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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
November 15, 2013

APPALACHIAN POWER COMPANY
(Exact name of registrant as specified in its charter)

Virginia	333-191392	54-0124790
(State of other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1 Riverside Plaza, Columbus, Ohio	43215
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (614) 716-1000

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

Delaware	333-191392-01	46-3706150
(State of other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1 Riverside Plaza, Columbus, Ohio	43215
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (614) 716-3627

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events

On November 15, 2013, Appalachian Power Company ("APCo") and Appalachian Consumer Rate Relief Funding LLC (the "Issuing Entity") issued the Senior Secured Consumer Rate Relief Bonds as described in the Preliminary Prospectus Supplement dated November 1, 2013 and the Final Prospectus Supplement dated November 6, 2013. In connection with this issuance APCo and the Issuing Entity entered into the agreements listed below in Item 9.01 which are annexed hereto as exhibits to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits.

Exhibit No.	Description of Exhibit
1.1	Underwriting Agreement, dated as of November 6, 2013, among Appalachian Consumer Rate Relief Funding LLC (the "Issuing Entity"), Appalachian Power Company ("APCo") and Morgan Stanley & Co. LLC and RBS Securities Inc., as representatives of the several underwriters.*
4.1	Indenture, dated as of November 15, 2013, between the Issuing Entity and U.S. Bank National Association, as Indenture Trustee (the "Indenture Trustee").
99.1	Servicing Agreement, dated as of November 15, 2013, between the Issuing Entity and APCo, as servicer.
99.2	Consumer Rate Relief Property Sale Agreement, dated as of November 15, 2013, between the Issuing Entity and APCo, as seller.
99.3	Administration Agreement, dated as of November 15, 2013, between the Issuing Entity and APCo, as administrator.
99.5	Opinion of Sidley Austin LLP with respect to constitutional matters.
99.6	Opinion of Jackson Kelly, PLLC with respect to constitutional matters.
99.7	Series Supplement, dated as of November 15, 2013, between the Issuing Entity and the Indenture Trustee.

* Filed as an exhibit to Form 8-K dated November 12, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

APPALACHIAN POWER COMPANY

/s/ Thomas G. Berkemeyer

By: Thomas G. Berkemeyer
Title: Assistant Secretary

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC

/s/ Thomas G. Berkemeyer

By: Thomas G. Berkemeyer
Title: Assistant Secretary

Date: November 18, 2013

INDEX TO EXHIBITS

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Exhibit 4.1

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC,

Issuer,

and

U.S. BANK NATIONAL ASSOCIATION,

Indenture Trustee and Securities Intermediary

INDENTURE

Dated as of November 15, 2013

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	(a)(3)	6.10(b)(i)
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** "N.A." shall mean "not applicable."

THIS CROSS REFERENCE TABLE SHALL NOT, FOR ANY PURPOSE, BE DEEMED TO BE PART OF THIS INDENTURE.

This INDENTURE dated as of November 15, 2013, by and between APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC, a Delaware limited liability company (the "Issuer"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, in its capacity as indenture trustee (the "Indenture Trustee") for the benefit of the Secured Parties (as defined herein) and in its separate capacity as a securities intermediary (the "Securities Intermediary").

In consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other and each of the Holders:

RECITALS OF THE ISSUER

The Issuer has duly authorized the execution and delivery of this Indenture and the creation and issuance of the Consumer Rate Relief Bonds issuable hereunder, which will be of substantially the tenor set forth herein and in the Series Supplement.

The Consumer Rate Relief Bonds shall be non-recourse obligations and shall be secured by and payable solely out of the proceeds of the CRR Property and the other CRR Bond Collateral. If and to the extent that such proceeds of CRR Property and the other CRR Bond Collateral are insufficient to pay all amounts owing with respect to the Consumer Rate Relief Bonds, then, except as otherwise expressly provided hereunder, the Holders shall have no Claim in respect of such insufficiency against the Issuer or the Indenture Trustee, and the Holders, by their acceptance of the Consumer Rate Relief Bonds, waive any such Claim.

