and will hold a hearing, if it deems necessary, within 40 days of such servicer's filing, in accordance with § 24-2-4h(k)(4) of the Securitization Law. Upon administrative approval or the passage of 60 days without notification from the West Virginia Commission regarding the nonstandard true-up, no further action of the West Virginia Commission will be required prior to implementation of the nonstandard true-up. Once a nonstandard true-up adjustment filing has become effective, the modified allocation percentages set forth therein will remain effective for all future standard true-up adjustment filings unless and until a subsequent nonstandard true-up adjustment filing is initiated in accordance with the financing order.

The nonstandard true-up is distinct from the true-up mechanism, both of which are intended to address, as applicable, under- or over-collections and, in the case of a nonstandard true-up, may reallocate CRR charges among CRR Revenue Groups in a manner that is consistent with the allocation methodology approved in APCo's or WPCo's most recent base rate case, as applicable.

For more discussion of the true-up mechanism and the nonstandard true-up, see "The Servicing Agreement—CRR Charge Adjustment Process" in this prospectus.

West Virginia Pledge and True-Up Mechanism. The State of West Virginia, pursuant to § 24-2-4h(s) of the Securitization Law, and the West Virginia Commission, pursuant to the financing order, have each pledged not to take or permit any action that would impair the value of CRR property or, except as allowed pursuant to the true-up mechanism in §24-2-4h(k) of the Securitization Law, reduce, alter or impair the CRR charges to be imposed, charged, collected, or remitted for the benefit of the CRR bondholders, assignees and any financing parties, until the principal of, interest on and redemption premium, if any, and ongoing financing costs and all amounts to be paid to an assignee or financing party under any ancillary agreement are paid or performed in full. However, nothing will preclude limitation or alteration if and when full compensation is made by law for the full protection of the CRR charges collected pursuant to the financing order and the full protection of the CRR bondholders and any assignee or financing party entering into a contract with APCo. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" in this prospectus.

Servicing Agreement. In the financing order, the West Virginia Commission authorized APCo, as the initial servicer, and WPCo, as the initial subservicer, to enter into the servicing agreement which is described under "The Servicing Agreement" in this prospectus.

Binding on Successors and Assignees. The financing order, along with the CRR charges authorized in the financing order, is binding on:

- APCo;
- any successor to APCo with respect to customers in APCo's service territory;
- WPCo with respect to customers in its service territory;
- any successor to WPCo with respect to customers in WPCo's service territory;
- any other entity responsible for billing and collecting charges on our behalf; and
- any successor to the West Virginia Commission.

THE DEPOSITOR, SELLER, INITIAL SERVICERS AND SPONSOR

About APCo

Background Information. APCo is a regulated electric utility engaged principally in the generation, purchase, transmission, distribution, and sale of electricity in West Virginia, central and western Virginia and northeast Tennessee. As of December 31, 2025, APCo served approximately 418,000 West Virginia Commission-jurisdictional area customers through its retail business. APCo is a Virginia corporation and a wholly owned subsidiary of AEP, a public utility holding company. APCo, acting as the initial servicer, and any successor servicer, referred to in this prospectus as the "**servicer**," will service the CRR property securing the CRR bonds under a servicing agreement with us and will bill and collect CRR charges from APCo customers. Neither APCo nor AEP nor any other affiliate (other than us) is an obligor on the CRR bonds. APCo is subject to the jurisdiction of the Federal Energy Regulatory Commission ("**FERC**") under the Federal Power Act of 2005 with respect to the issuance of securities, acquisitions and divestitures of utility assets, certain affiliate transactions and other matters. APCo is regulated by the West Virginia Commission with respect to rates charged for delivery of electricity over its transmission and distribution system for end-use consumption by retail customers, quality of service, and service area certification.

Service Territory. APCo provides integrated electric utility services, including generation, transmission, distribution and sale of electricity, to approximately 418,000 West Virginia Commission-jurisdictional area customers in West Virginia through its retail business. As of December 31, 2025, for APCo's operations in the West Virginia Commission-jurisdictional service territory it had approximately 20,616 miles of distribution lines and 2,707 miles of transmission lines. As of December 31, 2025, APCo owned or partially owned 16 generating plants, consisting of 46 generating units for an aggregate net generating capacity of 6,927 MW. APCo also has additional generation and capacity through power purchase agreements and capacity purchase agreements of 1,043 MW. The generating and power purchase agreement capacity by fuel mix was the following: coal and lignite—58%; natural gas—21%; and renewables (wind)—21%.

Executive Offices. APCo's principal executive offices are located at 1 Riverside Plaza, Columbus, Ohio 43215. The phone number at this address is (614) 716-1000.

Where to Find Information About APCo. AEP, a public utility holding company that wholly owns APCo, files periodic reports with the SEC as required by the Exchange Act. These SEC filings are available to the public over the internet at the SEC's website at www.sec.gov. AEP maintains a website at https://www.aep.com/, where it posts AEP's SEC filings as well as other filings and reports about APCo. Except as provided in this prospectus, no other information contained on that website constitutes part of this prospectus.

About WPCo

Background Information. WPCo is a regulated electric utility engaged principally in the generation, purchase, transmission, distribution, and sale of electricity in West Virginia. As of December 31, 2025, WPCo served approximately 41,000 West Virginia Commission-jurisdictional area customers through its retail business. WPCo is a West Virginia corporation and a wholly owned subsidiary of AEP, a public utility holding company. WPCo, acting as the initial subservicer, and any successor subservicer, referred to in this prospectus as the "**subservicer**," will service the CRR property securing the CRR bonds under a servicing agreement with us and will bill and collect the CRR charges from WPCo customers. Neither WPCo nor AEP nor any other affiliate (other than us) is an obligor on the CRR bonds. WPCo is subject to the jurisdiction of FERC under the Federal Power Act of 2005 with respect to the issuance of securities, acquisitions and divestitures of utility assets, certain affiliate transactions and other matters. WPCo is regulated by the West Virginia Commission with respect to rates charged for delivery of electricity over its transmission and distribution system for end-use consumption by retail customers, quality of service, and service area certification.

Service Territory. WPCo provides integrated electric utility services, including generation, transmission, distribution and sale of electricity, to approximately 41,000 West Virginia Commission-jurisdictional area customers in West Virginia through its retail business. As of December 31, 2025, for WPCo's operations in the West Virginia Commission-jurisdictional service territory it had approximately 1,579 miles of distribution lines and 178 miles of transmission lines. As of December 31, 2025, WPCo owned or partially owned one generating plant, consisting of two generating units for an aggregate net generating capacity of 780 MW. WPCo also has additional generation and capacity through APCo's power purchase agreements and capacity purchase agreements of 1,043 MW. The generating and power purchase agreement capacity by fuel mix was the following: coal and lignite—57%; natural gas—0%; and renewables (wind)—43%.

Executive Offices. WPCo's principal executive offices are located at 1 Riverside Plaza, Columbus, Ohio 43215. The phone number at this address is (614) 716-1000.

Where to Find Information About WPCo. AEP, a public utility holding company that wholly owns WPCo, files periodic reports with the SEC as required by the Exchange Act. These SEC filings are available to the public over the internet at the SEC's website at www.sec.gov. AEP maintains a website at https://www.aep.com/, where it posts AEP's SEC filings as well as other filings and reports about WPCo. Except as provided in this prospectus, no other information contained on that website constitutes part of this prospectus.

Municipalization

West Virginia law authorizes municipalities to seek to acquire portions of an electric utility's electric distribution facilities through voluntary transactions. Under current West Virginia law, a municipality may not condemn a privately owned electric utility's distribution system, or any portion of it, to create or expand a municipal electric system. The Securitization Law specifies that CRR charges approved by a financing order shall be collected by a qualifying utility as well as its successors. In the servicing agreement, APCo and WPCo have each covenanted to assert in an appropriate forum that any municipality that acquires any portion of APCo's or WPCo's electric distribution facilities in the State of West Virginia by exercise of the power of condemnation, including upon the expiration of any franchise agreement applicable to APCo's or WPCo's operations in the State of West Virginia, must be treated as a successor to APCo or WPCo, as applicable, under the Securitization Law and the financing order and that customers in such municipality remain responsible for payment of CRR charges. However, the involved municipality might assert that it should not be treated as a successor to APCo or WPCo, as applicable, for these purposes and that its distribution customers are not responsible for payment of CRR charges. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions—A municipal entity may seek to acquire portions of APCo's or WPCo's electric distribution facilities in the State of West Virginia and avoid payment of the CRR charges" in this prospectus.

Joint Ratemaking Process for APCo and WPCo

APCo and WPCo (together, the "**companies**"), currently maintain symmetrical rates throughout the West Virginia Commission-jurisdictional service territory with the exceptions of the companies' expanded net energy cost rates and APCo's existing consumer rate relief charges. While the two companies' rates are symmetrical, APCo's existing consumer rate relief charges are embedded within APCo's expanded net energy cost rates such that APCo's expanded net energy cost rates, combined with APCo's existing consumer rate relief charges are equal to WPCo's expanded net energy cost rates, which equal the total expanded net energy cost rates as reflected on Original Sheet No. 34 within the companies' tariff book.

When the companies propose to establish new rates or change existing rates, the companies combine underlying relevant West Virginia Commission-jurisdictional service territory data, including, among other things, cost of service and billing determinants, to produce comprehensive rates. The resulting comprehensive rates, along with a proposal to charge such updated rates to both APCo and WPCo customers, are then submitted to the West Virginia Commission for approval.

Servicing Experience

The CRR bonds are the first issuance of bonds APCo has sponsored in West Virginia that are secured by CRR property pursuant to the Securitization Law; however, APCo has sponsored an issuance of similar bonds in West Virginia under a law similar to the Securitization Law, referred to as the 2013 APCo CRR Bonds below. APCo also has prior experience as a servicer in the issuance of bonds similar to the CRR bonds as described below, but WPCo has no prior experience as a servicer. However, APCo's and WPCo's parent, AEP, through its subsidiaries, has prior experience as servicer in the issuance of bonds similar to the CRR bonds, including the issuance of the following:

(a) $1,375,500,000 aggregate principal amount of senior secured recovery bonds by Appalachian Power Recovery Funding LLC, a wholly owned special purpose subsidiary of APCo, issued on May 27, 2026, for the purpose of recovering certain securitized asset costs, where APCo, a subsidiary of AEP, acted as servicer (the "**2026 APCo Virginia Bonds**");

(b) $477,749,000 aggregate principal amount of senior secured recovery bonds by Kentucky Power Cost Recovery LLC, a wholly owned special purpose subsidiary of Kentucky Power Company ("**Kentucky Power**"), issued on June 12, 2025, for the purpose of recovering certain extraordinary costs, including recovery of deferred costs and retired generation costs, where Kentucky Power, a subsidiary of AEP, acted as servicer (the "**2025 Kentucky Power Bonds**");

(c) $336,700,000 aggregate principal amount of senior secured storm recovery bonds by SWEPCO Storm Recovery Funding LLC, a wholly owned special purpose subsidiary of Southwestern Electric Power Company ("**SWEPCO**"), issued on December 18, 2024, for the purpose of recovering certain storm recovery costs, including carrying charges, related to Hurricanes Laura and Delta and winter storm Uri, and funding a new storm recovery reserve account, where SWEPCO, a subsidiary of AEP, acted as servicer (the "**2024 SWEPCO Bonds**");

(d) $696,920,000 aggregate principal amount of ratepayer-backed bonds by The Oklahoma Development Finance Authority, a public trust and instrumentality of the State of Oklahoma, issued September 7, 2022, for the purpose of allowing Public Service Company of Oklahoma ("**PSO**") to recover certain costs it incurred as a result of winter storm Uri, where PSO, a subsidiary of AEP, acted as servicer (the "**2022 ODFA-PSO RBB Bonds**");

(e) $235,282,000 aggregate principal amount of senior secured system restoration bonds by AEP Texas Restoration Funding LLC, a wholly owned special purpose subsidiary of AEP Texas Inc. ("**AEP Texas**"), issued on September 18, 2019, for the purpose of allowing AEP Texas to recover certain distribution-related system restoration costs in its Central Division related to Hurricane Harvey and certain other weather-related events occurring after December 2008 but prior to Hurricane Harvey, where AEP Texas, a subsidiary of AEP, acted as the servicer (the "**2019 AEP Texas SRC Bonds**");

(f) $380,300,000 aggregate principal amount of senior secured consumer rate relief bonds by Appalachian Consumer Rate Relief Funding LLC, a wholly owned special purpose subsidiary of APCo, issued on November 15, 2013, for the purpose of allowing APCo to recover certain uncollected expanded net energy costs and associated financing costs, where APCo acted as the servicer (the "**2013 APCo CRR Bonds**");

(g) $267,408,000 aggregate principal amount of senior secured phase-in recovery bonds by Ohio Phase-In-Recovery Funding LLC, a wholly owned special purpose subsidiary of Ohio Power Company ("**OPCo**"), issued on August 1, 2013, for the purpose of allowing OPCo to recover certain uncollected previously approved phase-in costs and associated financing costs, where OPCo, a subsidiary of AEP, acted as the servicer (the "**2013 OPCo PIR Bonds**"); and

(h) $800,000,000 aggregate principal amount of senior secured transition bonds by AEP Texas Central Transition Funding III LLC, a wholly owned special purpose subsidiary of AEP Texas, issued on March 14, 2012, for the purpose of allowing AEP Texas's Central Division to recover certain costs

related to its transition-to-competition in the State of Texas, where AEP Texas, a subsidiary of AEP, acted as the servicer (the "**2012 AEP TCC Transition Bonds**" and together with the 2026 APCo Virginia Bonds, 2025 Kentucky Power Bonds, 2024 SWEPCO Bonds, 2022 ODFA-PSO RBB Bonds, the 2019 AEP Texas SRC Bonds, the 2013 APCo CRR Bonds, the 2013 OpCo PIR Bonds, the "**prior securitizations**").

The underlying structure of the prior securitizations is comparable to the underlying structure of the CRR bonds, with the exception of the use in 2022 of an issuing entity created by the State of Oklahoma rather than a special purpose wholly-owned subsidiary of the applicable AEP subsidiary. AEP's servicing obligations are substantially similar to its previous servicer experience identified above.

APCo's and WPCo's Retail Customer Base and Electric Energy Consumption

The following tables show electric revenue, average number of retail customers and electricity sales for each of APCo's and WPCo's West Virginia Commission-jurisdictional area CRR Revenue Groups for the five preceding years. There can be no assurances that the revenue, average number of retail customers and electricity sales, or the composition of any of the foregoing, will remain at or near the levels reflected in the following tables.

APCo Revenue by Revenue Group[1]

	2021	2022	2023	2024	2025
Residential	$ 682,190,730	$ 751,224,746	$ 713,277,745	$ 776,639,936	$ 819,336,860
Commercial	$ 309,015,513	$ 348,436,251	$ 346,454,031	$ 379,302,633	$ 391,726,124
Industrial	$ 276,134,298	$ 294,301,531	$ 313,380,879	$ 340,281,380	$ 349,893,088
Total[2]	$ 1,267,340,541	$ 1,393,962,528	$ 1,373,112,656	$ 1,496,223,950	$ 1,560,956,072

(1) Calculations based on APCo's West Virginia Commission-jurisdictional area customers.
(2) Totals may not add due to rounding.

WPCo Revenue by Revenue Group[1]

	2021	2022	2023	2024	2025
Residential	$ 57,101,172	$ 61,828,106	$ 60,131,807	$ 64,784,535	$ 67,939,503
Commercial	$ 38,785,579	$ 42,325,659	$ 43,087,160	$ 45,961,297	$ 47,594,666
Industrial	$ 223,220,009	$ 261,967,637	$ 272,078,072	$ 301,466,173	$ 307,982,815
Total[2]	$ 319,106,760	$ 366,121,401	$ 375,297,039	$ 412,212,005	$ 423,516,984

(1) Calculations based on WPCo's West Virginia Commission-jurisdictional area customers.
(2) Totals may not add due to rounding.

Combined Revenue by Revenue Group[1]

	2021	2022	2023	2024	2025
Residential	$ 739,291,902	$ 813,052,852	$ 773,409,552	$ 841,424,471	$ 887,276,363
Commercial	$ 347,801,092	$ 390,761,909	$ 389,541,192	$ 425,263,930	$ 439,320,790
Industrial	$ 499,354,307	$ 556,269,168	$ 585,458,951	$ 641,747,554	$ 657,875,903
Total[2]	$ 1,586,447,301	$ 1,760,083,929	$ 1,748,409,695	$ 1,908,435,955	$ 1,984,473,056

(1) Calculations based on both APCo's and WPCo's West Virginia Commission-jurisdictional area customers.
(2) Totals may not add due to rounding.

Average APCo Retail Customers by Revenue Group[1][2]

	2021	2022	2023	2024	2025
Residential	353,652	351,800	350,279	348,946	347,654
Commercial	65,897	66,134	66,282	66,285	66,229
Industrial	2,246	2,213	2,190	2,181	2,163
Total[3]	421,795	420,146	418,751	417,412	416,046

(1) Calculations based on APCo's West Virginia Commission-jurisdictional area customers.
(2) Calculated as the average of the end-of-month customer counts for the applicable period.
(3) Totals may not add due to rounding.

Average WPCo Retail Customers by Revenue Group[1][2]

	2021	2022	2023	2024	2025
Residential	34,889	34,707	34,561	34,392	34,202
Commercial	6,249	6,288	6,273	6,276	6,293
Industrial	410	426	433	440	443
Total[3]	41,548	41,421	41,267	41,108	40,937

(1) Calculations based on WPCo's West Virginia Commission-jurisdictional area customers.
(2) Calculated as the average of the end-of-month customer counts for the applicable period.
(3) Totals may not add due to rounding.

Average Combined Retail Customers by Revenue Group[1][2]

	2021	2022	2023	2024	2025
Residential	388,541	386,507	384,840	383,338	381,856
Commercial	72,147	72,422	72,555	72,561	72,522
Industrial	2,656	2,639	2,623	2,620	2,605
Total[3]	463,344	461,567	460,018	458,520	456,983

(1) Calculations based on both APCo's and WPCo's West Virginia Commission-jurisdictional area customers.
(2) Calculated as the average of the end-of-month customer counts for the applicable period.
(3) Totals may not add due to rounding.

Billed and Accrued kWh by Revenue Group (APCo)[1]

	2021	2022	2023	2024	2025
Residential	4,961,169,866	4,907,189,081	4,451,267,189	4,632,296,345	4,828,303,114
Commercial	3,078,505,584	3,117,252,260	2,951,394,330	3,074,673,317	3,079,234,662
Industrial	3,864,980,173	3,784,300,448	3,894,835,568	3,883,179,697	3,876,987,065
Total[2]	11,904,655,623	11,808,741,789	11,297,497,087	11,590,149,359	11,784,524,841

(1) Calculations based on APCo's West Virginia Commission-jurisdictional area customers.
(2) Totals may not add due to rounding.

Billed and Accrued kWh by Revenue Group (WPCo)[1]

	2021	2022	2023	2024	2025
Residential	398,798,841	387,426,908	360,995,617	372,161,850	385,795,722
Commercial	387,266,592	377,027,653	366,730,047	372,505,507	374,322,823
Industrial	3,868,411,702	4,053,870,494	4,071,941,830	4,213,677,920	4,084,632,618
Total[2]	4,654,477,135	4,818,325,055	4,799,667,494	4,958,345,277	4,844,751,163

(1) Calculations based on APCo's West Virginia Commission-jurisdictional area customers.
(2) Totals may not add due to rounding.

Billed and Accrued kWh by Revenue Group (Combined)[1]

	2021	2022	2023	2024	2025
Residential	5,359,968,707	5,294,615,989	4,812,262,806	5,004,458,195	5,214,098,836
Commercial	3,465,772,176	3,494,279,913	3,318,124,377	3,447,178,824	3,453,557,485
Industrial	7,733,391,875	7,838,170,942	7,966,777,398	8,096,857,617	7,961,619,683
Total[2]	16,559,132,758	16,627,066,844	16,097,164,581	16,548,494,636	16,629,276,004

(1) Calculations based on both APCo's and WPCo's West Virginia Commission-jurisdictional area customers.
(2) Totals may not add due to rounding.

Forecasting Electricity Consumption

Each of APCo and WPCo produces a base rate revenue forecast annually for planning purposes. These forecasts are inputs to earnings projections. Base rate revenues are defined as non-fuel revenues with rider revenues removed so that only the customer charge, MWh charges, MW charges, and other demand-related charges are included.

Each of APCo's and WPCo's base rate revenue forecast is developed by applying the consumption forecast for each customer class within each CRR Revenue Group, through the next budget year (typically only the first two years of the forecast horizon), to estimated price-consumption relationships. These price-consumption relationships are regression models that estimate class-level average base rate revenue realizations as a function of either monthly MWh consumption per customer (for the residential and commercial classes) or monthly MWh sales (for all other classes). But the functions may occasionally be nonlinear due to either the nature of on-peak/off-peak pricing structures or tariff price tiers. The functions are estimated based on monthly data taken from APCo's and WPCo's billing systems. Due to the combination of fixed and variable charges inherent in these revenues, these functions are generally downward sloping since the higher fixed charges make up less of the revenue collected as more energy is consumed. The final estimated functions maintain their estimated slopes but are shifted to ensure they pass through data since the most recent base rate case. Once these functions have been estimated, the projected monthly MWh sales from the consumption forecast are applied to arrive at the projected monthly base rate revenue value.

In producing a consumption forecast (an input into the base rate revenue forecast), each of APCo and WPCo employs regression analysis of customer end-use electricity demand. This method considers economic trends, changes in competing and complementary fuel prices and changes in appliance saturations, as well as changes in appliance efficiencies such as those mandated by legislation. Weather patterns are also accounted for in weather-sensitive classes. This method captures customer response to changes in the economic environment as well as trends in customer preferences. Peak demand forecasts are then generated using the consumption forecast as a basis.

The forecast cycle completed during the third quarter is typically adopted as the official budget for APCo or WPCo, as applicable. Each of APCo and WPCo monitors the accuracy of each forecast by conducting variance analysis on a monthly basis while taking into account weather impacts on MWh sales and other deviations from the forecast.

Annual Forecast Variance For Electricity Consumption (APCo)[1]

	Electricity Consumption (MWh)				
	2021	2022	2023	2024	2025
Residential					
Forecast	4,915,680	4,801,112	4,796,541	4,757,948	4,683,765
Actual	5,013,006	4,849,777	4,505,091	4,610,102	4,780,875
Variance	97,326	48,665	(291,450)	(147,846)	97,110
Variance (%)	1.98%	1.01%	-6.08%	-3.11%	2.07%
Commercial					
Forecast	3,107,055	3,078,706	3,205,978	3,120,906	2,990,029
Actual	3,114,520	3,079,695	2,983,710	3,055,011	3,068,754
Variance	7,465	989	(222,268)	(65,895)	78,725
Variance (%)	0.24%	0.03%	-6.93%	-2.11%	2.63%
Industrial					
Forecast	3,993,952	4,079,355	3,701,090	3,723,690	3,957,686
Actual	3,913,519	3,757,778	3,905,222	3,868,112	3,881,443
Variance	(80,433)	(321,577)	204,132	144,422	(76,243)
Variance (%)	-2.01%	-7.88%	5.52%	3.88%	-1.93%
Total					
Forecast	12,016,687	11,959,173	11,703,609	11,602,544	11,631,480
Actual	12,041,046	11,687,250	11,394,023	11,533,225	11,731,071
Variance	24,359	(271,923)	(309,586)	(69,319)	99,591
Variance (%)	0.20%	-2.27%	-2.65%	-0.60%	0.86%

(1) Forecast sales are temperature normal. Numbers not exact due to rounding. Calculations based on APCo's West Virginia Commission-jurisdictional area customers.

Annual Forecast Variance For Electricity Consumption (WPCo)[1]

	Electricity Consumption (MWh)				
	2021	2022	2023[2]	2024	2025
Residential					
Forecast	403,614	396,373	395,383	380,090	371,756
Actual	400,809	386,811	362,858	371,486	382,840
Variance	(2,805)	(9,562)	(32,525)	(8,604)	11,084
Variance (%)	-0.70%	-2.41%	-8.23%	-2.26%	2.98%
Commercial					
Forecast	386,975	383,451	385,207	370,299	373,070
Actual	388,726	376,507	368,306	371,642	373,168
Variance	1,751	(6,944)	(16,901)	1,343	98
Variance (%)	0.45%	-1.81%	-4.39%	0.36%	0.03%
Industrial					
Forecast	3,506,498	3,746,010	4,253,320	4,155,590	4,213,763
Actual	3,877,461	4,042,773	4,073,736	4,212,210	4,085,446
Variance	370,963	296,763	(179,584)	56,620	(128,317)
Variance (%)	10.58%	7.92%	-4.22%	1.36%	-3.05%
Total					
Forecast	4,297,087	4,525,834	5,033,910	4,905,979	4,958,589
Actual	4,666,995	4,806,090	4,804,901	4,955,338	4,841,454
Variance	369,908	280,256	(229,009)	49,359	(117,135)
Variance (%)	8.61%	6.19%	-4.55%	1.01%	-2.36%

(1) Forecast sales are temperature normal. Numbers not exact due to rounding. Calculations based on WPCo's West Virginia Commission-jurisdictional area customers.

(2) Variance for year 2023 was impacted due to a larger impact from weather events relative to other years.

Annual Forecast Variance For Electricity Consumption (Combined)[1]

	Electricity Consumption (MWh)				
	2021	2022	2023	2024	2025
Residential					
Forecast	5,319,294	5,197,485	5,191,924	5,138,038	5,055,521
Actual	5,413,815	5,236,587	4,867,948	4,981,589	5,163,715
Variance	94,521	39,102	(323,976)	(156,449)	108,194
Variance (%)	1.78%	0.75%	-6.24%	-3.04%	2.14%
Commercial					
Forecast	3,494,030	3,462,157	3,591,185	3,491,205	3,363,099
Actual	3,503,246	3,456,202	3,352,016	3,426,653	3,441,922
Variance	9,216	(5,955)	(239,169)	(64,552)	78,823
Variance (%)	0.26%	-0.17%	-6.66%	-1.85%	2.34%
Industrial					
Forecast	7,500,450	7,825,365	7,954,410	7,879,280	8,171,449
Actual	7,790,980	7,800,550	7,978,959	8,080,322	7,966,889
Variance	290,530	(24,815)	24,549	201,042	(204,560)
Variance (%)	3.87%	-0.32%	0.31%	2.55%	-2.50%
Total					
Forecast	16,313,774	16,485,007	16,737,519	16,508,523	16,590,069
Actual	16,708,041	16,493,340	16,198,923	16,488,564	16,572,525
Variance	394,267	8,333	(538,596)	(19,959)	(17,544)
Variance (%)	2.42%	0.05%	-3.22%	-0.12%	-0.11%

(1) Forecast sales are temperature normal. Numbers not exact due to rounding. Calculations based on both APCo's and WPCo's West Virginia Commission-jurisdictional area customers.

Credit Policy; Billing Process; Collections Process; Termination of Service

Each of APCo and WPCo bills its customers directly, and its current credit policies, billing process, and termination of service policies are described below. All information below pertains only to APCo's and WPCo's West Virginia Commission-jurisdictional area customers.

Credit Policy

In accordance with the West Virginia Commission's regulations, the servicers may require deposits from certain applicants for service of existing customers' accounts to protect it against losses. Deposits may be obtained from customers who cannot demonstrate credit worthiness.

Billing Process

Each of APCo and WPCo bills its customers once every month, and we expect that an approximately equal number of bills will be distributed each business day. Payments are generally due not later than 21 days after issuance of the related bill. If the due date falls on a holiday or weekend, the due date for payment purposes is the next business day. A bill not paid on or before the due date is considered delinquent. Based on qualifications, customers may be eligible for a budget billing plan. Failure to make timely payments while on any bill payment assistance plan allows a servicer to remove customers from that payment plan, begin account collection activities including the initiation of termination of service.

Collection Process

Each of APCo and WPCo historically received the majority of customer payments via electronic fund transfers the U.S. mail and paystations; however, other payment options such as credit/debit cards are also

available. APCo may change their collection policies and procedures, consistent with West Virginia Commission guidelines and the financing order, from time to time.

Write-off and Delinquencies

Gross Write-Offs as a Percentage of Revenues (APCo)[1]

The following table shows gross write-offs for electricity and gross write-offs as a percentage of revenue for the past five years for APCo's West Virginia Commission-jurisdictional area customers.

	Year ended December 31,				
	2021	2022	2023	2024	2025
Total Revenues	$1,270,526,773	$1,397,455,360	$1,376,793,824	$1,500,086,012	$1,564,838,118
Gross Write-Offs	$ 18,886,828	$ 14,402,275	$ 15,445,636	$ 16,711,592	$ 18,684,966
Percentage of Total Revenue	1.49%	1.03%	1.12%	1.11%	1.19%

(1) Calculations based on APCo's West Virginia Commission-jurisdictional area customers. Numbers not exact due to rounding. Amounts due from retail customers are considered delinquent if a retail customer has paid less than the full amount due by the due date.

Gross Write-Offs as a Percentage of Revenues (WPCo)[1]

The following table shows gross write-offs for electricity and gross write-offs as a percentage of revenue for the past five years for WPCo's West Virginia Commission-jurisdictional area customers.

	Year ended December 31,				
	2021	2022	2023	2024	2025
Total Revenues	$319,876,920	$366,953,786	$376,152,719	$413,082,461	$424,361,743
Gross Write-Offs	$ 1,154,378	$ 1,014,677	$ 1,177,314	$ 1,206,114	$ 1,289,433
Percentage of Total Revenue	0.36%	0.28%	0.31%	0.29%	0.30%

(1) Calculations based on WPCo's West Virginia Commission-jurisdictional area customers. Numbers not exact due to rounding. Amounts due from retail customers are considered delinquent if a retail customer has paid less than the full amount due by the due date.

Gross Write-Offs as a Percentage of Revenues (Combined)[1]

The following table shows gross write-offs for electricity and gross write-offs as a percentage of revenue for the past five years for both APCo's and WPCo's West Virginia Commission-jurisdictional area customers combined.

	Year ended December 31,				
	2021	2022	2023	2024	2025
Total Revenues	$1,590,403,693	$1,764,409,146	$1,752,946,543	$1,913,168,472	$1,989,199,861
Gross Write-Offs	$ 20,041,206	$ 15,416,953	$ 16,622,950	$ 17,917,706	$ 19,974,399
Percentage of Total Revenue	1.26%	0.87%	0.95%	0.94%	1.00%

(1) Calculations based on both APCo's and WPCo's West Virginia Commission-jurisdictional area customers. Numbers not exact due to rounding. Amounts due from retail customers are considered delinquent if a retail customer has paid less than the full amount due by the due date.

Net Write-Offs as a Percentage of Revenues (APCo)[1]

The following table shows, for its West Virginia Commission-jurisdictional area territories, total APCo net write-offs for electricity and total net write-offs as a percentage of revenue for the past five years. Net write-offs include amounts recovered by APCo from deposits, bankruptcy proceedings and payments received after an account has been either written-off by APCo or transferred to one of its external collection agencies.

	Year ended December 31,				
	2021	2022	2023	2024	2025
Total Revenues	$1,270,526,773	$1,397,455,360	$1,376,793,824	$1,500,086,012	$1,564,838,118
Net Write-Offs	$ 6,733,294	$ 5,069,013	$ 5,952,713	$ 6,427,784	$ 7,124,932
Percentage of Total Revenue	0.53%	0.36%	0.43%	0.43%	0.46%

(1) Calculations based on APCo's West Virginia Commission-jurisdictional area customers. Numbers not exact due to rounding.

Net Write-Offs as a Percentage of Revenues (WPCo)[1]

The following table shows, for its West Virginia Commission-jurisdictional area territories, total WPCo net write-offs for electricity and total net write-offs as a percentage of revenue for the past five years. Net write-offs include amounts recovered by WPCo from deposits, bankruptcy proceedings and payments received after an account has been either written-off by WPCo or transferred to one of its external collection agencies.

	Year ended December 31,				
	2021	2022	2023	2024	2025
Total Revenues	$319,876,920	$366,953,786	$376,152,719	$413,082,461	$424,361,743
Net Write-Offs	$ 429,473	$ 379,510	$ 471,079	$ 511,686	$ 531,656
Percentage of Total Revenue	0.13%	0.10%	0.13%	0.12%	0.13%

(1) Calculations based on WPCo's West Virginia Commission-jurisdictional area customers. Numbers not exact due to rounding.

Net Write-Offs as a Percentage of Revenues (Combined)[1]

The following table shows, for their combined West Virginia Commission-jurisdictional area territories, total APCo and WPCo net write-offs for electricity and total net write-offs as a percentage of combined revenue for the past five years. Net write-offs include amounts recovered by APCo and WPCo from deposits, bankruptcy proceedings and payments received after an account has been either written-off by APCo or WPCo or transferred to one of their respective external collection agencies.

	Year ended December 31,				
	2021	2022	2023	2024	2025
Total Revenues	$1,590,403,693	$1,764,409,146	$1,752,946,543	$1,913,168,472	$1,989,199,861
Net Write-Offs	$ 7,162,767	$ 5,448,523	$ 6,423,792	$ 6,939,470	$ 7,656,589
Percentage of Total Revenue	0.45%	0.31%	0.37%	0.36%	0.38%

(1) Calculations based on both APCo's and WPCo's West Virginia Commission-jurisdictional area customers. Numbers not exact due to rounding.

Delinquencies as a Percentage of Revenues (APCo)[1][2]

The following table sets forth information relating to the delinquency experience of APCo for residential, commercial, industrial and governmental West Virginia Commission-jurisdictional area customers for the past five years:

As of December 31,	2021	2022	2023	2024	2025
1 – 30 days past due	1.24%	1.09%	1.12%	1.00%	1.15%
31 – 60 days past due	0.19%	0.18%	0.19%	0.16%	0.50%
61 – 90 days past due	0.07%	0.06%	0.06%	0.05%	0.11%
90 + days past due	0.16%	0.13%	0.15%	0.11%	0.17%
Total	1.66%	1.46%	1.53%	1.31%	1.94%

(1) Calculations based on APCo's West Virginia Commission-jurisdictional area customers.
(2) Delinquencies are calculated based upon the past due amounts as of December 31 for each year as a percentage of total revenues for the relevant year. Totals may not add due to rounding.

APCo does not anticipate delinquency of CRR charge collections to materially differ from the approximated rates indicated above.

Delinquencies as a Percentage of Revenues (WPCo)[1][2]

The following table sets forth information relating to the delinquency experience of WPCo for residential, commercial, industrial and governmental West Virginia Commission-jurisdictional area customers for the past five years:

As of December 31,	2021	2022	2023	2024	2025
1 – 30 days past due	0.33%	0.33%	0.29%	0.26%	0.30%
31 – 60 days past due	0.06%	0.05%	0.04%	0.05%	0.04%
61 – 90 days past due	0.02%	0.02%	0.01%	0.01%	0.01%
90 + days past due	0.03%	0.03%	0.01%	0.01%	0.02%
Total	0.44%	0.43%	0.35%	0.33%	0.37%

(1) Calculations based on WPCo's West Virginia Commission-jurisdictional area customers.
(2) Delinquencies are calculated based upon the past due amounts as of December 31 for each year as a percentage of total revenues for the relevant year. Totals may not add due to rounding.

WPCo does not anticipate delinquency of CRR charge collections to materially differ from the approximated rates indicated above.

Delinquencies as a Percentage of Revenues (Combined)[1][2]

The following table sets forth information relating to the delinquency experience of both APCo and WPCo, combined, for residential, commercial, industrial and governmental West Virginia Commission-jurisdictional area customers for the past five years:

As of December 31,	2021	2022	2023	2024	2025
1 – 30 days past due	1.05%	0.93%	0.95%	0.84%	0.97%
31 – 60 days past due	0.17%	0.16%	0.16%	0.14%	0.41%
61 – 90 days past due	0.06%	0.05%	0.05%	0.04%	0.09%
90 + days past due	0.14%	0.11%	0.12%	0.09%	0.14%
Total	1.41%	1.25%	1.28%	1.10%	1.60%

(1) Calculations based on both APCo's and WPCo's West Virginia Commission-jurisdictional area customers.

(2) Delinquencies are calculated based upon the past due amounts as of December 31 for each year as a percentage of total revenues for the relevant year. Totals may not add due to rounding.

Average Days Sales Outstanding (APCo)

The following table sets forth information relating to APCo's average days sales outstanding for all of APCo's West Virginia Commission-jurisdictional area customers for the past five years. Days sales outstanding is a measure of the average number of days that APCo takes to collect its revenue. The average number of days for the collection from APCo customers of CRR charges relating to the CRR bonds is expected to be similar to APCo's revenue collection experience. The days sales outstanding numbers in the following table were generally calculated using a formula which we calculated as follows: on a billing cycle basis, the sum for all retail customers of the number of days between a bill being sent to a retail customer and such bill being paid multiplied by the amount of the bill paid by such retail customer, divided by the total amount paid by all retail customers for such billing cycle.

Year	Average Days Sales Outstanding*
2021	25.65
2022	25.02
2023	27.49
2024	23.91
2025	21.62

* Calculations based on APCo's West Virginia Commission-jurisdictional area customers. Numbers not exact due to rounding. Days Sales Outstanding excludes customers on deferred financing agreements/payment plans.

Average Days Sales Outstanding (WPCo)

The following table sets forth information relating to WPCo's average days sales outstanding for all of WPCo's West Virginia Commission-jurisdictional area customers for the past five years. Days sales outstanding is a measure of the average number of days that WPCo takes to collect its revenue. The average number of days for the collection from WPCo customers of CRR charges relating to the CRR bonds is expected to be similar to WPCo's revenue collection experience. The days sales outstanding numbers in the following table were generally calculated using a formula which we calculated as follows: on a billing cycle basis, the sum for all retail customers of the number of days between a bill being sent to a retail customer and such bill being paid multiplied by the amount of the bill paid by such retail customer, divided by the total amount paid by all retail customers for such billing cycle.

Year	Average Days Sales Outstanding*
2021	21.78
2022	20.93
2023	23.72
2024	24.43
2025	20.30

* Calculations based on WPCo's West Virginia Commission-jurisdictional area customers. Numbers not exact due to rounding. Days Sales Outstanding excludes customers on deferred financing agreements/payment plans.

Average Days Sales Outstanding (Combined)

The following table sets forth information relating to the combined average days sales outstanding for all of APCo's and WPCo's West Virginia Commission-jurisdictional area customers for the past five years. Days sales outstanding is a measure of the average number of days that APCo and WPCo, taken together, take to collect its revenue. The days sales outstanding numbers in the following table were generally calculated using a formula which we calculated as follows: on a billing cycle basis, the sum for all retail customers of the number of days between a bill being sent to a retail customer and such bill being paid multiplied by the amount of the bill paid by such retail customer, divided by the total amount paid by all retail customers for such billing cycle.

Year	Average Days Sales Outstanding[1]
2021	24.87
2022	24.17
2023	26.68
2024	24.02
2025	21.34

(1) Calculations based on both APCo's and WPCo's West Virginia Commission-jurisdictional area customers. Numbers not exact due to rounding. Days Sales Outstanding excludes customers on deferred financing agreements/payment plans.

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC, THE ISSUING ENTITY

General

We are a limited liability company formed under the Delaware Limited Liability Company Act pursuant to a limited liability company agreement executed by our sole member, APCo, and the filing of a certificate of formation with the Secretary of the State of Delaware. The limited liability company agreement was amended and restated on October 27, 2026, and all references in this prospectus to our limited liability company agreement mean our amended and restated limited liability company agreement. Our limited liability company agreement restricts us from engaging in activities other than those described in this section. We do not have any employees, but we will pay our member for out-of-pocket expenses incurred by the member in connection with its services to us in accordance with our limited liability company agreement and administration agreement. We have summarized selected provisions of our limited liability company agreement below, a copy of which will be filed as an exhibit to the registration statement of which this prospectus is a part. On the date of issuance of the CRR bonds, our capital will be equal to 0.50% of the principal amount of such CRR bonds issued or such other amount as may allow the CRR bonds to achieve the desired security rating and treat the CRR bond as debt under applicable guidance issued by the Internal Revenue Service, which we also refer to as the IRS.

As of the date of this prospectus, we have not carried on any business activities and have no operating history. Our fiscal year is the calendar year. Immediately following the issuance of the CRR bonds, our assets will include:

- the CRR property and all related CRR charges;
- our rights under the sale agreement and under the bill of sale delivered by APCo pursuant to the sale agreement;
- our rights under the servicing agreement, each intercreditor agreement, the administration agreement and any subservicing, agency, administration, intercreditor or collection agreements executed in connection with the servicing agreement, the intercreditor agreements or the administration agreement;
- the joint collection account, the payment account and all subaccounts of the payment account;
- all rights to compel the servicers to file for and obtain periodic adjustments to the CRR charges or allocations among the CRR Revenue Groups in accordance with the Securitization Law, the financing order, the CRRC Schedule and any CRRC Schedule adjustments filed in connection therewith;
- all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing;
- all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing; and
- all payments on or under and all proceeds in respect of any or all of the foregoing.

The indenture provides that the CRR property, as well as our other assets, other than any cash released to APCo by the trustee semi-annually as a return on its equity investment in us, will be pledged by us to the trustee to secure our obligations in respect of the CRR bonds. Pursuant to the indenture, the collected CRR charges remitted to the trustee by the servicers must be used to pay principal and interest on the CRR bonds and our other obligations specified in the indenture.

Our Purpose

We were created for the specific purposes of:

- purchasing, acquiring, owning, holding, administering, servicing and entering into agreements regarding the receipt and servicing of the CRR property and other CRR bond collateral and certain other related assets;

- managing, selling, assigning, pledging, collecting amounts due on, or otherwise dealing with, the CRR property and the other CRR bond collateral and related assets to be so acquired in accordance with the terms of the basic documents;
- negotiating, authorizing, executing, delivering and assuming our obligations under, and performing our duties under, the basic documents;
- filing with the SEC one or more registration statements under the Securities Act and filing such other documents necessary under applicable securities laws;
- authorizing, executing, delivering, issuing and registering the CRR bonds;
- making payments on the CRR bonds;
- pledging our interest in CRR property and other CRR bond collateral to the trustee under the indenture in order to secure the CRR bonds;
- distributing amounts released to our member, subject to any requirements in the basic document; and
- performing other activities that are incidental to, necessary, suitable or convenient to accomplish these purposes.

Our limited liability company agreement does not permit us to engage in any activities not directly related to these purposes, including issuing securities other than the CRR bonds, incurring indebtedness other than as contemplated by the basic documents (provided that we may incur ordinary-course obligations payable to service providers and trade creditors in connection with permitted activities) and borrowing money or making loans to other persons. The list of permitted activities set forth in our limited liability company agreement may not be altered, amended or repealed without the affirmative vote of a majority of our managers, including the affirmative vote of each independent manager.

Our Relationship with APCo

On the date of issuance of the CRR bonds, APCo will sell the CRR property to us pursuant to the sale agreement between us and APCo. Pursuant to the servicing agreement among us, APCo and WPCo, APCo will serve as the initial servicer of the CRR property with respect to APCo customers, and WPCo will serve as the initial subservicer of the CRR property with respect to WPCo customers. We will pay APCo fixed fees for performing these services. Pursuant to an administration agreement between us and APCo, APCo will provide administrative services to us, for which we will also pay APCo a fixed fee for performing these services.

Our Managers

Pursuant to our limited liability company agreement, our affairs will be managed by managers, whom we refer to in this prospectus as our "**managers**." APCo will appoint our managers from time to time or, in the event APCo transfers its interest in us, the new owner or owners will appoint our managers. Prior to the issuance of the CRR bonds, and thereafter at all times until the CRR bonds are paid in full we will have at least two independent managers, each of whom, among other things, is a natural person who is not and has not been for at least five years prior to the date of his or her appointment:

- a member, partner, equity holder, manager, director, officer or employee of us, APCo or any of our or APCo's equity holders or affiliates (other than as an independent director, independent manager or special member of us or an affiliate of ours that is required by a creditor to be a single purpose bankruptcy remote entity);
- a creditor, supplier or service provider (including provider of professional services) to us, APCo or any of their respective equity holders or affiliates, other than a nationally-recognized company that routinely provides professional independent managers or independent directors and other corporate services to us, APCo or any of its affiliates in the ordinary course of its business,

- a family member of any member, partner, equityholder, manager, director, officer, employee, creditor, supplier or service provider, or
- a person who controls (whether directly, indirectly or otherwise) APCo or its affiliates or any member, partner, equity holder, manager, officer, employee, director, creditor, supplier or service provider described above;

except that the indirect or beneficial ownership of stock of APCo or its affiliates through a mutual fund or similar diversified investment vehicle with respect to which APCo does not have discretion or control over the investments held by such diversified investment vehicle shall not preclude such owner from being an independent manager.

The independent managers will also (a) have prior experience as an independent director, independent manager or independent member; (b) be employed by a nationally-recognized company that provides professional independent managers or independent directors and other corporate services in the ordinary course of business; and (c) be duly appointed as an independent manager. The managers (other than the independent managers) will be employees or officers of APCo or AEP. The managers will devote the time necessary to conduct our affairs.

APCo, as our sole member, appointed Sean Emerick and William Bleier as our independent managers.

None of our managers have been involved in any legal proceedings which are specified in Item 401(f) of the SEC's Regulation S-K.

The following is a list of our managers as of the date of this prospectus:

Name	Age	Background
Matthew D. Fransen	50	President and manager of the issuing entity. Vice president and treasurer of APCo, treasurer of AEP and senior vice president-treasury and finance of the Service Corporation since December 1, 2024. Joined the Service Corporation in January 2002 and was appointed as director-strategic initiatives in 2010, appointed managing director-strategic initiatives in 2013, became vice president-renewables in February 2016 and vice president-regulated infrastructure development in June 2021. Treasurer of certain other AEP System companies.
Franz D. Messner	58	Treasurer and manager of the issuing entity. Assistant treasurer of APCo and managing director of corporate finance of American Electric Power Service Corporation, a subsidiary of AEP (Service Corporation) since May 2016, and was director of corporate planning and budgeting prior to that. Assistant treasurer of certain other AEP system companies.
Sean Emerick	60	Manager of the issuing entity. Lead project & program manager since October 2022 for CT Corporation Staffing, Inc., a subsidiary of CT Corporation System. Director, special services, CT Corporation, since 2014. From 2011 to 2014, regional service manager for CT Corporation and, prior to that, vice president and general manager of corporate services at National Registered Agents, Inc. from 2007 to 2011.
William Bleier	36	Manager of the issuing entity. Associate Director, Customer Service for CT Corporation since 2020. From 2017 to 2020 served as Service Manager, Large Corporations and prior to that served as Account Manager, Mid-Market from 2014 to 2017.

Manager Fees and Limitation on Liabilities

As of the date of this prospectus, we have not paid any compensation to any manager since the date we were formed. We will not compensate our managers, other than our independent managers, for their services performed on our behalf. The independent managers will be paid a manager's fee from our assets.

Our limited liability company agreement provides that to the extent permitted by law, our managers will not be liable for our debts, obligations or liabilities.

Under our limited liability company agreement, we indemnify our managers to the fullest extent permitted by law against expenses incurred by them in connection with an action, suit or proceeding if they acted in good faith and in a manner in which they reasonably believed to be in or not opposed to our best interests, except for such judgments, penalties, fines or other expenses that were directly caused by their fraud, gross negligence, willful misconduct, or in the case of an independent manager, bad faith.

We Are a Separate and Distinct Legal Entity from APCo

Under our limited liability company agreement, we may not file a voluntary bankruptcy petition or any other petition for relief under the Bankruptcy Code without prior unanimous consent of our managers (including our independent managers). APCo has agreed that it will not cause us to file a voluntary bankruptcy petition or any other petition for relief under the Bankruptcy Code. Our limited liability company agreement requires us, except for financing reporting purposes and for federal and state income tax purposes, and, to the extent consistent with applicable state law, state income and franchise tax purposes, to maintain our existence separate from APCo, including:

- taking all steps necessary to continue our identity as a separate legal entity;
- making it apparent to third persons that we are an entity with assets and liabilities distinct from those of APCo, other affiliates of APCo, or any other person; and
- making it apparent to third persons that, except for federal and certain other tax purposes, we are not a division of APCo or any of its affiliates or any other person.

Our principal place of business is 200 Association Drive, 02, Charleston, West Virginia 25311, and our telephone number at such address is (614) 716-1522.

Administration Agreement

APCo will, pursuant to an administration agreement between APCo and us, provide administrative services to us, including services relating to the preparation of financial statements, required filings with the SEC, any tax returns we might be required to file under applicable law, qualifications to do business, and minutes of our managers' meetings. We will pay APCo a fixed fee of $50,000 per annum, payable by us in semi-annual installments of $25,000, which shall be prorated based on the fraction of a calendar year during which APCo provides any of the services set forth in the administration agreement, plus we will reimburse APCo for all costs and expenses for services performed by unaffiliated third parties and actually incurred by APCo in performing such services described above.

Intercreditor Agreements

APCo is a party to the APCo Receivables Purchase Agreement, under which APCo sells a portion of its accounts receivable to AEP Credit, an APCo affiliate, which in turn sells percentage interests in such receivables to financial institutions pursuant to the AEP Receivables Purchase Agreement. APCo has been appointed under the terms of the APCo Receivables Agency Agreement as an agent for AEP Credit and the Receivables Agent for purposes of collecting and servicing the APCo receivables sold under this arrangement. Although the CRR charges are not subject to such receivable financial arrangement, a portion of the CRR charges and accounts receivable are collected from some of the same customers of APCo and are expected to be collected for the foreseeable future under a single bill sent to those customers. The Receivables Agent for such receivables financing arrangement will, prior to the issuance of the

CRR bonds, execute a joinder to the intercreditor agreement with AEP Credit, APCo, the WPCo issuing entity, U.S. Bank Trust Company, National Association, as trustee for the WPCo issuing entity, us and the trustee. The intercreditor for such arrangement (as supplemented by such joinder) (the "**receivables intercreditor agreement**") will, among other things, provide that (a) the CRR charges are excluded from the assets sold under the receivables financing arrangement; (b) in the event the accounts receivable investors have the right to replace APCo as collection agent upon the occurrence of certain events, such investors will not replace APCo without the consent of the trustee (acting at the written direction of the holders of a majority in principal amount of the CRR bonds); and (c) in the event that the trustee (acting at the written direction of the holders of a majority in principal amount of the CRR bonds), has the right to replace APCo as servicer under the servicing agreement, the trustee (acting at the written direction of the holders of a majority in principal amount of the CRR bonds) will not replace APCo without the consent of the Receivables Agent for the accounts receivable investors.

APCo will also be a party to a separate intercreditor agreement (the "**CRR property intercreditor agreement**") that allocates the rights and responsibilities of APCo, WPCo, us, the WPCo issuing entity, the trustee and the separate indenture trustee under the WPCo Bond issuance in respect of the joint collection account and other shared collateral. This includes the terms of decision making between APCo and WPCo as servicers on behalf of us and the issuing entity under the WPCo Bond issuance, transfers from the joint collection account to the payment account and such other issuing entity's individual payment account and the appointment of a control agent for the joint collection account by the trustee and such other indenture trustee. Transfers from the joint collection account will be made by the control agent, to the trustee, the WPCo indenture trustee or any other payee entitled to payment directly from the joint collection account under the indenture or the WPCo indenture, at the joint written direction of the servicers (or, if the servicers fail to agree or give conflicting instructions, at the written direction of APCo as servicer), and the control agent will be entitled to rely on the servicers' calculations and instructions without independent verification. If the funds on deposit in the joint collection account are insufficient to satisfy any payment required to be made directly from the joint collection account or the amounts owed in respect of the CRR bonds and the WPCo Bonds, the CRR property intercreditor agreement provides that any resulting shortfall will be borne by us and the WPCo issuing entity pro rata based on the principal amount of the CRR bonds and the WPCo Bonds then outstanding, regardless of which issuing entity's obligation gave rise to the payment. If, as a result of an error in the calculation or implementation of an APCo transfer amount or WPCo transfer amount, amounts are transferred from the joint collection account to a payment account in excess of the amount properly allocable to the applicable issuing entity, the servicers may instruct the applicable trustee to transfer the excess, solely to the extent of amounts then on deposit in the general subaccount of that payment account, back to the joint collection account for proper allocation and transfer in accordance with the CRR property intercreditor agreement and the applicable servicing agreement. The fees, expenses and indemnity amounts of the control agent will be allocated between us and the WPCo issuing entity in accordance with the APCo Proportion and the WPCo Proportion, except that any such amount solely attributable to one issuing entity or its bonds, servicer or trustee will be allocated solely to that issuing entity, in each case subject to the priorities and limitations of the applicable indenture. Please read "Description of the CRR Bonds—The Payment Account for the CRR Bonds" in this prospectus.

If APCo becomes a party to another future trade receivables purchase and sale arrangement or similar arrangement under which it sells all or any portion of its accounts receivables, or if APCo hereafter causes consumer rate relief property or other similar property to be created under a separate financing order and acts as servicer for such consumer rate relief property, or similar property, consisting of nonbypassable charges payable by APCo's customers comparable to those sold by the seller pursuant to the sale agreement, in connection with a separate issuance of bonds, APCo and the other parties to such arrangement shall enter into a joinder or amendment to the intercreditor agreement or into a separate intercreditor agreement in connection therewith, and the terms of the documentation evidencing such trade receivables purchase and sale arrangement or similar arrangement shall expressly exclude the CRR charges from any receivables or other assets pledged or sold under such arrangement and the rating agency condition shall be satisfied. Please read "Risk Factors—Servicing Risks—If we have to replace APCo or WPCo as a servicer, we may experience difficulties finding and using a replacement servicer" in this prospectus.

THE CRR CHARGES

APCo will be the initial servicer and will bill and collect the CRR charges from its customers, and WPCo will be the initial subservicer and will bill and collect the CRR charges from its customers. Beginning on the first day of the first billing cycle for each of APCo and WPCo that begins after the date we issue the CRR bonds (which issuance date shall not occur prior to the sixth business day after pricing of the CRR bonds), the initial CRR charges will be imposed on APCo's and WPCo's West Virginia Commission-jurisdictional area customers in each CRR Revenue Group at the applicable rate for the class determined pursuant to the financing order. These CRR charges may be adjusted annually, or more frequently under certain circumstances, by the servicers in accordance with their filings with the West Virginia Commission. Please read "The Financing Order" in this prospectus.

DESCRIPTION OF THE CRR BONDS

General

We have summarized selected provisions of the indenture and the CRR bonds below. This summary is subject to the terms and provisions of the indenture and the series supplement for the CRR bonds, forms of which we have filed with the SEC as an exhibit to the registration statement of which this prospectus forms a part. You should carefully read the summary below and the terms and provisions of the indenture that may be important to you before investing in the CRR bonds. Please read "Where You Can Find More Information" in this prospectus.

The CRR bonds are not a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any political subdivision. Bondholders have no right to have taxes levied by the State of West Virginia or the taxing authority of any county, municipality or any other political subdivisions for the payment of the principal of or interest on the CRR bonds. The issuance of the CRR bonds under the Securitization Law will not directly, indirectly or contingently obligate the State of West Virginia, or a county, municipality or any other political subdivision of the State of West Virginia to levy or to pledge any form of taxation for the CRR bonds or to make any appropriation for their payment.

We will issue the CRR bonds and secure their payment under an indenture that we will enter into with the trustee. We will issue the CRR bonds in a minimum denomination of $2,000 and in integral multiples of $1,000 in excess thereof, except that we may issue one bond of each tranche in a smaller denomination. The initial principal amount, scheduled final payment date, final maturity date and interest rate for the CRR bonds are stated in the table below. In no event shall the scheduled final payment date for the CRR bonds exceed approximately 33 years from the date of issuance of the CRR bonds. The final maturity date of each tranche is longer than the scheduled final payment date of each tranche of CRR bonds.

Tranche	Expected Weighted Average Life (Years)	Principal Amount Offered[1]	Scheduled Final Payment Date	Final Maturity Date	Interest Rate
A-1		$ 500,000,000			%
A-2		$ 350,000,000			%
A-3		$ 838,600,000			%

(1) Preliminary subject to change.

The scheduled final payment date for each tranche of the CRR bonds is the date when the outstanding principal balance of that tranche will be reduced to zero if we make payments according to the expected sinking fund schedule for that tranche. The final maturity date for each tranche of the CRR bonds is the date when we are required to pay the entire remaining unpaid principal balance, if any, of all outstanding CRR bonds of that tranche. The failure to pay principal of any tranche of the CRR bonds by the final maturity date for that tranche is an event of default for the CRR bonds, but the failure to pay principal of any tranche of the CRR bonds by the respective scheduled final payment date will not be an event of default. Please read "Description of the CRR Bonds—Payments of Interest and Principal on the CRR Bonds" and "What Constitutes an Event of Default on the CRR Bonds" in this prospectus.

Payments of Interest and Principal on the CRR Bonds

Interest on each tranche of the CRR bonds will accrue on the principal balance of that tranche of CRR bonds at the interest rate indicated on the cover of this prospectus and in the table above on this page 82. Beginning , 20 , we will make payments on the CRR bonds semi-annually on and of each year, or, if that day is not a business day, the following business day (each, a "**payment date**"). Interest payments on the CRR bonds will be made from collections of the CRR charges, including amounts available in the excess funds subaccount and, if necessary, the amounts available in the capital subaccount.

On each payment date, we will pay interest on each tranche of the CRR bonds equal to the following amounts:

- any interest payable but unpaid on any prior payment date, together with interest on such unpaid interest, if any; and
- accrued interest on the principal balance of each tranche of the CRR bonds from the close of business on the preceding payment date (or with respect to the initial payment date, the date of the original issuance of the CRR bonds) after giving effect to all payments of principal made on the preceding payment date, if any.

We will pay interest on the CRR bonds before we pay principal on the CRR bonds.

The failure to pay accrued interest on the CRR bonds on any payment date (even if the failure is caused by a shortfall in CRR charges received) will result in an event of default of CRR bonds unless such failure is cured within five business days. If interest is not paid within that five-day period, we will pay such defaulted interest (plus interest on such defaulted interest at the applicable interest rate to the extent lawful) to the persons who are CRR bondholders on a special record date (as defined in the indenture). The special record date will be at least fifteen business days prior to the date on which the trustee is to make a special payment (a special payment date). We will fix any special record date and special payment date and, at least ten days before such special record date, we will send (or make available electronically) to each affected CRR bondholder a notice that states the special record date, the special payment date and the amount of defaulted interest (plus interest on such defaulted interest) to be paid. An event of default under any tranche of the CRR bonds will automatically trigger an event of default under the CRR bonds. See “What Constitutes an Event of Default on the CRR Bonds” below.

On any payment date with respect to any tranche of the CRR bonds, we generally will pay principal of a particular tranche of the CRR bonds only until the outstanding principal balance has been reduced to the principal balance specified for that payment date in the expected amortization schedule, but only to the extent funds are available. Accordingly, principal of the CRR bonds may be paid later, but not sooner, than reflected in the expected sinking fund schedule except in the case of an acceleration. Please read “Risk Factors—Other Risks Associated with an Investment in the CRR Bonds” and “Weighted Average Life and Yield Considerations for the CRR Bonds” in this prospectus.

The trustee will retain in the excess funds subaccount for payment on later payment dates any collections of CRR charges in excess of amounts payable as:

- fees, expenses and indemnities of the servicers (including the servicing fee), the independent manager and the trustee;
- payments of interest and principal in accordance with the expected sinking fund schedule on the CRR bonds;
- allocations to the capital subaccount; and
- investment earnings on amounts in the capital subaccount released to us.

If the trustee receives insufficient collections of CRR charges for the CRR bonds for any payment date, and amounts in the payment account (and the applicable subaccounts of the payment account) are not sufficient to make up the shortfall, principal of any tranche of the CRR bonds may be paid later than expected, as described in this prospectus. The failure to make a scheduled payment of principal on a tranche of the CRR bonds because there are not sufficient funds in the payment account does not constitute a default or an event of default under the indenture, except for the failure to make the payment of principal due upon the final maturity of that tranche of CRR bonds.

The trustee will pay on each payment date to the CRR bondholders to the extent of available funds in the payment account, all payments of principal and interest then due on such CRR bonds (other than special

payments as defined in the indenture). The trustee will make each such payment to the CRR bondholders, other than the final payment, on the applicable payment date. If the CRR bonds are ever issued in definitive certificated form, however, the final payment with respect to the CRR bonds will be made only upon presentation and surrender of such CRR bond at the office or agency of the trustee specified in the notice given by the trustee with respect to such final payment. The trustee will provide notice of the final payment to the CRR bondholders no later than five days prior to the final payment date, specifying that such final payment will be payable only upon presentation and surrender of such CRR bond and the place where such CRR bond may be presented and surrendered for payment.

The CRR bonds will originally be issued in book-entry form, and we do not expect that the CRR bonds will be issued in definitive certificated form. At the time, if any, we issue the CRR bonds in the form of definitive CRR bonds and not to The Depository Trust Company ("**DTC**") or its nominee, the trustee will make payments as described below under "Definitive Certificated CRR Bonds."

On each payment date, the amount to be paid as principal on a tranche of CRR bonds will equal without duplication:

- the unpaid principal amount due on any CRR bonds whose final maturity date is on that payment date, plus;
- the unpaid principal amount of CRR bonds due upon acceleration following an event of default, plus;
- the unpaid and previously scheduled payments of principal of any tranche of CRR bonds, plus;
- the principal scheduled to be paid on the CRR bonds on that payment date;

but only to the extent funds are available in the payment account (including all applicable subaccounts) after payment of certain of our fees and expenses and after payment of interest as described in the section above.

However, we will not pay principal of a tranche of the CRR bonds on any payment date if making the payment would reduce the principal balance of such tranche to an amount lower than the amount specified in the expected amortization schedule for such tranche on that payment date. Any excess funds remaining in the payment account after payment of principal, interest, applicable fees and expenses and payments to the applicable subaccounts of the payment account will be retained in the excess funds subaccount until applied on a subsequent payment date.

The entire unpaid principal amount of each tranche of the CRR bonds will be due and payable:

- on the final maturity date of that tranche; and
- if an event of default under the indenture occurs and is continuing and the trustee or the holders of a majority in principal amount of the CRR bonds have declared the CRR bonds to be immediately due and payable.

If there is a shortfall in the amounts available to make principal payments on a tranche of the CRR bonds that are due and payable at that tranche's final maturity date or upon an acceleration following an event of default under the indenture, the trustee will distribute principal from the payment account pro rata to each tranche of the CRR bonds based on the principal amount of each tranche then due and payable on the payment date; and if there is a shortfall in the remaining amounts available to make principal payments on the CRR bonds that are scheduled to be paid, and if more than one tranche is scheduled to be paid on such payment date, the trustee will distribute principal from the payment account sequentially in the numerical order of such tranches.

However, the nature of our business will result in payment of principal upon an acceleration of the CRR bonds being made only as funds become available. Please read "Risk Factors—Risks Associated with the Unusual Nature of the CRR Property" and "—You may experience material payment delays or incur a loss on your investment in the CRR bonds because the source of funds for payment is limited" in this prospectus.

If any special payment date or other date specified herein for distribution of any payments to CRR bondholders is not a business day, payments scheduled to be made on such special payment date or other date may be made on the next succeeding business day, and no interest will accrue upon such payment during the intervening period. "Business day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Charleston, West Virginia, New York, New York or Columbus, Ohio, are, or DTC or the corporate trust office of the trustee is, required or authorized by law or executive order to be closed.

Neither we nor APCo makes any representation or warranty that any amounts actually collected arising from CRR charges will in fact be sufficient to meet payment obligations on the CRR bonds or that assumptions made in calculating CRR charges will in fact be realized.

The expected amortization schedule below sets forth the principal balance that is scheduled to remain outstanding on each payment date for each tranche of the CRR bonds from the issuance date to the scheduled final payment date for that tranche. Similarly, the expected sinking fund schedule below sets forth the corresponding principal payment that is scheduled to be made on each payment date for each tranche of the CRR bonds from the issuance date to the scheduled final payment date for that tranche. In establishing these schedules, we have made the assumptions specified in the bullet points under the weighted average life sensitivity table below under "Weighted Average Life and Yield Considerations for the CRR Bonds," among other assumptions.

Expected Amortization Schedule[1]

Semi-Annual Payment Date	Tranche A-1 Principal Balance	Tranche A-2 Principal Balance	Tranche A-3 Principal Balance
Closing Date			

(1) Preliminary subject to change.

On each payment date, the trustee will make principal payments to the extent the principal balance of each tranche of the CRR bonds exceeds the amount indicated for that payment date in the table above and to the extent of funds available in the payment account after payment of certain of our fees and expenses and after payment of interest. If sufficient funds are available on each payment date, principal payments for each tranche of the CRR bonds will be in the amounts indicated for each payment date in the expected sinking fund schedule below plus any previously scheduled but unpaid principal.

Expected Sinking Fund Schedule[1]

Semi-Annual Payment Date	Tranche A-1 Principal	Tranche A-2 Principal	Tranche A-3 Principal
Total Payments			

(1) Preliminary subject to change.

We cannot assure you that principal payments will be made or that the principal balance of the CRR bonds will be reduced by the amounts indicated in the schedules above. Principal payments and the actual reduction in the principal balance of a tranche of the CRR bonds may occur more slowly. Principal payments and the actual reduction in the principal balance of a tranche of the CRR bonds will not occur more quickly than indicated in the above schedules, except that the total outstanding principal balance of and interest accrued on the CRR bonds may be accelerated upon an event of default under the indenture. The CRR bonds will not be in default if principal is not paid as specified in the schedules above unless the principal of any tranche of the CRR bonds is not paid in full on or before the final maturity date of that tranche.

Redemption of the CRR Bonds

There are no redemption rights associated with the CRR bonds.

CRR Bonds Will Be Issued in Book-Entry Form

The CRR bonds will be available to investors only in the form of book-entry CRR bonds. You may hold your bonds through DTC in the United States, Clearstream, or Euroclear in Europe. You may hold the CRR bonds directly with one of these systems if you are a participant in the system or indirectly through organizations that are participants.

The Role of DTC, Clearstream and Euroclear. Cede & Co., as nominee for DTC, will hold the global bond or bonds representing the CRR bonds. Clearstream and Euroclear will hold omnibus positions on behalf of the Clearstream customers and Euroclear participants, respectively, through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries. These depositaries will, in turn, hold these positions in customers' securities accounts in the depositaries' names on the books of DTC.

The Function of DTC. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The DTC Rules applicable to its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org. The contents of such websites do not constitute a part of the registration statement of which this prospectus forms a part.

The Function of Clearstream. Clearstream is incorporated under the laws of Luxembourg. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream customers through electronic book-entry changes in accounts of Clearstream customers, thereby eliminating the need for physical movement of securities. Transactions may be settled by Clearstream in any of various currencies, including United States dollars. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream also deals with domestic securities markets in various countries through established depositary and custodial relationships. Clearstream is registered as a bank in Luxembourg and therefore is subject to regulation by the Luxembourg Commission de Surveillance du Secteur Financier, which supervises Luxembourg banks. Clearstream's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations, among others, and may include the underwriters of the CRR bonds. Clearstream's U.S. customers are limited to securities brokers and dealers and banks. Clearstream has customers located in various countries. Indirect access to Clearstream is also available to other institutions that clear through or maintain a custodial relationship with an account holder

of Clearstream. Clearstream has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear.

The Function of Euroclear. The Euroclear System was created in 1968 in Brussels. Euroclear holds securities and book-entry interests in securities for Euroclear participants and facilitates the clearance and settlement of securities transactions between Euroclear participants, and between Euroclear participants and participants of certain other securities intermediaries through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of securities and any risk from lack of simultaneous transfers of securities and cash. Such transactions may be settled in any of various currencies, including United States dollars. Euroclear includes various other services, including, among other things, safekeeping, administration, clearance and settlement, securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described below. Euroclear is operated by Euroclear Bank SA/NV. Euroclear participants include central banks and other banks, securities brokers and dealers and other professional financial intermediaries and may include the underwriters of the CRR bonds. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Terms and Conditions of Euroclear. Securities clearance accounts and cash accounts with Euroclear are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear, and applicable Belgian law (collectively, the "**Terms and Conditions**"). These Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific securities to specific securities clearance accounts. Euroclear acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

The Rules for Transfers Among DTC, Clearstream or Euroclear Participants. Transfers between DTC participants will occur in accordance with DTC rules. Transfers between Clearstream customers or Euroclear participants will occur in the ordinary way in accordance with their applicable rules and operating procedures and will be settled using procedures applicable to conventional securities held in registered form.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its depositary; however, those cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines, which will be based on European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depositary to take action to effect final settlement on its behalf by delivering or receiving CRR bonds in DTC and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to Clearstream's and Euroclear's depositaries.

Because of time-zone differences, credits of securities in Clearstream or Euroclear as a result of a transaction with a participant will be made during the subsequent securities settlement processing, dated the business day following the DTC settlement date, and those credits or any transactions in those securities settled during that processing will be reported to the relevant Clearstream customer or Euroclear participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

DTC Will Be the Holder of the CRR Bonds. CRR bondholders that are not Direct Participants or Indirect Participants but desire to purchase, sell or otherwise transfer ownership of, or other interest in, CRR bonds may do so only through Direct Participants and Indirect Participants. In addition, CRR bondholders will receive all distributions of principal of and interest on the CRR bonds from the trustee through the participants, who in turn will receive them from DTC. Under a book-entry format, CRR bondholders may experience some delay in their receipt of payments because payments will be remitted by the trustee to Cede & Co., as nominee for DTC. DTC will forward those payments to its Direct Participants, who thereafter will forward them to Indirect Participants or CRR bondholders. It is anticipated that the only "bondholder" will be Cede & Co., as nominee of DTC. The trustee will not recognize CRR bondholders as bondholders, as that term is used in the indenture, and CRR bondholders will be permitted to exercise the rights of bondholders only indirectly through the participants, who in turn will exercise the rights of CRR bondholders through DTC.

Under the rules, regulations and procedures creating and affecting DTC and its operations, DTC is required to make book-entry transfers of book-entry certificates among participants on whose behalf it acts with respect to the CRR bonds and is required to receive and transmit distributions of principal and interest on the CRR bonds. Direct Participants and Indirect Participants with whom CRR bondholders have accounts with respect to the CRR bonds similarly are required to make book-entry transfers and receive and transmit those payments on behalf of their respective CRR bondholders. Accordingly, although CRR bondholders will not possess CRR bonds, CRR bondholders will receive payments and will be able to transfer their interests.

Because DTC can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of a CRR bondholder to pledge CRR bonds to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of those bonds, may be limited due to the lack of a physical certificate for those CRR bonds.

DTC has advised us that it will take any action permitted to be taken by a CRR bondholder under the indenture only at the direction of one or more participants to whose account with DTC the CRR bonds are credited. Additionally, DTC has advised us that it will take those actions with respect to specified percentages of the collateral amount only at the direction of and on behalf of participants whose holdings include interests that satisfy those specified percentages. DTC may take conflicting actions with respect to other interests to the extent that those actions are taken on behalf of participants whose holdings include those interests.

Except as required by law, none of any underwriter, the servicers, APCo, the trustee, us or any other party will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the certificates held by Cede & Co., as nominee for DTC, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

How CRR Bond Payments Will Be Credited by Clearstream and Euroclear. Distributions with respect to CRR bonds held through Clearstream or Euroclear will be credited to the cash accounts of Clearstream customers or Euroclear participants in accordance with the relevant system's rules and procedures, to the extent received by its depositary. Those distributions will be subject to tax reporting in accordance with relevant U.S. tax laws and regulations. Please read "Material U.S. Federal Income Tax Consequences" in this prospectus. Clearstream or the Euroclear operator, as the case may be, will take any other action permitted to be taken by a CRR bondholder under the indenture on behalf of a Clearstream customer or Euroclear participant only in accordance with its relevant rules and procedures and subject to its depositary's ability to effect those actions on its behalf through DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the CRR bonds among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform those procedures, and those procedures may be discontinued at any time.

Definitive Certificated CRR Bonds

The Circumstances That Will Result in the Issuance of Definitive Certificated CRR Bonds. The CRR bonds will be issued in fully registered, certificated form to beneficial owners of CRR bonds or other intermediaries, rather than to DTC or its nominee, only under the circumstances provided in the indenture, which includes any event where:

- we advise the trustee in writing that DTC is no longer willing or able to properly discharge its responsibilities under any letter of representation executed by us in favor of DTC, and we are unable to locate a qualified successor,
- we, at our option, advise the trustee in writing that we elect to terminate the book-entry system through DTC, or
- after the occurrence of an event of default under the indenture, CRR bondholders representing at least a majority of the outstanding principal balance of the CRR bonds maintained in book-entry form advise us, the trustee and DTC through the financial intermediaries and the DTC participants in writing that the continuation of a book-entry system through DTC, or a successor to DTC, is no longer in the CRR bondholders' best interest.

The Delivery of Definitive Certificated CRR Bonds. Upon the occurrence of any event described in the immediately preceding paragraph (unless otherwise specified), we will be required to notify DTC, the trustee, and all affected beneficial owners of CRR bonds in writing of the occurrence of the event and of the availability through DTC of definitive certificated CRR bonds to such owners of CRR bonds. Upon surrender by DTC to the trustee of the global bond or bonds in the possession of DTC that had represented the applicable CRR bonds and receipt of instructions for re-registration, the trustee will authenticate and deliver definitive certificated CRR bonds to the beneficial owners, and the trustee will recognize the holders of the definitive certificate CRR bonds as bondholders under the indenture.

The Payment Mechanism for Definitive Certificated CRR Bonds. Payments of principal of, and interest on, definitive certificated CRR bonds will be made by the trustee, as paying agent, in accordance with the procedures set forth in the indenture. These payments will be made directly to holders of definitive certificated CRR bonds in whose names the definitive certificated CRR bonds were registered at the close of business on the related record date. The trustee will make the final payment of the CRR bonds, however, only upon presentation and surrender of the CRR bonds at the office or agency of the trustee specified in the notice given by the trustee of the final payment. The trustee will provide notice of the final payment to the CRR bondholders no later than five days prior to the final payment date, specifying the date set for the final payment and the amount of the payment.

The Transfer or Exchange of Definitive Certificated CRR Bonds. Definitive certificated CRR bonds will be transferable and exchangeable at the offices of the transfer agent and registrar, which will initially be U.S. Bank Trust Company, National Association. No service charge will be imposed for any registration of transfer or exchange, but we and the transfer agent and registrar may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection with the transfer or exchange.

Registration and Transfer of the CRR Bonds

We will only issue the CRR bonds in definitive form under limited circumstances as described above, which will be transferable and exchangeable as described above under "Definitive Certificated CRR Bonds." There will be no service charge for any registration or transfer of the CRR bonds, but the trustee may require the owner to pay a sum sufficient to cover any tax or other governmental charge.

We will issue the CRR bonds in the minimum initial denominations and integral multiples set forth in this prospectus.

The trustee will make payments of interest and principal on each payment date to the CRR bondholders in whose names the CRR bonds were registered on the applicable record date.

The Security for the CRR Bonds

To secure the payment of principal, premium, if any, and interest on, and any other amounts owed in respect of, the CRR bonds pursuant to the indenture, we will grant to the trustee for the benefit of the CRR bondholders a security interest in all of our right, title and interest, whether now owned or later acquired, in and to the following collateral, which collectively constitutes the CRR bond collateral under the indenture:

- the CRR property;
- the CRR charges related to the CRR property;
- our rights under the sale agreement and the bill of sale delivered by APCo pursuant to the sale agreement;
- our rights under the servicing agreement, the administration agreement, each intercreditor agreement and any subservicing, agency, administration, other intercreditor or collection agreements executed in connection with the servicing agreement, the intercreditor agreements or the administration agreement;
- our rights in the joint collection account and the payment account and all subaccounts of each of the foregoing accounts, including the payment account's general subaccount, capital subaccount and the excess funds subaccount, and all cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all financial assets and securities entitlements carried therein or credited thereto;
- all rights to compel the servicers to file for and obtain periodic adjustments to the CRR charges in accordance with the Securitization Law and the financing order;
- all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute CRR property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property;
- all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing; and
- all payments on or under, and all proceeds in respect of, any or all of the foregoing.

The security interest does not extend to:

- return on invested capital on deposit with us that are required to be returned to APCo pursuant to the indenture;
- cash that has been released pursuant to the terms of the indenture;
- amounts deposited with us for payment of costs of issuance with respect to the CRR bonds (together with any interest earnings thereon); and
- proceeds from the sale of the CRR bonds that are required to pay (a) the purchase price for the CRR property and paid pursuant to the sale agreement or (b) upfront financing costs.

The Securitization Law provides that a valid and binding security interest in CRR property will attach and be perfected by the means set forth in § 24-2-4h(o) of the Securitization Law. Specifically, § 24-2-4h(o)(3) of the Securitization Law provides that a security interest in CRR property shall be created, valid and binding when all of the following have occurred: (a) a security agreement granting such security interest is executed and delivered;

and (b) value is received for such CRR bonds. Furthermore, § 24-2-4h(o)(4) of the Securitization Law also provides that a security interest in CRR property shall attach without any physical delivery of collateral or other act and, upon the filing of a financing statement with the Office of the Secretary of State of West Virginia, the lien of the security interest shall be valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the person granting the security interest, regardless of whether the parties have notice of the lien. Upon perfection of a security interest by the filing of a financing statement under § 24-2-4h(o)(4) of the Securitization Law, the Secretary of State of West Virginia shall maintain such financing statement in the same manner that the Secretary of State of West Virginia maintains financing statements filed by transmitting utilities under the West Virginia Uniform Commercial Code.

The Payment Account for the CRR Bonds

Under the CRR property intercreditor agreement and the indenture, the securities intermediary will hold two accounts for the CRR bonds, the joint collection account and a payment account. The joint collection account is a single account held jointly by us and the WPCo issuing entity, into which the servicers will remit estimated CRR charge collections and all other amounts received in respect of the CRR bond collateral (and into which APCo and WPCo as servicers under the separate WPCo issuance will remit similar amounts under the WPCo indenture for such issuance). U.S. Bank National Association will hold the joint collection account for the benefit of U.S. Bank Trust Company, National Association as "control agent", on behalf of the trustee and such other WPCo indenture trustee. On or before each payment date and, to the extent funds are available, at such other times as ongoing financing costs become due and payable, the servicers will transfer, or will cause the control agent to transfer, in accordance with the CRR property intercreditor agreement, our allocable share of the funds then on deposit in the joint collection account—referred to as the APCo transfer amount—to the general subaccount of a segregated trust account in the name of the trustee with the securities intermediary or at another eligible institution, for the CRR bonds (such segregated trust account referred to herein as the "**payment account**"). Unless otherwise agreed between the servicers and the trustee, these transfers will be made on each business day, and the final transfer prior to each payment date will be made on the business day immediately preceding that payment date. The servicers may not transfer any APCo transfer amount to the payment account unless a corresponding WPCo transfer amount is transferred at the same time, and using the same calculation methodology, to the payment account for the WPCo Bonds.

The APCo transfer amount consists of the funds on deposit in the joint collection account relating to our interest in that account. As of any date of determination, our interest in the joint collection account is a percentage equal to (a) the interest and scheduled principal on the CRR bonds payable on the upcoming payment date and our ongoing financing costs payable on or prior to that payment date, divided by (b) the interest and scheduled principal on all of the CRR bonds and the WPCo Bonds payable on that payment date and all ongoing financing costs payable on or prior to that payment date. If, immediately prior to the final transfer from the joint collection account before a payment date, the funds on deposit in the joint collection account (together with the amounts then on deposit in the payment account) are insufficient to pay the interest and scheduled principal on the CRR bonds and our ongoing financing costs payable on that payment date, the APCo transfer amount for that final transfer will instead equal the total funds then on deposit in the joint collection account multiplied by the percentage that the outstanding principal amount of the CRR bonds represents of the aggregate outstanding principal amount of the CRR bonds and the WPCo Bonds. If the funds on deposit in the joint collection account are insufficient to satisfy any payment required to be made directly from the joint collection account or the amounts owed in respect of both the CRR bonds and the WPCo Bonds, the CRR property intercreditor agreement provides that any resulting shortfall will be borne by us and the WPCo issued entity pro rata based on the principal amount of the CRR bonds and the WPCo Bonds then outstanding. For a description of the manner in which transfers from the joint collection account are directed, please read "Appalachian Consumer Rate Relief Funding II LLC, The Issuing Entity—Intercreditor Agreements" in this prospectus.

The payment account will be under the sole dominion and exclusive control of the trustee. The payment account for the CRR bonds will be divided into the following subaccounts, which need not be separate bank accounts:

- the general subaccount;
- the capital subaccount; and
- the excess funds subaccount.

For administrative purposes, the subaccounts may be established by the securities intermediary as separate accounts that will be recognized individually as subaccounts and collectively as the payment account. Unless otherwise provided in the indenture, amounts in the payment account for the CRR bonds not allocated to any other subaccount by the servicers will be allocated to the general subaccount. Unless the context indicates otherwise, references in this prospectus to the payment account for the CRR bonds include all of the subaccounts contained therein. All monies deposited from time to time in the payment account, all deposits therein pursuant to the indenture, and all investments made in eligible investments with these monies will be held by the trustee in the payment account as part of the collateral. The following institutions are "eligible institutions" for the establishment of the payment account:

- the corporate trust department of the trustee or an affiliate thereof, so long as the trustee or such affiliate have (a) either a short-term deposit or issuer rating from Moody's of at least "P-1" or a long-term unsecured debt or issuer rating from Moody's of at least "A2"; and (b) a short-term deposit or issuer rating from S&P of at least "A-1" or a long-term unsecured debt or issuer rating from S&P of at least "A"; or
- a depository institution organized under the laws of the United States of America or any state (or any domestic branch of a foreign bank) (a) that has either (i) a long-term unsecured debt or issuer rating of "AA-" or higher by S&P and "A2" or higher by Moody's, or (ii) a short-term deposit, short-term (bank deposit) or issuer rating of "A-1" or higher by S&P and "P-1" or higher by Moody's; and (b) whose deposits are insured by the Federal Deposit Insurance Corporation;

provided, however, that if an eligible institution then being utilized for any purposes under the indenture or the series supplement no longer meets the definition of eligible institution, then the issuing entity shall replace such eligible institution within 60 days of such eligible institution no longer meeting the definition of eligible institution.

Appropriate Investments for Funds in the payment account. So long as no default or event of default has occurred and is continuing, all or a portion of the funds in the payment account for the CRR bonds must be invested by the trustee (in accordance with the written direction of the servicers) in any of the follow each of which is referred to as an eligible investment:

1. direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;
2. demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, or bankers' acceptances issued by, any depository institution (including, the trustee or any of its affiliates, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any state thereof, and subject to supervision and examination by U.S. federal or state banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit or contractual commitment, rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the CRR bonds;
3. commercial paper (including commercial paper of the trustee or any of its affiliates, acting in its commercial capacity, and other commercial paper issued by APCo, WPCo or any of their respective

affiliates), which, at the time of purchase is rated at least "A-1" or "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the CRR bonds;

4. investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the trustee or any of its affiliates is investment manager or advisor) from Moody's and S&P;

5. repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with eligible institutions (as described above);

6. repurchase obligations with respect to any security or whole loan entered into with an eligible institution or with a registered broker/dealer acting as principal and that meets certain ratings criteria: (a) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act, the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of entering into such repurchase obligations; or (b) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; or

7. any other investment permitted by each of the rating agencies.

Notwithstanding the foregoing: (a) no securities or investments that mature in 30 days or more will be eligible investments unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's; (b) no securities or investments described in clauses "2." through "4." above which have maturities of more than 30 days but less than or equal to three months will be eligible investments unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; (c) no securities or investments described in clauses "2." through "4." above which have maturities of more than three months will be eligible investments unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; (d) no securities or investments described in clauses "2." through "4." above which have a maturity of 60 days or less will be eligible investments unless such securities have a rating from S&P of at least "A-1"; and (e) no securities or investments described in clauses "2." through "4." above which have a maturity of 365 days or less will be eligible investments unless such securities have a rating from S&P of at least "AA-", "A-1+" or "AAAm".

Remittances to the Joint Collection Account. On each remittance date, the servicers will remit all CRR charges estimated to have been collected, any indemnity amounts and any other proceeds of the CRR bond collateral securing the CRR bonds to the securities intermediary for deposit in the joint collection account. Indemnity amount means any amount paid by the servicers or APCo to the trustee, for the trustee or on behalf of the CRR bondholders, in respect of indemnification obligations pursuant to the servicing agreement or the sale agreement. Please read "The Servicing Agreement" and "The Sale Agreement" in this prospectus. To the extent that the combined amounts remitted by an APCo customer are insufficient to satisfy amounts owed in respect of consumer rate relief charges relating to the CRR bonds or any other bonds being serviced by the servicers or for electricity service (other than late fees), the remitted amounts will be allocated pro rata among such consumer rate relief charges and electricity charges. Please read "The Servicing Agreement—Remittances to Joint Collection Account" in this prospectus.

General Subaccount. Each APCo transfer amount transferred from the joint collection account will be deposited into the general subaccount upon receipt. In addition, at the written request of the servicers, the trustee

will pay from the payment account to the servicers, or transfer from the general subaccount to the joint collection account, any amounts required to be so paid or transferred under the servicing agreement in connection with the monthly reconciliation of estimated and actual CRR charge collections or under the CRR property intercreditor agreement to return to the joint collection account amounts transferred to the payment account in excess of the amount properly allocable to us as a result of an error in the calculation or implementation of an APCo transfer amount or WPCo transfer amount. Please read "The Servicing Agreement—Remittances to Joint Collection Account" and "Appalachian Consumer Rate Relief Funding II LLC, The Issuing Entity—Intercreditor Agreements" in this prospectus. On each payment date, the trustee will allocate amounts in the general subaccount among the other subaccounts as described under "How Funds in the Payment Account Will Be Allocated." Amounts in the general subaccount will be invested in the eligible investments described above in accordance with the written direction of the servicers.

Capital Subaccount. Prior to or concurrent with the issuance of the CRR bonds, APCo will make a capital contribution to us in an amount equal to 0.50% of the initial principal amount of the CRR bonds, and such payment shall not come from the proceeds of the sale of the CRR bonds. We will pay this amount to the trustee for deposit into the capital subaccount which will be invested in eligible investments by the trustee in accordance with the written direction of the servicers. The trustee will draw on amounts in the capital subaccount to the extent that, in allocating funds in accordance with clauses 1 through 9 in "How Funds in the Payment Account Will Be Allocated," below, amounts on deposit in the general subaccount and, the excess funds subaccount are insufficient to make scheduled payments on the CRR bonds and payments of fees and expenses specified in clauses 1 through 9. The trustee will allocate collected CRR charges available on any payment date that are not necessary to pay amounts described in clauses 1 through 9 in "How Funds in the Payment Account Will Be Allocated," below, to the capital subaccount in an amount sufficient to replenish any amounts drawn from the capital subaccount (other than distributed investment earnings on the capital subaccount) and any shortfall of investment earnings on the capital subaccount. On each payment date, any excess investment earnings on the capital subaccount above the allowed rate of return shall be allocated to the excess funds subaccount.