All things necessary to (a) make the Consumer Rate Relief Bonds, when executed by the Issuer and authenticated and delivered by the Indenture Trustee hereunder and duly issued by the Issuer, valid obligations, and (b) make this Indenture a valid agreement of the Issuer, in each case, in accordance with their respective terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises herein contained and of the purchase of the Consumer Rate Relief Bonds by the Holders and of other good and lawful consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure, equally and ratably without prejudice, priority or distinction, except as specifically otherwise set forth in this Indenture, the payment of the Consumer Rate Relief Bonds, the payment of all other amounts due under or in connection with this Indenture (including, without limitation, all fees, expenses, counsel fees and other amounts due and owing to the Indenture Trustee) and the performance and observance of all of the covenants and conditions contained herein or in the Consumer Rate Relief Bonds, has hereby executed and delivered this Indenture and by these presents does hereby and under the Series Supplement will convey, grant and assign, transfer and pledge, in each case, in and unto the Indenture Trustee, its successors and assigns forever, for the benefit of the Secured Parties, all and singular the property described in the Series Supplement (such property hereinafter referred to as the "CRR Bond Collateral"). The Series Supplement will more particularly describe the obligations of the Issuer secured by the CRR Bond Collateral.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED between the parties hereto that all Consumer Rate Relief Bonds are to be issued, countersigned and delivered and that all of the CRR Bond Collateral is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer, for itself and any successor, does hereby covenant and agree to and with the Indenture Trustee and its successors in said trust, for the benefit of the Secured Parties, as follows:

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions. Except as otherwise specified herein or as the context may otherwise require, the capitalized terms used herein shall have the respective meanings set forth in Appendix A attached hereto and made a part hereof for all purposes of this Indenture.

SECTION 1.02. Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the TIA, that provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Consumer Rate Relief Bonds.

"indenture security holder" means a Holder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Indenture Trustee.

"obligor" on the indenture securities means the Issuer and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.03. Rules of Construction. Unless the context otherwise requires:

(i) a term has the meaning assigned to it;

(ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles in the United States of America as in effect from time to time;

(iii) "or" is not exclusive;

(iv) "includes" and "including" means "includes without limitation" and "including without limitation", respectively;

(v) words in the singular include the plural and words in the plural include the singular; and

(vi) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

ARTICLE II

THE CONSUMER RATE RELIEF BONDS

SECTION 2.01. Form. The Consumer Rate Relief Bonds and the Indenture Trustee's certificate of authentication shall be in substantially the forms set forth in Exhibit A, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or by the Series Supplement and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing the Consumer Rate Relief Bonds, as evidenced by their execution of the Consumer Rate Relief Bonds. Any portion of the text of any Consumer Rate Relief Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Consumer Rate Relief Bond.

The Consumer Rate Relief Bonds shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the Consumer Rate Relief Bonds, as evidenced by their execution of the Consumer Rate Relief Bonds.

Each Consumer Rate Relief Bond shall be dated the date of its authentication. The terms of the Consumer Rate Relief Bonds set forth in Exhibit A are part of the terms of this Indenture.

SECTION 2.02. Denominations of Consumer Rate Relief Bonds. The Consumer Rate Relief Bonds shall be issuable in the Minimum Denomination specified in the Series Supplement and, except as otherwise provided in the Series Supplement in integral multiples thereof.

The Consumer Rate Relief Bonds may, at the election of and as authorized by a Responsible Officer of the Issuer, be issued in one or more Tranches, and shall be designated generally as the "Consumer Rate Relief Bonds" of the Issuer, with such further particular designations added or incorporated in such title for the Consumer Rate Relief Bonds of any particular Tranche as a Responsible Officer of the Issuer may determine. Each Consumer Rate Relief Bond shall bear upon its face the designation so selected for the Tranche to which it belongs. All Consumer Rate Relief Bonds shall be identical in all respects except for the denominations thereof, unless the Consumer Rate Relief Bonds are comprised of one or more Tranches, in which case all Consumer Rate Relief Bonds of the same Tranche shall be identical in all respects except for the denominations thereof. All Consumer Rate Relief Bonds of a particular Tranche shall be in all respects equally and ratably entitled to the benefits hereof

without preference, priority, or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Indenture.

The Consumer Rate Relief Bonds shall be created by the Series Supplement authorized by a Responsible Officer of the Issuer, which Series Supplement shall specify and establish the terms and provisions thereof. The several Tranches thereof may differ as between Tranches, in respect of any of the following matters:

(1) designation of the Tranches thereof;

(2) the principal amount;

(3) the Bond Interest Rate;

(4) the Payment Dates;

(5) the Scheduled Payment Dates;

(6) the Scheduled Final Payment Date;

(7) the Final Maturity Date;

(8) the place or places for the payment of interest, principal and premium, if any;

(9) the Minimum Denominations;

(10) the Expected Amortization Schedule;

(11) provisions with respect to the definitions set forth in Appendix A hereto;

(12) whether or not the Consumer Rate Relief Bonds are to be Book-Entry Consumer Rate Relief Bonds and the extent to which Section 2.11 should apply; and

(13) any other provisions expressing or referring to the terms and conditions upon which the Consumer Rate Relief Bonds of any Tranche are to be issued under this Indenture that are not in conflict with the provisions of this Indenture and as to which the Rating Agency Condition is satisfied.

SECTION 2.03. Execution, Authentication and Delivery. The Consumer Rate Relief Bonds shall be executed on behalf of the Issuer by any of its Responsible Officers. The signature of any such Responsible Officer on the Consumer Rate Relief Bonds may be manual or facsimile.

Consumer Rate Relief Bonds bearing the manual or facsimile signature of individuals who were at any time Responsible Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of the Consumer Rate Relief Bonds or did not hold such offices at the date of the Consumer Rate Relief Bonds.

At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Consumer Rate Relief Bonds executed by the Issuer to the Indenture Trustee pursuant to an Issuer Order for authentication; and the Indenture Trustee shall authenticate and deliver the Consumer Rate Relief Bonds as in this Indenture provided and not otherwise.

No Consumer Rate Relief Bond shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Consumer Rate Relief Bond a certificate of authentication substantially in the form provided for therein executed by the Indenture Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Consumer Rate Relief Bond shall be conclusive evidence, and the only evidence, that such Consumer Rate Relief Bond has been duly authenticated and delivered hereunder.

SECTION 2.04. Temporary Consumer Rate Relief Bonds.

Pending the preparation of Definitive Consumer Rate Relief Bonds pursuant to Section 2.13, the Issuer may execute, and upon receipt of an Issuer Order the Indenture Trustee shall authenticate and deliver, Temporary Consumer Rate Relief Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, of the tenor of the Definitive Consumer Rate Relief Bonds in lieu of which they are issued and with such variations not inconsistent with the terms of this Indenture as the officers executing the Consumer Rate Relief Bonds may determine, as evidenced by their execution of the Consumer Rate Relief Bonds.

If Temporary Consumer Rate Relief Bonds are issued, the Issuer will cause Definitive Consumer Rate Relief Bonds to be prepared without unreasonable delay. After the preparation of Definitive Consumer Rate Relief Bonds, the Temporary Consumer Rate Relief Bonds shall be exchangeable for Definitive Consumer Rate Relief Bonds upon surrender of the Temporary Consumer Rate Relief Bonds at the office or agency of the Issuer to be maintained as provided in Section 3.02, without charge to the Holder. Upon surrender for cancellation of any one or more Temporary Consumer Rate Relief Bonds, the Issuer shall execute and the Indenture Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive Consumer Rate Relief Bonds of authorized denominations. Until so delivered in exchange, the Temporary Consumer Rate Relief Bonds shall in all respects be entitled to the same benefits under this Indenture as Definitive Consumer Rate Relief Bonds.

SECTION 2.05. Registration; Registration of Transfer and Exchange of Consumer Rate Relief Bonds.