Excess Funds Subaccount. The trustee will allocate collected CRR charges available on any payment date that are not necessary to pay clauses 1 through 11 in "How Funds in the Payment Account Will Be Allocated," below, to the excess funds subaccount. The trustee will invest amounts in the excess funds subaccount in eligible investments in accordance with the written direction of the servicers. On each payment date, the trustee will draw on the excess funds subaccount in allocating funds in accordance with clauses 1 through 11 in "How Funds in the Payment Account Will Be Allocated," below, to the extent that amounts on deposit in the general subaccount are insufficient to make scheduled payments on the CRR bonds and payments of fees and expenses specified in clauses 1 through 11.

How Funds in the Payment Account Will Be Allocated

Amounts remitted by the servicers to the trustee with respect to the CRR bonds, including any amounts received by us relating to the indemnification obligations payable by the seller pursuant to the sale agreement or the servicers pursuant to the servicing agreement and all investment earnings on amounts in the general subaccount of the payment account will be deposited into the general subaccount. Investment earnings on amounts in the capital subaccount (other than excess investment earnings that are allocated to the excess funds subaccount) and the excess funds subaccount will be deposited into the capital subaccount and the excess funds subaccount, respectively.

On each payment date for the CRR bonds, the trustee shall apply all amounts on deposit in the payment account, including all investment earnings thereon, to pay the following amounts for the CRR bonds in the following priority:

1. payment of (a) all amounts owed by us to the trustee (including legal fees and expenses and outstanding indemnity amounts) and (b) all amounts owed by us to the control agent (including legal

fees and outstanding indemnity amounts); provided that the amounts in clauses (a) and (b) shall collectively not exceed $200,000 in any 12-month period; provided, however, that such cap shall be disregarded and inapplicable upon the acceleration of the CRR bonds following the occurrence of an event of default;

2. payment of the servicing fees relating to the CRR bonds with respect to such payment date, plus any unpaid servicing fees relating to the CRR bonds from prior payment dates;

3. payment of the due and unpaid administration fee, which will be a fixed amount specified in the administration agreement between us and APCo, and the due and unpaid fees of our independent managers, which will be in an amount specified in an agreement between us and our independent managers;

4. payment of all of our other ordinary and periodic operating expenses relating to the CRR bonds for such payment date, such as accounting and audit fees, rating agency fees, legal fees and certain costs of the servicers under the servicing agreement;

5. payment of the interest then due on the CRR bonds, including any past-due interest;

6. payment of the principal due to be paid on the CRR bonds on any final maturity date of a tranche or acceleration upon an event of default;

7. payment of the principal then scheduled to be paid on a tranche of the CRR bonds pursuant to the expected sinking fund schedule, including any previously unpaid scheduled principal;

8. payment of any unpaid fees, expenses and indemnity amounts owed to the trustee; and, to the extent allocable to the CRR bonds under the CRR property intercreditor agreement, the control agent, including any amounts owing to the trustee and the control agent but unpaid due to the $200,000 cap in clause 1 above, to the trustee and control agent pro rata;

9. payment of any of our unpaid operating expenses and any remaining amounts owed pursuant to the basic documents, pro rata to the parties to which such unpaid operating expenses are owed;

10. replenishment of the amount, if any, by which the required capital balance of the capital subaccount exceeds the amount in the capital subaccount as of such payment date;

11. the return on invested capital to APCo then due and payable;

12. allocation of the remainder, if any, to the excess funds subaccount for distribution on subsequent payment dates; and

13. after the CRR bonds have been paid in full and discharged, and all of the other foregoing amounts have been paid in full, the balance, together with all amounts in the capital subaccount and the excess funds subaccount, released to us free and clear of the lien of the indenture and series supplement, and credited (other than an amount equal to 0.50% of the initial principal amount of the CRR bonds plus any unpaid permitted return) to customers through normal ratemaking processes consistent with the financing order.

The amount of the annual servicing fees referred to in clause 2 above shall be 0.10% of the aggregate initial principal amount of the CRR bonds. In the event of the appointment of a successor servicer that is not an affiliate of APCo or WPCo, the servicing fee shall not, unless the West Virginia Commission consents, exceed 0.25% of the initial aggregate principal amount of the CRR bonds. The amount of the annual administration fee referred to in clause 3 above shall be fixed at $50,000.

Interest means, for any payment date for any tranche of the CRR bonds, the sum, without duplication, of:

- an amount equal to the interest accrued on that tranche of CRR bonds at the applicable interest rate from the prior payment date or, with respect to the first payment date, the amount of interest accrued since the issuance date;

- any unpaid interest plus, to the fullest extent permitted by law, any interest accrued on this unpaid interest; and
- if the CRR bonds have been declared due and payable, all accrued and unpaid interest thereon.

Principal means, with respect to any payment date, the sum, without duplication, of:

- the amount of principal due as a result of the occurrence and continuance of an event of default and acceleration of the CRR bonds;
- the amount of principal of a tranche due on the applicable final maturity date of that tranche;
- any unpaid and previously scheduled payments of principal of any tranche and overdue payments of principal of such tranche(s); and
- the amount of principal of any tranche scheduled to be paid on such payment date in accordance with the expected sinking fund schedule.

If on any payment date, or for any amounts payable under clauses 1 through 4 above, on any business day, funds in the general subaccount are insufficient to make the allocations or payments contemplated by clauses 1 through 9 of the first paragraph of this subsection with respect to the CRR bonds, the trustee will draw from amounts on deposit in the following subaccounts in the following order up to the amount of the shortfall:

1. from the excess funds subaccount for allocations and payments contemplated in clauses 1 through 9, and
2. from the capital subaccount for allocations and payments contemplated by clauses 1 through 9.

How Funds in the Subaccounts Will Be Used Upon Repayment of the CRR Bonds

Upon the payment in full of all CRR bonds authorized in the financing order and the discharge of all obligations, including all financing costs and any fees, expenses and indemnity amounts due to any party, all remaining amounts in the payment account (including investment earnings) shall be released by the trustee to us for distribution to APCo. With regard to the remaining amounts in the payment account (excluding amounts in the capital subaccount and any unpaid return on invested capital due to APCo), APCo shall notify the West Virginia Commission of the amount of such funds available for crediting to the benefit of customers. With regard to the amounts in the capital subaccount of the payment account, all such funds shall be released to us for distribution to, and retention by, APCo. Until such funds are returned by us to APCo, APCo may earn a rate of return on its capital investment in us equal to the authorized pre-tax weighted average cost of capital established in APCo's then most recent base rate case. Such rate of return shall be paid by us by means of periodic distributions that are funded first by the income earned through investment by the trustee in eligible investments, and second by any deficiency being collected through the true-up adjustments.

Reports to CRR Bondholders

On or before each payment date, the trustee shall make available electronically on its reporting website to each of the CRR bondholders a statement provided and prepared by the servicers. This statement will include, to the extent applicable, the following information, as well as any other information so specified in the series supplement, as to the CRR bonds with respect to that payment date or the period since the previous payment date, as applicable:

- the amount of the payment to CRR bondholders allocable to principal;
- the amount of the payment to CRR bondholders allocable to interest;
- the aggregate outstanding principal amount of the CRR bonds, before and after giving effect to any payments allocated to principal reported above;

- the difference, if any between the aggregate outstanding amount specified immediately above and the outstanding amount specified in the amortization schedule;
- any other transfers and payments to be made on such payment date, including amounts paid to the trustee and to the servicers; and
- the amounts on deposit in the capital subaccount and the excess funds subaccount, after giving effect to the foregoing payments.

Please read "The Servicing Agreement—The Servicers Will Provide Assessments Concerning Compliance with the Servicing Agreement" in this prospectus.

Website Disclosures

We will, to the extent permitted by and consistent with our legal obligations under applicable law, cause to be posted on a website associated with APCo, currently located at www.aep.com, periodic reports containing to the extent such information is reasonably available to us:

- the final prospectus for the CRR bonds;
- statements of any remittances of CRR charges made to the trustee;
- a statement reporting the balance of the outstanding CRR bonds and the balances in the payment account and in each subaccount as of all payment dates and as of the end of the year;
- the semi-annual servicer's certificate as required to be submitted pursuant to the servicing agreement;
- the monthly servicer's certificate as required to be submitted pursuant to the servicing agreement;
- the text (or a link to the website where a reader can find the text) of each filing of a true-up adjustment and the results of each such filing;
- any change in the long-term or short-term credit ratings of the servicers assigned by the rating agencies;
- any material legislative enactment or regulatory order or rule directly relevant to the CRR bonds; and
- any reports and other information that we are required to file with the SEC under the Exchange Act.

Information contained on AEP's website or that can be accessed through the website is not incorporated into and does not constitute a part of this registration statement.

We and the Trustee May Modify the Indenture

Modifications of the Indenture That Do Not Require Consent of CRR Bondholders. Without the consent of any of the holders of the outstanding CRR bonds but with prior notice to the rating agencies, we and the trustee may execute a supplemental indenture for any of the following purposes:

- to correct or amplify the description of any property, including the collateral, at any time subject to the lien of the indenture or to better assure, convey and confirm unto the trustee the collateral, or to subject additional property to the lien of the indenture and the series supplement, or to subject to the lien of the indenture and the series supplement additional property;
- to evidence the succession, in compliance with the applicable provisions of the indenture, of another entity to us, and the assumption by any applicable successor of our covenants contained in the indenture and in the CRR bonds;
- to add to our covenants, for the benefit of the holders of the CRR bonds, or to surrender any right or power therein conferred upon us;

- to convey, transfer, assign, mortgage or pledge any property to or with the trustee;
- to cure any ambiguity or mistake, to correct or supplement any provision of the indenture or series supplement which may be inconsistent with any other provision of the indenture or series supplement, to make any other provisions with respect to matters or questions arising under the indenture or series supplement; provided, however, that:
  - this action shall not, as evidenced by an officer's certificate from us, adversely affect in any material respect the interests of any CRR bondholder; and
  - the rating agency condition shall have been satisfied with respect thereto;
- to evidence and provide for the acceptance of the appointment under the indenture by a successor trustee with respect to the CRR bonds and to add to or change any of the provisions of the indenture as shall be necessary to facilitate the administration of the CRR bond collateral under the indenture by more than one trustee, pursuant to the requirements specified in the indenture;
- to modify, eliminate or add to the provisions of the indenture to the extent necessary to effect the qualification of the indenture under the Trust Indenture Act and to add to the indenture any other provisions as may be expressly required by the Trust Indenture Act;
- to evidence the final terms of the CRR bonds in the series supplement;
- to qualify the CRR bonds for registration with a clearing agency;
- to satisfy any rating agency requirements;
- to make any amendment to the indenture or the CRR bonds relating to the transfer and legending of the CRR bonds to comply with applicable securities laws;
- to conform the text of the indenture or the CRR bonds to any provisions of the registration statement filed by us with the SEC with respect to the issuance of the CRR bonds to the extent that such provision was intended to be a verbatim recitation of a provision of the indenture of the CRR bonds; or
- to authorize the appointment of any fiduciary for the CRR bonds required or advisable with the listing on any stock exchange and otherwise amend the indenture to incorporate changes requested or required by any governmental authority, stock exchange authority or fiduciary of the CRR bonds in connection with such listing.

Additional Modifications to the Indenture That Do Not Require the Consent of CRR Bondholders. We and the trustee may also, without the consent of any of the CRR bondholders, execute one or more other agreements supplemental to the indenture as long as:

- the supplemental agreement does not, as evidenced by an opinion of counsel of nationally recognized counsel experienced in structured finance transactions, adversely affect in any material respect the interests of any CRR bondholder; and
- the rating agency condition shall have been satisfied with respect thereto.

Modifications That Require the Approval of the Commission. We and the trustee may execute a supplemental indenture that would increase the ongoing financing costs only with the consent of the Public Service Commission of West Virginia, such consent to be procured in accordance with the terms of the indenture.

Modifications to the Indenture That Require the Approval of the CRR Bondholders. We and the trustee also may, with the consent of the holders of a majority of the outstanding amount of the CRR bonds of each tranche to be adversely affected, execute a supplemental indenture to add any provisions to, or change in any manner or eliminate any of the provisions of, the indenture or modify in any manner the rights of the CRR bondholders

under the indenture. Under no circumstance may the supplemental indenture be modified without the consent of the holders of each CRR bond tranche affected thereby:

- change the date of payment of any installment of principal of or premium, if any, or interest on any CRR bond of such tranche, or reduce the principal amount thereof, the interest rate thereon or the premium, if any, with respect thereto;
- change the provisions of the indenture and the series supplement relating to the application of collections on, or the proceeds of the sale of, the CRR bond collateral to payment of principal of or premium, if any, or interest on the CRR bonds, or change any place of payment where, or the coin or currency in which, any CRR bond or any interest thereon is payable;
- reduce the percentage of the aggregate amount of the outstanding CRR bonds or of a tranche thereof, the consent of the CRR bondholders of which is required for any supplemental indenture, or the consent of the CRR bondholders of which is required for any waiver of compliance with those certain provisions of the indenture specified therein or of certain defaults specified therein and their consequences provided for in the indenture;
- reduce the percentage of the outstanding amount of the CRR bonds required to direct the trustee to direct us to sell or liquidate the collateral;
- modify any provision of the section of the indenture relating to the consent of CRR bondholders with respect to supplemental indentures or any provision of the other basic documents similarly specifying the rights of CRR bondholders to consent to modification thereof, except to increase any percentage specified therein or to provide that those provisions of the indenture or the basic documents specified in the indenture cannot be modified or waived without the consent of each outstanding CRR bondholder affected thereby;
- modify any of the provisions of the indenture in a manner as to affect the calculation of the amount of any payment of interest, principal or premium, if any, due on any CRR bond on any payment date (including the calculation of any of the individual components of such calculation) or change the expected sinking fund schedule or final maturity date of any tranche of the CRR bonds;
- decrease the required capital amount;
- permit the creation of any lien ranking prior to or on a parity with the lien of the indenture with respect to any of the collateral for the CRR bonds or, except as otherwise permitted or contemplated in the indenture, terminate the lien of the indenture on any property at any time subject thereto or deprive the holder of any CRR bond of the security provided by the lien of the indenture;
- cause any material adverse U.S. federal income tax consequence to us, APCo, the managers, the trustee or the then-existing CRR bondholders; or
- impair the right to institute suit for the enforcement of the provisions of the indenture regarding payment or application of funds.

Enforcement of the Sale Agreement, the Administration Agreement, the Servicing Agreement and the Intercreditor Agreements. The indenture provides that we will take all lawful actions to enforce our rights under the sale agreement, the administration agreement, the servicing agreement, each intercreditor agreement and the other basic documents to which it is a party. The indenture also provides that we will take all lawful actions to compel or secure the performance and observance by APCo, the administrator and the servicers of their respective obligations to us under or in connection with the sale agreement, the administration agreement, the servicing agreement, each intercreditor agreement and joinder and the other basic documents to which it is a party. So long as no event of default occurs and is continuing, we may exercise any and all rights, remedies, powers and privileges lawfully available to us under or in connection with the sale agreement, the administration agreement, the servicing agreement and each intercreditor agreement and joinder; provided that such action shall not adversely affect the interests of the CRR bondholders in any material respect. However, if we or the servicers propose to amend,

modify, waive, supplement, terminate or surrender in any material respect, or agree to any material amendment, modification, supplement, termination, waiver or surrender of, the process for adjusting the CRR charges, we must provide written notice to the trustee, and the trustee shall notify the CRR bondholders of such proposal. In addition, the trustee may consent to this proposal only with the written consent of the holders of a majority of the principal amount of the outstanding CRR bonds affected thereby and only if the rating agency condition is satisfied.

If an event of default occurs and is continuing, the trustee may, and, at the written direction of the holders of a majority of the outstanding amount of the CRR bonds affected thereby, shall exercise all of our rights, remedies, powers, privileges and claims against APCo, the administrator and servicers, under or in connection with the sale agreement, the servicing agreement, the administration agreement and each intercreditor agreement and joinder, and any right of ours to take this action shall be suspended.

Modifications to the Sale Agreement, the Administration Agreement, the Intercreditor Agreements and the Servicing Agreement. The sale agreement, the administration agreement, the intercreditor agreements and the servicing agreement, may be amended in accordance with the provisions thereof, so long as the rating agency condition is satisfied in connection therewith, at any time and from time to time, without the consent of the CRR bondholders if all conditions precedent for such amendment have been satisfied and if the amendment increases ongoing financing costs, satisfaction of the commission condition (as described in the indenture, the administration agreement, the sale agreement, or the servicing agreement, as applicable) as evidenced by an opinion of counsel. Notwithstanding the foregoing, the sale agreement, the administration agreement and the servicing agreement may be amended in accordance with the provisions thereof with ten business days' prior written notice given to the rating agencies and with the prior written consent of the trustee acting at the written direction of the joint majority holders (except that any amendment to the administration agreement or the sale agreement will not require the consent of the trustee), but without the consent any of the CRR bondholders, (a) to cure any ambiguity, to correct or supplement any provisions in the applicable agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in such agreement or of modifying in any manner the rights of the CRR bondholders; provided, however, that such action shall not adversely affect in any material respect the interests of any holder; or (b) to conform the provisions of the applicable agreement to the description of such agreement in the prospectus. In the case of an amendment described in the preceding sentence, the issuing entity shall furnish copies of such amendment to the rating agencies promptly after execution thereof.

Notification of the Rating Agencies, the Trustee and the CRR Bondholders of any Modification.

If we, APCo, WPCo or the servicers or any other party to the applicable agreement:

- proposes to amend, modify, waive, supplement, terminate or surrender, or agree to any other amendment, modification, waiver, supplement, termination or surrender of, the terms of the sale agreement, the servicing agreement or any intercreditor agreement; or
- waives timely performance or observance by the seller, APCo, WPCo, the administrator or any servicer under the sale agreement, any intercreditor agreement and joinder, the administration agreement or the servicing agreement,

in each case in a way which would materially and adversely affect the interests of CRR bondholders, we must first notify the rating agencies of the proposed action and must promptly notify the trustee, the paying agent (if not the trustee), the CRR Bond Registrar (if not the trustee) and the West Virginia Commission, and the trustee shall notify the CRR bondholders on our behalf. The trustee will consent to this proposed amendment, modification, supplement or waiver only if the rating agency condition is satisfied and only with the written consent of the holders of a majority of the outstanding principal amount of the CRR bonds of the tranches materially and adversely affected thereby (provided that, in order to determine which CRR bondholders are materially and adversely affected, the trustee may rely upon an officer's certificate of the issuing entity.)

What Constitutes an Event of Default on the CRR Bonds

An event of default with respect to the CRR bonds is defined in the indenture as being:

1. a default in the payment of any interest on any CRR bond when the same becomes due and payable and the continuation of this default for five business days;

2. a default in the payment of the then unpaid principal of any CRR bonds of a tranche on the final maturity date for such tranche;

3. a default in the observance or performance of any of our covenants or agreements made in the indenture, other than those specifically dealt with in clause 1 or 2 above, or any of our representations or warranties made in the indenture or the series supplement or in any certificate or other writing delivered pursuant to the indenture or in connection with the indenture proving to have been incorrect in any material respect as of the time when made, and if such default continues or is not cured for a period of 30 days after the earlier of (a) written notice of the default is given to us by the trustee or to us and the trustee by the holders of at least 25% of the outstanding principal amount of the CRR bonds or (b) the date we have actual notice of the default;

4. any representation or warranty made by us in the indenture or the series supplement, or in any certificate or other writing delivered pursuant hereto or the series supplement or in connection therewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and the circumstance or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or otherwise cured, 30 days after the earlier of (a) the date that there shall have been given, by registered or certified mail, us by the trustee or to us and the trustee by the holders of CRR bonds representing at least 25 percent of the outstanding amount of the CRR bonds, a written notice specifying such incorrect representation or warranty and requiring it to be remedied and stating that such notice is a "Notice of Default" thereunder or (b) the date that we have actual knowledge of the default;

5. the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of us or any substantial part of the collateral in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of us or for any substantial part of the collateral, or ordering the winding-up or liquidation of our affairs, and such decree or order remains unstayed and in effect for a period of 90 consecutive days;

6. the commencement by us of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by us to the entry of an order for relief in an involuntary case or proceeding under any such law, or the consent by us to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of us for any substantial part of the collateral, or the making by us of any general assignment for the benefit of creditors, or the failure by us generally to pay our debts as such debts become due, or the taking of action by us in furtherance of any of the foregoing; or

7. any act or failure to act by the State of West Virginia or any of its agencies (including the West Virginia Commission), officers or employees that violates or is not in accordance with the pledge of the State of West Virginia in the Securitization Law. Please read "The Securitization Law" in this prospectus.

Remedies Available Following an Event of Default. If an event of default with respect to the CRR bonds, other than event number 7 above, occurs and is continuing, the trustee or holders holding not less than a majority in principal amount of the CRR bonds may declare the unpaid principal balance of CRR bonds, together with accrued interest, to be immediately due and payable. This declaration may, under the circumstances specified therein, be rescinded by the holders of a majority in principal amount of the CRR bonds. The nature of our business will result in payment of principal upon such a declaration being made as funds become available. Please read "Risk Factors—Risks Associated with the Unusual Nature of the CRR Property—Foreclosure of the

trustee's lien on the CRR property might not be practical, and acceleration of the CRR bonds before maturity might have little practical effect" and "—You may experience material payment delays or incur a loss on your investment in the CRR bonds because the source of funds for payment is limited" in this prospectus.

In addition to acceleration of the CRR bonds described above, the trustee may exercise one or more of the following remedies upon an event of default (other than event number 7 above):

1. the trustee may institute proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the CRR bonds or under the indenture with respect to the CRR bonds, whether by declaration of acceleration or otherwise, and, subject to the limitations on recovery set forth in the indenture, enforce any judgment obtained, and collect from us moneys adjudged due, upon the CRR bonds;
2. the trustee may institute proceedings from time to time for the complete or partial foreclosure of the indenture with respect to the collateral securing the CRR bonds;
3. the trustee may exercise any remedies of a secured party under the Uniform Commercial Code or the Securitization Law or any other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the trustee and the CRR bondholders;
4. at the written direction of the holders of a majority in the principal amount of the CRR bonds, the trustee may either sell all or a portion of the collateral securing the CRR bonds or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by applicable law provided that certain conditions set forth in the indenture are met, or elect that we maintain possession of all or a portion of the collateral securing the CRR bonds pursuant to the terms of the indenture and continue to apply the CRR charges as if there had been no declaration of acceleration; and
5. the trustee may exercise all of our rights, remedies, powers, privileges and claims against the seller, administrator and the servicers under or in connection with the sale agreement, the administration agreement, the intercreditor agreements or the servicing agreement.

If event of default number 7 above occurs and is continuing, the trustee may to the extent allowed by applicable law institute or participate in proceedings necessary to compel performance of or to enforce the pledge of either the State of West Virginia or the West Virginia Commission and to collect any monetary damages incurred by the CRR bondholders or the trustee as a result of such event of default. This is the only remedy the trustee may exercise if this event of default has occurred.

When the Trustee Can Sell the Collateral. If the CRR bonds have been declared to be due and payable following an event of default, the trustee shall, at the written direction of the holders of a majority in principal amount of the CRR bonds, either:

- subject to the paragraph immediately below, sell the collateral securing the CRR bonds;
- elect to have us maintain possession of the collateral securing the CRR bonds; or
- take such other remedial action as the trustee, at the written direction of the holders of a majority in principal amount of the CRR bonds then outstanding and declared to have been due and payable, may direct and continue to apply distributions on the collateral securing the CRR bonds as if there had been no declaration of acceleration.

The trustee is prohibited from selling the collateral securing the CRR bonds following an event of default unless the final payment date of the CRR bonds has occurred or the CRR bonds have been declared due and payable and:

- the holders of 100% of the principal amount of the CRR bonds consent to the sale;

- the proceeds of the sale or liquidation are sufficient to pay in full the principal of and premium, if any, and accrued interest on the outstanding CRR bonds; or
- the trustee determines that funds provided by the collateral securing the CRR bonds would not be sufficient on an ongoing basis to make all payments on the CRR bonds as these payments would have become due if the CRR bonds had not been declared due and payable, and the trustee obtains the written consent of the holders of at least two-thirds of the aggregate outstanding principal amount of the CRR bonds.

Right of CRR Bondholders to Direct Proceedings. Subject to the provisions for indemnification and the limitations contained in the indenture, the holders of a majority in principal amount of the outstanding CRR bonds will have the right to direct the time, method and place of conducting any proceeding or any remedy available to the trustee or exercising any trust or power conferred on the trustee; provided that, among other things:

- this direction does not conflict with any rule of law or with the indenture or the series supplement and shall not involve the trustee in any personal liability or expense;
- any direction to the trustee to sell or liquidate any of the collateral securing the CRR bonds shall be by the holders of the CRR bonds representing not less than 100% of the outstanding CRR bonds; and
- so long as the conditions specified in the indenture have been satisfied and the trustee elects to retain the collateral securing the CRR bonds pursuant to the indenture and elects not to sell or liquidate that collateral, any direction to the trustee to sell or liquidate the collateral securing the CRR bonds or any portion thereof by the holders representing not less than 100% of the outstanding amount of the CRR bonds, shall be of no force and effect.

However, in case an event of default occurs and is continuing, the trustee will be under no obligation to exercise any of the rights or powers under the indenture at the request or direction of any of the holders of the CRR bonds if:

- the trustee may take any other action deemed proper by the trustee that is not inconsistent with this direction;
- it reasonably believes it will not be indemnified to its satisfaction against any cost, expense or liabilities; or
- it determines that this action might materially adversely affect the rights of any CRR bondholder not consenting to the action.

Waiver of Past Defaults. Prior to the declaration of acceleration of the maturity of the CRR bonds, the holders of a majority in principal amount of the CRR bonds of an affected tranche, together with the West Virginia Commission by written notice to the trustee, may, subject to certain conditions specified in the indenture, waive any default with respect to the CRR bonds. However, they may not waive a default in the payment of principal of or premium, if any, or interest on any of the CRR bonds or a default in respect of a covenant or provision of the indenture that cannot be modified without the waiver or consent of all of the holders of the outstanding CRR bonds.

Limitation of Proceedings. Under the indenture, no CRR bondholder will have the right to institute any proceeding, judicial or otherwise, or to avail itself of the right to foreclose on the CRR property or otherwise enforce the lien in the CRR property pursuant to the Securitization Law, unless:

- the holder previously has given to the trustee written notice of a continuing event of default;
- the holders of a majority in principal amount of the outstanding CRR bonds have made written request of the trustee to institute the proceeding in its own name as trustee;

- the holder or holders have offered the trustee indemnity satisfactory to the trustee against the costs, expenses and liabilities to be incurred in complying with the request;
- the trustee for 60 days after its receipt of the notice, request and offer of indemnity has failed to institute the proceeding; and
- no direction inconsistent with this written request has been given to the trustee during the 60-day period referred to above by the holders of a majority in principal amount of the outstanding CRR bonds.

In addition, each of the trustee, the CRR bondholders and the servicers will covenant that it will not, prior to the date that is one year and one day after the termination of the indenture, acquiesce, petition or otherwise invoke or cause us or any manager to invoke against us or against our managers or our member or members any bankruptcy, reorganization or other proceeding under any federal or state bankruptcy or similar law. By purchasing CRR bonds, each CRR bondholder will be deemed to have made this covenant.

Our Covenants

Consolidation, Merger or Sale of Assets. We will keep in effect our existence, rights and franchises as a limited liability company under Delaware law, provided that we may consolidate or merge with or into any other entity, or sell, exchange, transfer or otherwise dispose of any of our properties or assets included in the collateral securing the CRR bonds, if:

- the entity formed by or surviving the consolidation or merger, or that acquires our properties and assets, shall be an entity organized under the laws of the United States or any state thereof and expressly assumes by a supplemental indenture the performance of every agreement and covenant of the indenture and the series supplement on our part to be performed or observed and assume all of our obligations and succeeds to all of our rights under the sale agreement, the servicing agreement and each other basic document to which we are a party;
- immediately after giving effect to such transaction, no default or event of default by us, and no default by a servicer under the servicing agreement, will have occurred and be continuing;
- the rating agency condition will have been satisfied with respect to such transaction; and
- we have received an opinion of independent counsel to the effect that (a) the consolidation, merger or disposition, as applicable, will not result in a material adverse U.S. federal or state income tax consequence to us, APCo, the trustee or any CRR bondholder, (b) any action as is necessary to maintain the lien and the perfected security interest in the collateral securing the CRR bonds has been taken, and (c) the consolidation, merger or disposition, as applicable, complies with the indenture and series supplement and all conditions precedent therein provided relating to the consolidation, merger or disposition have been complied with.

Additional Covenants. We will from time to time execute and deliver all documents, make all filings and take any other action necessary or advisable to, among other things, maintain and preserve the lien of the indenture and the priority thereof. We will not, among other things:

- except as expressly permitted by the indenture, the series supplement, or other basic documents, sell, transfer, convey, exchange or otherwise dispose of any of our properties or assets, including those included in the collateral securing the CRR bonds unless in accordance with the indenture;
- claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the CRR bonds, other than amounts properly withheld from such payments under the Internal Revenue Code of 1986, the Treasury regulations promulgated thereunder or other tax laws, or assert any claim against any present or former CRR bondholder because of the payment of taxes levied or assessed upon any part of the collateral securing the CRR bonds;

- terminate our existence, dissolve or liquidate in whole or in part, except as otherwise permitted by the indenture;
- permit the validity or effectiveness of the indenture or other basic documents to be impaired or the lien of the indenture to be amended, hypothecated, subordinated, terminated or discharged;
- permit any person to be released from any covenants or obligations with respect to the CRR bonds under the indenture except as expressly permitted by the indenture;
- permit any lien, charge, claim, security interest, mortgage or other encumbrance, other than the lien of the indenture, to be created on or extend to or otherwise arise upon or burden the collateral or any part thereof or any interest therein or the proceeds thereof (other than tax liens arising by operation of law with respect to amounts not yet due);
- permit the lien of the indenture not to constitute a valid first priority perfected security interest in the collateral securing the CRR bonds;
- enter into any swap, hedge or similar financial instrument;
- elect to be classified as an association taxable as a corporation for U.S. federal income tax purposes or otherwise take any action, file any tax return, or make any election inconsistent with our treatment for purposes of U.S. federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from our sole owner;
- change our name, identity or structure or the location of our chief executive office or state of formation, unless, at least ten business days prior to the effective date of any such change, we deliver to the trustee, with copies to the rating agencies, such documents, instruments or agreements, executed by us, as are necessary to reflect such change and to continue the perfection of the security interest of the indenture;
- take any action which is the subject of a rating agency condition without satisfying the rating agency condition;
- except to the extent permitted by applicable law, voluntarily suspend or terminate our filing obligations with the SEC as described in the indenture; or
- issue or incur any debt obligations other than CRR bonds permitted by the indenture.

We may not engage in any business other than financing, purchasing, owning, administering, managing and servicing CRR property and the assets in the collateral securing the CRR bonds and the issuance of CRR bonds in the manner contemplated by the financing order and the indenture and other basic documents and activities incidental thereto.

We may not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except for the CRR bonds permitted by the indenture and any other indebtedness expressly permitted by or arising under the basic documents. Also, we may not guarantee or otherwise become contingently liable in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire, or agree contingently to acquire, any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person, except as otherwise contemplated by the indenture, the sale agreement, or the servicing agreement. We may not, except as contemplated by the indenture, the sale agreement, the servicing agreement and related documents (or as contemplated by an additional financing order issued by the West Virginia Commission to APCo), including our limited liability company agreement, make any loan or advance or credit to any person. We will not make any expenditure for capital assets or lease any capital asset other than the CRR property purchased from APCo pursuant to, and in accordance with, the sale agreement. We may not make any payments, distributions or dividends to any member in respect of its membership interest except in accordance with the indenture.

The servicers will deliver to the trustee the annual accountant's report, compliance certificates and reports regarding distributions and other statements required by the servicing agreement. Please read "The Servicing Agreement" in this prospectus.

Access to the List of CRR Bondholders

Any CRR bondholder, or group of CRR bondholders, owning at least ten percent of the outstanding amount of the CRR bonds may, by written request to the trustee, obtain access to the list of all CRR bondholders maintained by the trustee for the purpose of communicating with other CRR bondholders with respect to their rights under the indenture or the CRR bonds; provided, that the trustee gives prior written notice to us of such request.

We Must File an Annual Compliance Statement

We will deliver to the trustee, the West Virginia Commission and each rating agency not later than March 31 of each year (commencing with March 31, 20), an officer's certificate stating, as to the responsible officer signing such officer's certificate, that:

- a review of our activities during the preceding 12 months ended December 31, (or, in the case of the first such officer's certificate, since the issuance date) and of performance under the indenture has been made; and
- to the best of such responsible officer's knowledge, based on such review, we have in all material respects complied with all conditions and covenants under the indenture throughout such period, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to the responsible officer and the nature and status thereof.

The Trustee Must Provide an Annual Report to All CRR Bondholders

If required by the Trust Indenture Act, the trustee will be required to make available electronically on its investor reporting website to all CRR bondholders a brief report. This report may state, in accordance with the requirements of the Trust Indenture Act, among other items:

- the trustee's eligibility and qualification to continue as the trustee under the indenture;
- any amounts advanced by it under the indenture;
- the amount, interest rate and maturity date of specific indebtedness owed by us to the trustee in the trustee's individual capacity;
- the property and funds physically held by the trustee; and
- any action taken by it that materially affects the CRR bonds and that has not been previously reported.

What Will Trigger Satisfaction and Discharge of the Indenture

The indenture will cease to be of further effect with respect to the CRR bonds, and the trustee, on our reasonable written demand and at our expense, will execute instruments acknowledging satisfaction and discharge of the indenture with respect to the CRR bonds, when:

- either all CRR bonds which have already been authenticated or delivered, with certain exceptions set forth in the indenture, have been delivered to the trustee for cancellation or either scheduled final payment date has occurred with respect to all CRR bonds that have not been delivered to the trustee for cancellation or the CRR bonds will be due and payable on their respective scheduled final payment dates within one year, and we have irrevocably deposited in trust with the trustee cash or U.S. government obligations specified in the indenture, in an amount sufficient to make payments of

principal of and premium, if any, and interest on the CRR bonds not theretofore delivered to the trustee for cancellation, ongoing financing costs and all other sums payable to us pursuant to the indenture with respect to the CRR bonds when scheduled to be paid and to discharge the entire indebtedness on those CRR bonds not previously delivered to the trustee when due;

- we have paid or caused to be paid all other sums payable by us under the indenture with respect to the CRR bonds; and
- we have delivered to the trustee an officer's certificate, an opinion of external counsel, and if required by the Trust Indenture Act or the trustee, a certificate from a firm of independent registered public accountants, each stating that there has been compliance with the conditions precedent in the indenture or relating to the satisfaction and discharge of the indenture with respect to the CRR bonds.

Our Legal Defeasance and Covenant Defeasance Options

We may, at any time, terminate:

- all of our obligations under the indenture with respect to the CRR bonds, referred to herein as the legal defeasance option; or
- our obligations to comply with some of the covenants in the indenture, including some of the covenants described under "Our Covenants," referred to herein as our covenant defeasance option.

The legal defeasance option is our right to terminate at any time our obligations under the indenture with respect to the CRR bonds. The covenant defeasance option is our right at any time to terminate our obligations to comply with some of the covenants in the indenture. We may exercise the legal defeasance option with respect to the CRR bonds notwithstanding our prior exercise of the covenant defeasance option. If we exercise the legal defeasance option, the CRR bonds will be entitled to payment only from the funds or other obligations set aside under the indenture for payment thereof on the scheduled final payment date therefor as described below. The CRR bonds will not be subject to payment through acceleration prior to the scheduled final payment date. If we exercise the covenant defeasance option, the final payment of the CRR bonds may not be accelerated because of an event of default relating to a default in the observance or performance of our covenants or as described in "What Constitutes an Event of Default on the CRR bonds" above.

We may exercise the legal defeasance option or the covenant defeasance option with respect to CRR bonds only if:

- we have irrevocably deposited or caused to be irrevocably deposited in trust with the trustee cash or U.S. government obligations specified in the indenture that through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the CRR bonds not theretofore delivered to the trustee for cancellation and ongoing financing costs and all other sums payable under the indenture by us with respect to the CRR bonds when scheduled to be paid and to discharge the entire indebtedness on the CRR bonds when due;
- we deliver to the trustee a certificate from a nationally recognized firm of independent registered public accountants expressing its opinion that the payments of principal of and interest on the deposited U.S. government obligations when due and without reinvestment plus any cash deposited in the defeasance subaccount will provide cash at times and in sufficient amounts to pay in respect of the CRR bonds principal in accordance with the expected sinking fund schedule therefor, interest when due and all other ongoing financing costs and other sums payable by us under the indenture with respect to the CRR bonds;
- in the case of the legal defeasance option, 95 days pass after the deposit is made and during the 95-day period no default relating to events of our bankruptcy, insolvency, receivership or liquidation occurs and is continuing at the end of the period;

- no default has occurred and is continuing on the day of this deposit and after giving effect thereto;
- in the case of an exercise of the legal defeasance option, we shall have delivered to the trustee an opinion of external counsel stating that we have received from, or there has been published by, the Internal Revenue Service a ruling, or since the date of execution of the indenture, there has been a change in the applicable U.S. federal income tax law, and in either case confirming that the holders of the CRR bonds will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the legal defeasance had not occurred;
- in the case of an exercise of the covenant defeasance option, we shall have delivered to the trustee an opinion of external counsel to the effect that the holders of the CRR bonds will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the covenant defeasance had not occurred;
- we deliver to the trustee a certificate of one of our officers and an opinion of counsel, each stating that all conditions precedent to the legal defeasance option or the covenant defeasance option, as applicable, have been complied with as required by the indenture;
- we deliver to the trustee an opinion of external counsel to the effect that (a) in a case under the Bankruptcy Code in which APCo (or any of its affiliates, other than us) is the debtor, the court would hold that the deposited cash or U.S. government obligations would not be in the bankruptcy estate of APCo (or any of its affiliates, other than us, that deposited the moneys or U.S. government obligations); and (b) in the event APCo (or any of its affiliates, other than us, that deposited the moneys or U.S. government obligations), were to be a debtor in a case under the Bankruptcy Code, the court would not disregard the separate legal existence of APCo (or any of its affiliates, other than us, that deposited the moneys or U.S. government obligations) and us so as to order substantive consolidation under the Bankruptcy Code of our assets and liabilities with the assets and liabilities of APCo or such other affiliate; and
- each rating agency has notified us and the trustee that the exercise of the proposed defeasance option will not result in a downgrade or withdrawal of the then current rating of any then outstanding CRR bonds.

No Recourse to Others

No recourse may be taken directly or indirectly, by the holders of the CRR bonds with respect to our obligations, or the obligations of the trustee, on the CRR bonds or under the indenture or the series supplement or any certificate or other writing delivered in connection therewith, against (a) us, other than from the CRR bond collateral; (b) any owner of a membership interest in us (including APCo); (c) WPCo; or (d) any shareholder, partner, owner, beneficiary, agent, officer, director or employee of the trustee, the managers or any owner of a membership interest in us (including APCo) in its respective individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such person may have expressly agreed in writing.

Notwithstanding any provision of the indenture or the series supplement to the contrary, bondholders shall look only to the CRR bond collateral with respect to any amounts due to the CRR bondholders under the indenture and the CRR bonds, and, in the event such CRR bond collateral is insufficient to pay in full the amounts owed on the CRR bonds, shall have no recourse against us in respect of such insufficiency. Each bondholder by accepting a CRR bond specifically confirms the nonrecourse nature of these obligations, and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the CRR bonds.

Governing Law

The indenture will be governed by the laws of the State of New York, provided that the creation, attachment and perfection of any liens created thereunder in the CRR property and all rights and remedies of the trustee, securities intermediary and the holders with respect to the CRR property shall be governed by the laws of the State of West Virginia.

THE TRUSTEE

U.S. Bank Trust Company, National Association, a national banking association ("**U.S. Bank Trust Co.**"), will be the trustee, and will act as the paying agent and registrar for the CRR bonds. U.S. Bank National Association ("**U.S. Bank N.A.**") made a strategic decision to reposition its corporate trust business by transferring substantially all of its corporate trust business to its affiliate, U.S. Bank Trust Co., a non-depository trust company (U.S. Bank N.A. and U.S. Bank Trust Co. are collectively referred to herein as "**U.S. Bank**"). Upon U.S. Bank Trust Co.'s succession to the business of U.S. Bank N.A., it became a wholly owned subsidiary of U.S. Bank N.A. The trustee will maintain the accounts of the issuing entity in the name of the trustee at U.S. Bank N.A.

U.S. Bancorp, with total assets exceeding $725 billion as of June 30, 2026, is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. As of June 30, 2026, U.S. Bancorp operated over 2,000 branch offices in 26 states. A network of specialized U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions.

U.S. Bank has one of the largest corporate trust businesses in the country with a network of more than 50 domestic offices and international locations in London, England; and Dublin, Ireland. The indenture will be administered from U.S. Bank's corporate trust office located at 190 South LaSalle Street, 7th Floor, Chicago, Illinois 60603.

U.S. Bank has provided corporate trust services since 1924. As of June 30, 2026, U.S. Bank was acting as trustee with respect to over 166,000 issuances of securities with an aggregate outstanding principal balance of over $7.2 trillion. This portfolio includes corporate and municipal bonds, mortgage-backed and asset-backed securities and collateralized debt obligations.

The trustee shall make each monthly statement available to the bondholders via the trustee's internet website at https://pivot.usbank.com. CRR bondholders with questions may direct them to the trustee's bondholder services group at (800) 934-6802.

U.S. Bank serves or has served as trustee, paying agent and registrar on several issues of utility rate-payer backed securities.

U.S. Bank N.A. and other large financial institutions have been sued in their capacity as trustee or successor trustee for certain residential mortgage backed securities ("**RMBS**") trusts. The complaints, primarily filed by investors or investor groups against U.S. Bank N.A. and similar institutions, allege the trustees caused losses to investors as a result of alleged failures by the sponsors, mortgage loan sellers and servicers to comply with the governing agreements for these RMBS trusts. Plaintiffs generally assert causes of action based upon the trustees' purported failures to enforce repurchase obligations of mortgage loan sellers for alleged breaches of representations and warranties, notify securityholders of purported events of default allegedly caused by breaches of servicing standards by mortgage loan servicers and abide by a heightened standard of care following alleged events of default.

U.S. Bank N.A. denies liability and believes that it has performed its obligations under the RMBS trusts in good faith, that its actions were not the cause of losses to investors, that it has meritorious defenses, and it has contested and intends to continue contesting the plaintiffs' claims vigorously. However, U.S. Bank N.A. cannot assure you as to the outcome of any of the litigation, or the possible impact of these litigations on the trustee or the RMBS trusts.

On March 9, 2018, a law firm purporting to represent fifteen Delaware statutory trusts (the "**DSTs**") that issued securities backed by student loans (the "**Student Loans**") filed a lawsuit in the Delaware Court of

Chancery against U.S. Bank N.A. in its capacities as indenture trustee and successor special servicer, and three other institutions in their respective transaction capacities, with respect to the DSTs and the Student Loans. This lawsuit is captioned The National Collegiate Student Loan Master Trust I, et al. v. U.S. Bank National Association, et al., C.A. No. 2018-0167-JRS (Del. Ch.) (the "NCMSLT Action"). The complaint, as amended on June 15, 2018, alleged that the DSTs have been harmed as a result of purported misconduct or omissions by the defendants concerning administration of the trusts and special servicing of the Student Loans. Since the filing of the NCMSLT Action, certain Student Loan borrowers have made assertions against U.S. Bank N.A. concerning special servicing that appear to be based on certain allegations made on behalf of the DSTs in the NCMSLT Action.

U.S. Bank N.A. has filed a motion seeking dismissal of the operative complaint in its entirety with prejudice pursuant to Chancery Court Rules 12(b)(1) and 12(b)(6) or, in the alternative, a stay of the case while other prior filed disputes involving the DSTs and the Student Loans are litigated. On November 7, 2018, the Court ruled that the case should be stayed in its entirety pending resolution of the first-filed cases. On January 21, 2020, the Court entered an order consolidating for pretrial purposes the NCMSLT Action and three other lawsuits pending in the Delaware Court of Chancery concerning the DSTs and the Student Loans, which remains pending.

U.S. Bank N.A. denies liability in the NCMSLT Action and believes it has performed its obligations as indenture trustee and special servicer in good faith and in compliance in all material respects with the terms of the agreements governing the DSTs and that it has meritorious defenses. It has contested and intends to continue contesting the plaintiffs' claims vigorously.

While the legal proceedings discussed above involve certain affiliates of the trustee, none of such legal proceedings are material to the holders.

The trustee may resign at any time upon 30 days' prior written notice to us. The holders of a majority in principal amount of the CRR bonds then outstanding may remove the trustee upon 30 days' prior written notice to the trustee and may appoint a successor trustee. We will remove the trustee if the trustee ceases to be eligible to continue in this capacity under the indenture, the trustee becomes a debtor in a bankruptcy proceeding or is adjudicated insolvent, a receiver, other public officer takes charge of the trustee or its property, the trustee becomes incapable of acting or the trustee fails to provide to us certain information we reasonably request which is necessary for us to satisfy our reporting obligations under the securities laws. If the trustee resigns or is removed or a vacancy exists in the office of trustee for any reason, we will be obligated promptly to appoint a successor trustee eligible under the indenture and notice of such appointment is required to be promptly given to each rating agency by the successor trustee. No resignation or removal of the trustee will become effective until acceptance of the appointment by a successor trustee. We are responsible for payment of the expenses associated with any such removal or resignation.

The trustee will at all times satisfy the requirements of the Trust Indenture Act and Rule 3a-7 under the Investment Company Act and have a combined capital and surplus of at least $50 million and a long-term debt or issuer rating of "Baa3" or better by Moody's and "BBB-" or better by S&P. If the trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets to, another entity, the resulting, surviving or transferee entity will without any further action be the successor trustee; provided, however, that if such successor trustee is not eligible under the indenture, the successor trustee will be replaced in accordance with the terms of the indenture. We and our affiliates may, from time to time, maintain various banking, investment banking and trust relationships with the trustee and its affiliates. Please read "The Sale Agreement" and "The Servicing Agreement" in this prospectus.

The trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided that its conduct does not constitute willful misconduct, negligence or bad faith. The trustee shall not be deemed to have notice or knowledge of any default or event of default (other than a payment default) unless a responsible officer of the trustee has actual knowledge thereof or

the trustee has received written notice thereof pursuant to the indenture. The trustee shall not be required to take any action it is directed to take under the indenture if the trustee determines in good faith that the action so directed is inconsistent with the indenture, any other basic document or applicable law, or would involve the trustee in personal liability. We have agreed to indemnify the trustee and its officers, directors, employees and agents against any and all loss, liability or expense (including reasonable attorney's fees and expenses, the fees of experts and agents and the reasonable fees, expenses and costs incurred in connection with any action, claim or suit brought to enforce the trustee's right to indemnification) incurred by it in connection with the administration of the trust and the performance of its duties under the indenture, the series supplement and other basic documents, provided that we are not required to pay any expense or indemnify against any loss, liability or expense incurred by the trustee through the trustee's own willful misconduct, negligence or bad faith, and in the case of the settlement of any action, proceeding or investigation, subject to the written consent of the issuing entity and certain other requirements.

We, APCo and our respective affiliates may from time to time enter into normal banking and trustee relationships with U.S. Bank Trust Company, National Association and its affiliates. No relationships currently exist or existed during the past two years between APCo, us and our respective affiliates, on the one hand, and U.S. Bank Trust Company, National Association and its affiliates, on the other hand, that would be outside the ordinary course of business or on terms other than would be obtained in an arm's length transaction with an unrelated third party.

WEIGHTED AVERAGE LIFE AND YIELD CONSIDERATIONS FOR THE CRR BONDS

The amount of principal payments, the amount of each interest payment and the actual final payment date of each tranche of the CRR bonds and the weighted average life thereof will depend primarily on the timing of receipt of collected CRR charges by the trustee and the true-up mechanism. The aggregate amount of collected CRR charges and the rate of principal amortization on the CRR bonds will depend, in part, on actual energy usage and energy demands, and the rate of delinquencies and write-offs. The CRR charges are required to be adjusted from time to time based in part on the actual rate of collected CRR charges. However, we can give no assurance that the servicers will be able to forecast accurately actual electricity usage and the rate of delinquencies and write-offs or implement adjustments to the CRR charges that will cause collected CRR charges to be received at any particular rate. Please read "Risk Factors—Servicing Risks," "Other Risks Associated with an Investment in the CRR Bonds" and "The Financing Order—True-Ups" in this prospectus.

If the servicers receive CRR charges at a slower rate than expected, the CRR bonds may be retired later than expected. Except in the event of the acceleration of the final payment date of the CRR bonds after an event of default, however, the CRR bonds will not be paid at a rate faster than that contemplated in the expected amortization schedule of the CRR bonds even if the receipt of collected CRR charges is accelerated. Instead, receipts in excess of the amounts necessary to amortize the CRR bonds in accordance with the applicable expected amortization schedules, to pay interest and related fees and expenses and to fund subaccounts of the payment account will be allocated to the excess funds subaccount. A payment on a date that is earlier than forecast might result in a shorter weighted average life, and a payment on a date that is later than forecast might result in a longer weighted average life. In addition, if a larger portion of the delayed payments on the CRR bonds is received in later years, the CRR bonds may have a longer weighted average life.

Weighted Average Life Sensitivity

Weighted average life refers to the average amount of time from the date of issuance of a security until each dollar of principal of the security has been repaid to the investor. The amount of principal payments on each tranche of the CRR bonds, the aggregate amount of each interest payment on each tranche of the CRR bonds and the actual final payment date of the CRR bonds will depend on the timing of the servicers' receipt of CRR charges from APCo's and WPCo's West Virginia Commission-jurisdictional area customers. Changes in the expected weighted average life of the CRR bonds in relation to variances in actual electricity consumption levels from forecast levels are shown below. Severe stress cases on electricity consumption result in very minor changes, if any, in the weighted average life.

The CRR bonds may be retired later than expected. Except in the event of an acceleration of the expected amortization schedule of the CRR bonds after an event of default, however, the CRR bonds will not be paid at a rate faster than that contemplated in the expected amortization schedule even if the receipt of CRR charges collections is accelerated. Instead, receipts in excess of the amounts necessary to amortize the CRR bonds in accordance with the expected amortization schedule, to pay interest, ongoing transaction costs and any other related fees and expenses, and to fund deficiencies in the capital subaccount of the payment account will be allocated to the excess funds subaccount. Amounts on deposit in the excess funds subaccount will be taken into consideration in calculating the next true-up adjustment. Acceleration of the CRR bonds after an event of default in accordance with the terms thereof may result in payment of principal earlier than the scheduled final payment date. A payment on a date that is earlier than forecast might result in a shorter weighted average life, and a payment on a date that is later than forecast might result in a longer weighted average life. In addition, if a larger portion of the delayed payments on the CRR bonds is received in later years, the CRR bonds may have a longer weighted average life.

		Weighted Average Life Sensitivity			
		-5% (Standard Deviations from Mean)		-15% (Standard Deviations from Mean)	
Tranche	Expected Weighted Average Life (Years)	WAL (Years)	Change (days)*	WAL (Years)	Change (days)*
A-1					
A-2					
A-3					

* Number is rounded to whole day.

There can be no assurance that the weighted average life of the CRR bonds will be as shown in the above table.

For the purposes of preparing the above chart, the following assumptions, among others, have been made: (a) in relation to the initial forecast, the forecast error stays constant over the life of the CRR bonds and is equal to an overestimate of electricity consumption of 5% (standard deviations from mean) or 15% (standard deviations from mean); (b) the servicers make timely and accurate filings to make a true-up adjustment to the CRR charges at least annually; (c) customer write-off rates are held constant at ; (d) customers remit all CRR charges days after such charges are billed; (e) ongoing financing costs are equal to projections; (f) a permanent loss of all customers has not occurred; (g) there is no acceleration of the final maturity date of the CRR bonds; and (h) the issuance date of the CRR bonds is , 20 . There can be no assurance that the weighted average life of the CRR bonds will be as shown.

ESTIMATED ANNUAL FEES AND EXPENSES

Estimated initial annual fees and expenses payable from the CRR charges are shown below. For the priorities in application of funds under the indenture and the series supplement, please refer to "Description of the CRR Bonds—How Funds in the Payment Account Will Be Allocated" in this prospectus.

As set forth in the table below, we are obligated to pay fees to the trustee, APCo, as a servicer, APCo, as administrator and our independent manager. We are also obligated to pay APCo an annual return on its invested capital. The following table illustrates these arrangements:

Recipient	Source of Payment	Estimated Fees and Expenses Payable
Trustee and Control agent	CRR charges and investment earnings	$9,000 per annum, plus certain additional expenses
Servicer	CRR charges and investment earnings	$1,688,600 per annum (so long as APCo is a servicer), payable in installments on each payment date, plus reimbursable expenses
Administrator	CRR charges and investment earnings	$50,000 per annum (so long as APCo is the administrator), payable in installments on each payment date, plus reimbursable expenses
Independent managers	CRR charges and investment earnings	$1,500 per annum
APCo return on invested capital	CRR charges and investment earnings	Initially, $582,759 per annum[(1)]

(1) APCo's return on invested capital is equal to the authorized pre-tax weighted average cost of capital established in its most recent base rate case.

If APCo or any of it or WPCo's affiliates is not a servicer, an amount agreed upon by the successor servicer and the trustee (acting at the written direction of the holders of a majority in principal amount of the CRR bonds), provided, that the fee will not, unless the West Virginia Commission consents, exceed 0.25% of the initial principal amount of the CRR bonds on an annualized basis.

The CRR charges will also be used by the trustee for the payment of our other financing costs and expenses relating to the CRR bonds, such as accounting and audit fees, rating agency fees and legal fees.

THE SALE AGREEMENT

The following summary describes particular material terms and provisions of the sale agreement pursuant to which we will purchase the CRR property from APCo. We have filed the form of the sale agreement with the SEC as an exhibit to the registration statement of which this prospectus forms a part, and we urge you to read such document in its entirety.

APCo's Sale and Assignment of the CRR Property

In connection with the issuance of the CRR bonds, APCo, as the seller, will offer and sell the CRR property to us pursuant to the terms and conditions of the sale agreement. The sale of the CRR property to us by APCo will be financed through the corresponding issuance of the CRR bonds. Pursuant to the sale agreement, APCo will sell, transfer, assign, set over and otherwise convey to us concurrently with the issuance and sale of the CRR bonds to the underwriters, without recourse, except as expressly provided therein, its rights, title and interests in and to the CRR property created or arising under the financing order. The CRR property will represent the property rights and interests of APCo under the financing order that are sold and transferred to us pursuant to the sale agreement and the related bill of sale, including the right to impose, charge and collect the CRR charges that will be used to pay and secure the payment of CRR bonds and financing costs authorized in the financing order, the right to obtain periodic adjustments to the CRR charges as provided in the financing order and any revenues, receipts, collections, rights to payment, payments, moneys, claims or other proceeds of or arising from the CRR charges as related to the CRR property, as the same may be adjusted from time to time. We will apply a portion of the net proceeds that we receive from the sale of the CRR bonds to the purchase of the CRR property.

As provided by the Securitization Law, our purchase of the CRR property from APCo will be pursuant to the sale agreement, which will expressly provide that such transfer is an absolute transfer and true sale, and is not a pledge of or secured transaction relating to APCo's right, title and interest in, to and under, the CRR property, and all title and ownership to the CRR property will pass to us. Under the Securitization Law, the characterization of the sale as an absolute transfer and true sale shall not be affected or impacted by an occurrence of any of the following:

- Commingling of CRR charges with other amounts occurs;
- APCo retains a partial or residual interest, including an equity interest, in the CRR property, whether direct or indirect, or whether subordinate or otherwise;
- APCo retains any right to recover costs associated with taxes, franchise fees or license fees imposed on the collection of CRR charges;
- any recourse we have against APCo;
- any indemnification rights, obligations or repurchase rights made or provided by APCo;
- the obligation of APCo to collect CRR charges on behalf of us;
- the treatment of the sale, assignment or transfer for tax, financial reporting or other purposes; or
- any application of the true-up adjustment mechanism under the financing order.

Under the Securitization Law, as of the effective date of a financing order, the CRR property is approved and, upon transfer of the CRR property to us and the pledge of the CRR property to the trustee pursuant to the indenture, the CRR property shall be created, and shall consist of (a) the property rights and interests of APCo or an assignee under the financing order, including the right to impose, charge and collect CRR charges authorized in the financing order and to obtain true-up adjustments to such charges as provided in the financing order, and (b) any revenues, receipts, collections, rights to payment, payments, moneys, claims or other proceeds arising from the rights and interests created under the financing order. The creation of CRR property is conditioned upon, and shall be simultaneous with, the sale or other transfer of the CRR property to us, and the issuance of the CRR bonds and the pledge of the CRR property to secure the CRR bonds.

Upon the issuance of a financing order, the execution and delivery of the related sale agreement and bill of sale and the filing of a financing statement under the Securitization Law, our purchase of the CRR property from APCo will be perfected as against all third persons, including subsequent judicial or other lien creditors.

If such sale, transfer, assignment, setting over and conveyance is held by any court of competent jurisdiction not to be a true sale as provided in Section 24-2-4h(p)(1) a of the Securitization Law, then such sale, assignment and transfer shall be treated as a pledge of the CRR property and as the creation of a security interest (within the meaning of the Securitization Law and the Uniform Commercial Code) in the CRR property and, without prejudice to the position that APCo has absolutely transferred all of the rights in the CRR property to us.

Our records and computer systems, and those of APCo, will reflect the sale and assignment of APCo's rights and interests under the financing order to us. However, we expect that the CRR bonds will be reflected as debt on APCo's financial statements. In addition, we anticipate that the CRR bonds will be treated as debt of APCo for federal income tax purposes. Please read "Material U.S. Federal Income Tax Consequences" in this prospectus.

Conditions to the Sale of the CRR Property

APCo's obligation to sell, and our obligation to purchase, the CRR property on the issuance date, are both subject to and conditioned upon the satisfaction or waiver of each of the following conditions:

- on or prior to the issuance date, APCo must deliver to us a duly executed bill of sale identifying the CRR property to be conveyed on that date;
- on or prior to the issuance date, APCo must receive the financing order creating the CRR property;
- as of the issuance date, APCo must not be insolvent and will not have been made insolvent by the sale of the CRR property, and APCo must not be aware of any pending insolvency with respect to itself;
- as of the issuance date, (a) the representations and warranties of APCo in the sale agreement must be true and correct with the same force and effect as if made on the closing date (except to the extent that they relate to an earlier date); (b) no breach by APCo of its covenants in the sale agreement shall exist; and (c) no default by the servicers shall have occurred and be continuing under the servicing agreement, as certified by APCo;
- as of the issuance date, (a) we must have sufficient funds available to pay the purchase price for the CRR property to be conveyed on such date; and (b) all conditions to the issuance of the CRR bonds intended to provide such funds set forth in the indenture must have been satisfied or waived;
- on or prior to the issuance date, APCo must have taken all action required to transfer ownership of the CRR property to us, free and clear of all liens other than liens created by us pursuant to the basic documents and to perfect such transfer, including, without limitation, filing any statements or making any filings pursuant to the Securitization Law or the Uniform Commercial Code; and we or the servicers, on our behalf, must have taken any action required for us to grant the trustee a first priority perfected security interest in the CRR bond collateral securing the CRR bonds and maintain such security interest as of the issuance date;
- APCo must deliver to each rating agency and to us any opinion of counsel requested by the ratings agencies;
- on and as of the issuance date, each of the basic documents must be in full force and effect;
- the CRR bonds must have received the rating or ratings required by the financing order;
- APCo must have received the purchase price in funds immediately available on the issuance date;
- the issuance advice letter must have been provided to the West Virginia Commission in accordance with the procedure set forth in the financing order, and the West Virginia Commission must not have issued a disapproval letter directing that the CRR bonds not be issued; and

- APCo must have delivered to the trustee and to us an officer's certificate confirming the satisfaction of each of these conditions.

APCo's Representations and Warranties

In the sale agreement, APCo, as seller, will make representations and warranties to us, as of the issuance date, to the effect, among other things, that:

- the seller is a corporation duly organized and validly existing and is in good standing under the laws of the Commonwealth of Virginia, with the requisite corporate or other power and authority to own its properties as such properties are owned on the issuance date and to conduct its business as such business is conducted by it on the issuance date, and has the requisite corporate or other power and authority to obtain the financing order and own the rights and interests under the financing order and to sell and assign those rights and interests to us;
- the seller is duly qualified to do business as a foreign corporation in West Virginia and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business require such qualifications, licenses or approvals (except where the failure to so qualify or obtain such licenses and approvals would not be reasonably likely to have a material adverse effect on the seller's business, operations, assets, revenues or properties);
- the seller has the requisite corporate or other power and authority to execute and deliver the sale agreement and to carry out its terms and the execution, delivery and performance of the sale agreement have been duly authorized by all necessary action on the part of the seller under its organizational or governing documents and laws;
- the sale agreement constitutes a legal, valid and binding obligation of the seller enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' or secured parties' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law;
- the consummation by the seller of the transactions contemplated by the sale agreement and the fulfillment by the seller of the terms thereof do not:
  - conflict with or result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the seller's organizational documents, or any indenture or other agreement or instrument to which the seller is a party or by which it or any of its property is bound;
  - result in the creation or imposition of any lien upon any of the seller's properties pursuant to the terms of any such indenture, agreement or other instrument (other than any lien that may be granted in our favor or any lien created in favor of the trustee for the benefit of the CRR bondholders pursuant to the Securitization Law or any lien that may be granted under the basic documents); or
  - violate in any material respect any existing law or any existing order, rule or regulation applicable to the seller of any governmental authority having jurisdiction over the seller or its properties;
- subject to the clause below regarding assumptions used in calculating the CRR charges as of the issuance date, all written information, as amended or supplemented from time to time, provided by the seller to us with respect to the CRR property (including the expected amortization schedule, the financing order and the issuance advice letter relating to the CRR property) is true and correct in all material respects;

- there are no proceedings pending and, to the seller's knowledge, there are no proceedings threatened and, to the seller's knowledge, there are no investigations pending or threatened, before any governmental authority having jurisdiction over the seller or its properties involving or relating to the seller or us or, to the seller's knowledge, any other person:
  - asserting the invalidity of the Securitization Law, the financing order, the sale agreement, any of the other basic documents or the CRR bonds;
  - seeking to prevent the issuance of the CRR bonds or the consummation of any of the transactions contemplated by the sale agreement or any of the other basic documents;
  - seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the seller of its obligations under, or the validity or enforceability of the Securitization Law, the financing order, the sale agreement, any of the other basic documents or the CRR bonds; or
  - seeking to adversely affect the federal income tax or state income or franchise tax classification of the CRR bonds as debt;
- no approval, authorization, consent, order or other action of, or filing with, any governmental authority is required in connection with the execution and delivery by the seller of the sale agreement, the performance by the seller of the transactions contemplated hereby or the fulfillment by the seller of the terms hereof, except (i) those that have been obtained or made, (ii) those that the seller, in its capacity as servicer under the servicing agreement, is required to make in the future pursuant to the servicing agreement, and (iii) Uniform Commercial Code financing statement filings under the Uniform Commercial Code and the Securitization Law;
- no portion of the CRR property has been sold, transferred, assigned or pledged or otherwise conveyed by the seller to any person other than us, and no security agreement, financing statement, or equivalent security or lien instrument listing the seller as debtor covering all or any part of the CRR property is on file or of record in any jurisdiction, except such as may have been filed, recorded or made in favor of us or the trustee in connection with the basic documents;
- the seller has not authorized the filing of and is not aware (after due inquiry) of any Uniform Commercial Code financing statement against it that includes a description of collateral including the CRR property other than:
  - any financing statement filed, recorded or made in favor of us or the trustee in connection with the basic documents; and
  - any financing statement being amended in connection with an intercreditor agreement to expressly exclude the CRR property from the description of collateral;
- the seller is not aware (after due inquiry) of any judgment or tax lien filings against either the seller or us;
- as of the issuance date, immediately prior to the sale of the CRR property pursuant to the sale agreement, the seller is the original and the sole owner of the CRR property free and clear of all liens and rights of any other person, and no offsets, defenses or counterclaims exist or have been asserted with respect thereto;
- on the issuance date, immediately upon the sale under the sale agreement, the CRR property shall be validly sold, transferred, assigned, set over and otherwise conveyed to us, and we will own the CRR property free and clear of all liens (except for liens created in favor of the trustee for the benefit of the CRR bondholders, granted under the indenture and perfected pursuant to the Securitization Law or any lien that may be granted under the basic documents) and all filings and actions to be made or taken by the seller (including, without limitation, filings with the Secretary of State of the State of West Virginia under the Securitization Law) necessary in any jurisdiction to give us a perfected ownership interest

(subject to any lien created in favor of the trustee, for the benefit of the CRR bondholders, pursuant to the indenture and perfected pursuant to the Securitization Law and any lien that may be granted under the basic documents) in the CRR property have been made or taken (and no further action is required to maintain such ownership interest, subject to any lien created in favor of the trustee for the benefit of the CRR bondholders pursuant to the indenture and perfected pursuant to the Securitization Law and any lien that may be granted under the basic documents, and to give the trustee a first priority perfected security interest in the CRR property) and all filings and action to be made or taken to perfect the security interest in the CRR property granted by the seller to us (subject to any lien created by us in favor of the trustee for the benefit of the CRR bondholders pursuant to the indenture and perfected pursuant to the Securitization Law and any lien that may be granted under the basic documents) and, to the extent necessary, the trustee;

- on the issuance date, under the laws of the State of West Virginia and the United States in effect on such date:
  - the financing order pursuant to which the rights and interests of the seller, including the right of APCo and any successor to impose, charge and collect the CRR charges, and to which the CRR property transferred on such date have been created, is final and non-appealable and is in full force and effect;
  - as of the issuance of the CRR bonds, the CRR bonds are entitled to the protection of the Securitization Law and, accordingly, the financing order, the CRR charges and the issuance advice letter are not revocable by the West Virginia Commission;
  - as of the issuance of the CRR bonds, the CRRC Schedule has been filed and is in full force and effect and is not subject to modification by the West Virginia Commission except as provided under § 24-2-4h(k) of the Securitization Law;
  - the process by which the financing order creating the CRR property transferred on such date was adopted and approved, and the financing order, the CRRC Schedule and the issuance advice letter comply with all applicable laws, rules and regulations;
  - the issuance advice letter has been provided to the West Virginia Commission in accordance with the issuance advice letter procedure outlined in the financing order creating the CRR property transferred on such date and an officer of the seller has provided the certification to the West Virginia Commission required by the issuance advice letter; and
  - no other approval, authorization, consent, order or other action of, or filing with any governmental authority is required in connection with the creation of the CRR property transferred on such date, except those that have been obtained or made;
- under the laws of the State of West Virginia in effect on the issuance date, pursuant to § 24-2-4h(s)(1) of the Securitization Law, the State of West Virginia has pledged to and agrees with the CRR bondholders, assignees and financing parties under the financing order that the State of West Virginia will not take or permit any action that impairs the value of the CRR property under the financing order or revises the consumer rate relief costs for which recovery is authorized under the financing order, except as allowed under § 24-2-4h(k) of the Securitization Law, reduce, alter, or impair CRR charges that are imposed, charged, collected or remitted for the benefit of the CRR bondholders, assignees and financing parties under the financing order, until any principal, interest and redemption premium in respect of the CRR bonds, all financing costs and all amounts to be paid to any assignee or financing party under an ancillary agreement are paid or performed in full;
- under the contract clauses of the United States and West Virginia Constitutions, the state pledge constitutes a contractual relationship between the CRR bondholders and the State of West Virginia, and the State of West Virginia could not, absent a demonstration that such action was necessary to serve a significant and legitimate public purpose, repeal or amend the Securitization Law nor could the State of

West Virginia (or the West Virginia Commission in exercising its legislative powers) take any action in contravention of the state pledge if the repeal or amendment, or the action, would substantially impair the value of the CRR property;

- Under the takings clauses of the United States and West Virginia Constitutions, the State of West Virginia could not repeal or amend the Securitization Law or take any other action in contravention of the state pledge without paying just compensation to the bondholders, as determined by a court of competent jurisdiction, if doing so would constitute a permanent appropriation of a substantial property interest of the bondholders in the CRR property or substantially impair the value of the CRR property so as to unduly interfere with the reasonable expectations of the bondholders arising from their investments in the CRR bonds; there is no assurance, however, that, even if a court were to award just compensation, it would be sufficient to pay the full amount of principal and interest on the CRR bonds;
- as of the issuance date, based upon the information available to the seller on such date, the assumptions used in calculating the CRR charges are reasonable and are made in good faith; however, notwithstanding the foregoing, the seller makes no representation or warranty, express or implied, that amounts actually collected arising from those CRR charges will in fact be sufficient to meet the payment obligations on the related CRR bonds or that the assumptions used in calculating such CRR charges will in fact be realized;
- upon the effectiveness of the financing order, the completion of the issuance advice letter procedure, the transfer of the CRR property pursuant to the sale agreement and the pledge of the CRR property to the trustee pursuant to the indenture:
  - the rights and interests of the seller under the financing order, including the right of APCo and any successor to impose, charge and collect the CRR charges authorized in the financing order, become "consumer rate relief property" as defined in § 24-2-4h(b)(9) of the Securitization Law;
  - the CRR property constitutes an existing, present property right vested in us;
  - the CRR property includes (a) the property, rights and interests of the seller or an assignee in the financing order, including the right of APCo or an assignee and any successor to impose, charge and collect CRR charges from customers, and including the right to obtain true-up adjustments, and any revenues, receipts, collections, rights to payment, payments, moneys, claims or other proceeds arising from rights and interests created under the financing order, and (b) the right of APCo and any successor to impose, charge and collect periodic adjustments (with respect to adjustments, in the manner and with the effect provided in the servicing agreement) of such CRR charges, and the rates and other charges authorized by the financing order and any revenues, receipts, collections, claims, payments, moneys or proceeds of or arising from the CRR charges;
  - the owner of the CRR property is legally entitled to bill CRR charges and collect payments in respect of the CRR charges in the aggregate sufficient to pay the interest on and principal of the CRR bonds in accordance with the indenture, to pay upfront financing costs, the fees and expenses of servicing the CRR bonds and other ongoing financing costs, to replenish the capital subaccount to the required capital level until the CRR bonds are paid in full; and
  - the CRR property will not be subject to any lien other than any lien created in favor of the trustee for the benefit of the secured parties pursuant to the indenture and perfected pursuant to § 24-2-4h(o)(4) of the Securitization Law or any lien that may be granted under the basic documents;
- as of the date of issuance, the information describing the seller under the caption "The Depositor, Seller, Initial Servicers and Sponsor" in this prospectus is true and correct in all material respects;
- after giving effect to the sale of the CRR property under the sale agreement, APCo:
  - is solvent and expects to remain solvent;

- is adequately capitalized to conduct its business and affairs considering its size and the nature of its business and intended purposes;
- is not engaged and does not expect to engage in a business for which its remaining property represents an unreasonably small portion of its capital;
- reasonably believes that it will be able to pay its debts as they become due; and
- is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity; and

- there is no order by any court providing for the revocation, alteration, limitation or other impairment of the Securitization Law, the financing order, the issuance advice letter, the CRR property or the CRR charges or any rights arising under any of them or that seeks to enjoin the performance of any obligations under the financing order.

The seller will not make any representation or warranty, express or implied, that billed charges will be actually collected from customers.

Certain of the representations and warranties that the seller makes in the sale agreement involve conclusions of law. The seller makes those representations and warranties not on the basis that the seller purports to be a legal expert or to be rendering legal advice, but rather to reflect the parties' good faith understanding of the legal basis on which the parties are entering into the sale agreement and the other basic documents and the basis on which the CRR bondholders are purchasing the CRR bonds, and to reflect the parties' agreement that, if such understanding turns out to be incorrect or inaccurate, the seller will be obligated to indemnify us and its permitted assigns (to the extent required by and in accordance with the sale agreement), and that we and along with seller's permitted assigns will be entitled to enforce any rights and remedies under the basic documents, on account of such inaccuracy to the same extent as if the seller had breached any other representations or warranties thereunder.

The representations and warranties made by the seller will survive the execution and delivery of the sale agreement. The seller will not be in breach of any representation or warranty as a result of any change in law occurring after the issuance date including by means of any legislative enactment, constitutional amendment or voter initiative that renders any of the representations or warranties untrue.

APCo's Covenants

In the sale agreement, APCo will make the following covenants:

- So long as the CRR bonds are outstanding, APCo (a) will keep in full force and effect its existence and remain in good standing under the laws of the jurisdiction of its organization; (b) will obtain and preserve its qualification to do business in each jurisdiction in which it operates, in each case to the extent that in each such jurisdiction such existence or qualification is or shall be necessary to protect the validity and enforceability of the sale agreement, the other basic documents to which it is a party and each other instrument or agreement necessary or appropriate to the proper administration of the sale agreement and the transactions contemplated hereby or to the extent necessary for it to perform its obligations thereunder and (c) will continue to operate its electric transmission and distribution system to provide service to the APCo customers (or, if transmission and distribution are split, to provide wire service directly to the APCo customers);
- Except for the conveyance under the sale agreement or any lien pursuant to the indenture, or otherwise under the Securitization Law, in favor of the trustee for the benefit of the CRR bondholders and any lien that may be granted under the basic documents the seller will not sell, pledge, assign or transfer, or grant, create, incur, assume or suffer to exist any lien on, any of the CRR property, or any interest therein, and the seller will defend the right, title and interest of us and of the trustee on behalf of the

CRR bondholders, in, to and under the CRR property against all claims of third parties claiming through or under the seller. APCo also covenants that, in its capacity as seller, it will not at any time assert any lien against, or with respect to, any of the CRR property;

- In the event that the seller receives any CRR charge collections or other payments in respect of the CRR charges or the proceeds thereof other than in its capacity as a servicer, the seller agrees to pay to the servicers, on behalf of us, all payments received by it in respect thereof as soon as practicable after receipt thereof. Prior to such remittance to the servicers by the seller, the seller agrees that such amounts are held by it in trust for us and the trustee;
- The seller will notify us and the trustee promptly after becoming aware of any lien on any of the CRR property, other than the conveyance under the sale agreement and any lien pursuant to the basic documents, including the lien in favor of the trustee for the benefit of the CRR bondholders;
- The seller agrees to comply with its organizational or governing documents and all laws, treaties, rules, regulations and determinations of any governmental authority applicable to it, except to the extent that failure to so comply would not materially adversely affect our or the trustee's interests in the CRR property or under the basic documents to which the seller is a party or the seller's performance of its obligations under the basic documents to which it is a party;
- So long as any of the CRR bonds are outstanding, the seller will:
  - treat the CRR property as our property for all purposes other than for financial reporting, state or federal regulatory or tax purposes, and treat the CRR bonds as debt for all purposes and specifically as our debt, other than for financial reporting, state or federal regulatory or tax purposes;
  - solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local and other taxes, the seller agrees to treat the CRR bonds as indebtedness of the seller (as the sole owner of us) secured by the CRR bond collateral unless otherwise required by appropriate taxing authorities;
  - disclose in its financial statements that we and not the seller are the owner of the CRR property and that our assets are not available to pay creditors of the seller or its affiliates (other than us);
  - not own or purchase any CRR bonds; and
  - disclose the effects of all transactions between the seller and us in accordance with generally accepted accounting principles.
- The seller agrees that, upon the sale by the seller of CRR property to us pursuant to the sale agreement:
  - to the fullest extent permitted by law, including, applicable West Virginia Commission regulations and the Securitization Law, we will have all of the rights originally held by the seller with respect to the CRR property, including the right (subject to the terms of the servicing agreement) to exercise any and all rights and remedies to collect any amounts payable by any customer in respect of the CRR property, notwithstanding any objection or direction to the contrary by the seller (and the seller agrees not to make any such objection or to take any such contrary action); and
  - any payment by any customer directly to us shall discharge such customer's obligations, if any, in respect of the CRR property to the extent of such payment, notwithstanding any objection or direction to the contrary by the seller.
- So long as any of the CRR bonds are outstanding:
  - in all proceedings relating directly or indirectly to the CRR property, the seller shall affirmatively certify and confirm that it has sold all of its rights and interests in and to such property (other than for financial reporting or tax purposes);

- the seller shall not make any statement or reference in respect of the CRR property that is inconsistent with our ownership interest (other than for financial accounting or tax purposes or as required by state or federal regulatory purposes);
- the seller shall not take any action in respect of the CRR property except solely in its capacity as a servicer thereof pursuant to the servicing agreement or as otherwise contemplated by the basic documents;
- the seller shall not sell "consumer rate relief property" or other property similar to the CRR property under a separate "financing order" in connection with the issuance of additional bonds under the Securitization Law or similar law of the State of West Virginia unless the rating agency condition shall have been satisfied; and
- neither the seller nor we will take any action, file any tax return, or make any election inconsistent with the treatment of us, for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local and other taxes, as a disregarded entity that is not separate from the seller (or, if relevant, from another sole owner of us).

- The seller will execute (if applicable) and file such filings, including, without limitation, filings with the Secretary of State of the State of West Virginia pursuant to the Securitization Law, and cause to be executed (if applicable) and filed such filings, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect our ownership interest and backup precautionary security interest pursuant to the sale agreement in, and the trustee's first priority security interest in, the CRR property, including all filings required under the Securitization Law and the Uniform Commercial Code relating to the transfer of the ownership of the rights and interests in the CRR property by the seller to us or the pledge of our interest in the CRR property to the trustee. The seller will deliver or cause to be delivered to us and the trustee file-stamped copies of, or filing receipts for, any documents filed as provided above, as soon as available following such filing. The seller will institute any action or proceeding necessary to compel performance by the West Virginia Commission, the State of West Virginia or any of their respective agents of any of their obligations or duties under the Securitization Law, the financing order or any issuance advice letter. The seller also will take those legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case, as may be reasonably necessary (a) to protect us, the CRR bondholders and the trustee from claims, state actions or other actions or proceedings of third parties which, if successfully pursued, would result in a breach of any representation or warranty of the seller in the sale agreement and (b) to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Law, the financing order, any issuance advice letter or the rights of CRR bondholders by legislative enactment or constitutional amendment that would be materially adverse to us, the trustee or the CRR bondholders or which would otherwise cause an impairment of our rights or those of the CRR bondholders and the trustee. The costs of any such actions or proceedings will be payable by the seller;
- Even if the sale agreement or the indenture is terminated, the seller will not, prior to the date which is one year and one day after the termination of the indenture and payment in full of the CRR bonds or any other amounts owed under the indenture, petition or otherwise invoke or cause us to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against us under any federal or state bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of us or any substantial part of our property, or ordering the winding up or liquidation of our affairs;
- So long as any of the CRR bonds are outstanding, the seller will, and will cause each of its subsidiaries to, pay all material taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a lien on CRR

property; provided that no such tax need be paid if the seller or any of its affiliates is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the seller or such affiliate has established appropriate reserves as shall be required in conformity with generally accepted accounting principles;

- The seller will not withdraw any issuance advice letter provided to the West Virginia Commission;
- Promptly after a responsible officer of the seller obtains knowledge of any breach in any material respect (without regard to any materiality qualifier contained in such representation, warranty or covenant) of its representations, warranties or covenants in the sale agreement, the seller will promptly notify us, the trustee, the West Virginia Commission and the rating agencies in writing of the breach;
- The seller will use the proceeds of the sale of the CRR property in accordance with the financing order and the Securitization Law;
- Upon request by us, the seller shall execute and deliver such further instruments and do such further acts as may be reasonably necessary to carry out the provisions and purposes of the sale agreement; and
- If the seller becomes a party to (x) any future trade receivables purchase and sale arrangement or similar arrangement under which it sells all or any portion of its accounts receivables owing from APCo customers (a "Future Receivables Arrangement") or (y) any future sale agreement where seller (1) sells additional consumer rate relief property or similar property to be created under a separate financing order and (2) acts as servicer for such consumer rate relief property, or similar property, consisting of non bypassable charges payable by the APCo customers comparable to those sold by the seller pursuant to the sale agreement, in connection with a separate issuance of bonds (a "Future Sale Arrangement"), then in each case:

  (a) the terms of the documentation evidencing any such Future Receivables Arrangement or Future Sale Arrangement shall expressly exclude the CRR property from any receivables or other assets pledged or sold under such Future Receivables Arrangement or Future Sale Arrangement; and

  (b) the seller and the other parties to such Future Receivables Arrangement or Future Sale Arrangement, as applicable, shall enter into an amendment or joinder to the receivables intercreditor agreement or CRR property intercreditor agreement, as applicable, or enter into a separate intercreditor agreement, in connection therewith.

APCo's Obligation to Indemnify Us and the Trustee and to Take Legal Action

Under the sale agreement, APCo is obligated to indemnify us and the trustee (for itself and on behalf of the bondholders) and each of our and the trustee's officers, directors, employees, trustees, managers and agents for, and defend and hold harmless each such person from and against:

- any and all taxes (other than any taxes imposed on the CRR bondholders solely as a result of their ownership of the CRR bonds) that may at any time be imposed on or asserted against any of those persons under existing law as of the issuance date as a result of the sale of the CRR property by the seller to us, the acquisition or holding of the CRR property by us, or the issuance and sale by us of the CRR bonds, our acquisition or holding of the CRR property, or the issuance and sale by us of the CRR bonds, including any franchise, sales, gross receipts, general corporation, tangible personal property, privilege or license taxes but excluding any taxes imposed as a result of a failure of such person to withhold or remit taxes with respect to payments on any CRR bond, in the event and to the extent such taxes are not recoverable as ongoing financing costs, it being understood that the CRR bondholders will be entitled to enforce their rights against the seller under the indemnification provision of the sale agreement solely through a cause of action brought for their benefit by the trustee in accordance with the terms of the indenture; and
- any and all amounts of principal and interest on the CRR bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts of any deposits by or to us required to have

been made in accordance with the terms of the basic documents or the financing order which are not made when so required and any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

However, APCo is not required to indemnify the trustee or related parties against any liabilities, obligations, claims, damages, payments, costs or expenses incurred by them through their own willful misconduct, bad faith or gross negligence. APCo is not required to indemnify a party for any amount paid or payable by such party in the settlement of any action, proceeding or investigation without the prior written consent of APCo which consent shall not be unreasonably withheld.

These indemnification obligations will rank equally in right of payment with other general unsecured obligations of APCo.

The sale agreement will also require APCo to institute any action or proceeding necessary to compel performance by the West Virginia Commission, the State of West Virginia or any of their respective agents, of any of their obligations or duties under the Securitization Law, the financing order or the issuance advice letter. Except for the foregoing and subject to APCo's further covenant to fully preserve, maintain and protect our interests in the CRR property, APCo will not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its obligations under the sale agreement.

Successors to APCo

Any entity (a) into which the seller may be merged, converted or consolidated (by operation of law or otherwise) and which is a "Successor" (as defined in the Securitization Law), (b) that may result from any merger, conversion or consolidation to which the seller shall be a party and which is a Successor, (c) that may succeed to the properties and assets of the seller substantially as a whole and which is a Successor, (d) which is a successor entity resulting from the division of the seller into two or more entities and which is a Successor, or (e) which is otherwise a Successor who succeeds to all or substantially all of the electric transmission and distribution business of the seller in the State of West Virginia (or, if the transmission and distribution business is split, any entity which provides wire service directly to APCo customers), in each case which executes an agreement of assumption to perform all obligations of APCo under the sale agreement shall assume the rights and obligations of APCo under the sale agreement. So long as the conditions of any such assumption are met, APCo will automatically be released from its obligations under the sale agreement. Such conditions include that:

- immediately after giving effect to such transaction, no representation, warranty or covenant made in the sale agreement by APCo will have been breached in any material respect, and no servicer default, to the extent that APCo is a servicer, and no event that, after notice or lapse of time, or both, would become a servicer default will have occurred and be continuing;
- the successor must execute an agreement of assumption to perform all of the obligations of the seller under the sale agreement;
- officers' certificates and opinions of counsel stating that all filings by APCo and us have been executed or filed as necessary to preserve and protect all of our and the trustee's respective interests in all of the CRR property or stating that no action will be necessary to protect such interest will have been delivered to us, the trustee and the rating agencies; and
- opinions of independent tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger, division or succession and such agreement of assumption will not result in a material U.S. federal income tax consequence to us or the CRR bondholders will have been delivered to us, the trustee, the ratings agencies and the West Virginia Commission; and
- the rating agencies will have received prior written notice of the transaction.

Amendment

The sale agreement may be amended from time to time (without the consent of the trustee or any of the CRR bondholders) by a written amendment duly executed and delivered by each of the seller and us with ten (10) business days' prior written notice given to the rating agencies and, if the contemplated amendment may in the judgment of the servicers increase ongoing financing costs, the consent or deemed consent of the West Virginia Commission, pursuant to the terms of the indenture, to (a) cure any ambiguity, to correct or supplement any provisions in the sale agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in the sale agreement or of modifying in any manner the rights of the CRR bondholders; provided, however, that we and the trustee shall receive an officer's certificate stating that the execution of such amendment shall not adversely affect in any material respect the interests of any CRR bondholder or (b) conform the provisions hereof to the description of the sale agreement in this prospectus. Promptly after the execution of any such amendment or consent, we will furnish copies of such amendment or consent to each of the rating agencies.

In addition, the sale agreement may be amended in writing by the seller and us with: (a) the satisfaction of the rating agency condition, and (b) if such amendment may in the judgment of the servicers increase ongoing financing costs, the consent of the West Virginia Commission pursuant to the terms of indenture; provided that any such amendment may not adversely affect the interest of any CRR bondholders, in any material respect, as evidenced by an officer's certificate of the seller as delivered to us and the trustee, without the consent of both the holders of a majority of the CRR bonds and the holders of a majority of the WPCo Bonds.

THE SERVICING AGREEMENT

The following summary describes the material terms and provisions of the servicing agreement pursuant to which the servicers will undertake to service the CRR property. We have filed the form of the servicing agreement with the SEC as an exhibit to the registration statement of which this prospectus forms a part, and we urge you to read such document in its entirety.

Servicing Procedures

The servicers, as our agents, will manage, service, administer, and make collections in respect of the CRR property according to the terms of the servicing agreement. APCo, as the initial servicer of the CRR bonds, will bill and collect the CRR charges from its customers and WPCo, as the initial subservicer, will bill and collect the CRR charges from its customers. While the servicers have shared responsibilities under the servicing agreement, APCo as the initial servicer will initially perform all primary duties with respect to the CRR bonds under the servicing agreement. The servicers' duties will include:

1. management, servicing and administration of the CRR property;
2. obtaining meter reads, calculating usage, billing, collections and posting of all payments in respect of the CRR property (including the CRR charges);
3. responding to inquiries by customers, the West Virginia Commission, or any other governmental authority with respect to the CRR property (including the CRR charges);
4. delivering bills to customers;
5. investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to us), processing and depositing collections and making periodic remittances;
6. furnishing periodic reports to us, the trustee and the rating agencies;
7. ensuring all required filings are made with the West Virginia Commission and taking such other actions as may be necessary to perfect our ownership interests in, and the trustee's first priority lien on and security interest in, the CRR property;
8. ensuring all filings are made and such other actions are taken as may be necessary to perfect and maintain the perfection and priority of the trustee's lien on and security interest in all CRR bond collateral;
9. selling, as our agents, as their interests may appear defaulted or written-off accounts in accordance with each applicable servicer's usual and customary practices;
10. taking all necessary action in connection with the true-up adjustments
11. ensuring that any and all tax surcharges or tax adjustments billed by it to customers on account of the CRR charges or which are otherwise included in the CRR charges are paid to the appropriate taxing authority; and
12. performing such other duties as may be specified under the financing order to be performed by the servicers.