The Issuer shall cause to be kept a register (the "CRR Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Consumer Rate Relief Bonds and the registration of transfers of Consumer Rate Relief Bonds. The Indenture Trustee shall be "CRR Bond Registrar" for the purpose of registering Consumer Rate Relief Bonds and transfers of Consumer Rate Relief Bonds as herein provided. Upon any resignation of any CRR Bond Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of CRR Bond Registrar.

If a Person other than the Indenture Trustee is appointed by the Issuer as CRR Bond Registrar, the Issuer will give the Indenture Trustee prompt written notice of the

appointment of such CRR Bond Registrar and of the location, and any change in the location, of the CRR Bond Register, and the Indenture Trustee shall have the right to inspect the CRR Bond Register at all reasonable times and to obtain copies thereof, and the Indenture Trustee shall have the right to rely conclusively upon a certificate executed on behalf of the CRR Bond Registrar by a Responsible Officer thereof as to the names and addresses of the Holders and the principal amounts and number of the Consumer Rate Relief Bonds (separately stated by Tranche).

Upon surrender for registration of transfer of any Consumer Rate Relief Bond at the office or agency of the Issuer to be maintained as provided in Section 3.02, provided that the requirements of Section 8-401 of the UCC are met, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Holder shall obtain from the Indenture Trustee, in the name of the designated transferee or transferees, one or more new Consumer Rate Relief Bonds in any Minimum Denominations, of the same Tranche and aggregate principal amount.

At the option of the Holder, Consumer Rate Relief Bonds may be exchanged for other Consumer Rate Relief Bonds in any Minimum Denominations, of the same Tranche and aggregate principal amount, upon surrender of the Consumer Rate Relief Bonds to be exchanged at such office or agency as provided in Section 3.02. Whenever any Consumer Rate Relief Bonds are so surrendered for exchange, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute and, upon any such execution, the Indenture Trustee shall authenticate and the Holder shall obtain from the Indenture Trustee, the Consumer Rate Relief Bonds which the Holder making the exchange is entitled to receive.

All Consumer Rate Relief Bonds issued upon any registration of transfer or exchange of other Consumer Rate Relief Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Consumer Rate Relief Bonds surrendered upon such registration of transfer or exchange.

Every Consumer Rate Relief Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other guarantee program acceptable to the Indenture Trustee, and (b) such other documents as the Indenture Trustee may require.

No service charge shall be made to a Holder for any registration of transfer or exchange of Consumer Rate Relief Bonds, but the Issuer or the Indenture Trustee may require payment of a sum sufficient to cover any tax or other governmental charge or any fees or expenses of the Indenture Trustee that may be imposed in connection with any registration of transfer or exchange of Consumer Rate Relief Bonds, other than exchanges pursuant to Sections 2.04 or 2.06 not involving any transfer.

The preceding provisions of this Section 2.05 notwithstanding, the Issuer shall not be required to make, and the CRR Bond Registrar need not register transfers or exchanges of any

Consumer Rate Relief Bond that has been submitted within fifteen (15) days preceding the due date for any payment with respect to such Consumer Rate Relief Bond until after such due date has occurred.

SECTION 2.06. Mutilated, Destroyed, Lost or Stolen Consumer Rate Relief Bonds. If (i) any mutilated Consumer Rate Relief Bond is surrendered to the Indenture Trustee, or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Consumer Rate Relief Bond and (ii) there is delivered to the Indenture Trustee such security or indemnity as may be required by it to hold the Issuer and the Indenture Trustee harmless, then, in the absence of notice to the Issuer, the CRR Bond Registrar or the Indenture Trustee that such Consumer Rate Relief Bond has been acquired by a Protected Purchaser, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute and, upon the Issuer's written request, the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Consumer Rate Relief Bond, a replacement Consumer Rate Relief Bond of like Tranche, tenor and principal amount, bearing a number not contemporaneously outstanding; provided, however, that if any such destroyed, lost or stolen Consumer Rate Relief Bond, but not a mutilated Consumer Rate Relief Bond, shall have become or within seven (7) days shall be due and payable, instead of issuing a replacement Consumer Rate Relief Bond, the Issuer may pay such destroyed, lost or stolen Consumer Rate Relief Bond when so due or payable without surrender thereof. If, after the delivery of such replacement Consumer Rate Relief Bond or payment of a destroyed, lost or stolen Consumer Rate Relief Bond pursuant to the proviso to the preceding sentence, a Protected Purchaser of the original Consumer Rate Relief Bond in lieu of which such replacement Consumer Rate Relief Bond was issued presents for payment such original Consumer Rate Relief Bond, the Issuer and the Indenture Trustee shall be entitled to recover such replacement Consumer Rate Relief Bond (or such payment) from the Person to whom it was delivered or any Person taking such replacement Consumer Rate Relief Bond from such Person to whom such replacement Consumer Rate Relief Bond was delivered or any assignee of such Person, except a Protected Purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

Upon the issuance of any replacement Consumer Rate Relief Bond under this Section 2.06, the Issuer and/or the Indenture Trustee may require the payment by the Holder of such Consumer Rate Relief Bond of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Indenture Trustee and the CRR Bond Registrar) connected therewith.

Every replacement Consumer Rate Relief Bond issued pursuant to this Section 2.06 in replacement of any mutilated, destroyed, lost or stolen Consumer Rate Relief Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Consumer Rate Relief Bond shall be found at any time or enforced by any Person, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Consumer Rate Relief Bonds duly issued hereunder.

The provisions of this Section 2.06 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Consumer Rate Relief Bonds.

SECTION 2.07. Persons Deemed Owner. Prior to due presentment for registration of transfer of any Consumer Rate Relief Bond, the Issuer, the Indenture Trustee, the CRR Bond Registrar and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name any Consumer Rate Relief Bond is registered (as of the day of determination) as the owner of such Consumer Rate Relief Bond for the purpose of receiving payments of principal of and premium, if any, and interest on such Consumer Rate Relief Bond and for all other purposes whatsoever, whether or not such Consumer Rate Relief Bond be overdue, and neither the Issuer, the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

SECTION 2.08. Payment of Principal, Premium, if any, and Interest; Interest on Overdue Principal; Principal, Premium, if any, and Interest Rights Preserved.

(a) The Consumer Rate Relief Bonds shall accrue interest as provided in the Series Supplement at the applicable Bond Interest Rate, and such interest shall be payable on each applicable Payment Date. Any installment of interest, principal or premium, if any, payable on any Consumer Rate Relief Bond which is punctually paid or duly provided for on the applicable Payment Date shall be paid to the Person in whose name such Consumer Rate Relief Bond (or one or more Predecessor Consumer Rate Relief Bonds) is registered on the Record Date for such Payment Date by wire transfer to an account maintained by such Holder in accordance with payment instructions delivered to the Indenture Trustee by such Holder, and with respect to Book-Entry Consumer Rate Relief Bonds, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Consumer Rate Relief Bond unless and until such Global Consumer Rate Relief Bond is exchanged for Definitive Consumer Rate Relief Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to such Consumer Rate Relief Bond on a Payment Date which shall be payable as provided below. The funds represented by any such checks returned undelivered shall be held in accordance with Section 3.03.

(b) The principal of each Consumer Rate Relief Bond of each Tranche shall be paid, to the extent funds are available therefor in the Collection Account, in installments on each Payment Date specified in the Series Supplement; provided that installments of principal not paid when scheduled to be paid in accordance with the Expected Amortization Schedule shall be paid upon receipt of money available for such purpose, in the order set forth in the Expected Amortization Schedule. Failure to pay principal in accordance with such Expected Amortization Schedule because moneys are not available pursuant to Section 8.02 to make such payments shall not constitute a Default or Event of Default under this Indenture; provided, however that failure to pay the entire unpaid principal amount of the Consumer Rate Relief Bonds of a Tranche upon the Final Maturity Date for the Consumer Rate Relief Bonds of such Tranche shall constitute an Event of Default under this Indenture as set forth in Section 5.01. Notwithstanding the foregoing, the entire unpaid principal amount of the Consumer Rate Relief Bonds shall be due and payable, if not previously paid, on the date on which an Event of Default shall have