Each servicer is required to notify us, the trustee and the rating agencies in writing if it becomes aware of any requirements of law or West Virginia Commission regulations promulgated after the execution of the servicing agreement that have a material adverse effect on the servicer's ability to perform its duties under the servicing agreement. Each servicer is also authorized to execute and deliver documents and to make filings and participate in proceedings on our behalf.

In addition, upon our reasonable request or the reasonable request of the trustee or any rating agency, each servicer will provide to us, the trustee, the applicable rating agency or the West Virginia Commission, public

financial information or any material information regarding the CRR property to the extent it is reasonably available to such servicer, as may be reasonably necessary and permitted by law to enable us, the trustee or the rating agencies to monitor such servicer's performance (provided, however, that any such request by the trustee will not create an obligation for the trustee to monitor such servicer's performance) and, so long as any CRR bonds are outstanding, within a reasonable time after written request thereof, any information available to such servicer or reasonably obtainable by it without undue cost or burden that is necessary to calculate the CRR charges applicable to each customer class. The servicers will also prepare the reports required under the servicing agreement, including a semi-annual servicer's certificate, an annual compliance certificate, and an annual accountant's and any reports required to be filed by us with the SEC. The servicers will cause to be delivered required opinions of counsel to the effect that all filings necessary to preserve and protect the interests of the trustee in the CRR property have been made.

Servicing Standards and Covenants

The servicing agreement will require each servicer, in servicing and administering the CRR property, to employ or cause to be employed procedures and exercise or cause to be exercised the same care and diligence it customarily employs and exercises with respect to similar assets for its own account and, if applicable, for others.

The servicing agreement will require the servicers to jointly:

1. manage, service, administer and make collections in respect of the CRR property with reasonable care and in material compliance with applicable requirements of law, including all applicable regulations of the West Virginia Commission, using the same degree of care and diligence that such service exercises with respect to similar assets for its own account, and if applicable, for others;
2. follow customary standards, policies and procedures in performing its duties that are customary in the electric transmission and distribution industry in the State of West Virginia in performing its duties as a servicer;
3. use all reasonable efforts, consistent with its customary servicing procedures, to enforce, and maintain rights in respect of, the CRR property and to bill and collect the CRR charges;
4. comply with all requirements of law including all applicable regulations of the West Virginia Commission applicable to and binding on it relating to the CRR property;
5. ensure filing of all West Virginia notices described in the Securitization Law and filing and maintenance of the effectiveness of the Uniform Commercial Code financing statements with respect to the CRR property; and
6. take such other action on our behalf to ensure that the lien of the trustee on the CRR bond collateral remains perfected and of first priority.

Each servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the CRR property, which, in such servicer's judgment, may include the taking of legal action, at our expense but subject to the priority of payments set forth in the indenture.

Each servicer is responsible for instituting any proceeding to compel performance by the State of West Virginia or the West Virginia Commission of their respective obligations under the Securitization Law, the financing order, any issuance advice letter, any true-up adjustment or any tariff. Each servicer is also responsible for instituting any proceeding or administrative actions as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of, judicial invalidation of, or supplement to, the Securitization Law or the financing order which would be detrimental to the interests of the CRR bondholders or which would cause an impairment of the rights of us or the CRR bondholders. In any proceedings related to the exercise of the power of eminent domain by any municipality to acquire a portion of a servicer's electric distribution facilities, such servicer shall assert that the court ordering such condemnation must treat such municipality as a successor to

such servicer under the Securitization Law and financing order. The servicing agreement also designates each servicer as a custodian of our records and documents. The servicing agreement requires each servicer to indemnify us, our independent managers and the trustee (for itself and for your benefit) for any negligent act or omission relating to the servicer's duties as custodian, except in the case of willful misconduct, bad faith or negligence of us, any independent manager or the trustee. The servicing agreement also requires each servicer to indemnify customers for any loss that results from such servicer's breach of the servicing agreement.

CRR Charge Adjustment Process

Mandatory True-Ups. Among other things, the servicing agreement will require the servicers to file true-up adjustment requests at least annually to correct any under-collections or over-collections and to ensure the projected recovery of amounts sufficient to provide full and timely payment of principal and interest on the CRR bonds and all other financing costs (including any necessary replenishment of the capital subaccount). For more information on the true-up process, please read "The Financing Order—True-Ups." These adjustment requests are to be based on actual collected CRR charges and updated assumptions by the servicers as to projected future usage during the next period, expected delinquencies and write-offs and future payments and expenses relating to the CRR property and the CRR bonds. The servicers agree to calculate these adjustments to:

- correct any under-collections or over-collections; and
- to ensure the projected recovery of amounts sufficient to provide full and timely payment of the scheduled principal of and interest on the CRR bonds and all other financing costs (including any necessary replenishment of the capital subaccount), consistent with the methodology described in the financing order.

In connection with each true-up adjustment, the servicers will also determine the adjusted consumer rate relief charge for the CRR bonds and the WPCo Bonds and the joint consumer rate relief charge rate allocated to each customer class, which for each customer class will equal the sum of the standalone charge rates separately calculated for that customer class for the CRR bonds and for the WPCo Bonds, and will calculate the resulting consumer rate relief charges for the CRR bonds and the WPCo Bonds by applying the joint consumer rate relief charge rate for each customer class to the applicable energy (kWh) or demand (kW) billing units in accordance with the CRR rate schedule for the CRR bonds and the WPCo Bonds, in accordance with the CRR property intercreditor agreement. The servicers will agree to file adjustment requests on each calculation date for us as specified in the servicing agreement. In accordance with the financing order, the West Virginia Commission staff has 15 days to review the adjustments. The adjustments to the CRR charges are expected to occur on each applicable adjustment date.

Nonstandard True-Up Adjustments and Filings. In the event that (a) the servicers collectively experience or anticipate a change of 10% or more in the billing determinants for the allocations of the CRR Revenue Groups, including but not limited to the consumption of electricity or (b) the servicers otherwise jointly determine that a nonstandard true-up adjustment is required due to significant changes from historical conditions of operation, the servicers will:

- Recalculate the CRR charges to reallocate them among CRR Revenue Groups as set forth in the financing order;
- Initiate a proceeding with the West Virginia Commission to determine new allocation factors and make all required public notices and other filings with the West Virginia Commission to implement the revised CRR charges and the revised consumer rate relief charges for the CRR bonds and the WPCo Bonds, respectively, determined in accordance with the CRR property intercreditor agreement in a timely manner; and
- Take all reasonable actions and efforts to implement the nonstandard true-up adjustment and to enforce the provisions of the Securitization Law and the financing order.

Mandatory Interim True-Ups. The servicers must also make mandatory interim true-up adjustments within 30 days of each year and, beginning 12 months prior to the scheduled final payment date for the last maturing tranche of CRR bonds, within 30 days of the dates that are 12, nine, six and three months prior to the scheduled final payment date for the last maturing tranche of CRR bonds and every 3 months after that until the retirement of the last APCo CRR bonds. To implement these mandatory true-ups the servicers shall:

- update the data and assumptions underlying the CRR charges;
- determine the payment and billing requirements of the relevant calculation period as set forth in the servicing agreement and the indenture based on the new assumptions; and
- project whether, based on the updated data and requirements, the existing and projected CRR charge collections (taking into account the WPCo issuing entity's portion of the consumer rate relief charges) and the available funds in the excess funds subaccount will be sufficient to make on a timely basis all scheduled payments of periodic principal and interest in respect of each outstanding tranche of CRR bonds (during the relevant calculation period) and pay other ongoing financing costs on a timely basis and maintain the capital subaccount at the required level

Additional Interim True-Ups. In addition to the other true-up adjustments described above, the servicers may implement an additional interim true-up (in the same manner as provided for Mandatory Interim True-Ups) at any time if the servicers forecast that CRR charge collections during the current or next calculation period (as determined under the servicing agreement and indenture) will be insufficient (a) to make scheduled payments of periodic principal and interest due under the CRR bonds on a timely basis during the relevant period, (b) to pay other ongoing financing costs on an ongoing basis and (c) to replenish draws on the capital subaccount.

Allocation of True-Up Responsibility Between Servicers. The servicers generally act jointly in performing their obligations and exercising their rights under the servicing agreement, and are jointly and severally liable for any defaults under the servicing agreement. However, if the servicers fail to agree on joint action, take conflicting actions or issue conflicting instruction performing their obligations under the servicing agreement, then APCo will have the authority and responsibility to act on behalf of both servicers for such matter.

Remittances to Joint Collection Account

Each servicer will remit estimated collection payments on the CRR charges to the joint collection account each business day. For a description of the allocation of the deposits between us and the WPCo issuing entity and the transfer of the APCo transfer amount from the joint collection account to the payment account, please read "Description of the CRR Bonds—The Payment Account for the CRR Bonds" in this prospectus, and for a description of the allocation of amounts in the payment account, please read "Description of the CRR Bonds—How Funds in the Payment Account Will Be Allocated" in this prospectus. Until CRR charge collections are remitted to the joint collection account, neither servicer will be required to segregate those amounts from its general funds. Please read "Risk Factors—Risks Associated with Potential Bankruptcy Proceedings of the Seller or a Servicer" in this prospectus.

Each servicer will remit to the joint collection account CRR charge collections based on its estimated system-wide charge-off percentage and the average number of days outstanding of bills. On or before the twenty-fifth calendar day of each month (or, if such day is not a servicer business day, on the next servicer business day), each servicer will reconcile remittances of estimated payments arising from CRR charges for the immediately preceding calendar month with actual CRR charge payments received by such servicer to more accurately reflect the amount of billed CRR charges that should have been remitted, based on the amounts actually received. To the extent the remittances from one or both servicers of estimated payments arising from the CRR charge exceed the amounts that should have been remitted based on actual system-wide charge-offs, the applicable servicer will be entitled either to withhold the portion of the excess amount attributed to such servicer from any subsequent remittance to the joint collection account or, to receive an immediate payment from the

excess funds subaccount of the payment account in an amount equal to such servicer's portion of the excess remittance multiplied by our percentage interest in the joint collection account as of the date of the applicable monthly servicers' certificate (determined in the same manner as for the APCo transfer amount) (so long as such payment would not cause the amounts on deposit in the excess funds subaccount to be insufficient to pay the next installment of interest on the CRR bonds or any principal due at maturity on the next payment date or upon an acceleration on or before the next payment date). If amounts are transferred from the joint collection account to the payment account in excess of the amount properly allocable to us as a result of an error in the calculation or implementation of an APCo transfer amount or WPCo transfer amount, the servicers may instruct the trustee to return the excess, solely from amounts then on deposit in the general subaccount, to the joint collection account for proper allocation and transfer in accordance with the CRR property intercreditor agreement and the servicing agreement, as described under "Appalachian Consumer Rate Relief Funding II LLC, The Issuing Entity—Intercreditor Agreements" in this prospectus, and each servicer will cooperate with the other servicer in respect of, and take all actions reasonably necessary to implement, any such transfer. Please read "Description of the CRR Bonds—The Payment Account for the CRR Bonds" in this prospectus. To the extent the remittances of estimated payments arising from the CRR charges are less than the amount that should have been remitted, each servicer will remit the portion of the amount of the shortfall attributed to such servicer to the joint collection account within five servicer business days after delivery of the monthly servicers' certificate. Although each servicer will remit estimated payments arising from the CRR charges to the joint collection account, such servicer is not obligated to make any payments on the CRR bonds.

In the event that a servicer makes changes to its current computerized customer information system which would allow such servicer to track actual CRR charge payments and/or otherwise monitor payment and collection activity more efficiently or accurately than is being done today, the servicing agreement will allow such servicer to substitute actual remittance procedures for the estimated remittance procedures described above and otherwise modify the remittance procedures described above as may be appropriate in the interests of efficiency, accuracy, cost and/or system capabilities. However, the applicable servicer will not be allowed to make any modification or substitution that will materially adversely affect the CRR bondholders. The applicable servicer must also give written notice to us, the trustee and the rating agencies of any such computer system changes no later than 60 business days after the date on which all retail customer accounts are billed on the new system.

Servicer Compensation

APCo as the initial servicer will be entitled to receive an annual servicing fee until the retirement of the CRR bonds in an amount equal to:

- 0.10% of the aggregate initial principal amount of the CRR bonds; or
- if neither APCo nor any of it or WPCo's affiliates is a servicer, an amount agreed upon by the successor servicer and the trustee, provided that any amount in excess of 0.25% of the aggregate initial principal amount of all outstanding CRR bonds must be approved by the West Virginia Commission.

In consideration for its services under the servicing agreement and under the separate WPCo issuance's servicing agreement, until the retirement of the CRR bonds, WPCo, as subservicer, will receive an annual servicing fee pursuant to the terms of such separate WPCo issuance's servicing agreement.

If the consumer rate relief bonds issued pursuant to the WPCo issuance are retired prior to the retirement of the CRR bonds, the servicing fee will thereafter be payable to the servicers as follows:

- for so long as APCo or an affiliate of APCo is a servicer, to APCo as the servicer, an amount equal to (x) 0.10% multiplied by (y) the aggregate initial principal amount of all CRR bonds multiplied by (z) the APCo Proportion;

- for so long as WPCo or an affiliate of WPCo is a servicer, to WPCo as the subservicer, an amount equal to (x) 0.10% multiplied by (y) the aggregate initial principal amount of all CRR bonds multiplied by (z) the WPCo Proportion; and
- if APCo, WPCo or any of their respective affiliates is not a servicer, an amount agreed upon by the successor servicer and the trustee, acting at the direction of a majority of the CRR bondholders, except that any amount in excess of 0.25% of the aggregate initial principal amount of all CRR bonds must be approved by the West Virginia Commission.

The applicable servicing fee shall be paid to each applicable servicer by the trustee, semi-annually, with half of the applicable servicing fee being paid on each payment date (which amount will be pro-rated for the first and final payment date) in accordance with the priorities of payment set forth in indenture.

In addition, each servicer shall be entitled to be reimbursed by us for filing fees and fees and expenses for printing, attorneys, accountants or other professional services retained by, and other incremental out-of-pocket third-party costs of, incurred for us and paid for by such servicer (or procured by such servicer on behalf of us and paid for by such servicer) to meet our obligations under the basic documents. The servicing fee for the CRR bonds, together with any portion of the servicing fee that remains unpaid from prior payment dates, will be paid solely to the extent funds are available therefor as described under "Description of the CRR Bonds—How Funds in the Payment Account Will Be Allocated" in this prospectus. The servicing fee for the CRR bonds will be paid prior to the payment of or provision for any amounts in respect of interest on and principal of the CRR bonds.

APCo's and WPCo's Representations and Warranties as Servicers

In the servicing agreement, each servicer will represent and warrant, as of the issuance date of the CRR bonds or as of such other dates as expressly provided below, among other things, that:

1. APCo is duly organized and validly existing under the laws of the Commonwealth of Virginia. WPCo is duly organized and validly existing under the laws of the State of West Virginia. Each servicer is in good standing under the laws of the State of West Virginia, with the requisite corporate or other power and authority to own its properties as such properties are owned on the issuance date and to conduct its business as such business is conducted by it on the issuance date, and to execute, deliver and carry out the terms of the servicing agreement and the intercreditor agreements, and had at all relevant times, and has, the requisite power, authority and legal right to service the CRR property and to hold the CRR property records as custodian;
2. each servicer is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the CRR property as required by the servicing agreement and the intercreditor agreements) shall require such qualifications, licenses or approvals (except where the failure to so qualify would not be reasonably likely to have a material adverse effect on such servicer's business, operations, assets, revenues or properties or to its servicing of the CRR property);
3. the execution, delivery and performance of the servicing agreement and the intercreditor agreements have been duly authorized by all necessary action on the part of each servicer under each servicer's respective organizational or governing documents and laws;
4. each of the Servicing Agreement and each intercreditor agreement constitutes a legal, valid and binding obligation of each servicer enforceable against the servicers in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law;
5. the consummation of the transactions contemplated by the servicing agreement and the intercreditor agreements and the fulfillment of the terms of each such transaction will not conflict with, result in any

breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the organizational documents of either servicer, or any indenture or other agreement or instrument to which either servicer is a party or by which it or any of its property is bound, nor (a) result in the creation or imposition of any lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than any lien or security interest that may be granted under the basic documents or any lien created pursuant to § 24-2-4h(o) of the Securitization Law); or (b) violate any existing law or any existing order, rule or regulation applicable to either servicer of any governmental authority having jurisdiction over such servicer or its properties;

6. there are no proceedings pending and, to each servicer's knowledge, there are no proceedings threatened and no investigations pending or threatened, in either case before any governmental authority having jurisdiction over either servicer or its properties involving or relating to either servicer or us or, to each servicer's knowledge, any other person: (a) asserting the invalidity of the servicing agreement or any of the other basic documents; (b) seeking to prevent the issuance of the CRR bonds or the consummation of any of the transactions contemplated by the servicing agreement or any of the other basic documents; (c) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by either servicer of its obligations under, or the validity or enforceability of, the servicing agreement, any of the other basic documents or the CRR bonds; or (d) seeking to adversely affect the U.S. federal income tax or state income or franchise tax classification of the CRR bonds as debt;

7. no governmental approval, authorization, consent, order or other action of, or filing with, any governmental authority is required in connection with the execution and delivery by either servicer of the servicing agreement or the intercreditor agreements, the performance by either servicer of the transactions contemplated thereby or the fulfillment by such servicer of the terms of each, except those that have been obtained or made, those that such servicer is required to make in the future pursuant to the servicing agreement and the financing order and those that the servicers may need to file in the future to continue the effectiveness of any financing statement filed under the Securitization Law or the Uniform Commercial Code; and

8. each report and certificate delivered in connection with the issuance advice letter or delivered in connection with any filing made to the West Virginia Commission by a servicer on behalf of us with respect to the CRR charges or the true-up adjustments will constitute a representation and warranty by such servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of such servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to such servicer on the date such report or certificate is delivered).

Neither servicer is responsible for, or shall have liability as a result of, any action, decision, ruling or other determination, made or not made, or any delay (other than any delay resulting from a servicer's failure to make any filings required to implement the true-up adjustments as required by the servicing agreement in a timely and correct manner or any breach by a servicer of its duties under the servicing agreement that materially and adversely affects the CRR property or in connection with any true-up adjustment or the approval of any revised CRR charges and the scheduled adjustments thereto) by the West Virginia Commission in any way related to the CRR property or in connection with any true-up adjustments.

Except to the extent that a servicer is liable under its indemnification obligations under the servicing agreement, such servicer shall have no liability relating to the calculation of any revised CRR charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculation regarding expected energy or demand usage volume and the weighted average days outstanding, write-offs and our estimated expenses and fees, so long as such servicer has acted in good faith and has not acted in a grossly negligent manner in connection therewith.

Under the servicing agreement, each servicer will agree to indemnify, defend and hold harmless us, the trustee (for itself and on behalf of the CRR bondholder) and any independent manager, and each of their respective trustees, officers, directors, employees and agents against any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever that may be imposed upon, incurred by or asserted against any of those persons as a result of:

- such servicer's willful misconduct, bad faith or gross negligence in the performance of its duties or observance of its covenants under the servicing agreement or intercreditor agreements;
- such servicer's breach in any material respects of any of its representations and warranties contained in the servicing agreement or the intercreditor agreements that results in a servicer default; or
- any litigation or related expenses relating to such servicer's status or obligations as servicer (other than any proceeding such servicer is required to institute under the servicing agreement).

No servicer will be liable to any such party, however, for any costs, expenses, obligations or liabilities of any kind whatsoever resulting from the willful misconduct, bad faith or gross negligence of the party seeking indemnification or resulting from a breach of a representation or warranty made by such person seeking indemnification in any of the basic documents that gives rise to such servicer's breach. The indemnities described above will survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Securitization Law or the financing order and shall survive the resignation or removal of the trustee or any independent manager or the termination of the servicing agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses and reasonable fees, out of pocket expenses and costs incurred in connection with any action, claim or suit brought to enforce the trustee' right to indemnification).

Each servicer will release us, our managers and the trustee from any and all claims whatsoever relating to the CRR property or such servicer's servicing activities with respect thereto, other than actions, claims, and demands arising from bad faith, willful misconduct or negligence of the parties.

The Servicers Will Provide Statements to Us, the West Virginia Commission and the Trustee

Not later than five servicer business days prior to each payment date or special payment date, the servicers will jointly (or if not jointly, APCo as servicer shall) deliver a draft of a written report to the trustee, which shall include all of the following information (to the extent applicable), with respect to such payment date or special payment date or the period since the previous payment date, as applicable:

- the starting joint collection account balance as of the immediately preceding payment date, the transfers into and out of the joint collection account during the applicable period, the projected ending joint collection account balance as of the applicable payment date, the general subaccount balance as of the immediately preceding payment date, the transfers between the joint collection account and the general subaccount during the applicable period, investment earnings on the payment account and the projected payment account balance as of the applicable payment date;
- the amount on deposit in the capital subaccount and the excess funds subaccount and the amount required to be in the capital subaccount as of the last payment date;
- the amount of the payment to CRR bondholders allocable to principal, if any;
- the amount of the payment to CRR bondholders allocable to interest;
- the aggregate outstanding amount of the CRR bonds, before and after giving effect to any payments allocated to principal;
- the difference, if any, between the aggregate outstanding amount of the CRR bonds and the outstanding amount specified in the expected amortization schedule;

- any other transfers and payments to be made on such payment date or special payment date, including amounts paid to the trustee and to the servicers; and
- the projected amounts on deposit in the payment account, the capital subaccount and the excess funds subaccount, after giving effect to the foregoing payments.

On or prior to each payment date or special payment date, the servicers will deliver the final written report described above to us, the West Virginia Commission and the rating agencies.

The Servicers Will Provide Assessments Concerning Compliance with the Servicing Agreement

The servicing agreement will provide that each servicer will furnish annually to us, the West Virginia Commission, the trustee and the rating agencies, on or before March 31 of each year, beginning March 31, 202 or, if earlier, on the date on which APCo's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, certificates from responsible officers of the servicers, containing and certifying as to the statements of compliance required by Item 1122(a) (or any successor or similar items or rule) and Item 1123 containing (or any successor or similar items or rule) of Regulation AB, during the preceding 12 months ended December 31 (or preceding period since the closing date of the issuance of the CRR bonds in the case of the first statement).

The servicing agreement will also provide that a firm of independent registered public accountants will furnish to us, the West Virginia Commission, the trustee and the rating agencies, on or before March 31 of each year, beginning March 31, 202 , or, if earlier, on the date on which APCo's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, a report, a report addressed to the servicers to the effect that such firm has performed certain procedures, agreed between the servicers and such accountants, in connection with the servicers' assessment of compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB during the immediately preceding calendar year, in accordance with paragraph (b) of Rule 13a-18 and Rule 15d-18 of the Exchange Act and Item 1122 of Regulation AB, identifying the results of such procedures and including any exceptions noted. This report, which is referred to in this prospectus as the "annual accountant's report," will state that the accounting firm has performed certain procedures, agreed between the servicers and such accountants, in connection with the servicers' compliance with its obligations under Item 1122(d) of Regulation AB during the preceding calendar year, identifying the results of the procedures and including any exceptions to the procedures relating to the servicing of the CRR property.

Matters Regarding APCo and WPCo as Servicers

The servicing agreement will provide that neither APCo nor WPCo may resign from the obligations and duties imposed on it as a servicer unless it delivers an opinion of external counsel that the performance of its duties under the servicing agreement shall no longer be permissible under applicable law. A resignation by APCo or WPCo as a servicer will not become effective until a successor servicer has assumed the servicing obligations and duties of APCo or WPCo, as applicable, under the servicing agreement.

Except as expressly provided in the servicing agreement, no servicer, nor any of the directors, officers, employees or agents of any servicer will be liable to us or any other person for any action taken or for refraining from taking any action pursuant to the servicing agreement or for good faith errors in judgment. However, each servicer, its directors, officers, employees, and agents will be liable to the extent this liability is imposed by reason of their willful misconduct, bad faith or gross negligence in the performance of their duties or by reason of reckless disregard of obligations and duties under the servicing agreement. Each servicer and any of its directors, officers, employees or agents may rely in good faith on the advice of counsel or on any document, prima facie properly executed and submitted by any person respecting any matters under the servicing agreement.

Under the servicing agreement, a "Jurisdictional Successor" to a servicer is any "Successor" (as defined in the Securitization Law) who succeeds to all or substantially all of the electric transmission and distribution

business of such servicer in the State of West Virginia (or, if the transmission and distribution business is split, any entity which provides wire service directly to APCo customers (in the case of APCo as a servicer) or WPCo customers (in the case of WPCo as a servicer)). Any Jurisdictional Successor that executes an agreement of assumption to perform all of the obligations of a servicer as set forth in the servicing agreement and the WPCo issuing entity servicing agreement shall be the successor to APCo or WPCo, as applicable, under the servicing agreement without further act on the part of any of the parties to this Agreement; provided, however, that:

- immediately after giving effect to such transaction, the representations or warranties made by such successor servicer pursuant to the servicing agreement shall be true and correct in all material respects and no servicer default and no event which, after notice or lapse of time, or both, would become a servicer default shall have occurred and be continuing;
- such successor servicer shall have delivered to us and the trustee an officer's certificate and an opinion of counsel from external counsel stating that such consolidation, conversion, merger, division or succession and such agreement of assumption comply with the servicing agreement and that all conditions precedent, if any, provided for in the servicing agreement relating to such transaction have been complied with;
- such successor servicer shall have delivered to us, the trustee and the rating agencies an opinion of counsel, from external counsel of such servicer, either (a) stating that, in the opinion of such counsel, all filings to be made by the servicers, including filings with the West Virginia Commission pursuant to the Securitization Law, the financing order and the Uniform Commercial Code, have been executed (if applicable) and filed and are in full force and effect that are necessary to preserve, protect and perfect the priority of the interests of us and the liens of the trustee in the CRR property and reciting the details of such filings or (b) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such interests;
- such servicer shall have delivered to us, the trustee, the rating agencies and the West Virginia Commission an opinion of counsel from independent tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger, division or succession and such agreement of assumption will not result in a material U.S. federal income tax consequence to us or the CRR bondholders; and
- the servicers shall have given the rating agencies prior written notice of such transaction and, if such successor servicer is not an affiliate of APCo or WPCo, the rating agency condition shall be satisfied.

So long as the conditions of any such assumptions are met, then the prior servicer will automatically be released from its obligations under the servicing agreement. The servicing agreement will permit a servicer to appoint any person to perform any or all of its obligations as a servicer or as a collection agent under any intercreditor agreement. However, unless the appointed person is an affiliate of APCo or WPCo, the appointment must satisfy the rating agency condition. In all cases where an agent is appointed, the applicable servicer will remain obligated and liable under the servicing agreement.

Events Constituting a Default by a Servicer

Servicer defaults under the servicing agreement if any one or more of the following events shall occur and be continuing:

1. any failure by either servicer to remit to the joint collection account or the payment account, as applicable, on behalf of us, any required remittance that shall continue unremedied for a period of five servicer business days after the earlier of the date on which (a) written notice of such failure is received by either servicer from us or the trustee; or (b) such failure is actually known by a responsible officer of a servicer;
2. any failure on the part of the servicers to duly observe or to perform in any material respect any covenants or agreements of the servicers as set forth in the servicing agreement (other than as provided

in bullets "1." and "3." of this section), or any other basic document to which a servicer is a party, which failure shall (a) materially and adversely affect the rights of the CRR bondholders; and (b) continue unremedied for a period of 60 days after the earlier of the date on which (i) written notice of such failure, requiring the same to be remedied, shall have been given to a servicer by us (with a copy to the trustee) or to a servicer by the trustee or (ii) such failure is actually known by a responsible officer of a servicer;

3. any failure in any material respect by either servicer duly to perform its obligations to implement the true-up mechanism in the time and manner set forth therein, which failure continues unremedied for a period of five servicer business days; or

4. any representation or warranty made by a servicer in the servicing agreement or any basic document proven to have been incorrect in any material respect when made, which has a material adverse effect on the CRR bondholders and which material adverse effect continues unremedied for a period of 60 days after the earlier of the date on which (a) written notice thereof, requiring the same to be remedied, shall have been delivered to a servicer (with a copy to the trustee) by us or the trustee or (b) such failure is actually known to a responsible officer of a servicer; or

5. certain events of bankruptcy, insolvency or liquidation of a servicer.

The Trustee's Rights if a Servicer Defaults

In the event a servicer default under the servicing agreement remains unremedied, either the trustee, acting under the indenture may (if it is actually known by a responsible officer of the trustee) or shall upon the written instruction of the holders evidencing not less than a majority of the outstanding amount of the CRR bonds, shall, subject to the terms of the intercreditor agreements terminate all the rights and obligations of the servicers under the servicing agreement, other than the servicers' indemnification obligations and obligations to continue performing their functions as servicers until a successor servicer is appointed. Please read "The Servicing Agreement—The Replacement of APCo or WPCo as a Servicer with a Successor Servicer" in this prospectus.

In addition, when a servicer defaults, the CRR bondholders (subject to the provisions of the indenture) and the trustee as beneficiary of any lien permitted by the Securitization Law will be entitled to:

1. apply to the West Virginia Commission or the court of the City of Charleston, West Virginia, for sequestration and payment of revenues arising with respect to the CRR property;

2. foreclose on or otherwise enforce the lien on and security interests in any CRR property; and

3. apply to the West Virginia Commission for an order that amounts arising from the CRR charges be transferred to a separate account for the benefit of the secured parties in accordance with the Securitization Law.

Please read "Risk Factors—Risks Associated with Potential Bankruptcy Proceedings of the Seller or a Servicer" and "How a Bankruptcy May Affect Your Investment Decision" in this prospectus.

Waiver of Past Defaults

The trustee, acting at the written direction of the holders evidencing not less than a majority of the outstanding amount of the CRR bonds, may waive in writing any default by a servicer in the performance of its obligations in the servicing agreement and the associated consequences thereto, except where the default was due to failure by a servicer of making any required deposits to the joint collection account in accordance with the servicing agreement. Upon any such waiver of a past default, such default shall cease to exist, and any servicer default arising therefrom shall be deemed to have been remedied for every purpose of the servicing agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the servicers shall furnish copies of such waiver to each of the rating agencies.

The Replacement of APCo or WPCo as a Servicer with a Successor Servicer.

In the event of a servicer's removal upon an event of default or resignation, the trustee shall, upon the written direction and with the consent of the holders of at least a majority of the outstanding amount of the CRR bonds, appoint a successor servicer with our prior written consent thereto (which consent shall not be unreasonably withheld), and the successor servicer shall accept its appointment by a written assumption in form reasonably acceptable to us and the trustee (acting at the written direction of the holders of at least a majority of the outstanding amount of the CRR bonds) and provide prompt written notice of such assumption to us and the rating agencies. If a successor servicer that is not an affiliate of APCo or WPCo is appointed, the annual servicing fee may be increased to a level not to, unless the West Virginia Commission consents, exceed 0.25% of the aggregate initial principal amount of the CRR bonds, paid semi-annually.

The Obligations of a Successor Servicer

If for any reason a third party assumes or succeeds to the role of a servicer under the servicing agreement, the servicing agreement will require each predecessor servicer to cooperate with us, the trustee and the successor servicer in terminating the predecessor servicer's rights and responsibilities under the servicing agreement, including the transfer to the successor servicer all documentation pertaining to the CRR property and all cash amounts then held by the predecessor servicer for remittance or subsequently acquired.

The servicing agreement will provide that, in the event the successor servicer is appointed as a result of a servicer default by the predecessor servicer, all reasonable costs and expenses (including reasonable attorney's fees and expenses and reasonable fees, out of pocket expenses and costs incurred in connection with any action, claim or suit brought to enforce the trustee's right to indemnification) incurred in connection with transferring the CRR property records to the successor servicer and amending the servicing agreement to reflect such succession as servicer pursuant to the servicing agreement shall be paid by the predecessor servicer upon presentation of reasonable documentation of such costs and expenses. In all other cases, all reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred by a servicer in connection with transferring servicing responsibilities to the successor servicer shall be paid by us or the successor servicer from CRR charge collections available under the indenture, following presentation of reasonable documentation of such costs and expenses.

Amendment

The servicing agreement may be amended in writing by the servicers and us with ten business days' prior written notice given to the rating agencies and the trustee, without the consent of any of the CRR bondholders (but with the consent of the West Virginia Commission if in the servicers' judgment the amendment may increase ongoing financing costs), (a) to cure any ambiguity, to correct or supplement any provisions in the servicing agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in the servicing agreement or of modifying in any manner the rights of the CRR bondholders; provided, however, that such action shall not, as evidenced by an officer's certificate of the seller delivered to us and the trustee, adversely affect in any material respect the interests of any CRR bondholders; or (b) to conform the provisions of the servicing agreement to this prospectus. Promptly after the execution of any such amendment or consent, we will furnish copies of such amendment or consent to each of the rating agencies.

In addition, the servicing agreement may be amended in writing by the servicers and us with the satisfaction of the rating agency condition (and the consent of the West Virginia Commission if in the servicers' judgment the amendment may increase ongoing financing costs), without the consent of a majority of the then outstanding CRR bonds, but only if the servicers deliver to us and the trustee officers certificates stating that the amendment will not adversely affect any CRR bondholder materially.

HOW A BANKRUPTCY MAY AFFECT YOUR INVESTMENT DECISION

Challenge to True Sale Treatment. APCo will represent and warrant that the transfer of the CRR property in accordance with the sale agreement constitutes a true and valid sale and assignment of the CRR property by APCo to us. It will be a condition of closing for the sale of the CRR property pursuant to the sale agreement that APCo will take the appropriate actions under the Securitization Law, including filing a notice of transfer of an interest in the CRR property, to perfect this sale. The Securitization Law provides that a transfer of CRR property by a qualifying utility to an assignee which the parties have in the governing documentation expressly stated to be a sale or other absolute transfer, in a transaction approved in a financing order, shall be treated as an absolute transfer of all the transferor's right, title and interest, as in a "true sale" under applicable creditors' rights principles, and not as a pledge or other financing, of the relevant CRR property. We and APCo will treat such a transaction as a sale under applicable law. However, we expect that the CRR bonds will be reflected as debt on AEP's consolidated financial statements. In addition, we anticipate that the CRR bonds will be treated as debt of APCo for federal income tax purposes. See "The Securitization Law—APCo and Other Qualifying Utilities May Securitize Consumer Rate Relief Costs and Related Financing and Ongoing Costs" and "Material U.S. Federal Income Tax Consequences." In the event of a bankruptcy of a party to the sale agreement, if a party in interest in the bankruptcy were to take the position that the transfer of the CRR property to us pursuant to that sale agreement was a financing transaction and not a true sale under applicable creditors' rights principles, there can be no assurance that a court would not adopt this position. Even if a court did not ultimately recharacterize the transaction as a financing transaction, the mere commencement of a bankruptcy of APCo and the attendant possible uncertainty surrounding the treatment of the transaction could result in delays in payments on the CRR bonds.

In that regard, we note that the bankruptcy court in *In re: LTV Steel Company, Inc., et al.*, 274 B.R. 278 (Bankr. N. D. Oh. 2001) issued an interim order that observed that a debtor, LTV Steel Company, which had previously entered into securitization arrangements with respect both to its inventory and its accounts receivable may have "at least some equitable interest in the inventory and receivables, and that this interest is property of the Debtor's estate... sufficient to support the entry of" an interim order permitting the debtor to use proceeds of the property sold in the securitization. 274 B.R. at 285. The court based its decision in large part on its view of the equities of the case.

LTV and the securitization investors subsequently settled their dispute over the terms of the interim order and the bankruptcy court entered a final order in which the parties admitted and the court found that the pre-petition transactions constituted "true sales." The court did not otherwise overrule its earlier ruling. The LTV memorandum opinion serves as an example of the pervasive equity powers of bankruptcy courts and the importance that such courts may ascribe to the goal of reorganization, particularly where the assets sold are integral to the ongoing operation of the debtor's business.

Even if creditors did not challenge the sale of CRR property as a true sale, a bankruptcy filing by APCo could trigger a bankruptcy filing by us with similar negative consequences for bondholders. In a recent bankruptcy case, *In re General Growth Properties, Inc.*, 406 B.R. 171 (Bankr. S.D.N.Y. 2009), General Growth Properties, Inc. filed for bankruptcy protection, along with many of its direct and indirect subsidiaries. Those subsidiaries included many entities that had been organized as special purpose vehicles. The bankruptcy court upheld the validity of the filings of these special purpose subsidiaries as bankruptcy debtors and allowed the subsidiaries, over the objections of their own creditors, to use the creditors' cash collateral to fund loans to the parent debtor, General Growth Properties, Inc., for its general corporate purposes. The creditors received court-determined adequate protection in the form of current interest payments and replacement liens to mitigate any diminution in value resulting from the use of the cash collateral, but the opinion serves as a reminder that bankruptcy courts may subordinate legal rights of creditors to the interests of facilitation of the reorganization of a debtor.

We and APCo have attempted to mitigate the impact of a possible recharacterization of a sale of CRR property as a financing transaction under applicable creditors' rights principles. The sale agreement will provide

that if the transfer of the applicable CRR property is thereafter recharacterized by a court as a financing transaction and not a true sale, the transfer by APCo will be deemed to have granted to us on behalf of ourselves and the trustee a first priority security interest in all APCo's right, title and interest in and to the CRR property and all proceeds thereof. In addition, the sale agreement will require the filing of a financing statement describing the CRR property and the proceeds thereof in accordance with the Securitization Law. As a result of this filing, we would be a secured creditor of APCo and entitled to recover against the collateral or its value. This does not, however, eliminate the risk of payment delays or reductions and other adverse effects caused by a APCo bankruptcy. Further, if, for any reason, a proper financing statement is not filed under the Securitization Law or we fail to otherwise perfect our interest in the CRR property, and the transfer is thereafter deemed not to constitute a true sale, we would be an unsecured creditor of APCo.

The Securitization Law provides that the creation, granting, perfection and enforcement of liens and security interests in the CRR property are governed by the Securitization Law and not by Article 9 of the West Virginia Uniform Commercial Code (except, as to perfection, with respect to the filing of financing statements in places specified in the West Virginia Uniform Commercial Code and to conformity of the form of financing statements with provisions of the West Virginia Uniform Commercial Code). Under the Securitization Law, a valid and enforceable lien and security interest in the CRR property may be created only by a financing order issued under the Securitization Law and the execution and delivery of a security agreement with a holder of the CRR bonds or a trustee or agent for the holder that refers to the specific financing order that created the CRR property. The security interest attaches automatically from the time value is received for the CRR bonds. Upon perfection through the filing of a financing statement with the Office of the Secretary of State of West Virginia pursuant to rules established by the Secretary of State of West Virginia, under West Virginia law the security interest shall be a continuously perfected lien and security interest in the CRR property, with priority in the order of filing and take precedence over any subsequent judicial or other lien creditor.

None of this, however, mitigates the risk of payment delays and other adverse effects caused by a APCo bankruptcy. Further, if, for any reason, a properly filed financing statement related to the CRR property is not filed under the Securitization Law or we fail to otherwise perfect our interest in the CRR property sold pursuant to the sale agreement, and the transfer is thereafter deemed not to constitute a true sale, we would be an unsecured creditor of APCo.

Consolidation of APCo and Us. If APCo were to become a debtor in a bankruptcy case, a party in interest might attempt to substantively consolidate the assets and liabilities of APCo and us. We and APCo have taken steps to attempt to minimize this risk. Please read "Appalachian Consumer Rate Relief Funding II LLC, The Issuing Entity" in this prospectus. However, no assurance can be given that if APCo were to become a debtor in a bankruptcy case, a court would not order that our assets and liabilities be substantively consolidated with those of APCo. Substantive consolidation would result in payment of the claims of the beneficial owners of the CRR bonds to be subject to substantial delay and to adjustment in timing and/or amount under a plan of reorganization in a bankruptcy case.

Status of CRR Property as Current Property. APCo will represent in the sale agreement, and the Securitization Law provides, that the CRR property sold pursuant to the sale agreement constitutes a present contract right on the date that it is first transferred or pledged in connection with the issuance of the CRR bonds. Nevertheless, no assurance can be given that, in the event of a bankruptcy of APCo, a court would not rule that the CRR property comes into existence only as APCo's and WPCo's West Virginia Commission-jurisdictional area customers use electricity.

If a court were to accept the argument that the CRR property comes into existence only as APCo's and WPCo's West Virginia Commission-jurisdictional area customers use electricity, no assurance can be given that a security interest in favor of the bondholders of the CRR bonds would attach to the CRR charges in respect of electricity consumed after the commencement of the bankruptcy case or that the CRR property has been sold to us. If it were determined that the CRR property had not been sold to us, and the security interest in favor of the

CRR bondholders did not attach to the CRR charges in respect of electricity consumed after the commencement of the bankruptcy case, then we would have an unsecured claim against APCo. If so, there would be delays and/or reductions in payments on the CRR bonds. Whether or not a court determined that CRR property had been sold to us pursuant to the sale agreement, no assurances can be given that a court would not rule that any CRR charges relating to electricity consumed after the commencement of the bankruptcy could not be transferred to us or the trustee.

In addition, in the event of a bankruptcy of APCo, a party in interest in the bankruptcy could assert that we should pay, or that we should be charged for, a portion of APCo's costs associated with the associated electricity consumption of which gave rise to the CRR charge receipts used to make payments on the CRR bonds.

Regardless of whether APCo is the debtor in a bankruptcy case, if a court were to accept the argument that the CRR property sold pursuant to the sale agreement comes into existence only as customers use electricity, a tax or government lien or other nonconsensual lien on property of APCo arising before future CRR property came into existence could have priority over our interest in the CRR property. Adjustments to the CRR charges may be available to mitigate this exposure, although there may be delays in implementing these adjustments.

Estimation of Claims; Challenges to Indemnity Claims. If APCo were to become a debtor in a bankruptcy case, claims, including indemnity claims, by us or the trustee against APCo as seller under the sale agreement and the other documents executed in connection therewith would be unsecured claims and would be subject to being discharged in the bankruptcy case. In addition, a party in interest in the bankruptcy may request that the bankruptcy court estimate any contingent claims that we or the trustee have against APCo. That party may then take the position that these claims should be estimated at zero or at a low amount because the contingency giving rise to these claims is unlikely to occur. If a court were to hold that the indemnity provisions were unenforceable, we would be left with a claim for actual damages against APCo based on breach of contract principles. The actual amount of these damages would be subject to estimation and/or calculation by the court.

No assurances can be given as to the result of any of the above-described actions or claims. Furthermore, no assurance can be given as to what percentage of their claims, if any, unsecured creditors would receive in any bankruptcy proceeding involving APCo.

Enforcement of Rights by the Trustee. Upon an event of default under the indenture, the Securitization Law permits the trustee to enforce the security interest in the CRR property sold pursuant to the sale agreement in accordance with the terms of the indenture. In this capacity, the trustee is permitted to request the West Virginia Commission to order the sequestration and payment to holders of the CRR bonds of any revenues arising from the CRR charges. There can be no assurance, however, that the West Virginia Commission or a district court judge would issue this order after a seller bankruptcy in light of the automatic stay provisions of Section 362 of the United States Bankruptcy Code. In that event, the trustee may under the indenture seek an order from the bankruptcy court lifting the automatic stay with respect to this action by the West Virginia Commission or a district court judge and an order requiring an accounting and segregation of the revenues arising from the CRR property sold pursuant to the sale agreement. There can be no assurance that a court would grant either order.

Bankruptcy of a Servicer. Each servicer is entitled to commingle the CRR charges that it receives with its own funds until each date on which such servicer is required to remit funds to the joint collection account as specified in the servicing agreement and to commingle the CRR charges with other of its own funds (and the other servicer's funds) in the joint collection account until each date on which such servicer is required to transfer funds to the payment account as specified in the CRR property intercreditor agreement. The Securitization Law provides that the relative priority of a lien created under the Securitization Law is not defeated or adversely affected by the commingling of CRR charges arising with respect to the CRR property with funds of the qualifying utility. In the event of a bankruptcy of a servicer, a party in interest in the bankruptcy might assert, and a court might rule, that the CRR charges commingled by a servicer with its own funds and held by such servicer, prior to and as of the date of bankruptcy, were property of such servicer as of that date, and are therefore property

of the servicer's bankruptcy estate, rather than our property. If the court so rules, then the court would likely rule that the trustee has only a general unsecured claim against such servicer for the amount of commingled CRR charges held as of that date and could not recover the commingled CRR charges held as of the date of the bankruptcy.

However, the court rules on the ownership of the commingled CRR charges, the automatic stay arising upon the bankruptcy of a servicer could delay the trustee from receiving the commingled CRR charges held by such servicer as of the date of the bankruptcy until the court grants relief from the stay. A court ruling on any request for relief from the stay could be delayed pending the court's resolution of whether the commingled CRR charges are our property or are property of such servicer, including resolution of any tracing of proceeds issues.

In the event of a servicer's removal or resignation, the servicing agreement will provide that the trustee shall, upon the instruction of the holders of a majority of the outstanding principal amount of the CRR bonds and our prior written consent thereto (which consent shall not be unreasonably withheld), appoint a successor servicer that qualifies as such. Please read "The Servicing Agreement—The Replacement of APCo or WPCo as a Servicer with a Successor Servicer" in this prospectus. If, within 30 days after the delivery of the termination notice, a new servicer shall not have been appointed and accepted such appointment, the trustee may, or, upon the direction of the holders of a majority of the outstanding principal amount of the CRR bonds, shall, in each case petition the West Virginia Commission or a court of competent jurisdiction to appoint a qualifying successor servicer. However, the automatic stay in effect during a servicer bankruptcy might delay or prevent a successor servicer's replacement of a servicer. Even if a successor servicer may be appointed and may replace a servicer, a successor may be difficult to obtain and may not be capable of performing all of the duties that APCo as servicer was capable of performing. Furthermore, should a servicer enter into bankruptcy, it may be permitted to stop acting as a servicer.

Bankruptcy of APCo or WPCo. Neither APCo nor WPCo is required initially upon collection to segregate the CRR charges it collects from its general funds. The Securitization Law provides that our rights to the CRR property are not affected by the commingling of these funds with other funds. In a bankruptcy of APCo or WPCo, however, a bankruptcy court might rule that federal bankruptcy law takes precedence over the Securitization Law and does not recognize our right to receive the collected CRR charges that are commingled with other funds of APCo or WPCo prior to or as of the date of bankruptcy. If so, the collected CRR charges held by APCo or WPCo as of the date of bankruptcy would not be available to us to pay amounts owed on the CRR bonds. In this case, we would have only a general unsecured claim against APCo or WPCo, as applicable, for those amounts.

In addition, the bankruptcy of APCo or WPCo may cause a delay in or prohibition of enforcement of various rights against APCo or WPCo, including rights to require payments by APCo or WPCo, rights to recover preferential payments made by APCo or WPCo prior to bankruptcy, rights to require APCo or WPCo to comply with financial provisions of the Securitization Law or other state laws, rights to terminate contracts with APCo or WPCo and rights that are conditioned on the bankruptcy, insolvency or financial condition of APCo or WPCo, in each case as applicable.

Other risks relating to bankruptcy may be found in "Risk Factors—Risks Associated with Potential Bankruptcy Proceedings of the Seller or a Servicer."

USE OF PROCEEDS

Upon the issuance of the CRR bonds, we will use the net proceeds from the sale of the CRR bonds (after payment of upfront financing costs) to pay to APCo the purchase price of APCo's rights under the financing order, which are the CRR property. In accordance with the financing order, APCo will use the proceeds it receives from the sale of the CRR property to reduce its recoverable consumer rate relief costs and to redeem, repay or retire a portion of its existing long-term and/or short-term debt and/or equity, including all or a portion of the Credit Agreement, dated May 22, 2025, by and among APCo as Borrower, Huntington as administrative agent, and the other financial institutions party thereto from time to time (the "Huntington Credit Agreement"), the Credit Agreement, dated May 23, 2025, by and among APCo as Borrower, Truist as administrative agent, and the other financial institutions party thereto from time to time (the "Truist Credit Agreement"), the Credit Agreement, dated November 6, 2025, by and among APCo as borrower, Wells Fargo as administrative agent, and the other financial institutions party thereto from time to time (the "Wells Fargo Credit Agreement").

As of September 14, 2026, borrowings under the Huntington Credit Agreement totaled $125,000,000. Such borrowings bear interest at a variable rate (adjusted term secured overnight financing rate (SOFR) plus 1.25% per annum). The Huntington Credit Agreement matures on May 22, 2028. The proceeds of the portion of the loans under the Huntington Credit Agreement that may be repaid with the ultimate proceeds of this offering were used for general corporate purposes.

As of September 14, 2026, borrowings under the Truist Credit Agreement totaled $250,000,000. Such borrowings bear interest at a variable rate (adjusted term secured overnight financing rate (SOFR) plus 1.15% per annum). The Truist Credit Agreement matures on November 23, 2026, which date is subject to a pending extension. The proceeds of the portion of the loans under the Truist Credit Agreement that may be repaid with the ultimate proceeds of this offering were used for general corporate purposes.

As of September 14, 2026, borrowings under the Wells Fargo Credit Agreement totaled $550,000,000. Such borrowings bear interest at a variable rate (adjusted term secured overnight financing rate (SOFR) plus 1.05% per annum). The Wells Fargo Credit Agreement matures on December 4, 2026. The proceeds of the portion of the loans under the Wells Fargo Credit Agreement that may be repaid with the ultimate proceeds of this offering were used for general corporate purposes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions in the underwriting agreement among us, APCo and the underwriters, for whom RBC Capital Markets, LLC, Morgan Stanley and Citigroup are acting as representatives, we have agreed to sell to the underwriters, and the underwriters have severally agreed to purchase, the principal amount of the CRR bonds listed opposite each underwriter's name below:

Underwriter	Tranche A-1	Tranche A-2	Tranche A-3
RBC Capital Markets, LLC	$	$	$
Morgan Stanley	$	$	$
Citigroup	$	$	$
Total	$	$	$

Under the underwriting agreement, the underwriters will take and pay for all of the CRR bonds we offer, if any is taken. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

The Underwriters' Sales Price for the CRR Bonds

The CRR bonds sold by the underwriters to the public will be initially offered at the prices to the public set forth on the cover of this prospectus. The underwriters propose initially to offer the CRR bonds to dealers at such prices, less a selling concession not to exceed the percentage listed below. The underwriters may allow, and dealers may reallow, a discount not to exceed the percentage listed below.

	Selling Concession	Reallowance Discount
Tranche A-1	%	%
Tranche A-2	%	%
Tranche A-3	%	%

After the initial public offering, the public offering prices, selling concessions and reallowance discounts may change.

No Assurance as to Resale Price or Resale Liquidity for the CRR Bonds

The CRR bonds are a new issue of securities with no established trading market. They will not be listed on any securities exchange. The underwriters have advised us that they intend to make a market in the CRR bonds, but they are not obligated to do so and may discontinue market making at any time without notice. We cannot assure you that a liquid trading market will develop for the CRR bonds.

Various Types of Underwriter Transactions That May Affect the Price of the CRR Bonds

The underwriters may engage in overallotment transactions, stabilizing transactions, syndicate covering transactions and penalty bids with respect to the CRR bonds in accordance with Regulation M under the Exchange Act. Overallotment transactions involve syndicate sales in excess of the offering size, which create a syndicate short position. Stabilizing transactions are bids to purchase the CRR bonds, which are permitted, so long as the stabilizing bids do not exceed a specific maximum price. Syndicate covering transactions involve purchases of the CRR bonds in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the CRR bonds originally sold by the syndicate member are purchased in a syndicate covering transaction. These overallotment transactions, stabilizing transactions, syndicate covering transactions and penalty bids may cause the prices of the CRR bonds to be higher than they would otherwise be. Neither we, APCo, the trustee, our managers nor any of the underwriters represent that the underwriters will engage in any of these transactions or that these transactions, if commenced, will not be discontinued without notice at any time.

Certain of the underwriters and their affiliates have in the past provided, and may in the future from time to time provide, investment banking and general financing and banking services to APCo and its affiliates for which they have in the past received, and in the future may receive, customary fees. In addition, each underwriter may from time to time take positions in the CRR bonds. In accordance with FINRA Rule 5110 the reimbursement of expenses are deemed underwriting compensation in connection with the offering.

We estimate that the registrants' total expenses of the offering will be approximately $.

We and APCo have agreed to indemnify the underwriters against some liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the CRR bonds, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters, including the validity of the CRR bonds and other conditions contained in the underwriting agreement, such as receipt of ratings confirmations, officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject offers in whole or in part.

We expect to deliver the CRR bonds against payment for the CRR bonds on or about the date specified in the last paragraph of the cover page of this prospectus, which will be the sixth business day following the date of pricing of the CRR bonds. Since trades in the secondary market generally settle in one business day, purchasers who wish to trade CRR bonds on the date of pricing or the succeeding four business days will be required, by virtue of the fact that the CRR bonds initially will settle in T+6, to specify alternative settlement arrangements to prevent a failed settlement.

Conflicts of Interest

Certain of the underwriters or their affiliates are lenders or may hold a portion of short-term debt that APCo intends to repay from the proceeds it will receive from the sale of the CRR property. In such event, it is possible that one or more of the underwriters or their affiliates could receive more than 5% of the net proceeds of this offering, and in that case such underwriter could be deemed to have a conflict of interest under FINRA Rule 5121. In the event of any such conflict of interest, such underwriter would be required to conduct the distribution of CRR bonds in accordance with FINRA Rule 5121. If the distribution is conducted in accordance with FINRA Rule 5121, such underwriter would not be permitted to sell to an account over which it exercises discretionary authority without first receiving specific written approval from the account holder.

AFFILIATIONS AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We are a wholly-owned subsidiary of APCo. APCo is a wholly-owned operating subsidiary of AEP. Each of the sponsors, the initial servicer and the depositor may maintain other banking relationships in the ordinary course with U.S. Bank Trust Company, National Association, the trustee and control agent, and its affiliate, U.S. Bank National Association, in its capacity as securities intermediary.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

General

The following is a general discussion of the anticipated material U.S. federal income tax consequences of the ownership and disposition of the CRR bonds. Except as specifically provided below with respect to non-U.S. holders (as defined below), this discussion does not address the tax consequences to persons other than initial purchasers who are U.S. holders (as defined below) that acquire CRR bonds at original issue for cash equal to the issue price of those bonds and hold their CRR bonds as capital assets within the meaning of Section 1221 of the Internal Revenue Code, and it does not address all of the tax consequences relevant to investors that are subject to special treatment under the United States federal income tax laws (*e.g.*, life insurance companies, tax-exempt organizations, financial institutions, dealers in securities, S corporations, taxpayers subject to the alternative minimum tax provisions of the Internal Revenue Code, broker-dealers, persons who hold the CRR bonds as part of a hedge, straddle, "synthetic security" or other integrated investment, risk reduction or constructive sale transaction and persons required to accelerate the recognition of any item of gross income with respect to the notes' evidencing the CRR bonds as a result of such income being recognized on an "applicable financial statement" (within the meaning of Section 451(b) of the Internal Revenue Code)). This discussion is general in nature and does not address all U.S. federal income taxes relevant to a holder's specific circumstances or the consequences to holders under state, local or foreign tax laws. Please read "Material West Virginia Income Tax Consequences" in this prospectus. Each beneficial owner of a CRR bond, by acquiring a beneficial interest, agrees to treat such CRR bond as indebtedness of APCo to the extent consistent with applicable federal, state, local and other tax purposes unless otherwise required by appropriate taxing authorities.

This summary is based on current provisions of the Internal Revenue Code, the Treasury Regulations promulgated and proposed thereunder, judicial decisions and published administrative rulings and pronouncements of the IRS and interpretations thereof. All of these authorities and interpretations are subject to change, and any change may apply retroactively and affect the accuracy of the opinions, statements and conclusions set forth in this discussion. We have not, and do not intend to seek, any ruling from the IRS with respect to the statements made and conclusions reached in this summary.

U.S. Holder and Non-U.S. Holder Defined

A "U.S. holder" means a beneficial owner of a CRR bond that, for U.S. federal income tax purposes, is (a) a citizen or individual resident of the United States; (b) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (c) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or (d) a trust, if (i) a court in the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) it has a valid election in place to be treated as a United States person. A "non-U.S. holder" means a beneficial owner of a CRR bond that is not a U.S. holder but does not include (a) an entity or arrangement treated as a partnership for U.S. federal income tax purposes; (b) a former citizen of the United States; or (c) a former resident of the United States.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes is a holder of a CRR bond, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partners are encouraged to consult their tax advisors about the particular U.S. federal income tax consequences applicable to them. Similarly, former citizens and former residents of the United States are encouraged to consult their tax advisors about the particular U.S. federal income tax consequences that may be applicable to them.

ALL PROSPECTIVE INVESTORS ARE ENCOURAGED TO CONSULT THEIR TAX ADVISERS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF OWNING AND DISPOSING OF CRR BONDS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY FOREIGN, STATE, LOCAL OR OTHER LAWS.

Income Tax Status of the CRR Bonds and Us as Issuing Entity

The determination of whether the CRR bonds will be classified as indebtedness or equity for U.S. federal income tax purposes requires a judgment based on all relevant facts and circumstances. There is no statutory, judicial, or administrative authority that directly addresses the U.S. federal income tax treatment of the CRR bonds. Although the issuance of the CRR bonds does not fit directly within Revenue Procedure 2005-62, 2005-2 CB 507, it meets the same underlying policy objectives that supported the conclusions set forth by the Internal Revenue Service therein. Accordingly, our opinion regarding the characterization of the CRR bonds as indebtedness is based upon Revenue Procedure 2005-62, rulings and judicial decisions under the Internal Revenue Code of 1986, as amended, none of which directly address the U.S. federal income tax treatment of the CRR bonds, but instead involve situations that we consider to be analogous, and an analysis of all the facts and circumstances surrounding the issuance and sale of the CRR bonds.

Based on the foregoing and certain representations made by us and APCo, including a representation by us that we will not make, or allow there to be made, any election to the contrary, Sidley Austin LLP, counsel to APCo and us, expects to render its opinion that for U.S. federal income tax purposes, (1) we will not be considered an entity separate from our sole member, APCo, and (2) the CRR bonds will be treated as debt obligations of APCo.

This opinion is based on the application of current law to the facts as established by the indenture and other relevant documents and assumes compliance with the indenture and such other documents as in effect on the date of issuance of the CRR bonds. We intend to treat the CRR bonds as indebtedness for U.S. federal income tax purposes. The remainder of this discussion assumes that the classification of the CRR bonds as indebtedness will be respected for U.S. federal income tax purposes.

Tax Consequences to U.S. Holders

Payments of Interest. Stated interest on the CRR bonds generally will be taxable to a U.S. holder as ordinary income at the time such interest is received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes. This discussion assumes that the CRR bonds will not be considered to be issued with original issue discount ("**OID**"). OID is generally defined as any excess of the stated price the U.S. holder will receive upon redemption of the bond at the bond's maturity, less the price the U.S. holder pays to purchase the bond, if this difference is equal to or greater than a de minimis amount. If any series or portion of CRR bonds is issued with OID, prospective U.S. holders will be so informed in the related prospectus, and should thereafter consult their tax adviser to determine the federal, state, local and foreign income and any other tax consequences.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the CRR Bonds. If there is a sale, exchange, redemption, retirement or other taxable disposition of a CRR bond, a U.S. holder generally will recognize taxable gain or loss equal to the difference between (a) the amount of cash and the fair market value of any other property received (other than amounts attributable to, and taxable as, accrued stated interest) and (b) the holder's adjusted tax basis in the CRR bond. A U.S. holder's adjusted tax basis in a CRR bond generally will equal its cost, reduced by any payments reflecting principal previously received with respect to the bond. Gain or loss generally will be capital gain or loss if the CRR bond is held as a capital asset, and will be long-term capital gain or loss if the CRR bond was held for more than one year at the time of the sale, exchange, redemption, retirement or other taxable disposition. If a U.S. holder sells a CRR bond between interest payment dates, a portion of the amount received will reflect interest that has accrued on the CRR bond but that has not yet been paid by the sale date and, to the extent that amount has not already been included in the U.S. holder's income, it will be treated as ordinary interest income and not as capital gain.

3.8% Tax on "Net Investment Income"

Certain U.S. holders will be subject to an additional 3.8% tax on all or a portion of their "net investment income," which may include the interest payments and any taxable gain realized with respect to a CRR bond, to

the extent of their net investment income that, when added to their other modified adjusted gross income, exceeds $200,000 for an unmarried individual, $250,000 for a married individual filing a joint return (or a surviving spouse), or $125,000 for a married individual filing a separate return. U.S. holders are encouraged to consult their tax advisors with respect to this tax.

Information Reporting and Backup Withholding

Information reporting generally will apply to payments of interest on, and the proceeds of the sale, exchange, redemption, retirement or other taxable disposition of, the CRR bonds, and backup withholding will apply to such payments unless a U.S. holder provides to the applicable withholding agent its taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. U.S. holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for establishing such an exemption.

Tax Consequences to Non-U.S. Holders

Payments of Interest

Subject to the discussion below (see "—Information Reporting and Backup Withholding" and "—The Foreign Account Tax Compliance Act"), payments of interest on the CRR bonds to a non-U.S. holder generally will be exempt from U.S. federal income and withholding tax under the "portfolio interest" exemption if the interest is not effectively connected with the non-U.S. holder's U.S. trade or business, the non-U.S. holder properly certifies as to its non-U.S. status, as described below, and the non-U.S. holder:

- does not actually or constructively own, including through an interest in AEP, 10% or more of the total combined voting power of all classes of APCo stock entitled to vote;
- is not a bank whose receipt of interest is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business; and
- is not a "controlled foreign corporation" for U.S. federal income tax purposes that is related to us or APCo, actually or constructively.

The portfolio interest exemption applies only if the non-U.S. holder appropriately certifies as to its non-U.S. status to the applicable withholding agent. A holder generally can meet this certification requirement by providing a properly executed IRS Form W-8BEN or W-8BEN-E, as applicable (or appropriate substitute or successor form) to the applicable withholding agent. If the non-U.S. holder holds the CRR bonds through a financial institution or other agent acting on its behalf, it may be required to provide appropriate certifications to its agent. The agent then generally will be required to provide appropriate certifications to the applicable withholding agent, either directly or through other intermediaries.

If the non-U.S. holder cannot satisfy the requirements described above, payments of interest made to the non-U.S. holder will be subject to U.S. federal withholding tax, currently at a 30% rate, unless (1) it provides the applicable withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E, as applicable (or appropriate substitute or successor form) claiming an exemption from (or a reduction of) withholding under an applicable income tax treaty or (2) the payments of interest are effectively connected with its conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States) and it meets the certification requirements described below (see "Income or Gain Effectively Connected with a U.S. Trade or Business").

The certifications described above must be provided to the applicable withholding agent prior to the payment of interest and must be updated periodically. Non-U.S. holders that do not timely provide the applicable

withholding agent with the required certification, but that qualify for an exemption or a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences of owning and disposing of the CRR bonds, including their entitlement to benefits under any applicable income tax treaty.

Sale, Exchange, Redemption or Other Taxable Disposition of the CRR Bonds

Subject to the discussion below (see "—Information Reporting and Backup Withholding"), a non-U.S. holder generally will not be subject to United States federal income or withholding tax on gain realized on the sale, redemption, exchange, retirement or other taxable disposition of CRR bonds, unless:

- the gain is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States); or
- the non-U.S. holder is an individual who is present in the United States for 183 days or more during the taxable year and certain other requirements are met.

If you are a non-U.S. holder described in the first bullet point above, you generally will be subject to U.S. federal income tax as described below (see "—Income or Gain Effectively Connected with a U.S. Trade or Business"). If you are a non-U.S. holder described in the second bullet point above, you generally will be subject to U.S. federal income tax at a 30% rate (or a lower applicable income tax treaty rate) on the gain derived from the sale, redemption, exchange, retirement or other taxable disposition, which may be offset by certain U.S.-source capital losses, unless an applicable income tax treaty provides otherwise.

To the extent any portion of the amount realized on the sale, redemption, exchange, retirement or other taxable disposition of a CRR bond is attributable to accrued but unpaid interest on the CRR bond, this amount will generally be taxed in the same manner as described above in "—Tax Consequences to Non-U.S. Holders."

Income or Gain Effectively Connected with a U.S. Trade or Business

If any interest on the CRR bonds or gain from a sale, redemption, exchange, retirement or other taxable disposition of the CRR bonds is effectively connected with a U.S. trade or business conducted by a non-U.S. holder, then the non-U.S. holder generally will be subject to U.S. federal income tax on such interest or gain on a net income basis in the same manner as a U.S. holder (unless an applicable income tax treaty provides otherwise). If interest received with respect to the CRR bonds is effectively connected income, the U.S. federal withholding tax described above will not apply (assuming appropriate certification is provided) unless an applicable income tax treaty provides otherwise. A non-U.S. holder generally can meet the certification requirements by providing a properly executed IRS Form W-8ECI (or other applicable form) to the applicable withholding agent. In addition, if the non-U.S. holder is a corporation for U.S. federal income tax purposes, that portion of its earnings and profits that is attributable to such effectively connected income or gain, subject to certain adjustments, may be subject to a "branch profits tax" at a 30% rate (or a lower applicable income tax treaty rate).

Information Reporting and Backup Withholding

Payments to a non-U.S. holder of interest on a CRR bond, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and may also be made available to the tax authorities of the country in which a non-U.S. holder is a tax resident under the provisions of an applicable income tax treaty or agreement. Backup withholding generally will not apply to payments of interest to a non-U.S. holder if the certification described in "—Payments of Interest" above is provided by the non-U.S. holder, or the non-U.S. holder otherwise establishes an exemption.

Proceeds from a sale, exchange, redemption, retirement or other taxable disposition of a CRR bond effected by the U.S. office of a U.S. or non-U.S. broker will be subject to information reporting requirements and backup withholding unless a non-U.S. holder properly certifies, under penalties of perjury, as to its non-U.S. status and certain other conditions are met, or an exemption is otherwise established. Information reporting and backup withholding generally will not apply to any proceeds from a sale, exchange, redemption, retirement or other taxable disposition of a CRR bond effected outside the United States by a non-U.S. office of a broker, unless such broker has certain connections to the United States, in which case information reporting, but not backup withholding, may apply unless certain other conditions are met, or an exemption is otherwise established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against a non-U.S. holder's U.S. federal income tax liability, if any, and may entitle a non-U.S. holder to a refund, provided the required information is timely furnished to the IRS.

The Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("**FATCA**") generally imposes a U.S. federal withholding tax (separate and apart from, but without duplication of, the withholding tax described above) at a rate of 30% on payments of U.S. source interest on, and the gross proceeds from a disposition of, certain debt obligations paid to certain non-U.S. entities, including certain foreign financial institutions and investment funds (including, in some instances, where such an entity is acting as an intermediary), unless such non-U.S. entity complies with certain withholding and reporting requirements. Pursuant to proposed U.S. Treasury Regulations (upon which taxpayers are permitted to rely until they are revoked or final U.S. Treasury Regulations are issued), this withholding tax generally will not apply to the gross proceeds from a sale or other disposition of instruments, such as the CRR bonds, that produce U.S. source interest. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States with respect to these rules may be subject to different rules. Under certain circumstances, a beneficial owner of a CRR bond may be eligible for a refund or credit of such taxes. Prospective purchasers are encouraged to consult their tax advisors regarding the application of FATCA in their particular circumstances.

The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning and disposing of the CRR bonds, including the consequences of any proposed change in applicable laws.

MATERIAL WEST VIRGINIA INCOME TAX CONSEQUENCES

Assuming that the CRR bonds will be treated as debt obligations of APCo for U.S. federal income tax purposes, interest paid on the CRR bonds generally will be taxed for West Virginia income tax purposes consistently with its taxation for U.S. federal income tax purposes and such interest received by an entity or person not otherwise subject to West Virginia corporate or individual income tax will not be subject to West Virginia income tax. Jackson Kelly PLLC expects to issue an opinion, that, for West Virginia income tax purposes (1) assuming that the issuing entity is treated as an entity that is disregarded from APCo for federal income tax purposes, we will not be treated as a taxable entity separate and apart from APCo, our sole member, and (2) assuming that the CRR bonds are treated as indebtedness for federal income tax purposes, the CRR bonds will constitute indebtedness of APCo, assuming, in each case, that such treatment applies for U.S. federal income tax purposes. These opinions are not binding on any taxing authority or any court, and there can be no assurance that contrary positions may not be taken by any taxing authority.

This discussion is based on current provisions of the West Virginia tax statutes and regulations, judicial decisions and administrative interpretations and rulings. All of these authorities and interpretations are subject to change, and any change may apply retroactively and affect the accuracy of the opinions set forth in this discussion.

The discussion under “Material West Virginia Income Tax Consequences” is for general information only and may not be applicable depending upon a bondholder’s particular situation. It is recommended that prospective bondholders consult their own tax advisors with respect to the tax consequences to them of the acquisition, ownership and disposition of the CRR bonds, including the tax consequences under federal, state, local, non-U.S. and other tax laws and the effects of changes in such laws. Please read “Material U.S. Federal Income Tax Consequences” in this prospectus.

ERISA CONSIDERATIONS

General

The Employee Retirement Income Security Act of 1974, known as ERISA, and Section 4975 of the Internal Revenue Code impose certain requirements on employee benefit plans, plans and other arrangements subject to ERISA or Section 4975 of the Internal Revenue Code. ERISA and the Internal Revenue Code also impose certain requirements on fiduciaries of such employee benefit plans, plans and other arrangements in connection with the investment of the assets of the employee benefit plans, plans and other arrangements. For purposes of this discussion, "**plans**" include "employee benefit plans" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, "plans" as defined in Section 4975(e)(1) of the Internal Revenue Code that is subject to Section 4975 of the Internal Revenue Code, including individual retirement accounts and annuities and Keogh plans, as well as entities that are deemed to hold plan assets of any of the foregoing by virtue of such employee benefit plan's or plan's investment in the entity, including some collective investment funds and insurance company general or separate accounts in which the assets of those plans, accounts or arrangements are invested. A fiduciary of an investing plan is any person who in connection with the assets of the plan:

- has discretionary authority or control over the management or disposition of assets; or
- provides investment advice for a fee.

Some plans, such as governmental plans, and certain church plans, and the fiduciaries of those plans, are not subject to ERISA requirements. Accordingly, assets of these plans may be invested in the CRR bonds without regard to the ERISA considerations described below, subject to the provisions of other applicable law, including a federal, state, local or other law that is similar to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code (any such law, "applicable similar law" and these plans, ("**other-law plans**")). For example, a governmental plan which is qualified and exempt from taxation under Sections 401(a) and 501(a) of the Internal Revenue Code, however, is subject to the prohibited transaction rules in Section 503 of the Internal Revenue Code.

ERISA imposes certain general fiduciary requirements on fiduciaries, including:

- investment prudence and diversification; and
- the investment of the assets of the plan in accordance with the documents governing the plan.

In considering an investment in the CRR bonds, the fiduciary of a plan should determine whether the investment is in accordance with the documents and instruments governing the plan and the applicable provisions of ERISA or the Internal Revenue Code relating to the fiduciary's duties to the plan, including, but not limited to, the duties of investment prudence and diversification, and delegation of control under ERISA, and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code also prohibit a broad range of transactions involving the assets of a plan and persons who have certain specified relationships to the plan, referred to as "parties in interest," as defined under ERISA or "disqualified persons" as defined under Section 4975 of the Internal Revenue Code unless a statutory or administrative exemption is available. The types of transactions that are prohibited include but are not limited to:

- sales, exchanges or leases of property;
- loans or other extensions of credit; and
- the furnishing of goods or services.

Certain persons that participate in a prohibited transaction may be subject to an excise tax under Section 4975 of the Internal Revenue Code or a penalty imposed under Section 502(i) of ERISA, unless a

statutory or administrative exemption is available. In addition, the persons involved in the prohibited transaction may have to cancel or unwind the transaction and pay an amount to the plan for any losses realized by the plan or profits realized by these persons. In addition, individual retirement accounts involved in the prohibited transaction may be disqualified which would result in adverse tax consequences to the owner of the account.

Regulation of Assets Included in a Plan

A fiduciary's investment of the assets of a plan in the CRR bonds may cause our assets to be deemed assets of the investing plan. United States Department of Labor regulations at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (collectively, the "**plan asset regulations**"), provide that the underlying assets of an entity will be deemed to be assets of a plan that purchases an interest in the entity if the interest that is purchased by the plan is an equity interest, equity participation by benefit plan investors is "significant" within the meaning of the plan asset regulations and none of the other exceptions contained in the plan asset regulations applies. An equity interest is defined in the plan asset regulations as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is no authority directly on point, it is anticipated that the CRR bonds will be treated as indebtedness under local law without any substantial equity features.

If the CRR bonds were deemed to be equity interests in us and none of the exceptions contained in the plan asset regulations were applicable, then our assets would be considered to be assets of any plans that purchase the CRR bonds. The extent to which the CRR bonds are owned by benefit plan investors will not be monitored. If our assets were deemed to constitute "plan assets" of investing plans pursuant to the plan asset regulations, transactions we might enter into, or may have entered into in the ordinary course of business, might constitute non-exempt prohibited transactions under ERISA and/or Section 4975 of the Internal Revenue Code.

In addition and without regard to whether the CRR bonds are characterized as other than equity interests in us for purposes of the plan asset regulations, the acquisition, holding or disposition of the CRR bonds by or on behalf of a plan could give rise to a prohibited transaction if we or the trustee, APCo, any other servicer, AEP, any underwriter or certain of their affiliates is or becomes a party in interest or disqualified person with respect to an investing plan unless the transaction qualifies for relief under a prohibited transaction exemption. Each purchaser of the CRR bonds will be deemed to have represented and warranted that its acquisition, holding and disposition of the CRR bonds will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code.

Prohibited Transaction Exemptions

If you are a fiduciary of a plan or any other person proposing to acquire the CRR bonds on behalf of, or using assets of, a plan, before purchasing any CRR bonds, you should consider and consult with counsel as to whether the acquisition, holding and disposition of the CRR bonds may constitute or result in a prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code and if so, whether any prohibited transaction exemption may provide relief for such transactions. In particular, you should consider and consult with counsel as to the availability of one of the Department of Labor's prohibited transaction class exemptions, referred to as PTCEs, or one of the statutory exemptions provided by ERISA or Section 4975 of the Internal Revenue Code, which include:

- PTCE 75-1, which exempts certain transactions between a plan and certain broker-dealers, reporting dealers and banks;
- PTCE 84-14, which exempts certain transactions effected on behalf of a plan by a "qualified professional asset manager";
- PTCE 90-1, which exempts certain transactions between insurance company separate accounts and parties in interest;

- PTCE 91-38, which exempts certain transactions between bank collective investment funds and parties in interest;
- PTCE 95-60, which exempts certain transactions between insurance company general accounts and parties in interest;
- PTCE 96-23, which exempts certain transactions effected on behalf of a plan by an "in-house asset manager"; and
- the statutory service provider exemption provided by Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Internal Revenue Code, which exempts certain transactions between plans and parties in interest that are parties in interest solely by reason of providing services to a plan or having a relationship to a service provider to the plan and are not fiduciaries with respect to the transaction.

We cannot provide any assurance that any of these class exemptions or statutory exemptions will apply with respect to any particular investment in the CRR bonds by, or on behalf of, a plan or, even if it were deemed to apply, that any exemption would apply to all transactions that may occur in connection with the investment. Even if one of these class exemptions or statutory exemptions were deemed to apply, CRR bonds may not be purchased with assets of any plan if we or the trustee, APCo, any other servicer, AEP, any underwriter or any of their affiliates:

- has investment discretion over the assets of the plan used to purchase the CRR bonds;
- has authority or responsibility to give, or regularly gives, investment advice regarding the assets of the plan used to purchase the CRR bonds, for a fee and under an agreement or understanding that the advice will serve as a primary basis for investment decisions for the assets of the plan, and will be based on the particular investment needs of the plan; or
- is an employer maintaining or contributing to the plan.

Consultation with Counsel and Representation

The sale of the CRR bonds to a plan will not constitute a representation by us or the trustee, APCo, any other servicer, AEP, any underwriter or any of their affiliates that such an investment meets all relevant legal requirements relating to investments by such plans or other-law plans generally or by any particular plan or other-law plan, or that such an investment is appropriate for such plans or other-law plans generally or for a particular plan or other-law plan.

If you are a fiduciary or any other person which proposes to purchase the CRR bonds on behalf of or with assets of a plan, you should consider your general fiduciary obligations under ERISA and you should consult with your legal counsel as to the potential applicability of ERISA and/or the Internal Revenue Code to any investment and the availability of any prohibited transaction exemption in connection with any investment. In addition, if you are a fiduciary or any other person acting on behalf of, or using assets of, an other-law plan, you should consider and consult with legal counsel as to whether the acquisition, holding and disposition of the recovery bonds by, on behalf of, or using assets of, an other-law plan would violate any applicable similar law.

By acquiring any interest in the CRR bonds, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (1) it is not a plan or an other-law plan and is not acting on behalf of, or using assets of, a plan or other-law plan to acquire or hold the CRR bonds or (2) its acquisition, holding and disposition of the CRR bonds will not, in the case of a plan, constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code or, in the case of an other-law plan, constitute or result in a violation of applicable similar law.

This summary is based on current provisions of ERISA, the Internal Revenue Code, the regulations thereunder and other related guidance. All of these authorities and interpretations are subject to change, and any change may apply retroactively and affect the accuracy of the opinions, statements and conclusions set forth in this discussion.

LEGAL PROCEEDINGS

Except as disclosed in this document, there are no legal or governmental proceedings pending against us, the sponsor, seller, trustee, or servicer, or of which any property of the foregoing is subject, that is material to the holders of the CRR bonds. See “The Trustee” in this prospectus for a discussion of certain legal proceedings involving certain affiliates of the trustee, none of which are material to holders of the CRR bonds.

RATINGS FOR THE CRR BONDS

We expect that the CRR bonds will receive credit ratings from at least two NRSROs. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning NRSRO. Each rating should be evaluated independently of any other rating. No person or entity is obligated to maintain the rating on the CRR bonds and, accordingly, we can give no assurance that the ratings assigned to the CRR bonds upon initial issuance will not be lowered or withdrawn by a NRSRO at any time thereafter. If a rating of the CRR bonds is lowered or withdrawn, the liquidity of the CRR bonds may be adversely affected. In general, ratings address credit risk and do not represent any assessment of any particular amount of principal payments on the CRR bonds other than the payment in full of the CRR bonds by the final maturity date, as well as the timely payment of interest.

Under Rule 17g-5 under the Exchange Act, NRSROs providing the sponsor with the requisite certification will have access to all information posted on a website by the sponsor for the purpose of determining the initial rating and monitoring the rating after the CRR bonds issuance date. As a result, an NRSRO other than the hired NRSRO may issue Unsolicited Ratings, which may be lower, and could be significantly lower, than the ratings assigned by the hired NRSROs. The Unsolicited Ratings may be issued prior to, or after, the CRR bonds issuance date. Issuance of any Unsolicited Rating will not affect the issuance of the CRR bonds. Issuance of an Unsolicited Rating lower than the ratings assigned by the hired NRSROs on the CRR bonds might adversely affect the value of the CRR bonds and, for regulated entities, could affect the status of the CRR bonds as a legal investment or the capital treatment of the CRR bonds. Investors in the CRR bonds should consult with their legal counsel regarding the effect of the issuance of a rating by a non-hired NRSRO that is lower than the rating of a hired NRSRO.

A portion of the fees paid by APCo to a NRSRO that is hired to assign a rating on the CRR bonds is contingent upon the issuance of the CRR bonds. In addition to the fees paid by APCo to a NRSRO at closing, APCo will pay a fee to the NRSRO for ongoing surveillance for so long as the CRR bonds are outstanding. However, no NRSRO is under any obligation to continue to monitor or provide a rating on the CRR bonds.

WHERE YOU CAN FIND MORE INFORMATION

To the extent that we are required by law to file such reports and information with the SEC under the Exchange Act, we will file annual and current reports and other information with the SEC. We are incorporating by reference any future filings we or the sponsor, but solely in its capacity as our sponsor, make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering of the CRR bonds, excluding any information that is furnished to, and not filed with, the SEC. These reports will be filed under our own name as issuing entity. Under the indenture, we may voluntarily suspend or terminate our filing obligations as issuing entity with the SEC, to the extent permitted by applicable law.

This prospectus is part of a registration statement we and APCo have filed with the SEC relating to CRR bonds. This prospectus describes the material terms of some of the documents we have filed as exhibits to the registration statement. However, this prospectus does not contain all of the information contained in the registration statement and the exhibits.

Information filed with the SEC can be inspected at the SEC's Internet site located at http://www.sec.gov. You may also obtain a copy of our filings with the SEC at no cost, by writing to or telephoning us at the following address:

Appalachian Consumer Rate Relief Funding II LLC
200 Association Drive, 02,
Charleston, WV 25311

Our SEC Securities Act file number is 333-299104 and 333-299104-01

We or APCo as depositor will also file with the SEC all of the periodic reports we or the depositor are required to file under the Exchange Act and the rules, regulations or orders of the SEC thereunder; however, neither we nor APCo as depositor intend to file any such reports relating to the CRR bonds following completion of the reporting period required by Rule 15d-1 or Regulation 15D under the Exchange Act, unless required by law. Unless specifically stated in the report, the reports and any information included in the report will neither be examined nor reported on by an independent public accountant. A more detailed description of the information to be included in these periodic reports, please read "Description of the CRR Bonds—Website" in this prospectus.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus information we or the depositor file with the SEC. This means we can disclose important information to you by referring you to the documents containing the information. The information we incorporate by reference is considered to be part of this prospectus, unless we update or supersede that information with information that we or the depositor file subsequently that is incorporated by reference into this prospectus. We are incorporating into this prospectus any future distribution report on Form 10-D, current report on Form 8-K or any amendment to any such report which we or APCo, solely in its capacity as our depositor, make with the SEC until the offering of the CRR bonds is completed. These reports will be filed under our own name as issuing entity. Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any separately filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute part of this prospectus.

INVESTMENT COMPANY ACT AND VOLCKER RULE MATTERS

Section 619 of the Dodd-Frank Act and its implementing regulations, commonly known as the "**Volcker Rule**", prevent "banking entities" from (1) engaging in "proprietary trading", (2) acquiring or retaining any "ownership interest" in, or sponsoring, a "covered fund" and (3) entering into certain relationships with a "covered fund" (as such terms are defined in the Volcker Rule). A "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Sections 3(c)(1) or 3(c)(7) of the Investment Company Act. We have been structured so as not to be a "covered fund" under the Volcker Rule.

The issuing entity is not registered or required to be registered as an "investment company" under the Investment Company Act. In making this determination, the issuing entity will be relying on an exclusion or exemption under the Investment Company Act contained in Rule 3a-7 under the Investment Company Act, although there may be additional exclusions or exemptions available to the issuing entity. Investors that constitute "banking entities" should carefully review and familiarize themselves with the Volcker Rule and should consult their own legal advisors regarding the effects of the Volcker Rule on such investors and their investment in the CRR bonds.

RISK RETENTION

This offering of the CRR bonds is a public utility securitization exempt from the risk retention requirements imposed by Section 15G of the Exchange Act due to the exemption provided in Rule 19(b)(8) of Regulation RR.

For information regarding the requirements of the EU Securitization Regulation and the UK Securitization Framework as to risk retention and other matters, please read "Risk Factors—Other Risks Associated with an Investment in the CRR Bonds—Regulatory provisions affecting certain investors could adversely affect the liquidity and the regulatory treatment of investments in the CRR bonds" in this prospectus.

LEGAL MATTERS

Certain legal matters relating to us and the issuance of the CRR bonds will be passed upon for APCo and us by Sidley Austin LLP, special counsel to APCo and us. Certain other legal matters relating to the issuance of the CRR bonds will be passed on by Richards, Layton & Finger, P.A., special Delaware counsel to us, by Steptoe & Johnson PLLC, special West Virginia counsel to APCo and us, Troutman Pepper Locke LLP, special Virginia counsel to APCo, and by Hunton Andrews Kurth LLP, counsel to the underwriters. From time to time, Hunton Andrews Kurth LLP acts as counsel to our affiliates for some matters. Certain legal matters relating to the federal income tax consequences of the issuance of the CRR bonds will be passed upon for us by Sidley Austin LLP. Certain legal matters relating to the West Virginia income tax consequences of the issuance of the CRR bonds will be passed upon for us by Jackson Kelly PLLC.

GLOSSARY OF DEFINED TERMS

The following definitions are used in this prospectus:

Adjustment requests means with regard to the CRR charges, a request filed by the servicers with the West Virginia Commission requesting modifications to the CRR charges.

AEP means American Electric Power Company, Inc.

AEP Credit means AEP Credit, Inc., or its successor.

AEP Receivables Purchase Agreement means that certain Fourth Amended and Restated Receivables Purchase Agreement, dated as of June 25, 2014, among AEP Credit, American Electric Power Service Corporation, the Receivables Agent and the other entities party thereto as purchasers, as the same may be amended, supplemented or modified from time to time.

APCo means Appalachian Power Company.

APCo Proportion means (a) the initial principal amount of the CRR bonds as of the issuance date divided by (b) the initial aggregate principal amount of both the CRR bonds and the WPCo Bonds as of the issuance date.

APCo Receivables Agency Agreement means the Third Amended and Restated Agency Agreement, dated August 25, 2004, among APCo, AEP Credit and the Receivables Agent, as the same may be amended, supplemented or modified from time to time.

APCo Receivables Purchase Agreement means the Third Amended and Restated Purchase Agreement, dated August 25, 2004, between APCo and AEP Credit, as the same may be amended, supplemented or modified from time to time.

APCo servicer means APCo acting as a servicer under the servicing agreement

APCo transfer amount means, as of any date of determination, the funds then on deposit in the joint collection account corresponding to our percentage interest in that account, which is equal to (a) the interest and scheduled principal on the CRR bonds payable on the upcoming payment date and our ongoing financing costs payable on or prior to that payment date, divided by (b) the interest and scheduled principal payable on that payment date on both the CRR bonds and the WPCo Bonds and all ongoing financing costs of us and the WPCo issuing entity payable on or prior to that payment date; provided that, if immediately prior to the final transfer from the joint collection account before a payment date, the funds on deposit in the joint collection account (together with the amounts then on deposit in the payment account) are insufficient to pay the amounts described in clause (a), the APCo transfer amount for that final transfer will instead equal the total funds then on deposit in the joint collection account multiplied by the percentage that the outstanding principal amount of the CRR bonds represents of the aggregate outstanding principal amount of the CRR bonds and the WPCo Bonds. Please read “Description of the CRR Bonds—The Payment Account for the CRR Bonds.”

Bankruptcy Code means Title 11 of the United States Code, as amended.

Basic documents means the administration agreement, the sale agreement, the intercreditor agreements, the servicing agreement, the indenture, the series supplement, the bill of sale given by APCo, as the seller, to us, the notes evidencing the CRR bonds, and the certificate of incorporation of the issuing entity, the initial limited liability company agreement of the issuing entity and the amended and restated limited liability company agreement of the issuing entity.