occurred and be continuing, if the Indenture Trustee or the Holders of the Consumer Rate Relief Bonds representing not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds have declared the Consumer Rate Relief Bonds to be immediately due and payable in the manner provided in Section 5.02. All payments of principal and premium, if any, on the Consumer Rate Relief Bonds shall be made pro rata to the Holders entitled thereto unless otherwise provided in the Series Supplement. The Indenture Trustee shall notify the Person in whose name a Consumer Rate Relief Bond is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and premium, if any, and interest on such Consumer Rate Relief Bond will be paid. Such notice shall be mailed no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Consumer Rate Relief Bond and shall specify the place where such Consumer Rate Relief Bond may be presented and surrendered for payment of such installment.

(c) If interest on the Consumer Rate Relief Bonds is not paid when due, such defaulted interest shall be paid (plus interest on such defaulted interest at the applicable Bond Interest Rate to the extent lawful) to the Persons who are Holders on a subsequent Special Record Date, which date shall be at least fifteen (15) Business Days prior to the Special Payment Date. The Issuer shall fix or cause to be fixed any such Special Record Date and Special Payment Date, and, at least ten (10) days before any such Special Record Date, the Issuer shall mail to each affected Holder 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.

SECTION 2.09. Cancellation. All Consumer Rate Relief Bonds surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly canceled by the Indenture Trustee. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Consumer Rate Relief Bonds previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Consumer Rate Relief Bonds so delivered shall be promptly canceled by the Indenture Trustee. No Consumer Rate Relief Bonds shall be authenticated in lieu of or in exchange for any Consumer Rate Relief Bonds canceled as provided in this Section 2.09, except as expressly permitted by this Indenture. All canceled Consumer Rate Relief Bonds may be held or disposed of by the Indenture Trustee in accordance with its standard retention or disposal policy as in effect at the time.

SECTION 2.10. Outstanding Amount; Authentication and Delivery of Consumer Rate Relief Bonds. The aggregate Outstanding Amount of Consumer Rate Relief Bonds that may be authenticated and delivered under this Indenture shall not exceed the aggregate of the amounts of Consumer Rate Relief Bonds that are authorized in the Financing Order but otherwise shall be unlimited.

Consumer Rate Relief Bonds created and established by the Series Supplement may at any time be executed by the Issuer and delivered to the Indenture Trustee for authentication and thereupon the same shall be authenticated and delivered by the Indenture Trustee upon Issuer Request and upon delivery by the Issuer to the Indenture Trustee, and receipt by the Indenture Trustee, or the causing to occur by the Issuer, of the following; provided,

however, that compliance with such conditions and delivery of such documents shall only be required in connection with the original issuance of the Consumer Rate Relief Bonds:

(1) Issuer Action. An Issuer Order authorizing and directing the authentication and delivery of the Consumer Rate Relief Bonds by the Indenture Trustee and specifying the principal amount of Consumer Rate Relief Bonds to be authenticated.

(2) Authorizations. Copies of (x) the Financing Order which shall be in full force and effect and be Final, (y) certified resolutions of the Managers or Member of the Issuer authorizing the execution and delivery of the Series Supplement and the execution, authentication and delivery of the Consumer Rate Relief Bonds and (z) a duly executed Series Supplement.

(3) Opinions. An opinion or opinions, portions of which may be delivered by one or more Independent counsel for the Issuer, portions of which may be delivered by one or more Independent counsel for the Servicer, and portions of which may be delivered by one or more Independent counsel for the Seller, dated the Closing Date, in each case subject to the customary exceptions, qualifications and assumptions contained therein, to the collective effect, that (a) all conditions precedent provided for in this Indenture relating to (i) the authentication and delivery of the Issuer's Consumer Rate Relief Bonds and (ii) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture, have been complied with, and (b) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture is permitted by this Indenture, together with the other Opinions of Counsel set forth in Sections 9(d)-(f), 9(h)-(m) and 9(o)-(t) of the Underwriting Agreement relating to the Issuer's Consumer Rate Relief Bonds.