Business day means any day other than a Saturday, a Sunday or a day on which banking institutions in Charleston, West Virginia, New York, New York, or Columbus, Ohio are, or DTC or the corporate trust office of the Trustee is, authorized or obligated by law, regulation or executive order to remain closed.

Capital subaccount means that subaccount of the payment account into which the seller will contribute capital in an amount equal to 0.50% of the initial principal amount of the CRR bonds.

Clearstream means Clearstream Banking S.A.

Competent Authority means a competent authority determined in accordance with the Securitization Regulations.

Consumer rate relief charges means the nonbypassable "consumer rate relief charges" (as defined in Section 24-2-4h(b)(7) of the Securitization Law) approved by the West Virginia Commission in the financing order and imposed on, and collected from, all of APCo's and WPCo's West Virginia Commission-jurisdictional area customers by the servicers, their successors, assignees or other collection agents as provided in the financing order, in amounts sufficient to provide for the timely payment of principal of and interest on both the CRR bonds and the WPCo Bonds and all related ongoing financing costs.

Consumer rate relief costs means the costs of a qualifying utility recoverable through the issuance of CRR bonds, including the costs of issuing, supporting and servicing the CRR bonds.

Control agent means U.S. Bank Trust Company, National Association, in its capacity as JCA Control Agent under the CRR property intercreditor agreement. The control agent is responsible for issuing instructions to the applicable bank accounts directing disposition of the available funds in the joint collection account without further consent of APCo or WPCo for the benefit of the trustee and the WPCo indenture trustee, as applicable.

CRR bonds means, unless the context requires otherwise, the Series 2026-A Senior Secured CRR Bonds offered pursuant to this prospectus.

CRR charges means, with regard to each of APCo and WPCo, such company's portion of the consumer rate relief charges, being the portion of the nonbypassable amounts to be charged for the use or availability of electric services, approved by the West Virginia Commission in the financing order and collected by a servicer, its successors, assignees or other collection agents as provided in the financing order that is allocable to the consumer rate relief bonds sponsored by such company (in the case of APCo, the CRR bonds and, in the case of WPCo, the WPCo Bonds). Unless the context otherwise requires, references in this prospectus to the CRR charges are to APCo's portion of the consumer rate relief charges, which secures the CRR bonds.

CRR property means all of APCo's interest in "consumer rate relief property" (as defined in Section 24-2-4h(b)(9) of the Securitization Law) created pursuant to the financing order and under the Securitization Law and transferred, sold, conveyed or assigned to us pursuant to the sale agreement, including the right to impose, charge and collect the CRR charges, the right to obtain adjustments to the CRR charges, and any revenues, receipts, collections, rights to payment, payments, moneys, claims or other proceeds arising from the rights and interests of APCo created under the financing order.

CRR Revenue Group or *revenue group* means each of the customer revenue groups (residential, commercial, and industrial) established in the financing order among which the consumer rate relief costs and financing costs recovered through the CRR charges are classified and allocated in accordance with the cost classification and allocation methodology approved in the financing order. Each CRR Revenue Group is further divided into customer classes, among which the CRR charges allocated to that CRR Revenue Group are assessed.

Customers, retail customers or West Virginia Commission-jurisdictional area customers means all existing and future West Virginia electric retail customers that receive electric service within APCo's and WPCo's, or

any successor's, geographic service territory notwithstanding any change in West Virginia law regarding the ability of any such customer to choose a provider of generation or transmission service from a party other than APCo or WPCo (or their respective successor) in the future, including all existing and future West Virginia electric retail customers who are obligated to pay CRR charges pursuant to the financing order or any tariff.

Depositor means APCo.

Designee means the person, as appointed by the West Virginia Commission, who is authorized to approve, by concurrence, the final terms, structuring and pricing of the transaction as set forth in the issuance advice letter.

Direct Participants means DTC's participants.

Dodd-Frank Act means the Dodd-Frank Wall Street Reform and Consumer Protection Act.

DTC means The Depository Trust Company, New York, New York, and its nominee holder, Cede & Co.

DTCC means The Depository Trust & Clearing Corporation.

Due Diligence Requirements means the EU Due Diligence Requirements and the UK Due Diligence Requirements.

EEA means the European Economic Area.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

EU Due Diligence Requirements means the diligence requirements under Article 5 of the EU Securitization Regulation or any replacement provision included in the EU Securitization Regulation from time to time.

EU Retention Requirements means the risk retention requirements under Article 6(1) of the EU Securitization Regulation or any replacement provision included in the EU Securitization Regulation from time to time.

EU Securitization Regulation means the EU Retention Requirements, the EU Transparency Requirements and the EU Due Diligence Requirements.

EU Transparency Requirements means the disclosure requirements under Article 7 of the EU Securitization Regulation or any replacement provision included in the EU Securitization Regulation from time to time.

Euroclear means Euroclear Bank SA/NV.

Excess funds subaccount means that subaccount of the payment account into which funds are collected by the servicers in excess of amounts necessary to make the payments specified on a given payment date.

Exchange Act means the Securities Exchange Act of 1934, as amended.

FATCA means the Foreign Account Tax Compliance Act.

FCA means the UK's Financial Conduct Authority

FCA DD Rules means SECN 4, as amended from time to time.

FCA Handbook means the handbook of rules and guidance adopted by the FCA.

FCA RR Rules means SECN 5, as amended from time to time.

FCA Transparency Rules means SECN 6, SECN 11 (including its Annexes) and SECN 12 (including its Annexes), in each case as amended from time to time.

Financing order means the order issued by the West Virginia Commission to Appalachian Power Company and Wheeling Power Company, which, among other things, governs the amount of the CRR bonds that may be issued and terms for collections of the CRR charges, in Case No. 25-0310-E-PC on March 31, 2026, as modified by the West Virginia Commission order issued on July 21, 2026, in Case No. 26-0469-E-ENEC.

FSMA means the UK's Financial Services and Markets Act 2000, as amended from time to time.

General subaccount means that subaccount that will hold funds held in the payment account that are not held in the other subaccounts of the payment account.

Hired NRSRO means the NRSRO hired by APCo.

Indenture means the indenture to be entered into between us and the trustee and the securities intermediary, providing for the issuance of the CRR bonds, as the same may be amended and supplemented from time to time by one or more indentures supplemental thereto.

Indirect Participants means participants accessing the DTC system, including both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly.

Internal Revenue Code means the Internal Revenue Code of 1986, as amended.

Investment Company Act means the Investment Company Act of 1940, as amended.

IRS means the Internal Revenue Service of the United States.

Issuance date means the date the CRR bonds are issued and sold to the underwriters.

Issuing entity means Appalachian Consumer Rate Relief Funding II LLC, which will be wholly owned and capitalized by APCo.

Joint collection account means the single account held by the securities intermediary for the benefit of the control agent, on behalf of the trustee and the WPCo indenture trustee, into which the servicers remit estimated CRR charge collections, CRR charge collections and other proceeds of the CRR bond collateral and of the collateral securing the WPCo Bonds, as described under "Description of the CRR Bonds—The Payment Account for the CRR Bonds."

kWh means kilowatt-hour.

Moody's means Moody's Investors Service, Inc. or any successor in interest. References to Moody's are effective so long as Moody's is a rating agency.

MW means megawatts.

MWh means megawatt-hour.

Nonbypassable refers to the right of the servicers to collect the CRR charges from all existing and future customers of APCo and WPCo, subject to certain limitations specified in the financing order.

Nonstandard true-up adjustment means an adjustment to reallocate the CRR charges among the CRR Revenue Groups that the servicers must jointly file with the West Virginia Commission when, as a result of significant changes from historical conditions of operation (such as the addition or loss of significant electric load, or a merger of an applicant with another utility and a resulting expansion of its retail customer base), it is necessary to adjust the percentages used to allocate the CRR charges among the CRR Revenue Groups and the underlying customer classes within each such category, among which the CRR charges are allocated.

NRSRO means a nationally recognized statistical rating organization.

OID means original issue discount.

OPS DD Rules means Regulations 32B, 32C and 32D of SR 2024, as amended from time to time.

Payment account means the one or more segregated trust accounts relating to the CRR bonds designated the payment account and held by the trustee at U.S. Bank National Association under the indenture. The payment account shall initially be divided into subaccounts, which need not be separate accounts: a general subaccount, a capital subaccount, an excess funds subaccount and one or more class subaccounts, if any, for the CRR bonds as specified in any Series Supplement.

Payment date means the date or dates on which interest and principal are to be payable on the CRR bonds.

Plan asset regulations means United States Department of Labor regulations at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA.

PRA means the UK Prudential Regulation Authority.

PRA DD Rules means Article 5 of Chapter 2 of the Securitisation Part of the PRA Rulebook, as amended from time to time.

PRA Rulebook means the rulebook of published policy of the PRA.

PRA Securitization Rules means the Securitisation Part of the PRA Rulebook.

Qualifying utility means a public utility engaged in the sale of electric service to retail customers in West Virginia which has applied for and received from the West Virginia Commission a final financing order under the Securitization Law including an affiliated electric utility which has applied jointly for and received such an order. The financing order provides that APCo and WPCo are jointly and severally qualifying utilities.

Rating agencies means Moody's and S&P. If no such organization (or successor) is any longer in existence, "rating agency" shall be a NRSRO or other comparable person designated by us, written notice of which designation shall be given to the trustee and the servicers.

Rating agency condition means, with respect to any action, at least ten business days' prior written notification to each rating agency of such action, and written confirmation from each of S&P and Moody's to the servicers, the trustee and us that such action will not result in a suspension, reduction or withdrawal of the then current rating by such rating agency of the CRR bonds and that prior to the taking of the proposed action no other rating agency shall have provided written notice to us that such action has resulted or would result in the suspension, reduction or withdrawal of the then current rating of the CRR bonds; provided, that, if within such ten business day period, any rating agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such rating agency is reviewing and considering the notification, then (a) we shall be required to confirm that such rating agency has received the rating agency condition request, and if it has, promptly request the related rating agency condition confirmation and (b) if the rating agency neither

replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five business days following such second request, the applicable rating agency condition requirement shall not be deemed to apply to such rating agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a rating agency's right to review or consent).

Receivables Agent means JPMorgan Chase Bank, N.A., or its successor, in its capacity as administrative agent under the AEP Receivables Purchase Agreement.

Record date means the date or dates with respect to each payment date on which it is determined the person in whose name each CRR bond is registered will be paid on the respective payment date.

Regulation AB means the rules of the SEC promulgated under Subpart 229.1100-Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, as such may be amended from time to time.

S&P means S&P Global Ratings, a division of S&P Global Inc. or any successor in interest. References to S&P are effective so long as S&P is a rating agency.

Sale agreement means the sale agreement to be entered into between us and APCo, pursuant to which APCo sells, and we purchase the CRR property, as the same may be amended, supplemented or modified from time to time.

SEC means the U.S. Securities and Exchange Commission.

Securities Act of 1933 means the Securities Act of 1933, as amended.

Securities intermediary means U.S. Bank National Association and its successors in interest.

Securitization Law means § 24-2-4h of the Code of West Virginia, providing for a financing mechanism through which certain electric utilities can use securitization financing for consumer rate relief costs by issuing consumer rate relief bonds.

Securitization Regulations means the EU Securitization Regulation and the UK Securitization Framework.

Seller means APCo – selling its ownership interest in the consumer rate relief property to the issuing entity.

Servicer means APCo, acting as the initial servicer, and any successor or assignee servicer, which will service the CRR property under the servicing agreement.

Servicers means, collectively, APCo, acting as the initial servicer, and WPCo, acting as the initial subservicer, and any successor or assignee servicers, which will service the CRR property under the servicing agreement.

Servicing agreement means the servicing agreement to be entered into among us, APCo and WPCo, as the same may be amended and supplemented from time to time, pursuant to which each of APCo, as the initial servicer, and WPCo, as the initial subservicer, undertakes to service the CRR property, as the same may be amended, supplemented or modified from time to time.

Sponsor means APCo.

SR 2024 means the Securitization Regulations 2024 (SI 2024/102), as amended.

Terms and Conditions with regard to Euroclear means the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear, and applicable Belgian law.

Treasury Regulations means proposed or issued regulations promulgated from time to time under the Internal Revenue Code.

True-up adjustment or true-up mechanism means the mechanism required by the financing order whereby the servicers will file with the West Virginia Commission periodic adjustments to the CRR charges, including the mandatory annual true-up adjustment, mandatory and interim true-up adjustments and, where applicable, nonstandard true-up adjustments, based on actual collected CRR charges and the servicers' updated assumptions as to future collections of CRR charges.

Trust Indenture Act means the Trust Indenture Act of 1939, as amended.

Trustee means U.S. Bank Trust Company, National Association and its successors in interest.

UK means the United Kingdom.

UK Due Diligence Requirements means the requirements under the PRA DD Rules, the FCA DD Rules and the OPS DD Rules.

UK Retention Requirements means the requirements under the FCA RR Rules.

UK Securitization Framework means the SR 2024, PRA Securitization Rules and the SECN of the FCA Handbook.

UK Transparency Requirements means the requirements under the FCA Transparency Rules.

Uniform Commercial Code means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

Unsolicited Ratings means ratings on the CRR bonds issued by an NRSRO other than the hired NRSRO.

West Virginia Commission means the Public Service Commission of the State of West Virginia.

WPCo Bonds means the "consumer rate relief bonds" separately issued by the WPCo's subsidiary issuing entity under the separate WPCo indenture.

WPCo issuing entity means Wheeling Consumer Rate Relief Funding LLC, a special purpose entity and subsidiary of Wheeling Power Company.

WPCo Proportion means (a) the initial principal amount of the WPCo Bonds as of the issuance date divided by (b) the initial aggregate principal amount of both the CRR bonds and the WPCo Bonds as of the issuance date.

WPCo servicer means Wheeling Power Company, acting as the initial subservicer under the servicing agreement.

WPCo transfer amount means, with respect to any transfer from the joint collection account, the funds then on deposit in the joint collection account relating to the WPCo issuing entity's interest in that account, determined in the same manner as the APCo transfer amount, which are transferred to the payment account for the WPCo Bonds under the WPCo indenture. Please read "Description of the CRR Bonds—The Payment Account for the CRR Bonds."

$1,688,600,000 Series 2026-A Senior Secured CRR Bonds

Appalachian Power Company
Sponsor, Depositor and Initial Servicer

Appalachian Consumer Rate Relief Funding II LLC
Issuing Entity

Joint Book-Running Managers

RBC Capital Markets	Citigroup	Morgan Stanley

Through and including , 20 (the 90th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and when offering an unsold allotment or subscription.

PART II

Information Not Required in Prospectus

Item 12. Other Expenses of Issuance and Distribution

The following table sets forth the various expenses expected to be incurred by the registrants in connection with the issuance and distribution of the securities being registered by this prospectus, other than underwriting discounts and commissions. All amounts are estimated except the Securities and Exchange Commission registration fee.

Securities and Exchange Commission registration fee	$ 146,959
Printing expenses	$ 250,000
Trustee fees and expenses	$ 35,000
Legal fees and expenses	$ 1,542,393
Accounting fees and expenses	$ 100,000
Rating Agencies' fees and expenses	$ 1,620,945
Servicer set-up costs	$ 250,076
West Virginia Commission financial advisor fee	$ 58,611
Structuring agent fees and expenses	$ 222,547
Miscellaneous fees and expenses	$ 636,476
Total	$ 4,863,007

Item 13. Indemnification of Directors and Officers

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC

Section 18-108 of the Delaware Limited Liability Company Act provides that subject to such standards and restrictions, if any, as are set forth in the limited liability company agreement of a limited liability company, a limited liability company may, and shall have the power to, indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever. Under the limited liability company agreement of Appalachian Consumer Rate Relief Funding II LLC, we will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was a member, manager, officer, employee or agent of ours, to the fullest extent permitted by law, against any liability incurred in connection with such action, suit or proceeding, except for liabilities arising from such person's own fraud, gross negligence or willful misconduct.

APPALACHIAN POWER COMPANY

The By-laws of APCo (as amended and restated, the "**By-laws**") provide that APCo shall indemnify any person who was or is a party to any threatened, pending or completed action, suit or proceeding because such person is or was a director, officer or employee of APCo or is or was serving at the request of APCo as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability in connection with such proceeding if (a) such person conducted him or herself in good faith; (b) such person believed, in the case of conduct in such person's official capacity with APCo, that his or her conduct was in the best interests of APCo, and, in all other cases, that his or her conduct was at least not opposed to its best interests; (c) with respect to any criminal action or proceeding, such person had no reasonable cause to believe his or her conduct was unlawful; and (d) such person was not grossly negligent or guilty of willful misconduct. Such indemnification in connection with a proceeding by or in the right of APCo is limited to reasonable expenses incurred in connection with the proceeding. Any such indemnification (unless ordered by a court) shall be made by APCo only as authorized in the specific case upon a determination that indemnification of the director is proper in the circumstances because such person has met the applicable standard of conduct.

Section 13.1-698 of the Code of Virginia provides that unless limited by the articles of incorporation, a corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which such person was a party because such person is or was a director of the corporation against expenses incurred in connection with such proceeding. Section 13.1-699 of the Code of Virginia provides that a corporation may pay for or reimburse reasonable expenses incurred by a director who is a party to such a proceeding in advance of final disposition of such proceeding if the director furnishes the corporation a signed written undertaking by or on behalf of the director to repay any funds advanced (a) if the director is not entitled to mandatory indemnification under Section 13.1.698 of the Code of Virginia and (b) it is ultimately determined under Sections 13.1.700.1 or 13.1-701 of the Code of Virginia that the director has not met the relevant standard of conduct. Section 13.1-700.1 of the Code of Virginia provides procedures which allow directors to apply to a court for an order directing advances, reimbursement or indemnification.

Section 13.1-702 of the Code of Virginia provides that unless limited by the articles of incorporation, (a) officers are entitled to mandatory indemnification under Section 13.1-698 of the Code of Virginia and to apply for court ordered indemnification under Section 13.1-700.1 of the Code of Virginia to the same extent as a director, and (b) that a corporation may indemnify and advance expenses to an officer to the same extent as to a director. Section 13.1-704 of the Code of Virginia provides that any corporation shall have the power to make any further indemnity to any director or officer that may be authorized by the articles of incorporation or any bylaw made by the stockholders or any resolution adopted, before or after the event, by the stockholders, except an indemnity against willful misconduct or a knowing violation of criminal law. Any such provision that obligates the corporation to provide indemnification to the fullest extent permitted by law shall be deemed, unless the articles of incorporation or any such bylaw or resolution expressly provides otherwise, also to obligate the corporation to advance funds to pay for or reimburse expenses to the fullest extent permitted by law except that the applicable standard shall be conduct that does not constitute willful misconduct or a knowing violation of criminal law.

The above is a general summary of certain provisions of APCo's By-laws and the Code of Virginia and is subject in all respects to the specific and detailed provisions of APCo's By-laws and the Code of Virginia.

Item 14. Exhibits

List of Exhibits

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
1.1	Form of Underwriting Agreement**
3.1	Certificate of Formation of Appalachian Consumer Rate Relief Funding II LLC*
3.2	Limited Liability Company Agreement of Appalachian Consumer Rate Relief Funding II LLC*
3.3	Amended and Restated Limited Liability Company Agreement of Appalachian Consumer Rate Relief Funding II LLC**
4.1	Form of Indenture between Appalachian Consumer Rate Relief Funding II LLC and the Trustee (including the forms of the CRR bonds and form of Series Supplement)*
5.1	Opinion of Sidley Austin LLP with respect to legality**
8.1	Opinion of Sidley Austin LLP with respect to federal tax matters**
8.2	Opinion of Jackson Kelly PLLC with respect to West Virginia tax matters**
10.1	Form of Servicing Agreement between Appalachian Consumer Rate Relief Funding II LLC and Appalachian Power Company and Wheeling Power Company, as Servicers**

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.2	Form of Purchase and Sale Agreement between Appalachian Consumer Rate Relief Funding II LLC and Appalachian Power Company, as Seller*
10.3	Form of Administration Agreement between Appalachian Consumer Rate Relief Funding II LLC and Appalachian Power Company, as Administrator*
10.4	Intercreditor Agreement among AEP Credit, Inc., JPMorgan Chase Bank, N.A., and each indenture trustee, servicer and issuer party thereto from time to time, dated as of September 7, 2022, and amended and restated as of December 9, 2024*
10.5	Form of Intercreditor Joinder between Appalachian Power Company, Appalachian Consumer Rate Relief Funding II LLC, Wheeling Consumer Rate Relief Funding LLC, U.S. Bank Trust Company, National Association, AEP Credit, Inc., and JPMorgan Chase Bank, N.A.**
10.6	Form of CRR Property Intercreditor Agreement among Appalachian Power Company, Wheeling Power Company, Appalachian Consumer Rate Relief Funding LLC, Appalachian Consumer Rate Relief Funding II LLC, Wheeling Consumer Rate Relief Funding LLC, U.S. Bank National Association, and U.S. Bank Trust Company, National Association*
23.1	Consent of Sidley Austin LLP (included as part of its opinions filed as Exhibits 5.1, 8.1 and 99.2)**
23.2	Consent of Jackson Kelly PLLC (included as part of its opinion filed as Exhibit 8.2)**
23.3	Consent of Steptoe & Johnson PLLC (included as part of its opinion filed as Exhibit 99.3)**
23.4	Consent of Independent Managers**
24.1	Power of Attorney of Appalachian Power Company**
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of U.S. Bank Trust Company, National Association*
99.1	Commission Order on the Securitized Costs of Appalachian Power Company and Wheeling Power Company issued by the Public Service Commission of West Virginia in Case No. 25-0310-E-PC on March 31, 2026, as modified by the West Virginia Commission order issued on July 21, 2026, in Case No. 26-0469-E-ENEC (together, the Financing Order)*
99.2	Form of Opinion of Sidley Austin LLP with respect to U.S. constitutional matters**
99.3	Form of Opinion of Steptoe & Johnson PLLC with respect to West Virginia constitutional matters**
107	Filing Fee Table**

* Previously filed with the Registration Statement on Form SF-1 of Appalachian Power Company and Appalachian Consumer Rate Relief Funding II LLC.

** Filed herewith.

Pursuant to Item 601(a)(5) of Regulation S-K, certain schedules and similar attachments have been omitted. The registrant hereby agrees to furnish supplementally a copy of any omitted schedule or similar attachment to the SEC upon request.

Item 15. Undertakings

The undersigned registrants hereby undertake that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange

Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a registrant of expenses incurred or paid by a director, officer or controlling person of such registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, each registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrants hereby undertake that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the annual report pursuant to section 13(a) or section 15(d) of the Exchange Act of a third party that is incorporated by reference in the registration statement in accordance with Item 1100(c)(1) of Regulation AB (17 CFR 229.1100(c)(1)) shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrants hereby undertake to file an application for the purpose of determining the eligibility of the trustee to act under Subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the U.S. Securities and Exchange Commission under Section 305(b)(2) of the Act.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form SF-1 and has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Columbus, State of Ohio, on the 28th day of October, 2026.

APPALACHIAN POWER COMPANY

By: /s/ Trevor I. Mihalik
Name: Trevor I. Mihalik
Title: Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
(i) Principal Executive Officer:		
William J. Fehrman*	Chief Executive Officer	October 28, 2026
(ii) Principal Financial Officer:		
/s/ Trevor I. Mihalik Trevor I. Mihalik	Chief Financial Officer	October 28, 2026
(iii) Principal Accounting Officer:		
/s/ Kate Dixon Kate Dixon	Chief Accounting Officer	October 28, 2026
(iv) A Majority of the Directors:		
Robert B. Berntsen* William J. Fehrman* Trevor I. Mihalik* Brian R. Abraham*	Directors	October 28, 2026

By:* /s/Trevor I. Mihalik
Name: Trevor I. Mihalik
Title: Attorney-in-Fact

October 28, 2026

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form SF-1 and has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Columbus, State of Ohio, on the 28th day of October, 2026.

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC

By: /s/ Franz D. Messner
Name: Franz D. Messner
Title: Manager

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Matthew D. Fransen Matthew D. Fransen	Manager	October 28, 2026
/s/ Franz D. Messner Franz D. Messner	Manager	October 28, 2026
/s/ Sean Emerick Sean Emerick	Independent Manager	October 28, 2026
/s/ William Bleier William Bleier	Independent Manager	October 28, 2026

Exhibit 1.1

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC

APPALACHIAN POWER COMPANY

$1,688,600,000 SERIES 2026-A SENIOR SECURED CRR BONDS

UNDERWRITING AGREEMENT

[•], 2026

To the Representatives named in Schedule I hereto
of the Underwriters named in Schedule II hereto

Ladies and Gentlemen:

1. Introduction. Appalachian Consumer Rate Relief Funding II LLC, a Delaware limited liability company (the "Issuer"), proposes to issue and sell $1,688,600,000 aggregate principal amount of its Series 2026-A Senior Secured CRR Bonds (the "Bonds"), identified in Schedule I hereto. The Issuer and Appalachian Power Company, a Virginia corporation and the Issuer's direct parent ("APCo"), hereby confirm their agreement with the several Underwriters (as defined below) as set forth herein.

The term "Underwriters" as used herein shall be deemed to mean the entity or several entities named in Schedule II hereto and any underwriter substituted as provided in Section 7 hereof and the term "Underwriter" shall be deemed to mean any one of such Underwriters. If the entity or entities listed in Schedule I hereto as representatives (the "Representatives") are the same as the entity or entities listed in Schedule II hereto, then the terms "Underwriters" and "Representatives", as used herein, shall each be deemed to refer to such entity or entities. All obligations of the Underwriters hereunder are several and not joint. If more than one entity is named in Schedule I hereto, any action under or in respect of this underwriting agreement ("Underwriting Agreement") may be taken by such entities jointly as the Representatives or by one of the entities acting on behalf of the Representatives and such action will be binding upon all the Underwriters.

2. Description of the Bonds. The Bonds will be issued pursuant to an indenture to be dated as of [•], 2026, as supplemented by a series supplement thereto (as so supplemented, the "Indenture"), between the Issuer and U.S. Bank Trust Company, National Association, a national banking association as indenture trustee (the "Indenture Trustee") and U.S. Bank National Association as securities intermediary (the "Securities Intermediary"). The Bonds will be senior secured obligations of the Issuer and will be supported by consumer rate relief property (as more fully described in the financing order issued on March 31, 2026, as supplemented by the supplemental order issued on July 21, 2026 (collectively, the "Financing Order") by the Public Service Commission of West Virginia (the "West Virginia Commission")) relating to the Bonds (the "CRR Property"), to be sold to the Issuer by APCo pursuant to the CRR Property Purchase and Sale Agreement, to be dated on or about [•], 2026, between APCo and the Issuer (the "Sale Agreement"). The CRR Property securing the Bonds will be serviced pursuant to the CRR Property Servicing Agreement, to be dated on or about [•], 2026, between APCo and Wheeling Power Company ("WPCo"), as joint servicers, and the Issuer, as owner of the CRR Property sold to it pursuant to the Sale Agreement (the "Servicing Agreement").

3. Representations and Warranties of the Issuer. The Issuer represents and warrants to the several Underwriters that:

(a) The offer and sale of the Bonds have been registered on Form SF-1 pursuant to guidance from the Securities and Exchange Commission (the "Commission") and in accordance with such guidance the Issuer and the Bonds meet the requirements for the use of Form SF-1 under the Securities Act of 1933, as amended (the "Securities Act"). The Issuer, in its capacity as co-registrant and issuing entity with respect to the Bonds, and APCo, in its capacity as co-registrant and as sponsor for the Issuer, have prepared and filed with the Commission a registration statement on such form on [•], 2026 (Registration Statement Nos. 333-299104 and 333-299104-01), as amended by Amendment No. 1 thereto dated [•], 2026, including a prospectus (the "Registration Statement"), for the registration under the Securities Act of up to $1,688,600,000 aggregate principal amount of the Bonds. The Registration Statement has been declared effective by the Commission and no stop order suspending such effectiveness has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Issuer, threatened by the Commission. References herein to the term "Registration Statement" shall be deemed to refer to the Registration Statement, including any amendment thereto, and any information in a prospectus as amended or supplemented as of the Effective Date (as defined below), deemed or retroactively deemed to be a part thereof pursuant to Rule 430A under the Securities Act ("Rule 430A") that has not been superseded or modified. "Registration Statement" without reference to a time means the Registration Statement as of the Applicable Time (as defined below), which the parties agree is the time of the first contract of sale (as used in Rule 159 under the Securities Act) for the Bonds, and shall be considered the "Effective Date" of the Registration Statement relating to the Bonds. Information contained in a form of prospectus (as amended or supplemented as of the Effective Date) that is deemed retroactively to be a part of the Registration Statement pursuant to Rule 430A shall be considered to be included in the Registration Statement as of the time specified in Rule 430A. The final prospectus relating to the Bonds, as filed with the Commission pursuant to Rule 424(b) under the Securities Act, is referred to herein as the "Final Prospectus"; and the most recent preliminary prospectus that omitted information to be included upon pricing in a form of prospectus filed with the Commission pursuant to Rule 424(b) under the Securities Act and that was used after the initial effectiveness of the Registration Statement and prior to the Applicable Time is referred to herein as the "Pricing Prospectus". The Pricing Prospectus and the Issuer Free Writing Prospectuses (as defined below) identified in Section B of Schedule III, together with the Intex File (as defined below) hereby considered together, are referred to herein as the "Pricing Package".

(b) (i) At the earliest time after the filing of the Registration Statement that the Issuer or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Bonds and (ii) at the date hereof, the Issuer was not an "ineligible issuer", as defined in Rule 405 under the Securities Act.

(c) At the time the Registration Statement initially became effective, at the time of each amendment (whether by post-effective amendment, incorporated report or form of prospectus) and on the Effective Date relating to the Bonds, the Registration Statement fully complied, and the Final Prospectus, both as of its date and at the Closing Date (as defined below), and the Indenture, at the Closing Date, will fully comply in all material respects with the applicable provisions of the Securities Act and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), respectively, and, in each case, the applicable instructions, rules and regulations of the Commission thereunder; the Registration Statement, at each of the aforementioned dates, did not and will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; the Final Prospectus, both as of its date and at the Closing Date, will not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the foregoing representations and warranties in this paragraph (c) shall not apply to statements or omissions made in reliance upon and in conformity with any Underwriter Information as defined below or to any statements in or omissions from any Statements of Eligibility on Form T-1 (or amendments thereto) of the Indenture Trustee under the Indenture filed as exhibits to the Registration Statement or to any statements or omissions made in the Registration Statement or the Final Prospectus relating to The Depository Trust Company's ("DTC") Book-Entry System that are based solely on information contained in published reports of DTC.

(d) As of the Applicable Time, as of its date, and on the date of its filing the Pricing Prospectus, each Issuer Free Writing Prospectus (other than the Pricing Term Sheet, as defined below) and the Intex File, did not and do not include any untrue statement of a material fact or omit (with respect to each Issuer Free Writing Prospectus or the Intex File, when taken together with the Pricing Prospectus) to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that the principal amount of the Bonds, the tranches, the initial principal balances, the scheduled final payment dates, the final maturity dates, the expected average lives and related sensitivity data proceeds to the Issuer, underwriters' allocation for each tranche of the Bonds, selling concession, reallowance, discounts, issuance date, the expected amortization schedule and the expected sinking fund schedule described in the Pricing Prospectus were subject to completion or change based on market conditions and the interest rate, price to the public and underwriting discounts and commissions for each tranche of the Bonds as well as certain other information dependent on the foregoing and other pricing related information was not included in the Pricing Prospectus). The Pricing Package, at the Applicable Time, did not, and at all subsequent times through the completion of the offer and the sale of the Bonds on the Closing Date will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The two preceding sentences do not apply to statements in or omissions from the Pricing Prospectus, the Pricing Term Sheet or any other Issuer Free Writing Prospectus in reliance upon and in conformity with any Underwriter Information. "Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433(h) under the Securities Act, relating to the Bonds, in the form filed

or required to be filed with the Commission or, if not required to be filed, in the form retained in the Issuer's records pursuant to Rule 433(g) under the Securities Act. References to the term "Free Writing Prospectus" shall mean a free writing prospectus, as defined in Rule 405 under the Securities Act. "Intex File" means the files available at the Intex deal titled "[•]" concerning the characteristics of the Bonds or the CRR Property. References to the term "Applicable Time" mean [•] PM, Eastern Time, on the date hereof, except that if, subsequent to such Applicable Time, the Issuer, APCo and the Underwriters have determined that the information contained in the Pricing Prospectus or any Issuer Free Writing Prospectus issued prior to such Applicable Time included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and the Issuer, APCo and the Underwriters have agreed to terminate the old purchase contracts and have entered into new purchase contracts with purchasers of the Bonds, then "Applicable Time" will refer to the first of such times when such new purchase contracts are entered into. The Issuer represents, warrants and agrees that it has treated and agrees that it will treat each of the free writing prospectuses listed on Schedule III hereto as an Issuer Free Writing Prospectus, and that each such Issuer Free Writing Prospectus has fully complied and will fully comply with the applicable requirements of Rules 164 and 433 under the Securities Act, including timely Commission filing where required, legending and record keeping.

(e) Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the offer and sale of the Bonds on the Closing Date or until any earlier date that the Issuer or APCo notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Registration Statement. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development the result of which is that such Issuer Free Writing Prospectus conflicts or would conflict with the information then contained in the Registration Statement or includes or would include an untrue statement of a material fact or, when considered together with the Pricing Prospectus, omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, (i) APCo or the Issuer has promptly notified or will promptly notify the Representatives and (ii) APCo or the Issuer has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. The foregoing two sentences do not apply to statements in or omissions from any Issuer Free Writing Prospectus in reliance upon and in conformity with any Underwriter Information.

(f) The Issuer has been duly formed and is validly existing as a limited liability company in good standing under the Delaware Limited Liability Company Act, as amended, with full limited liability company power and authority to execute, deliver and perform its obligations under this Underwriting Agreement, the Bonds, the Sale Agreement, the Servicing Agreement, the Indenture, the amended and restated limited liability company operating agreement of the Issuer dated as of [•], 2026 (the "LLC Agreement"), the Joinder Agreement (as defined below) to the intercreditor agreement

made as of September 7, 2022 and amended and restated as of December 9, 2024 (the "Receivables Intercreditor Agreement") by and among (a) each Person designated in an Effective Joinder (as defined in the Receivables Intercreditor Agreement) (i) as a "Company" (as defined in the Receivables Intercreditor Agreement), (ii) as a "Receivables Sub-Servicer" (as defined in the Receivables Intercreditor Agreement), and (iii) as a "Securitization Property Servicer" (as defined in the Receivables Intercreditor Agreement); (b) each Person designated in an Effective Joinder as a "Bond Issuer" (as defined in the Receivables Intercreditor Agreement); (c) each Person designated in an Effective Joinder as an "indenture trustee" (as defined in the Receivables Intercreditor Agreement); (d) AEP Credit, Inc., a Delaware corporation; and (e) JPMorgan Chase Bank, N.A., as Receivables Administrative Agent (as defined in the Receivables Intercreditor Agreement) for the Receivables Purchasers referred to in the Receivables Intercreditor Agreement and as Control Agent (as defined in the Receivables Intercreditor Agreement), the joinder to the Receivables Intercreditor Agreement (the "Joinder Agreement") dated as of the Closing Date, by and among (i) APCo and WPCo, each as an initial Securitization Property Servicer of the CRR Property, (ii) APCo in its individual capacity and as the Receivables Sub-Servicer, (iii) U.S. Bank Trust Company, National Association, (iv) the Issuer, and (v) Wheeling Consumer Rate Relief Funding LLC (the "WPCo Issuer"), the CRR Property Intercreditor Agreement entered into as of the Closing Date by and among APCo, WPCo, the Issuer, the WPCo Issuer, Appalachian Consumer Rate Relief Funding LLC, U.S. Bank National Association and U.S. Bank Trust Company, National Association (the "CRR Property Intercreditor Agreement"), the administration agreement to be dated the Closing Date between the Issuer and APCo (the "Administration Agreement") and the other agreements and instruments contemplated by the Pricing Prospectus (collectively, the "Issuer Documents") and to own its properties and conduct its business as described in the Pricing Prospectus; the Issuer has been duly qualified as a foreign limited liability company for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where failure to so qualify or to be in good standing would not have a material adverse effect on the business, properties or financial condition of the Issuer; the Issuer has conducted and will conduct no business in the future that would be inconsistent with the description of the Issuer's business set forth in the Pricing Prospectus; the Issuer is not a party to or bound by any agreement or instrument other than the Issuer Documents and other agreements or instruments incidental to its formation and the Rating Agency Letters (as defined below); the Issuer has no material liabilities or obligations other than those arising out of the transactions contemplated by the Issuer Documents and as described in the Pricing Prospectus; APCo is the beneficial owner of all of the limited liability company interests of the Issuer; and based on current law, the Issuer is not classified as an association taxable as a corporation for United States federal income tax purposes.

(g) The issuance and sale of the Bonds by the Issuer, the purchase of the CRR Property by the Issuer from APCo and the consummation of the transactions herein contemplated by the Issuer, and the fulfillment of the terms hereof on the part of the Issuer to be fulfilled, will not result in a breach of any of the terms or provisions of, or constitute a default under the Issuer's certificate of formation or the LLC Agreement (collectively, the "Issuer Charter Documents"), or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is now a party.

(h) This Underwriting Agreement has been duly authorized, executed and delivered by the Issuer, which has the necessary limited liability company power and authority to execute, deliver and perform its obligations under this Underwriting Agreement.

(i) The Issuer (i) is not in violation of the Issuer Charter Documents, (ii) is not in default and no event has occurred which, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, except for any such defaults that would not, individually or in the aggregate, have a material adverse effect on its business, property or financial condition, and (iii) is not in violation of any law, ordinance, governmental rule, regulation or court decree to which it or its property may be subject, except for any such violations that would not, individually or in the aggregate, have a material adverse effect on its business, property or financial condition.

(j) The Indenture has been duly authorized by the Issuer, and, on the Closing Date, will have been duly executed and delivered by the Issuer and will be a valid and binding instrument, enforceable against the Issuer in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting creditors' or secured parties' rights generally and by general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law; and limitations on enforceability of rights to indemnification by federal or state securities laws or regulations or by public policy. On the Closing Date, the Indenture will (i) comply as to form in all material respects with the requirements of the Trust Indenture Act and (ii) conform in all material respects to the description thereof in the Pricing Prospectus and Final Prospectus.

(k) The Bonds have been duly authorized by the Issuer for issuance and sale to the Underwriters pursuant to this Underwriting Agreement and, when executed by the Issuer and authenticated by the Indenture Trustee in accordance with the Indenture and delivered to the Underwriters against payment therefor in accordance with the terms of this Underwriting Agreement, will constitute valid and binding obligations of the Issuer entitled to the benefits of the Indenture and enforceable against the Issuer in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting creditors' or secured parties' rights generally and by general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law; and limitations on enforceability of rights to indemnification by federal or state securities laws or regulations or by public policy, and the Bonds conform in all material respects to the description thereof in the Pricing Prospectus and Final Prospectus. The Issuer has all requisite limited liability company power and authority to issue, sell and deliver the Bonds in accordance with and upon the terms and conditions set forth in this Underwriting Agreement and in the Pricing Prospectus and Final Prospectus.

(l) There is no litigation or governmental proceeding to which the Issuer is a party or to which any property of the Issuer is subject or which is pending or, to the knowledge of the Issuer, threatened against the Issuer that (i) could reasonably be expected to, individually or in the aggregate, have a material adverse effect on the performance by the Issuer of any of the Issuer Documents or the consummation of any of the transactions contemplated thereby or (ii) could reasonably be expected to have a material adverse effect on the Issuer's business, property or financial condition.

(m) Other than the filing of the issuance advice letter and non-action on the part of the West Virginia Commission contemplated by the Financing Order, no approval, authorization, consent or order of any public board or body (except such as have been already obtained and other than in connection or in compliance with the provisions of applicable blue-sky laws or securities laws of any state, as to which the Issuer makes no representations or warranties), is legally required for the issuance and sale by the Issuer of the Bonds.

(n) The Issuer is not, and, after giving effect to the sale and issuance of the Bonds and the application of the proceeds thereof as described in the Pricing Prospectus and the Final Prospectus, will not be an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

(o) The Issuer will rely on an exclusion or exemption from the definition of "investment company" under the 1940 Act pursuant to Rule 3a-7 thereunder, although there may be additional exclusions or exemptions available to the Issuer. The Issuer is not a "covered fund" for purposes of regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(p) The nationally recognized accounting firm, which has performed certain procedures with respect to certain statistical and structural information contained in the Pricing Prospectus and the Final Prospectus, is an independent public accounting firm.

(q) Each of the Sale Agreement, the Servicing Agreement, the CRR Property Intercreditor Agreement, the Receivables Intercreditor Agreement, the Joinder Agreement, the Administration Agreement and the LLC Agreement has been duly authorized by the Issuer, and when executed and delivered by the Issuer on or prior to the Closing Date and the other parties thereto, will constitute a valid and legally binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting creditors' or secured parties' rights generally and by general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law, and limitations on enforceability of rights to indemnification by federal or state securities laws or regulations or by public policy.

(r) The Issuer has complied with the written representations, acknowledgments and covenants (the "17g-5 Representations") relating to compliance with Rule 17g-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") set forth in the (i) undertaking letter related to the Bonds by APCo to Moody's (as defined below) and (ii) undertaking letter related to the Bonds from APCo to S&P (as defined below, and together with Moody's, the "Rating Agencies") and the Issuer (collectively, the "Rating Agency Letters"), other than (x) any noncompliance of the 17g-5 Representations that would not have a material adverse effect on the rating of the Bonds or the Bonds or (y) any noncompliance arising from the breach by an Underwriter of the representations and warranties and covenants set forth in Section 13 hereof.

(s) The Issuer will comply, and has complied, in all material respects, with its diligence and disclosure obligations in respect of the Bonds under Rule 193 under the Securities Act and Items 1111(a)(7) and 1111(a)(8) of Regulation AB under the Securities Act.

(t) The Bonds are not subject to the risk retention requirements imposed by Section 15G of the Exchange Act.

4. Representations and Warranties of APCo. APCo represents and warrants to the several Underwriters that:

(a) APCo, in its capacity as co-registrant and sponsor for the Issuer and with respect to the Bonds, meets the requirements to use Form SF-1 under the Securities Act and has filed with the Commission the Registration Statement for the registration under the Securities Act of up to $[•] aggregate principal amount of the Bonds. The Registration Statement has been declared effective by the Commission and no stop order suspending such effectiveness has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of APCo, threatened by the Commission.

(b) (i) At the earliest time after the filing of the Registration Statement that APCo or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Bonds and (ii) at the date hereof, APCo was not and is not an "ineligible issuer" as defined in Rule 405 under the Securities Act.

(c) At the time the Registration Statement initially became effective, at the time of each amendment (whether by post-effective amendment, incorporated report or form of prospectus) and on the Effective Date relating to the Bonds, the Registration Statement fully complied, and the Final Prospectus, both as of its date and at the Closing Date, and the Indenture, at the Closing Date, will fully comply in all material respects with the applicable requirements of the Securities Act and the Trust Indenture Act, respectively, and, in each case, the applicable instructions, rules and regulations of the Commission thereunder; the Registration Statement, at each of the aforementioned dates, did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the Final Prospectus, both as of its date and at the Closing Date, will not include an untrue

statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, that the foregoing representations and warranties in this paragraph (c) shall not apply to statements or omissions made in reliance upon and in conformity with any Underwriter Information or to any statements in or omissions from any Statement of Eligibility on Form T-1, or amendments thereto, of the Indenture Trustee under the Indenture filed as exhibits to the Registration Statement or to any statements or omissions made in the Registration Statement or the Final Prospectus relating to DTC's Book-Entry System that are based solely on information contained in published reports of DTC.

(d) As of the Applicable Time, as of its date, and on the date of its filing the Pricing Prospectus and each Issuer Free Writing Prospectus (other than the Pricing Term Sheet) and the Intex File, did not and do not include any untrue statement of a material fact or omit (with respect to each Issuer Free Writing Prospectus or the Intex File, when taken together with the Pricing Prospectus) to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that the principal amount of the Bonds, the tranches, the initial principal balances, the scheduled final payment dates, the final maturity dates, the expected average lives and related sensitivity data proceeds to the Issuer, underwriters' allocation for each tranche of the Bonds, selling concession, reallowance discounts, issuance date, the expected amortization schedule and the expected sinking fund schedule described in the Pricing Prospectus were subject to completion or change based on market conditions, and the interest rate, price to the public and underwriting discounts and commissions for each tranche of the Bonds as well as certain other information dependent on the foregoing and other pricing related information was not included in the Pricing Prospectus). The Pricing Package, at the Applicable Time, did not, and at all subsequent times through the completion of the offer and the sale of the Bonds on the Closing Date, will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The two preceding sentences do not apply to statements in or omissions from the Pricing Prospectus, the Pricing Term Sheet or any other Issuer Free Writing Prospectus in reliance upon and in conformity with any Underwriter Information. APCo represents, warrants and agrees that it has treated and agrees that it will treat each of the free writing prospectuses listed on Schedule III hereto as an Issuer Free Writing Prospectus, and that each such Issuer Free Writing Prospectus has fully complied and will fully comply with the applicable requirements of Rules 164 and 433 under the Securities Act, including timely Commission filing where required, legending and record keeping.

(e) Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the offer and sale of the Bonds on the Closing Date or until any earlier date that the Issuer or APCo notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Registration Statement. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development the result of which is that such Issuer Free Writing Prospectus conflicts or would conflict with the information then contained in the Registration Statement or includes or would include an untrue statement

of a material fact or, when considered together with the Pricing Prospectus, omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, (i) APCo or the Issuer has promptly notified or will promptly notify the Representatives and (ii) APCo or the Issuer has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. The foregoing two sentences do not apply to statements in or omissions from any Issuer Free Writing Prospectus in reliance upon and in conformity with any Underwriter Information.

(f) APCo has been duly formed and is validly existing as a corporation in good standing under the laws of the jurisdiction of its formation, has the corporate power and authority to own, lease and operate its properties and to conduct its business as presently conducted and as set forth in or contemplated by the Pricing Prospectus, and is qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not have a material adverse effect on the business, property or financial condition of APCo and its subsidiaries considered as a whole, and has all requisite power and authority to sell the CRR Property as described in the Pricing Prospectus and to otherwise perform its obligation under any Issuer Document to which it is a party. APCo is the beneficial owner of all of the limited liability company interests of the Issuer.

(g) APCo has no significant subsidiaries within the meaning of Rule 1-02(w) of Regulation S-X.

(h) The transfer by APCo of all of its rights and interests under the Financing Order relating to the Bonds to the Issuer and the consummation of the transactions herein contemplated by APCo, and the fulfillment of the terms hereof on the part of APCo to be fulfilled, will not result in a breach of any of the terms or provisions of, or constitute a default under, APCo's amended and restated articles of incorporation or bylaws (collectively, the "APCo Charter Documents"), or in a material breach of any of the terms of, or constitute a material default under, any indenture, mortgage, deed of trust or other agreement or instrument to which APCo is now a party.

(i) This Underwriting Agreement has been duly authorized, executed and delivered by APCo, which has the necessary corporate power and authority to execute, deliver and perform its obligations under this Underwriting Agreement.

(j) APCo (i) is not in violation of the APCo Charter Documents, (ii) is not in default and no event has occurred which, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, except for any such defaults that would not, individually or in the aggregate, have a material adverse effect on the business, property or financial condition of APCo and its subsidiaries considered as a whole, or (iii) is not in violation of any law, ordinance, governmental rule, regulation or court decree to which it or its property may be subject, except for any such violations that would not, individually or in the aggregate, have a material adverse effect on the business, property or financial condition of APCo and its subsidiaries considered as a whole.

(k) Except as set forth or contemplated in the Pricing Prospectus, there is no litigation or governmental proceeding to which APCo or any of its subsidiaries is a party or to which any property of APCo or any of its subsidiaries is subject or which is pending or, to the knowledge of APCo, threatened against APCo or any of its subsidiaries that would reasonably be expected to, individually or in the aggregate, result in a material adverse effect on the Issuer's business, property, or financial condition or on APCo's ability to perform its obligations under the Sale Agreement and the Servicing Agreement.

(l) Other than the filing of the issuance advice letter and non-action on the part of the West Virginia Commission contemplated by the Financing Order, no approval, authorization, consent or order of any public board or body (except such as have been already obtained and other than in connection or in compliance with the provisions of applicable blue-sky laws or securities laws of any state, as to which APCo makes no representations or warranties), is legally required for the issuance and sale by the Issuer of the Bonds.

(m) APCo is not, and after giving effect to the sale and issuance of the Bonds, neither APCo nor the Issuer will be, an "investment company" within the meaning of the 1940 Act.

(n) Relying on an exclusion or exemption from the definition of "investment company" under the 1940 Act pursuant to Rule 3a-7 thereunder, although additional exclusions or exemptions may be available, the Issuer is not a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(o) Each of the Sale Agreement, the Servicing Agreement, the Administration Agreement, the Joinder Agreement, the Receivables Intercreditor Agreement (by execution of the Joinder Agreement) and the CRR Property Intercreditor Agreement, will have been prior to the Closing Date duly and validly authorized by APCo, and when executed and delivered by APCo and the other parties thereto will constitute a valid and legally binding obligation of APCo, enforceable against APCo in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting creditors' or secured parties' rights generally and by general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law, and limitations on enforceability of rights to indemnification by federal or state securities laws or regulations or by public policy.

(p) There are no West Virginia transfer taxes related to the transfer of the CRR Property or the issuance and sale of the Bonds to the Underwriters pursuant to this Underwriting Agreement required to be paid at or prior to the Closing Date by APCo or the Issuer.

(q) The nationally recognized accounting firm referenced in Sections 3(p) and 9(s) is a firm of independent public accountants with respect to APCo as required by the Securities Act and the rules and regulations of the Commission thereunder.

(r) APCo, in its capacity as sponsor with respect to the Bonds, has caused the Issuer to comply with the 17g-5 Representations, other than (x) any noncompliance of the 17g-5 Representations that would not have a material adverse effect on the rating of the Bonds or the Bonds or (y) any noncompliance arising from the breach by an Underwriter of the representations and warranties and covenants set forth in Section 13 hereof.

(s) APCo will comply, and has complied, in all material respects, with its diligence and disclosure obligations in respect of the Bonds under Rule 193 under the Securities Act and Items 1111(a)(7) and 1111(a)(8) of Regulation AB.

(t) Neither APCo nor any of its subsidiaries nor, to the knowledge of APCo, any director, officer, agent or employee of APCo or any of its subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"); and APCo will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(u) The Bonds are not subject to the risk retention requirements imposed by Section 15G of the Exchange Act.

5. Investor Communications.

(a) The Issuer and APCo represent and agree that, unless they obtain the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Issuer and APCo and the Representatives, it has not made and will not make any offer relating to the Bonds that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus," required to be filed by the Issuer or APCo, as applicable, with the Commission or retained by the Issuer or APCo, as applicable, under Rule 433 under the Securities Act; provided that the prior written consent of the parties hereto shall be deemed to have been given in respect of the preliminary term sheet relating to the Bonds dated [•], 2026 (the "Preliminary Term Sheet"), the Pricing Term Sheet and each other Free Writing Prospectus identified in Schedule III hereto.

(b) APCo and the Issuer (or the Representatives at the direction of the Issuer) will prepare a final pricing term sheet relating to the Bonds (the "Pricing Term Sheet"), containing only information that describes the final pricing terms of the Bonds and otherwise in a form consented to by the Representatives, and will file the Pricing Term Sheet within the period required by Rule 433(d)(5)(ii) under the Securities Act following the date such final pricing terms have been established for all classes of the offering of the Bonds. The Pricing Term Sheet is an Issuer Free Writing Prospectus for purposes of this Underwriting Agreement.

(c) Each Underwriter may provide to investors one or more of the Free Writing Prospectuses, including the Pricing Term Sheet, subject to the following conditions:

(i) An Underwriter shall not convey or deliver any Written Communication (as defined below) to any person or entity in connection with the initial offering of the Bonds, unless such Written Communication (A) constitutes a prospectus satisfying the requirements of Rule 430A under the Securities Act, or (B)(i) is made in reliance on Rule 134 under the Securities Act, is an Issuer Free Writing Prospectus listed on Schedule III hereto or is an Underwriter Free Writing Prospectus (as defined below) and (ii) such Written Communication is preceded or accompanied by a prospectus satisfying the requirements of Section 10(a) of the Securities Act. "Written Communication" has the same meaning as that term is defined in Rule 405 under the Securities Act.

An "Underwriter Free Writing Prospectus" means any free writing prospectus that contains only preliminary or final terms of the Bonds and is not required to be filed by APCo or the Issuer pursuant to Rule 433 under the Securities Act and that contains information substantially the same as the information contained in the Pricing Prospectus, the Preliminary Term Sheet or the Pricing Term Sheet (including, without limitation, (A) the class, size, rating, price, CUSIPs, coupon, yield, spread, benchmark, status and/or legal maturity date of the Bonds, the weighted average life, expected first and final scheduled payment dates, trade date, settlement date, transaction parties, credit enhancement, logistical details related to the location and timing of access to the roadshow, ERISA eligibility, legal investment status and payment window of one or more classes of Bonds and (B) a column or other entry showing the status of the subscriptions for the Bonds, both for the Bonds as a whole and for each Underwriter's retention, and/or expected pricing parameters of the Bonds).

(ii) Each Underwriter shall comply with all applicable laws and regulations in connection with the use of Free Writing Prospectuses and the Pricing Term Sheet, including, but not limited, to Rules 164 and 433 under the Securities Act.

(iii) All Free Writing Prospectuses provided to investors, whether or not filed with the Commission, shall bear a legend including substantially the following statement:

> The Issuer and APCo have filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer and APCo have filed with the SEC for more complete information about the Issuer and APCo

and the offering. You may get these documents for free by visiting EDGAR on the SEC web site at www.sec.gov. Alternatively, the Issuer, any Underwriter or any dealer participating in the offering will arrange to send you the base prospectus if you request it by calling RBC Capital Markets, LLC toll-free at 1-866-375-6829, Citigroup Global Markets Inc. toll-free at 1-800-831-9146 or Morgan Stanley & Co. LLC toll-free at 1-866-718-1649.

The Issuer and the Representatives shall have the right to require additional specific legends or notations to appear on any Free Writing Prospectus, the right to require changes regarding the use of terminology and the right to determine the types of information appearing therein with the approval of, in the case of the Issuer, the Representatives and, in the case of the Representatives, the Issuer (which in either case shall not be unreasonably withheld).

(iv) Each Underwriter covenants with the Issuer and APCo that after the Final Prospectus is available such Underwriter shall not distribute any written information concerning the Bonds to an investor unless such information is preceded or accompanied by the Final Prospectus or by notice to the investor that the Final Prospectus is available for free by visiting EDGAR on the SEC website at www.sec.gov.

(v) Each Underwriter covenants that if an Underwriter shall use an Underwriter Free Writing Prospectus that contains information in addition to (x) "issuer information", including information with respect to APCo, as defined in Rule 433(h)(2) under the Securities Act or (y) the information in the Pricing Package, the liability arising from its use of such additional information shall be the sole responsibility of the Underwriter using such Underwriter Free Writing Prospectus unless the Underwriter Free Writing Prospectus (or any information contained therein) was consented to in advance by APCo; provided, however, that, for the avoidance of doubt, this clause (v) shall not be interpreted as tantamount to the indemnification obligations contained in Section 11(b) hereof.

6. Purchase and Sale. On the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, the Issuer shall sell to each of the Underwriters, and each Underwriter shall purchase from the Issuer, at the time and place herein specified, severally and not jointly, at the purchase price set forth in Schedule I hereto, the principal amount of the Bonds set forth opposite such Underwriter's name in Schedule II hereto. The Underwriters agree to make a public offering of the Bonds. The Issuer shall pay (in the form of a discount to the principal amount of the offered Bonds) to the Underwriters a commission equal to $[•].

7. Time and Place of Closing. Delivery of the Bonds against payment of the aggregate purchase price therefor by wire transfer in federal funds shall be made at the place, on the date and at the time specified in Schedule I hereto, or at such other place, time and date as shall be agreed upon in writing by the Issuer and the Representatives. The hour and date of such delivery and payment are herein called the "Closing Date". The Bonds shall be delivered to DTC or to U.S. Bank National Association, as custodian for DTC, in fully registered global form registered in the name of Cede & Co., for the respective accounts specified by the Representatives not later than

the close of business on the business day preceding the Closing Date or such other time as may be agreed upon by the Representatives. The Issuer agrees to make the Bonds available to the Representatives for checking purposes not later than 1:00 P.M. New York Time on the last business day preceding the Closing Date at the place specified for delivery of the Bonds in Schedule I hereto, or at such other place as the Issuer may specify.

If any Underwriter shall fail or refuse to purchase and pay for the aggregate principal amount of Bonds that such Underwriter has agreed to purchase and pay for hereunder, the Issuer shall immediately give notice to the other Underwriters of the default of such Underwriter, and the other Underwriters shall have the right within 24 hours after the receipt of such notice to determine to purchase, or to procure one or more others, who are members of the Financial Industry Regulatory Authority ("FINRA") (or, if not members of FINRA, who are not eligible for membership in FINRA and who agree (i) to make no sales within the United States, its territories or its possessions or to persons who are citizens thereof or residents therein and (ii) in making sales to comply with FINRA's Conduct Rules) and satisfactory to the Issuer, to purchase, upon the terms herein set forth, the aggregate principal amount of Bonds that the defaulting Underwriter had agreed to purchase. If any non-defaulting Underwriter or Underwriters shall determine to exercise such right, such Underwriter or Underwriters shall give written notice to the Issuer of the determination in that regard within 24 hours after receipt of notice of any such default, and thereupon the Closing Date shall be postponed for such period, not exceeding three business days, as the Issuer shall determine. If in the event of such a default no non-defaulting Underwriter shall give such notice, then this Underwriting Agreement may be terminated by the Issuer, upon like notice given to the non-defaulting Underwriters, within a further period of 24 hours. If in such case the Issuer shall not elect to terminate this Underwriting Agreement it shall have the right, irrespective of such default:

(a) to require each non-defaulting Underwriter to purchase and pay for the respective aggregate principal amount of Bonds that it had agreed to purchase hereunder as hereinabove provided and, in addition, the aggregate principal amount of Bonds that the defaulting Underwriter shall have so failed to purchase up to an aggregate principal amount of Bonds equal to one-ninth (1/9) of the aggregate principal amount of Bonds that such non-defaulting Underwriter has otherwise agreed to purchase hereunder, and/or

(b) to procure one or more persons, reasonably acceptable to the Representatives, who are members of FINRA (or, if not members of FINRA, who are not eligible for membership in FINRA and who agree (i) to make no sales within the United States, its territories or its possessions or to persons who are citizens thereof or residents therein and (ii) in making sales to comply with FINRA's Conduct Rules), to purchase, upon the terms herein set forth, either all or a part of the aggregate principal amount of Bonds that such defaulting Underwriter had agreed to purchase or that portion thereof that the remaining Underwriters shall not be obligated to purchase pursuant to the foregoing clause (a).

In the event the Issuer shall exercise its rights under (a) and/or (b) above, the Issuer shall give written notice thereof to the non-defaulting Underwriters within such further period of 24 hours, and thereupon the Closing Date shall be postponed for such period, not exceeding three business days, as the Issuer shall determine.

In the computation of any period of 24 hours referred to in this Section 7, there shall be excluded a period of 24 hours in respect of each Saturday, Sunday or legal holiday that would otherwise be included in such period of time.

Any action taken by the Issuer or APCo under this Section 7 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Underwriting Agreement. Termination of this Underwriting Agreement pursuant to Section 7 shall be without any liability on the part of the Issuer, APCo or any non-defaulting Underwriter, except as otherwise provided in Sections 8(a)(vi) and 11 hereof.

8. Covenants.

(a) Covenants of the Issuer. The Issuer covenants and agrees with the several Underwriters that:

(i) The Issuer will upon request promptly deliver to the Representatives and Counsel for the Underwriters (as defined below) a conformed copy of the Registration Statement, certified by an officer of the Issuer to be in the form as originally filed and all amendments thereto.

(ii) The Issuer will deliver to the Underwriters, as soon as practicable after the date hereof, as many copies of the Pricing Prospectus and Final Prospectus as they may reasonably request.

(iii) The Issuer will cause or has caused the Final Prospectus to be filed with the Commission pursuant to Rule 424 under the Securities Act as soon as practicable and will advise the Underwriters of any stop order suspending the effectiveness of the Registration Statement or preventing the use of the Registration Statement or the institution of any proceeding therefor of which the Issuer shall have received notice. The Issuer will use its reasonable best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof. The Issuer has complied and will comply with Rule 433 and Rule 163B under the Securities Act in connection with the offering of the Bonds.

(iv) If, during such period of time (not exceeding nine months) after the Final Prospectus has been filed with the Commission pursuant to Rule 424 under the Securities Act as in the opinion of Counsel for the Underwriters a prospectus covering the Bonds is required by law to be delivered in connection with sales by an Underwriter or dealer (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), any event relating to or affecting the Issuer, the Bonds or the CRR Property or of which the Issuer shall be advised in writing by the Representatives shall occur that in the Issuer's reasonable judgment after consultation with Counsel for the Underwriters should be set forth in a supplement to, or an amendment of the Pricing Package or the Final Prospectus in order to make the Pricing Package or the Final Prospectus not misleading in the light of the circumstances when it is delivered to a purchaser (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under

the Securities Act), the Issuer will, at its expense, amend or supplement the Pricing Package or the Final Prospectus by either (A) preparing and furnishing to the Underwriters at the Issuer's expense a reasonable number of copies of a supplement or supplements or an amendment or amendments to the Pricing Package or the Final Prospectus or (B) making an appropriate filing pursuant to Section 13 or Section 15 of the Exchange Act, which will supplement or amend the Pricing Package or the Final Prospectus so that, as supplemented or amended, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances when the Pricing Package or the Final Prospectus is delivered to a purchaser (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), not misleading; provided that should such event relate solely to the activities of any of the Underwriters, then such Underwriters shall assume the expense of preparing and furnishing any such amendment or supplement. The Issuer will also fulfill its obligations set out in Section 3(e) above. The Issuer will advise the Underwriters promptly in writing when any supplement to the Pricing Package, the Final Prospectus or any amendment to the Final Prospectus has been filed or distributed.

(v) The Issuer will furnish such proper information as may be lawfully required and otherwise cooperate in qualifying the Bonds for offer and sale under the blue-sky laws of the states of the United States as the Representatives may designate; provided that the Issuer shall not be required to qualify as a foreign limited liability company or dealer in securities, to file any consents to service of process under the laws of any jurisdiction, or meet any other requirements deemed by the Issuer to be unduly burdensome.

(vi) The Issuer or APCo will, except as herein provided, pay or cause to be paid all expenses and taxes (except transfer taxes) in connection with (i) the preparation and filing by it of the Registration Statement, Pricing Prospectus and Final Prospectus (including any amendments and supplements thereto) and any Issuer Free Writing Prospectuses, (ii) the issuance and delivery of the Bonds as provided in Section 7 hereof (including, without limitation, reasonable fees and disbursements of Counsel for the Underwriters and all trustee, rating agency and any West Virginia Commission advisor fees), (iii) the qualification of the Bonds under blue-sky laws (including counsel fees not to exceed $15,000), and (iv) the printing and delivery to the Underwriters of reasonable quantities of the Registration Statement and, except as provided in Section 8(a)(iv) hereof, of the Pricing Package and Final Prospectus. If the obligation of the Underwriters to purchase the Bonds terminates in accordance with the provisions of Sections 7 (but excluding terminations arising thereunder out of an Underwriter default), 9, 10 or 12 hereof, the Issuer or APCo (i) will reimburse the Underwriters for the reasonable fees and disbursements of Counsel for the Underwriters, and (ii) will reimburse the Underwriters for their reasonable out-of-pocket expenses, such out-of-pocket expenses in an aggregate amount not exceeding $200,000, incurred in contemplation of the performance of this Underwriting Agreement. The Issuer shall not in any event be liable to any of the several Underwriters for damages on account of loss of anticipated profits.

(vii) During the period from the date of this Underwriting Agreement to the date that is five days after the Closing Date, the Issuer will not, without the prior written consent of the Representatives, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any asset-backed securities (other than the Bonds).

(viii) To the extent, if any, that any rating necessary to satisfy the condition set forth in Section 9(w) of this Underwriting Agreement is conditioned upon the furnishing of documents or the taking of other actions by the Issuer on or after the Closing Date, the Issuer shall furnish such documents and take such other actions.

(ix) For a period from the date of this Underwriting Agreement until the retirement of the Bonds or until such time as the Underwriters shall cease to maintain a secondary market in the Bonds, whichever occurs first, the Issuer shall file with the Commission, and to the extent permitted by and consistent with the Issuer's obligations under applicable law, make available on the website associated with the Issuer's parent, such periodic reports, if any, as are required (without regard to the number of holders of Bonds to the extent permitted by and consistent with the Issuer's obligations under applicable law) from time to time under Section 13 or Section 15(d) of the Exchange Act; provided that the Issuer shall not voluntarily suspend or terminate its filing obligations with the Commission unless permitted under applicable law and the terms of the Issuer Documents. The Issuer shall also, to the extent permitted by and consistent with the Issuer's obligations under applicable law, include in the periodic and other reports to be filed with the Commission as provided above or posted on the website associated with the Issuer's parent, such information as required by Section 3.07(g) of the Indenture with respect to the Bonds. To the extent that the Issuer's obligations are terminated or limited by an amendment to Section 3.07(g) of the Indenture, or otherwise, such obligations shall be correspondingly terminated or limited hereunder.

(x) The Issuer and APCo will not file any amendment to the Registration Statement or amendment or supplement to the Final Prospectus or amendment or supplement to the Pricing Package during the period when a prospectus relating to the Bonds is required to be delivered under the Securities Act, without prior notice to the Underwriters, or to which Hunton Andrews Kurth LLP, who are acting as counsel for the Underwriters ("Counsel for the Underwriters"), shall reasonably object by written notice to APCo and the Issuer.

(xi) So long as any of the Bonds are outstanding, the Issuer will furnish to the Representatives, if and to the extent not posted on EDGAR or the Issuer or its affiliate's website, (A) as soon as available, a copy of each report of the Issuer filed with the Commission under the Exchange Act or mailed to the bondholders (to the extent such reports are not publicly available on the Commission's website),

(B) upon request, a copy of any filings with the West Virginia Commission pursuant to the Financing Order including, but not limited to, any issuance advice letter or any standard or non-standard true-up Adjustment filings, and (C) from time to time, any information concerning the Issuer as the Representatives may reasonably request.

(xii) So long as the Bonds are rated by any Rating Agency, the Issuer will comply with the 17g-5 Representations, other than (x) any noncompliance of the 17g-5 Representations that would not have a material adverse effect on the rating of the Bonds or the Bonds or (y) any noncompliance arising from the breach by an Underwriter of the representations and warranties and covenants set forth in Section 13 hereof.

(b) Covenants of APCo. APCo covenants and agrees with the several Underwriters that, to the extent that the Issuer has not already performed such act pursuant to Section 8(a):

(i) To the extent permitted by applicable law and the agreements and instruments that bind APCo, APCo will use its reasonable best efforts to cause the Issuer to comply with the covenants set forth in Section 8(a) hereof.

(ii) APCo will use its reasonable best efforts to prevent the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement and, if issued, to obtain as soon as possible the withdrawal thereof.

(iii) If, during such period of time (not exceeding nine months) after the Final Prospectus has been filed with the Commission pursuant to Rule 424 under the Securities Act as in the opinion of Counsel for the Underwriters a prospectus covering the Bonds is required by law to be delivered in connection with sales by an Underwriter or dealer (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), any event relating to or affecting APCo, the Bonds or the CRR Property or of which APCo shall be advised in writing by the Representatives shall occur that in APCo's reasonable judgment after consultation with Counsel for the Underwriters should be set forth in a supplement to, or an amendment of, the Pricing Package or the Final Prospectus in order to make the Pricing Package or the Final Prospectus not misleading in the light of the circumstances when it is delivered to a purchaser (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), APCo will cause the Issuer, at APCo's or the Issuer's expense, to amend or supplement the Pricing Package or the Final Prospectus by either (A) preparing and furnishing to the Underwriters at APCo's or the Issuer's expense a reasonable number of copies of a supplement or supplements or an amendment or amendments to the Pricing Package or the Final Prospectus or (B) causing the Issuer to make an appropriate filing pursuant to Section 13 or Section 15 of the Exchange Act, which will supplement or amend the Pricing Package or the Final Prospectus so that, as supplemented or amended, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the

statements therein, in the light of the circumstances when the Pricing Package or the Final Prospectus is delivered to a purchaser (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), not misleading; provided that should such event relate solely to the activities of any of the Underwriters, then such Underwriters shall assume the expense of preparing and furnishing any such amendment or supplement. APCo will also fulfill its obligations set out in Section 4(d) of this Underwriting Agreement. APCo will cause the Issuer to advise the Representatives promptly in writing when any supplement to the Pricing Package, the Final Prospectus or any amendment to the Final Prospectus has been filed or distributed.

(iv) During the period from the date of this Underwriting Agreement to the date that is five days after the Closing Date, APCo will not, without the prior written consent of the Representatives, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any asset-backed securities (other than the Bonds).

(v) APCo will cause the proceeds from the issuance and sale of the Bonds to be applied for the purposes described in the Pricing Prospectus.

(vi) As soon as practicable, but not later than 16 months, after the date hereof, APCo will make generally available (by posting on its website or otherwise) to its security holders, an earnings statement (which need not be audited) that will satisfy the provisions of Section 11(a) of the Securities Act.

(vii) To the extent, if any, that any rating necessary to satisfy the condition set forth in Section 9(w) of this Underwriting Agreement is conditioned upon the furnishing of documents or the taking of other actions by APCo on or after the Closing Date, APCo shall furnish such documents and take such other actions.

(viii) The initial CRR Charge will be calculated in accordance with the Financing Order.

(ix) APCo will not file any amendment to the Registration Statement or amendment or supplement to the Final Prospectus or amendment or supplement to the Pricing Package during the period when a prospectus relating to the Bonds is required to be delivered under the Securities Act, without prior notice to the Underwriters or to which Counsel for the Underwriters shall reasonably object by written notice to APCo.

(x) So long as any of the Bonds are outstanding, APCo, in its capacity as sponsor with respect to the Bonds, will cause the Issuer to furnish to the Representatives, if and to the extent not posted on EDGAR or APCo or its affiliate's website, (A) upon request, a copy of any filings with the West Virginia Commission pursuant to the Financing Order including, but not limited to any issuance advice letter, any standard or non-standard true-up adjustment filings, and (B) from time to time, any public financial information in respect of APCo, or any material information regarding the CRR Property to the extent it is reasonably available (other than confidential or proprietary information) concerning the Issuer as the Representatives may reasonably request.

(xi) So long as the Bonds are rated by a Rating Agency, APCo, in its capacity as sponsor with respect to the Bonds, will cause the Issuer to comply with the 17g-5 Representations, other than (x) any noncompliance of the 17g-5 Representations that would not have a material adverse effect on the rating of the Bonds or the Bonds or (y) any noncompliance arising from the breach by an Underwriter of the representations and warranties and covenants set forth in Section 13 hereof.

9. Conditions to the Obligations of the Underwriters. The obligations of the Underwriters to purchase the Bonds shall be subject to the accuracy of the representations and warranties on the part of the Issuer and APCo contained in this Underwriting Agreement, on the part of APCo contained in Article III of the Sale Agreement, and on the part of APCo contained in Section 6.01 of the Servicing Agreement as of the Closing Date, to the accuracy of the statements of the Issuer and APCo made in any certificates pursuant to the provisions hereof, to the performance by the Issuer and APCo of their obligations hereunder, and to the following additional conditions:

(a) The Final Prospectus shall have been filed with the Commission pursuant to Rule 424 under the Securities Act prior to 5:30 P.M., New York time, on the second business day after the date of this Underwriting Agreement. In addition, all material required to be filed by the Issuer or APCo pursuant to Rule 433(d) under the Securities Act that was prepared by either of them or that was prepared by any Underwriter and timely provided to the Issuer or APCo shall have been filed with the Commission within the applicable time period prescribed for such filing by such Rule 433(d) under the Securities Act.

(b) No stop order suspending the effectiveness of the Registration Statement shall be in effect, and no proceedings for that purpose shall be pending before, or threatened by, the Commission on the Closing Date; and the Underwriters shall have received one or more certificates, dated the Closing Date and signed by an officer of APCo and the Issuer, as appropriate, to the effect that no such stop order is in effect and that no proceedings for such purpose are pending before, or to the knowledge of APCo or the Issuer, as the case may be, threatened by, the Commission.

(c) Hunton Andrews Kurth LLP, counsel for the Underwriters, shall have furnished to the Representatives their written opinion, dated the Closing Date, with respect to the issuance and sale of the Bonds, the Indenture, the other Issuer Documents, the Registration Statement and other related matters; and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(d) Richards, Layton & Finger, P.A., Delaware counsel for the Issuer, shall have furnished to the Representatives their written opinion, in form and substance reasonably satisfactory to the Representatives and Counsel for the Underwriters, dated the Closing Date, regarding the filing of a voluntary bankruptcy petition.

(e) Richards, Layton & Finger, P.A., Delaware counsel for the Issuer, shall have furnished to the Representatives their written opinion, in form and substance reasonably satisfactory to the Representatives and Counsel for the Underwriters, dated the Closing Date, regarding certain Delaware Uniform Commercial Code matters.

(f) Richards, Layton & Finger, P.A., Delaware counsel for the Issuer, shall have furnished to the Representatives their written opinion, in form and substance reasonably satisfactory to the Representatives and Counsel for the Underwriters, dated the Closing Date, regarding certain Delaware limited liability company matters.

(g) Sidley Austin LLP, counsel for the Issuer and APCo, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain aspects of the transactions contemplated by the Issuer Documents, including the Indenture and the Indenture Trustee's security interest under the Uniform Commercial Code, certain corporate matters and certain federal tax matters.

(h) Sidley Austin LLP, counsel for the Issuer and APCo, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding securities laws matters.

(i) Sidley Austin LLP, counsel for the Issuer and APCo, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, (i) to the effect that a court sitting in bankruptcy would not order the substantive consolidation of the assets and liabilities of the Issuer with those of APCo in connection with a bankruptcy, reorganization or other insolvency proceeding involving APCo, (ii) that if APCo were to become a debtor in such insolvency proceeding, such court would hold that the CRR Property is not property of the estate of APCo and (iii) regarding certain bankruptcy and creditors' rights matters relating to the Issuer.

(j) Steptoe & Johnson PLLC, special West Virginia counsel for the Issuer and APCo, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain West Virginia constitutional matters relating to the CRR Property.

(k) Steptoe & Johnson PLLC, special West Virginia counsel for the Issuer and APCo, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, with respect to the characterization of the transfer of the CRR Property by APCo to the Issuer as a "true sale" for West Virginia law purposes.

(l) Troutman Pepper Locke LLP, Virginia counsel for APCo, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, with respect to additional corporate matters.

(m) Sidley Austin LLP, counsel for the Issuer and APCo, shall have furnished to the Representatives its written opinions, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain federal constitutional matters relating to the CRR Property.

(n) Chapman and Cutler LLP, counsel for the Indenture Trustee, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain matters relating to the Indenture Trustee and the Securities Intermediary.

(o) Sidley Austin LLP, counsel for the Issuer and APCo, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain bankruptcy matters relating to the Issuer.

(p) Steptoe & Johnson PLLC, West Virginia regulatory counsel for the Issuer and APCo, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain West Virginia regulatory issues.

(q) Steptoe & Johnson PLLC, special West Virginia counsel for the Issuer and APCo, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding enforceability and certain West Virginia perfection and priority issues.

(r) Jackson Kelly PLLC, special West Virginia tax counsel to the Issuer and APCo, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain West Virginia tax matters.

(s) On or before the date of this Underwriting Agreement and on or before the Closing Date, a nationally recognized accounting firm reasonably acceptable to the Representatives shall have furnished to the Representatives one or more reports regarding certain calculations and computations relating to the Bonds, in form or substance reasonably satisfactory to the Representatives, in each case in respect of which the Representatives shall have made specific requests therefor and shall have provided acknowledgment or similar letters to such firm reasonably necessary in order for such firm to issue such reports.

(t) Subsequent to the respective dates as of which information is given in each of the Registration Statement, the Pricing Prospectus and the Final Prospectus, there shall not have been any change specified in the letters required by subsection (s) of this Section 9 which is, in the judgment of the Representatives, so material and adverse as to make it impracticable or inadvisable to proceed with the offering or the delivery of the Bonds as contemplated by the Registration Statement and the Final Prospectus.

(u) The LLC Agreement, the Administration Agreement, the CRR Property Intercreditor Agreement, the Joinder Agreement, the Sale Agreement, the Servicing Agreement and the Indenture and any amendment or supplement to any of the foregoing shall have been executed and delivered.

(v) Since the respective dates as of which information is given in each of the Registration Statement and in the Pricing Prospectus and as of the Closing Date there shall have been no (i) material adverse change in the business, property or financial condition of APCo and its subsidiaries, taken as a whole, whether or not in the ordinary course of business, or of the Issuer or (ii) adverse development concerning the business or assets of APCo and its subsidiaries, taken as a whole, or of the Issuer which would be reasonably likely to result in a material adverse change in the prospective business, property or financial condition of APCo and its subsidiaries, taken as a whole, whether or not in the ordinary course of business, or of the Issuer or (iii) development which would be reasonably likely to result in a material adverse change in the CRR Property, the Bonds or the Financing Order.

(w) At the Closing Date, (i) the Bonds shall be rated at least the ratings set forth in the Pricing Term Sheet by Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), respectively, and the Issuer shall have delivered to the Underwriters a letter from each such rating agency, or other evidence satisfactory to the Underwriters, confirming that the Bonds have such ratings, and (ii) neither Moody's nor S&P shall have, since the date of this Underwriting Agreement, downgraded or publicly announced that it has under surveillance or review, with possible negative implications, its ratings of the Bonds.

(x) The Issuer and APCo shall have furnished or caused to be furnished to the Representatives at the Closing Date certificates of officers of APCo and the Issuer, reasonably satisfactory to the Representatives, as to the accuracy of the representations and warranties of the Issuer and APCo herein, in the Sale Agreement, the Servicing Agreement and the Indenture at and as of the Closing Date, as to the performance by the Issuer and APCo of all of their obligations hereunder to be performed at or prior to such Closing Date, as to the matters set forth in subsections (b) and (v) of this Section 9 and as to such other matters as the Representatives may reasonably request.

(y) Each of APCo and WPCo shall have furnished or caused to be furnished to the Representatives at the Closing Date certificates of officers of APCo and WPCo, reasonably satisfactory to the Representatives, confirming that they have performed all obligations and satisfied all conditions with respect to their roles as Servicers as outlined in the Servicing Agreement.

(z) An issuance advice letter, in a form consistent with the provisions of the Financing Order, shall have been submitted to the West Virginia Commission and shall have become effective.

(aa) On or prior to the Closing Date, the Issuer shall have delivered to the Representatives evidence, in form and substance reasonably satisfactory to the Representatives, that appropriate filings have been or are being made in accordance with the "Securitization Law," as codified at W.Va. Code §24-2-4h, the Financing Order and other applicable law reflecting the grant of a security interest by the Issuer in the collateral relating to the Bonds to the Indenture Trustee, including the filing of the requisite notices in the office of the Secretary of State of the State of West Virginia, the Secretary of State of the State of Delaware and the State Corporation Commission of the Commonwealth of Virginia.

(bb) On or prior to the Closing Date, APCo shall have funded the capital subaccount of the Issuer with cash in an amount equal to $[•].

(cc) The Issuer and APCo shall have furnished or caused to be furnished or agree to furnish to the Rating Agencies at the Closing Date such opinions and certificates as the Rating Agencies shall have reasonably requested prior to the Closing Date.

Any opinion letters delivered on the Closing Date to the Rating Agencies beyond those being delivered to the Underwriters above shall either (x) include the Underwriters as addressees or (y) be accompanied by reliance letters addressed to the Underwriters referencing such letters.

If any of the conditions specified in this Section 9 shall not have been fulfilled when and as provided in this Underwriting Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Underwriting Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representatives and Counsel for the Underwriters, all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation shall be given to the Issuer in writing or by telephone or facsimile confirmed in writing.

10. Conditions of Issuer's Obligations. The obligation of the Issuer to deliver the Bonds shall be subject to the conditions that no stop order suspending the effectiveness of the Registration Statement shall be in effect at the Closing Date and no proceeding for that purpose shall be pending before, or threatened by, the Commission at the Closing Date and the issuance advice letter described in Section 9(z) of this Underwriting Agreement shall have become effective. In case these conditions shall not have been fulfilled, this Underwriting Agreement may be terminated by the Issuer upon notice thereof to the Underwriters. Any such termination shall be without liability of any party to any other party except as otherwise provided in Sections 8(a)(vi) and 11 hereof.

11. Indemnification and Contribution.

(a) APCo and the Issuer, jointly and severally, shall indemnify, defend and hold harmless each Underwriter, each Underwriter's officers and directors and each person who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or the Exchange Act or any other statute or common law and shall reimburse each such Underwriter and controlling person for any reasonable legal or other expenses

(including, to the extent hereinafter provided, reasonable counsel fees) as and when incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in the Pricing Prospectus, each Issuer Free Writing Prospectus, the Pricing Package, the Final Prospectus or, in each case, any amendment or supplement thereto, collectively, or any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading or (iii) any information prepared by or on behalf of APCo or the Issuer and provided to the Underwriters; provided, however, that the indemnity agreement contained in this Section 11 shall not apply to any such losses, claims, damages, liabilities, expenses or actions arising out of, or based upon, any such untrue statement or alleged untrue statement, or any such omission or alleged omission, in each case if such statement or omission was made in reliance upon and in conformity with any Underwriter Information, or arising out of, or based upon, statements in or omissions from that part of the Registration Statement that shall constitute the Statement of Eligibility under the Trust Indenture Act of the Indenture Trustee with respect to any indenture qualified pursuant to the Registration Statement; provided, further that the indemnity agreement contained in this Section 11 shall not inure to the benefit of any Underwriter (or of any officer or director of such Underwriter or of any person controlling such Underwriter within the meaning of Section 15 of the Securities Act) on account of any such losses, claims, damages, liabilities, expenses or actions, joint or several, arising from the sale of the Bonds to any person to whom such Underwriter has sold Bonds if a copy of the Pricing Prospectus (including any amendment or supplement thereto if any amendments or supplements thereto shall have been furnished to the Underwriters reasonably prior to the time of the sale involved) shall not have been given or sent to such person by or on behalf of such Underwriter at the time of or prior to the sale of the Bonds to such person unless the alleged omission or alleged untrue statement was not corrected in the Pricing Prospectus (including any amendment or supplement thereto if any amendments or supplements thereto have been furnished to the Underwriters reasonably prior to the time of the sale involved) at the time of such sale. The indemnity agreement of APCo and the Issuer contained in this Section 11 and the representations and warranties of the Issuer and APCo contained in Sections 3 and 4 hereof shall remain operative and in full force and effect regardless of any termination of this Underwriting Agreement or of any investigation made by or on behalf of any Underwriter, its officers or its directors or any such controlling person, and shall survive the delivery of the Bonds.

(b) Each Underwriter shall severally and not jointly indemnify, defend and hold harmless APCo and the Issuer, each of APCo's and the Issuer's respective officers, directors, and managers, and each person who controls the Issuer or APCo within the meaning of Section 15 of the Securities Act, from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or any other statute or common law and shall reimburse each of them for any reasonable legal or other expenses (including, to the extent hereinafter

provided, reasonable counsel fees) as and when incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, if such statement or omission was made in reliance upon and in conformity with the Underwriter Information or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Final Prospectus, each Issuer Free Writing Prospectus, the Pricing Package, collectively, or any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading; if such statement or omission was made in reliance upon and in conformity with the Underwriter Information. The only such information furnished to APCo by the Underwriters in writing expressly for use in such foregoing documents is set forth in Schedule IV hereto (the "Underwriter Information"). The indemnity agreement of the respective Underwriters contained in this Section 11 and the representations and warranties of the Underwriters contained in Sections 5 and 13 hereof shall remain operative and in full force and effect regardless of any termination of this Underwriting Agreement or of any investigation made by or on behalf of APCo or the Issuer, their directors, managers or officers, any such Underwriter, or any such controlling person, and shall survive the delivery of the Bonds.

(c) APCo, the Issuer and the several Underwriters each shall, upon the receipt of notice of the commencement of any action against it or any person controlling it as aforesaid, in respect of which indemnity may be sought on account of any indemnity agreement contained herein, promptly give written notice of the commencement thereof to the party or parties against whom indemnity shall be sought under (a) or (b) above, but the failure to notify such indemnifying party or parties of any such action shall not relieve such indemnifying party or parties from any liability hereunder to the extent such indemnifying party or parties is/are not materially prejudiced as a result of such failure to notify and in any event shall not relieve such indemnifying party or parties from any liability which it or they may have to the indemnified party otherwise than on account of such indemnity agreement. In case such notice of any such action shall be so given, such indemnifying party shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume (in conjunction with any other indemnifying parties) the defense of such action, in which event such defense shall be conducted by counsel chosen by such indemnifying party or parties and reasonably satisfactory to the indemnified party or parties who shall be defendant or defendants in such action, and such defendant or defendants shall bear the fees and expenses of any additional counsel retained by them; but if the indemnifying party shall elect not to assume the defense of such action, such indemnifying party will reimburse such indemnified party or parties for the reasonable fees and expenses of any counsel retained by them; provided, however, if the defendants in any such action (including impleaded parties) include both the indemnified party and the indemnifying party and counsel for the indemnifying party shall have reasonably concluded that there may be a conflict of interest involved in the representation by a single counsel of both the indemnifying party and the indemnified party, the indemnified party or parties shall have the right to select separate counsel, satisfactory to the indemnifying party, whose

reasonable fees and expenses shall be paid by such indemnifying party, to participate in the defense of such action on behalf of such indemnified party or parties (it being understood, however, that the indemnifying party shall not be liable for the fees and expenses of more than one separate counsel (in addition to local counsel) representing the indemnified parties who are parties to such action). Each of APCo, the Issuer and the several Underwriters agrees that without the other party's prior written consent, which consent shall not be unreasonably withheld, it will not settle, compromise or consent to the entry of any judgment in any claim in respect of which indemnification may be sought under the indemnification provisions of this Underwriting Agreement, unless such settlement, compromise or consent (i) includes an unconditional release of such other party from all liability arising out of such claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of such other party.

(d) If the indemnification provided for in subparagraph (a) or (b) above shall be unavailable to or insufficient to hold harmless an indemnified party, each indemnifying party agrees to contribute to such indemnified party with respect to any and all losses, claims, damages, liabilities and expenses for which each such indemnification provided for in subparagraph (a) or (b) above shall be unavailable or insufficient, in such proportion as shall be appropriate to reflect (i) the relative benefits received by APCo and the Issuer on the one hand and the Underwriters on the other hand from the offering of the Bonds pursuant to this Underwriting Agreement or (ii) if an allocation solely on the basis provided by clause (i) is not permitted by applicable law or is inequitable or against public policy, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of each indemnifying party on the one hand and the indemnified party on the other in connection with the statements or omissions which have resulted in such losses, claims, damages, liabilities and expenses and (iii) any other relevant equitable considerations; provided, however, that no indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party not guilty of such fraudulent misrepresentation. Relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or the indemnified party and each such party's relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. APCo, the Issuer and each of the Underwriters agree that it would not be just and equitable if contributions pursuant to this subparagraph (d) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this Section 11, no Underwriter shall be required to contribute in excess of the amount equal to the excess of (i) the total underwriting discounts and commissions received by it, over (ii) the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission. The obligations of each Underwriter to contribute pursuant to this Section 11 are several and not joint and shall be in the same proportion as such Underwriter's obligation to underwrite Bonds is to the total number of Bonds set forth in Schedule II hereto.

12. Termination. This Underwriting Agreement may be terminated, at any time prior to the Closing Date with respect to the Bonds by the Representatives by written notice to the Issuer if after the date hereof and at or prior to the Closing Date (a) trading in securities on the New York Stock Exchange ("NYSE") shall have been generally suspended by the Commission or by the NYSE, (b) there shall have occurred any material outbreak or escalation of hostilities (including without limitation, an act of terrorism), declaration by the United States of a national emergency or war or other national or international calamity or crisis, including, but not limited to, a material escalation of hostilities that existed prior to the date of this Underwriting Agreement, (c) a material adverse change in the financial markets in the United States or (d) a general banking moratorium shall have been declared by Federal or New York State authorities, and the effect of any such event specified in clause (a), (b), (c) or (d) above on the financial markets of the United States shall be such as to materially and adversely affect, in the reasonable judgment of the Representatives, their ability to proceed with the public offering or the delivery of the Bonds on the terms and in the manner contemplated by the Final Prospectus. Any termination hereof pursuant to this Section 12 shall be without liability of any party to any other party except as otherwise provided in Sections 8(a)(vi) and 11 hereof.

13. Representations, Warranties and Covenants of the Underwriters. The Underwriters, severally and not jointly, represent, warrant and agree with the Issuer and APCo that, unless the Underwriters obtained, or will obtain, the prior written consent of the Issuer or APCo, the Representatives (x) have not delivered, and will not deliver, any Rating Information (as defined below) to any Rating Agency until and unless the Issuer or APCo advises the Underwriters that such Rating Information is posted to a password-protected website maintained by the joint servicers pursuant to paragraph (a)(3)(iii)(B) of Rule 17g-5 under the Exchange Act in the same form as it will be provided to such Rating Agency, and (y) have not participated, and will not participate, with any Rating Agency in any oral communication of any Rating Information without the participation of a representative of the Issuer or APCo. For purposes of this Section 13, "Rating Information" means any information provided to a Rating Agency for the purpose of determining an initial credit rating on the Bonds.

14. Absence of Fiduciary Relationship. Each of the Issuer and APCo acknowledges and agrees that the Underwriters are acting solely in the capacity of an arm's length contractual counterparty to the Issuer and APCo with respect to the offering of the Bonds contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Issuer or APCo. Additionally, none of the Underwriters is advising the Issuer or APCo as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Issuer and APCo shall consult with their own advisors concerning such matters and shall be responsible for making their own independent investigation and appraisal of the transactions contemplated hereby, and the Underwriters shall have no responsibility or liability to the Issuer or APCo with respect thereto. Any review by the Underwriters of the Issuer or APCo, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Issuer or APCo.

15. Notices. All communications hereunder will be in writing and may be given by United States mail, courier service, telecopy, telefax or facsimile (confirmed by telephone or in writing in the case of notice by telecopy, telefax or facsimile) or any other customary means of communication, and any such communication shall be effective when delivered, or if mailed, three days after deposit in the United States mail with proper postage for ordinary mail prepaid, and if sent to the Representatives, to them at the address specified in Schedule I hereto; and if sent to APCo, to it at 1 Riverside Plaza, Columbus, Ohio 43215, Attention: Treasurer, Email: CorporateFinance@aep.com; and if sent to the Issuer, to it at 200 Association Dr. Ste. 201, Charleston, West Virginia 25311-1278, Attention: Managers, Email: CorporateFinance@aep.com. The parties hereto, by notice to the others, may designate additional or different addresses for subsequent communications.

16. Successors. This Underwriting Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 11 hereof, and no other person will have any right or obligation hereunder.

17. Applicable Law. This Underwriting Agreement will be governed by and construed in accordance with the laws of the State of New York.

THIS UNDERWRITING AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS UNDERWRITING AGREEMENT, THE RELATIONSHIPS OF THE PARTIES AND/OR THE INTERPRETATIONS AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW). EACH OF THE PARTIES HERETO HEREBY AGREES TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS UNDERWRITING AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. INSTEAD, ANY SUCH DISPUTE RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

18. Counterparts. This Underwriting Agreement may be signed in any number of counterparts, each of which shall be deemed an original, which taken together shall constitute one and the same instrument. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Underwriting Agreement or any document to be signed in connection with this Underwriting Agreement shall be deemed to include electronic signatures,

deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

19. Integration. This Underwriting Agreement supersedes all prior agreements and understandings (whether written or oral) among the Issuer, APCo and the Underwriters, or any of them, with respect to the subject matter hereof.

20. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Underwriter that is a Covered Entity (as defined below) becomes subject to a proceeding under a U.S. Special Resolution Regime (as defined below), the transfer from such Underwriter of this Underwriting Agreement, and any interest and obligation in or under this Underwriting Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Underwriting Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate (as defined below) of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights (as defined below) under this Underwriting Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Underwriting Agreement were governed by the laws of the United States or a state of the United States.

"BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among APCo, the Issuer and the several Underwriters.

Very truly yours,

APPALACHIAN POWER COMPANY

By: _____
Name:
Title:

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC

By: _____
Name:
Title:

The foregoing Underwriting Agreement is hereby confirmed and accepted by the
Representatives on behalf of the Underwriters as of the date specified in Schedule I hereto.

RBC Capital Markets, LLC,

By: _____
Name:
Title:

Citigroup Global Markets Inc.

By: _____
Name:
Title:

Morgan Stanley & Co. LLC

By: _____
Name:
Title:

SCHEDULE I

Underwriting Agreement dated [Pricing Date], 2026

Registration Statement Nos. 333-299104 and 333-299104-01

Representatives: RBC Capital Markets, LLC, Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC

c/o RBC Capital Markets, LLC

Address: Brookfield Place
200 Vesey Street, 8th Floor
New York, New York 10281

Attention: Eric Schwarz

c/o Citigroup Global Markets Inc.

Address: 388 Greenwich Street
New York, New York 10013

Attention: Steffen Lunde

c/o Morgan Stanley & Co. LLC

Address: 1585 Broadway
New York, New York 10036

Attention: Brian Banschick

Title, Purchase Price and Description of Bonds:

Title: Appalachian Consumer Rate Relief Funding II LLC Series 2026-A Senior Secured CRR Bonds,

	Total Principal Amount of Tranche	Bond Rate	Price to Public	Underwriting Discounts and Commissions	Proceeds to Issuer (Before Expenses)
Per Tranche A-1 Bond	$ 500,000,000	[•]%	[•]%	[•]%	$ [•]
Per Tranche A-2 Bond	$ 350,000,000	[•]%	[•]%	[•]%	$ [•]
Per Tranche A-3 Bond	$ 838,600,000	[•]%	[•]%	[•]%	$ [•]
Total	$1,688,600,000				$ [•]

Original Issue Discount (if any):	$[•]
Redemption provisions:	None
Other provisions:	None
Closing Date, Time and Location:	[•], 2026, [10:00] a.m.; offices of Sidley Austin LLP; 1000 Louisiana Street, Suite 5900, Houston, Texas 77002 and simultaneously in the offices of Hunton Andrews Kurth LLP, 200 Park Avenue, New York, New York 10166

SCHEDULE II

Principal Amount of Bonds to be Purchased

Underwriter	Tranche A-1	Tranche A-2	Tranche A-3	Total
RBC Capital Markets, LLC	$ [•]	$ [•]	$ [•]	$ [•]
Citigroup Global Markets Inc.	$ [•]	$ [•]	$ [•]	$ [•]
Morgan Stanley & Co. LLC	$ [•]	$ [•]	$ [•]	$ [•]
Total	$ [•]	$ [•]	$ [•]	$ [•]

SCHEDULE III

Schedule of Issuer Free Writing Prospectuses

A. Free Writing Prospectuses not required to be filed

Electronic Road Show, [•], 2026 through [•], 2026

B. Free Writing Prospectuses required to be filed pursuant to Rule 433

Preliminary Term Sheet, dated [•], 2026

Pricing Term Sheet, dated [•], 2026

SCHEDULE IV

Descriptive List of Underwriter Provided Information

A. Pricing Prospectus

(a) under the heading “PLAN OF DISTRIBUTION” in the Pricing Prospectus: (i) the paragraph immediately under “The Underwriters’ Sales Price for the CRR Bonds”; (ii) the third sentence under the caption “No Assurance as to Resale Price or Resale Liquidity for the CRR Bonds”; (iii) the entire first full paragraph under the caption “Various Types of Underwriter Transactions That May Affect the Price of the CRR Bonds” (except the last sentence thereof); and (iv) the second sentence of the second full paragraph and the last sentence of the fifth full paragraph under the caption “Various Types of Underwriter Transactions That May Affect the Price of the CRR Bonds”; and (b) under the heading “OTHER RISKS ASSOCIATED WITH AN INVESTMENT IN THE CRR BONDS” in the Pricing Prospectus, the first sentence under the caption “The absence of a secondary market for the CRR bonds might limit your ability to resell the CRR bonds.”

B. Final Prospectus

(a) under the heading “PLAN OF DISTRIBUTION” in the Final Prospectus: (i) the paragraph immediately under “The Underwriters’ Sales Price for the CRR Bonds”; (ii) the third sentence under the caption “No Assurance as to Resale Price or Resale Liquidity for the CRR Bonds”; (iii) the entire first full paragraph under the caption “Various Types of Underwriter Transactions That May Affect the Price of the CRR Bonds” (except the last sentence thereof); and (iv) the second sentence of the second full paragraph and the last sentence of the fifth full paragraph under the caption “Various Types of Underwriter Transactions That May Affect the Price of the CRR Bonds”; and (b) under the heading “OTHER RISKS ASSOCIATED WITH AN INVESTMENT IN THE CRR BONDS” in the Pricing Prospectus, the first sentence under the caption “The absence of a secondary market for the CRR bonds might limit your ability to resell the CRR bonds.”

Exhibit 3.3

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

OF

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC

Dated and Effective as of

October 27, 2026

TABLE OF CONTENTS

	Page
ARTICLE I GENERAL PROVISIONS	1
SECTION 1.01 Definitions	1
SECTION 1.02 Sole Member; Registered Office and Agent	2
SECTION 1.03 Other Offices	3
SECTION 1.04 Name	3
SECTION 1.05 Purpose; Nature of Business Permitted; Powers	3
SECTION 1.06 Limited Liability Company Agreement; Certificate of Formation	5
SECTION 1.07 Separate Existence	5
SECTION 1.08 Limitation on Certain Activities	9
SECTION 1.09 No State Law Partnership	10
ARTICLE II CAPITAL	10
SECTION 2.01 Initial Capital	10
SECTION 2.02 Additional Capital Contributions	10
SECTION 2.03 Capital Account	11
SECTION 2.04 Interest on Capital Account.	11
ARTICLE III ALLOCATIONS; BOOKS	11
SECTION 3.01 Allocations of Income and Loss	11
SECTION 3.02 Company to be Disregarded for Tax Purposes	12
SECTION 3.03 Books of Account; Fiscal Year	12
SECTION 3.04 Access to Accounting Records	12
SECTION 3.05 Annual Tax Information	12
SECTION 3.06 Internal Revenue Service Communications	12
ARTICLE IV MEMBER	12
SECTION 4.01 Powers	12
SECTION 4.02 Compensation of Member	14
SECTION 4.03 Other Ventures	14
SECTION 4.04 Actions by the Member	14
ARTICLE V OFFICERS	14
SECTION 5.01 Designation; Term; Qualifications.	14
SECTION 5.02 Removal and Resignation.	16
SECTION 5.03 Vacancies.	16
SECTION 5.04 Compensation.	16

ARTICLE VI MEMBERSHIP INTEREST 16

SECTION 6.01 General 16
SECTION 6.02 Distributions 16
SECTION 6.03 Rights on Liquidation, Dissolution or Winding Up. 16
SECTION 6.04 Redemption. 17
SECTION 6.05 Voting Rights. 17
SECTION 6.06 Transfer of Membership Interests. 17
SECTION 6.07 Admission of Transferee as Member. 17

ARTICLE VII MANAGERS 18

SECTION 7.01 Managers. 18
SECTION 7.02 Powers of the Managers 19
SECTION 7.03 Compensation; Reimbursement of Expenses 20
SECTION 7.04 Removal of Managers 20
SECTION 7.05 Resignation of Manager 21
SECTION 7.06 Vacancies 21
SECTION 7.07 Meetings of the Managers 21
SECTION 7.08 Electronic Communications 21
SECTION 7.09 Committees of Managers 21
SECTION 7.10 Limitations on Independent Managers. 22

ARTICLE VIII EXPENSES 22

SECTION 8.01 Expenses 22

ARTICLE IX PERPETUAL EXISTENCE; DISSOLUTION, LIQUIDATION AND WINDING-UP 23

SECTION 9.01 Existence 23
SECTION 9.02 Dissolution 24
SECTION 9.03 Accounting 24
SECTION 9.04 Certificate of Cancellation 24
SECTION 9.05 Winding Up 24
SECTION 9.06 Order of Payment of Liabilities Upon Dissolution 24
SECTION 9.07 Limitations on Payments Made in Dissolution 24
SECTION 9.08 Limitation on Liability 25

ARTICLE X INDEMNIFICATION 25

SECTION 10.01 Indemnity 25
SECTION 10.02 Indemnity for Actions By or In the Right of the Company 25
SECTION 10.03 Indemnity If Successful 26
SECTION 10.04 Expenses 26
SECTION 10.05 Advance Payment of Expenses 26
SECTION 10.06 Other Arrangements Not Excluded 26

ARTICLE XI MISCELLANEOUS PROVISIONS 27

SECTION 11.01 No Bankruptcy Petition; Dissolution 27
SECTION 11.02 Amendments 28
SECTION 11.03 Commission Condition 28
SECTION 11.04 Governing Law 30
SECTION 11.05 Headings 30
SECTION 11.06 Severability 30
SECTION 11.07 Assigns 30
SECTION 11.08 Enforcement by Each Independent Manager 30
SECTION 11.09 Waiver of Partition; Nature of Interest 30
SECTION 11.10 Benefits of Agreement; No Third-Party Rights 31
SECTION 11.11 Notices to Indenture Trustee and Rating Agencies 31
SECTION 11.12 Electronic Signatures 31

SCHEDULES, EXHIBITS AND APPENDIX

Schedule A Schedule of Capital Contribution of Member
Schedule B Initial Managers
Schedule C Initial Officers
Exhibit A Management Agreement
Appendix A Definitions

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC, a Delaware limited liability company (the "Company"), is made and entered into as of October 27, 2026, by APPALACHIAN POWER COMPANY, a Virginia corporation (including any additional or successor members of the Company other than Special Members, the "Member"), and the Managers (as defined herein).

WHEREAS, the Member has caused to be filed a Certificate of Formation with the Secretary of State of the State of Delaware to form the Company under and pursuant to the LLC Act and has entered into a Limited Liability Company Agreement of the Company, dated as of July 8, 2026 (the "Original LLC Agreement"); and

WHEREAS, in accordance with the LLC Act, the undersigned desire to enter into this Agreement to amend and restate in its entirety the Original LLC Agreement and to set forth the rights, powers and interests of the Member with respect to the Company and its Membership Interest therein and to provide for the management of the business and operations of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the undersigned, intending to be legally bound, hereby amend and restate in its entirety the Original LLC Agreement, and hereby agree, as follows:

ARTICLE I

GENERAL PROVISIONS

SECTION 1.01 Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in Appendix A attached hereto.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words "hereof," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Article, Section, Schedule, Exhibit, Annex, Appendix and Attachment references contained in this Agreement are references to Articles, Sections, Schedules, Exhibits, Annexes, Appendixes and Attachments in or to this Agreement unless otherwise specified; and the terms "includes" and "including" shall mean "includes without limitation" and "including without limitation", respectively.

(d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(e) Non-capitalized terms used herein which are defined in the Securitization Law shall, as the context requires, have the meanings assigned to such terms in the Securitization Law, but without giving effect to amendments to the Securitization Law after the date hereof that have a material adverse effect on the Company or the Bondholders.

SECTION 1.02 Sole Member; Registered Office and Agent.

(a) The initial sole member of the Company shall be Appalachian Power Company, a Virginia corporation, or any successor as sole member pursuant to Sections 1.02(c), 6.06 and 6.07. The initial registered office and registered agent of the Company in the State of Delaware shall be The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The Member may change said registered office and registered agent from one location to another in the State of Delaware. The Member shall provide written notice of any such change to the Indenture Trustee.

(b) Upon the occurrence of any event that causes the Member to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon the transfer or assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee or an additional member of the Company pursuant to Sections 6.06 and 6.07), each Person acting as an Independent Manager (as defined herein) pursuant to the terms of this Agreement shall, without any action of any Person and simultaneously with the Member ceasing to be a member of the Company, automatically be admitted to the Company as a Special Member and shall continue the Company without dissolution. No Special Member may resign from the Company or transfer its rights as Special Member unless (i) a successor Special Member has been admitted to the Company as Special Member by executing a counterpart to this Agreement, and (ii) such successor has also accepted its appointment as an Independent Manager pursuant to this Agreement; provided, however, the Special Members shall automatically cease to be members of the Company upon the admission to the Company of a substitute Member. Each Special Member shall be a member of the Company that has no interest in the profits, losses and capital of the Company and has no right to receive any distributions of Company assets (and no Special Member shall be treated as a member of the Company for federal income tax purposes). Pursuant to Section 18-301 of the LLC Act, a Special Member shall not be required to make any capital contributions to the Company and shall not receive a limited liability company interest in the Company. A Special Member, in its capacity as Special Member, may not bind the Company. Except as required by any mandatory provision of the LLC Act, each Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, the Company, including the merger, consolidation, division or conversion of the Company. In order to implement the admission to the Company of each Special Member, each Person acting as an Independent Manager pursuant to this Agreement shall execute a counterpart to this Agreement and a counterpart to the Management Agreement in the form attached hereto as Exhibit A. Prior to its admission to the Company as Special Member, each Person acting as an Independent Manager pursuant to this Agreement shall not be a member of the Company. A "Special Member" means, upon such Person's admission to the Company as a member of the Company pursuant to this Section 1.02(b), a Person acting as an Independent Manager, in such Person's capacity as a member of the Company. A Special Member shall only have the rights and duties expressly set forth in this Agreement. For purposes of this Agreement, a Special Member is not included within the defined term "Member".

(c) The Company may admit additional Members with the affirmative vote of both (i) a majority of the Managers that are not an Independent Manager and (ii) each Independent Manager. Notwithstanding the preceding sentence, it shall be a condition to the admission of any additional Member that the sole Member shall have received an opinion of outside tax counsel (as selected by the Member in form and substance reasonably satisfactory to the Member and the Indenture Trustee) that the admission of such additional Member shall not cause the Company to be treated, for federal income tax purposes, as having more than one "sole owner" and that the Company shall not be treated, for federal income tax purposes, as an entity separate from such "sole owner".

SECTION 1.03 Other Offices. The Company may have an office at 200 Association Drive, 02, Charleston, West Virginia 25311, or at any other offices that may at any time be established by the Member at any place or places within or outside the State of Delaware. The Member shall provide notice to the Indenture Trustee of any change in the location of the Company's office.

SECTION 1.04 Name. The name of the Company shall be "Appalachian Consumer Rate Relief Funding II LLC". The name of the Company may be changed from time to time by the Member with ten (10) days' prior written notice to the Managers and the Indenture Trustee, and the filing of an appropriate amendment to the Certificate of Formation with the Secretary of State as required by the LLC Act.

SECTION 1.05 Purpose; Nature of Business Permitted; Powers. The Company is intended to qualify as an "Assignee" as defined in Section 24-2-4h(b)(3) of the Securitization Law. The purposes for which the Company is formed are limited to:

(a) purchase, acquire, own, hold, administer, service or enter into agreements regarding the receipt and servicing of CRR Property and the other CRR Bond Collateral, along with certain other related assets;

(b) manage, sell, assign, pledge, collect amounts due on or otherwise deal with the CRR Property and the other CRR Bond Collateral and related assets to be so acquired in accordance with the terms of the Basic Documents;

(c) negotiate, authorize, execute, deliver, assume the obligations under, and perform its duties under, the Basic Documents and any other agreement or instrument or document relating to the activities set forth in clauses (a) and (b) above; provided, that each party to any such agreement under which material obligations are imposed upon the Company shall covenant that it shall not, prior to the date which is one year and one day after the termination of the Indenture and the payment in full of the Consumer Rate Relief Bonds and any other amounts owed under the Indenture, acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or Governmental Authority for the purpose of commencing or sustaining an involuntary case against the

Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company; or ordering the winding up or liquidation of the affairs of the Company; and provided, further, that the Company shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the activities permitted under this Section 1.05;

(d) file with the U.S. Securities and Exchange Commission one or more registration statements, including any pre-effective or post-effective amendments thereto and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (including any prospectus supplement, prospectus and exhibits contained therein) and file such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register the Consumer Rate Relief Bonds under the securities or "Blue Sky" laws of various jurisdictions;

(e) authorize, execute, deliver, issue and register the Consumer Rate Relief Bonds;

(f) make payments on the Consumer Rate Relief Bonds;

(g) pledge its interest in CRR Property and other CRR Bond Collateral to the Indenture Trustee under the Indenture in order to secure the Consumer Rate Relief Bonds;

(h) distribute amounts to the Member, subject to any requirements in the Basic Documents; and

(i) engage in any lawful act or activity and exercise any powers permitted to limited liability companies formed under the laws of the State of Delaware that, in either case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Company shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Basic Documents or other agreements referenced above. The Company shall have all powers reasonably incidental, necessary, suitable or convenient to effect the foregoing purposes, including all powers granted under the LLC Act. The Company may issue the Consumer Rate Relief Bonds pursuant to the Financing Order. The Company is hereby authorized to execute, deliver and perform, and the Member, any Manager (other than an Independent Manager), or any officer of the Company, acting singly or collectively, on behalf of the Company, are hereby authorized to execute and deliver the Consumer Rate Relief Bonds, the Basic Documents and all registration statements, underwriting agreements, documents, agreements, certificates or financing statements contemplated thereby or related thereto, all without any further act, vote, consent or approval of any Member, Manager or other Person, notwithstanding any other provision of this Agreement, the LLC Act, or other applicable law, rule or regulation. Notwithstanding any other provision of this Agreement, the LLC Act or other applicable law, any Basic Document executed prior to the date hereof by any Member, Manager

or officer on behalf of the Company is hereby ratified and approved in all respects. The authorization set forth in the two preceding sentences shall not be deemed a restriction on the power and authority of the Member or any Manager, including any Independent Manager, to enter into other agreements or documents on behalf of the Company as authorized pursuant to this Agreement and the LLC Act. The Company shall possess and may exercise all the powers and privileges granted by the LLC Act or by any other law or by this Agreement, together with any powers incidental thereto, insofar as such powers and privileges are incidental, necessary, suitable or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company.

SECTION 1.06 Limited Liability Company Agreement; Certificate of Formation. This Agreement shall constitute a "limited liability company agreement" within the meaning of the LLC Act. Paula Haynes, as an authorized person within the meaning of the LLC Act, has caused a certificate of formation of the Company to be executed and filed in the office of the Secretary of State of the State of Delaware on August 19, 2025 (such execution and filing being hereby ratified and approved in all respects). Upon the filing of the Certificate of Formation with the Secretary of State of the State of Delaware, her powers as an "authorized person" ceased, and the Member thereupon became the designated "authorized person" and shall continue as the designated "authorized person" with the meaning of the LLC Act. The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate of Formation of the Company as provided in the LLC Act.

SECTION 1.07 Separate Existence. Except for financial reporting purposes (to the extent required by generally accepted accounting principles) and for federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, the Member and the Managers shall take all steps necessary to continue the identity of the Company as a separate legal entity and to make it apparent to third Persons that the Company is an entity with assets and liabilities distinct from those of the Member, Affiliates of the Member or any other Person, and that, the Company is not a division of any of the Affiliates of the Company or any other Person. In that regard, and without limiting the foregoing in any manner, the Company shall:

(a) maintain the assets of the Company in such a manner that it is not costly or difficult to segregate, identify or ascertain its individual assets from those of any other Person, including any Affiliate;

(b) conduct all transactions with Affiliates on an arm's-length basis;

(c) not guarantee, become obligated for or pay the debts of any Affiliate or hold the credit of the Company out as being available to satisfy the obligations of any Affiliate or other Person (nor, except as contemplated in the Basic Documents, indemnify any Person for losses resulting therefrom), nor, except as contemplated in the Basic Documents, have any of its obligations guaranteed by any Affiliate or hold the Company out as responsible for the debts of any Affiliate or other Person or for the decisions or actions with respect to the business and affairs of any Affiliate, nor seek or obtain credit or incur any obligation to any third party based upon the creditworthiness or assets of any Affiliate or any other Person (i.e. other than based on the assets of the Company) nor allow any Affiliate to do such things based on the credit of the Company;

(d) except as expressly otherwise permitted hereunder or under any of the Basic Documents, not permit the commingling or pooling of the Company's funds or other assets with the funds or other assets of any Affiliate;

(e) maintain separate deposit and other bank accounts and funds (separately identifiable from those of the Member or any other Person) to which no Affiliate has any access (except APCo, solely in its capacities as a Servicer and Administrator, and WPCo, solely in its capacity as a Servicer), which accounts shall be maintained in the name and, to the extent not inconsistent with applicable federal tax law, with the tax identification number of the Company;

(f) maintain full books of accounts and records (financial or other) and financial statements separate from those of its Affiliates or any other Person (except as described herein with respect to tax purposes and financial reporting), prepared and maintained in accordance with generally accepted accounting principles (including, all resolutions, records, agreements or instruments underlying or regarding the transactions contemplated by the Basic Documents or otherwise) and audited annually by an independent accounting firm which shall provide such audit to the Indenture Trustee;

(g) pay its own liabilities out of its own funds, including fees and expenses of the Administrator pursuant to the Administration Agreement and the Servicers pursuant to the Servicing Agreement;

(h) not hire or maintain any employees, but shall compensate (either directly or through reimbursement of the Company's allocable share of any shared expenses) all consultants, agents and Affiliates, to the extent applicable, for services provided to the Company by such consultants, agents or Affiliates, in each case, from the Company's own funds;

(i) allocate fairly and reasonably the salaries of and the expenses related to providing the benefits of officers or managers shared with the Member, any Special Member or any Manager;

(j) allocate fairly and reasonably any overhead shared with the Member, any Special Member or any Manager;

(k) pay from its own bank accounts for accounting and payroll services, rent, lease and other expenses (or the Company's allocable share of any such amounts provided by one or more other Affiliates) and not have such operating expenses (or the Company's allocable share thereof) paid by any Affiliates, provided, that the Member shall be permitted to pay the initial organization expenses of the Company and certain of the expenses related to the transactions contemplated by the Basic Documents as provided therein;

(l) maintain adequate capitalization to conduct its business and affairs considering the Company's size and the nature of its business and intended purposes and, after giving effect to the transactions contemplated by the Basic Documents, refrain from engaging in a business for which its remaining property represents an unreasonably small capital;

(m) conduct all of the Company's business (whether in writing or orally) solely in the name of the Company through the Member and the Company's Managers, officers and agents and hold the Company out as an entity separate from any Affiliate;

(n) not make or declare any distributions of cash or property to the Member except in accordance with appropriate limited liability company formalities and only consistent with sound business judgment to the extent that it is permitted pursuant to the Basic Documents and not violative of any applicable law;

(o) otherwise practice and adhere to all limited liability company procedures and formalities to the extent required by this Agreement or all other appropriate constituent documents and the laws of its state of formation and all other appropriate jurisdictions;

(p) not appoint an Affiliate or any employee of an Affiliate as an agent of the Company, except as otherwise permitted in the Basic Documents (although such Persons can qualify as a Manager or as an officer of the Company);

(q) not acquire obligations or securities of or make loans or advances to or pledge its assets for the benefit of any Affiliate, the Member or any Affiliate of the Member;

(r) not permit the Member or any Affiliate to acquire obligations of or make loans or advances to the Company;

(s) except as expressly provided in the Basic Documents, not permit the Member or any Affiliate to guarantee, pay or become liable for the debts of the Company nor permit any such Person to hold out its creditworthiness as being available to pay the liabilities and expenses of the Company nor, except for the indemnities in this Agreement and the Basic Documents, indemnify any Person for losses resulting therefrom;

(t) maintain separate minutes of the actions of the Member and the Managers, including the transactions contemplated by the Basic Documents;

(u) cause (i) all written and oral communications, including letters, invoices, purchase orders, and contracts, of the Company to be made solely in the name of the Company, (ii) the Company to have its own tax identification number (to the extent not inconsistent with applicable federal tax law), stationery, checks and business forms, separate from those of any Affiliate, (iii) all Affiliates not to use the stationery or business forms of the Company, and cause the Company not to use the stationery or business forms of any Affiliate, and (iv) all Affiliates not to conduct business in the name of the Company, and cause the Company not to conduct business in the name of any Affiliate;

(v) direct creditors of the Company to send invoices and other statements of account of the Company directly to the Company and not to any Affiliate and cause the Affiliates to direct their creditors not to send invoices and other statements of accounts of such Affiliates to the Company;

(w) cause the Member to maintain as official records all resolutions, agreements, and other instruments underlying or regarding the transactions contemplated by the Basic Documents;

(x) disclose, and cause the Member to disclose, in its financial statements the effects of all transactions between the Member and the Company in accordance with generally accepted accounting principles, and in a manner which makes it clear that (i) the Company is a separate legal entity, (ii) the assets of the Company (including the CRR Property transferred to the Company pursuant to the Sale Agreement) are not assets of any Affiliate and are not available to pay creditors of any Affiliate and (iii) neither the Member nor any other Affiliate is liable or responsible for the debts of the Company;

(y) except as described herein with respect to tax purposes and financial reporting, treat and cause the Member to treat the transfer of CRR Property from the Member to the Company as a sale under the Securitization Law;

(z) except as described herein with respect to tax purposes and financial reporting, describe and cause each Affiliate to describe the Company, and hold the Company out as a separate legal entity and not as a division or department of any Affiliate, and promptly correct any known misunderstanding regarding the Company's identity separate from any Affiliate or any Person;

(aa) so long as any of the Consumer Rate Relief Bonds are outstanding, treat the Consumer Rate Relief Bonds as debt for all purposes and specifically as debt of the Company, other than for financial reporting, state or federal regulatory or tax purposes;

(bb) solely for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Consumer Rate Relief Bonds are outstanding, treat the Consumer Rate Relief Bonds as indebtedness of the Member secured by the CRR Bond Collateral unless otherwise required by appropriate taxing authorities;

(cc) file its own tax returns, if any, as may be required under applicable law, to the extent (i) not part of a consolidated group filing a consolidated return or returns or (ii) not treated as a division or disregarded entity for tax purposes of another taxpayer, and pay any taxes so required to be paid under applicable law;

(dd) maintain its valid existence in good standing under the laws of the State of Delaware and maintain its qualification to do business under the laws of such other jurisdictions as its operations require;

(ee) not form, or cause to be formed, any subsidiaries;

(ff) comply with all laws applicable to the transactions contemplated by this Agreement and the Basic Documents; and

(gg) cause the Member to observe in all material respects all limited liability company procedures and formalities, if any, required by its constituent documents and the laws of its state of formation and all other appropriate jurisdictions.

Failure of the Company, or the Member or any Manager on behalf of the Company, to comply with any of the foregoing covenants or any other covenants contained in this Agreement shall not affect the status of the Company as a separate legal entity or the limited liability of the Member or the Managers.

SECTION 1.08 Limitation on Certain Activities. Notwithstanding any other provisions of this Agreement, the Company, and the Member or Managers on behalf of the Company, shall not:

(a) engage in any business or activity other than as set forth in Article I hereof;

(b) without the affirmative vote or consent of its Member and the affirmative vote or consent of all of the Managers, including each Independent Manager, file a voluntary bankruptcy petition or any other petition for relief with respect to the Company under the Bankruptcy Code or similar law, consent to the institution of insolvency or bankruptcy proceedings against the Company or otherwise institute insolvency or bankruptcy proceedings with respect to the Company or take any limited liability company action in furtherance of any such filing or institution of a proceeding;

(c) without the affirmative vote or consent of all Managers, including each Independent Manager, and then only to the extent permitted by the Basic Documents, convert, merge or consolidate with any other Person or sell all or substantially all of its assets or acquire all or substantially all of the assets or capital stock or other ownership interest of any other Person;

(d) take any action, file any tax return, or make any election inconsistent with the treatment of the Company, for purposes of federal income taxes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the Member;

(e) incur any indebtedness or assume or guarantee any indebtedness of any Person (other than the indebtedness incurred under the Basic Documents);

(f) without the affirmative vote or consent of all Managers, including each Independent Manager, amend the organizational documents of the Company, including this Agreement, in a manner that would adversely affect the bankruptcy remote status of the Company or the interests of the Bondholders;

(g) issue any bonds other than the Consumer Rate Relief Bonds contemplated by the Basic Documents; or

(h) to the fullest extent permitted by law, without the affirmative vote or consent of its Member and the affirmative vote or consent of all Managers, including each Independent Manager, execute any dissolution, liquidation, or winding up of the Company.

Provided, however, that neither the Member nor any Manager may authorize the taking of any of the foregoing actions described in clauses (b), (c), (f) or (h) of this Section 1.08 unless there are at least two Independent Managers then serving in such capacity and such Independent Managers have consented thereto.

So long as any of the Consumer Rate Relief Bonds are outstanding, the Company and the Member shall give written notice to each applicable Rating Agency of any action described in clauses (b), (c), (f) or (h) of this Section 1.08 which is taken by or on behalf of the Company with the required affirmative vote or consent of the Member and all Managers, including each Independent Manager, as therein described.

SECTION 1.09 No State Law Partnership. No provisions of this Agreement shall be deemed or construed to constitute a partnership (including a limited partnership) or joint venture, or the Member a partner or joint venturer of or with any Manager or the Company, for any purposes.

ARTICLE II

CAPITAL

SECTION 2.01 Initial Capital. The initial capital of the Company shall be the sum of cash contributed to the Company by the Member (the "Capital Contribution") in the amount set out opposite the name of the Member on Schedule A hereto, as amended from time to time and incorporated herein by this reference.

SECTION 2.02 Additional Capital Contributions. The assets of the Company are expected to generate a return sufficient to satisfy all obligations of the Company under this Agreement and the Basic Documents and any other obligations of the Company. It is expected that no capital contributions to the Company will be necessary after the purchase of the CRR Property. On or prior to the date of issuance of the Consumer Rate Relief Bonds, the Member shall make an additional contribution to the Company in an amount equal to at least 0.50% of the initial principal amount of the Consumer Rate Relief Bonds or such greater amount as agreed to by the Member in connection with the issuance by the Company of the Consumer Rate Relief Bonds, which amount the Company shall deposit into the Capital Subaccount established by the Indenture Trustee as provided in the Indenture. No capital contribution by the Member to the Company will be made for the purpose of mitigating losses on CRR Property that has previously been transferred to the Company, and all capital contributions shall be made in accordance with all applicable limited liability company procedures and requirements, including proper record keeping by the Member and the Company. Each capital contribution will be acknowledged by a written receipt signed by any one of the Managers. The Managers acknowledge and agree that, notwithstanding anything in this Agreement to the contrary, such additional contribution will be invested only in investments eligible pursuant to the Basic Documents, and all income earned thereon shall be allocated or paid by the Indenture Trustee in accordance with the provisions of the Indenture.

SECTION 2.03 Capital Account. A Capital Account shall be established and maintained for the Member on the Company's books (the "Capital Account").

SECTION 2.04 Interest on Capital Account. Except as provided in the Securitization Law, the Financing Order and the Basic Documents (which may provide for payment of investment earnings on the Capital Account), no interest shall be paid or credited to the Member on its Capital Account or upon any undistributed profits left on deposit with the Company. Except as provided herein or by law, the Member shall have no right to demand or receive the return of its Capital Contribution.

ARTICLE III

ALLOCATIONS; BOOKS

SECTION 3.01 Allocations of Income and Loss.

(a) Book Allocations. The net income and net loss of the Company shall be allocated entirely to the Member.

(b) Tax Allocations. Because the Company is not making (and will not make) an election to be treated as an association taxable as a corporation under Section 301.7701-3(a) of the Treasury Regulations, and because the Company is a business entity that has a single owner and is not a corporation, it is expected to be disregarded as an entity separate from its owner for federal income tax purposes under Section 301.7701-3(b)(1) of the Treasury Regulations. Accordingly, all items of income, gain, loss, deduction and credit of the Company for all taxable periods will be treated for federal income tax purposes, and for state and local income and other tax purposes to the extent permitted by applicable law, as realized or incurred directly by the Member. To the extent not so permitted, all items of income, gain, loss, deduction and credit of the Company shall be allocated entirely to the Member as permitted by applicable tax law, and the Member shall pay (or indemnify the Company, the Indenture Trustee and each of their officers, managers, employees or agents for, and defend and hold harmless each such person from and against its payment of) any taxes levied or assessed upon all or any part of the Company's property or assets based on existing law as of the date hereof, including any sales, gross receipts, general corporation, personal property, privilege, franchise or license taxes (but excluding any taxes imposed as a result of a failure of such person to properly withhold or remit taxes imposed with respect to payments on any Consumer Rate Relief Bond)), in the event and to the extent such taxes are not recoverable as Ongoing Financing Costs. Nothing in this Section 3.01 shall prohibit the Company from transferring amounts from the Payment Account necessary for the payment of any taxes permitted under the Indenture. The Indenture Trustee (on behalf of the Secured Parties) shall be a third party beneficiary of the Member's obligations set forth in this Section 3.01, it being understood that Bondholders shall be entitled to enforce their rights against the Member under this Section 3.01 solely through a cause of action brought for their benefit by the Indenture Trustee.

SECTION 3.02 Company to be Disregarded for Tax Purposes. The Company shall comply with the applicable provisions of the Code and the applicable Treasury Regulations thereunder in the manner necessary to effect the intention of the Member that the Company be treated, for federal income tax purposes, as a disregarded entity that is not separate from the Member pursuant to Treasury Regulations Section 301.7701-1 et seq. and that the Company be accorded such treatment until its dissolution pursuant to Article IX hereof and shall take all actions, and shall refrain from taking any action, required by the Code or Treasury Regulations thereunder in order to maintain such status of the Company. In addition, for federal income tax purposes, the Company may not claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the Consumer Rate Relief Bonds (other than amounts properly withheld from such payments under the Code or other tax laws) or assert any claim against any present or former Bondholder by reason of the payment of the taxes levied or assessed upon any part of the CRR Bond Collateral.

SECTION 3.03 Books of Account; Fiscal Year.

(a) Books of Account. At all times during the continuance of the Company, the Company shall maintain or cause to be maintained full, true, complete and correct books of account in accordance with generally accepted accounting principles, using the fiscal year and taxable year of the Member. In addition, the Company shall keep all records required to be kept pursuant to the LLC Act.

(b) Fiscal Year. The Company shall use the accounting year and taxable year of the Member. At the time of execution of this Agreement, the accounting year and taxable year is the calendar year.

SECTION 3.04 Access to Accounting Records. All books and records of the Company shall be maintained at any office of the Company or at the Company's principal place of business, and the Member, and its duly authorized representative, shall have access to them at such office of the Company and the right to inspect and copy them at reasonable times.

SECTION 3.05 Annual Tax Information. The Managers shall cause the Company to deliver to the Member all information necessary for the preparation of the Member's federal income tax return.

SECTION 3.06 Internal Revenue Service Communications. The Member shall communicate and negotiate with the Internal Revenue Service on any federal tax matter on behalf of the Member and the Company.

ARTICLE IV

MEMBER

SECTION 4.01 Powers. Subject to the provisions of this Agreement and the LLC Act, all powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be controlled by, the Member pursuant to Section 4.04. The Member may delegate any or all such powers to the Managers. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Member shall have the following powers:

(a) To select and remove the Managers and all officers and agents of the Company, prescribe such powers and duties for them as may be consistent with the LLC Act and other applicable law and this Agreement, fix their compensation, and require from them security for faithful service; provided, that, except as provided in Section 7.06, at all times during when any Consumer Rate Relief Bonds are outstanding and the Indenture remains in full force and effect (and otherwise in accordance with the Indenture) the Company shall have at least two Independent Managers. Prior to the issuance of any Consumer Rate Relief Bonds, the Member shall appoint at least two Independent Managers. An "Independent Manager" means a Manager that is a natural person and who (1) has prior experience as an independent director, independent manager or independent member, (2) is employed by a nationally-recognized company that provides professional independent managers or independent directors and other corporate services in the ordinary course of its business, (3) is duly appointed as an Independent Manager and (4) is not and has not been for at least five years from the date of his or her appointment, and will not while serving as an Independent Manager, be any of the following:

(i) a member, partner, equityholder, manager, director, officer or employee of the Company or any of its equityholders or Affiliates (other than as an independent director, independent manager or special member of the Company or an Affiliate of the Company that is required by a creditor to be a single purpose bankruptcy remote entity);

(ii) a creditor, supplier or service provider (including provider of professional services) to the Company, the Member or any of their respective equityholders or Affiliates (other than a nationally-recognized company that routinely provides professional independent managers or independent directors and other corporate services to the Company, the Member or any of its Affiliates in the ordinary course of its business);

(iii) a family member of any such member, partner, equityholder, manager, director, officer, employee, creditor, supplier or service provider; or

(iv) a Person that controls (whether directly, indirectly or otherwise) any of the Persons described in clauses (i), (ii) or (iii) above;

provided, that the indirect or beneficial ownership of stock of the Member or its Affiliates through a mutual fund or similar diversified investment vehicle with respect to which the owner does not have discretion or control over the investments held by such diversified investment vehicle shall not preclude such owner from being an Independent Manager. A natural person who otherwise satisfies the foregoing definition and satisfies subparagraph (i) by reason of being the independent manager or independent director of a "special purpose entity" affiliated with the Company shall be qualified to serve as an Independent Manager of the Company, provided that the fees that such individual earns from serving as an independent manager or independent director of Affiliates of the Company in any given year constitute in the aggregate less than five percent (5%) of such individual's annual income for that year. For purposes of this paragraph, a "special purpose entity" is an entity, whose organizational documents contain restrictions on its activities and impose requirements intended to preserve such entity's separateness that are substantially similar to the Special Purpose Provisions (as hereinafter defined) of this Agreement. Promptly following any resignation or replacement of any Independent Manager, the Member shall give written notice to each applicable Rating Agency and to the Indenture Trustee of any such resignation or replacement.

(b) Subject to Sections 1.07 and 1.08 and Article VII hereof, to conduct, manage and control the affairs and business of the Company, and to make such rules and regulations therefor consistent with the LLC Act and other applicable law and this Agreement.

(c) To change the registered agent and office of the Company in Delaware from one location to another; to fix and locate from time to time one or more other offices of the Company; and to designate any place within or outside of the State of Delaware for the conduct of the business of the Company.

SECTION 4.02 Compensation of Member. To the extent permitted by applicable law, the Company shall have authority to reimburse the Member for out-of-pocket expenses incurred by the Member in connection with its service to the Company. It is understood that the compensation paid to the Member under the provisions of this Section 4.02 shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered an Ongoing Financing Cost of the Company subject to the limitations on such expenses set forth in the Financing Order.

SECTION 4.03 Other Ventures. Notwithstanding any duties (including fiduciary duties) otherwise existing at law or in equity, it is expressly agreed that the Member, the Managers and any Affiliates, officers, directors, managers, stockholders, partners or employees of the Member, may engage in other business ventures of any nature and description, whether or not in competition with the Company, independently or with others, and the Company shall not have any rights in and to any independent venture or activity or the income or profits derived therefrom.

SECTION 4.04 Actions by the Member. All actions of the Member may be taken by written resolution of the Member which shall be signed on behalf of the Member by an authorized officer of the Member and filed with the records of the Company.

ARTICLE V

OFFICERS

SECTION 5.01 Designation; Term; Qualifications.

(a) Officers. The Managers may, from time to time, designate one or more Persons to be officers of the Company. Any officer so designated shall have such title and authority and perform such duties as the Managers may, from time to time, delegate to them. Each officer shall hold office for the term for which such officer is designated and until its successor shall be duly designated and shall qualify or until its death, resignation or removal as provided in this Agreement. Any Person may hold any number of offices. No officer need be a Manager, the Member, a Delaware resident, or a United States citizen. The Member hereby appoints the Persons identified on Schedule C to be the officers of the Company as of the date hereof.

(b) President. The President shall be the chief executive officer of the Company, shall preside at all meetings of the Managers, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Managers are carried into effect. The President or any other officer authorized by the President or the Managers may execute all contracts, except: (i) where required or permitted by law or this Agreement to be otherwise signed and executed, including Section 1.08; and (ii) where signing and execution thereof shall be expressly delegated by the Managers to some other officer or agent of the Company.

(c) Vice President. In the absence of the President or in the event of the President's inability to act, the Vice President, if any (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Managers, or in the absence of any designation, then in the order of their election), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents, if any, shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(d) Secretary and Assistant Secretary. The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Managers and record all the proceedings of the meetings of the Company and of the Managers in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or shall cause to be given, notice of all meetings of the Member, if any, and special meetings of the Managers, and shall perform such other duties as may be prescribed by the Managers or the President, under whose supervision the Secretary shall serve. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Managers (or if there be no such determination, then in order of their designation), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(e) Treasurer and Assistant Treasurer. The Treasurer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Manager. The Treasurer shall disburse the funds of the Company as may be ordered by the Manager, taking proper vouchers for such disbursements, and shall render to the President and to the Managers, at its regular meetings or when the Managers so require, an account of all of the Treasurer's transactions and of the financial condition of the Company. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Managers (or if there be no such determination, then in the order of their designation), shall, in the absence of the Treasurer or in the event of the Treasurer's inability to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(f) Officers as Agents. The officers of the Company, to the extent their powers as set forth in this Agreement or otherwise vested in them by action of the Managers are not inconsistent with this Agreement, are agents of the Company for the purpose of the Company's business and, subject to Section 1.08, the actions of the officers taken in accordance with such powers shall bind the Company.

(g) Duties of Managers and Officers. Except to the extent otherwise provided herein, each Manager (other than the Independent Managers) and officer of the Company shall have a fiduciary duty of loyalty and care similar to that of directors and officers of business corporations organized under the General Corporation Law of the State of Delaware.

SECTION 5.02 Removal and Resignation. Any officer of the Company may be removed as such, with or without cause, by the Managers at any time. Any officer of the Company may resign as such at any time upon written notice to the Company. Such resignation shall be made in writing and shall take effect at the time specified therein or, if no time is specified therein, at the time of its receipt by the Managers.

SECTION 5.03 Vacancies. Any vacancy occurring in any office of the Company may be filled by the Managers.

SECTION 5.04 Compensation. The compensation, if any, of the officers of the Company shall be fixed from time to time by the Managers. Such compensation shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered a fixed Operating Expense of the Company subject to the limitations on such expenses set forth in the Financing Order.

ARTICLE VI

MEMBERSHIP INTEREST

SECTION 6.01 General. "Membership Interest" means the limited liability company interest of the Member in the Company. The Membership Interest constitutes personal property and, subject to Section 6.06, shall be freely transferable and assignable in whole but not in part upon registration of such transfer and assignment on the books of the Company in accordance with the procedures established for such purpose by the Managers of the Company.

SECTION 6.02 Distributions. The Member shall be entitled to receive, out of the assets of the Company legally available therefor, distributions payable in cash in such amounts, if any, as the Managers shall declare, subject to the priority of payment provisions in the Indenture. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to the Member on account of its interest in the Company if such distribution would violate Section 18-607 of the LLC Act or any other applicable law or any Basic Document.

SECTION 6.03 Rights on Liquidation, Dissolution or Winding Up.

(a) In the event of any liquidation, dissolution or winding up of the Company, the Member shall be entitled to all remaining assets of the Company available for distribution to the Member after satisfaction (whether by payment or reasonable provision for payment) of all liabilities, debts and obligations of the Company.

(b) Neither the sale of all or substantially all of the property or business of the Company, nor the merger or consolidation of the Company into or with another Person or other entity, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purpose of this Section 6.03.

SECTION 6.04 Redemption. The Membership Interest shall not be redeemable.

SECTION 6.05 Voting Rights. Subject to the terms of this Agreement, the Member shall have the sole right to vote (or consent) on all matters as to which members of a limited liability company shall be entitled to vote (or consent) pursuant to the LLC Act and other applicable law.

SECTION 6.06 Transfer of Membership Interests.

(a) The Member may transfer its Membership Interest, in whole but not in part, but the transferee shall not be admitted as a Member except in accordance with Section 6.07. Until the transferee is admitted as a Member, the Member shall continue to be the sole member of the Company (subject to Section 1.02) and to be entitled to exercise any rights or powers of a Member of the Company with respect to the Membership Interest transferred.

(b) To the fullest extent permitted by law, any purported transfer of any Membership Interest in violation of the provisions of this Agreement shall be wholly void and shall not effectuate the transfer contemplated thereby. Notwithstanding anything contained herein to the contrary and to the fullest extent permitted by law, the Member may not transfer any Membership Interest in violation of any provision of this Agreement or in violation of any applicable federal or state securities laws.

SECTION 6.07 Admission of Transferee as Member.

(a) A transferee of a Membership Interest desiring to be admitted as a Member must execute a counterpart of, or an agreement adopting, this Agreement and, except as permitted by paragraph (b) below, shall not be admitted without unanimous affirmative vote or consent of the Managers, which vote or consent must include the affirmative vote or consent of each Independent Manager. Upon admission of the transferee as a Member, the transferee shall have the rights, powers and duties and shall be subject to the restrictions and liabilities of the Member under this Agreement and the LLC Act. The transferee shall also be liable, to the extent of the Membership Interest transferred, for the unfulfilled obligations, if any, of the transferor Member to make capital contributions to the Company, but shall not be obligated for liabilities unknown to the transferee at the time such transferee was admitted as a Member and that could not be ascertained from this Agreement. Except as set forth in paragraph (b) below, whether or not the transferee of a Membership Interest becomes a Member, the Member transferring the Membership Interest is not released from any liability to the Company under this Agreement or the LLC Act.

(b) The approval of the Managers, including each Independent Manager, shall not be required for the transfer of the Membership Interest from the Member to any successor pursuant to Section 5.02 of the Sale Agreement or the admission of such Person as a Member. Once the transferee of a Membership Interest pursuant to this paragraph (b) becomes a Member, the prior Member shall cease to be a member of the Company and shall be released from any liability to the Company under this Agreement and the LLC Act.

ARTICLE VII

MANAGERS

SECTION 7.01 Managers.

(a) Subject to Sections 1.07, 1.08 and 4.01, the business and affairs of the Company shall be managed by or under the direction of two or more Managers designated by the Member. Subject to the terms of this Agreement, the Member may determine at any time in its sole and absolute discretion the number of Managers. Subject in all cases to the terms of this Agreement, the authorized number of Managers may be increased or decreased by the Member at any time in its sole and absolute discretion, upon notice to all Managers; provided, that, except as provided in Section 7.06, from and after the issuance of the Consumer Rate Relief Bonds, the Company shall have at least two Independent Managers at all times during when any Consumer Rate Relief Bonds are outstanding and the Indenture remains in full force and effect (and otherwise in accordance with the Indenture). The initial number of Managers shall be four, two of which shall be Independent Managers. Each Manager designated by the Member shall hold office until a successor is elected and qualified or until such Manager's earlier death, resignation, expulsion or removal. Each Manager shall execute and deliver the Management Agreement in the form attached hereto as Exhibit A. Managers need not be a Member. The initial Managers designated by the Member are listed on Schedule B hereto.

(b) Each Manager shall be designated by the Member and shall hold office for the term for which designated and until a successor has been designated.

(c) Except as otherwise provided in Section 7.02 with respect to an Independent Manager, the Managers shall be obliged to devote only as much of their time to the Company's business as shall be reasonably required in light of the Company's business and objectives. Subject to Section 7.02, each Manager shall perform his or her duties as a Manager in good faith, in a manner he or she reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent Person in a like position would use under similar circumstances.

(d) Except as otherwise provided in this Agreement, the Managers shall act by the affirmative vote or consent of a majority of the Managers. Notwithstanding the foregoing or any contrary provision of this Agreement, the vote or consent of each Independent Manager shall only be required for actions of the Managers with respect to which the terms of this Agreement expressly require the consent of an Independent Manager, including without limitation, as expressly required in Section 1.02(c), Section 1.08(b), Section 1.08(c), Section 1.08(g), Section 6.07(a), Section 9.02(a) and Section 11.02(a), and any other actions of the Managers shall be taken, and a quorum of the Managers shall be calculated, as if each Independent Manager is not a Manager. Each Manager (other than the Independent Manager) shall have the authority to sign duly authorized agreements and other instruments on behalf of the Company without the joinder of any other Manager.

(e) Subject to the terms of this Agreement, any action may be taken by the Managers without a meeting and without prior notice if authorized by the written consent of a majority of the Managers (or such greater number as is required by this Agreement), which written consent shall be filed with the records of the Company.

(f) Every Manager is an agent of the Company for the purpose of its business, and the act of every Manager, including the execution in the Company name of any instrument for carrying on the business of the Company, binds the Company, unless such act is in contravention of this Agreement or unless the Manager so acting otherwise lacks the authority to act for the Company and the Person with whom he or she is dealing has knowledge of the fact that he or she has no such authority.

(g) To the extent permitted by law, the Managers shall not be personally liable for the Company's debts, obligations or liabilities.

SECTION 7.02 Powers of the Managers.

(a) Subject to the terms of this Agreement, the Managers shall have the right and authority to take all actions which the Managers deem incidental, necessary, suitable or convenient for the day-to-day management and conduct of the Company's business.

(b) Each Independent Manager may not delegate their duties, authorities or responsibilities hereunder. If any Independent Manager resigns, dies or becomes incapacitated, or such position is otherwise vacant, no action requiring the unanimous affirmative vote or consent of the Managers shall be taken until a successor Independent Manager is appointed by the Member and qualifies and approves such action.

(c) To the fullest extent permitted by law, including Section 18-1101(c) of the LLC Act, and notwithstanding any duty otherwise existing at law or in equity, the Independent Managers shall consider only the interests of the Company, including its creditors, in acting or otherwise voting on the matters referred to in Section 1.08. Except for duties to the Company as set forth in the immediately preceding sentence (including duties to the Member and the Company's creditors solely to the extent of their respective economic interests in the Company but excluding (i) all other interests of the Member, (ii) the interests of other Affiliates of the Company, and (iii) the interests of any group of Affiliates of which the Company is a part), the Independent Managers shall not have any fiduciary duties to the Member, any Manager or any other Person bound by this Agreement; provided, however, the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing. To the fullest extent permitted by law, including Section 18-1101(e) of the LLC Act, an Independent Manager shall not be liable to the Company, the Member or any other Person bound by this Agreement for breach of contract or breach of duties (including fiduciary duties), unless the Independent Manager acted in bad faith or engaged in willful misconduct.

(d) No Independent Manager shall at any time serve as trustee in bankruptcy for any Affiliate of the Company.

(e) Subject to the terms of this Agreement, the Managers may exercise all powers of the Company and do all such lawful acts and things as are not prohibited by the LLC Act, other applicable law or this Agreement directed or required to be exercised or done by the Member. All duly authorized instruments, contracts, agreements and documents providing for the acquisition or disposition of property of the Company shall be valid and binding on the Company if executed by one or more of the Managers.

(f) Notwithstanding the terms of Section 7.01, 7.07 or 7.09 or any provision of this Agreement to the contrary, (x) no meeting or vote or consent with respect to any action described in clauses (b), (c) or (g) of Section 1.08 or any amendment to any of the Special Purpose Provisions (as hereinafter defined) shall be conducted unless each Independent Manager is present and (y) neither the Company nor the Member, any Manager or any officer on behalf of the Company shall (i) take any action described in clauses (b), (c) or (g) of Section 1.08 unless each Independent Manager has consented thereto or (ii) adopt any amendment to any of the Special Purpose Provisions unless each Independent Manager has consented thereto. The vote or consent of an Independent Manager with respect to any such action or amendment shall not be dictated by the Member or any other Manager or officer of the Company.

SECTION 7.03 Compensation; Reimbursement of Expenses.

(a) The Company shall pay the Independent Managers, collectively, an annual fee in an amount equal to $1,500 per year or such other amount as shall be determined from time to time by the Managers other than the Independent Managers (the "Independent Manager Fee"). Such fees shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered a fixed Operating Expense of the Company subject to the limitations on such expenses set forth in the Financing Order. Each Manager, including each Independent Manager, is hereby deemed to be a "manager" within the meaning 18-101(12) of the LLC Act.

(b) To the extent permitted by applicable law, the Company may reimburse any Manager, directly or indirectly, for out-of-pocket expenses incurred by such Manager in connection with his or her services rendered to the Company. Such reimbursement shall be determined by the Managers without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered a fixed Operating Expense of the Company subject to the limitations on such expenses set forth in the Financing Order.

SECTION 7.04 Removal of Managers.

(a) Subject to Section 4.01, the Member may remove (i) any Manager, other than an Independent Manager, with or without cause at any time and (ii) any Independent Manager with Cause at any time, in each case whether at a meeting called expressly for that purpose or by any other method allowed for Member action.

(b) Subject to Sections 4.01 and 7.05, any removal of a Manager shall become effective on such date as may be specified by the Member and in a notice delivered to any remaining Managers or the Manager designated to replace the removed Manager (except that it shall not be effective on a date earlier than the date such notice is delivered to the remaining Managers or the Manager designated to replace the removed Manager). Should a Manager be removed who is also the Member, the Member shall continue to participate in the Company as the Member and receive its share of the Company's income, gains, losses, deductions and credits pursuant to this Agreement.

SECTION 7.05 Resignation of Manager. A Manager other than an Independent Manager may resign as a Manager at any time by thirty (30) days' prior notice to the Member. An Independent Manager may not withdraw or resign as a Manager of the Company without the consent of the Member. No resignation or removal of an Independent Manager, and no appointment of a successor Independent Manager, shall be effective until such successor (i) shall have accepted his or her appointment as an Independent Manager by a written instrument, which may be a counterpart signature page to the Management Agreement, and (ii) shall have executed a counterpart to this Agreement.

SECTION 7.06 Vacancies. Subject to Section 4.01, any vacancies among the Managers may be filled by the Member. In the event of a vacancy in the position of an Independent Manager, the Member shall, as soon as practicable, appoint a successor Independent Manager. Notwithstanding anything to the contrary contained in this Agreement, no Independent Manager shall be removed or replaced unless the Company provides the Indenture Trustee with no less than two (2) Business Days' prior written notice of (a) any proposed removal of such Independent Manager, and (b) the identity of the proposed replacement Independent Manager, together with a certification that such replacement Independent Manager satisfies the requirements for an Independent Manager set forth in this Agreement.

SECTION 7.07 Meetings of the Managers. The Managers may hold meetings, both regular and special, within or outside the State of Delaware. Regular meetings of the Managers may be held without notice at such time and at such place as shall from time to time be determined by the Managers. Special meetings of the Managers may be called by the President on not less than one day's notice to each Manager by telephone, facsimile, mail, email or any other means of communication, and special meetings shall be called by the President or Secretary in like manner and with like notice upon the written request of any one or more of the Managers.

SECTION 7.08 Electronic Communications. The Managers, or any committee designated by the Managers, may participate in meetings of the Managers, or any committee, by means of telephone or video conference, internet conferencing software or similar communications equipment that allows all Persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in Person at the meeting. If all the participants are participating by telephone or video conference, internet conferencing software or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

SECTION 7.09 Committees of Managers.

(a) The Managers may, by resolution passed by a majority of the Managers, designate one or more committees, each committee to consist of one or more of the Managers. The Managers may designate one or more Managers as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

(b) In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another Manager to act at the meeting in the place of any such absent or disqualified member.

(i) Any such committee, to the extent provided in a resolution of the Managers, shall have and may exercise all the powers and authority of the Managers in the management of the business and affairs of the Company. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Managers. Each committee shall keep regular minutes of its meetings and report the same to the Managers when required.

SECTION 7.10 Limitations on Independent Managers. All rights, powers and authority of each Independent Manager shall be limited to the extent necessary to exercise those rights and perform those duties specifically set forth in this Agreement.

ARTICLE VIII

EXPENSES

SECTION 8.01 Expenses. Except as otherwise provided in this Agreement or the other Basic Documents, the Company shall be responsible for all expenses and the allocation thereof including without limitation:

(a) all expenses incurred by the Member or its Affiliates in organizing the Company;

(b) all expenses related to the business of the Company and all routine administrative expenses of the Company, including the maintenance of books and records of the Company, the preparation and dispatch to the Member of checks, financial reports, tax returns and notices required pursuant to this Agreement;

(c) all expenses incurred in connection with any litigation or arbitration involving the Company (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith;

(d) all expenses for indemnity or contribution payable by the Company to any Person;

(e) all expenses incurred in connection with the collection of amounts due to the Company from any Person;

(f) all expenses incurred in connection with the preparation of amendments to this Agreement;

(g) all expenses incurred in connection with the liquidation, dissolution and winding up of the Company; and

(h) all expenses otherwise allocated in good faith to the Company by the Managers.

ARTICLE IX

PERPETUAL EXISTENCE; DISSOLUTION, LIQUIDATION AND WINDING-UP

SECTION 9.01 Existence.

(a) The Company shall have a perpetual existence, unless dissolved in accordance with this Agreement. So long as any of the Consumer Rate Relief Bonds are outstanding, the Member shall not be entitled to consent to the dissolution of the Company.

(b) Notwithstanding any provision of this Agreement, the Bankruptcy of the Member or Special Member will not cause such Member or Special Member, respectively, to cease to be a member of the Company, and upon the occurrence of such an event, the business of the Company shall continue without dissolution. For purposes of this Section 9.01(b), "Bankruptcy" means, with respect to any Person (A) if such Person (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudged a bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceedings, (iv) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, or (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Person or of all or any substantial part of its properties, or (B) if 120 days after the commencement of any proceeding against the Person seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, the proceeding has not been dismissed or if within 90 days after the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated. The foregoing definition of "Bankruptcy" is intended to replace and shall supersede and replace the definition of "Bankruptcy" set forth in Sections 18-101(1) and 18-304 of the LLC Act. Upon the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company or that causes the Member to cease to be a member of the Company (other than a continuation of the Company without dissolution upon an assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee pursuant to Sections 6.06 and 6.07), to the fullest extent permitted by law, the personal representative of such member is hereby authorized to, and shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of such member in the Company, agree in writing (i) to continue the Company and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of the Company, effective as of the occurrence of the event that terminated the continued membership of the last remaining member of the Company or the Member in the Company.

SECTION 9.02 Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the occurrence of the earliest of the following events:

(a) subject to Section 1.08, the election to dissolve the Company made in writing by the Member and each Manager, including each Independent Manager, as permitted under the Basic Documents and after the discharge in full of the Consumer Rate Relief Bonds;

(b) the termination of the legal existence of the last remaining member of the Company or the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company unless the business of the Company is continued without dissolution in a manner permitted by the LLC Act or this Agreement; or

(c) the entry of a decree of judicial dissolution of the Company pursuant to Section 18-802 of the LLC Act.

SECTION 9.03 Accounting. In the event of the dissolution, liquidation and winding-up of the Company, a proper accounting shall be made of the Capital Account of the Member and of the net income or net loss of the Company from the date of the last previous accounting to the date of dissolution.

SECTION 9.04 Certificate of Cancellation. As soon as possible following the occurrence of any of the events specified in Section 9.02 and the completion of the winding up of the Company, the Person winding up the business and affairs of the Company, as an authorized person, shall cause to be executed a Certificate of Cancellation of the Certificate of Formation and file the Certificate of Cancellation of the Certificate of Formation as required by the LLC Act.

SECTION 9.05 Winding Up. Upon the occurrence of any event specified in Section 9.02, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Member, or if there is no Member, the Managers, shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the liabilities of the Company and its assets, shall either cause its assets to be sold or distributed, and if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 9.06.

SECTION 9.06 Order of Payment of Liabilities Upon Dissolution. After determining that all debts and liabilities of the Company, including all contingent, conditional or unmatured liabilities of the Company, in the process of winding-up, including, without limitation, debts and liabilities to the Member in the event it is a creditor of the Company to the extent otherwise permitted by law, have been paid or adequately provided for, the remaining assets shall be distributed in cash or in kind to the Member.

SECTION 9.07 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, the Member shall only be entitled to look solely to the assets of the Company for the return of its positive Capital Account balance and shall have no recourse for its Capital Contribution and/or share of net income (upon dissolution or otherwise) against any Manager.

SECTION 9.08 Limitation on Liability. Except as otherwise provided by the LLC Act and except as otherwise characterized for tax and financial reporting purposes, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member or Manager shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or a Manager.

ARTICLE X

INDEMNIFICATION

SECTION 10.01 Indemnity. Subject to the provisions of Section 10.04 hereof, to the fullest extent permitted by law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the Company, by reason of the fact that such Person is or was a Manager, Member, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, partnership, corporation, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such Person in connection with the action, suit or proceeding if such Person acted in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal action or proceeding, had no reasonable cause to believe such Person's conduct was unlawful; provided that such Person shall not be entitled to indemnification if such judgment, penalty, fine or other expense was directly caused by such Person's fraud, gross negligence or willful misconduct or, in the case of an Independent Manager, bad faith or willful misconduct.

SECTION 10.02 Indemnity for Actions By or In the Right of the Company. Subject to the provisions of Section 10.04 hereof, to the fullest extent permitted by law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the rights of the Company to procure a judgment in its favor by reason of the fact that such Person is or was a Member, Manager, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by such Person in connection with the defense or settlement of the actions or suit if such Person acted in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company; provided that such Person shall not be entitled to indemnification if such judgment, penalty, fine or other expense was directly caused by such Person's fraud, gross negligence or willful misconduct or, in the case of an Independent Manager, bad faith or willful misconduct. Indemnification may not be made for any claim, issue or matter as to which such Person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Company or for amounts paid in settlement to the Company, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the Person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

SECTION 10.03 Indemnity If Successful. To the fullest extent permitted by law, the Company shall indemnify any Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise against expenses, including reasonable attorneys' fees, actually and reasonably incurred by him or her in connection with the defense of any action, suit or proceeding referred to in Sections 10.01 and 10.02 or in defense of any claim, issue or matter therein, to the extent that such Person has been successful on the merits.

SECTION 10.04 Expenses. Any indemnification under Sections 10.01 and 10.02, as well as the advance payment of expenses permitted under Section 10.05 unless ordered by a court or advanced pursuant to Section 10.05 below, must be made by the Company only as authorized in the specific case upon a determination that indemnification of the Manager, Member, officer, controlling Person, legal representative or agent is proper in the circumstances. The determination must be made:

(a) by the Member if the Member was not a party to the act, suit or proceeding; or

(b) if the Member was a party to the act, suit or proceeding by independent legal counsel in a written opinion.

SECTION 10.05 Advance Payment of Expenses. The expenses of each Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of such Person to repay the amount if it is ultimately determined by a court of competent jurisdiction that such Person is not entitled to be indemnified by the Company. The provisions of this Section 10.05 shall not affect any rights to advancement of expenses to which personnel other than the Member or the Managers (other than each Independent Manager) may be entitled under any contract or otherwise by law.

SECTION 10.06 Other Arrangements Not Excluded. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article X:

(a) does not exclude any other rights to which a Person seeking indemnification or advancement of expenses may be entitled under any agreement, decision of the Member or otherwise, for either an action of any Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, in the official capacity of such Person or an action in another capacity while holding such position, except that indemnification and advancement, unless ordered by a court pursuant to Section 10.05 above, may not be made to or on behalf of such Person if a final adjudication established that its acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and were material to the cause of action; and

(b) continues for a Person who has ceased to be a Member, Manager, officer, legal representative or agent and inures to the benefit of the successors, heirs, executors and administrators of such a Person.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.01 No Bankruptcy Petition; Dissolution.

(a) To the fullest extent permitted by law, the Member, each Special Member and each Manager hereby covenant and agree (or shall be deemed to have hereby covenanted and agreed) that, prior to the date which is one year and one day after the termination of the Indenture and the payment in full of the Consumer Rate Relief Bonds and any other amounts owed under the Indenture, it will not acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company; provided, however, that nothing in this Section 11.01 shall constitute a waiver of any right to indemnification, reimbursement or other payment from the Company pursuant to this Agreement. This Section 11.01 is not intended to apply to the filing of a voluntary bankruptcy petition on behalf of the Company which is governed by Section 1.08 of this Agreement.

(b) To the fullest extent permitted by law, the Member, each Special Member and each Manager hereby covenants and agrees (or shall be deemed to have hereby covenanted and agreed) that, until the termination of the Indenture and the payment in full of the Consumer Rate Relief Bonds and any other amounts owed under the Indenture, the Member, such Special Member and such Manager will not consent to, or make application for, or institute or maintain any action for, the dissolution of the Company under Section 18-801 or 18-802 of the LLC Act or otherwise.

(c) In the event that the Member, any Special Member or any Manager takes action in violation of this Section 11.01, the Company agrees that it shall file an answer with the court or otherwise properly contest the taking of such action and raise the defense that the Member, the Special Member or Manager, as the case may be, has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert.

(d) The provisions of this Section 11.01 shall survive the termination of this Agreement and the resignation, withdrawal or removal of the Member, any Special Member or any Manager. Nothing herein contained shall preclude participation by the Member, any Special Member or a Manager in assertion or defense of its claims in any such proceeding involving the Company.

SECTION 11.02 Amendments.

(a) The power to alter, amend or repeal this Agreement shall be only with the written consent of the Member, provided, that:

(i) the Company shall not alter, amend or repeal any provision of Sections 1.02(b) and (c), 1.05, 1.07, 1.08, 3.01(b), 3.02, 4.01, 6.06, 6.07, 7.01, 7.02, 7.04, 7.05, 7.06, 7.10, 9.01, 9.02, 11.02, 11.03 and 11.08 of this Agreement or the definition of "Independent Manager" contained herein or the requirement that at all times after the issuance of the Consumer Rate Relief Bonds the Company have at least two Independent Managers during when any Consumer Rate Relief Bonds are outstanding and the Indenture remains in full force and effect (and otherwise in accordance with the Indenture) (collectively, the "Special Purpose Provisions") without, in each case, the affirmative vote or consent of a majority of the Managers, which vote or consent must include the affirmative vote of each Independent Manager; and

(ii) the Company may amend Sections 5.04, and 7.03 of this Agreement.

So long as any of the Consumer Rate Relief Bonds are outstanding, the Company and the Member shall give written notice to each applicable Rating Agency and to the Indenture Trustee of any amendment to this Agreement. The effectiveness of any amendment of the Special Purpose Provisions shall be subject to the Rating Agency notice conditions set forth in the Basic Documents (other than an amendment which is necessary: (i) to cure any ambiguity or (ii) to correct or supplement any such provision in a manner consistent with the intent of this Agreement).

(b) The Company's power to alter or amend the Certificate of Formation shall be vested in the Member. Upon obtaining the approval of any amendment, supplement or restatement as to the Certificate of Formation, the Member on behalf of the Company shall cause a Certificate of Amendment or Amended and Restated Certificate of Formation to be prepared, executed and filed in accordance with the LLC Act.

(c) Notwithstanding anything in this Agreement to the contrary, including Sections 11.02(a) and (b), unless and until any Consumer Rate Relief Bonds have been issued and remain outstanding, the Member may, without the need for any consent or action of, or notice to, any other Person, including any Manager, any officer, the Indenture Trustee or any Rating Agency, alter, amend or repeal this Agreement in any manner.

SECTION 11.03 Commission Condition. Notwithstanding anything to the contrary in Section 11.02, no amendment or modification of Sections 4.02, 5.04 or 7.03 of this Agreement that would result in an increase to Ongoing Financing Costs shall be effective unless the process set forth in this Section 11.03 has been followed.

(a) At least thirty-one (31) days prior to the effectiveness of any such amendment or modification and after obtaining the other necessary approvals set forth in Section 11.02 above (except that the consent of the Indenture Trustee shall be subject to the written consent of Bondholders in connection with such amendment or modification), the Member shall have delivered to the Commission's executive secretary and general counsel written notification of any proposed amendment or modification, which notification shall contain:

(i) a reference to Case No. 25-0310-E-PC;

(ii) an Officer's Certificate stating that the proposed amendment or modification has been approved by all parties to this Agreement; and

(iii) a statement identifying the person to whom the Commission or its authorized representative is to address any response to the proposed amendment or modification or to request additional time.

(b) The Commission or its authorized representative shall, within thirty (30) days after receiving the notification complying with Section 11.03(a) above, either:

(i) provide notice of its determination that the proposed amendment or modification will not under any circumstances have the effect of increasing the Ongoing Financing Costs related to the Consumer Rate Relief Bonds,

(ii) provide notice of its consent or lack of consent to the person specified in Section 11.03(a)(iii) above, or

(iii) be conclusively deemed to have consented to the proposed amendment or modification,

unless, within thirty (30) days of receiving the notification complying with Section 11.03(a) above, the Commission or its authorized representative delivers to the office of the person specified in Section 11.03(a)(iii) above a written statement requesting an additional amount of time not to exceed thirty (30) days in which to consider whether to consent to the proposed amendment or modification. If the Commission or its authorized representative requests an extension of time in the manner set forth in the preceding sentence, then the Commission shall either provide notice of its consent or lack of consent or notice of its determination that the proposed amendment or modification will not under any circumstances increase Ongoing Financing Costs to the person specified in Section 11.03(a)(iii) above no later than the last day of such extension of time or be conclusively deemed to have consented to the proposed amendment or modification on the last day of such extension of time. Any amendment or modification requiring the consent of the Commission shall become effective on the later of (i) the date proposed by the parties to such amendment or modification and (ii) the first day after the expiration of the thirty (30) day period provided for in this Section 11.03(b), or, if such period has been extended pursuant hereto, the first day after the expiration of such period as so extended.

(c) Following the delivery of a notice to the Commission by the Member under Section 11.03(a) above, the Member shall have the right at any time to withdraw from the Commission further consideration of any notification of a proposed amendment or modification. Such withdrawal shall be evidenced by the prompt written notice thereof by the Member to the Commission, the Indenture Trustee, each Independent Manager and the Servicers.

(d) For the purpose of this Section 11.03, an "authorized representative" of the Commission means any person authorized to act on behalf of the Commission.

(e) In no event shall the Indenture Trustee be responsible or liable to any Person bound by this Agreement for determining if an amendment or modification of this Agreement would result in an Ongoing Financing Cost, nor shall the Indenture Trustee be charged with monitoring or satisfying the requirements of this Section 11.03.

SECTION 11.04 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.05 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.06 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.07 Assigns. Each and all of the covenants, terms, provisions and agreements contained in this Agreement shall be binding upon and inure to the benefit of the Member, and its permitted successors and assigns.

SECTION 11.08 Enforcement by Each Independent Manager. Notwithstanding any other provision of this Agreement, the Member agrees that this Agreement constitutes a legal, valid and binding agreement of the Member, and is enforceable against the Member by each Independent Manager in accordance with its terms.

SECTION 11.09 Waiver of Partition; Nature of Interest. Except as otherwise expressly provided in this Agreement, to the fullest extent permitted by law, each of the Member and the Special Members hereby irrevocably waives any right or power that such Person might have to cause the Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Company, to compel any sale of all or any portion of the assets of the Company pursuant to any applicable law or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up or termination of the Company. The Member shall not have any interest in any specific assets of the Company, and the Member shall not have the status of a creditor with respect to any distribution pursuant to this Agreement.

SECTION 11.10 Benefits of Agreement; No Third-Party Rights. Except for the Indenture Trustee with respect to the Special Purpose Provisions and Persons entitled to indemnification hereunder, none of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Company or by any creditor of the Member or Special Member. Nothing in this Agreement shall be deemed to create any right in any Person (other than the Indenture Trustee with respect to the Special Purpose Provisions and Persons entitled to indemnification hereunder) not a party hereto, and this Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third Person.

SECTION 11.11 Notices to Indenture Trustee and Rating Agencies. Any notice or other communication required to be given hereunder to the Indenture Trustee or a Rating Agency shall be in writing and addressed to the notice address specified in the Indenture for the Indenture Trustee or such Rating Agency, as applicable.

SECTION 11.12 Electronic Signatures. Each party hereto agrees that this Agreement may be electronically signed, that any digital or electronic signatures appearing on this Agreement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Agreement may be made by facsimile, email or other electronic transmission. (including via DocuSign or other similar method).

(*Signatures follow.*)

IN WITNESS WHEREOF, this Agreement is hereby executed by the undersigned as the sole Member of the Company and is effective as of the date first written above.

APPALACHIAN POWER COMPANY

By: /s/ Franz D. Messner
Name: Franz D. Messner
Title: Assistant Treasurer

ACKNOWLEDGED AND AGREED:

Matthew D. Fransen,
as Manager

/s/ Matthew D. Fransen

Franz D. Messner,
as Manager

/s/ Franz D. Messner

Sean Emerick,
as Independent Manager

/s/ Sean Emerick

William Bleier,
as Independent Manager

/s/ William Bleier

SCHEDULE A

SCHEDULE OF CAPITAL CONTRIBUTIONS OF MEMBER

MEMBER'S NAME	CAPITAL CONTRIBUTION	MEMBERSHIP INTEREST PERCENTAGE	CAPITAL ACCOUNT
Appalachian Power Company	$ 100	100%	$ 100

SCHEDULE A

SCHEDULE B

INITIAL MANAGERS

1. Matthew D. Fransen
2. Franz D. Messner
3. Sean Emerick
4. William Bleier

SCHEDULE B

SCHEDULE C

INITIAL OFFICERS

Name	Office
Matthew D. Fransen	President
Franz D. Messner	Vice President and Treasurer
Heather M. Whitney	Controller and Chief Accounting Officer
David C. House	Vice President and Secretary
Marc B. Hunter	Assistant Treasurer
Ryan F. Aguiar	Assistant Secretary

SCHEDULE C

EXHIBIT A

MANAGEMENT AGREEMENT

[*Insert Date*]

Appalachian Consumer Rate Relief Funding II LLC
200 Association Drive, 02
Charleston, West Virginia 25311

Re: Management Agreement — Appalachian Consumer Rate Relief Funding II LLC

Ladies and Gentlemen:

For good and valuable consideration, each of the undersigned Persons, who have been designated as managers of Appalachian Consumer Rate Relief Funding II LLC, a Delaware limited liability company (the "Company"), in accordance with the Amended and Restated Limited Liability Company Agreement of the Company, dated as of October 27, 2026 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "LLC Agreement"), hereby agree as follows:

1. Each of the undersigned accepts such Person's rights and authority as a Manager under the LLC Agreement and agrees to perform and discharge such Person's duties and obligations as a Manager under the LLC Agreement, and further agrees that such rights, authorities, duties and obligations under the LLC Agreement shall continue until such Person's successor as a Manager is designated or until such Person's resignation or removal as a Manager in accordance with the LLC Agreement. Each of the undersigned agrees and acknowledges that he or she has been designated as a "manager" of the Company within the meaning of the Delaware Limited Liability Company Act.

2. Until one year and one day has passed since the date that the last obligation under the Basic Documents was paid, to the fullest extent permitted by law, each of the undersigned agrees, solely in his or her capacity as a creditor of the Company on account of any indemnification or other payment owing to the undersigned by the Company, not to acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or governmental authority for the purpose of commencing or sustaining a case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company.

3. THIS MANAGEMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, AND ALL RIGHTS AND REMEDIES SHALL BE GOVERNED BY SUCH LAWS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Capitalized terms used and not otherwise defined herein have the meanings set forth in the LLC Agreement.

This Management Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Management Agreement and all of which together shall constitute one and the same instrument. Each party hereto agrees that this Management Agreement may be electronically signed, that any digital or electronic signatures appearing on this Management Agreement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Management Agreement may be made by facsimile, email or other electronic transmission (including via DocuSign or other similar method).

(*Signatures follow*.)

IN WITNESS WHEREOF, the undersigned have executed this Management Agreement as of the day and year first above written.

[*Name of Manager*]

[*Name of Manager*]

[*Name of Independent Manager*]

[*Name of Independent Manager*]

EXHIBIT A

APPENDIX A

DEFINITIONS

As used in this Agreement, the following terms have the following meanings:

"Administration Agreement" means the administration agreement to be entered into between the Company and the Administrator pursuant to which the Administrator will provide certain management services to the Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Administrator" means APCo, as the initial "Administrator" under the Administration Agreement, or any successor "Administrator" to the extent permitted under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"APCo" means Appalachian Power Company, a Virginia corporation, and any of its successors or permitted assigns.

"Bankruptcy" is defined in Section 9.01(b) of this Agreement.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.), as amended from time to time.

"Basic Documents" means the Indenture, the Administration Agreement, the Sale Agreement, the Bill of Sale, the Certificate of Formation, this Agreement, the Servicing Agreement, the Intercreditor Agreements, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

"Bill of Sale" means the bill of sale given by APCo, as Seller, in connection with the sale of the CRR Property pursuant to the Sale Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Bondholder" means the Person in whose name a Consumer Rate Relief Bond is registered.

"Capital Account" is defined in Section 2.03 of this Agreement.

"Capital Contribution" is defined in Section 2.01 of this Agreement.

"Cause" means, with respect to an Independent Manager, (i) acts or omissions by such Independent Manager that constitute willful disregard of, or willful misconduct, bad faith or gross negligence with respect to, such Independent Manager's duties under or in connection with this Agreement, (ii) that such Independent Manager has engaged in or has been charged with or has been indicted or convicted for any crime or crimes of fraud or other acts constituting a crime under any law applicable to such Independent Manager, (iii) that such Independent Manager has breached its fiduciary duties of loyalty or care as and to the extent of such duties in accordance with the terms of the Company's organizational documents, (iv) there is a material increase in the fees charged by such Independent Manager or a material change to such Independent Manager's terms of service, (v) such Independent Manager is unable to perform his or her duties as Independent Manager due to death, disability, incapacity or other cause, or (vi) such Independent Manager no longer meets the criteria specified in the definition of Independent Manager.

"Certificate of Formation" means the Certificate of Formation of the Company filed with the Secretary of State of the State of Delaware on August 19, 2025 pursuant to which the Company was formed, as amended and/or amended and restated from time to time.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commission" means the Public Service Commission of West Virginia, or any Governmental Authority succeeding to the duties of such agency.

"Company" has the meaning set forth in the preamble to this Agreement.

"Consumer Rate Relief Bonds" means the Consumer Rate Relief Bonds authorized by the Financing Order and issued under the Indenture.

"CRR Bond Collateral" means the Consumer Rate Relief Property and related properties and rights of the Company, including, without limitation, the Company's rights, title and interest in, to and under the Sale Agreement, certain deposit accounts and securities accounts, including the Joint Collection Account and the Payment Account, and the other collateral specified in the Indenture and the series supplement thereto, all of which are encumbered by the Company as collateral for the Consumer Rate Relief Bonds.

"CRR Charge" means any "consumer rate relief charge" (as defined in Section 24-2-4h(b)(7) of the Securitization Law) that is authorized by the Financing Order to be imposed, charged and collected from customers of APCo and WPCo or any of their respective successors by the Company (as assignee of APCO's interest in the CRR Property).

"CRR Property" means APCO's interest in the "consumer rate relief property" (as defined in Section 24-2-4h(b)(9) of the Securitization Law) that is created pursuant to the Financing Order and under the Securitization Law, and that is transferred, sold, conveyed or assigned to the Company, including the right to impose, charge and collect the CRR Charges authorized in the Financing Order from customers of APCo and WPCo or any of their respective successors and the right to obtain adjustments to the CRR Charges, and any revenues, receipts, collections, rights to payment, payments, moneys, claims or other proceeds arising from the rights and interests of APCo created under the Financing Order.

"CRR Property Intercreditor Agreement" means the CRR Property Intercreditor Agreement to be entered into by and among the Company, the WPCo Issuer, APCo, WPCo, the Indenture Trustee, the WPCo Indenture Trustee and U.S. Bank National Association, as securities intermediary, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Financing Order" means the Commission Order issued by the Commission in Case No. 25-0310-E-PC on March 31, 2026, as modified by the West Virginia Commission order issued on July 21, 2026, in Case No. 26-0469-E-ENEC.

"Governmental Authority" means any nation or government, any federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Indenture" means the Indenture to be entered into between the Company and the Indenture Trustee authorizing the issuance of the Consumer Rate Relief Bonds, as originally executed and, as from time to time supplemented or amended by any supplements or indentures supplemental thereto entered into pursuant to the applicable provisions of the Indenture, as so supplemented or amended, or both, and shall include the forms and terms of the Consumer Rate Relief Bonds established thereunder.

"Indenture Trustee" means a third-party financial company or bank to be designated as indenture trustee under the Indenture for the benefit of the Secured Parties, or any successor indenture trustee under the Indenture.

"Independent Manager" is defined in Section 4.01(a) of this Agreement.

"Independent Manager Fee" is defined in Section 4.01(a) of this Agreement.

"Intercreditor Agreements" means the CRR Property Intercreditor Agreement and the Receivables Intercreditor Agreement.

"Joint Collection Account" means the joint account of the Company and the WPCo Issuer to be established and maintained in accordance with the Indenture, the Servicing Agreement and the CRR Property Intercreditor Agreement, and any subaccounts contained therein.

"Letter of Representations" means any applicable agreement between the Company and an organization registered as a "clearing agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, pertaining to the Consumer Rate Relief Bonds, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"LLC Act" means the Delaware Limited Liability Company Act (6 Del. C. §18-101, et seq., as amended.

"Manager" means each manager, including any Independent Manager, of the Company under this Agreement.

"Member" has the meaning set forth in the preamble to this Agreement.

"Membership Interest" is defined in Section 6.01 of this Agreement.

"Officer's Certificate" means a certificate signed by a Manager or duly authorized officer of the Company.

"Ongoing Financing Cost" means the costs of servicing the Consumer Rate Relief Bonds over their life allowed to be recovered as a component of CRR Charges under the Financing Order.

"Operating Expenses" means all unreimbursed fees, costs and expenses of the Company, including all amounts owed by the Company to the Indenture Trustee or the applicable securities intermediary (including indemnities, legal fees and expenses) or any Manager, the servicing fee, the administration fee, reimbursable expenses, the Independent Manager Fee and any other fees relating to the Consumer Rate Relief Bonds payable by the Company to the Independent Managers, administrative expenses, including legal and accounting fees, Rating Agency fees, any franchise fees, license fees or other taxes owed by the Company, including any imposed on CRR Charges or on investment income in the Joint Collection Account (to the extent of the Company's interest) or on the Payment Account, and any other costs and expenses of the Company, APCo and WPCo specified as being Operating Expenses in the Basic Documents.