(4) Authorizing Certificate. An Officer's Certificate, dated the Closing Date, of the Issuer certifying that (a) the Issuer has duly authorized the execution and delivery of this Indenture and the Series Supplement and the execution and delivery of the Consumer Rate Relief Bonds and (b) that the Series Supplement is in the form attached thereto, and it shall comply with the requirements of Section 2.02.

(5) The CRR Bond Collateral. The Issuer shall have made or caused to be made all filings with the Commission and the West Virginia Secretary of State pursuant to the Financing Order and the Securitization Law and all other filings necessary to perfect the Grant of the CRR Bond Collateral to the Indenture Trustee and the Lien of this Indenture.

(6) Certificates of the Issuer and the Seller.

(a) An Officer's Certificate from the Issuer, dated as of the Closing Date:

(i) to the effect that (A) the Issuer is not in Default under this Indenture and that the issuance of the Consumer Rate Relief Bonds will not result in any Default or in any breach of any of the terms, conditions or provisions of or constitute a default under the Financing Order or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it

or its property is bound or any order of any court or administrative agency entered in any Proceeding to which the Issuer is a party or by which it or its property may be bound or to which it or its property may be subject and (B) that all conditions precedent provided in this Indenture relating to the execution, authentication and delivery of the Consumer Rate Relief Bonds have been complied with;

(ii) to the effect that the Issuer has not assigned any interest or participation in the CRR Bond Collateral except for the Grant contained in the Indenture and the Series Supplement; the Issuer has the power and right to Grant the CRR Bond Collateral to the Indenture Trustee as security hereunder and thereunder; and the Issuer, subject to the terms of this Indenture, has Granted to the Indenture Trustee a first priority perfected security interest in all of its right, title and interest in and to such CRR Bond Collateral free and clear of any Lien, mortgage, pledge, charge, security interest, adverse claim or other encumbrance arising as a result of actions of the Issuer or through the Issuer, except Permitted Liens;

(iii) to the effect that the Issuer has appointed the firm of Independent registered public accountants as contemplated in Section 8.06;

(iv) to the effect that attached thereto are duly executed, true and complete copies of the Sale Agreement, the Servicing Agreement and the Administration Agreement, which are, to the knowledge of the Issuer, in full force and effect and, to the knowledge of the Issuer, that no party is in default of its obligations under such agreements; and

(v) stating that all filings with the Commission, the West Virginia Secretary of State and the Delaware Secretary of State pursuant to the Securitization Law, the UCC and the Financing Order and all UCC financing statements with respect to the CRR Bond Collateral which are required to be filed by the terms of the Financing Order, the Securitization Law, the Sale Agreement, the Servicing Agreement and this Indenture have been filed as required.

(b) An officer's certificate from the Seller, dated as of the Closing Date, to the effect that, in the case of the CRR Property identified in the Bill of Sale, immediately prior to the conveyance thereof to the Issuer pursuant to the Sale Agreement:

(i) the Seller was the original and the sole owner of such CRR Property, free and clear of any Lien; the Seller had not assigned any interest or participation in such CRR Property and the proceeds thereof other than to the Issuer pursuant to the Sale Agreement; the Seller has the power, authority and right to own, sell and assign such CRR Property and the proceeds thereof to the Issuer; and the Seller, subject to the terms of the Sale Agreement, has validly sold and assigned to the Issuer all of its right, title and interest in and to such CRR Property and the proceeds thereof, free and clear of any Lien (other than Permitted Liens) and such sale and assignment is absolute and irrevocable and has been perfected; and

(ii) the attached copy of the Financing Order creating such CRR Property is true and complete and is in full force and effect.

(7) Accountant's Certificate or Letter. One or more certificates or letters, addressed to the Issuer, of a firm of Independent registered public accountants of recognized national reputation to the effect that (a) such accountants are Independent with respect to the Issuer within the meaning of this Indenture, and are independent public accountants within the meaning of the standards of The American Institute of Certified Public Accountants, and (b) with respect to the CRR Bond Collateral, they have applied such procedures as instructed by the addressees of such certificate or letter.