"Original LLC Agreement" has the meaning set forth in the preamble to this Agreement.

"Payment Account" means the account established and maintained by the Indenture Trustee in connection with the Indenture, and any subaccounts contained therein.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Rating Agency" with respect to the Consumer Rate Relief Bonds, means each of Moody's Investors Service, Inc. and S&P Global Ratings, a division of S&P Global Inc., or any successors thereto, which provides a rating with respect to the Consumer Rate Relief Bonds. If no such organization or successor is any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Company, written notice of which designation shall be given to the Indenture Trustee and the Servicers.

"Receivables Intercreditor Agreement" means the Intercreditor Agreement, dated as of September 7, 2022, as amended and restated as of December 9, 2024, by and among AEP Credit, Inc., JPMorgan Chase Bank, N.A., as administrative agent and control agent, and the issuers, servicers and indenture trustees from time to time party thereto, as modified by the Receivables Intercreditor Joinder.

"Receivables Intercreditor Joinder" means the joinder to the Receivables Intercreditor Agreement to be entered into by and among APCo, WPCo, the Company, the WPCo Issuer, the Indenture Trustee, U.S. Bank National Association as indenture trustee for the WPCo Issuer, AEP Credit Inc., and JPMorgan Chase Bank, N.A., as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Sale Agreement" means a sale agreement to be entered into pursuant to which the Seller will sell its rights and interests in the CRR Property to the Company.

"Secured Parties" means the Indenture Trustee, the Bondholders and any credit enhancer described in the Basic Documents.

"Securitization Law" means the Code of West Virginia, 1931, as amended, §24-2-4h, as may be amended from time to time.

"Seller" means APCo, as "Seller" under the Sale Agreement, or any successor "Seller" to the extent permitted under the Sale Agreement.

"Servicers" means APCo and WPCo, each as a Servicer under the Servicing Agreement, or any successor Servicer(s) to the extent permitted under the Servicing Agreement.

"Servicing Agreement" means the servicing agreement to be entered into pursuant to which the Servicers will service the CRR Property on behalf of the Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Special Member" is defined in Section 1.02(b) of this Agreement.

"Special Purpose Provisions" is defined in Section 11.02(a) of this Agreement.

"Treasury Regulations" means the regulations, including proposed or temporary regulations, promulgated under the Code.

"Underwriters" means the underwriters who purchase Consumer Rate Relief Bonds of any tranche from the Company and sell such Consumer Rate Relief Bonds in a public offering.

"Underwriting Agreement" means the Underwriting Agreement, to be entered into, by and among APCo, the representatives of the Underwriters named therein and the Company, as the same may be amended, supplemented or modified from time to time.

"WPCo" means Wheeling Power Company, a West Virginia corporation, and any of its successors or permitted assigns.

"WPCo Indenture Trustee" means a third-party financial company or bank to be designated as indenture trustee under the indenture with respect to the consumer rate relief bonds to be issued by WPCo Issuer, or any successor indenture trustee under such indenture.

"WPCo Issuer" means Wheeling Consumer Rate Relief Funding LLC, a Delaware limited liability company.

Exhibit 5.1

SIDLEY AUSTIN LLP
1000 LOUISIANA STREET
SUITE 5900
HOUSTON, TX 77002
+1 713 495 4500
+1 713 495 7799 FAX

AMERICA • ASIA PACIFIC • EUROPE

October 28, 2026

Appalachian Power Company
1 Riverside Plaza
Columbus, Ohio 43215-2373

Appalachian Consumer Rate Relief Funding II LLC
200 Association Drive, 02
Charleston, West Virginia 25311

Re: Registration Statement on Form SF-1

Ladies and Gentlemen:

We refer to the Registration Statement on Form SF-1 (Registration Nos. 333-299104 and 333-299104-01) and Amendment No. 1 thereto, filed on September 24, 2026 and October 28, 2026, respectively, (as amended, the "Registration Statement") filed by Appalachian Power Company, a Virginia corporation ("Appalachian Power"), and Appalachian Consumer Rate Relief Funding II LLC, a Delaware limited liability company (the "Issuer"), with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration of $1,688,600,000 principal amount of the Issuer's Series 2026-A Senior Secured CRR Bonds (the "Bonds"). The Bonds are to be issued under an Indenture (the "Indenture") to be entered into among the Issuer, U.S. Bank Trust Company, National Association, as indenture trustee (the "Indenture Trustee"), and U.S. Bank National Association, as securities intermediary (the "Securities Intermediary"), the form of which has been filed as an exhibit to the Registration Statement.

This opinion letter is being delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act.

We have examined the Registration Statement, the Indenture and the resolutions adopted by the board of managers of the Issuer relating to the Registration Statement and the issuance of the Bonds by the Issuer. We have also examined originals, or copies of originals certified to our satisfaction, of such agreements, documents, certificates and statements of Appalachian Power and the Issuer and other corporate documents and instruments, and have examined such questions of law, as we have considered relevant and necessary as a basis for this opinion letter. We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of all persons and the conformity with the original documents of any copies thereof submitted to us for examination. As to facts relevant to the opinions expressed herein, we have relied without independent investigation or verification upon, and assumed the accuracy and completeness of, certificates, letters and oral and written statements and representations of public officials and officers and/or managers and other representatives of Appalachian Power and the Issuer.

Based on and subject to the foregoing and the other limitations and qualifications set forth herein, we are of the opinion that the Bonds will be validly issued and binding obligations of the Issuer when:

(i) the Registration Statement, as finally amended, shall have become effective under the Securities Act and the Indenture shall have been qualified under the Trust Indenture Act of 1939, as amended;

(ii) the Indenture shall have been duly executed and delivered by the Issuer, the Indenture Trustee and the Securities Intermediary;

(iii) the Issuer's board of managers or a duly authorized committee thereof shall have duly adopted final resolutions authorizing the issuance and sale of the Bonds as contemplated by the Registration Statement and the Indenture; and

(iv) the Bonds shall have been duly executed by authorized managers of the Issuer and authenticated by the Indenture Trustee, all in accordance with the Indenture and such resolutions and shall have been duly delivered to the purchasers thereof against payment of the agreed consideration therefor.

Our opinion is subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws relating to or affecting creditors' rights generally and to general equitable principles (regardless of whether considered in a proceeding in equity or at law), including concepts of commercial reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief.

This opinion letter is limited to the Limited Liability Company Act of the State of Delaware and the laws of the State of New York (excluding the securities laws of the State of New York). We express no opinion as to the laws, rules or regulations of any other jurisdiction, including, without limitation, the federal laws of the United States of America or any state securities or blue sky laws.

We hereby consent to the filing of this opinion letter as an Exhibit to the Registration Statement and to all references to our Firm included in or made a part of the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act.

Very truly yours,

/s/ Sidley Austin LLP

Exhibit 8.1

SIDLEY

SIDLEY AUSTIN LLP
787 SEVENTH AVENUE
NEW YORK, NY 10019
+1 212 839 5300
+1 212 839 5599 FAX

October 28, 2026

Appalachian Power Company
1 Riverside Plaza
Columbus, Ohio 43215-2373

Appalachian Consumer Rate Relief Funding II LLC
200 Association Drive, 02
Charleston, West Virginia 25311

Re: Appalachian Consumer Rate Relief Funding II LLC

Ladies and Gentlemen:

We have acted as special counsel to Appalachian Power Company, a Virginia corporation ("Appalachian Power"), as co-registrant, and Appalachian Consumer Rate Relief Funding II LLC, a Delaware limited liability company (the "Company"), as issuing entity and co-registrant, in connection with the issuance and registration of $1,688,600,000 aggregate principal amount of the Company's Series 2026-A Senior Secured CRR Bonds (the "Bonds"). In connection therewith, reference is made to the Registration Statement on Form SF-1 (Registration Nos. 333-299104 and 333-299104-01) and Amendment No. 1 thereto, filed by Appalachian Power and the Company on September 24, 2026 and October 28, 2026, respectively, (as amended, the "Registration Statement") with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Bonds will be offered in such manner as described in the form of the prospectus (the "Prospectus") included as part of the Registration Statement. The Bonds are to be issued under an Indenture (the "Indenture") between the Company and U.S. Bank Trust Company, National Association, as indenture trustee, and U.S. Bank National Association, as securities intermediary, to be dated as of the issuance date of the Bonds. Capitalized terms used herein and not otherwise defined are used as defined in the Registration Statement.

In connection with this opinion letter, we have examined the Registration Statement, the Indenture, the Financing Order and the basic documents. We have also examined such certificates, documents and records and have made such examination of law as we have deemed appropriate in order to enable us to render the opinions set forth herein. We have examined and relied upon originals, or copies of originals, certified or otherwise identified to our satisfaction of such records of Appalachian Power and the Company and such agreements, certificates and oral or written statements and representations of public officials, certificates of officers or other representatives of Appalachian Power and the Company and other instruments and examined such questions of law and satisfied ourselves to such matters of fact as we deemed relevant or necessary as a basis

for this opinion letter. In rendering the opinions expressed in this opinion letter, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original documents of any copies thereof submitted to us for examination. As to any facts material to the opinions expressed herein, we have, without independent verification, relied upon statements and representations of officers and other representatives of Appalachian Power and/or the Company or others. In addition, in rendering this opinion letter we have assumed the truth and accuracy of all representations and statements made to us which are qualified as to knowledge or belief, without regard to such qualification.

Based on Rev. Proc. 2005-62, 2005-2 C.B. 507, as modified by Rev. Proc. 2024-15, 2024-12 I.R.B. 717, rulings and judicial decisions under the Internal Revenue Code of 1986, as amended, and the assumptions and representations set forth herein and in the Prospectus and the Registration Statement, and subject to the limitations set forth herein and in the preliminary prospectus, the Prospectus and the Registration Statement, we are of the opinion that for U.S. federal income tax purposes, (1) the Company will not be treated as a taxable entity separate and apart from Appalachian Power (the Company's sole member) and (2) the Bonds will constitute indebtedness of Appalachian Power. This opinion is based on certain representations made by us and Appalachian Power, on the application of current law to the facts as established by the Indenture and other relevant documents and assumes compliance with the Indenture and such other documents as in effect on the date of issuance of the Bonds.

The opinions set forth herein are limited to the U.S. federal income tax matters specifically covered hereby, and we have not been asked to address, nor have we addressed, U.S. federal taxes other than income tax or any other tax consequences regarding the transaction referred to above or any other transaction. The opinions set forth herein are based upon the current provisions of the Internal Revenue Code of 1986, as amended, and Treasury Regulations issued or proposed thereunder, Revenue Rulings and other releases of the Internal Revenue Service and current case law, any of which can change at any time. Any such changes can apply retroactively and modify the legal conclusions on which the opinions set forth herein are based. The opinions set forth herein are given as of the date hereof and we undertake no obligations to supplement this opinion letter if any applicable law changes after such date or if we become aware of any facts that might change the opinions expressed herein after such date or for any other reason.

This opinion letter is furnished to you and is for your use in connection with the issuance of the Bonds described above. This opinion letter may not be relied upon by you for any other purpose or furnished to, assigned to, quoted to or relied upon by any other person, firm or other entity, for any purpose, without our prior written consent, except that this opinion letter may be relied upon by persons entitled to rely on it pursuant to applicable provisions of federal securities law.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, and to the discussion of our opinions under the section captioned "Material U.S. Federal Income Tax Consequences," and under the heading "Legal Matters" in the Prospectus included in the Registration Statement. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Sidley Austin LLP

Exhibit 8.2

JACKSONKELLY PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304.340.1000 • FAX: 304.340.1130
www.jacksonkelly.com

Direct Dial No.: 304-340-1000

October 28, 2026

To Each Person Listed on
the Attached Schedule I

Re: Appalachian Consumer Rate Relief Funding II LLC
$1,688,600,000 Series 2026-A Senior Secured
Consumer Rate Relief Bonds
West Virginia State Tax Opinion

Ladies and Gentlemen:

We have acted as special counsel in the State of West Virginia to Appalachian Power Company, a Virginia corporation ("APCo"), in connection with the issuance of a financing order on March 31, 2026, as modified by a commission order issued on July 21, 2026 (the "Financing Order"), to APCo and Wheeling Power Company, a West Virginia corporation ("WPCo"), by the Public Service Commission of West Virginia (the "PSCWV"); the transfer and sale by APCo of all of its right, title and interest in certain property (the "CRR Property") to Appalachian Consumer Rate Relief Funding II LLC, a Delaware limited liability company (the "Issuer"); and the issuance by the Issuer of its Series 2026-A Senior Secured Consumer Rate Relief Bonds (the "Consumer Rate Relief Bonds"), referred to and described below.

Generally, the CRR Property is a property right created under W. Va. Code § 24-2-4h, et seq. (the "Securitization Law"). The Financing Order authorized the creation, transfer, and sale of the CRR Property, which consists of the irrevocable right of APCo or its assignees to collect certain consumer rate relief charges (the "CRR Charges") from all retail electric service customers of APCo in the State of West Virginia, subject to the limited exceptions set forth in the Financing Order for specified customers. The Consumer Rate Relief Bonds will be secured by a security interest in the CRR Property, together with certain other property of the Issuer.

THE TRANSACTION

On the date of issuance of the Consumer Rate Relief Bonds (the "Closing Date"), APCo will transfer and sell the CRR Property to the Issuer under a CRR Property Purchase and Sale Agreement, dated as of the Closing Date, between APCo and the Issuer, and a related Bill of Sale, dated as of the Closing Date (collectively referred to herein as the "Sale Agreement"), for an amount in cash specified therein ("Proceeds"). APCo and Wheeling Power Company, a West Virginia corporation ("WPCo"), in their capacities as Servicers, and the Issuer will enter into a CRR Property Servicing Agreement, dated as of the Closing Date (the "Servicing Agreement"), under which APCo and WPCo will service the CRR Property. APCo, as Administrator ("Administrator"), will enter into an Administration Agreement with the Issuer, dated as of the Closing Date, under which the Administrator will agree to perform certain administrative services for the Issuer (the "Administration Agreement").

On the Closing Date, the Issuer will issue the Consumer Rate Relief Bonds under the Indenture dated as of the Closing Date, between the Issuer and U.S. Bank Trust Company, National Association, as indenture trustee (the "Indenture Trustee"), as supplemented by the Series Supplement dated as of the Closing Date, between the Issuer and the Indenture Trustee (the Indenture and Series Supplement collectively referred to herein as the "Indenture").

Pursuant to the Underwriting Agreement (the "Underwriting Agreement") to be entered into by and among APCo, the representatives of the several Underwriters named therein (collectively, the "Underwriters"), and the Issuer, the Underwriters have agreed to underwrite the issuance of the Consumer Rate Relief Bonds.

As used herein, the term "Transaction Documents" means the Sale Agreement, the Servicing Agreement, the Administration Agreement, the Indenture, and the Underwriting Agreement, and "Transaction" means the transactions contemplated by the Transaction Documents. Capitalized terms used herein that are not otherwise defined shall have the meanings assigned to them in the Indenture.

FACTS AND ASSUMPTIONS

The opinion set forth below is given at the request of APCo and the Issuer for filing as Exhibit 8.2 to the Registration Statement described below. In connection with the opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of:

1. the Transaction Documents;

2. the Registration Statement (Registration Nos. 333-299104 and 333-299104-01) on Form SF-1 and Amendment No. 1 thereto, filed on September 24, 2026 and October 28, 2026, respectively, by the Issuer with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, with respect to the Consumer Rate Relief Bonds, including the preliminary prospectus filed with the Commission on October 28, 2026 (the "Registration Statement");

3. the Securitization Law;

4. the Financing Order;

5. the opinion letter of Sidley Austin LLP on federal income tax issues of even date herewith; and

6. such other documents relating to the Transaction as we have deemed necessary or advisable as a basis for such opinions.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. In making our examination of the documents, and for purposes of this opinion, we have assumed: 1) that each of the parties to such documents is duly organized and validly existing under the laws of its jurisdiction of organization; 2) that each of the parties to such documents is authorized to do business and is duly registered as a foreign corporation or otherwise in good standing in each jurisdiction in which it is required to be so authorized to do business; 3) that each of the parties to such documents had the power, corporate or other, to enter into and perform all obligations thereunder; 4) the due authorization of all such documents by all requisite action, corporate or other, by each of the parties thereto; 5) the due execution and delivery of the Transaction Documents by the parties thereto; 6) the validity and binding effect thereof upon all such parties; and 7) the enforceability thereof against all such parties.

RELEVANT PROVISIONS OF SECURITIZATION LAW

Subdivision (1), subsection (q) of the Securitization Law (W. Va. Code § 24-2-4f(q)(1)) provides that the imposition, billing, collection and receipt of consumer rate relief charges under this section are exempt from state income, sales, gross receipts, business and occupation and other taxes or similar charges; provided, that neither this exemption nor any other provision of this subsection shall preclude any municipality from taxing consumer rate relief charges under the authority granted to municipalities pursuant to W. Va. Code §§ 8-13-5 and 5a.

OPINIONS

Based on and subject to the examination, facts and assumptions listed above and the qualifications listed below, we are of the opinion as follows:

1. The Issuer will not be subject to income, gross receipts or any similar tax imposed by the State of West Virginia as an entity separate from APCo (the Issuer's sole member) with respect to the receipt and ownership of the CRR Property (as defined in the Sale Agreement) and the receipt of CRR Charges authorized under the Financing Order.

2. Further, the statements set forth in the Prospectus under the section captioned "Material West Virginia Income Tax Consequences," to the extent they constitute matters of West Virginia state income tax law or legal conclusions with respect thereto, have been prepared or reviewed by us and provide a fair summary and are correct in all material respects.

QUALIFICATIONS AND LIMITATIONS

1. We express no opinion herein as to the laws of any jurisdiction other than the State of West Virginia. Our opinions are based upon and limited to legal authority and precedent in effect on the date hereof, which authority and precedent are subject to change, prospectively and retrospectively. Our opinions are expressly subject to there being no material change in the law, and there being no additional facts that would materially affect the assumptions set forth herein. We assume no obligation to advise you (or any third party) of any changes in the law or facts that may occur after the date of this opinion, and we do not undertake to supplement this opinion with respect to factual matters or changes in the law (whether constitutional, statutory or judicial) that may occur after the date of this opinion.

2. We are furnishing this opinion to you solely in connection with the issuance of the Consumer Rate Relief Bonds described above, and this opinion is not to be relied on, circulated, quoted or otherwise referred to for any other purpose. However, we hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to this Firm in the Prospectus under the sections captioned “Prospectus Summary—West Virginia State Income Tax Status” and “Material West Virginia Income Tax Consequences.” In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ JACKSON KELLY PLLC

Ref. Initials

Enclosure

cc: Each Person Listed on the Attached Schedule I

Schedule I

U.S. Bank Trust Company, National Association
as Indenture Trustee
190 S. LaSalle Street, 7th Floor
Chicago, Illinois 60603

U.S. Bank National Association
as Securities Intermediary
190 S. LaSalle Street
Chicago, Illinois 60603

Moody's Investors Service, Inc.
7 World Trade Center at
250 Greenwich Street, 24th Floor
New York, New York 10007

Standard & Poor's Ratings Group, Inc.
Structured Credit Surveillance
55 Water Street, 40th Floor
New York, New York 10041

Appalachian Power Company
1 Riverside Plaza
Columbus, Ohio 43215

Appalachian Consumer Rate Relief Funding II LLC
200 Association Drive, 02
Charleston, West Virginia 25311

Each of the following, for itself and as representatives of the several underwriters under the Underwriting Agreement:

RBC Capital Markets, LLC
Brookfield Place
200 Vesey Street, 8th Floor
New York, New York 10281

Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

Exhibit 10.1

DRAFT FORM

CRR PROPERTY SERVICING AGREEMENT

by and between

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC,

as Issuer

and

APPALACHIAN POWER COMPANY

and

WHEELING POWER COMPANY,

as Servicers

Dated as of [•], 20[•]

TABLE OF CONTENTS

		Page
ARTICLE I DEFINITIONS		2
SECTION 1.01.	Definitions	2
ARTICLE II APPOINTMENT AND AUTHORIZATION		2
SECTION 2.01.	Appointment of Servicers; Acceptance of Appointment	2
SECTION 2.02.	Authorization	2
SECTION 2.03.	Dominion and Control Over the CRR Property	3
ARTICLE III ROLE OF SERVICERS		3
SECTION 3.01.	Duties of Servicers	3
SECTION 3.02.	Servicing and Maintenance Standards	7
SECTION 3.03.	Annual Reports on Compliance with Regulation AB	7
SECTION 3.04.	Annual Report by Independent Registered Public Accountants	8
SECTION 3.05.	Monitoring of Third-Party Collectors	9
SECTION 3.06.	Joint Responsibility; APCo Servicer Authority to Act	10
ARTICLE IV SERVICES RELATED TO TRUE-UP ADJUSTMENTS		10
SECTION 4.01.	True-Up Adjustments	10
SECTION 4.02.	Limitation of Liability	15
ARTICLE V THE CRR PROPERTY		16
SECTION 5.01.	Custody of CRR Property Records	16
SECTION 5.02.	Duties of Servicer as Custodian	16
SECTION 5.03.	Custodian’s Indemnification	18
SECTION 5.04.	Effective Period and Termination	18
ARTICLE VI THE SERVICERS		19
SECTION 6.01.	Representations and Warranties of the Servicers	19
SECTION 6.02.	Indemnities of the Servicers; Release of Claims	21
SECTION 6.03.	Binding Effect of Servicing Obligations	23
SECTION 6.04.	Limitation on Liability of Servicer and Others	24
SECTION 6.05.	Neither APCo nor WPCo to Resign as a Servicer	25
SECTION 6.06.	Servicing Compensation	25
SECTION 6.07.	Compliance with Applicable Law	27
SECTION 6.08.	Access to Certain Records and Information Regarding CRR Property	28
SECTION 6.09.	Appointments	28
SECTION 6.10.	No Servicer Advances	28
SECTION 6.11.	Remittances	28
SECTION 6.12.	Maintenance of Operations	30
ARTICLE VII DEFAULT		30
SECTION 7.01.	Servicer Default	30
SECTION 7.02.	Appointment of Successor	32
SECTION 7.03.	Waiver of Past Defaults	32

SECTION 7.04.	Notice of Servicer Default	32
SECTION 7.05.	Cooperation with Successor	32
ARTICLE VIII MISCELLANEOUS PROVISIONS		33
SECTION 8.01.	Amendment	33
SECTION 8.02.	Commission Condition	34
SECTION 8.03.	Maintenance of Accounts and Records	35
SECTION 8.04.	Notices	36
SECTION 8.05.	Assignment	36
SECTION 8.06.	Limitations on Rights of Others	37
SECTION 8.07.	Severability	37
SECTION 8.08.	Separate Counterparts; Electronic Signatures	37
SECTION 8.09.	Headings	37
SECTION 8.10.	GOVERNING LAW	37
SECTION 8.11.	Assignment to Indenture Trustee	37
SECTION 8.12.	Nonpetition Covenants	38
SECTION 8.13.	Limitation of Liability	38
SECTION 8.14.	Rule 17g-5 Compliance	38
SECTION 8.15.	Indenture Trustee Actions	38
SECTION 8.16.	Termination	38

EXHIBITS AND SCHEDULES

Exhibit A	Form of Monthly Servicers' Certificate
Exhibit B	Form of Semi-Annual Servicers' Certificate
Exhibit C-1	Form of Regulation AB Servicer's Certificate (APCo Servicer)
Exhibit C-2	Form of Regulation AB Servicer's Certificate (WPCo Servicer)
Exhibit D-1	Form of Certificate of Compliance of APCo Servicer
Exhibit D-2	Form of Certificate of Compliance of WPCo Servicer
[Exhibit E	Form of Notice of Remittance]
Schedule 4.01(a)	Expected Amortization Schedule

ANNEXES

Annex I	Servicing Procedures
Annex II	Initial Forecasted Load

CRR PROPERTY SERVICING AGREEMENT

This CRR PROPERTY SERVICING AGREEMENT (this "Agreement"), dated as of [•], 20[•], is between APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC, a Delaware limited liability company, as issuer (the "Issuer"), and each of APPALACHIAN POWER COMPANY, a Virginia corporation ("APCo"), and WHEELING POWER COMPANY, a West Virginia corporation ("WPCo"), each as servicer (APCo in such capacity, the "APCo Servicer", and WPCo in such capacity, the "WPCo Servicer"). The APCo Servicer and WPCo Servicer are collectively referred to herein as the "Servicers" and, individually, as a "Servicer".

RECITALS

WHEREAS, pursuant to the Securitization Law and the Financing Order, APCo, in its capacity as seller (the "Seller"), and the Issuer are concurrently entering into the Sale Agreement pursuant to which the Seller is selling and the Issuer is purchasing certain CRR Property created pursuant to the Securitization Law and the Financing Order described therein;

WHEREAS, in connection with its ownership of the CRR Property and in order to collect the associated CRR Charges, the Issuer desires to engage the Servicers to carry out the functions described herein and each of the Servicers desires to be so engaged;

WHEREAS, the Issuer desires to engage each Servicer to act on its behalf in obtaining True-Up Adjustments from the Commission and each Servicer desires to be so engaged;

WHEREAS, the CRR Charge Collections initially will be commingled with other funds collected by the Servicers;

WHEREAS, certain parties may have an interest in such commingled collections, and such parties have entered the CRR Property Intercreditor Agreement and the Receivables Intercreditor Agreement, each of which allows the applicable Servicer to allocate the collected, commingled funds according to each party's interest; and

WHEREAS, the Financing Order calls for the Servicers to execute a servicing agreement with the Issuer pursuant to which the Servicers will be required, among other things, to impose and collect the CRR Charges for the benefit and account of the Issuer, to obtain True-Up Adjustments from the Commission as required or allowed by the Financing Order, and to account for and remit the CRR Charges to the Joint Collection Account in accordance with the remittance procedures contained hereunder and in the CRR Property Intercreditor Agreement without any charge, deduction or surcharge of any kind (other than the Servicing Fee).

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in that certain Indenture (including Appendix A thereto) dated as of the date hereof between the Issuer, U.S. Bank Trust Company, National Association, a national banking association, in its capacity as the indenture trustee (the "Indenture Trustee"), and U.S. Bank National Association, a national banking association, not individually but solely in its capacity as securities intermediary (the "Securities Intermediary"), as the same may be amended, restated, supplemented or otherwise modified from time to time (as from time to time supplemented or amended by the Series Supplement or indentures supplemental thereto, the "Indenture").

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words "hereof," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Schedule, Exhibit, Annex and Attachment references contained in this Agreement are references to Sections, Schedules, Exhibits, Annexes and Attachments in or to this Agreement unless otherwise specified; and the terms "includes" and "including" shall mean "includes without limitation" and "including without limitation", respectively.

(d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(e) Non-capitalized terms used herein which are defined in the Securitization Law shall, as the context requires, have the meanings assigned to such terms in the Securitization Law, but without giving effect to amendments to the Securitization Law after the date hereof which have a material adverse effect on the Issuer or the Holders.

ARTICLE II
APPOINTMENT AND AUTHORIZATION

SECTION 2.01. Appointment of Servicers; Acceptance of Appointment. The Issuer hereby appoints APCo and WPCo, and APCo and WPCo, as independent contractors, hereby accept such appointment, to each perform the obligations of a Servicer pursuant to this Agreement on behalf of and for the benefit of the Issuer or any assignee thereof in accordance with the terms of this Agreement and applicable law. This appointment of, and APCo's and WPCo's acceptance thereof, may not be revoked except in accordance with the express terms of this Agreement.

SECTION 2.02. Authorization. With respect to all or any portion of the CRR Property, each Servicer shall be, and hereby is, authorized and empowered by the Issuer to (a)

execute and deliver, on behalf of itself and/or the Issuer, as the case may be, any and all instruments, documents or notices, and (b) on behalf of itself and/or the Issuer, as the case may be, make any filing and participate in proceedings of any kind with any Governmental Authority, including with the Commission. The Issuer shall execute and deliver to each Servicer such documents as have been prepared by such Servicer for execution by the Issuer and shall furnish such Servicer with such other documents as may be in the Issuer's possession, in each case as such Servicer may determine to be necessary or appropriate to enable such Servicer to carry out its servicing and other duties hereunder. Upon a Servicer's written request, the Issuer shall furnish such Servicer with any powers of attorney or other documents necessary or appropriate to enable such Servicer to carry out its duties hereunder.

SECTION 2.03. Dominion and Control Over the CRR Property. Notwithstanding any other provision herein, the Issuer shall have dominion and control over the CRR Property, and each Servicer, in accordance with the terms hereof, is acting solely as a servicing agent and custodian for the Issuer with respect to the CRR Property and the CRR Property Records. No Servicer shall take any action that is not authorized by this Agreement, that would contravene the Securitization Law, the Commission Regulations or the Financing Order, that is not consistent with its customary procedures and practices, or that shall impair the rights of the Issuer or the Indenture Trustee (on behalf of the Secured Parties) in the CRR Property, in each case unless such action is required by applicable law or court or regulatory order.

ARTICLE III
ROLE OF SERVICERS

SECTION 3.01. Duties of Servicers. The Servicers, as agents for the Issuer, shall have the following duties:

(a) Duties of Servicer Generally. The Servicers' duties in general shall include:

(i) management, servicing and administration of the CRR Property;

(ii) obtaining meter reads, calculating usage, billing, collections and posting of all payments in respect of the CRR Property (including the CRR Charges);

(iii) responding to inquiries by Customers, the Commission, or any other Governmental Authority with respect to the CRR Property (including the CRR Charges);

(iv) delivering Bills to Customers;

(v) investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to the Issuer), processing and depositing collections and making periodic remittances;

(vi) furnishing periodic reports to the Issuer, the Indenture Trustee and the Rating Agencies;

(vii) ensuring all required filings are made with the Commission and taking such other action as may be necessary to perfect the Issuer's ownership interests in, and the Indenture Trustee's first priority Lien on and security interest in, the CRR Property; ensuring all filings are made and such other actions are taken as may be necessary to perfect and maintain the perfection and priority of the Indenture Trustee's Lien on and security interest in all CRR Bond Collateral;

(viii) selling, as agents for the Issuer, as their interests may appear, defaulted or written off accounts in accordance with the applicable Servicer's usual and customary practices;

(ix) taking all necessary action in connection with the True-Up Adjustments as set forth herein;

(x) ensuring that any and all tax surcharges or tax adjustments billed by it to Customers on account of the CRR Charges or which are otherwise included in CRR Charges are paid to the appropriate taxing authority; and

(xi) and performing such other duties as may be specified under the Financing Order to be performed by it;

provided that (1) APCo Servicer shall be the primary Servicer responsible for performing, and the Issuer's initial point of contact with respect to, the services in clauses (i) through (v), (viii), (x) and (xi) above with respect to APCo Customers and (2) WPCo Servicer shall be the primary Servicer responsible for performing, and the Issuer's initial point of contact with respect to, the services in clauses (i) through (v), (viii), (x) and (xi) above with respect to WPCo Customers.

Anything to the contrary notwithstanding, the duties of the Servicers set forth in this Agreement shall be qualified in their entirety by any Commission Regulations, the Financing Order, and the U.S. federal securities laws and the rules and regulations promulgated thereunder, including without limitation, Regulation AB, as in effect at the time such duties are to be performed. Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, each Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, usage and bill calculation, billing, customer service functions, collections, payment processing and remittance set forth in Annex I hereto, as it may be amended from time to time. For the avoidance of doubt, the term "usage" when used herein refers to both kilowatt-hour consumption and kilowatt demand.

(b) Reporting Functions.

(i) Monthly Servicers' Certificate. On or before the twenty-fifth calendar day of each month (or if such day is not a Servicer Business Day, on the immediately succeeding Servicer Business Day), beginning with [*Month*], 20[•], the Servicers shall jointly prepare and deliver to the Issuer, the Indenture Trustee and the Rating Agencies a written report substantially in the form of Exhibit A hereto (a "Monthly Servicers' Certificate") setting forth certain information relating to CRR Charge Payments received by the Servicers during the Collection Period corresponding to the immediately preceding month; provided, however, that for any month in which the Servicers are required to deliver a Semi-Annual Servicers' Certificate pursuant to Section 4.01(c)(ii), the Servicers shall prepare and deliver the Monthly Servicers' Certificate no later than the date of delivery of such Semi-Annual Servicers' Certificate.

(ii) Notification of Laws and Regulations. Either Servicer shall promptly notify the Issuer, the Indenture Trustee and the Rating Agencies in writing, if such Servicer becomes aware of any Requirements of Law or Commission Regulations hereafter promulgated that have a material adverse effect on the Servicer's ability to perform its duties under this Agreement.

(iii) Other Information. Upon the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, each Servicer shall provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of such Servicer, or any material information regarding the CRR Property to the extent it is reasonably available to such Servicer, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by such Servicer hereunder; provided, however, that any such request by the Indenture Trustee shall not create any obligation for the Indenture Trustee to monitor the performance of any Servicer. In addition, so long as any of the Consumer Rate Relief Bonds are outstanding, each Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any information available to such Servicer or reasonably obtainable by it without undue cost or burden that is necessary to calculate the CRR Charges applicable to each CRR Rate Class.

(iv) Preparation of Reports. The Servicers shall prepare and deliver such additional reports as required under this Agreement, including a copy of each Semi-Annual Servicers' Certificate described in Section 4.01(c)(ii), the Annual Compliance Certificate and the Certificate of Compliance described in Section 3.03, and the Annual Accountant's Report described in Section 3.04. In addition, the Servicers shall prepare, procure, deliver and/or file, or cause to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the SEC (and/or any other Governmental Authority) by the Issuer or the Sponsor under the U.S. federal securities laws or other applicable laws or in accordance with the Basic Documents, including, but without limiting the generality of foregoing, filing with the SEC, if applicable and required by applicable law, a copy or copies of (A) the Monthly Servicers' Certificates described in Section 3.01(b)(i) (under Form 10-D or any other applicable form), (B) the Semi-Annual Servicers' Certificates described in Section 4.01(c)(ii) (under Form 10-D or any other applicable form), (C) the annual statements of compliance, attestation reports and other certificates described in Section 3.03, and (D) the Annual Accountant's Report (and any attestation required under Regulation AB) described in Section 3.04. In addition, the appropriate officer or officers of the Servicers shall (in their separate capacities as Servicers) sign the Sponsor's annual report on Form 10-K (and any other applicable SEC or other reports, attestations, certifications and other documents), to the extent that the Servicers' signatures are required by, and consistent with, the U.S. federal securities laws and/or any other applicable law.

(c) Opinions of Counsel. The Servicers shall obtain on behalf of the Issuer and deliver to the Issuer and to the Indenture Trustee:

(i) promptly after the execution and delivery of this Agreement and of each amendment hereto, an Opinion of Counsel from external counsel of the Issuer either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the Commission, the Virginia State Corporation Commission and the West Virginia Secretary of State and all filings pursuant to the UCC, that are necessary under the UCC and the Securitization Law to preserve, protect and perfect the Liens and security interest of the Indenture Trustee in the CRR Property have been authorized, executed and filed, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens; and

(ii) no later than March 31 of each calendar year (beginning with the calendar year beginning January 1, 202[•]), an Opinion of Counsel from external counsel of the Issuer either (A) to the effect that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of the Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any filings with the Commission, the Delaware Secretary of State, the Virginia State Corporation Commission or the West Virginia Secretary of State pursuant to the Securitization Law and the Financing Order and any financing statements and continuation statements as are necessary to maintain the Lien and the first priority perfected security interest created by the Indenture and reciting the details of such action or (B) to the effect that, in the opinion of such counsel, no such action is necessary to maintain such Lien and security interest. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of the Indenture, any indentures supplemental hereto and any other requisite documents and the execution and filing of any filings with the Commission, the Delaware Secretary of State, the Virginia State Corporation Commission or the West Virginia Secretary of State, financing statements and continuation statements that will, in the opinion of such counsel, be required within the twelve-month period following the date of such opinion to maintain the Lien and the first priority perfected security interest created by the Indenture and the Series Supplement.

Each Opinion of Counsel referred to in clause (i) or (ii) above shall specify any action necessary (as of the date of such opinion) to be taken in the following year to preserve, protect and perfect such Liens. The costs of such Opinions of Counsel, are out-of-pocket costs of the Servicers which shall be Reimbursable Servicer Expenses reimbursable under the Indenture as Ongoing Financing Costs.

SECTION 3.02. Servicing and Maintenance Standards. On behalf of the Issuer, each Servicer shall:

(a) manage, service, administer and make collections in respect of the CRR Property with reasonable care and in material compliance with applicable Requirements of Law, including all applicable Commission Regulations, using the same degree of care and diligence that such Servicer exercises with respect to similar assets for its own account and, if applicable, for others;

(b) follow customary standards, policies and procedures for the electric transmission and distribution industry in West Virginia in performing its duties as a Servicer;

(c) use all reasonable efforts, consistent with its customary servicing procedures, to enforce, and maintain rights in respect of, the CRR Property and to bill and collect the CRR Charges;

(d) comply with all Requirements of Law, including all applicable Commission Regulations and guidelines, applicable to and binding on it relating to the CRR Property;

(e) ensure filing of all Commission notices described in the Securitization Law and filing and maintenance of the effectiveness of UCC financing statements with respect to the CRR Property, and

(f) take such other action on behalf of the Issuer to ensure that the Lien of the Indenture Trustee on the CRR Bond Collateral remains perfected and of first priority.

Each Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the CRR Property, which, in such Servicer's judgment, may include the taking of legal action, at the Issuer's expense but subject to the priority of payments set forth in Section 8.02(e) of the Indenture.

SECTION 3.03. Annual Reports on Compliance with Regulation AB.

(a) The Servicers shall each deliver to the Issuer, the Indenture Trustee and the Rating Agencies, on or before the earlier of (a) March 31 of each year, beginning March 31, 202[•], or (b) with respect to each calendar year during which the Sponsor's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which the annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, certificates from Responsible Officers of the Servicers (i) containing, and certifying as to, the statements of compliance required by Item 1123 (or any successor or similar items or rule) of Regulation AB, as then in effect (the "Annual Compliance Certificate"), which may be in the form attached hereto as Exhibit C-1 (with respect to the APCo Servicer) or Exhibit C-2 (with respect to the WPCo Servicer), and (ii) containing, and certifying as to, the statements and assessment of compliance required by Item 1122(a) (or any successor or similar items or rule) of Regulation AB, as then in effect (the "Certificate of Compliance"), which may be in the form attached hereto as Exhibit D-1 (with respect to the APCo Servicer) or Exhibit D-2 (with respect to the WPCo Servicer), in each case, with such changes as may be required to conform to the applicable securities law.

(b) The Servicers shall use commercially reasonable efforts to obtain from each other party participating in the servicing function any additional certifications as to the statements and assessment required under Item 1122 or Item 1123 of Regulation AB (or any successor item or rule) to the extent required in connection with the filing of the annual report on Form 10-K referred to above; provided, however, that a failure to obtain such certifications shall not be a breach of the Servicers' duties hereunder. The parties acknowledge that the Indenture Trustee's certifications shall be limited to the Item 1122 certifications described in Exhibit C of the Indenture.

(c) The APCo Servicer, in its capacity as Sponsor, shall post on its website and file with or furnish to the SEC, in periodic reports and other reports as are required from time to time under Section 13 or Section 15(d) of the Exchange Act, the information described in Section 3.07(g) of the Indenture to the extent such information is reasonably available to the Sponsor. Except to the extent permitted by applicable law, the APCo Servicer, in its capacity as Sponsor, shall not voluntarily suspend or terminate its filing obligations as Sponsor with the SEC as described in this Section 3.03(c). The covenants of the APCo Servicer, in its capacity as Sponsor, pursuant to this Section 3.03(c) shall survive the resignation, removal or termination of the APCo Servicer as a Servicer hereunder.

SECTION 3.04. Annual Report by Independent Registered Public Accountants.

(a) The Servicers shall cause a firm of Independent registered public accountants (which may provide other services to any Servicer or the Seller) to prepare annually, and the Servicers shall deliver annually to the Issuer, the Indenture Trustee and the Rating Agencies on or before the earlier of (i) March 31 of each year, beginning March 31, 202[•], or (ii) with respect to each calendar year during which the Sponsor's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which the annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, a report addressed to the Servicers (the "Annual Accountant's Report") to the effect that such firm has performed certain procedures, agreed between the Servicers and such accountants, in connection with the Servicer's assessment of compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB during the immediately preceding calendar year (or, in the case of the first Annual Accountant's Report to be delivered on or before March 31, 20[•], the period of time from the date of this Agreement until December 31, 20[•]), in accordance with paragraph (b) of Rule 13a-18 and Rule 15d-18 of the Exchange Act and Item 1122 of Regulation AB, identifying the results of such procedures and including any exceptions noted. In the event that the accounting firm providing such report requires the Indenture Trustee to agree or consent to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree; it being understood and agreed that the Indenture Trustee will deliver such letter of agreement or consent in conclusive reliance upon the written direction of the Issuer, and the Indenture Trustee will not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of the sufficiency, validity or correctness of such procedures.

(b) The Annual Accountant's Report delivered pursuant to Section 3.04(a) above shall also indicate that the accounting firm providing such report is independent of the Servicers in accordance with the rules of the Public Company Accounting Oversight Board, and shall include any attestation report required under Item 1122(b) of Regulation AB (or any successor or similar items or rule), as then in effect.

(c) The costs of the Annual Accountant's Report shall be Reimbursable Servicer Expenses reimbursable as an Operating Expense under the Indenture.

SECTION 3.05. Monitoring of Third-Party Collectors. From time to time, until the Retirement of the APCo CRR Bonds, each Servicer shall, in accordance with the Servicing Standard, take all actions with respect to Third-Party Collectors required to be taken by such Servicer as set forth, if applicable, in any agreement with such Servicer, the Financing Order, Tariff, other tariffs and any Commission Regulations in effect from time to time and implement such additional procedures and policies as are necessary to ensure that the obligations of all Third-Party Collectors in connection with CRR Charges are properly enforced in accordance with, if applicable, the terms of any agreement with the Servicer, the Financing Order, Tariff, other tariffs and any Commission Regulations in effect from time to time. Such procedures and policies shall include the following:

(a) Maintenance of Records and Information. In addition to any actions required by the Financing Order, the Tariff, Commission Regulations or other applicable law, each Servicer shall, with respect to APCo Customers (in the case of APCo Servicer) or WPCo Customers (in the case of WPCo Servicer):

(i) maintain adequate records for promptly identifying and contacting each Third-Party Collector;

(ii) maintain records of end-user Customers which are billed by Third-Party Collectors to permit prompt transfer of billing responsibilities in the event of default by such Third-Party Collectors;

(iii) maintain adequate records for enforcing compliance by all Third-Party Collectors with their obligations with respect to CRR Charges, including compliance with all Remittance Requirements; and

(iv) provide to each Third-Party Collector such information necessary for such Third-Party Collector to confirm the Servicer's calculation of CRR Charges and remittances, including, if applicable, charge-off amounts.

If there are any Third-Party Collectors, the Servicer utilizing such Third-Party Collectors shall update the records described above in this Section 3.05(a) no less frequently than quarterly.

(b) Credit and Collection Policies. Each Servicer shall, to the fullest extent permitted under the Financing Order, impose such terms with respect to credit and collection policies applicable to Third-Party Collectors as may be reasonably necessary to prevent the then-current rating of the Consumer Rate Relief Bonds from being downgraded, withdrawn or suspended. Such Servicer shall, in accordance with and to the extent permitted by the Securitization Law, applicable Commission Regulations and the terms of the Financing Order, include and impose the above-described terms in any tariffs filed under the Securitization Law which would allow other utilities to issue single bills which include CRR Charges to APCo Customers (in the case of APCo Servicer) or WPCo Customers (in the case of WPCo Servicer).

(c) Affiliated Third-Party Collectors. In performing its obligations under this Section 3.05, each Servicer shall deal with any Third-Party Collectors which are Affiliates of such Servicer on terms which are no more favorable in the aggregate to such affiliated Third-Party Collector than those used by such Servicer in its dealings with Third-Party Collectors that are not Affiliates of such Servicer.

SECTION 3.06. Joint Responsibility; APCo Servicer Authority to Act. Unless otherwise expressly stated in this Agreement, the Servicers shall act jointly in performing their obligations and exercising their rights under this Agreement, and shall be jointly and severally liable for any Servicer Default. However, if the Servicers fail to agree on joint action, take conflicting actions or issue conflicting instructions performing their obligations under this Agreement, then APCo Servicer shall have the authority and responsibility to act on behalf of both Servicers for such matter. WPCo Servicer hereby consents to and authorizes APCo Servicer to act on WPCo Servicer's behalf, and appoints APCo Servicer as its agent with full authority to make decisions and take actions on its behalf hereunder, for such matter.

ARTICLE IV
SERVICES RELATED TO TRUE-UP ADJUSTMENTS

SECTION 4.01. True-Up Adjustments. From time to time, until the Retirement of the APCo CRR Bonds, the Servicers shall identify the need for Annual True-Up Adjustments, Nonstandard True-up Adjustments, Mandatory Interim True-Up Adjustments and Additional Interim True-Up Adjustments and shall take all reasonable action to obtain and implement such True-Up Adjustments, all in accordance with the following:

(a) Expected Amortization Schedule. The Expected Amortization Schedule for the Consumer Rate Relief Bonds is attached hereto as Schedule 4.01(a).

(b) True-Up Adjustments.

(i) Annual True-Up Adjustments and Filings. Each year no later than fifteen (15) days prior to the first billing cycle of [*insert month of Closing Date*] the Servicers shall jointly (or, in the absence of joint action, APCo Servicer shall): (A) update the data and assumptions underlying the calculation of the APCo Issuer Share of Joint CRR Charges, including projected electricity usage during the next Calculation Period for each CRR Rate Class and including Periodic Principal, interest and estimated expenses and fees of the Issuer to be paid during such period, the Weighted Average Days Outstanding and write-offs; (B) determine the Periodic Payment Requirements and Periodic Billing Requirement for the next Calculation Period based on such updated data and assumptions; (C) determine the APCo Issuer Share of Joint CRR Charges to be allocated to each CRR Rate Class during the next Calculation Period based on such Periodic Billing Requirement and the terms of the Financing Order, the Tariff and any other tariffs filed pursuant thereto and in doing so the Servicers shall use the method of allocating APCo Issuer Share of Joint

CRR Charges then in effect, including as applicable, the result of the implementation of the most recent Nonstandard True-Up Adjustment; (D) determine the adjusted CRR Charge and Joint CRR Charge Rate for each CRR Rate Class in accordance with the CRR Property Intercreditor Agreement; (E) make all required public notices and other filings with the Commission to reflect the revised CRR Charges, including any Amendatory Schedule, and (F) take all reasonable actions and make all reasonable efforts to effect such Annual True-Up Adjustment and to enforce the provisions of the Securitization Law and the Financing Order. The Servicers shall implement the revised CRR Charges, if any, resulting from such Annual True-Up Adjustment as of the Annual True-Up Adjustment Date.

(ii) Nonstandard True-Up Adjustments and Filings.

(A) In the event that a Load Trigger Event occurs or the Servicers otherwise jointly determine that a Nonstandard True-Up Adjustment is required as a result of significant changes from historical conditions of operation, such as the addition or loss of significant electric load or a merger of APCo or WPCo with another utility and a resulting expansion of APCo's or WPCo's customer base, the Servicers shall promptly (A) recalculate the APCo Issuer Share of Joint CRR Charges to reallocate the APCo Issuer Share of Joint CRR Charges among CRR Revenue Groups in accordance with the procedures for Nonstandard True-Up Adjustments set forth in the Financing Order; (B) initiate a proceeding with the Commission to determine new allocation factors and make all required public notices and other filings with the Commission to implement the revised APCo Issuer Share of Joint CRR Charges and the revised CRR Charges in accordance with the CRR Property Intercreditor Agreement in a timely manner, including the filing of any revised Amendatory Schedule necessary to begin the billing of such revised CRR Charges; and (C) take all reasonable actions and make all reasonable efforts to effect such Nonstandard True-Up Adjustment and to enforce the provisions of the Securitization Law and the Financing Order. The Servicers shall implement the revised CRR Charges, if any, resulting from such Nonstandard True-Up Adjustment on the Nonstandard True-Up Adjustment Date. For the avoidance of doubt, no Annual True-Up Adjustment or Interim True-Up Adjustment shall be considered a Nonstandard True-Up Adjustment solely because CRR Charges are allocated under such Annual True-Up Adjustment or Interim True-Up Adjustment in the same manner as in a preceding Nonstandard True-Up Adjustment.

(B) For purposes hereof:

"Load Trigger Event" means if APCo and WPCo collectively experience or project an increase or decrease in the consumption of electricity for one or more CRR Revenue Groups for the upcoming Calculation Period of 10% or more (calculated by comparing the difference between the revised forecasted load and the Threshold Forecasted Load).

"Threshold Forecasted Load" means, with respect to a CRR Revenue Group, (a) prior to the implementation of the first Nonstandard True-Up Adjustment, the "Initial Forecasted Load" for such CRR Revenue Group specified on Annex II and (b) thereafter, the revised forecasted load for such CRR Revenue Group that triggered, and was filed with the Commission as part of, the immediately prior Nonstandard True-Up Adjustment.

(iii) Mandatory Interim True-Up Adjustments and Filings. Within the 30-day period ending on [*insert month*] of each year, commencing [*insert date*] and, beginning 12 months prior to the Scheduled Final Payment Date for the last maturing tranche of Consumer Rate Relief Bonds, within 30 days of the dates which are 12 months, nine months, six months and three months prior to the Scheduled Final Payment Date for the last maturing tranche and each three month period thereafter until the Retirement of the APCo CRR Bonds, the Servicers shall (A) update the data and assumptions underlying the calculation of the APCo Issuer Share of Joint CRR Charges, including projected electricity usage during the next Calculation Period for each CRR Rate Class and including Periodic Principal, interest and estimated expenses and fees of the Issuer to be paid during such period, the rate of delinquencies and write-offs; (B) determine the Periodic Payment Requirement and Periodic Billing Requirement for the next Calculation Period based on such updated data and assumptions; and (C) based upon such updated data and requirements, project whether existing and projected CRR Charge Collections, including as a result of the WPCo Issuer Share of Joint CRR Charges, together with available fund balances in the Excess Funds Subaccount, will be sufficient, (i) to make on a timely basis all scheduled payments of Periodic Principal and interest in respect of each Outstanding Tranche of Consumer Rate Relief Bonds during such Calculation Period and (ii) to pay other Ongoing Financing Costs on a timely basis and to maintain the Capital Subaccount at the Required Capital Level; provided, that in the case of any Mandatory Interim True-up Adjustment following the Scheduled Final Payment Date for the last maturing tranche of any Consumer Rate Relief Bonds, the True-Up Adjustment will be calculated to ensure that the CRR Charges are sufficient to pay the Consumer Rate Relief Bonds in full on the next Scheduled Payment Date. If the Servicers determine that CRR Charges will not be sufficient for such purposes, the Servicers shall, no later than fifteen (15) days prior to the end of each such thirty (30) day period (1) determine the CRR Charges to be allocated to each CRR Rate Class during the next Calculation Period based on such Periodic Billing Requirement and the terms of the Financing Order and the Tariff, and in doing so the Servicers shall use the method of allocating CRR Charges then in effect, including as applicable, the result of the implementation of the most recent Nonstandard True-Up Adjustment; (2) make all required public notices and other filings with the Commission to reflect the revised CRR Charges, including any Amendatory Schedule; and (3) take all reasonable actions and make all reasonable efforts to effect such Interim True-Up Adjustment and to enforce the provisions of the Securitization Law and the Financing Order.

(iv) Additional Interim True-Up Adjustments and Filings. In addition to the True-Up Adjustments described above in Sections 4.01(b)(i), (ii) and (iii), the Servicers may implement an Additional Interim True-Up Adjustment (in the same manner as provided for the Mandatory Interim True-Up Adjustments) at any time if the Servicers forecast that CRR Charge Collections during the current or next succeeding Calculation Period will be insufficient (a) to make all scheduled payments of Periodic Principal and interest due in respect of the Consumer Rate Relief Bonds on a timely basis during such Calculation Period, (b) to pay other Ongoing Financing Costs on a timely basis and (c) to replenish any draws upon the Capital Subaccount.

(v) Further True-Up Adjustment Calculation Considerations. The following will be considered with respect to each type of True-Up Adjustment: (i) with respect to any Standard True-Up Adjustment, in the event that any APCo Issuer Share of Joint CRR Charges cannot be allocated to a given CRR Rate Class, such APCo Issuer Share of Joint CRR Charges shall be re-allocated as part of the Standard True-Up Adjustment to the remaining CRR Rate Classes within the given CRR Revenue Group, using the same ratable allocation to the CRR Rate Classes within such CRR Revenue Group excluding the CRR Rate Class for which allocation is no longer feasible and (ii) once a Nonstandard True-Up Adjustment has become effective, the modified allocation percentages set forth therein shall remain effective for all future Standard True-Up Adjustment filings unless and until a subsequent Nonstandard True-Up Adjustment is initiated.

(c) Reports.

(i) Notification of Amendatory Schedule Filings and True-Up Adjustments. Whenever each Servicer files an Amendatory Schedule with the Commission or implements revised CRR Charges with notice to the Commission without filing an Amendatory Schedule if permitted by the Financing Order, such Servicer shall send a copy of such filing or notice (together with a copy of all notices and documents which, in such Servicer's reasonable judgment, are material to the adjustments effected by such Amendatory Schedule or notice) to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith. If, for any reason any revised CRR Charges are not implemented and effective on the applicable date set forth herein, such Servicer shall notify the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Servicer Business Day after such applicable date. On the same day that the Servicers file for a Standard True-Up Adjustment or Nonstandard True-Up Adjustment, but only if the adjustment would result in an increase to the amount of the CRR Charges, each Servicer will give public notice through publication of a Class I legal advertisement in Kanawha County as required under Section 24-2-4h(k)(2) of the Securitization Law. A Servicer's failure to publish such notice, however, shall not affect the validity or collectability of the CRR Charges.

(ii) Semi-Annual Servicers' Certificate. Not later than five (5) Servicer Business Days prior to each Payment Date or Special Payment Date, the Servicers shall jointly (or, in the absence of joint action, APCo Servicer shall) deliver a draft of a written report substantially in the form of Exhibit B hereto (the "Semi-Annual Servicers' Certificate") to the Issuer and the Indenture Trustee which shall include all of the following information (to the extent applicable and including any other information so specified in the Series Supplement) as to the Consumer Rate Relief Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

(a) the starting Joint Collection Account balance as of the immediately preceding Payment Date, the transfers into and out of the Joint Collection Account during the applicable period, the projected ending Joint Collection Account balance as of the applicable Payment Date, the General Subaccount balance as of the immediately preceding payment date, the transfers between the Joint Collection Account and the General Subaccount during the applicable period, Investment Earnings on the Payment Account and the projected Payment Account balance as of the applicable Payment Date;

(b) The amount on deposit in the Capital Subaccount and the Excess Funds Subaccount and the amount required to be on deposit in the Capital Subaccount as of the immediately preceding Payment Date;

(c) the amount of the payment to Holders allocable to principal, if any;

(d) the amount of the payment to Holders allocable to interest;

(e) the aggregate Outstanding Amount of the Consumer Rate Relief Bonds, before and after giving effect to any payments allocated to principal reported under clause (c) above;

(f) the difference, if any, between the amount specified in clause (e) above and the Outstanding Amount specified in the Expected Amortization Schedule;

(g) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicers; and

(h) the projected amounts on deposit in the Payment Account, the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

On or prior to each Payment Date or Special Payment Date, the Servicers shall deliver the final Semi-Annual Servicers' Certificate to the Issuer, the Indenture Trustee and the Rating Agencies.

(iii) Reports to Customers.

(A) After each revised CRR Charge has gone into effect pursuant to a True-Up Adjustment, the Servicers shall, to the extent and in the manner and time frame required by the Financing Order or any applicable Commission Regulations, cause to be prepared and delivered to Customers any required notices announcing such revised CRR Charges.

(B) Each Servicer shall comply with the requirements of the Financing Order with respect to the filing of the CRR Rate Schedule for such Servicer to ensure that the CRR Charges are separate and apart from such Servicer's other charges and appear as a separate line item on the Bills sent to APCo Customers (in the case of APCo Servicer) or WPCo Customers (in the case of WPCo Servicer). In addition, at least once each year (if such explanation is not already included on prior Bills during the applicable year), in accordance with the Securitization Law each Servicer shall cause to be prepared and delivered to APCo Customers (in the case of APCo Servicer) or WPCo Customers (in the case of WPCo Servicer) a "plain-English" explanation of the CRR Property, the CRR Charges and the CRR Rate Schedule, including that the CRR Property and the APCo Issuer Share of Joint CRR Charges are owned by the Issuer and not the Seller. Such explanation shall be included either as an insert to or in the text of the Bills delivered to such Customers or shall be delivered to Customers by electronic means or such other means as such Servicer may from time to time use to communicate with its applicable Customers.

SECTION 4.02. Limitation of Liability. (a) The Issuer and the Servicers expressly agree and acknowledge that:

(i) In connection with any True-Up Adjustment, each Servicer is acting solely in its capacity as a servicing agent hereunder.

(ii) None of the Servicers, the Issuer or the Indenture Trustee shall be responsible in any manner for, and shall have no liability whatsoever as a result of, any action, decision, ruling or other determination made or not made, or any delay (other than any delay resulting from a Servicer's failure to make any filings required by Section 4.01 in a timely and correct manner or any breach by a Servicer of its duties under this Agreement that materially and adversely affects the CRR Property or the True-Up Adjustments), by the Commission in any way related to the CRR Property or in connection with any True-Up Adjustment, the subject of any filings under Section 4.01, any proposed True-Up Adjustment, or the approval of any revised CRR Charges and the scheduled adjustments thereto.

(iii) Except to the extent that a Servicer is liable under Section 6.02, such Servicer shall have no liability whatsoever relating to the calculation of any revised CRR Charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculation regarding expected energy or demand usage volume and the Weighted Average Days Outstanding,

write-offs and estimated expenses and fees of the Issuer, so long as such Servicer has acted in good faith and has not acted in a grossly negligent manner in connection therewith, nor shall such Servicer have any liability whatsoever as a result of any Person, including the Holders, not receiving any payment, amount or return anticipated or expected or in respect of any Consumer Rate Relief Bond generally.

(b) Notwithstanding the foregoing, this Section 4.02 shall not relieve a Servicer of liability under Section 6.02 for any misrepresentation by such Servicer under Section 6.01 or for any breach by such Servicer of its other obligations under this Agreement.

ARTICLE V
THE CRR PROPERTY

SECTION 5.01. Custody of CRR Property Records. To assure uniform quality in servicing the CRR Property and to reduce administrative costs, the Issuer hereby revocably appoints each Servicer, and each Servicer hereby accepts such appointment, to act as an agent of the Issuer, each as a custodian of any and all documents and records relating to the CRR Property, including copies of the Financing Order, Issuance Advice Letter, and Amendatory Schedules relating thereto and all documents filed with the Commission in connection with any True-Up Adjustment and computational records relating thereto (collectively, the "CRR Property Records"), which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to all CRR Property.

SECTION 5.02. Duties of Servicer as Custodian.

(a) Safekeeping. Each Servicer shall hold the CRR Property Records with respect to APCo Customers (in the case of APCo Servicer) or WPCo Customers (in the case of WPCo Servicer) on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the CRR Property Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with this Agreement, the Sale Agreement and the Indenture. In performing its duties as a custodian, each Servicer shall act with reasonable care, using that degree of care and diligence that such Servicer exercises with respect to comparable assets that such Servicer services for itself or, if applicable, for others. Such Servicer shall promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any material failure on its part to hold the applicable CRR Property Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the CRR Property Records. Each Servicer's duties to hold the applicable CRR Property Records set forth in this Section 5.02, to the extent such CRR Property Records have not been previously transferred to a successor Servicer pursuant to Article VII, shall terminate one year and one day after the earlier of (i) the date on which such Servicer is succeeded by a successor Servicer in accordance with Article VII and (ii) the first date on which no Consumer Rate Relief Bonds are Outstanding.

(b) Maintenance of and Access to Records. The Servicers shall maintain the CRR Property Records at 1 Riverside Plaza, Columbus, Ohio 43215 or 200 Association Drive, 02, Charleston, West Virginia 25311, or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least thirty (30) days prior to any change in location. Each Servicer shall make available, as is reasonably required for the Indenture Trustee to perform its duties and obligations under the Indenture and the other Basic Documents, for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the applicable CRR Property Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and which do not unreasonably interfere with such Servicer's normal operations. Nothing in this Section 5.02(b) shall affect the obligation of each Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of such Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(b).

(c) Release of Documents. Upon instruction from the Indenture Trustee in accordance with the Indenture, each Servicer shall release any CRR Property Records it holds to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable. Nothing in this Section 5.02(c) shall affect the obligation of such Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of such Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(c).

(d) Defending CRR Property Against Claims. The Servicers, on behalf of the Issuer and the Holders, shall institute any action or proceeding reasonably necessary to compel performance by the Commission or the State of West Virginia under the Securitization Law or the Financing Order with respect to the CRR Property; provided, however, that in circumstances in which the servicing procedures set out in Annex I apply, the provisions of this undertaking do not require any Servicer to act in a manner different from the manner that the servicing procedures require. The Servicers agree to take such legal or administrative actions, including without limitation defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of, judicial invalidation of, or supplement to, the Securitization Law or the Financing Order which would be detrimental to the interests of the Holders or which would cause an impairment of the rights of the Issuer or the Holders. In any proceedings related to the exercise of the power of eminent domain by any municipality to acquire a portion of either Servicer's electric distribution facilities in the State of West Virginia, including upon the expiration of any franchise agreement applicable to a Servicer's operations in the State of West Virginia, such Servicer shall assert that that the court ordering such condemnation must treat such municipality as a successor to such Servicer under the Securitization Law and the Financing Order and that Customers in such municipalities remain responsible for payment of CRR Charges. The costs of any action described in this Section 5.02(d) shall be Reimbursable Servicer Expenses payable from CRR Charge Collections as an Operating Expense (and shall not be deemed to constitute a portion of the Servicing Fee) in accordance with the terms of Section 8.02(e) of the Indenture. The Servicers' obligations pursuant to this Section 5.02(d) shall survive and continue notwithstanding that payment of such Operating Expense may be delayed pursuant to the terms of the Indenture; provided that the Servicers shall only be obligated to institute and maintain such action or proceedings if it is being reimbursed on a current basis for its costs and expenses in taking such actions in accordance with Section 8.02 of the Indenture, and is not required to advance its own funds to satisfy such obligations.

(e) Additional Litigation to Defend CRR Property. In addition to its obligations under Section 5.02(d), the Servicers shall, at their own expense, institute any action or proceeding necessary to compel performance by the Commission or the State of West Virginia of any of their respective obligations or duties under the Securitization Law or the Financing Order with respect to the CRR Property, and to compel performance by applicable parties under the Tariff or any agreement with a Servicer entered into pursuant to the Tariff. In any proceedings related to the exercise of the power of eminent domain by any municipality to acquire a portion of APCo's or WPCo's electric distribution facilities, the Servicers shall assert that the court ordering such condemnation must treat such municipality as a "Successor" to APCo or WPCo, as applicable, under, and as defined in, the Securitization Law and Financing Order and as a "Jurisdictional Successor" as defined herein.

SECTION 5.03. Custodian's Indemnification. Each Servicer as a custodian shall indemnify the Issuer, any Independent Manager and the Indenture Trustee (for itself and for the benefit of the Holders) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "Indemnified Losses") that may be imposed on, incurred by or asserted against each such Person as the result of any grossly negligent act or omission in any way relating to the maintenance and custody by the Servicer, as custodian, of the CRR Property Records; provided, however, that no Servicer shall be liable for any portion of any such amount resulting from the willful misconduct, bad faith or gross negligence of the Issuer, any Independent Manager or the Indenture Trustee, as the case may be.

Indemnification under this Section 5.03 shall survive resignation or removal of the Indenture Trustee or any Independent Manager and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses) and reasonable fees, out-of-pocket expenses and costs incurred in connection with any action, claim or suit brought to enforce the Indenture Trustee's right to indemnification).

SECTION 5.04. Effective Period and Termination. Each Servicer's appointment as a custodian shall become effective as of the Closing Date and shall continue in full force and effect until terminated pursuant to this Section 5.04. If such Servicer shall resign as a Servicer in accordance with the provisions of this Agreement or if all of the rights and obligations of such Servicer shall have been terminated under Section 7.01, the appointment of such Servicer as a custodian shall be terminated effective as of the date on which the termination or resignation of such Servicer is effective. Additionally, if not sooner terminated as provided above, such Servicer's obligations as a custodian shall terminate one year and one day after the date on which no Consumer Rate Relief Bonds are Outstanding.

ARTICLE VI
THE SERVICERS

SECTION 6.01. Representations and Warranties of the Servicers. The Servicers make the following representations and warranties, as of the Closing Date, and as of such other dates as expressly provided in this Section 6.01, on which the Issuer and the Indenture Trustee are deemed to have relied in entering into this Agreement relating to the servicing of the CRR Property. The representations and warranties shall survive the execution and delivery of this Agreement, the sale of the CRR Property to the Issuer pursuant to the Sale Agreement and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(a) Organization and Good Standing.

(i) APCo is duly organized and validly existing and in good standing under the laws of the Commonwealth of Virginia and is in good standing under the laws of the State of West Virginia, with the requisite corporate or other power and authority to own its properties as such properties are owned on the Closing Date and to conduct its business as such business is conducted by it on the Closing Date, and to execute, deliver and carry out the terms of this Agreement and the Intercreditor Agreements, and had at all relevant times, and has, the requisite power, authority and legal right to service the CRR Property and to hold the CRR Property Records as custodian.

(ii) WPCo is duly organized and validly existing and is in good standing under the laws of the State of West Virginia, with the requisite corporate or other power and authority to own its properties as such properties are owned on the Closing Date and to conduct its business as such business is conducted by it on the Closing Date, and to execute, deliver and carry out the terms of this Agreement and the Intercreditor Agreements, and had at all relevant times, and has, the requisite power, authority and legal right to service the CRR Property and to hold the CRR Property Records as custodian.

(b) Due Qualification. Each Servicer is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the CRR Property as required by this Agreement and the Intercreditor Agreements) shall require such qualifications, licenses or approvals (except where the failure to so qualify would not be reasonably likely to have a material adverse effect on such Servicer's business, operations, assets, revenues or properties or to its servicing of the CRR Property).

(c) Power and Authority. The execution, delivery and performance of this Agreement and the Intercreditor Agreements have been duly authorized by all necessary action on the part of each Servicer under each such Servicer's respective organizational or governing documents and laws.

(d) Binding Obligation. Each of this Agreement and each Intercreditor Agreement constitutes a legal, valid and binding obligation of each Servicer enforceable against the Servicers in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the Intercreditor Agreements and the fulfillment of the terms of each such transaction will not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the organizational documents of APCo Servicer or WPCo Servicer as the case may be, or any indenture or other agreement or instrument to which APCo Servicer or WPCo Servicer as the case may be, is a party or by which it or any of its property is bound; nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien or security interest that may be granted under the Basic Documents or any Lien created pursuant to Section 24-2-4h(o) of the Securitization Law); nor violate any existing law or any existing order, rule or regulation applicable to APCo Servicer or WPCo Servicer as the case may be, of any Governmental Authority having jurisdiction over such Servicer or its properties.

(f) No Proceedings. There are no proceedings pending and, to the knowledge of APCo Servicer and WPCo Servicer as the case may be, there are (x) no proceedings threatened, and (y) no investigations pending or threatened, in each case before any Governmental Authority having jurisdiction over APCo Servicer, WPCo Servicer or their respective properties involving or relating to APCo Servicer, WPCo Servicer or the Issuer or, to the knowledge of APCo Servicer or WPCo Servicer as the case may be, any other Person: (i) asserting the invalidity of this Agreement or the Intercreditor Agreements or any of the other Basic Documents, (ii) seeking to prevent the issuance of the Consumer Rate Relief Bonds or the consummation of any of the transactions contemplated by this Agreement or any of the other Basic Documents, (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by APCo Servicer or WPCo Servicer, as the case may be, of its obligations under, or the validity or enforceability of, this Agreement, any of the other Basic Documents or the Consumer Rate Relief Bonds or (iv) seeking to adversely affect the U.S. federal income tax or state income or franchise tax classification of the Consumer Rate Relief Bonds as debt.

(g) Approvals. No governmental approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by APCo Servicer or WPCo Servicer, as the case may be, of this Agreement or the Intercreditor Agreements, the performance by APCo Servicer or WPCo Servicer, as the case may be, of the transactions contemplated hereby or thereby or the fulfillment by APCo Servicer or WPCo Servicer as the case may be, of the terms of each, except those that have been obtained or made, those that the Servicers are required to make in the future pursuant to this Agreement or the Financing Order and those that the Servicers may need to file in the future to continue the effectiveness of any financing statement filed under the Securitization Law or the UCC.

(h) Reports and Certificates. Each report and certificate delivered in connection with the Issuance Advice Letter or delivered in connection with any filing made to the Commission by a Servicer on behalf of the Issuer with respect to the CRR Charges or True-Up Adjustments will constitute a representation and warranty by such Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of such Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to such Servicer on the date such report or certificate is delivered).

SECTION 6.02. Indemnities of the Servicers; Release of Claims.

(a) Each Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by such Servicer under this Agreement.

(b) Each Servicer shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Holders) and any Independent Manager, and each of their respective trustees, officers, directors, employees and agents (each, an "Indemnified Person") for, and defend and hold harmless each such Person from and against, any and all Indemnified Losses imposed on, incurred by or asserted against any such Person as a result of (i) such Servicer's willful misconduct, bad faith or gross negligence in the performance of its duties or observance of its covenants under this Agreement and the Intercreditor Agreements, (ii) such Servicer's breach in any material respects of any of its representations and warranties contained in this Agreement or the Intercreditor Agreements that results in a Servicer Default, or (iii) any litigation or related expenses relating to such Servicer's status or obligations as a Servicer (other than any proceeding such Servicer is required to institute under this Agreement), in each case, except to the extent of Indemnified Losses either resulting from the willful misconduct, bad faith, recklessness or gross negligence of such Person seeking indemnification hereunder or resulting from a breach of a representation or warranty made by such Person seeking indemnification hereunder in any of the Basic Documents that gives rise to the Servicer's breach.

(c) For purposes of Section 6.02(b), in the event of the termination of the rights and obligations of APCo Servicer or WPCo Servicer (or any successor to either of the foregoing pursuant to Section 6.03) as Servicer pursuant to Section 7.01, or a resignation by such Servicer pursuant to this Agreement, such Servicer shall be deemed to still be a Servicer until the appointment of a successor Servicer pursuant to Section 7.02.

(d) Indemnification under this Section 6.02 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Securitization Law or the Financing Order and shall survive the resignation or removal of the Indenture Trustee or any Independent Manager or the termination of this Agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses), and the reasonable fees, out-of-pocket expenses and costs incurred in connection with any action, claim or suit brought to enforce the Indenture Trustee's right to indemnification.

(e) Except to the extent expressly provided in this Agreement or the other Basic Documents (including either Servicer's claims with respect to (i) the Servicing Fee, (ii) reimbursement for Reimbursable Servicer Expenses, (iii) reimbursement for any Excess Remittance, (iv) reimbursement for costs incurred pursuant to Section 5.02(d) and (v) the payment of the purchase price of CRR Property), each Servicer hereby releases and discharges the Issuer, any Independent Manager and the Indenture Trustee, and each of their respective officers, directors and agents (collectively, the "Released Parties") from any and all actions, claims and demands whatsoever, whenever arising, which such Servicer, in its capacity as a Servicer or otherwise, shall or may have against any such Person relating to the CRR Property or such Servicer's activities with respect thereto other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(f) No Servicer shall be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any action, proceeding or investigation without the written consent of such Servicer, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Person of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any action, proceeding or investigation, for which indemnification by a Servicer under this Agreement shall apply, such Indemnified Person shall, if a claim in respect thereof is to be made against a Servicer under this Section 6.02, notify a Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify such Servicer shall relieve such Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 6.02 only to the extent that such Servicer suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.02, each Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defense of any such action, proceeding or investigation where it is a party or a subject as the case may be (in which case such Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided that the Indemnified Person shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding any Servicer's election to assume the defense of any action, proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel (including local counsel), and such Servicer shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the defendants in any such action include both the Indemnified Person and such Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to such Servicer, (ii) such Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) each Servicer shall authorize the Indemnified Person to employ one separate counsel (plus one local counsel) at the expense of such Servicer or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Servicers shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate.

(g) The Servicers shall credit the APCo Customers (in the case of APCo Servicer) or WPCo Customers (in the case of WPCo Servicer) to the extent there is any increase in the Servicing Fee that becomes payable pursuant to Section 6.06 as a result of a Servicer Default resulting from a Servicer's willful misconduct, bad faith or negligence in performance of its duties or obligations and duties under this Agreement or the Servicer's failure to remit any required

payment of CRR Charge Collections; provided, however, that any credit to Customers shall not impact the CRR Charges or the CRR Property. Each Servicer's obligation to credit Customers will survive the termination of this Agreement. The requirement to credit customers set forth in this paragraph may be enforced by the Commission but is not enforceable by any Customer.

SECTION 6.03. Binding Effect of Servicing Obligations. The obligations to continue to provide service and to collect and account for CRR Charges will be binding upon each Servicer, any Jurisdictional Successor of such Servicer, and any other entity that provides transmission and distribution services or direct wire services to a Person that is an APCo Customer (in the case of APCo Servicer) or WPCo Servicer (in the case of WPCo Servicer) so long as the Consumer Rate Relief Bonds are Outstanding. Any Person:

(a) into which a Servicer may be merged, converted or consolidated (by operation of law or otherwise) and which is a Jurisdictional Successor,

(b) that may result from any merger, conversion or consolidation to which a Servicer shall be a party and which is a Jurisdictional Successor,

(c) that may succeed to the properties and assets of a Servicer in the State of West Virginia substantially as a whole and which is a Jurisdictional Successor, or

(d) which is the successor entity resulting from the division of a Servicer into two or more Persons,

(e) which otherwise is a Jurisdictional Successor to a Servicer; and

which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of a Servicer hereunder and of a "Servicer" under, and as defined in, the WPCo Issuer Servicing Agreement, shall be the successor to such Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that:

(i) immediately after giving effect to such transaction, the representations and warranties made by such successor Servicer pursuant to Section 6.01 shall be true and correct in all material respects and no Servicer Default and no event which, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing,

(ii) such successor Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger, division or succession and such agreement of assumption comply with this Section 6.03 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with,

(iii) such successor Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from external counsel of such Servicer either (A) stating that, in the opinion of such counsel, all filings to be made by the Servicer, including filings with the Commission pursuant

to the Securitization Law and the UCC, have been executed (if applicable) and filed and are in full force and effect that are necessary to preserve, protect and perfect the priority of the interests of the Issuer and the Liens of the Indenture Trustee in the CRR Property and reciting the details of such filings or (B) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such interests,

(iv) such Servicer shall have delivered to the Issuer, the Indenture Trustee, the Rating Agencies and the Commission an Opinion of Counsel from independent tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger, division or succession and such agreement of assumption will not result in a material U.S. federal income tax consequence to the Issuer or the Holders of Consumer Rate Relief Bonds, and

(v) the Servicers shall have given the Rating Agencies prior written notice of such transaction and, if such Person is not an Affiliate of APCo or WPCo, the Rating Agency Condition shall be satisfied.

When any Person (or more than one Person) (x) acquires the properties and assets of a Servicer in the State of West Virginia substantially as a whole and becomes the Jurisdictional Successor to such Servicer, or (y) otherwise becomes the successor to such Servicer in accordance with the terms of this Section 6.03, then in each case upon satisfaction of all of the other conditions of this Section 6.03, the preceding Servicer shall automatically and without further notice be released from all its obligations hereunder.

For purposes hereof, "Jurisdictional Successor" means, with respect to Servicer, a "Successor" (as defined in the Securitization Law) who succeeds to all or substantially all of the electric transmission and distribution business of such Servicer in the State of West Virginia (or, if the transmission and distribution business is split, any Person which provides wire service directly to APCo Customers (in the case of APCo Servicer) or WPCo Customers (in the case of WPCo Servicer)).

Notwithstanding the foregoing, WPCo will be allowed to merge into APCo without satisfying the conditions specified in this Section 6.03 so long as APCo is the entity surviving the merger.

SECTION 6.04. Limitation on Liability of Servicer and Others.

(a) Except as otherwise provided under this Agreement, no Servicer nor any of the directors, officers, employees or agents of any Servicer shall be liable to the Issuer, its managers, Holders, the Indenture Trustee or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect a Servicer or any such person against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. Each Servicer and any director, officer, employee or agent of such Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(b) Except as provided in this Agreement, including but not limited to Sections 5.02(d) and (e), no Servicer shall be under any obligation to appear in, prosecute or defend any legal action relating to the CRR Property that is not directly related to one of such Servicer's enumerated duties in this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that such Servicer may, in respect of any Proceeding, undertake any action that it is not specifically identified in this Agreement as a duty of such Servicer but that such Servicer reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the Indenture Trustee under this Agreement and the interests of the Holders and Customers under this Agreement. Such Servicer's costs and expenses incurred in connection with any such proceeding shall be payable from CRR Charge Collections as an Operating Expense (and shall not be deemed to constitute a portion of the Servicing Fee) in accordance with the Indenture. Such Servicer's obligations pursuant to this Section 6.04 shall survive and continue notwithstanding that payment of such Operating Expense may be delayed pursuant to the terms of the Indenture (it being understood that a Servicer may be required initially to advance its own funds in making expenditures pursuant to this paragraph).

SECTION 6.05. Neither APCo nor WPCo to Resign as a Servicer. Subject to the provisions of Section 6.03, neither APCo nor WPCo shall resign from the obligations and duties hereby imposed on it as a Servicer under this Agreement unless APCo or WPCo, as applicable, delivers to the Indenture Trustee, the Commission and each Rating Agency written notice of such resignation and, concurrently therewith or promptly thereafter, an opinion of external counsel to the effect that APCo's or WPCo's performance, as applicable, of its duties under this Agreement shall no longer be permissible under applicable law. No such resignation shall become effective until a successor Servicer shall have assumed the responsibilities and obligations of APCo or WPCo, as applicable, in accordance with Section 7.02.

SECTION 6.06. Servicing Compensation.

(a) Servicing Fee

(i) In consideration for its services hereunder and under the WPCo Issuer Servicing Agreement, until the Retirement of the APCo CRR Bonds, the APCo Servicer shall receive an annual fee (the "Servicing Fee") in an amount equal to (i) 0.10% of the aggregate initial principal amount of all Consumer Rate Relief Bonds for so long as APCo or an Affiliate of APCo is a Servicer or (ii) if APCo or any of its Affiliates is not a Servicer, an amount agreed upon by the Successor Servicer and the Indenture Trustee, provided that any amount in excess of 0.25% of the aggregate initial principal amount of all Consumer Rate Relief Bonds must be approved by the Commission. The Servicing Fee owing shall be calculated based on the initial principal amount of the Consumer Rate Relief Bonds and shall be paid semi-annually with half of the Servicing Fee being paid on each Payment Date.

(ii) In consideration for its services hereunder and under the WPCo Issuer Servicing Agreement, until the Retirement of the APCo CRR Bonds, the WPCo Servicer shall receive a servicing fee pursuant to the terms of the WPCo Issuer Servicing Agreement.

(iii) Notwithstanding the foregoing, if the "Retirement of the WPCo CRR Bonds" occurs under, and as defined in, the WPCo Indenture, prior to the Retirement of the APCo CRR Bonds, the Servicing Fee shall thereafter be payable to the Servicers as follows:

(A) for so long as APCo or an Affiliate of APCo is a Servicer, to APCo Servicer, an amount equal to (x) 0.10% multiplied by (y) the aggregate initial principal amount of all Consumer Rate Relief Bonds multiplied by (z) the APCo Proportion;

(B) for so long as WPCo or an Affiliate of WPCo is a Servicer, to WPCo Servicer, an amount equal to (x) 0.10% multiplied by (y) the aggregate initial principal amount of all Consumer Rate Relief Bonds multiplied by (z) the WPCo Proportion; and

(C) if APCo, WPCo or any of their respective Affiliates is not a Servicer, an amount agreed upon by the Successor Servicer and the Indenture Trustee, acting at the direction of a majority of the Holders, provided that any amount in excess of 0.25% of the aggregate initial principal amount of all Consumer Rate Relief Bonds must be approved by the Commission.

(iv) Each Servicer also shall be entitled to retain as additional compensation (i) any interest earnings on CRR Charge Payments received by such Servicer and invested by such Servicer during each Collection Period prior to remittance to the Joint Collection Account and (ii) all late payment charges, if any, collected from Customers to the extent consistent with such Servicer's Tariff and, if applicable, allocated to such Servicer pursuant to the terms of the Intercreditor Agreements; provided, however, that if such Servicer has failed to remit its Daily Remittance to the Joint Collection Account on the Servicer Business Day that such payment is to be made pursuant to Section 6.11 on more than three (3) occasions during the period that the Consumer Rate Relief Bonds are outstanding, then thereafter such Servicer will be required to pay to the Joint Collection Account interest on each Daily Remittance of such Servicer accrued at the Federal Funds Rate from the Servicer Business Day on which such Daily Remittance was required to be made to the date that such Daily Remittance is actually made.

(v) Each Servicer shall also be entitled to be reimbursed by the Issuer for filing fees and fees and expenses for printing, attorneys, accountants or other professional services retained by, and other incremental out-of-pocket third-party costs of, the Issuer and paid for by the Servicer (or procured by such Servicer on behalf of the Issuer and paid for by such Servicer) to meet the Issuer's obligations under the Basic Documents (with respect to each Servicer, "Reimbursable Servicing Expense").

(b) The Servicing Fee set forth in Section 6.06(a) shall be paid to the APCo Servicer (or the Servicers, in the case of Section 6.06(a)(iii)) by the Indenture Trustee semi-annually, with half of the Servicing Fee being paid on each Payment Date (which amount will be pro-rated for the first and final Payment Date) in accordance with the priorities set forth in Section 8.02(e) of the Indenture, by wire transfer of immediately available funds from the Payment Account to an account designated by the APCo Servicer (or to the accounts designated by each of the Servicers, in the case of Section 6.06(a)(iii)). Any portion of the Servicing Fee not paid on any such date shall be added to the Servicing Fee payable on the subsequent Payment Date. In no event shall the Indenture Trustee be liable for the payment of any Servicing Fee or other amounts specified in this Section 6.06; provided that this Section 6.06 does not relieve the Indenture Trustee of any duties it has to allocate funds for payment for such fees under Section 8.02 of the Indenture.

(c) Other than Reimbursable Servicing Expenses and except as otherwise expressly provided elsewhere in this Agreement, each Servicer shall be required to pay from its own account expenses incurred by such Servicer in connection with its activities hereunder (including any fees to and disbursements by its accountants, counsel, or any other Person, any taxes imposed on such Servicer and any expenses incurred in connection with reports to Holders, but excluding any costs and expenses incurred by APCo in its capacity as Administrator) out of the compensation retained by or paid to it pursuant to this Section 6.06, and shall not be entitled to any extra payment or reimbursement therefor.

(d) The foregoing Servicing Fee, together with the "Servicing Fee" under, and as defined in, the WPCo Issuer Servicing Agreement, constitutes a fair and reasonable compensation for the obligations to be performed by the Servicers. The Servicing Fee shall be determined without regard to the income of the Issuer, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Issuer and shall be considered a fixed Operating Expense of the Issuer subject to the limitations on such expenses set forth in the Financing Order.

SECTION 6.07. Compliance with Applicable Law. Each Servicer covenants and agrees, in servicing the CRR Property, to comply in all material respects with all laws applicable to, and binding upon, such Servicer and relating to the CRR Property the noncompliance with which would have a material adverse effect on the value of the CRR Property; provided, however, that the foregoing is not intended to, and shall not, impose any liability on such Servicer for noncompliance with any Requirement of Law that such Servicer is contesting in good faith in accordance with its customary standards and procedures. It is expressly acknowledged that the payment of fees to the Rating Agencies shall be at the expense of the Issuer, and that if such Servicer advances such payments to the Rating Agencies, such advancements shall constitute Reimbursable Servicer Expenses and the Issuer shall reimburse such Servicer for any such advances.

SECTION 6.08. Access to Certain Records and Information Regarding CRR Property. Each Servicer shall provide to the Indenture Trustee access to the CRR Property Records as is reasonably required for the Indenture Trustee to perform its duties and obligations under the Indenture and the other Basic Documents, and shall provide access to such records to the Holders as required by applicable law. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the applicable offices of such Servicer. Nothing in this Section 6.08 shall affect the obligation of such Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of such Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 6.08.

SECTION 6.09. Appointments. Each Servicer may at any time appoint any Person as a subservicer or agent to perform all or any portion of its obligations as a Servicer hereunder, including a collection agent pursuant to any Intercreditor Agreement; provided, however, that, unless such Person is an Affiliate of APCo or WPCo, the Rating Agency Condition shall have been satisfied in connection therewith; provided further that such Servicer shall remain obligated and be liable under this Agreement for the servicing and administering of the CRR Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if such Servicer were servicing and administering the CRR Property without the use of a subservicer or agent. The fees and expenses of any such Person shall be as agreed between such Servicer and such Person from time to time and none of the Issuer, the Indenture Trustee, the Holders or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a Servicer resignation under Section 6.05.

SECTION 6.10. No Servicer Advances. No Servicer shall make any advances of interest on or principal of the Consumer Rate Relief Bonds.

SECTION 6.11. Remittances.

(a) On each Servicer Business Day, commencing [•][1] days after the Closing Date, each Servicer shall remit to the Joint Collection Account the total CRR Charge Payments estimated to have been received by such Servicer from or on behalf of APCo Customers (in the case of APCo Servicer) or WPCo Customers (in the case of WPCo Servicer) on such Servicer Business Day in respect of all CRR Charges previously billed by such Servicer (the "Daily Remittance"), which Daily Remittance shall be calculated according to the procedures set forth in Annex I hereto and shall be remitted as soon as reasonably practicable to the Joint Collection Account but in no event later than the second Servicer Business Day after such payments are estimated to have been received. Prior to each remittance to the Joint Collection Account pursuant to this Section 6.11, the Servicers shall provide written notice to the Indenture Trustee of each such remittance (including the exact dollar amount to be remitted) [substantially in the form of Exhibit E][2], which notice and the equivalent notice required to be delivered by the Servicers under Section 6.11(a) of the WPCo Servicing Agreement may be given in a single notice. Each Servicer shall also, promptly upon receipt, remit to the Joint Collection Account any other proceeds of the CRR Bond Collateral which it may receive from time to time. On each APCo Transfer Date or,

1 **Note to Form**: To be updated with initial Weighted Average Days Outstanding.

2 **Note to Form:** To be included if required by the Indenture Trustee.

to the extent funds are available, upon any Ongoing Financing Costs becoming due and payable, the Servicers shall, or shall cause the Control Agent to, in accordance with the CRR Property Intercreditor Agreement, transfer the applicable APCo Transfer Amount as of such APCo Transfer Date from the Joint Collection Account to the General Subaccount of the Payment Account established under the Indenture. Unless otherwise agreed upon between the Servicers and the Indenture Trustee, such transfers from the Joint Collection Account to the General Subaccount of the Payment Account shall occur on a daily basis; provided, however, that the Servicers shall not be permitted to transfer any APCo Transfer Amount to the Payment Account unless a similar WPCo Transfer Amount is transferred to the "Payment Account" (as defined in the WPCo Indenture) for the WPCo CRR Bonds at the same time and using the same calculation methodology outlined herein. Each Servicer shall cooperate with the other Servicer in respect of, and shall take all actions reasonably necessary to implement, the transfers contemplated by Section 2(h) of the CRR Property Intercreditor Agreement.

(b) Each Servicer agrees and acknowledges that it holds all CRR Charge Payments collected by it and any other proceeds for the CRR Bond Collateral received by it for the benefit of the Indenture Trustee and the Holders and that all such amounts will be remitted by the Servicers in accordance with this Section 6.11 without any surcharge, fee, offset, charge or other deduction except (i) for late fees allocated to a Servicer, in its capacity as a Servicer hereunder, pursuant to the Intercreditor Agreements, (ii) as set forth in clause (c) below and (iii) as permitted by Section 6.06. Each Servicer further agrees not to make any claim to reduce its obligation to remit all CRR Charge Payments collected by such Servicer in accordance with this Agreement except (i) for late fees allocated to such Servicer, in its capacity as a Servicer hereunder, and pursuant to the Intercreditor Agreements, (i) as set forth in clause (c) below and (iii) as permitted by Section 6.06.

(c) On or before the twenty-fifth calendar day of each calendar month (or, if such day is not a Servicer Business Day, on the immediately succeeding Servicer Business Day) commencing with [*month*], 20[•], the Servicers shall, in the Monthly Servicers' Certificate, calculate the amount of any Remittance Shortfall or Excess Remittance with respect to the Servicers for the Collection Period corresponding to the immediately preceding calendar month, and (A) if a Remittance Shortfall exists, each applicable Servicer shall make a supplemental remittance, in the amount of its portion of the Remittance Shortfall, to the Joint Collection Account within five (5) Servicer Business Days after the delivery of the applicable Monthly Servicers' Certificate, or (B) if an Excess Remittance exists, each applicable Servicer shall be entitled either (i) to reduce the amount of each Daily Remittance which such Servicer subsequently remits to the Joint Collection Account for application to the amount of its portion of such Excess Remittance until the balance of such portion of the Excess Remittance has been reduced to zero, with the amount of such reduction becoming the property of such Servicer or (ii) so long as such withdrawal would not cause the amounts on deposit in the Excess Funds Subaccount to be insufficient for the payment of the next installment of interest on the Consumer Rate Relief Bonds or principal due at maturity on the next Payment Date or upon acceleration on or before the next Payment Date, to be paid immediately from the Payment Account's Excess Funds Subaccount an amount equal to such Servicer's portion of the Excess Remittance multiplied by the Issuer's percentage interest in the Joint Collection Account as of the date of the applicable Monthly Servicers' Certificate, calculated in accordance with the definition of APCo Transfer Amount, with such payment becoming the property of such Servicer. If there is a Remittance Shortfall with respect to a Servicer, the amount which such Servicer remits to the Joint Collection Account on the relevant date set forth above shall be increased by the amount of such Remittance Shortfall, such increase coming from such Servicer's own funds.

(d) Unless otherwise directed to do so by the Issuer, the Servicers shall be responsible for selecting Eligible Investments in which the funds in the Joint Collection Account and each Payment Account shall be invested pursuant to the CRR Property Intercreditor Agreement and Section 8.03 of the Indenture, respectively.

SECTION 6.12. Maintenance of Operations. Subject to Section 6.03, each of APCo and WPCo agrees to use commercially reasonable efforts to continue, unless prevented by circumstances beyond its control, to operate its electric transmission and distribution system to provide service to APCo Customers or WPCo Customers, respectively (or, if transmission and distribution are split, to provide wire service directly to APCo Customers or WPCo Customers, as applicable), so long as such Servicer is acting as a Servicer under this Agreement.

ARTICLE VII
DEFAULT

SECTION 7.01. Servicer Default. If any one or more of the following events (a "Servicer Default") shall occur and be continuing:

(a) any failure by either Servicer to remit to the Joint Collection Account or the Payment Account, as applicable, on behalf of the Issuer any required remittance that shall continue unremedied for a period of five (5) Servicer Business Days after the earlier of the date on which (i) written notice of such failure is received by either Servicer from the Issuer or the Indenture Trustee or (ii) such failure is actually known by a Responsible Officer of a Servicer; or

(b) any failure on the part of the Servicers to duly observe or to perform in any material respect any covenants or agreements of the Servicers set forth in this Agreement (other than as provided in clause (a) or (c) of this Section 7.01) or any other Basic Document to which a Servicer is a party, which failure shall (i) materially and adversely affect the rights of the Holders and (ii) continue unremedied for a period of sixty (60) days after the earlier of the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to a Servicer by the Issuer (with a copy to the Indenture Trustee) or to a Servicer by the Indenture Trustee or (B) such failure is actually known by a Responsible Officer of a Servicer; or

(c) any failure in any material respect by either Servicer duly to perform its obligations under Section 4.01(b) of this Agreement in the time and manner set forth therein, which failure continues unremedied for a period of five (5) Servicer Business Days; or

(d) any representation or warranty made by a Servicer in this Agreement or any other Basic Document shall prove to have been incorrect in a material respect when made, which has a material adverse effect on the Holders and which material adverse effect continues unremedied for a period of sixty (60) days after the earlier of the date on which (A) written notice thereof, requiring the same to be remedied, shall have been delivered to a Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (B) such failure is actually known by a Responsible Officer of a Servicer; or

(e) an Insolvency Event occurs with respect to a Servicer;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, either the Indenture Trustee, acting under the Indenture, may (if it is actually known by a Responsible Officer of the Indenture Trustee), or shall (upon the written instruction of the Joint Majority Holders), subject to the terms of the Intercreditor Agreements, by notice then given in writing to the Servicers (and to the Indenture Trustee if given by the Holders) (a "Termination Notice"), terminate all the rights and obligations of the Servicers under this Agreement (other than the obligations set forth in Section 6.02 and the obligation under Section 7.02 to continue performing its functions as Servicers until a successor Servicer is appointed). The appointment of any successor Servicer shall be subject to the terms and provisions of the Intercreditor Agreements. In addition, upon a Servicer Default described in Section 7.01(a), the Holders and the Indenture Trustee as financing parties under the Securitization Law (or any of their representatives) shall be entitled to (i) apply to the Commission or a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the CRR Property, (ii) foreclose on or otherwise enforce the lien and security interests in any CRR Property and (iii) apply to the Commission for an order that amounts arising from the CRR Charges be transferred to a separate account for the benefit of the Secured Parties, in accordance with the Securitization Law. On or after the receipt by the Servicers of a Termination Notice, all authority and power of the Servicers under this Agreement, whether with respect to the Consumer Rate Relief Bonds, the CRR Property, the CRR Charges or otherwise, shall, without further action, pass to and be vested in such successor Servicer as may be appointed under Section 7.02; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicers, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the CRR Property Records and related documents, or otherwise. The predecessor Servicers shall cooperate with the successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicers under this Agreement, including the transfer to the successor Servicer for administration by it of all CRR Property Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the CRR Property or the CRR Charges. As soon as practicable after receipt by the Servicers of such Termination Notice, the Servicers shall deliver the CRR Property Records to the successor Servicer. In case a successor Servicer is appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with transferring the CRR Property Records to the successor Servicer and amending this Agreement and any Intercreditor Agreement to reflect such succession as Servicer pursuant to this Section 7.01 shall be paid by the predecessor Servicers upon presentation of reasonable documentation of such costs and expenses. Termination of APCo as a Servicer shall not terminate APCo's rights or obligations under the Sale Agreement (except rights thereunder deriving from its rights as a Servicer hereunder).

SECTION 7.02. Appointment of Successor.

(a) Upon the Servicers' receipt of a Termination Notice pursuant to Section 7.01 or a Servicer's resignation or removal in accordance with the terms of this Agreement, each predecessor Servicer shall continue to perform its functions as a Servicer under this Agreement, and shall be entitled to receive the requisite portion of the Servicing Fee and Reimbursable Servicer Expenses, until a successor Servicer shall have assumed in writing the obligations of such Servicer hereunder as described below. In the event of such Servicer's removal or resignation hereunder, the Indenture Trustee shall, upon the written direction of the Joint Majority Holders, appoint a successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer and the Indenture Trustee (acting at the written direction of the Joint Majority Holders) and provide prompt written notice of such assumption to the Issuer and the Rating Agencies. If within thirty (30) days after the delivery of the Termination Notice, a new Servicer shall not have been appointed, the Indenture Trustee may, or, upon the written direction of the Joint Majority Holders, shall, in each case petition the Commission or a court of competent jurisdiction to appoint a successor Servicer under this Agreement. Except as permitted by Section 6.03, a Person shall qualify as a successor Servicer only if (i) such Person is permitted under Commission Regulations to perform the duties of a Servicer, (ii) the Rating Agency Condition shall have been satisfied, (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person is approved as a successor Servicer under each Intercreditor Agreement (if any). In no event shall the Indenture Trustee be liable for its appointment of a successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.02(a) shall be at the sole expense of the Issuer and payable from the Payment Account as provided in Section 8.02 of the Indenture.

(b) Upon appointment, the successor Servicer shall be the successor in all respects to the predecessor Servicer under this Agreement and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to the Servicing Fee and reimbursement of Reimbursable Servicer Expenses and all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

SECTION 7.03. Waiver of Past Defaults. The Indenture Trustee, acting at the written direction of the Joint Majority Holders, may waive in writing any default by a Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Joint Collection Account in accordance with this Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the Servicers shall furnish copies of such waiver to each of the Rating Agencies.

SECTION 7.04. Notice of Servicer Default. The Servicers shall deliver to the Issuer, the Indenture Trustee, the Commission and the Rating Agencies, promptly after a Servicer Responsible Officer having obtained actual knowledge thereof, but in no event later than five (5) Servicer Business Days thereafter, written notice of any event which with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.01.

SECTION 7.05. Cooperation with Successor. Each predecessor Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the successor Servicer in performing its obligations hereunder. All reasonable costs and expenses (including reasonable attorney's fees and expenses) incurred by a predecessor Servicer in connection with this Section 7.05 shall be paid by the Issuer or such successor Servicer from CRR Charge Collections available under the Indenture, following presentation of reasonable documentation of such costs and expenses.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 8.01. Amendment.

(a) This Agreement may be amended from time to time (without the consent of the Indenture Trustee or any of the Holders) by a written amendment duly executed and delivered by each of the Servicers and the Issuer with ten (10) Business Days' prior written notice given to the Rating Agencies and, if the contemplated amendment may in the judgment of the Servicers increase Ongoing Financing Costs, the consent or deemed consent of the Commission pursuant to Section 8.02, (i) to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Agreement or of modifying in any manner the rights of the Holders; provided, however, that the Issuer and the Indenture Trustee shall receive an Officer's Certificate from Servicers stating that the execution of such amendment shall not adversely affect in any material respect the interests of any Holder; or (ii) to conform the provisions hereof to the description of this Agreement in the Prospectus. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(b) In addition, this Agreement may be amended from time to time by a written amendment duly executed and delivered by each of the Servicers and the Issuer with (i) the satisfaction of the Rating Agency Condition and, (ii) if the contemplated amendment may in the judgment of the Servicers increase Ongoing Financing Costs, the consent of the Commission pursuant to Section 8.02; provided that any such amendment may not adversely affect the interest of any Holder in any material respect, as evidenced by an Officer's Certificate of the Servicers delivered to the Issuer and the Indenture Trustee, without the consent of the Joint Majority Holders. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(c) Prior to executing, or consenting to, any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to request and conclusively rely upon an Officer's Certificate or Opinion of Counsel stating that such amendment is authorized or permitted by this Agreement and upon the Opinion of Counsel from external counsel referred to in Section 3.01(c)(i). Any Opinion of Counsel may be based, insofar as it relates to factual matters (including financial and capital markets), upon a certificate or opinion of, or representations by, an officer or officers of the Servicers or the Issuer and other documents necessary and advisable in the judgment of counsel delivering such opinion. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into or consent to, as applicable, any such amendment which affects such Person's own rights, duties, liabilities, indemnities or immunities under this Agreement or otherwise.

(d) Notwithstanding Section 8.01(a) through (d), or anything to the contrary in this Agreement, the Servicers and the Issuer may amend Annex I to this Agreement in writing with prior written notice given to the Indenture Trustee and the Rating Agencies, but without the consent of the Indenture Trustee, any Rating Agency or any Holder, solely to address changes to the Servicer's method of calculating Estimated CRR Charge Collections as a result of changes to the Servicer's current computerized customer information system, including changes which would replace the remittances contemplated by the estimation procedures set forth in Annex I with remittances of CRR Charge Collections determined to have been actually received, or to address the manner of presenting CRR Charges on the Bills of Customers; provided that any such amendment shall not, as evidenced by an Officer's Certificate of the Servicers delivered to the Issuer and the Indenture Trustee, have a material adverse effect on the Holders of then Outstanding Consumer Rate Relief Bonds.

SECTION 8.02. Commission Condition. Notwithstanding anything to the contrary in Section 8.01, no amendment or modification of this Agreement that would result in an increase to Ongoing Financing Costs shall be effective unless the process set forth in this Section 8.02 has been followed.

(a) At least thirty-one (31) days prior to the effectiveness of any such amendment or modification and after obtaining the other necessary approvals set forth in Section 8.01 (except that the consent of the Indenture Trustee shall be subject to the written consent of Joint Majority Holders in connection with such amendment or modification), the Servicers shall have delivered to the Commission's executive secretary and general counsel written notification of any proposed amendment or modification, which notification shall contain:

(i) a reference to Case No. [•];

(ii) an Officer's Certificate stating that the proposed amendment or modification has been approved by all parties to this Agreement; and

(iii) a statement identifying the person to whom the Commission or its authorized representative is to address any response to the proposed amendment or modification or to request additional time.

(b) The Commission or its authorized representative shall, within thirty (30) days after receiving the notification complying with Section 8.02(a), either:

(i) provide notice of its determination that the proposed amendment or modification will not under any circumstances have the effect of increasing the Ongoing Financing Costs,

(ii) provide notice of its consent or lack of consent to the person specified in Section 8.02(a)(iii), or

(iii) be conclusively deemed to have consented to the proposed amendment or modification;

unless, within thirty (30) days of receiving the notification complying with Section 8.02(a), the Commission or its authorized representative delivers to the office of the person specified in Section 8.02(a)(iii) a written statement requesting an additional amount of time not to exceed thirty (30) days in which to consider whether to consent to the proposed amendment or modification. If the Commission or its authorized representative requests an extension of time in the manner set forth in the preceding sentence, then the Commission shall either provide notice of its consent or lack of consent or notice of its determination that the proposed amendment or modification will not under any circumstances increase Ongoing Financing Costs to the person specified in Section 8.02(a)(iii) no later than the last day of such extension of time or be conclusively deemed to have consented to the proposed amendment or modification on the last day of such extension of time. Any amendment or modification requiring the consent of the Commission shall become effective on the later of (i) the date proposed by the parties to such amendment or modification and (ii) the first day after the expiration of the thirty (30) day period, provided for in this Section 8.02(b), or, if such period has been extended pursuant hereto, the first day after the expiration of such period as so extended.

(c) Following the delivery of a notice to the Commission by the Servicers under Section 8.02(a), the Servicers and the Issuer shall have the right at any time to withdraw from the Commission further consideration of any notification of a proposed amendment or modification. Such withdrawal shall be evidenced by the prompt written notice thereof by the Servicers to the Commission, the Issuer and the Indenture Trustee.

(d) For the purpose of this Section 8.02, an "authorized representative" of the Commission means any person authorized to act on behalf of the Commission.

(e) In no event shall the Indenture Trustee be responsible or liable for determining if an amendment or modification of this Agreement would result in an Ongoing Financing Cost, nor shall the Indenture Trustee be charged with monitoring or satisfying the requirements of this Section 8.02.

SECTION 8.03. Maintenance of Accounts and Records.

(a) Each Servicer shall maintain accounts and records as to the CRR Property accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between CRR Charge Payments received by such Servicer and CRR Charge Collections from time to time deposited in the Joint Collection Account and the Payment Account.

(b) Each Servicer shall permit the Indenture Trustee and its agents at any time during normal business hours, upon reasonable notice to such Servicer and to the extent it does not unreasonably interfere with such Servicer's normal operations, to inspect, audit and make copies of and abstracts from such Servicer's records regarding the CRR Property and the CRR Charges. Nothing in this Section 8.03(b) shall affect the obligation of each Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of such Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8.03(b).

SECTION 8.04. Notices. Unless otherwise specifically provided herein, all demands, notices and communications upon or to each Servicer, the Issuer, the Indenture Trustee, the Commission or the Rating Agencies under this Agreement shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented delivery service or, to the extent receipt is confirmed, sent by email or other form of electronic transmission:

(a) in the case of the APCo Servicer, to Appalachian Power Company, at 1 Riverside Plaza, Columbus, Ohio 43215, Attention: Treasurer, Telephone: (614) 716-1000, Email: Treasury_Operations_AEP@aep.com;

(b) in the case of the WPCo Servicer, to Wheeling Power Company, at 1 Riverside Plaza, Columbus, Ohio 43215, Attention: Treasurer, Telephone: (614) 716-1000, Email: Treasury_Operations_AEP@aep.com;

(c) in the case of the Issuer, to Appalachian Consumer Rate Relief Funding II LLC at 200 Association Drive, 02, Charleston, West Virginia 25311, Attention: Managers, Telephone: (614) 716-1522, Email: Treasury_Operations_AEP@aep.com;

(d) in the case of the Indenture Trustee or a Responsible Officer of the Indenture Trustee, to the Corporate Trust Office;

(e) in the case of the Commission, to the Public Service Commission of West Virginia, [201 Brooks Street, Charleston, West Virginia, 25301, Attention: Executive Secretary, Telephone: 1-800-344-5113, Facsimile: (304) 340-0325];

(f) in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 24th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: ServicerReports@moodys.com (all such notices to be delivered to Moody's in writing by email), and solely for the purposes of Rating Agency Condition communications: abscormonitoring@moodys.com;

(g) in the case of S&P, to Standard & Poor's Ratings Group, Inc., Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@spglobal.com (all such notices to be delivered to S&P in writing by email); or

(h) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 8.05. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 6.03 and as provided in the provisions of this Agreement concerning the resignation of a Servicer, this Agreement may not be assigned by any Servicer.

SECTION 8.06. Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Servicers and the Issuer and, to the extent provided herein or in the other Basic Documents, the Indenture Trustee (on behalf of itself and the Secured Parties), and the other Persons expressly referred to herein as having rights hereunder, and the foregoing beneficiaries shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the CRR Property or CRR Bond Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein. Notwithstanding anything to the contrary contained herein, for the avoidance of doubt, any right, remedy or claim to which any Customer may be entitled pursuant to the Financing Order or pursuant to this Agreement may be asserted or exercised only by the Commission (or by its counsel in the name of the Commission) for the benefit of such Customer.

SECTION 8.07. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such a construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8.08. Separate Counterparts; Electronic Signatures. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Each party hereto agrees that this Agreement may be electronically signed, that any digital or electronic signatures appearing on this Agreement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Agreement may be made by facsimile, email or other electronic transmission.

SECTION 8.09. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 8.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WEST VIRGINIA, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 8.11. Assignment to Indenture Trustee. (a) Each Servicer hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder and (b) in no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section 8.02 of the Indenture.

SECTION 8.12. Nonpetition Covenants. Notwithstanding any prior termination of this Agreement or the Indenture, but subject to a court's rights to order the sequestration and payment of CRR Charge Collections pursuant to Section 24-2-4h(m)(1) of the Securitization Law, no Servicer shall, prior to the date that is one year and one day after the termination of the Indenture, acquiesce, petition or otherwise invoke or cause the Issuer to invoke or join with any Person in provoking the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer for any substantial part of the property of the Issuer or ordering the dissolution, winding up or liquidation of the affairs of the Issuer.

SECTION 8.13. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee in the exercise of the powers and authority conferred and vested in it, and that the Indenture Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 8.14. Rule 17g-5 Compliance. The Servicers agree that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicers to any Rating Agency under this Agreement or any other Basic Document to which it is a party for the purpose of determining the initial credit rating of the Consumer Rate Relief Bonds or undertaking credit rating surveillance of the Consumer Rate Relief Bonds with any Rating Agency, or satisfy the Rating Agency Condition, shall be substantially concurrently posted by the Servicers on the 17g-5 Website.

SECTION 8.15. Indenture Trustee Actions. In acting hereunder, the Indenture Trustee shall have the rights, privileges, protections, indemnities and immunities granted to it under the Indenture.

SECTION 8.16. Termination. This Agreement shall terminate when the Retirement of the Consumer Rate Relief Bonds occurs and all related Financing Costs have been paid in full, unless terminated earlier pursuant to the terms of this Agreement.

(*SIGNATURE PAGE FOLLOWS*)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC, as Issuer

By: _____
Name:
Title:

APPALACHIAN POWER COMPANY,
as a Servicer

By: _____
Name:
Title:

WHEELING POWER COMPANY,
as a Servicer

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Indenture Trustee

By: _____
Name:
Title:

EXHIBIT A

MONTHLY SERVICERS' CERTIFICATE

(*See Attached.*)

Monthly Servicers' Certificate
(to be delivered each month pursuant to **Section 3.01(b)(i)** of the Servicing Agreement)

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC

Appalachian Power Company and Wheeling Power Company, as Servicers

Pursuant to the CRR Property Servicing Agreement dated as of [•] (the "Servicing Agreement") between Appalachian Power Company ("APCo") and Wheeling Power Company ("WPCo"), as servicers (the "Servicers"), and Appalachian Consumer Rate Relief Funding II LLC, as issuer thereunder, each Servicer does hereby certify as follows:

APCo and WPCo as Servicers:[3]

Collection Period:
Remittance Dates:

CRR Rate Class Total	a. CRR Charges in Effect	b. Billed CRR Charges	c. Estimated CRR Charge Collections Received

Collection Period:

CRR Rate Class Total	d. Estimated CRR Charge Collections Received Total	e. Actual CRR Charge Collections Received	f. Remittance Shortfall for immediately prior Collection Period	g. Excess Remittance for immediately prior Collection Period

h Daily remittances previously made by APCo and WPCo as Servicers to the Joint Collection Account in respect of this Collection Period (c): $

i. The amount to be remitted by APCo and WPCo as Servicers to the Joint Collection Account for this Collection Period is (c + f - g): $

j. If (i > h), (i - h) equals net amount due from APCo and WPCo as Servicers to the Joint Collection Account: $

k. If (h > i), (h - i) equals net amount due to APCo and WPCo as Servicers from the Joint Collection Account: $

[3] **Note to Form:** To only cover amounts for bonds issued by Appalachian Consumer Rate Relief Funding II LLC.

Capitalized terms used herein have their respective meanings set forth in the Servicing Agreement (including by incorporation by reference therein).

In WITNESS HEREOF, the undersigned have duly executed and delivered this Monthly Servicers' Certificate on the ____ day of _____, 20___.

APPALACHIAN POWER COMPANY,
as a Servicer

Name:
Title:

WHEELING POWER COMPANY,
as a Servicer

Name:
Title:

EXHIBIT B

FORM OF SEMI-ANNUAL SERVICERS' CERTIFICATE

Pursuant to Section 4.01(c)(ii) of the CRR Property Servicing Agreement dated as of [•] (the "Servicing Agreement") between Appalachian Power Company ("APCo") and Wheeling Power Company ("WPCo"), as servicers (the "Servicers"), and Appalachian Consumer Rate Relief Funding II LLC, as issuer thereunder ("Issuer"), the Servicers do hereby certify for the _____, 20__ Payment Date (the "Current Payment Date"), as follows:

Capitalized terms used herein have their respective meanings as set forth in the Servicing Agreement (including by incorporation by reference therein). As used herein, "APCo Bonds" means the Series 2026-A Senior Secured Consumer Rate Relief Bonds issued by the Issuer on [•]. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Indenture, as the context indicates.

Collection Periods: ____ to _____

Payment Date: _____

1. Collections Allocable and Aggregate Amounts Available for the Current Payment Date:

		Total / Joint[4]	APCo Bonds[5]
i.	**Starting Joint Collection Account Balance**	**$0**	
ii.	Remittances from APCo for the ___ Collection Period	$_____	$_____
iii.	Remittances from APCo for the ___ Collection Period	$_____	$_____
iv.	Remittances from APCo for the ___ Collection Period	$_____	$_____
v.	Remittances from APCo for the ___ Collection Period	$_____	$_____
vi.	Remittances from APCo for the ___ Collection Period	$_____	$_____
vii.	Remittances from APCo for the ___ Collection Period	$_____	$_____
viii.	**Total Remittances from APCo for the Collection Periods**	$_____	$_____
ix.	Remittances from WPCo for the ___ Collection Period	$_____	$_____
x.	Remittances from WPCo for the ___ Collection Period	$_____	$_____
xi.	Remittances from WPCo for the ___ Collection Period	$_____	$_____
xii.	Remittances from WPCo for the ___ Collection Period	$_____	$_____
xiii.	Remittances from WPCo for the ___ Collection Period	$_____	$_____
xiv.	Remittances from WPCo for the ___ Collection Period	$_____	$_____
xv.	Total Remittances from WPCo for the Collection Periods	$_____	$_____
xvi.	**Investment Earnings on Joint Collection Account**	$_____	$_____

4 Includes amounts in respect APCo Bonds as well as the Series 2026-A Senior Secured Consumer Rate Relief Bonds issued by Wheeling Consumer Rate Relief LLC on [•].

5 Only includes the portion allocated to the APCo Bonds.

		Total / Joint[4]	APCo Bonds[5]
xvii.	Total amounts (if any) transferred from Payment Accounts to Joint Collection Account during the Collection Periods	$ _____	$ _____
xviii.	Total amounts transferred from Joint Collection Account to Payment Accounts during the Collection Periods (*expressed as negative amount*)	($ _____)	($ _____)
xix.	Payments made directly from Joint Collection Account during the Collection Periods (*expressed as negative amount*)	($ _____)	($ _____)
xx.	**Joint Collection Account Balance after all payments and after all transfers to Payment Accounts (i plus xvii plus xviii plus xix)**	$ 0	$ 0
xxi.	General Subaccount Balance as of Prior Payment Date		$ _____
xxii.	Net transfers to General Subaccount from Joint Collection Account ((xvii plus xviii) multiplied by -1)		$ _____
xxiii.	Investment Earnings on Payment Account for the APCo Bonds		
	xxiv.Investment Earnings on Capital Subaccount		$ _____
	xxv. Investment Earnings on Excess Funds Subaccount		$ _____
	xxvi.Investment Earnings on General Subaccount		$ _____
xxvii.	Excess Funds Subaccount Balance as of Prior Payment Date		$ _____
xxviii.	Capital Subaccount Balance as of Prior Payment Date		$ _____
xxix.	Payment Account Balance as of current Payment Date (sum of xxi through xxviii above)		$ _____

2. ***Outstanding Amounts of as of Prior Payment Date:***

		APCo Bonds
i.	Tranche A-1 Outstanding Amount	$ _____
ii.	Tranche A-2 Outstanding Amount	$ _____
iii.	Tranche A-3 Outstanding Amount	$ _____
iv.	Tranche A-4 Outstanding Amount	
v.	***Aggregate Outstanding Amount of all Tranches:***	$ _____

3. ***Required Funding/Payments as of Current Payment Date:***

Principal		APCo Bonds ***Principal Due***
i.	Tranche A-1	$ _____
ii.	Tranche A-2	$ _____
iii.	Tranche A-3	$ _____
iv.	Tranche A-4	$ _____
	v. For all Tranches:	**$ _____**

Interest

APCo Bonds	***Interest Rate***	***Days in Interest Period[6]***	***Principal Balance***	***Interest Due***
i. Tranche A-1				$ _____
ii. Tranche A-2				$ _____
iii. Tranche A-3				$ _____
iv. Tranche A-4				
			v. For all Tranches of APCo Bonds:	**$ _____**

Required Capital Level	**Required Capital Level**	**Funding Required**
i. Capital Subaccount	$ _____	$ _____

6 On 30/360 day basis for initial payment date; otherwise use one-half of annual rate.

4. Allocation of Remittances as of Current Payment Date pursuant to 8.02(e) of Indenture

	APCo Bonds
i. Indenture Trustee and Control Agent Fees, Expenses and Indemnity Amounts[7]	$_____
ii. Servicing Fee (*including any past-due for prior periods*)	$_____
iii. Administrative (*including any past-due for prior periods*)	
a. Administration Fee	$_____
b. Independent Manager Fee	$_____
iv. Operating Expenses	$_____
v. Periodic Interest (*including any past-due for prior periods*)	**$**_____

Breakdown for item v.

Tranche	***Aggregate***	***Per $1,000 of Original Principal Amount***
1. Tranche A-1 Interest Payment	$_____	$_____
2. Tranche A-2 Interest Payment	$_____	$_____
3. Tranche A-3 Interest Payment	$_____	$_____
3. Tranche A-4 Interest Payment	$_____	$_____
	$_____	

vi. Principal due to be paid on Final Maturity Date or as a result of an acceleration upon an Event of Default $_____

Breakdown for item vi.

Tranche	***Aggregate***	***Per $1,000 of Original Principal Amount***
1. Tranche A-1 Principal Payment	$_____	$_____
2. Tranche A-2 Principal Payment	$_____	$_____
3. Tranche A-3 Principal Payment	$_____	$_____
3. Tranche A-4 Principal Payment	$_____	$_____

[7] *Subject to $200,000 cap per annum.*

	APCo Bonds
vii.Periodic Principal (*including any past-due for prior periods*)	$_____

Breakdown for item vii.

Tranche	***Aggregate***	***Per $1,000 of Original Principal Amount***
1. Tranche A-1 Principal Payment	$_____	$_____
2. Tranche A-2 Principal Payment	$_____	$_____
3. Tranche A-3 Principal Payment	$_____	$_____
3. Tranche A-4 Principal Payment	$_____	$_____
	$_____	

viii.Other unpaid amounts owed to the Indenture Trustee and Control Agent but unpaid due to cap	$_____
ix.Other unpaid Operating Expenses	$_____
x.Funding of Capital Subaccount (*to Required Capital Level*)	$_____
xi.Permitted Return to APCo	$_____
xii.Deposit to Excess Funds Subaccount	$_____
xiii.Released to Issuer upon Retirement of all Consumer Rate Relief Bonds	$_____
xiv.Aggregate Remittances as of Current Payment Date	$_____

5. Subaccount Withdrawals as of Current Payment Date (if applicable) pursuant to Section 8.02(f) of Indenture:

i.	Excess Funds Subaccount Withdrawals	$ _____
ii.	Capital Subaccount Withdrawals	$ _____
iii.	**Total Subaccount Withdrawals**	$ _____

6. Outstanding Amount and Payment Account Balances as of Current Payment Date (after giving effect to payments to be made on such Payment Date):

i.	Tranche A-1	$ _____
ii.	Tranche A-2	$ _____
iii.	Tranche A-3	$ _____
iv.	Tranche A-4	$ _____
v.	**Aggregate Outstanding Amount of all Tranches**	**$** _____
vi.	Excess Funds Subaccount Balance	$ _____
vii.	Capital Subaccount Balance	$ _____
viii.	**Aggregate Payment Account Balance**	**$** _____

7. Shortfalls in Interest and Principal Payments as of Current Payment Date

		APCo Bonds
i.	Periodic Interest	
	Tranche A-1 Interest Payment	$_____
	Tranche A-2 Interest Payment	$_____
	Tranche A-3 Interest Payment	$_____
	Tranche A-4 Interest Payment	$_____
	Total Periodic Interest Shortfall	$_____
ii.	Periodic Principal	
	Tranche A-1 Principal Payment	$_____
	Tranche A-2 Principal Payment	$_____
	Tranche A-3 Principal Payment	$_____
	Tranche A-4 Principal Payment	$_____
	Total Principal Payment Shortfall	$_____

8. Shortfalls in Payment of Permitted Return as of Current Payment Date

i.	Permitted Return Shortfall	$_____

9. Shortfalls in Required Capital Levels as of Current Payment Date

i.	Required Capital Level Shortfall	$_____

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Semi-Annual Servicers' Certificate this __ day of _____.

APPALACHIAN POWER COMPANY,
as a Servicer

_____
Name:
Title:

WHEELING POWER COMPANY,
as a Servicer

_____
Name:
Title:

EXHIBIT C-1

REGULATION AB SERVICER'S CERTIFICATE
(APCO SERVICER)[8]

The undersigned hereby certifies that he or she is the duly elected and acting ┼_____┼ of APPALACHIAN POWER COMPANY, as a servicer (the "APCo Servicer"), under (A) the CRR Property Servicing Agreement dated as of [•], 20[•] between the APCo Servicer and Wheeling Power Company (the "WPCo Servicer" and together with the APCo Servicer, the "Servicers"), as servicers, and Appalachian Consumer Rate Relief Funding II LLC, as issuer, and (B) the CRR Property Servicing Agreement dated as of [•], 20[•] between the Servicers and Wheeling Consumer Rate Relief Funding LLC, as issuer.

The undersigned hereby further certify that:

1. For each bond issuance, the undersigned is responsible for assessing the APCo Servicer's compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the "Servicing Criteria").

2. With respect to each of the Servicing Criteria, the undersigned has made the following assessment of the Servicing Criteria in accordance with Item 1122(d) of Regulation AB, with such discussion regarding the performance of such Servicing Criteria during the fiscal year covered by the corresponding Sponsor's annual report on Form 10-K Report (such fiscal year, the "Assessment Period"):

Reference	Servicing Criteria	Applicable Servicing Criteria
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	Not applicable; no servicing activities were outsourced.

[8] **Note to Form:** Reported on a platform level for the same asset type per Instruction 1 to Item 1122 of Regulation AB and thus covers both the issuance of bonds by Appalachian Consumer Rate Relief Funding II LLC and the issuance of bonds by Wheeling Consumer Rate Relief Funding LLC.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for pool assets are maintained.	Not applicable; documents do not provide for a back-up servicer.
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	Not applicable; documents do not require a fidelity bond or errors and omissions policy.
1122(d)(1)(v)	Aggregation of information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information.	Applicable
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days following receipt, or such other number of days specified in the transaction agreements.	Applicable
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	Applicable
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	Applicable, but no current assessment required; no advances by such Servicer are permitted under the transaction agreements, except for payments of certain indemnities.
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	Applicable, but no current assessment is required since transaction accounts are maintained by the Securities Intermediary and in the name of the Indenture Trustee.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) of the Securities Exchange Act.	Applicable, but no current assessment required; all "custodial accounts" are maintained by the Securities Intermediary.
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	Not applicable; all transfers made by wire transfer.
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	Applicable; assessment below.
	Investor Remittances and Reporting	
1122(d)(3)(i)	Reports to investors, including those to be filed with the SEC, are maintained in accordance with the transaction agreements and applicable SEC requirements. Specifically, such reports (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the SEC as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by such Servicer.	Applicable; assessment below.
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	Not applicable; investor records maintained by Indenture Trustee.
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to such Servicer's investor records, or such other number of days specified in the transaction agreements.	Applicable

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	Applicable; assessment below.
	Pool Asset Administration	
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	Applicable; assessment below.
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	Applicable; assessment below.
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	Not applicable; no removals or substitutions of CRR Property are contemplated or allowed under the transaction documents.
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to such Servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.	Applicable; assessment below.
1122(d)(4)(v)	Such Servicer's records regarding the pool assets agree with such Servicer's records with respect to an obligor's unpaid principal balance.	Not applicable; because underlying obligation (CRR Charge) is not an interest bearing instrument.
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool assets (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	Applicable; assessment below
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	Applicable; limited assessment below. Servicer actions governed by the Financing Order and Commission regulations.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period any pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	Applicable, but does not require assessment since no explicit documentation requirement with respect to delinquent accounts are imposed under the transactional documents due to availability of "true-up" mechanism.
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	Not applicable; CRR Charges are not interest bearing instruments.
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool assets, or such other number of days specified in the transaction agreements.	Not applicable.
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.	Not applicable; such Servicer does not make payments on behalf of obligors.
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	Not applicable; such Servicer cannot make advances of its own funds on behalf of customers under the transaction documents.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	Not applicable; such Servicer cannot make advances of its own funds on behalf of customers to pay principal or interest on the bonds.
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	Not applicable; no external enhancement is required under the transaction documents.

3. To the best of the undersigned's knowledge, based on such review, the APCo Servicer is in compliance in all material respects with the applicable servicing criteria set forth above as of and for the period ending the end of the fiscal year covered by the corresponding Sponsor's annual report on Form 10-K. **[**If not true, include description of any material instance of noncompliance.**]**

4. A registered public accounting firm has issued an attestation report on the undersigned's assessment of compliance with the applicable servicing criteria set forth above as of and for the period ending the end of the fiscal year covered by the corresponding Sponsor's annual report on Form 10-K.

Executed as of this _____ day of _____, ____.

APPALACHIAN POWER COMPANY

By: _____
Name:
Title:

EXHIBIT C-2

REGULATION AB SERVICER'S CERTIFICATE
(WPCO SERVICER)[9]

The undersigned hereby certifies that he or she is the duly elected and acting ┼_____┼ of WHEELING POWER COMPANY, as a servicer (the "WPCo Servicer"), under (A) the CRR Property Servicing Agreement dated as of [•], 20[•] between the WPCo Servicer and Appalachian Power Company (the "APCo Servicer" and together with the WPCo Servicer, the "Servicers"), as servicers, and Appalachian Consumer Rate Relief Funding II LLC, as issuer, and (B) the CRR Property Servicing Agreement dated as of [•], 20[•] between the Servicers and Wheeling Consumer Rate Relief Funding LLC, as issuer.

The undersigned hereby further certify that:

1. For each bond issuance, the undersigned is responsible for assessing the WPCo Servicer's compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the "Servicing Criteria").

2. With respect to each of the Servicing Criteria, the undersigned has made the following assessment of the Servicing Criteria in accordance with Item 1122(d) of Regulation AB, with such discussion regarding the performance of such Servicing Criteria during the fiscal year covered by the corresponding Sponsor's annual report on Form 10-K Report (such fiscal year, the "Assessment Period"):

Reference	Servicing Criteria	Applicable Servicing Criteria
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	Not applicable; no servicing activities were outsourced.

[9] **Note to Form:** Reported on a platform level for the same asset type per Instruction 1 to Item 1122 of Regulation AB and thus covers both the issuance of bonds by Appalachian Consumer Rate Relief Funding II LLC and the issuance of bonds by Wheeling Consumer Rate Relief Funding LLC.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for pool assets are maintained.	Not applicable; documents do not provide for a back-up servicer.
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	Not applicable; documents do not require a fidelity bond or errors and omissions policy.
1122(d)(1)(v)	Aggregation of information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information.	Applicable
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days following receipt, or such other number of days specified in the transaction agreements.	Applicable
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	Applicable
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	Applicable, but no current assessment required; no advances by such Servicer are permitted under the transaction agreements, except for payments of certain indemnities.
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	Applicable, but no current assessment is required since transaction accounts are maintained by the Securities Intermediary and in the name of the Indenture Trustee.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) of the Securities Exchange Act.	Applicable, but no current assessment required; all "custodial accounts" are maintained by the Securities Intermediary.
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	Not applicable; all transfers made by wire transfer.
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	Applicable; assessment below.
	Investor Remittances and Reporting	
1122(d)(3)(i)	Reports to investors, including those to be filed with the SEC, are maintained in accordance with the transaction agreements and applicable SEC requirements. Specifically, such reports (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the SEC as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by such Servicer.	Applicable; assessment below.
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	Not applicable; investor records maintained by Indenture Trustee.
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to such Servicer's investor records, or such other number of days specified in the transaction agreements.	Applicable

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	Applicable; assessment below.
	Pool Asset Administration	
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	Applicable; assessment below.
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	Applicable; assessment below.
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	Not applicable; no removals or substitutions of CRR Property are contemplated or allowed under the transaction documents.
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to such Servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.	Applicable; assessment below.
1122(d)(4)(v)	Such Servicer's records regarding the pool assets agree with such Servicer's records with respect to an obligor's unpaid principal balance.	Not applicable; because underlying obligation (CRR Charge) is not an interest bearing instrument.
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool assets (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	Applicable; assessment below
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	Applicable; limited assessment below. Servicer actions governed by the Financing Order and Commission regulations.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period any pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	Applicable, but does not require assessment since no explicit documentation requirement with respect to delinquent accounts are imposed under the transactional documents due to availability of "true-up" mechanism.
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	Not applicable; CRR Charges are not interest bearing instruments.
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool assets, or such other number of days specified in the transaction agreements.	Not applicable.
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.	Not applicable; such Servicer does not make payments on behalf of obligors.
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	Not applicable; such Servicer cannot make advances of its own funds on behalf of customers under the transaction documents.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	Not applicable; such Servicer cannot make advances of its own funds on behalf of customers to pay principal or interest on the bonds.
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	Not applicable; no external enhancement is required under the transaction documents.

3. To the best of the undersigned's knowledge, based on such review, the WPCo Servicer is in compliance in all material respects with the applicable servicing criteria set forth above as of and for the period ending the end of the fiscal year covered by the corresponding Sponsor's annual report on Form 10-K. ǂIf not true, include description of any material instance of noncompliance.ǂ

4. A registered public accounting firm has issued an attestation report on the undersigned's assessment of compliance with the applicable servicing criteria set forth above as of and for the period ending the end of the fiscal year covered by the corresponding Sponsor's annual report on Form 10-K.

Executed as of this _____ day of _____, ____.

WHEELING POWER COMPANY

By: _____
Name:
Title:

EXHIBIT D-1

FORM OF
CERTIFICATE OF COMPLIANCE
OF APCO SERVICER

The undersigned hereby certifies that he or she is the duly elected and acting ŧ_____ŧ of APPALACHIAN POWER COMPANY, as a servicer (the "APCo Servicer"), under the CRR Property Servicing Agreement dated as of [•], 20[•] (the "Servicing Agreement") between the APCo Servicer and Wheeling Power Company, as servicers, and Appalachian Consumer Rate Relief Funding II LLC, as issuer, and that.

1. A review of the activities of the APCo Servicer and of its performance under the Servicing Agreement during the twelve months ended ŧ_____ŧ, ŧ_____ŧ has been made under the supervision of the undersigned pursuant to Section 3.03 of the Servicing Agreement; and

2. To the best of the undersigned's knowledge, based on such review, the APCo Servicer has fulfilled all of its obligations in all material respects under the Servicing Agreement throughout the twelve months ended ŧ_____ŧ,ŧ _____ŧ, except as set forth on Annex A hereto.

Executed as of this _____ day of _____, ____.

APPALACHIAN POWER COMPANY

By: _____
Name:
Title:

ANNEX A
TO CERTIFICATE OF COMPLIANCE
OF APCO SERVICER

LIST OF SERVICER DEFAULTS

The following Servicer Defaults, or events which with the giving of notice, the lapse of time, or both, would become Servicer Defaults known to the undersigned occurred during the year ended ǂ_____ǂ:

Nature of Default	Status

EXHIBIT D-2

FORM OF
CERTIFICATE OF COMPLIANCE
OF WPCO SERVICER

The undersigned hereby certifies that he or she is the duly elected and acting ┼_____┼ of WHEELING POWER COMPANY, as a servicer (the "WPCo Servicer"), under the CRR Property Servicing Agreement dated as of [•], 20[•] (the "Servicing Agreement") between the WPCo Servicer and Appalachian Power Company, as servicers, and Appalachian Consumer Rate Relief Funding II LLC, as issuer, and that.

1. A review of the activities of the WPCo Servicer and of its performance under the Servicing Agreement during the twelve months ended ┼_____┼, ┼_____┼ has been made under the supervision of the undersigned pursuant to Section 3.03 of the Servicing Agreement; and

2. To the best of the undersigned's knowledge, based on such review, the WPCo Servicer has fulfilled all of its obligations in all material respects under the Servicing Agreement throughout the twelve months ended ┼_____┼,┼ _____┼, except as set forth on Annex A hereto.

Executed as of this _____ day of _____, ____.

WHEELING POWER COMPANY

By: _____
Name:
Title:

ANNEX A
TO CERTIFICATE OF COMPLIANCE
OF WPCO SERVICER

LIST OF SERVICER DEFAULTS

The following Servicer Defaults, or events which with the giving of notice, the lapse of time, or both, would become Servicer Defaults known to the undersigned occurred during the year ended ǂ_____ǂ:

Nature of Default	Status

EXHIBIT E

FORM OF
NOTICE OF REMITTANCE

[*To be attached if required by Indenture Trustee.*]

SCHEDULE 4.01(a)

EXPECTED AMORTIZATION SCHEDULE

(*See Attached.*)

ANNEX I

SERVICING PROCEDURES

The Servicers agree to comply with the following servicing procedures:

SECTION 1. DEFINITIONS.

(a) Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the CRR Property Servicing Agreement (the "Agreement").

(b) Whenever used in this Annex I, the following words and phrases shall have the following meanings:

"Applicable MDMA" means with respect to each Customer, the meter data management agent providing meter reading services for that Customer's account.

"Billed CRR Charges" means, with respect to a Servicer, the amounts of CRR Charges billed by such Servicer.

"Servicer Policies and Practices" means, with respect to the applicable Servicer's duties under this Annex I, the policies and practices of such Servicer applicable to such duties that such Servicer follows with respect to comparable assets that it services for itself and, if applicable, others.

SECTION 2. DATA ACQUISITION.

(a) Installation and Maintenance of Meters. The APCo Servicer shall cause to be installed, replaced and maintained meters in such places and in such condition as will enable the APCo Servicer to obtain usage measurements for each APCo Customer at least once every Billing Period, absent extraordinary circumstances. The WPCo Servicer shall cause to be installed, replaced and maintained meters in such places and in such condition as will enable the WPCo Servicer to obtain usage measurements for each WPCo Customer at least once every Billing Period, absent extraordinary circumstances.

(b) Meter Reading. At least once each Billing Period, the applicable Servicer shall obtain usage measurements from the Applicable MDMA for each of such Servicer's Customers; provided, however, that such Servicer may estimate any such Customer's usage determined in accordance with applicable Commission Regulations, Tariff terms and conditions of service, and customary practices and procedures.

(c) Cost of Metering. The Issuer shall not be obligated to pay any costs associated with the routine metering duties set forth in this Section 2, including the costs of installing, replacing and maintaining meters, nor shall the Issuer be entitled to any credit against the Servicing Fees for any cost savings realized by the Servicers as a result of new metering and/or billing technologies.

SECTION 3. USAGE AND BILL CALCULATION.

Each Servicer shall (a) obtain a calculation of each APCo Customer's usage (in the case of APCo Servicer) or WPCo Customers' usage (in the case of WPCo Servicer) (which in each case may be based on data obtained from such Customer's meter read or on usage estimates) at least once each Billing Period; and (b) shall determine therefrom each such Customer's individual CRR Charges to be included on Bills issued by it to such Customer for billing such Customer.

SECTION 4. BILLING.

Each Servicer shall implement the CRR Charges as of the Closing Date and shall thereafter bill each APCo Customer (in the case of the APCo Servicer) or WPCo Customer (in the case of the WPCo Servicer) or, with respect to such Servicer's Customers billed by a Third-Party Collector, the Third-Party Collector, for the respective Customer's outstanding current and past due CRR Charges accruing through the date on which the CRR Charges may no longer be billed under the Tariff, all in accordance with the following:

(a) Frequency of Bills; Billing Practices. In accordance with such Servicer's then-existing Servicer Policies and Practices for its own charges, as such Servicer Policies and Practices may be modified from time to time, APCo Servicer shall generate and issue a Bill to each APCo Customer, and WPCo Servicer shall generate and issue a bill to each WPCo Customer, or, where a Third-Party Collector is responsible for billing a Servicer's Customers, to the Third-Party Collector, for such Customers' CRR Charges once every applicable Billing Period, at the same time, with the same frequency and on the same Bill as that containing the applicable Servicer's own charges to such Customers or Third-Party Collectors, as the case may be. In the event that a Servicer makes any material modification to these practices, it shall notify the Issuer, the Indenture Trustee, and the Rating Agencies prior to the effectiveness of any such modification; provided, however, that such Servicer may not make any modification that will materially adversely affect the Holders.

(b) Format.

(i) Each Bill issued by a Servicer shall contain the charge corresponding to the respective CRR Charges as set forth in the CRR Rate Schedule owed by such Customer for the applicable Billing Period. Additionally each Servicer shall provide its Customers with the annual notice required by Section 4.01(c)(iii)(B) of the Agreement.

(ii) Each Servicer shall conform to such requirements in respect of the format, structure and text of Bills delivered to its Customers in accordance with the Financing Order, the Tariff, any other tariffs, if applicable, and any Commission Regulations. To the extent that Bill format, structure and text are not prescribed by the Financing Order, the Securitization Law or by applicable Commission Regulations or the Tariff, such Servicer shall, subject to clause (i) above, determine the format, structure and text of all Bills in accordance with its reasonable business judgment, its Servicer Policies and Practices with respect to its own charges and prevailing industry standards.

(c) Delivery. Each Servicer shall deliver all Bills issued by it (i) by United States mail in such class or classes as are consistent with the Servicer Policies and Practices followed by such Servicer with respect to its own charges to its customers or (ii) by any other means, whether electronic or otherwise, that such Servicer may from time to time use to present its own charges to its customers.

SECTION 5. CUSTOMER SERVICE FUNCTIONS.

Each Servicer shall handle all Customer inquiries and other Customer service matters according to the same procedures it uses to service its Customers with respect to its own charges.

SECTION 6. COLLECTIONS; PAYMENT PROCESSING; REMITTANCE.

(a) Collection Efforts, Policies, Procedures.

(i) Each Servicer shall use reasonable efforts to collect all Billed CRR Charges from its Customers and Third-Party Collectors as and when the same become due and shall follow such collection procedures as it follows with respect to comparable assets that it services for itself or others, including with respect to the following:

(A) Such Servicer shall prepare and deliver overdue notices to its Customers in accordance with applicable Commission Regulations, Tariff provisions and Servicer Policies and Practices.

(B) Such Servicer shall apply late payment charges to outstanding Customer balances in accordance with the Servicer's Tariff and as required by the Financing Order.

(C) In circumstances where such Servicer is billing its Customers directly, such Servicer shall deliver notices of delinquency and possible disconnection in accordance with applicable Commission Regulations and Servicer Policies and Practices.

(D) Such Servicer shall adhere to and carry out disconnection policies in accordance with the Securitization Law, the Financing Order, applicable Commission Regulations, Tariff provisions and the Servicer Policies and Practices.

(E) Such Servicer may employ the assistance of collection agents to collect any past-due CRR Charges in accordance with applicable Commission Regulations, Tariff provisions and Servicer Policies and Practices.

(F) Such Servicer shall apply deposits from its Customers to the payment of delinquent accounts in accordance with applicable Commission Regulations, Tariff provisions and Servicer Policies and Practices and according to the priorities set forth in Section 6(b)(ii), (iii), (iv) and (v) of this Annex I.

(ii) No Servicer shall waive any late payment charge or any other fee or charge relating to delinquent payments, if any, or waive, vary or modify any terms of payment of any amounts payable by a Customer, in each case unless such waiver or action: (A) would be in accordance with such Servicer's customary practices or those of any successor Servicer with respect to comparable assets that it services for itself and for others; (B) would not materially adversely affect the rights of the Holders; and (C) would comply with applicable law; provided, however, that notwithstanding anything in the Agreement or this Annex I to the contrary, such Servicer is authorized to write off any Billed CRR Charges, in accordance with its Servicer Policies and Practices, that have remained outstanding for one hundred eighty (180) days or more.

(iii) Each Servicer shall accept payment from its Customers in respect of Billed CRR Charges in such forms and methods and at such times and places as it accepts payment of its own charges.

(b) Payment Processing; Allocation; Priority of Payments.

(i) Each Servicer shall post all payments received by such Servicer in respect of the Billed Charges to the applicable Customer accounts as promptly as practicable, and, in any event, substantially all such payments shall be posted no later than three (3) Business Days after such payments are actually received by such Servicer.

(ii) Subject to clause (iii) below, each Servicer shall apply payments received from a Customer to such Customer's account in proportion to the total amounts owed by such Customer on the corresponding outstanding Bills.

(iii) So long as any Intercreditor Agreement is in effect, the Servicers shall allocate, or cause to the allocated, amounts owed to the Issuer and to the other recipients of remittances described therein in accordance with the terms of such Intercreditor Agreement. Any amounts collected by a Servicer that represent partial payments of, (A) if any Intercreditor Agreement remains in effect, the portion of the Bill allocable to CRR Charges pursuant to the terms of such Intercreditor Agreement, or (B) otherwise, the total amounts owed by a Customer shall be allocated as follows:

(1) first to amounts owed to the Issuer, APCo, WPCo and any of their respective Affiliates which is owed "consumer rate relief charges" as defined in Section 24-2-4h(b)(7) of the Securitization Law (excluding any late fees and interest charges), regardless of age, pro rata based on the amount of such charges as a percentage of the total amounts owed by such Customer; and

(2) second, all late charges shall be allocated to the applicable Servicer; provided that penalty payments owed on late payments of CRR Charges shall be allocated to the applicable Servicer to the extent consistent with the Terms and Conditions of Service included in such Servicer's Tariff.

If, after the date hereof, the Issuer or any Affiliate issues bonds that are backed by property consisting of charges payable by Customers under West Virginia law to be collected by a Servicer, such Servicer shall allocate, or cause to the allocated, amounts owed to the Issuer and to each other issuer of bonds ratably based upon the total amount of charges on such bill which were billed in respect to each such issue of bonds, all subject to any Intercreditor Agreements then in effect.

(iv) Each Servicer shall hold all over-payments received by such Servicer for the benefit of the (A) Issuer and (B) APCo (in the case of APCo Servicer) or WPCo (in the case of WPCo Servicer). Each Servicer shall apply such over-payments to future Bill charges in accordance with clauses (ii) and (iii) (as applicable) as such charges become due.

(v) For Customers on a Budget Billing Plan, the applicable Servicer shall treat CRR Charge Payments received from such Customers as if such Customers had been billed for their respective CRR Charges in the absence of the applicable Budget Billing Plan; partial payment of a Budget Billing Plan payment shall be allocated according to clauses (ii) and (iii) (as applicable) and overpayment of a Budget Billing Plan payment shall be allocated according to clause (iv).

(c) Accounts; Records.

Each Servicer shall maintain accounts and records as to the CRR Property accurately and in accordance with its standard accounting procedures and in sufficient detail (i) to permit reconciliation between payments or recoveries with respect to the CRR Property and the amounts from time to time remitted to the Joint Collection Account in respect of the CRR Property and (ii) to permit the CRR Charge Collections held by such Servicer to be accounted for separately from the funds with which they may be commingled, so that the dollar amounts of CRR Charge Collections commingled with such Servicer's funds may be properly identified and traced.

(d) Investment of CRR Charge Payments Received.

Prior to each Daily Remittance, each Servicer may invest CRR Charge Payments received at its own risk and (except as required by applicable Commission Regulations) for its own benefit. So long as such Servicer complies with its obligations under Section 6(c) of this Annex I, neither such investments nor such funds shall be required to be segregated from the other investment and funds of such Servicer.

(e) Calculation of Daily Remittance.

(i) For purposes of calculating the Daily Remittance, (i) all Billed CRR Charges shall be estimated to be collected the same number of days after billing as is equal to the Weighted Average Days Outstanding then in effect (or, if such resulting day is not a Servicer Business Day, on the next Servicer Business Day) and (ii) each Servicer will, on each Servicer Business Day, remit to the Joint Collection Account an amount equal to the product of the Billed CRR Charges applicable to such Servicer multiplied by one hundred percent less the collective system wide charge-off percentage used by the Servicers to calculate the most recent Periodic Billing Requirement. Such product shall constitute the amount of Estimated CRR Charge Collections of such Servicer for such Servicer Business Day. Pursuant to Section 6.11(c) of the Agreement, the Servicers shall calculate in each Monthly Servicers' Certificate the amount of Actual CRR Charge Collections for the immediately preceding calendar month as compared to the Estimated CRR Charge Collections forwarded to the Joint Collection Account in respect of such calendar month. The Servicers and the Issuer further acknowledge and agree that the amount of the variances between Actual CRR Charge Collections and Estimated CRR Charge Collections are expected to be small and are not expected to be biased in favor of over-remittances or under-remittances. Consequently, so long as the Servicers faithfully make all daily remittances based on Weighted Average Days Outstanding, as provided for herein, the Servicers and the Issuer agree that no actual or deemed investment earnings shall be payable in respect of such over-remittances or under-remittances.

(ii) In accordance with Section 4.01(b) of the Agreement, the Servicers shall, in a timely manner so as to perform all required calculations under such Section 4.01(b) of the Agreement, update the Weighted Average Days Outstanding and the collective system-wide charge-off percentage in order to be able to calculate the Periodic Billing Requirement for the next True-Up Adjustment and to calculate any change in the Daily Remittances for the next Calculation Period.

(iii) The Servicers and the Issuer acknowledge that, as contemplated in Section 8.01(d) of the Agreement, each Servicer may make certain changes to its current computerized customer information system, which changes, when functional, would affect the such Servicer's method of calculating its Estimated CRR Charge Collections estimated to have been received by such Servicer during each Collection Period as set forth in this Annex I. Should these changes to such computerized customer information system become functional during the term of the Agreement, the Servicers and the Issuer agree that they shall review the procedures used to calculate the Estimated CRR Charge Collections so estimated to have been received in light of the capabilities of such new system and shall amend this Annex I in writing to make such modifications and/or substitutions to such procedures as may be appropriate in the interests of efficiency, accuracy, cost and/or system capabilities; provided, however, that no Servicer may make any modification or substitution that will materially adversely affect the Holders. As soon as practicable, and in no event later than 60 Servicer Business Days after the date on which all applicable Customer accounts are being billed under such new system, the applicable Servicer shall notify the Issuer, the Indenture Trustee and the Rating Agencies of the same.

(iv) All calculations of collections, each update of the Weighted Average Days Outstanding or the collective system-wide charge off percentage and any changes in procedures used to calculate the Estimated CRR Charge Collections pursuant to this Section 6(e) shall be made in good faith, and in the case of any update pursuant to clause (ii) above or any change in procedures pursuant to clause (iii) above, in a manner reasonably intended to provide estimates and calculations that are at least as accurate as those that would be provided on the Closing Date utilizing the initial procedures.

(f) Remittances.

(i) The Issuer shall cause to be established (A) the Joint Collection Account in the name of the Issuer and the WPCo Issuer, jointly, in accordance with the CRR Property Intercreditor Agreement and (B) the Payment Account in the name of the Indenture Trustee in accordance with the Indenture.

(ii) Each Servicer shall make remittances to the Joint Collection Account in accordance with Section 6.11 of the Agreement.

(iii) In the event of any change of account or change of institution affecting the Joint Collection Account or Payment Account, the Issuer shall provide written notice thereof to the Servicers and the Rating Agencies not later than five (5) Business Days from the effective date of such change.

ANNEX II

INITIAL FORECASTED LOAD

CRR Revenue Group	Initial Forecasted Load*
Residential	[•] kWh
Commercial	[•] kWh
Industrial	[•] kWh

For the period from [•] through [•].

* Such initial forecasted load is calculated collectively across both APCo Customers and WPCo Customers. Both the APCo Customers and the WPCo Customers are categorized using the same CRR Revenue Groups.

Exhibit 10.5

JOINDER TO INTERCREDITOR AGREEMENT

RELATING TO

SERIES 2026-A SENIOR SECURED CRR BONDS –
APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC

AND

SERIES 2026-A SENIOR SECURED CRR BONDS –
WHEELING CONSUMER RATE RELIEF FUNDING LLC

This JOINDER TO INTERCREDITOR AGREEMENT (this "Joinder"), dated as of [•], 2026, is entered into by each of the following Persons, in its capacity(ies) specified below (each, an "Additional Party"), AEP CREDIT, INC., a Delaware limited liability company (the "Receivables Buyer"), and JPMorgan Chase Bank, N.A., as Administrative Agent for the Receivables Purchasers and as Control Agent under the Intercreditor Agreement (in such capacities, the "Agent"):

- Appalachian Power Company, a Virginia corporation ("APCo"), as (A) a "Company" and "Receivables Sub-Servicer" with respect to Receivables arising from APCo West Virginia customers only (and not from customers of Wheeling Power Company, a West Virginia corporation ("WPCo")) and (B) "Securitization Property Servicer" with respect to "Securitization Charges" for APCo West Virginia customers only (and not for WPCo customers);
- Appalachian Consumer Rate Relief Funding II LLC, a Delaware limited liability company (the "APCo Bond Issuer"), as a "Bond Issuer";
- Wheeling Consumer Rate Relief Funding LLC, a Delaware limited liability company (the "WPCo Bond Issuer"), as a "Bond Issuer"; and
- U.S. Bank Trust Company, National Association, a national banking association, not in its individual capacity but solely in its capacity as an "Indenture Trustee".

Reference is made to the Intercreditor Agreement, dated as of September 7, 2022, as amended and restated as of December 9, 2024 (the "Intercreditor Agreement"), by and among the Receivables Buyer, the Agent, each Company from time to time party thereto, each Bond Issuer from time to time party thereto and each Indenture Trustee from time to time party thereto. The defined terms contained in the Intercreditor Agreement are incorporated herein.

Each Additional Party hereby agrees (a) to become a party to the Intercreditor Agreement for all purposes thereof on the terms set forth therein in the capacity specified above; (b) to be bound by the terms of the Intercreditor Agreement as if such Additional Party had executed and delivered the Intercreditor Agreement as an original party thereto in such capacity; (c) the "Agency Agreement", the "Commission", each "Indenture", the "Purchase Agreement", each "Sale Agreement", the "Securitization Property", the "Securitization Charges" and each "Servicing Agreement" specified on Schedule 1 to this Joinder shall constitute an Agency Agreement, Commission, Indenture, Purchase Agreement, Sale Agreement, Securitization Property, Securitization Charges and Servicing Agreement, respectively, for all purposes under the Intercreditor Agreement; and (d) any communications, including notices and instructions, with respect to such Additional Party may be given at the address for such Additional Party specified on Schedule 1 hereto.

The Indenture Trustee as an Additional Party under this Intercreditor Agreement and pursuant to Section 16 of the Intercreditor Agreement, is entitled to all the rights, benefits, protection, immunities, and indemnities afforded to it under each Indenture.

The provisions of Section 9 (*Governing Law; Jurisdiction; Waiver of Jury Trial*) of the Intercreditor Agreement will apply with like effect to this Joinder.

(*Signatures follow.*)

IN WITNESS WHEREOF, the parties have caused this Joinder to be executed by their respective officers thereunto duly authorized, as of the date first above written.

APPALACHIAN POWER COMPANY,
as a Company, a Securitization Property Servicer and a Receivables Sub-Servicer

By: _____
Name:
Title:

APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC, as a Bond Issuer

By: _____
Name:
Title:

WHEELING CONSUMER RATE RELIEF FUNDING LLC, as a Bond Issuer

By: _____
Name:
Title:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as an Indenture Trustee

By: _____
Name:
Title:

AEP CREDIT, INC.,
as Receivables Buyer

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Control Agent

By: _____
Name:
Title:

Schedule 1 to Joinder

Company and Receivables Sub-Servicer	Appalachian Power Company* **With respect to Receivables arising from APCo West Virginia customers only (and not from WPCo customers).*
Notice Address	One Riverside Plaza Columbus, Ohio 43215 Attention: Treasurer Telephone: (614) 716-1000 Email: Treasury_Operations_AEP@aep.com
Securitization Property Servicer	Appalachian Power Company** ***With respect to Securitization Charges for APCo West Virginia customers only (and not for WPCo customers).*
Notice Address	One Riverside Plaza Columbus, Ohio 43215 Attention: Treasurer Telephone: (614) 716-1000 Email: Treasury_Operations_AEP@aep.com
Bond Issuers	
APCo Bond Issuer	Appalachian Consumer Rate Relief Funding II LLC
Name	200 Association Drive, 02
Notice Address	Charleston, West Virginia 25311 Attention: Managers Telephone: (614) 716-1522 Email: Treasury_Operations_AEP@aep.com
WPCo Bond Issuer	Wheeling Consumer Rate Relief Funding LLC
Name	201 Jacob Street,
Notice Address	Wheeling, West Virginia 26003 Attention: Managers Telephone: (614) 716-1523 Email: Treasury_Operations_AEP@aep.com
Indenture Trustee	
For APCo Bond Issuer	U.S. Bank Trust Company, National Association
Name	190 South LaSalle Street, 7th Floor, MK-IL-SL7R
Notice Address	Chicago, Illinois 60603 Attention: Corporate Trust Services / Appalachian Consumer Rate Relief Funding II LLC, Jacqueline Reyes and Maryann Turbak Telephone: (312) 332-7454; (312) 332-7531 Email: jacqueline.reyes@usbank.com; and maryann.turbak@usbank.com

Schedule 1 to Joinder

For WPCo Bond Issuer Name Notice Address	U.S. Bank Trust Company, National Association 190 South LaSalle Street, 7th Floor, MK-IL-SL7R Chicago, Illinois 60603 Attention: Corporate Trust Services / Appalachian Consumer Rate Relief Funding II LLC, Jacqueline Reyes and Maryann Turbak Telephone: (312) 332-7454; (312) 332-7531 Email: jacqueline.reyes@usbank.com; and maryann.turbak@usbank.com
Agency Agreement	Third Amended and Restated Agency Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Commission	Public Service Commission of the State of West Virginia (including any governmental authority succeeding to the duties of such agency)
Financing Order	The Commission Order, issued on March 31, 2026, in Case No. 25-0310-E-PC, by the Commission pursuant to the Securitization Act, as modified by the Commission Order, issued on July 21, 2026, in Case No. 25-0310-E-PC, by the Commission
Indentures	With respect to the APCo Bond Issuer: • Indenture, dated as of [•], 2026, by and between the APCo Bond Issuer, the Indenture Trustee and U.S. Bank National Association, as securities intermediary, as amended, restated or modified from time to time With respect to the WPCo Bond Issuer: • Indenture, dated as of [•], 2026, by and between the WPCo Bond Issuer, the Indenture Trustee and U.S. Bank National Association, as securities intermediary, as amended, restated or modified from time to time
Purchase Agreement	Third Amended and Restated Purchase Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Sale Agreements	With respect to APCo and the APCo Bond Issuer: • CRR Property Purchase and Sale Agreement, dated as of [•], 2026, by and between the APCo Bond Issuer and the Company, as amended, restated or modified from time to time With respect to WPCo and the WPCo Bond Issuer: • CRR Property Purchase and Sale Agreement, dated as of [•], 2026, by and between the WPCo Bond Issuer and WPCo, as amended, restated or modified from time to time
Securitization Act	§ 24-2-4h of the Code of West Virginia, as amended from time to time
Securitization Charges	The "consumer rate relief charges" (as defined in § 24-2-4h(b)(7) of the Code of West Virginia) approved by the Commission in the Financing Order, to the extent applicable to APCo West Virginia customers
Securitization Property	With respect to each of the APCo Bond Issuer and the WPCo Bond Issuer, its respective portion of the "consumer rate relief property" (as defined in § 24-2-4h(b)(9) of the Code of West Virginia) created pursuant to the Financing Order, to the extent applicable to APCo West Virginia customers

Servicing Agreements

With respect to the APCo Bond Issuer:

- CRR Property Servicing Agreement, dated as of [•], 2026, by and among the APCo Bond Issuer, the Company and WPCo, as amended, restated or modified from time to time

With respect to the WPCo Bond Issuer:

- CRR Property Servicing Agreement, dated as of [•], 2026, by and among the WPCo Bond Issuer, the Company and WPCo, as amended, restated or modified from time to time

Exhibit 23.4

Consent of Independent Managers

APPALACHIAN POWER COMPANY and APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC are filing a Registration Statement on Form SF-1 (the "Registration Statement") with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the public offering of the securitized asset cost bonds. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a manager of APPALACHIAN CONSUMER RATE RELIEF FUNDING II LLC in the Registration Statement, as may be amended from time to time. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

By /s/ Sean Emerick
Name: Sean Emerick
Title: Independent Manager

By /s/ William Bleier
Name: William Bleier
Title: Independent Manager

Exhibit 24.1

APPALACHIAN POWER COMPANY
POWER OF ATTORNEY

Each of the undersigned directors or officers of APPALACHIAN POWER COMPANY, a Virginia corporation, which is to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more Registration Statements for the registration thereunder of up to $1,750,000,000 aggregate principal amount of securitized bonds to be issued by the Company, or one or more post-effective Registration Statements, does hereby appoint WILLIAM J. FEHRMAN, TREVOR I. MIHALIK, MATTHEW D. FRANSEN, FRANZ D. MESSNER, AND MARC B. HUNTER, his or her true and lawful attorneys, and each of them his or her true and lawful attorney, with power to act without the others, and with full power of substitution or resubstitution, to execute for him or her and in his or her name said Registration Statement(s) and any and all amendments thereto, whether said amendments add to, delete from or otherwise alter the Registration Statement(s) or the related Prospectus(es) included therein, or add or withdraw any exhibits or schedules to be filed therewith and any and all instruments necessary or incidental in connection therewith, hereby granting unto said attorneys and each of them full power and authority to do and perform in the name and on behalf of each of the undersigned, and in any and all capacities, every act and thing whatsoever required or necessary to be done in and about the premises, as fully and to all intents and purposes as each of the undersigned might or could do in person, hereby ratifying and approving the acts of said attorneys and each of them.

IN WITNESS WHEREOF the undersigned have hereunto set their hands and seals this 17th day of September, 2026.

/s/ Brian R. Abraham
Brian R. Abraham

/s/ William J. Fehrman
William J. Fehrman

/s/ Robert B. Berntsen
Robert B. Berntsen

/s/ Trevor I. Mihalik
Trevor I. Mihalik

Exhibit 99.2

SIDLEY

SIDLEY AUSTIN LLP
1000 LOUISIANA STREET
SUITE 5900
HOUSTON, TX 77002
+1 713 495 4500
+1 713 495 7799 FAX

AMERICA • ASIA PACIFIC • EUROPE

[•], 2026

To Each of the Persons Listed
on Schedule A Attached Hereto

Re: Federal Constitutional Issues Related to Appalachian Consumer Rate Relief Funding II LLC Series 2026-A Senior Secured Consumer Rate Relief Bonds

Ladies and Gentlemen:

We have served as special counsel to Appalachian Power Company, a Virginia corporation ("APCo"), and Appalachian Consumer Rate Relief Funding II LLC, a Delaware limited liability company (the "Issuer"), in connection with the issuance and sale on the date hereof by the Issuer of $1,688,600,000 aggregate principal amount of the Issuer's Series 2026-A Senior Secured Consumer Rate Relief Bonds (the "Bonds"), which are more fully described in the Prospectus dated [•], 2026 (in which the Bonds are referred to as the "CRR bonds"). The Bonds are being sold pursuant to the provisions of the Underwriting Agreement dated November [•], 2026 among APCo, the Issuer and RBC Capital Markets, LLC, Morgan Stanley & Co. LLC and Citigroup Global Markets Inc., as representatives of the underwriters named in Schedule I to the Underwriting Agreement (the "Underwriters"). The Bonds are being issued pursuant to the provisions of the Indenture dated as of the date hereof, as supplemented by the Series Supplement dated as of the date hereof (together with the Indenture, the "Indenture"), among the Issuer, U.S. Bank Trust Company, National Association, as indenture trustee (the "Indenture Trustee"), and U.S. Bank National Association, as securities intermediary. Under the Indenture, the Indenture Trustee holds, among other things, CRR Property as described below as collateral security for the payment of the Bonds. All capitalized terms used herein and not otherwise defined shall have the meaning specified in Appendix A to the Indenture unless the context clearly indicates otherwise.

Section 24-2-4h of the Code of West Virginia (the "Securitization Law"), among other things, (a) provides for qualifying electric utilities in the State of West Virginia (the "State"), including affiliated electric utilities that jointly apply for and receive a financing order, to recover certain eligible costs to be securitized (which may include environmental control costs, expanded net energy costs, storm recovery costs and undepreciated generation utility plant balances) and associated financing costs through the issuance of "consumer rate relief bonds," (b) assigns certain powers and duties to the Public Service Commission of West Virginia (the "West Virginia Commission") in connection with such securitization and (c) provides for the creation of

"consumer rate relief property" simultaneous with (i) the sale of such consumer rate relief property to an assignee and (ii) the pledge of such consumer rate relief property to secure consumer rate relief bonds. "CRR Property" means all of APCo's interest in the "consumer rate relief property" created pursuant to, and as defined in, the Securitization Law and the Financing Order issued by the West Virginia Commission to APCo and Wheeling Power Company ("WPCo") on March 31, 2026, in Case No. 25-0310-E-PC, as modified by the West Virginia Commission's order issued on July 21, 2026 in Case Nos. 26-0469-E-ENEC and 25-0310-E-PC (as so modified, the "Financing Order") that was (i) sold to the Issuer as assignee of such consumer rate relief property pursuant to the provisions of the Sale Agreement dated as of the date hereof between APCo and the Issuer in consideration for the payment by the Issuer to APCo of the proceeds of the sale of the Bonds, net of certain issuance costs, and (ii) pledged to the Indenture Trustee pursuant to the terms of the Indenture to secure the Bonds. The CRR Property includes the right to impose, charge, collect and receive certain "nonbypassable" "consumer rate relief charges" (each as defined in the Securitization Law) described in the Financing Order, being APCo's portion of such charges allocable to the Bonds (the "CRR Charges"), in an amount sufficient to repay, finance or refinance the Bonds.

The CRR Charges may be periodically adjusted, in the manner authorized in the Financing Order, in order to enhance the probability that the revenues received by the Issuer from the CRR Charges are sufficient to (i) amortize the Bonds pursuant to the amortization schedule to be followed in accordance with the provisions of the Bonds and the Indenture, (ii) pay interest thereon and related fees and expenses, and (iii) maintain the required reserves for the payment of the Bonds.

The Financing Order was issued in response to a joint application for its issuance that was filed by APCo and WPCo with the West Virginia Commission pursuant to the provisions of the Securitization Law. The Financing Order, as originally issued on March 31, 2026, became final and no longer subject to appeal on April 30, 2026, and the West Virginia Commission's order of July 21, 2026 modifying the Financing Order became final and no longer subject to appeal on August 20, 2026.

Concurrently with, but separately from, the issuance of the Bonds, Wheeling Consumer Rate Relief Funding LLC is issuing a separate series of consumer rate relief bonds (the "WPCo Bonds") secured by WPCo's interest in the consumer rate relief property created under the Financing Order. This letter addresses only the Bonds, the CRR Property and the CRR Charges and does not address (i) the WPCo Bonds, which are the subject of our separate opinion letter of even date herewith delivered in connection with the issuance of the WPCo Bonds, or (ii) the allocation of collections between the Issuer and the issuer of the WPCo Bonds under the CRR Property Intercreditor Agreement.

Questions Presented and Opinions

You have requested our opinion as to:

(a) whether the State Pledge (as defined below) creates a contractual relationship between the State and the holders of the Bonds (the "Holders") that falls within the scope of the "contract clause" of the U.S. Constitution (Article I, Section 10 (the "Federal Contract Clause"));

(b) whether the Holders could challenge successfully under the Federal Contract Clause the constitutionality of any action by the West Virginia Legislature (the "Legislature") which becomes law and any action of a legislative character of the West Virginia Commission, including any action to rescind or amend the Financing Order (each, a "Legislative Action"),[1] that limits, alters, impairs or reduces the value of the CRR Charges or the CRR Property (other than as contemplated under the formula-based true-up mechanism authorized by the Securitization Law and the Financing Order) so as to impair (i) the terms of the Indenture or the Bonds or (ii) the rights and remedies of the Holders (or the Indenture Trustee acting on their behalf) (any impairment described in clause (i) or (ii) being referred to herein as an "Impairment") prior to the time that the Bonds are fully paid and discharged;

(c) whether preliminary injunctive relief would be available under federal law to delay implementation of Legislative Action that impairs the value of the CRR Property or otherwise cause an Impairment pending final adjudication of a claim challenging such Legislative Action in U.S. federal court and, assuming a favorable final adjudication of such claim, whether relief would be available to enjoin permanently the implementation of the challenged Legislative Action; and

---

[1] As described in the opinion letter of S&J of even date herewith, and subject to the qualifications, limitations and assumptions set forth therein, a reviewing West Virginia court of competent jurisdiction would conclude that the State Pledge constitutes a contractual relationship which provides a basis for the Holders to successfully challenge under the Contract Clause of the West Virginia Constitution any action by the Legislature and any action of a legislative character by the West Virginia Commission, including any action to rescind or amend the Financing Order, that violates the State Pledge in a manner that substantially impairs or would substantially impair the value of the CRR Charges or the CRR Property prior to the time that the Bonds are paid and performed in full, unless the action is a proper exercise of the State's police power and the adjustment of the rights and responsibilities with respect to the Bonds is based upon reasonable conditions and of a character appropriate to the public purpose justifying the action. On that basis, an action of the West Virginia Commission of a legislative character in breach of the State Pledge should be treated, for purposes of the Federal Contract Clause, in the same manner as a breach of the State Pledge by the Legislature. As discussed in the opinion letter of S&J, under West Virginia law, the West Virginia Commission exercises legislative power delegated to it by the Legislature, and its fixing and alteration of utility rates and charges is an exercise of that delegated legislative power. See W. Va. Code § 24-1-1(b); Randall Gas Co. v. Star Glass Co., 78 W. Va. 252, 255–56, 88 S.E. 840 (1916).

(d) whether, under the Fifth Amendment to the United States Constitution (made applicable to the State by the Fourteenth Amendment to the United States Constitution), which provides in part "nor shall private property be taken for public use, without just compensation" (the "Federal Takings Clause"), and assuming that applicable courts would apply a takings clause analysis under the Federal Takings Clause, the State, including through a legislative action of the West Virginia Commission, could repeal or amend the Securitization Law or take any other action in contravention of the State Pledge without paying just compensation to the Holders, as determined by a court of competent jurisdiction, if doing so (a) constituted a permanent appropriation of a substantial property interest of the Holders in the CRR Property or denied all economically productive use of the CRR Property; (b) destroyed the CRR Property other than in response to emergency conditions; or (c) substantially impaired the value of the CRR Property or the CRR Charges (other than as contemplated under the formula-based true-up mechanism authorized by the Securitization Law and the Financing Order) so as to unduly interfere with the reasonable expectations of the Holders arising from their investments in the Bonds (a "Substantial Taking").

As noted in the opinion letter of Steptoe & Johnson PLLC ("S&J"), West Virginia counsel to APCo and the Issuer, of even date herewith, the Securitization Law provides that a final financing order is irrevocable and that the West Virginia Commission may not impair, postpone or terminate the consumer rate relief charges authorized in a final financing order or impair the consumer rate relief property or the collection or recovery of consumer rate relief costs. W. Va. Code § 24-2-4h(g)(3). The West Virginia Commission has, in the Financing Order, recited the State Pledge, confirmed that the Financing Order is irrevocable, and itself pledged not to impair, postpone, terminate or otherwise adjust (other than through the adjustment mechanism approved in the Financing Order) the CRR Charges or to impair the CRR Property or the collection of the CRR Charges.[3] The State Pledge further contemplates that the State Pledge may be included in the Bonds and related documentation. W. Va. Code § 24-2-4h(s)(2).

Based on the foregoing, and supported by the conclusion in the opinion letter of S&J of even date herewith, that, for purposes of the Contract Clause of the West Virginia Constitution, the State Pledge constitutes a binding contractual relationship between the State and the Holders, based upon our review of relevant judicial authority, as set forth in this letter, but subject to the qualifications, limitations and assumptions (including that any impairment of the contract be "substantial") set forth herein and in the S&J opinion, it is our opinion that a reviewing court of competent jurisdiction, applying the decisions and analysis used in federal courts, in a properly prepared and presented case:

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[3] See Financing Order, App. H, Proposed Conclusions of Law Nos. 20 and 38 and Proposed Ordering Paragraph No. 54 (captioned "Further Commission Action")(adopted and incorporated by Financing Order, Conclusion of Law No. 2); see also id., App. H, Proposed Conclusion of Law No. 46.

(i) would conclude that the State Pledge creates a binding contractual relationship between the Holders and the State that falls within the scope of the Federal Contract Clause;

(ii) would conclude that, absent a demonstration by the State that the relevant Legislative Action is necessary to further a significant and legitimate public purpose, the Holders could successfully challenge under the Federal Contract Clause the constitutionality of any Legislative Action, provided that such Legislative Action is determined by such court to limit, alter, impair or reduce the value of the CRR Charges or CRR Property or otherwise cause an Impairment prior to the time that the Bonds are fully paid and discharged;

(iii) with respect to the questions presented above in (c), although sound and substantial arguments support the granting of preliminary injunctive relief, the decision to do so will be in the discretion of the court requested to take such action, which will be exercised on the basis of the considerations discussed in Part II below; and a federal court should conclude that permanent injunctive relief is available under federal law to prevent implementation of Legislative Action hereafter taken and determined by such court to limit, alter, impair or reduce the value of the CRR Property or otherwise cause an Impairment in violation of the Federal Contract Clause; and

(iv) would conclude under the Federal Takings Clause, assuming that such court would apply a takings clause analysis, that the State would be required to pay just compensation to the Holders if the State, including through a legislative action of the West Virginia Commission, repealed or amended the Securitization Law or took any other action in contravention of the State Pledge and doing so constituted a Substantial Taking.

We also note, with respect to the opinion in (ii), that existing case law indicates that the State would have to establish that any Legislative Action causing an Impairment is necessary and reasonably tailored to address a significant public purpose, such as remedying or providing relief for a broad, widespread economic or social problem. The cases also indicate that the State's justification would be subjected to a higher degree of scrutiny, and that the State would bear a more substantial burden, if the Legislative Action impairs a contract to which the State is a party (which we believe to be the case here), as contrasted to a contract solely between private parties.

We are not aware of any reported controlling judicial precedents that are directly on point with respect to the questions raised above. Accordingly, our analysis is necessarily a reasoned application of judicial decisions involving similar or analogous circumstances. Issues relating to the Federal Contract Clause and the Federal Takings Clause are typically analyzed on a case-by-case basis, and the courts' determinations, in most cases, are strongly influenced by the facts and circumstances of the particular case. The degree of impairment necessary to meet the standards for relief under the Federal Contract Clause or the Federal Takings Clause could be in substantially in excess of what a Holder would consider material. Moreover, the application of equitable principles (including the availability of injunctive relief or the issuance of a stay pending appeal) is subject to the discretion of the court that is asked to apply them. We cannot predict the facts and circumstances that will be present in the future and may be relevant to the exercise of such discretion. Consequently, there can be no assurance that a court will follow our reasoning or reach the conclusions that we believe current judicial precedent supports.

This letter is limited to the federal laws of the United States of America. Our opinions are based upon our evaluation of existing judicial decisions and arguments related to the factual circumstances likely to exist at the time of a Federal Contract Clause or Federal Takings Clause challenge to Legislative Action or other State action; such precedents and such circumstances could change materially from those discussed below in this letter. Accordingly, such opinions are intended to express our belief as to the result that should be obtainable through the proper application of existing judicial decisions in a properly prepared and presented case. It is our and your understanding that none of the foregoing opinions is intended to be a guaranty as to what a particular court would actually hold; rather each such opinion is only an expression as to the decision a court ought to reach if the issue were properly prepared and presented to it and the court followed what we believe to be the applicable legal principles under existing judicial precedent. The recipients of this letter should take these considerations into account in analyzing the risks associated with the subject transaction.

We are not aware of any reported judicial decision which we believe would provide a basis on which a court would declare the provisions of the Securitization Law to be invalid under the United States Constitution and it is our opinion that under existing case law, a reviewing court of competent jurisdiction would hold that the Securitization Law is constitutional in all material respects under the United States Constitution.

Discussion

I. Protection of State Pledge Under the Federal Contract Clause

W. Va. Code § 24-2-4h(s)(1) – (2) provides:

"(1) The state pledges to and agrees with the bondholders, assignees, and financing parties under a final financing order that the state will not take or permit any action that impairs the value of consumer rate relief property under the final financing order or revises the consumer rate relief costs for which recovery is authorized under the

> final financing order or, except as allowed under subsection (k) of this section, reduce, alter, or impair consumer rate relief charges that are imposed, charged, collected, or remitted for the benefit of the bondholders, assignees and financing parties, until any principal, interest and redemption premium in respect of consumer rate relief bonds, all financing costs and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid or performed in full.
>
> (2) A person who issues consumer rate relief bonds is permitted to include the pledge specified in subdivision (1) of this subsection in the consumer rate relief bonds, ancillary agreements, and documentation related to the issuance and marketing of the consumer rate relief bonds."

W. Va. Code § 24-2-4h(s)(1) – (2). This language, including paragraph (2) in the block quote above, is referred to in this letter as the "State Pledge." Based on our analysis of relevant judicial authority, it is our opinion, subject to all of the qualifications, limitations and assumptions (including that any impairment of the contract be "substantial") set forth in this letter, that, absent a demonstration by the State that the relevant Legislative Action is necessary to further a significant and legitimate public purpose, a reviewing court of competent jurisdiction would conclude that the State Pledge provides a basis upon which the Holders (or the Indenture Trustee acting on their behalf) could challenge successfully, under the Federal Contract Clause, the constitutionality of any Legislative Action, provided that such Legislative Action is determined by such court to limit, alter, impair or reduce the value of the CRR Charges or CRR Property or otherwise cause an Impairment prior to the time that the Bonds are fully paid and discharged.

Article I, Section 10 of the United States Constitution, known as the Federal Contract Clause, prohibits any state from impairing the "[o]bligation of [c]ontracts,"[4] whether among private parties or among such state and private parties. The general purpose of the Federal Contract Clause is "to encourage trade and credit by promoting confidence in the stability of contractual obligations."[5] The law is well-settled that "the [Federal] Contract Clause limits the power of the States to modify their own contracts as well as to regulate those between private parties."[6] Although the text of the Federal Contract Clause appears to proscribe any impairment, the United States Supreme Court has made it clear that the proscription is not absolute: "Although the Contract Clause appears literally to proscribe 'any' impairment, […] 'the prohibition is not an absolute one and is not to be read with literal exactness like a mathematical formula.'"[7]

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4 U.S. Const. art. I, § 10, cl. 1 ("No State shall . . . pass any . . . Law impairing the Obligation of Contracts . . . ."). Article III, Section 4 of the West Virginia Constitution similarly provides that "[n]o . . . law impairing the obligation of a contract, shall be passed," and the Supreme Court of Appeals of West Virginia has stated that, in construing that provision, it has "generally accepted the United States Supreme Court's interpretation of the similar provision contained in Article I, Section 10, Clause 1 of the United States Constitution." Syl. pt. 1, Shell v. Metro. Life Ins. Co., 181 W. Va. 16, 380 S.E.2d 183 (1989). Please see the opinion of S&J of even date herewith with respect to the Contract Clause of the West Virginia Constitution.

5 See U.S. Tr. Co. of N.Y. v. New Jersey, 431 U.S. 1, 15 (1977).

6 Id. at 17.

7 Id. at 21 (citation omitted); see also Energy Reserves Grp., Inc. v. Kan. Power & Light Co., 459 U.S. 400, 410 (1983) ("Although the language of the Contract Clause is facially absolute, its prohibition must be accommodated to the inherent police power of the State 'to safeguard the vital interests of its people.'") (citing Home Bldg. & Loan Ass'n v. Blaisdell, 290 U.S. 398, 434 (1934)).

The United States Supreme Court has applied a three-part analysis to determine whether a particular legislative action violates the Federal Contract Clause:[8]

(1) whether the legislative action operates as a substantial impairment of a contractual relationship;

(2) assuming such an impairment, whether the legislative action is justified by a significant and legitimate public purpose; and

(3) whether the adjustment of the rights and responsibilities of the contracting parties is reasonable and appropriate given the public purpose behind the legislative action.

The first inquiry contains three components: "whether there is a contractual relationship, whether a change in law impairs that contractual relationship, and whether the impairment is substantial."[9] In determining whether an impairment is substantial, the Supreme Court has considered "the extent to which the law undermines the contractual bargain, interferes with a party's reasonable expectations, and prevents the party from safeguarding or reinstating his rights."[10] In addition, to succeed with a Federal Contract Clause claim involving a contract with the state itself, a party must show that the contractual relationship is not an invalid attempt by the state under the "reserved powers" doctrine to "surrender[] an essential attribute of its sovereignty."[11]

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8 Energy Reserves, 459 U.S. at 411-13. See also, e.g., FOP Lodge No. 89 v. Prince George's Cty., 608 F.3d 183, 188 (4th Cir. 2010); Kaminski v. Coulter, 865 F.3d 339, 344-45 (6th Cir. 2017). See also Sveen v. Melin, 584 U.S. 811, 819 (2018) (describing the analysis as a two-step inquiry into whether the state law has "operated as a substantial impairment of a contractual relationship" and, if so, whether the state law is drawn in an "'appropriate' and 'reasonable' way to advance 'a significant and legitimate public purpose'") (first quoting Allied Structural Steel Co. v. Spannaus, 438 U.S. 234, 244 (1978); then quoting Energy Reserves, 459 U.S. at 411–12).

9 Gen. Motors Corp. v. Romein, 503 U.S. 181, 186 (1992).

10 Sveen, 584 U.S. at 819.

11 See U.S. Trust, 431 U.S. at 23.

As described above, the opinion of S&J supports the conclusion that the State Pledge unambiguously indicates the State's intent to be bound with the Holders and, subject to all of the qualifications, limitations and assumptions set forth in such opinion, supports the conclusion that, for purposes of the Contract Clause of the West Virginia Constitution, the State Pledge constitutes a binding contractual relationship between the State and the Holders.

On that premise, the following three subparts address: (i) whether such a contract that falls within the scope of the Federal Contract Clause exists between the State and the Holders as a result of the State Pledge; (ii) if so, whether such contract violates the "reserved powers" doctrine, which would render such contract unenforceable; and (iii) the State's burden in justifying an impairment. The determination of whether particular Legislative Action constitutes a substantial impairment of a particular contract is a fact-specific analysis, and nothing in this letter expresses any opinion as to how a court would resolve the issue of "substantial impairment" with respect to the Financing Order, the CRR Property or the Bonds vis-à-vis a particular Legislative Action. Therefore, we have assumed for purposes of this letter that any Impairment resulting from the Legislative Action being challenged under the Federal Contract Clause would be substantial.[12]

A. Existence of a Contractual Relationship

The courts have recognized the general presumption that, "absent some clear indication that the legislature intends to bind itself contractually, …'a law is not intended to create private contractual or vested rights but merely declares a policy to be pursued until the legislature shall ordain otherwise.'"[13] This presumption is based on the fact that the legislature's principal function "is not to make contracts, but to make laws that establish the policy of the state."[14] Thus, a person asserting the creation of a contract with the State must overcome this presumption.

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12 We note, however, that in U.S. Trust the United States Supreme Court found a substantial impairment where the States of New York and New Jersey repealed outright an "important security provision" securing repayment of bonds without any form of compensation to the bondholders, even in the absence of a finding of the extent of financial loss suffered by the bondholders as a result of the repeal. U.S. Trust, 431 U.S. at 19. By contrast, in City of Charleston v. Public Service Commission of West Virginia, 57 F.3d 385 (4th Cir. 1995), the Fourth Circuit rejected a Federal Contract Clause challenge by two West Virginia cities with outstanding sewer revenue bonds to amendments to the West Virginia Code, and related orders of the West Virginia Commission, that altered the remedies available to the cities for collecting delinquent sewer charges, concluding that any resulting impairment was insubstantial, in light of, among other things, the bond contracts' express acknowledgment that the cities' collection rights were subject to State law and West Virginia Commission regulation and the cities' receipt of a substitute, more effective collection remedy.

13 Nat'l R.R. Passenger Corp. v. Atchison, Topeka & Santa Fe Ry., 470 U.S. 451, 465-66 (1985) (quoting Dodge v. Bd. of Educ. of City of Chi., 302 U.S. 74, 79 (1937)).

14 See id. at 466 (citing Ind. ex rel. Anderson v. Brand, 303 U.S. 95, 104-05 (1938)).

This general presumption can be overcome where the language of the statute indicates an intention to create contractual rights. In determining whether a contract has been created by statute, "it is of first importance to examine the language of the statute."[15] The United States Supreme Court has ruled that a statute creates a contractual relationship between a state and private parties if the statutory language contains sufficient words of contractual undertaking.[16] The United States Supreme Court has further stated that a contract is created "when the language and circumstances evince a legislative intent to create private rights of a contractual nature enforceable against the State."[17]

In U.S. Trust v. New Jersey, the United States Supreme Court affirmed the trial court's finding, which was not contested on appeal, that a statutory covenant of two states for the benefit of the holders of certain bonds gave rise to a contractual obligation between such states and the bondholders.[18] The covenant at issue limited the ability of the Port Authority of New York and New Jersey to subsidize rail passenger transportation from revenues and reserves pledged as security for such bonds. In finding the existence of a contract between such states and bondholders, the Court stated "[t]he intent to make a contract is clear from the statutory language: 'The 2 States covenant and agree with each other and with the holders of any affected bonds. . . .'"[19] In that case, the statute used the words "covenant and agree with each other and with the holders of any affected bonds."[20] Later, in National Railroad Passenger v. Atchison, Topeka & Santa Fe Railway, the Court discussed the U.S. Trust covenant and noted: "[r]esort need not be had to a dictionary or case law to recognize the language of contract" in such covenant.[21]

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15 Dodge, 302 U.S. at 78.

16 See Ind. ex rel. Anderson, 303 U.S. at 104-05 (noting "the cardinal inquiry is as to the terms of the statute supposed to create such a contract"); U.S. Trust, 431 U.S. at 17-18 & n.14.

17 U.S. Trust, 431 U.S. at 17 n.14.

18 Id. at 17-18.

19 Id. at 18. Although the issue of whether a contract existed between such states and the bondholders was never disputed on appeal, the Court reviewed the language of the covenant and the circumstances surrounding the covenant, and stated, "[w]e therefore have no doubt that the 1962 covenant has been properly characterized as a contractual obligation of the two States." Id.

20 Id. at 18 (quoting 1962 N.J. Laws, c.8, § 6, 1962 N.Y.Laws, c. 209, § 6).

21 See Nat'l R.R., 470 U.S. at 470.

Similarly, in Indiana ex rel. Anderson v. Brand, the United States Supreme Court determined that the Indiana Teachers' Tenure Act created a contract between the state and specified teachers because the statutory language demonstrated a clear legislative intent to contract. The Court based its decision, in part, on the legislature's use of the word "contract" throughout the statute to describe the legal relationship between the state and such teachers.[22]

Like the language of the covenant considered in U.S. Trust, the language of the State Pledge unambiguously indicates the Legislature's intent to bind the State by providing in pertinent part that "[t]he state pledges to and agrees with the bondholders, assignees, and financing parties under a final financing order that the state will not take or permit any action that impairs the value of consumer rate relief property under the final financing order." W. Va. Code § 24-2-4h(s)(1). Indeed, the most evident difference between such language and the U.S. Trust statute is the use of the verb "pledge," rather than "covenant," but that difference is not, in our view, material.[23] Indeed, much like the terms "covenant" and "agree" quoted in U.S. Trust, the phrase "pledges to and agrees with" evinces a legislative intent to create private rights of a contractual nature enforceable against the State. The provision, also consistent with contract language and like the statute quoted in U.S. Trust, names the beneficiaries of the State's pledge and agreement. Further, the definition of the Legislature's term — "pledge" — is "to bind by a promise."[24] Unlike the statute construed in National Railroad, the Securitization Law expressly includes language indicating the State's obligation with respect to consumer rate relief bond transactions. See W.

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22 Brand, 303 U.S. at 105. However, the mere use of the word "contract" in a statute will not necessarily evince the requisite legislative intent. As the Court cautioned in National Railroad, the use of the word "contract" alone would not signify the existence of a contract *with the government*. Nat'l R.R., 470 U.S. at 470. In National Railroad, the Court found that use of the word "contract" in the Rail Passenger Service Act defined only the relationship between the newly-created nongovernmental corporation (Amtrak) and the railroads, not the relationship between the United States and the railroads. The Court determined that "[l]egislation outlining the terms on which private parties may execute contracts does not on its own constitute a statutory contract." Id. at 467.

23 It could be contended that the factual situation in the U.S. Trust case is distinguishable from the factual situation surrounding the issuance of the Bonds. In U.S. Trust, the bonds were issued by the Port Authority—a governmental agency—while the Bonds are being issued by a private entity, and the Securitization Law states that consumer rate relief bonds issued under a final financing order "do not constitute a debt or a pledge of the faith and credit or taxing power of this state." W. Va. Code § 24-2-4h(q)(2). However, the Securitization Law dictates that a qualifying utility must obtain a financing order before any "consumer rate relief bonds" such as the Bonds are issued. See W. Va. Code § 24-2-4h(c), (e). The authority to issue such an order rests with the State, acting through the West Virginia Commission, and therefore the issuance of the Bonds is state-sanctioned in a manner closely analogous to the situation in U.S. Trust. In addition, and most significantly, the Securitization Law pledges that the State will not "take or permit any action that impairs the value of consumer rate relief property under the final financing order" and it expressly states that "[t]he state pledges to and agrees with the bondholders, assignees, and financing parties under a final financing order" to that effect. W. Va. Code § 24-2-4h(s)(1). This pledge not to permit or take action that would impair the value of consumer rate relief property is thus like the covenant in U.S. Trust because it is directed to the bondholders and is intended "as security against repeal" in order to enhance the marketability of the consumer rate relief bonds. See U.S. Trust, 431 U.S. at 18.

24 WEBSTER'S NEW WORLD DICTIONARY 573 (2d ed. 1982).

Va. Code § 24-2-4h(s)(1) ("The state pledges to and agrees with the bondholders, assignees, and financing parties under a final financing order that the state will not take or permit any action that impairs the value of consumer rate relief property under the final financing order or revises the consumer rate relief costs for which recovery is authorized under the final financing order or, except as allowed under subsection (k) of this section, reduce, alter, or impair consumer rate relief charges . . . .") (emphasis added). Finally, it is important to note that the State also authorizes an issuer of consumer rate relief bonds to include the State Pledge in the consumer rate relief bonds and related documentation (such as the Bonds). Id. § 24-2-4h(s)(2). While the Securitization Law also provides that consumer rate relief bonds issued under a final financing order do not constitute a debt or a pledge of the faith and credit or taxing power of the State, id. § 24-2-4h(q)(2), that does not mean that no promise has been made for purposes of the Federal Contract Clause.

In summary, supported by the conclusion, subject to the qualifications, limitations and assumptions therein, in the opinion of S&J that, for purposes of the Contract Clause of the West Virginia Constitution, the State Pledge constitutes a binding contractual relationship between the State and the Holders, the language of the State Pledge supports the conclusion that the State meant, through the State Pledge, to create a contractual relationship between the State and the Holders that falls within the scope of the Federal Contract Clause.[25]

B. Reserved Powers Doctrine

The "reserved powers" doctrine limits the State's ability to bind itself contractually in a manner which surrenders an essential attribute of its sovereignty.[26] Under this doctrine, if a contract purports to surrender a state's "reserved powers" – powers that cannot be contracted away – such contract is void.[27] Although the scope of the "reserved powers" doctrine has not been precisely defined by the courts, case law has established that a state cannot enter into contracts that forbid future exercises of its police powers or its power of eminent domain.[28] In contrast, the United States Supreme Court has stated that a state's "power to enter into effective financial contracts cannot be questioned."[29]

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25 In addition to the State Pledge, the Financing Order contains the following language under the heading "Further Commission Action": "This Financing Order shall be irrevocable and the Commission pledges to not impair, postpone, terminate or otherwise adjust the Consumer Rate Relief Charges approved in this Financing Order or impair the Consumer Rate Relief Property or the collection of Consumer Rate Relief Charges or the recovery of the Total Securitization Amount (including Upfront Financing Costs) and Ongoing Financing Costs. No adjustment through the Adjustment Mechanism shall affect the irrevocability of this Financing Order. The Commission guarantees that it will act pursuant to this Financing Order to ensure that expected Consumer Rate Relief Charges are sufficient to pay on a timely basis scheduled principal of and interest on the Consumer Rate Relief Bonds issued by both BondCos pursuant to this Financing Order and the Ongoing Financing Costs in connection with the Consumer Rate Relief Bonds."

26 U.S. Trust, 431 U.S. at 23.

27 Id. See generally United States v. Winstar Corp., 518 U.S. 839, 888-90 (1996) (plurality opinion).

28 U.S. Trust, 431 U.S. at 23-24 & nn.20-21 (citing Stone v. Mississippi, 101 U.S. 814, 817 (1880), and W. River Bridge Co. v. Dix, 47 U.S. 507, 525-26 (1848)).

29 U.S. Trust, 431 U.S. at 24. See also Cont'l Ill. Nat'l Bank & Tr. Co. v. Washington, 696 F.2d 692, 699 (9th Cir. 1983) ("Thus, insofar as the purely financial aspects of the agreement are concerned, reservations are not to be lightly inferred."); Baltimore Teachers Union, Am. Fed'n of Teachers Loc. 340, AFL-CIO v. Mayor & City Council of Baltimore, Md., 6 F.3d 1012, 1018-19 (4th Cir. 1993).

Under existing case law, the State Pledge does not, in our view, purport to surrender any "reserved powers" of the State. Although the State's commitment not to "take or permit any action that impairs the value of consumer rate relief property" is broader than the commitment in U.S. Trust that revenues and reserves securing bonds would not be depleted beyond a certain level,[30] we do not believe courts, in applying the applicable federal case law, would construe the State Pledge as purporting to contract away, or forbid future exercises of, the State's power of eminent domain or its police power to protect the public health and safety. Through the Securitization Law and "financing orders" (such as the Financing Order) issued in accordance therewith by the West Virginia Commission in order to create "consumer rate relief property", as such term is used in the Securitization Law, the State has authorized the West Virginia Commission to approve the issuance of "consumer rate relief bonds" (such as the Bonds) and has pledged not to impair the value of the "consumer rate relief property" (such as the CRR Property) securing such instruments. As discussed above, in the absence of any contrary indication under West Virginia law, federal courts would find that the Securitization Law and the State Pledge constitute a contractual obligation undertaken by the State akin to the type of "financial contract" involved in U.S. Trust, and that such obligation would not be viewed as an impermissible surrender of an essential attribute of State sovereignty.

C. State's Burden to Justify an Impairment

To survive scrutiny under the Federal Contract Clause, a substantial impairment by a state of a valid state contract must be justified by "a significant and legitimate public purpose . . . such as the remedying of a broad and general social or economic problem,"[31] and the state action causing that impairment must be both "reasonable and necessary to serve" such a public purpose.[32]

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30 U.S. Trust, 431 U.S. at 25.

31 Energy Reserves, 459 U.S. at 411-12.

32 U.S. Trust, 431 U.S. at 25. See also Cherry v. Mayor & City Council of Baltimore City, 762 F.3d 366, 371 (4th Cir. 2014); Puckett v. Lexington-Fayette Urb. Cnty. Gov't, 833 F.3d 590, 599 (6th Cir. 2016) (articulating two-part test).

The contours of this test are illustrated by several decisions of the United States Supreme Court. In Home Building & Loan Ass'n v. Blaisdell,[33] which the Court has described as "the leading case in the modern era of [Federal] Contract Clause interpretation,"[34] the Court addressed a Contract Clause challenge to a Minnesota law that, in response to economic conditions caused by the Great Depression, (i) authorized county courts to extend the period of redemption from foreclosure sales on mortgages previously made "for such additional time as the court may deem just and equitable," subject to certain limitations, and (ii) limited actions for deficiency judgments.[35] The Court stated that the "reserved powers" doctrine could not be construed to "permit the State to adopt as its policy the repudiation of debts or the destruction of contracts or the denial of means to enforce them." On the other hand, the Court also indicated that the Federal Contract Clause could not be construed to prevent limited and temporary interpositions with respect to the enforcement of contracts if made necessary by a great public calamity such as fire, flood, or earthquake. The reservation of state power appropriate to such extraordinary conditions may be deemed to be as much a part of all contracts, as is the reservation of state power to protect the public interest in the other situations to which we have referred. And if state power exists to give temporary relief from the enforcement of contracts in the presence of disasters due to physical causes such as fire, flood or earthquake, that power cannot be said to be nonexistent when the urgent public need demanding such relief is produced by other and economic causes.[36]

In upholding the Minnesota law, the Court relied on the following: (1) an economic emergency existed that threatened the loss of homes and lands which furnish those persons in possession with necessary shelter and means of subsistence; (2) the law was not enacted for the benefit of particular individuals but for the protection of a basic interest of society; (3) the relief provided by the law was appropriate to the emergency, and could only be granted upon reasonable conditions; (4) the conditions on which the period of redemption was extended by the law did not appear to be unreasonable; and (5) the law was temporary in operation and limited to the emergency on which it was based.[37] In several contemporaneous cases, the United States Supreme Court struck down other laws passed in response to the economic emergency created by the Great Depression,[38] thus reinforcing the notion that, to be justified, the impairment must be the result of a reasonable, necessary and tailored response to a broad and significant public concern.

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33 Blaisdell, 290 U.S. 398.

34 U.S. Trust, 431 U.S. at 15.

35 The mortgagor was required to continue to pay the reasonable income or rental value of the property, as determined by the court, toward payment of taxes, insurance, interest and principal. The law stated that it was to remain in effect only during the current emergency and no later than May 1, 1935; no redemption period could be extended beyond the expiration of the law. Blaisdell, 290 U.S. at 415-18.

36 Id. at 439-40 (citation omitted).

37 Id. at 444-47.

38 See Treigle v. Acme Homestead Ass'n, 297 U.S. 189 (1936); W.B. Worthen Co. v. Kavanaugh, 295 U.S. 56 (1935); W.B. Worthen Co. v. Thomas, 292 U.S. 426 (1934).

The deference to be given by a court to a legislature's determination of the need for a particular impairment depends on whether the contract is purely private or the state is a contracting party. Although courts ordinarily defer to legislative judgment as to the necessity and reasonableness of a particular action,[39] the Supreme Court has noted that such deference "is not appropriate" when a state is a contracting party.[40] In that circumstance, a "stricter standard" of justification should apply.[41] Indeed, in Energy Reserves Group v. Kansas Power & Light Co. the Court noted that "[i]n almost every case, the Court has held a governmental unit to its contractual obligations when it enters financial or other markets."[42]

The leading case addressing impairment of contracts to which the state is a party is U.S. Trust. As noted above, there the state had covenanted that revenues and reserves securing certain bonds would not be depleted below a certain level.[43] The state thereafter repealed that promise in order to finance new mass transit projects, claiming that the repeal was justified by the need to promote, and encourage additional use of, mass transportation in response to energy shortages and environmental concerns.[44] The Court ruled that the state's action was nevertheless invalid under the Contract Clause because repeal of the covenant was "neither necessary to achievement of the plan nor reasonable in light of the circumstances."[45] The Court stated that a modification less drastic than total repeal would have permitted the states to achieve their plan to improve commuter rail service, and, in fact, the states could have achieved that goal without modifying the covenant at all.[46] For example, the states "could discourage automobile use through taxes on gasoline or parking . . . and use the revenues to subsidize mass transit projects."[47]

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39 Keystone Bituminous Coal Ass'n v. DeBenedictis, 480 U.S. 470 (1987) (upholding against Federal Contract Clause challenge a law authorizing revocation of a coal mine operator's mining permit as a reasonable and necessary response to the "devastating effects" of subsidence caused by underground mining).

40 U.S. Trust, 431 U.S. at 25-26.

41 Energy Reserves, 459 U.S. at 412-13 n.14. See also Allied Structural Steel Co. v. Spannaus, 438 U.S. 234, 244 n.15 (1978) ("impairments of a State's own contracts would face more stringent examination under the Contract Clause").

42 459 U.S. at 412 n.14.

43 U.S. Trust, 431 U.S. at 25.

44 Id. at 28-29. The Court noted that when the bills to repeal the covenant were pending "a national energy crisis was developing." Id. at 13-14.

45 Id. at 29.

46 Id. at 30.

47 Id. at 30 n.29.

The Court in U.S. Trust contrasted the legislation under consideration with the statute challenged in City of El Paso v. Simmons,[48] which limited to five years the reinstatement rights of defaulting purchasers of land from the state. For many years prior to the enactment of this statute, defaulting purchasers had been allowed to reinstate their claims upon written request and payment of delinquent interest, unless the rights of third parties had intervened. In U.S. Trust, the Court stated that this older (19th century) statute "had effects that were unforeseen and unintended by the legislature when originally adopted," *i.e.*, "speculators were placed in a position to obtain windfall benefits," and therefore adoption of a statute of limitations was reasonable to restrict parties to gains reasonably expected from the contract when the original statute was adopted.[49] In contrast, the need for mass transportation was not a new development and the likelihood that publicly owned commuter railroads would produce substantial deficits was well known when the covenant was adopted.[50] Although, the Court noted, public perception of the importance of mass transit undoubtedly grew between 1962, when the covenant was adopted, and 1974, when it was repealed, "these concerns were not unknown in 1962, and the subsequent changes were of degree and not of kind . . . and [did not] cause the covenant to have a substantially different impact in 1974 than when it was adopted in 1962."[51]

The Court in U.S. Trust also distinguished its earlier decision in Faitoute Iron & Steel v. City of Asbury Park,[52] which, according to the Court, was the "only time in this century that alteration of a municipal bond contract has been sustained."[53] Faitoute involved a state municipal reorganization act under which bankrupt local governments could be placed in receivership by a state agency. Pursuant to that act, the holders of certain municipal revenue bonds received new securities bearing lower interest rates and later maturities. According to the Court in U.S. Trust, the earlier decision rejected the dissenting bondholders' Federal Contract Clause claims on the theory that the "old bonds represented only theoretical rights; as a practical matter the city could not raise its taxes enough to pay off its creditors under the old contract terms," and thus the plan "enabled the city to meet its financial obligations more effectively."[54] The U.S. Trust Court further quoted Faitoute to the effect that the obligation in that case was "discharged, not impaired" by the plan.[55]

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48 City of El Paso v. Simmons, 379 U.S. 497 (1965).
49 U.S. Trust, 431 U.S. at 31.
50 Id. at 31-32.
51 Id. at 32.
52 Faitoute Iron & Steel Co. v. City of Asbury Park, 316 U.S. 502 (1942).
53 U.S. Trust, 431 U.S. at 27.
54 Id. at 28.
55 Id.

Thus, the relevant case law demonstrates that a state bears a substantial burden when attempting to justify an impairment of a contract to which it is a party. As noted by the Supreme Court, "[i]n almost every case, the Court has held a governmental unit to its contractual obligations when it enters financial or other markets."[56] A mere recitation that the impairment is in the public interest is thus insufficient. Instead, a state action that impairs contracts to which it is a party must further a significant, legitimate and broad public purpose, not the interests of a narrow group; that public purpose must be served by a reasonable, necessary and carefully tailored measure, as "a State is not free to impose a drastic impairment when an evident and more moderate course would serve its purposes equally well."[57]

Subject to the qualifications, limitations and assumptions set forth in this letter, and supported by the conclusion, subject to the qualifications, limitations and assumptions therein, in the opinion of S&J that the State Pledge unambiguously indicates the State's intent to be bound with the Holders and that, for purposes of the Contract Clause of the West Virginia Constitution, the State Pledge constitutes a binding contractual relationship between the State and the Holders, it is our opinion that a reviewing court of competent jurisdiction, in a properly prepared and presented case applying federal precedent, would conclude that the State Pledge unambiguously indicates the State's intent to be bound with the Holders and constitutes a binding contractual relationship between the Holders and the State that falls within the scope of the Federal Contract Clause, and that, absent a demonstration by the State that the relevant Legislative Action is necessary to further a significant and legitimate public purpose, the Holders could successfully challenge under the Federal Contract Clause the constitutionality of any Legislative Action, provided that such Legislative Action is determined by such court to limit, alter, impair or reduce the value of the CRR Charges or CRR Property or otherwise cause an Impairment prior to the time that the Bonds are fully paid and discharged.

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56 Energy Reserves, 459 U.S. at 412 n.14 (citing U.S. Trust, 431 U.S. at 25-28; Kavanaugh, 295 U.S. 56 (1935); and Murray v. Charleston, 96 U.S. 432 (1878)). In Kavanaugh, the United States Supreme Court reversed a decision of the Arkansas Supreme Court upholding the validity of legislative enactments which, in the words of the former, take "from the mortgage [securing bonds issued by municipal improvement districts pursuant to state law] the quality of an acceptable investment for a rational investor" by making it much more difficult and time consuming to foreclose upon the collateral posted as security for the mortgage. 295 U.S. at 60. Such enactments were accompanied by a legislative "declaration of an emergency, which was stated to endanger the peace, health, and safety of a multitude of citizens." 295 U.S. at 59. In Murray, the United States Supreme Court reversed a judgment of the Supreme Court of South Carolina upholding an ordinance of the City of Charleston which permitted the City to withhold, as a tax, a portion of the interest that was otherwise payable with respect to bonds issued by the City. This "tax" was held to violate the Federal Contract Clause: "no municipality of a State can, by its own ordinances, under the guise of taxation, relieve itself from performing to the letter all that it has expressly promised to its creditors." 96 U.S. at 448.

57 U.S. Trust, 431 U.S. at 31. See also Catawba Indian Tribe of S.C. v. City of Rock Hill, 501 F.3d 368, 371 (4th Cir. 2007). In United Automobile, Aerospace, Agriculture Implement Workers of America International Union v. Fortuño, 633 F.3d 37, 43-44 (1st Cir. 2011), the First Circuit held that the plaintiff bears the burden of proving that the state actions causing a substantial impairment are not reasonable or necessary. The First Circuit acknowledged that its position is in "some tension with the Supreme Court's instruction" in U.S. Trust, and that "many courts have concluded that this burden rests with the state." Id. at 43. See also Sullivan v. Nassau County Interim Finance Authority, 959 F.3d 54, 66 (2d Cir. 2020) (noting issue but declining to address it).

II. Availability of Injunctive Relief in a Federal Court

In a challenge to Legislative Action alleged to cause an Impairment, the remedies the plaintiff would be expected to seek would include an order enjoining State officials from enforcing the provisions of such Legislative Action.[58] An action challenging Legislative Action, and any accompanying request for injunctive relief, could be brought in either a West Virginia court or a federal court, and West Virginia law or federal law, respectively, would provide the basis for determining whether such relief should be granted.[59] The following discussion relates to federal law only.

A. Preliminary Injunctive Relief

Under federal law, a federal court would assess the following matters in determining whether (in its discretion) to grant preliminary injunctive relief: (a) whether the party seeking an injunction is likely to succeed on the merits; (b) whether the party is likely to suffer irreparable harm in the absence of preliminary relief; (c) whether the balance of equities tips in favor of the party seeking the injunction; and (d) whether an injunction is in the public interest.[60] Each factor must be independently "satisfied as articulated."[61] Given the limited purpose of a preliminary injunction, a party seeking a preliminary injunction "is not required to prove his case in full" under the same procedures and evidentiary requirements that would apply at a trial on the merits.[62]

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58 If plaintiffs also seek money damages in federal court, the State defendants could claim immunity. The Eleventh Amendment bars federal courts from granting money damages against the State unless the State waives that immunity. Gibbons v. Gibbs, 99 F.4th 211, 214 (4th Cir. 2024); Hutto v. S.C. Ret. Sys., 773 F.3d 536, 543-49 (4th Cir. 2014) ("State officials sued in their official capacities for retrospective money damages have the same sovereign immunity accorded to the State. . . . Therefore, as did the district court, we hold that the plaintiffs' claim against the state officials for the return of their contributions is barred by the Eleventh Amendment."); see also id. ("Unlike subject-matter jurisdiction, which cannot be waived, a State can always waive its immunity and consent to be sued in federal court[.]"). We express no opinion on matters of West Virginia law, including the extent to which retrospective monetary claims against the State may be brought in the courts of West Virginia, and refer you to the opinion of S&J of even date herewith.

59 Please see the opinion of S&J of even date herewith with respect to the availability of injunctive relief under West Virginia law.

60 Winter v. Nat'l Res. Def. Council, Inc., 555 U.S. 7, 20 (2008). See also Starbucks Corp. v. McKinney, 602 U.S. 339, 346 (2024) (applying the four Winter factors and rejecting a more lenient standard absent clear congressional direction).

61 Real Truth About Obama, Inc. v. F.E.C., 575 F.3d 342, 347 (4th Cir. 2009), vacated on other grounds, 559 U.S. 1089 (2010), reinstated in relevant part, 607 F.3d 355 (4th Cir. 2010) (per curiam).

62 AttorneyFirst, LLC v. Ascension Entm't, Inc., 144 F. App'x 283, 288 (4th Cir. 2005).

Success on the Merits. For purposes of our opinion regarding the availability of injunctive relief, we have assumed that a reviewing court of competent jurisdiction will find a strong likelihood of success on the merits, *i.e.* that the Legislative Action is likely an Impairment. As explained above, applying applicable federal precedent, in the absence of any contrary precedent under West Virginia law, the Securitization Law and State Pledge would be viewed as constituting a contractual relationship between the Holders and the State that falls within the scope of the Federal Contract Clause. Thus, we examine only the three remaining portions of the test.

Irreparable Harm. In considering irreparable harm, courts evaluate whether (1) there is a sufficient causal connection between the alleged injury and the conduct sought to be enjoined;[63] (2) irreparable injury is likely in the absence of an injunction;[64] (3) the threat of harm to plaintiff is immediate;[65] and (4) litigation can offer monetary compensation instead.[66]

Causation. Holders would have to prove that enforcement of the Legislative Action would cause detriment to them, such as loss of expected payments or loss of bond value. Given that a fundamental premise of an Impairment is Legislative Action to the detriment of Holders, Holders should be able to show causation.

Likelihood. Holders would have to prove that harm is likely absent an injunction. Likely harm is a premise that makes the Legislative Action an Impairment in the first place. Thus, we assume Holders could prove likely harm absent an injunction.

Immediacy. If scheduled payments are disrupted by Legislative Action before a trial on the merits, immediate harm could be proven. If, however, a trial on the merits is possible before such harm will occur, the harm is not immediate enough to support a preliminary injunction.[67] In addition, depressed bond values may be experienced before trial. The fact that diminished credit quality due to the Legislative Action leads to diminished Bond value also should be provable.

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63 Perfect 10, Inc. v. Google, Inc., 653 F.3d 976, 982 (9th Cir. 2011); see Garcia v. Google, Inc., 786 F.3d 733, 745 (9th Cir. 2015) (en banc); see also W. Va. Rivers Coal., Inc. v. Chemours Co. FC, LLC, 178 F.4th 102, 116–17 (4th Cir. 2026) (vacating preliminary injunction where the record did not show that the defendant's challenged conduct would more likely than not cause irreparable harm to the movant's member, and holding that a violation of law does not by itself constitute irreparable harm).

64 Winter, 555 U.S. at 22.

65 See Real Time Med. Sys., Inc. v. PointClickCare Tech., Inc., 131 F.4th 205, 239-41 (4th Cir. 2025); Air Evac EMS, Inc. v. McVey, 37 F.4th 89, 102-03 (4th Cir. 2022).

66 Sampson v. Murray, 415 U.S. 61, 90 (1974); see also, e.g., Mt. Valley Pipeline, LLC v. 6.56 Acres of Land, Owned by Sandra Townes Powell, 915 F.3d 197, 218 (4th Cir. 2019) ("It is true that when anticipated economic losses will be recoverable at the end of litigation, then those losses generally will not qualify as irreparable for purposes of preliminary relief.").

67 See Roland Mach. Co. v. Dresser Indus., Inc., 749 F.2d 380, 386 (7th Cir. 1984) (only if plaintiff will suffer irreparable harm in period before final judgment following trial can preliminary injunction issue); but see Fed. Leasing, Inc. v. Underwriters at Lloyd's, 650 F.2d 495, 500 (4th Cir. 1981) (holding that plaintiffs were entitled to preliminary injunctive relief where the economic losses threatened the very existence of the business) (citing Semmes Motors, Inc., v. Ford Motor Co., 429 F.2d 1197, 1205 (2d Cir. 1970); Amazon.com, Inc. v. WDC Holdings LLC, No. 20-1743, 2021 WL 3878403, at *8-9 (4th Cir. Aug. 31, 2021) (holding that defendant's assets were likely to become unavailable before judgment due to the likelihood of insolvency and plaintiffs were entitled to preliminary injunctive relief).

Alternative remedies. Unless the State waives immunity, the Eleventh Amendment bars federal courts from granting money damages against the State.[68] Absent a State waiver of immunity, money damages would be unavailable to redress the harm to Holders from the Legislative Action, supporting the inadequacy of relief available in a federal court.[69]

Balance of Equities. Before issuing a preliminary injunction, a court identifies the harm that a preliminary injunction might cause the defendant and weighs it against plaintiff's threatened injury,[70] and may consider the equities of nonparties.[71] Here, a court will likely consider the balance of harm in the next stage of the analysis instead because assessing the harm to the opposing party and weighing the public interest merge when the government is the opposing party.[72]

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68 Lee-Thomas v. Prince George's Cty. Pub. Sch., 666 F.3d 244, 249 (4th Cir. 2012); Frew ex rel. Frew v. Hawkins, 540 U.S. 431, 437 (2004) (federal courts may not award retrospective relief, for instance, money damages or its equivalent, if state invokes its immunity).

69 See Hutto, 773 F.3d at 547-49 ("state officials sued in their official capacities for retrospective money damages have the same sovereign immunity accorded to the State"); Commonwealth v. Biden, 57 F.4th 545, 556 (6th Cir. 2023) (explaining that governmental sovereign immunity "typically makes monetary losses … irreparable"); Chamber of Com. of U.S. v. Edmondson, 594 F.3d 742, 756, 770–71 (10th Cir. 2010) (associations' members were likely to suffer irreparable harm from compliance costs related to state law that might total more than $1,000 per business per year because such costs were unrecoverable as damages due to sovereign immunity); Entergy Nuclear Vt. Yankee, LLC v. Shumlin, 733 F.3d 393, 423 (2d Cir. 2013) (injunction supported in part because money damages unavailable to movant because of state immunity under Eleventh Amendment); KPMG LLP v. United States, 139 Fed. Cl. 533, 537 (2018) ("[a]s a general principle, where plaintiff has no ability to recoup lost profits against the United States, the harm to the plaintiff is irreparable"); Odebrecht Const., Inc. v. Sec'y, Fla. Dep't of Transp., 715 F.3d 1268, 1289 (11th Cir. 2013); Entergy, Arkansas, Inc. v. Nebraska, 210 F.3d 887, 899–900 (8th Cir. 2000) (chances for a preliminary injunction may be "heightened" where relief in the form of money damages is barred by the government's sovereign immunity); but see Black United Fund of N.J., Inc. v. Kean, 763 F.2d 156, 161 (3d Cir. 1985) ("[t]hat the Eleventh Amendment may pose an obstacle to recovery of damages in the federal court does not transform money loss into irreparable injury for equitable purposes").

70 Scotts Co. v. United Indus. Corp., 315 F.3d 264, 284 (4th Cir. 2002); see Winter, 555 U.S. at 24; Earth Island Inst. v. Carlton, 626 F.3d 462, 475 (9th Cir. 2010) (assignment of weight to particular harms is matter for district courts to decide).

71 Horwitz v. Sw. Forest Indus., Inc., 604 F. Supp. 1130, 1136 (D. Nev. 1985); see Publ'ns Int'l, Ltd. v. Meredith Corp., 88 F.3d 473, 478 (7th Cir. 1996).

72 Assessing the harm to the opposing party and weighing the public interest "merge when the Government is the opposing party." Nken v. Holder, 556 U.S. 418, 435 (2009); Daunt v. Benson, 956 F.3d 396, 422 (6th Cir. 2020); Drakes Bay Oyster Co. v. Jewell, 747 F.3d 1073, 1092 (9th Cir. 2014); Minard Run Oil Co. v. United States Forest Serv., 670 F.3d 236, 256 (3d Cir. 2011).

Public Interest. In exercising their discretion, courts of equity "pay particular regard for the public consequences in employing the extraordinary remedy of injunction."[73] And, "[a]ny time a State is enjoined by a court from effectuating statutes enacted by representatives of its people, it suffers a form of irreparable injury."[74] However, some courts have determined there is no "blanket presumption in favor of the government in all preliminary injunction cases."[75] The government does not have an interest in enforcing unconstitutional laws.[76] And financial concerns are not a paramount public interest.[77]

The function of preliminary injunctive relief is to preserve the latest uncontested status quo prior to the action which is the subject of the legal challenge.[78] The latest uncontested status quo with respect to the Bonds prior to the challenged Legislative Action would appear to be the continued effectiveness of the Financing Order and the validity of the CRR Property and CRR Charges.

As discussed above, the likely primary harm to Holders would come from delinquent Bond payments or diminished Bond value. If the legislation merely targets the State Pledge, without pursuing some larger public policy goal, a court would more likely view the State as merely seeking to advance its own pecuniary interests (coinciding, likely, with actions prohibited by constitutional restrictions against impairment of contracts) and would likely see little public interest advanced. But if the Legislative Action is part of a larger public policy aim, and the modification or elimination of the State Pledge is an important and integrated part of the statutory scheme, the court may weigh the public interest advanced by that Legislative Action to disfavor issuing the injunction.

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73 Winter, 555 U.S. at 24; Salazar v. Buono, 559 U.S. 700, 714 (2010).

74 Maryland v. King, 567 U.S. 1301, 1303 (2012) (Roberts, Circuit Justice) (internal quotes omitted); Pierce v. N.C. State Bd. of Elec., 97 F.4th 194, 225 (4th Cir. 2024).

75 Rodriguez v. Robbins, 715 F.3d 1127, 1145–46 (9th Cir. 2013), abrogated on other grounds by Jennings v. Rodriguez, 583 U.S. 281 (2018).

76 See, e.g., Giovani Carandola, Ltd. v. Bason, 303 F.3d 507, 520-21 (4th Cir. 2002); see also Louisiana v. Biden, 55 F.4th 1017, 1035 (5th Cir. 2022).

77 See Pashby v. Delia, 709 F.3d 307, 331 (4th Cir. 2013) (rejecting state's proffered financial concerns as relevant public interest).

78 Univ. of Tex. v. Camenisch, 451 U.S. 390, 395 (1981) ("The purpose of a preliminary injunction is merely to preserve the relative positions of the parties until a trial on the merits can be held."); United States v. South Carolina, 720 F.3d 518, 524 (4th Cir. 2013).

We cannot offer more than the framework above for assessing this element of the test of issuance of an injunction because much will depend on the particulars of the Legislative Action. But we strain to conceive of legislation that seeks broad public policy aims that cannot be achieved without modifying or eliminating the State Pledge favoring Holders. Thus, we assume here that the public interest will not prevent a court from issuing an injunction.

Based on the foregoing, the Holders likely could satisfy these standards for temporary injunctive relief, and a temporary injunction to prevent an unconstitutional Impairment should be an available remedy.[79]

B. Availability of Permanent Injunctive Relief in Federal Court

The requirements for a permanent injunction are essentially the same as for a preliminary injunction, except that the moving party must demonstrate actual success on the merits (prevailing at trial).[80] On that basis, we hold the same views regarding a permanent injunction as those we expressed above for a preliminary injunction.

III. Federal Takings Clause

The Takings Clause of the Fifth Amendment of the United States Constitution—"nor shall private property be taken for public use, without just compensation"—is made applicable to state action via the Fourteenth Amendment.[81] The Federal Takings Clause covers both tangible and intangible property.[82] Rights under contracts can be property for purposes of the Federal Takings Clause,[83] but legislation that "disregards or destroys" contract rights does not

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79 See Centro Tepeyac v. Montgomery Cty., 722 F.3d 184, 191 (4th Cir. 2013) ("That precedent counsels that 'a state is in no way harmed by issuance of a preliminary injunction which prevents the state from enforcing restrictions likely to be found unconstitutional. If anything, the system is improved by such an injunction.' It also teaches that 'upholding constitutional rights surely serves the public interest.'") (internal citations omitted).

80 Mowery v. Nat'l Geospatial-Intelligence Agcy., 42 F.4th 428, 441 (4th Cir. 2022) ("Injunctions are not magic beans that may be handed out without any analysis of the underlying claims or a showing that such relief is warranted. Instead, courts grant injunctions, if at all, only after reviewing the factual basis and merits (or likelihood of success on the merits) of a claim."); New York Civil Liberties Union v. New York City Transit Auth., 684 F.3d 286, 294 (2d Cir. 2012); Perfect 10, 653 F.3d at 979–80.

81 Webb's Fabulous Pharmacies, Inc. v. Beckwith, 449 U.S. 155, 160 (1980).

82 Ruckelshaus v. Monsanto Co., 467 U.S. 986, 1003-04 (1984).

83 Lynch v. United States, 292 U.S. 571, 577 (1934).

always constitute a taking.[84] Where intangible property is at issue, state law will determine whether a property right exists,[85] although state law is not the only source of property rights for this purpose, and a state may not "sidestep the Takings Clause by disavowing traditional property interests."[86] If a court determines that an intangible asset is property, a court will next look to whether the owner of the property interest had a "reasonable investment-backed expectation" that the property right would be protected.[87]

The United States Supreme Court has suggested that the Federal Takings Clause may be implicated by a diverse range of government actions, including when the government (a) permanently appropriates or denies all economically productive use of property;[88] (b) destroys property other than in response to emergency conditions;[89] or (c) reduces, alters or impairs the value of property so as to unduly interfere with reasonable investment-backed expectations.[90] In determining what is an undue interference, a court would consider the nature of the governmental action and weigh the public purpose served thereby against the degree to which it interferes with legitimate property interests and distinct investment-backed expectations of bondholders.

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84 Connolly v. Pension Benefit Guar. Corp., 475 U.S. 211, 224 (1986).

85 The Securitization Law provides that consumer rate relief property "constitutes an existing, present property right, notwithstanding that the imposition, charging, and collection of consumer rate relief charges occurs in the future . . . ." W. Va. Code § 24-2-4h(f)(4). We understand that West Virginia courts look to cases decided under the Federal Takings Clause as persuasive authority in construing Article III, Section 9 of the West Virginia Constitution. See, e.g., McFillan v. Berkeley Cnty. Planning Comm'n, 190 W. Va. 458, 438 S.E.2d 801 (1993); Verizon W. Va., Inc. v. W. Va. Bureau of Emp. Programs, 214 W. Va. 95, 586 S.E.2d 170 (2003). Please see the opinion of S&J of even date herewith with respect to the Takings Clause of the West Virginia Constitution.

86 Tyler v. Hennepin Cnty., 598 U.S. 631, 638 (2023) (quoting Phillips v. Wash. Legal Found., 524 U.S. 156, 167 (1998)).

87 2 Ronald D. Rotunda & John E. Nowak, TREATISE ON CONSTITUTIONAL LAW: SUBSTANCE AND PROCEDURE § 15.12(a)(iii), at 971 (5th ed. 2012).

88 Connolly, 475 U.S. at 225 (noting that in that case the government did not "permanently appropriate" any of the employer's assets for its own use); Palazzolo v. Rhode Island, 533 U.S. 606, 617 (2001) ("regulation which 'denies all economically beneficial or productive use of 'land' will require compensation under the Takings Clause") (citing Lucas v. S.C. Coastal Council, 505 U.S. 1003, 1015 (1992), which notes that for personal property, however, some regulations that limit use of personal property may not be compensable takings given the state's "traditionally high degree of [economic] control over commercial dealings," id. at 1027-28); cf. Horne v. Dep't of Agric., 576 U.S. 351, 358-61 (2015) (holding that the categorical duty to pay just compensation for a physical appropriation of property applies to personal property as well as real property); United States v. Sec. Indus. Bank, 459 U.S. 70, 77 (1982) ("The total destruction by the government of all compensable value of these liens, which constitute compensable property, has every possible element of a Fifth Amendment 'taking' and is not a mere 'consequential incidence' of a valid regulatory measure.") (quoting Armstrong v. United States, 364 U.S. 40, 48 (1960)).

89 The emergency exception to the just compensation requirement of the Federal Takings Clause appears in several Supreme Court decisions. See generally 2 Rotunda & Nowak, supra, § 15.12(C), at 1013-1015. Several of these decisions involve the government's activities during military hostilities. See, e.g., United States v. Caltex (Phil.), Inc., 344 U.S. 149 (1952) (no compensable taking when Army destroys property to prevent enemy forces from obtaining it); United States v. Cent. Eureka Mining Co., 357 U.S. 155 (1958) (no compensable taking when government forces gold mines to cease operations to conserve resources for war effort); Nat'l Bd. of Young Men's Christian Ass'ns v. United States, 395 U.S. 85 (1969) (no compensable taking where private property destroyed when U.S. troops take shelter there). Compare United States v. Pewee Coal Co., 341 U.S. 114 (1951) (plurality opinion) (compensable taking when occupation is physical rather than regulatory, emergency notwithstanding). The emergency exception is not limited to wartime activities, however. See, e.g., Miller v. Schoene, 276 U.S. 272 (1928) (no compensable taking where trees destroyed to prevent disease from spreading to other trees); Dames & Moore v. Regan, 453 U.S. 654 (1981) (no compensable taking resulting from executive order nullifying attachments on Iranian assets and permitting those assets to be transferred out of the country). The emergency exception is not limited to the physical destruction of property by the government, see Cent. Eureka Mining, 357 U.S. at 168, but the Supreme Court has suggested it does not apply to physical occupation of property, see Pewee, 341 U.S. at 116-17 (plurality opinion), or permanent appropriation, see Lingle v. Chevron U.S.A., Inc., 544 U.S. 528, 538 (2005), both of which constitute a per se taking. Moreover, we believe that a permanent appropriation of property by the government would be generally inconsistent with the concept of an "emergency." See Cent. Eureka Mining, 357 U.S. at 168 (describing wartime restrictions as "temporary in character").

90 Connolly, 475 U.S. at 224-25 (noting that one point of Federal Takings Clause analysis is "the extent to which the regulation has interfered with distinct investment-backed expectations") (quoting Penn Cent. Transp. Co. v. New York, 438 U.S. 104, 124 (1978)); Cent. Eureka Mining, 357 U.S. 155 (no compensable taking when government forces gold mines to cease operations to conserve resources for war effort).

The Supreme Court has identified two categories where regulatory action constitutes a per se taking—when the government by regulation "has physically taken property for itself or someone else,"[91] or deprived the owner of all economically beneficial use of the property.[92] Outside of these two narrow categories, challenges to regulations that interfere with protected property interests are governed by the three-part test set forth in Penn Central Transportation v. City of New York.[93] Under that test, a regulation constitutes a taking if it denies a property owner "economically viable use" of that property, which is determined by three factors: (i) the character of the governmental action; (ii) the economic impact of the regulation on the claimant; and (iii) the extent to which the regulation has interfered with distinct investment-backed expectations.[94]

The first factor requires the court to examine "the purpose and importance of the public interest underlying a regulatory imposition."[95]

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91 Cedar Point Nursery v. Hassid, 141 S. Ct. 2063, 2072 (2021).

92 Lingle, 544 U.S. at 538; Lucas, 505 U.S. at 1019.

93 Penn Cent., 438 U.S. at 124.

94 Id.

95 Maritrans Inc. v. United States, 342 F.3d 1344, 1356 (Fed. Cir. 2003); see also Keystone Bituminous Coal Ass'n v. DeBenedictis, 480 U.S. 470 (1987); see also Blackburn v. Dare Cty., 58 F.4th 807, 813-14 (4th Cir. 2023).

The second factor incorporates the principle enunciated by Justice Holmes: "Government hardly could go on if to some extent values incident to property could not be diminished without paying for every such change in the general law."[96] "Not every destruction or injury to property by governmental action has been held to be a 'taking' in the constitutional sense."[97] Diminution in property value alone, thus, does not constitute a taking; there must be serious economic harm.

Under the third factor, the burden of showing interference with reasonable investment-backed expectations is a heavy one.[98] Thus, a reasonable investment-backed expectation "must be more than a 'unilateral expectation or an abstract need.'"[99] Further, "legislation readjusting rights and burdens is not unlawful solely because it upsets otherwise settled expectations."[100] "T]he fact that legislation disregards or destroys existing contractual rights does not always transform the regulation into an illegal taking. . . . This is not to say that contractual rights are never property rights or that the Government may always take them for its own benefit without compensation."[101] In order to sustain a claim under the Federal Takings Clause, the private party must show that it had a "reasonable expectation" at the time the contract was entered that it "would proceed without possible hindrance" arising from changes in government policy.[102]

We are not aware of any case law that addresses the applicability of the Federal Takings Clause in the context of exercise by a state of its police power to abrogate or impair contracts otherwise binding on the State or in the context of an amendment or repeal of the Securitization Law. It is possible that a court would decline even to apply a takings clause analysis to a claim based on an amendment or repeal of the Securitization Law because such court might determine that a contract clause analysis rather than a takings clause analysis should be applied. Accordingly, while the application is uncertain, our opinion in paragraph (iv) above assumes that applicable courts would apply a takings clause analysis under the Federal Takings Clause. In examining whether action of the Legislature amounts to a regulatory taking, courts may consider the character of the governmental action, the economic impact of the governmental action on the Holders, and the extent to which the governmental action interferes with distinct investment-backed expectations. The outcome of any claim that interference by the State with the value of the CRR Property without compensation is unconstitutional would likely depend on factors such as the State interest furthered by that interference, per the first factor, and the extent of financial loss to Holders caused by that interference, per the second factor, as well as the extent to which courts would consider that Holders had a reasonable expectation that changes in government policy and regulation would not interfere with their investment, per the third factor.

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96 Pa. Coal Co. v. Mahon, 260 U.S. 393, 413 (1922).
97 Armstrong v. United States, 364 U.S. 40, 48 (1960).
98 DeBenedictis, 480 U.S. at 493.
99 Monsanto, 467 U.S. at 1005-06 (quoting Webb's Fabulous Pharmacies, 449 U.S. at 161).
100 Usery v. Turner Elkhorn Mining Co., 428 U.S. 1, 16 (1976).
101 Connolly, 475 U.S. at 224.
102 Chang v. United States, 859 F.2d 893, 897 (Fed. Cir. 1988).

With respect to the third factor, we note that the Securitization Law expressly provides for the creation of consumer rate relief property simultaneous with the sale of that property to an assignee and the pledge of that property to secure the consumer rate relief bonds, W. Va. Code § 24-2-4h(e)(7), provides that a final financing order remains in effect, and is irrevocable, until the consumer rate relief bonds issued under it and all related financing costs have been paid in full, id. § 24-2-4h(g)(1), (3), and provides that consumer rate relief property under a final financing order continues to exist until such bonds and financing costs have been paid in full, id. § 24-2-4h(f)(5). Moreover, through the State Pledge, the State promised that the State "will not" take or permit any action that impairs the value of the CRR Property or, except as allowed under the true-up adjustment mechanism authorized by the Securitization Law, reduce, alter or impair the CRR Charges. See supra (quoting W. Va. Code § 24-2-4h(s)). Given the foregoing, and, as discussed above, in the absence of any contrary precedent under West Virginia law that courts applying Federal Contract Clause analysis would conclude that the State Pledge constitutes a contractual relationship between the Holders and the State, we believe it would be hard to dispute that Holders have reasonable investment expectations with respect to their investments in the Bonds.

Based on our analysis of judicial authority discussed above, it is our opinion that, as set forth above, subject to all of the qualifications, limitations and assumptions set forth in this letter, including that the Securitization Law and the State Pledge created a contractual obligation of the State under state law and that a reviewing court would apply a takings clause analysis under the Federal Takings Clause, under the Federal Takings Clause, a reviewing court of competent jurisdiction would hold that the State is required to pay just compensation to the Holders if the State, including through a legislative action of the West Virginia Commission, repealed or amended the Securitization Law or took any other action in contravention of the State Pledge and doing so constituted a Substantial Taking. As noted earlier, in determining what is an undue interference, a court would consider the nature of the governmental action and weigh the public purpose served thereby against the degree to which it interferes with the legitimate property interests and distinct investment-backed expectations of the Holders. There can be no assurance, however, that any such award of just compensation would be sufficient to pay the full amount of principal of and interest on the Bonds.[103]

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[103] A takings claim is generally not ripe until the government has made a final decision as to how a regulation will be applied to the property at issue. Pakdel v. City & Cnty. of San Francisco, 141 S. Ct. 2226, 2228, 2230 (2021). Although federal courts used to find a taking claim not ripe unless the owner had also sought and been denied compensation through whatever mechanisms state law provides, Williamson County Regional Planning Commission v. Hamilton Bank of Johnson City, 473 U.S. 172, 194–95 (1985), the Supreme Court overruled that precedent in Knick v. Township of Scott, 588 U.S. 180 (2019). There, the Court held that because a taking without compensation violates the Fifth Amendment at the time of the taking, a property owner "can bring a federal suit at that time" under 42 U.S.C. § 1983, "without first bringing any sort of state lawsuit[.]" Id. at 194 (emphasis added) (quoting David A. Dana & Thomas W. Merrill, Property: Takings 262 (2002)). The Court added, however, that "[a]s long as an adequate provision for obtaining just compensation exists, there is no basis to enjoin the government's action effecting a taking," so that equitable relief is "generally unavailable" in takings cases. Id. at 201. Knick, however, involved a claim against a local government, which does not share a State's sovereign immunity. Both before and after Knick, the Fourth Circuit has held that state sovereign immunity bars Fifth Amendment takings claims against a State in federal court where the State's courts remain open to adjudicate such claims. Hutto, 773 F.3d at 551–52; Zito v. N.C. Coastal Res. Comm'n, 8 F.4th 281, 286–88 (4th Cir. 2021) (holding that Knick did not alter that rule). Accordingly, a claim for just compensation against the State itself would likely need to be brought in the courts of West Virginia. Please see the opinion of S&J of even date herewith with respect to the availability of such claims in the courts of West Virginia. We express no opinion as to whether the State provides any administrative or judicial procedures for seeking just compensation for a taking of the type of contract rights the Holders possess, or whether such procedures are "adequate." To the extent that there is a taking and state procedures for seeking just compensation are inadequate, Holders (or the Indenture Trustee on their behalf) or the Issuer could seek to enjoin enforcement of the State action by suing individual State officers with authority to enforce the challenged action under Ex parte Young, 209 U.S. 123, 155–56 (1908) and 42 U.S.C. § 1983. See Whole Woman's Health v. Jackson, 595 U.S. 30, 39, 43–44 (2021) (relief under Ex parte Young is available only against state officials with authority to enforce the challenged law).

* * * * *

This opinion letter may not be relied on in any manner or for any purpose by any person other than the addressees listed on Schedule A hereto nor may this opinion letter be relied on by you for any purpose other than for the transactions described herein without our prior written consent. This opinion letter may not be quoted, published, communicated or otherwise made available in whole or in part to any person (including, without limitation, any person who acquires a Bond or any interest therein from an Underwriter) other than the addressees listed on Schedule A hereto without our specific prior written consent, except that (x) each of the Underwriters may furnish copies of this letter (i) to any of its accountants or attorneys, (ii) in order to comply with any subpoena, order, regulation, ruling or request of any judicial, administrative, governmental, supervisory or legislative body or committee or any self-regulatory body (including any securities or commodities exchange or the Financial Industry Regulatory Authority, Inc.), (iii) to any other person for the purpose of substantiating an Underwriter's due diligence defense and (iv) as otherwise required by law; provided, that none of the foregoing persons is entitled to rely hereon unless an addressee hereof, (y) a copy of this opinion letter may be posted by or at the direction of APCo or the Issuer to an internet website required under Rule 17g-5 promulgated under the Securities Exchange Act of 1934, as amended, and maintained in connection with the ratings on the Bonds solely for the purpose of compliance with such rule or undertakings pursuant thereto made by APCo or the Issuer. Such permission to post a copy of this letter to such website shall not be construed to entitle any person, including any credit rating agency, who is not an addressee hereof to rely on this opinion letter.

We hereby consent to the filing of this letter as an exhibit to the registration statement filed on Form SF-1 (Registration Nos. 333-299105 and 333-299105-01) filed by APCo and the Issuer on October 28, 2026 (as amended, the "Registration Statement"), and to all references to our firm included in or made a part of the Registration Statement. In giving the foregoing consents, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the related rules and regulations of the Securities and Exchange Commission.

This opinion letter is being given as of the date hereof, and we assume no obligation to update or supplement this opinion letter to reflect any facts or circumstances which may hereafter come to our attention with respect to the matters discussed herein, including any changes in applicable law which may hereafter occur.

Very truly yours,

SCHEDULE A

U.S. Bank Trust Company, National Association
as Indenture Trustee
190 S. LaSalle Street, 7th Floor
Chicago, Illinois 60603

U.S. Bank National Association
as Securities Intermediary
190 S. LaSalle Street
Chicago, Illinois 60603

Moody's Investors Service, Inc.
7 World Trade Center at
250 Greenwich Street, 24th Floor
New York, New York 10007

Standard & Poor's Ratings Group, Inc.
Structured Credit Surveillance
55 Water Street, 40th Floor
New York, New York 10041

Appalachian Power Company
1 Riverside Plaza
Columbus, Ohio 43215

Appalachian Consumer Rate Relief Funding II LLC
200 Association Drive, 02
Charleston, West Virginia 25311

Each of the following, for itself and as representative of the several underwriters under the applicable Underwriting Agreement:

RBC Capital Markets, LLC
Brookfield Place
200 Vesey Street, 8th Floor
New York, New York 10281

Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

West Virginia Constitutional Opinion

Appalachian Consumer Rate Relief Funding II LLC

[Closing date], 2026

To the Persons Listed on Schedule I

Re: Appalachian Consumer Rate Relief Funding II LLC
$1,688,600,000, Registration Nos. 333-299104 & 333-299104-01 Consumer Rate Relief Bonds

Ladies and Gentlemen:

We have acted as special West Virginia counsel to Appalachian Power Company, a Virginia corporation (APCo), and Appalachian Consumer Rate Relief Funding II LLC, a Delaware limited liability company (the Issuer), in connection with the issuance by the Issuer of the consumer rate relief bonds identified above (the Bonds). This letter addresses the West Virginia constitutional matters specified below in connection with the Bonds and the consumer rate relief property securing them. The holders of the Bonds are referred to as the Bondholders.

Transaction and statutory framework

The Public Service Commission of West Virginia (the Commission) issued its financing order on March 31, 2026, in Case No. 25-0310-E-PC, on the joint application of APCo and Wheeling Power Company, a West Virginia corporation (WPCo). That order was modified by the Commission's July 21, 2026 order in Case Nos. 26-0469-E-ENEC and 25-0310-E-PC, which became final and non-appealable on August 20, 2026. Those orders, together with the applicable issuance advice letter and related implementation approvals identified in Schedule II, are referred to herein as the Financing Order. References to implementation approvals do not imply authority to amend the irrevocable rights created by a final financing order except as permitted by law.

West Virginia Code § 24-2-4h (the Securitization Law) authorizes the recovery through securitization of eligible costs approved by the Commission and related financing costs. The authorized categories of eligible costs are broader than expanded net energy costs alone. The Financing Order addresses, among other items, undepreciated generating plant balances, environmental investments, deferred storm expenses, expanded net energy under-recoveries and related financing costs.

The Financing Order provides for jointly owned consumer rate relief property and a coordinated collection and adjustment mechanism involving APCo and WPCo and their respective special-purpose issuers. The property addressed by this letter is APCo's interest transferred to the Issuer under the Sale Agreement, including the associated rights to impose, charge, collect and receive consumer rate relief charges, obtain authorized adjustments, and receive revenues and proceeds (the CRR Property). The charges allocable to that interest are referred to as the CRR Charges. References to the CRR Property do not include WPCo's separate interest transferred to its issuer or the property securing APCo's 2013 bonds. The allocation of collections from customers of both utilities is governed by the Financing Order and the applicable servicing and intercreditor arrangements.

At the closing, APCo is selling the CRR Property to the Issuer pursuant to the Consumer Rate Relief Property Purchase and Sale Agreement and related bill of sale (the Sale Agreement). APCo and WPCo are undertaking the servicing functions allocated to them under the CRR Property Servicing Agreement (the Servicing Agreement). APCo is serving as administrator under the Administration Agreement. The Bonds

are being issued under an indenture, including its Appendix A and the applicable series supplement (collectively, the Indenture), among the Issuer, U.S. Bank Trust Company, National Association, as indenture trustee (the Indenture Trustee), and U.S. Bank National Association, as securities intermediary. The Issuer is granting the Indenture Trustee a security interest in the CRR Property and other collateral for the benefit of the secured parties identified in the Indenture.

The Sale Agreement, Servicing Agreement, Administration Agreement, Indenture, applicable CRR Property Intercreditor Agreement and other applicable intercreditor arrangements, Issuer limited liability company agreement, and underwriting agreement are referred to collectively as the Transaction Documents, as identified in Schedule II. Capitalized terms not otherwise defined herein have the meanings specified in Appendix A to the Indenture. Our opinions address only the Issuer's Bonds and related CRR Property, notwithstanding our consideration of the coordinated WPCo transaction.

Section 24-2-4h(s)(1) provides that the State pledges to and agrees with bondholders, assignees and financing parties under a final financing order that it will not take or permit action impairing the value of consumer rate relief property, revising authorized consumer rate relief costs, or, except as allowed under subsection (k), reducing, altering or impairing the charges imposed, charged, collected or remitted for their benefit. That commitment continues until principal, interest and redemption premium on the bonds, all financing costs and all amounts due under ancillary agreements have been paid or performed in full (the State Pledge). Subsection (s)(2) authorizes inclusion of the State Pledge in the bonds and related documentation. The foregoing is a summary; the statutory language controls.

Subsections (e)(7), (f) and (g) address creation, transfer, duration and irrevocability of the CRR Property and final financing order. Subsection (g)(3) provides that a final financing order is irrevocable and that the Commission may not impair, postpone or terminate the consumer rate relief charges authorized in a final financing order or impair the consumer rate relief property or the collection or recovery of consumer rate relief costs. In the Financing Order, the Commission recited the State Pledge, confirmed that the Financing Order is irrevocable, and itself pledged not to impair, postpone, terminate or otherwise adjust (other than through the adjustment mechanism approved in the Financing Order) the CRR Charges or to impair the CRR Property or the collection of the CRR Charges. The Commission further concluded that the adjustment mechanism and all other obligations of the State and the Commission set forth in the Financing Order are direct, explicit, irrevocable and unconditional upon issuance of the Bonds and are legally enforceable against the State and the Commission, and it undertook to act pursuant to the Financing Order to ensure that expected CRR Charges are sufficient to pay scheduled principal of and interest on the Bonds on a timely basis. See Financing Order, App. H, Proposed Conclusions of Law Nos. 20, 38 and 46 and Proposed Ordering Paragraph No. 54, adopted and incorporated by Financing Order, Conclusion of Law No. 2. Subsection (k) preserves formula-based true-up adjustments; subsections (l) and (n) address nonbypassability and successors; subsection (o) addresses security interests; and subsection (p) addresses sales and absolute transfers. The State Pledge does not freeze any particular charge level or eliminate adjustments permitted by subsection (k). Under subsection (q)(2), the Bonds are not debt of the State or its political subdivisions and do not pledge their faith, credit or taxing power. The State Pledge is not a State guarantee of payment of the Bonds.

Documents examined and assumptions

For purposes of delivering this letter, we have examined the Securitization Law, the enrolled enactment and legislative records identified below, the Financing Order and the final Transaction Documents identified in Schedule II; the registration statement on Form SF-1, and prospectus dated September 24, 2026 relating to the Bonds (the Registration Statement); and the certificates and other factual materials identified in Schedule II.

We assume the authenticity of originals, conformity and authenticity of copies, genuineness of signatures, and legal capacity of natural persons. Except insofar as expressly addressed herein, we assume due organization, power, authorization, execution and delivery by each transaction party and the validity and enforceability of its contractual undertakings under applicable law. We do not assume the constitutionality of the Securitization Law, the existence or constitutional protection of the State Pledge, or any other legal conclusion expressly addressed by this letter.

We assume, based upon the closing materials, that the Bonds are issued for value in conformity with the final Financing Order and the Transaction Documents; the required transfers and pledge occur; the Issuer acquires the CRR Property; the Indenture Trustee holds a valid and perfected security interest for the Bondholders; and the required pricing, tariff and issuance procedures have been satisfied. These are premises for this constitutional opinion and are not separate opinions on true sale, attachment, perfection, priority, bankruptcy, corporate authority or compliance with issuance conditions. They must be supported by the appropriate closing documents and other opinions.

Factual reliance is limited to the identified certificates, representations and Commission findings, without treating a representation of a legal conclusion as proof of that conclusion. Our opinions do not depend on a hypothetical or undelivered opinion of Sidley Austin LLP. Sidley's separate federal constitutional opinion is outside the scope of this letter. Federal decisions discussed below are considered as persuasive authority for West Virginia constitutional analysis; except for the federal jurisdictional limitation expressly identified below, we render no opinion on federal law.

"West Virginia Court" means a court of the State of West Virginia with jurisdiction over the particular claim and requested relief. References to a court do not assume standing, jurisdiction, a cause of action, or the availability of a particular remedy. "Impairment Action" means action by the State or its agencies, including the Commission, that violates or contravenes the State Pledge, including legislation and action by the Commission to rescind or amend the Financing Order. The term excludes an adjustment lawfully made under subsection (k) and the adjustment mechanism approved in the Financing Order.

Opinions

Based upon the foregoing, and subject to the discussion, assumptions and qualifications in this letter, we are of the following opinions as of the date hereof:

1. The State Pledge unambiguously indicates the State's intent to be bound with the Bondholders. Upon issuance of the Bonds for value and consummation of the transactions described above, it constitutes a binding contractual relationship between the State and the Bondholders for purposes of Article III, § 4 of the West Virginia Constitution (the State Contract Clause).

2. A reviewing West Virginia Court would conclude that the State Pledge constitutes a contractual relationship which provides a basis for the Bondholders, or the Indenture Trustee acting on their behalf as authorized, to challenge successfully under the State Contract Clause any Impairment Action that substantially impairs or would substantially impair the value of the CRR Property or CRR Charges before the obligations protected by the State Pledge, including the Bonds, have been paid and performed in full, unless the action is a proper exercise of the State's police power and the adjustment of the rights and responsibilities with respect to the Bonds is based upon reasonable conditions and is of a character appropriate to the public purpose justifying the action. The State's invocation of a public purpose alone would not establish that exception. Because the State is a party to the contract, the court would require that the adjustment be reasonable and necessary to serve a significant and legitimate public purpose; the court would consider the State's own contractual undertaking and would not afford complete deference to its assessment of necessity and reasonableness.

3. Although there is an absence of judicial precedent directly on point, and assuming that a West Virginia Court would apply a takings analysis under Article III, § 9 of the West Virginia Constitution (the State Takings Clause), a reviewing West Virginia Court would hold that the State would be required to pay just compensation to the Bondholders if an Impairment Action: (a) constituted a permanent appropriation of a substantial property interest of the Bondholders in the CRR Property or denied all economically productive use of the CRR Property; (b) destroyed the CRR Property other than in response to emergency conditions; or (c) substantially impaired the value of the CRR Property or CRR Charges (other than as contemplated under the formula-based true-up mechanism authorized by the Securitization Law and the Financing Order) so as to unduly interfere with the reasonable expectations of the Bondholders arising from their investments in the Bonds. This opinion is subject to the procedural and valuation qualifications below. A decline in value or interference with expectations does not, standing alone, establish a compensable taking. Compensation would be for the protected interest taken or damaged, through the proper claimant or representative; it is not assured to equal the Bonds' unpaid principal, interest or other obligations.

4. The Securitization Law was duly enacted by the West Virginia Legislature in accordance with all applicable laws of the State of West Virginia and is in full force and effect. It was enacted as Enrolled Committee Substitute for House Bill 3308, 2023 West Virginia Acts, chapter 293, effective February 28, 2023, and approved by the Governor March 11, 2023. The lawyers in this firm responsible for this representation are not aware, as of the date hereof, of any pending appeal or litigation challenging the validity of the Securitization Law.

5. On the grounds and within the scope discussed under "Validity of the statutory framework" below, a West Virginia Court should sustain the constitutional validity of the Securitization Law as it relates to the Bonds and the Transaction.

6. Under the present West Virginia Constitution, voters do not possess a general statewide power to initiate legislation or constitutional amendments, or to repeal legislation by citizen-initiated referendum. Thus, voters acting solely through such a direct initiative or referendum could not implement an Impairment Action. This conclusion does not foreclose the legislative amendment and constitutional amendment or convention processes discussed below.

7. A West Virginia Court has authority, in a properly brought proceeding, to grant preliminary relief against implementation or enforcement of an Impairment Action, and permanent injunctive relief after a determination of unconstitutionality. Relief depends on the applicable equitable standards, proof, standing, proper parties and procedural requirements; neither a constitutional allegation nor a favorable merits determination automatically entitles a Bondholder to an injunction. We do not opine that relief necessarily would be granted in an unspecified future case.

Contract Clause analysis

The State Contract Clause prohibits legislative impairment of contractual obligations. Shell v. Metropolitan Life Insurance Co., 181 W. Va. 16, 380 S.E.2d 183 (1989), syllabus point 1 states that in construing Article III, § 4 the Supreme Court of Appeals has generally accepted the United States Supreme Court's interpretation of the similar provision of the United States Constitution, and syllabus point 4 examines substantial impairment, a significant and legitimate public purpose, and the reasonableness and appropriateness of the adjustment. State ex rel. West Virginia Regional Jail & Correctional Facility Authority v. West Virginia Investment Management Board, 203 W. Va. 413, 508 S.E.2d 130 (1998), applies that framework and recognizes that statutory language and circumstances may establish contractual rights.

Here, the express pledge and agreement with identified financing beneficiaries, its defined duration, and the authorization to include it in bond documentation distinguish the State Pledge from a regulatory policy that may ordinarily be changed. Issuance in reliance on that undertaking supports its contractual character. The State's inclusion and reservation of the true-up mechanism without caps further indicates the contractual nature of the State obligation to ensure timely payment. It further defines the undertaking rather than defeating it. The undertaking also must be read with the statutory protection of the final financing order and existing property rights.

United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 25–32 (1977), provides a close federal analogy involving repeal of a statutory covenant protecting bond security. Its treatment of the State's own contractual obligations supports examining reasonable alternatives and necessity without complete deference to the State's financial self-interest. We consider that reasoning persuasive under Shell. A statutory breach need not already have caused a missed bond payment to constitute substantial impairment, although not every adverse change is substantial.

City of Charleston v. Public Service Commission, 57 F.3d 385 (4th Cir. 1995), illustrates the latter limitation. The Fourth Circuit reversed the federal district court's judgment for the cities and remanded because the changes at issue did not substantially impair contractual rights. Its fact-specific result does not establish that all changes to charge collection remedies are permissible or that bond default is a necessary element of substantial impairment.

The Commission cannot avoid constitutional restrictions merely because the State acts through delegated legislative authority. Under West Virginia law, the Commission exercises legislative power delegated to it by the Legislature, and its fixing and alteration of utility rates and charges is an exercise of that delegated legislative power. See W. Va. Code § 24-1-1(b); Randall Gas Co. v. Star Glass Co., 78 W. Va. 252, 255–56, 88 S.E. 840 (1916) ("[I]n the prescription or alteration of rates, [the Commission's] powers are the same in character as those of the Legislature itself."). Opinion 2 therefore expressly reaches Commission action, including an attempted rescission or amendment of the Financing Order or other Impairment Action. A nonlegislative administrative violation may instead require a statutory or other claim; this letter does not classify every conceivable Commission act as legislation.

Takings analysis and compensation

The State Takings Clause protects property taken or damaged for public use. The statute's recognition of existing property rights, transferability and security interests supports identifying specific CRR Property and secured interests, rather than only an unsecured expectation of future governmental conduct. The Issuer owns the transferred property; the Indenture Trustee holds the lien for the secured parties. The identity of the claimant, its interest, and the applicable enforcement provisions therefore matter.

Armstrong v. United States, 364 U.S. 40, 44–49 (1960), recognizes that destruction of liens may constitute a taking, and supplies an analogy for the protected secured interest. It does not decide the treatment of this statutory revenue stream. Verizon West Virginia, Inc. v. West Virginia Bureau of Employment Programs, 214 W. Va. 95, 586 S.E.2d 170 (2003), demonstrates the fact-sensitive nature of economic takings analysis and cautions against treating the fractured decision in Eastern Enterprises v. Apfel as a categorical rule.

For regulatory interference, the relevant considerations include economic impact, interference with distinct investment-backed expectations and the character of governmental action. See Penn Central Transportation Co. v. New York City, 438 U.S. 104, 124 (1978); Lingle v. Chevron U.S.A. Inc., 544 U.S. 528, 537–40 (2005). A legitimate public purpose alone does not dispose of the compensation inquiry. Conversely, interference with expectations alone does not establish liability. The categorical loss-of-all-use doctrine developed in Lucas v. South Carolina Coastal Council, 505 U.S. 1003 (1992), arose in the context of land, and Lucas suggested that owners of personal property may have reduced expectations because of the State's traditionally high degree of control over commercial dealings. Those considerations do not, in our view, undermine clause (a) of Opinion 3. The State Takings Clause protects property "taken or damaged," West Virginia Lottery v. A-1 Amusement, Inc., discussed below, confirms that it reaches personal property, and the Securitization Law makes the CRR Property an existing, present property right. See W. Va. Code § 24-2-4h(f)(4). Most significantly, the State Pledge creates expectations that the State would not take action that impairs the economic value of the CRR Property. An action that denied all economically productive use of the CRR Property therefore would require just compensation, whether analyzed under a categorical rule or under the multifactor analysis.

West Virginia Lottery v. A-1 Amusement, Inc., 240 W. Va. 89, 807 S.E.2d 760 (2017), recognizes the availability of an inverse-condemnation procedure for an alleged taking of personal property without deciding that the challenged regulation effected a taking. It identifies a complaint in circuit court seeking mandamus to compel condemnation proceedings as the appropriate procedure; Rule 71B of the West Virginia Rules of Civil Procedure governs that procedure. Article VI, § 35 does not bar such a claim. The Supreme Court of Appeals has treated the constitutional guarantee of just compensation as of equal dignity with the State's immunity from suit, and has held that a property owner may proceed against the responsible State agency by mandamus to compel the institution of condemnation proceedings, in which the measure of recovery is just compensation for the property taken, without implicating sovereign immunity. See A-1 Amusement, 240 W. Va. 89, 807 S.E.2d 760. Accordingly, if an Impairment Action constituted a taking or damaging of the CRR Property or protected interests therein, the courts of West Virginia would be open to a claim to compel the State to institute proceedings to determine and award just compensation.

The State Pledge is contractual, and a court might analyze a particular interference as a contract impairment rather than a taking. No conclusion is expressed on the amount or timing of compensation, the priority or allocation of an award, or whether it would satisfy all Bond obligations. An impairment claim and a compensation claim involve distinct standards and remedies. The emergency qualification in Opinion 3 is limited to a legally applicable justification; an assertion of emergency does not itself defeat compensation.

Validity of the statutory framework

The 2023 enrolled enactment and legislative history, rather than the 2012 legislation governing the earlier securitization, supply the enactment basis. The recorded history reflects readings in both houses, passage, the votes for immediate effectiveness, and gubernatorial approval. The Act's provisions relate to the expressed object of Commission authority. Articles VI, §§ 29–31 and VII, § 14 govern the relevant enactment requirements. The section's continued appearance in the current official Code is consistent with its continuing effectiveness. Subsection (w) expressly preserves the earlier bonds and property issued under § 24-2-4f; it does not convert the present transaction into a 2012-law transaction.

Legislative enactments receive a presumption of constitutionality. See State ex rel. Appalachian Power Co. v. Gainer, 149 W. Va. 740, 143 S.E.2d 351 (1965), syllabus point 1. The legislative findings identify customer savings and rate mitigation as the public purposes. The statutory eligibility standards, required Commission findings, notice and hearing provisions, and formula-based adjustments provide adequate standards to guide the Commission's exercise of its delegated authority, and, together with the March 31 order's record of the evidentiary hearing and opportunity to be heard and its customer savings and statutory compliance findings, support the statute against due process, nondelegation and impairment objections.

The distinction between private bond obligations and public debt is material under Article X, §§ 4 and 6. The financing uses private issuer obligations and customer charge collections, rather than State borrowing, a State payment guarantee or a pledge of State credit. Section 24-2-4h(q) expressly preserves that distinction. A constitutional duty to compensate for a later taking is analytically different from guaranteeing the Bonds. This discussion does not constitute an opinion on the validity of every tax exemption or every future governmental payment mechanism.

Our conclusions address the statutory financing framework and the transaction described, with its notice, hearing, cost eligibility and customer savings protections, and not other aspects of Commission activities.

Voter action and equitable remedies

Article VI, § 1 vests legislative power in the Legislature. Article XIV, § 2 nevertheless permits the Legislature to propose a constitutional amendment, with approval by two-thirds of the members elected to each house and ratification by a majority of voters voting on the question after the prescribed publication and submission process. Article XIV, § 1 provides a convention route. Opinion 6 concerns the absence of a citizen-initiated statewide process, not an inability to amend the Constitution. It does not address the federal constitutional validity of a future state constitutional amendment.

In Justice v. West Virginia AFL-CIO, No. 21-0559, slip op. at 10–12 & n.20 (W. Va. Nov. 22, 2021), the Supreme Court of Appeals retained the discretionary approach of State v. Baker, 112 W. Va. 263, 164 S.E. 154 (1932), with consideration of the four factors stated in Jefferson County Board of Education v. Jefferson County Education Association, 183 W. Va. 15, 393 S.E.2d 653, 662 (1990). Those factors address threatened irreparable harm, harm from an injunction, likely success and public interest. The court expressly declined at that time to adopt the Fourth Circuit's stricter standard as a syllabus point. West Virginia courts therefore weigh these factors flexibly rather than requiring that each be independently satisfied. In a challenge to an Impairment Action, those factors would include the Bondholders' likelihood of success under the State Contract Clause, as addressed in Opinion 2; the unavailability under Article VI, § 35 of a money judgment against the State for an impairment of the State Pledge, as distinct from just compensation for a taking discussed under "Takings analysis and compensation"; and the public interest in holding the State to its own contractual undertakings, which is not served by implementing an unconstitutional enactment. West Virginia Rule of Civil Procedure 65 also governs notice, security and the form and reach of injunctive orders.

Permanent relief likewise requires a basis for equitable relief beyond a finding of unconstitutionality. See Perdue v. Ferguson, 177 W. Va. 44, 350 S.E.2d 555, 560 (1986). A claimant must establish the relevant injury and inadequacy of legal remedies and satisfy the applicable procedural requirements. Any no-action, representative-enforcement or other relevant Indenture provisions must be considered with the claimant's asserted independent rights.

Our remedial opinion is confined to a competent West Virginia state court. A federal court's authority to order State officials to comply with state law is restricted by Pennhurst State School & Hospital v. Halderman, 465 U.S. 89, 106 (1984). Accordingly, a claim for relief against the State or its officers based on the West Virginia Constitution should be brought in a West Virginia Court, where the relief described in Opinion 7 is available. Claims under the United States Constitution are addressed in the opinion of Sidley Austin LLP of even date herewith, as to which we express no opinion.

Qualifications and reliance

These are reasoned legal opinions, not guarantees of the result in litigation. We are not aware of any reported controlling judicial precedent directly on point, and we are not aware of any reported West Virginia decision addressing the State Contract Clause or the State Takings Clause in the context of a similar utility securitization or in a situation analogous to an amendment or repeal of the Securitization Law. Issues relating to the State Contract Clause and the State Takings Clause are typically analyzed on a case-by-case basis, and the courts' determinations, in most cases, are strongly influenced by the facts and circumstances of the particular case.Future decisions will depend on the action taken, the property and contractual interests affected, the proof, the proper forum and parties, and the remedies sought. The degree of impairment necessary to meet the standards for relief under the State Contract Clause or the State Takings Clause could be substantially in excess of what a Bondholder would consider material. Litigation, appeals and stays may delay relief and adversely affect Bond value, liquidity or timely payment.

Except as expressly stated, we express no opinion on federal constitutional, securities or bankruptcy law, tax law, the law of any other jurisdiction, the enforceability of the Transaction Documents, or creation, perfection or priority of liens. Nothing herein determines the result of a challenge to an unreviewed future order, statute or constitutional amendment. The opinions speak only as of their date; we undertake no obligation to update them for later facts or changes in law.

In rendering Opinion 4 and the related discussion of enactment, we have relied, without independent verification, upon the official enrolled bill, journals and other legislative records published by the West Virginia Legislature and the Secretary of State, and upon the official Code as published, and we have assumed that such records are accurate and complete. We express no opinion as to any action, inaction or determination of the Commission other than the Financing Order, including any future issuance advice letter, true-up or other proceeding, except as expressly stated.

We express no opinion as to the accuracy, completeness or fairness of the Registration Statement, the prospectus or any other offering material, other than that the statements in the preliminary prospectus and the final prospectus under the caption "Constitutional Matters," insofar as they purport to summarize these opinions, fairly summarize them in all material respects, and we have not participated in any due diligence review for that purpose. We express no opinion regarding the creditworthiness of the Issuer, APCo or WPCo, the sufficiency of the CRR Charges to pay the Bonds, the ratings of the Bonds or the merits of an investment in the Bonds. Our opinions address only the Bonds and the CRR Property, and not the bonds of WPCo's issuer or the property securing them, notwithstanding the coordinated collection, servicing and intercreditor arrangements.

The opinions expressed in this letter are limited to the Constitution and laws of the State of West Virginia as in effect on the date hereof. Each opinion that a West Virginia Court "would" or "should" reach a conclusion represents our professional judgment as to the reasoned result in a properly presented and argued case, based on the authorities discussed, and is not a guarantee. A court could reach a different conclusion, and our opinions would not be binding on any court, the Legislature or the Commission.

This letter is furnished to the addressees on Schedule I for their use in connection with the issuance of the Bonds. No other person may rely on it without our written consent, except that Sidley Austin LLP may rely on this letter, as if addressed to it, solely for purposes of rendering its opinion of even date herewith regarding federal constitutional matters relating to the Bonds. Subject to the following express consent, it may not be quoted or used for another transaction without our written consent. Copies may be provided to an addressee's professional advisers and as required by law or regulatory process, without conferring reliance rights on recipients. Furthermore, a copy of this opinion letter may be posted by or at the direction of APCo or the Issuer to an internet website required under Rule 17g-5 promulgated under the Securities Exchange Act of 1934, as amended, and maintained in connection with the ratings on the Bonds solely for the purpose of compliance with such rule or undertakings pursuant thereto made by APCo or the Issuer, such permission to post a copy of this letter to such website shall not be construed to entitle any person, including any credit rating agency, who is not an addressee hereof to rely on this opinion letter.

We consent to filing this letter as an exhibit to the Registration Statement or an applicable subsequent filing relating to the Bonds and to the references to this firm and summaries of these opinions under “Constitutional Matters” in the preliminary prospectus and the final prospectus. Such filing and references do not expand the opinions or confer reliance rights beyond those expressly stated. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations thereunder.

Very truly yours,

STEPTOE & JOHNSON PLLC

Schedule I

Addressees to be confirmed against closing instructions

Appalachian Power Company
Appalachian Consumer Rate Relief Funding II LLC
U.S. Bank Trust Company, National Association, as Indenture Trustee
U.S. Bank National Association, as Securities Intermediary

Moody's Investors Service, Inc.
7 World Trade Center at
250 Greenwich Street, 24th Floor
New York, New York 10007

Standard & Poor's Ratings Group, Inc.
55 Water Street, 40th Floor
New York, New York 10041

Each of the following, for itself and as representative of the several underwriters under the applicable Underwriting Agreement:

RBC Capital Markets, LLC
Brookfield Place
200 Vesey Street, 8th Floor
New York, New York 10281

Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

Schedule II

1. Final executed Sale Agreement and bill of sale; Servicing Agreement with confirmed APCo and WPCo capacities; Administration Agreement; Indenture, Appendix A and series supplement; applicable CRR Property and receivables intercreditor agreements; Issuer limited liability company agreement; and underwriting agreement. Insert dates, parties, final series and principal amount.

2. March 31, 2026 financing order in Case No. 25-0310-E-PC, including appendices; July 21, 2026 order in Case Nos. 26-0469-E-ENEC and 25-0310-E-PC; any other orders of the Commission relating to the Financing Order issued on or before the date hereof; final issuance advice letter, Commission action or expiration of applicable disapproval period, and effective tariff materials.

3. Initial SF-1 dated September 24, 2026. effective Registration Statement, amendments and final prospectus, with completed file numbers and filing dates.

4. Certificates establishing the factual closing premises, ownership transfer and pledge, and identification of any proceedings, rehearing requests, appeals, stays or modifications.

EXHIBIT 107

Calculation of Filing Fee Table

Form SF-1

(Form Type)

Appalachian Power Company

(Exact Name of Registrant, Sponsor and Depositor as Specified in its Charter)

Appalachian Consumer Rate Relief Funding II LLC

(Exact Name of Registrant and Issuing Entity as Specified in its Charter)

Table 1: Newly Registered Securities

	Security Type	Security Class Title	Fee Calculation or Carry Forward Rule	Amount Registered	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price[1]	Fee Rate	Amount of Registration Fee[1]
Fees to Be Paid	Asset-Backed Securities	Series 2026-A Senior Secured CRR Bonds	Rule 457(o)	1,687,600,000	100%	$1,687,600,000	0.00008700	$146,821.20
Fees to Be Paid	Asset-Backed Securities	Series 2026-A Senior Secured CRR Bonds	Rule 457(o)	1,000,000	100%	$1,000,000	0.00013810	$138.10
	Total Offering Amounts					$1,688,600,000		$146,959.30
	Total Fees Previously Paid[2]							$138.10
	Total Fee Offsets							$0.00
	Net Fee Due							$146,821.20

(1) Estimated solely for the purpose of calculating the registration fee.

(2) $138.10 was previously paid in connection with the initial filing of this Registration Statement on September 24, 2026, where $1,000,000 aggregate principal amount of Series 2026-A Senior Secured CRR Bonds were registered.