(8) Rating Agency Condition. The Indenture Trustee shall receive evidence reasonably satisfactory to it that the Consumer Rate Relief Bonds have received the ratings from the Rating Agencies required by the Underwriting Agreement as a condition to the issuance of the Consumer Rate Relief Bonds.

(9) Requirements of Series Supplement. Such other funds, accounts, documents, certificates, agreements, instruments or opinions as may be required by the terms of the Series Supplement.

(10) Required Capital Level. Evidence satisfactory to the Indenture Trustee that the Required Capital Level has been credited to the Capital Subaccount.

(11) Other Requirements. Such other documents, certificates, agreements, instruments or opinions as the Indenture Trustee may reasonably require.

The Indenture Trustee may, upon payment of the purchase price for the Consumer Rate Relief Bonds by the Underwriters, conclusively assume the satisfaction of the conditions set forth in clauses (g) and (h) above of this Section 10.

SECTION 2.11. Book-Entry Consumer Rate Relief Bonds. Unless the Series Supplement provides otherwise, all of the Consumer Rate Relief Bonds shall be issued in Book-Entry Form, and the Issuer shall execute and the Indenture Trustee shall, in accordance with this Section 2.11 and the Issuer Order, authenticate and deliver one or more Global Consumer Rate Relief Bonds, evidencing the Consumer Rate Relief Bonds which (i) shall be an aggregate original principal amount equal to the aggregate original principal amount of the Consumer Rate Relief Bonds to be issued pursuant to the Issuer Order, (ii) shall be registered in the name of the Clearing Agency therefor or its nominee, which shall initially be Cede & Co., as nominee for The Depository Trust Company, the initial Clearing Agency, (iii) shall be delivered by the Indenture Trustee pursuant to such Clearing Agency's or such nominee's instructions, and (iv) shall bear a legend substantially to the effect set forth in Exhibit A.

Each Clearing Agency designated pursuant to this Section 2.11 must, at the time of its designation and at all times while it serves as Clearing Agency hereunder, be a "clearing agency" registered under the Exchange Act and any other applicable statute or regulation.

No Holder of Consumer Rate Relief Bonds issued in Book-Entry Form shall receive a Definitive Consumer Rate Relief Bond representing such Holder's interest in any of the

Consumer Rate Relief Bonds, except as provided in Section 2.13. Unless (and until) certificated, fully registered Consumer Rate Relief Bonds (the "Definitive Consumer Rate Relief Bonds") have been issued to the Holders pursuant to Section 2.13 or pursuant to the Series Supplement relating thereto:

(a) the provisions of this Section 2.11 shall be in full force and effect;

(b) the Issuer, the Servicer, the Paying Agent, the CRR Bond Registrar and the Indenture Trustee may deal with the Clearing Agency for all purposes (including the making of distributions on the Consumer Rate Relief Bonds and the giving of instructions or directions hereunder) as the authorized representative of the Holders;

(c) to the extent that the provisions of this Section 2.11 conflict with any other provisions of this Indenture, the provisions of this Section 2.11 shall control;

(d) the rights of Holders shall be exercised only through the Clearing Agency and the Clearing Agency Participants and shall be limited to those established by law and agreements between such Holders and the Clearing Agency and/or the Clearing Agency Participants. Pursuant to the Letter of Representations, unless and until Definitive Consumer Rate Relief Bonds are issued pursuant to Section 2.13, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal and interest on the Book-Entry Consumer Rate Relief Bonds to such Clearing Agency Participants; and

(e) whenever this Indenture requires or permits actions to be taken based upon instruction or directions of the Holders evidencing a specified percentage of the Outstanding Amount of Consumer Rate Relief Bonds, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from the Holders and/or the Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Consumer Rate Relief Bonds and has delivered such instructions to a Responsible Officer of the Indenture Trustee.

SECTION 2.12. Notices to Clearing Agency. Unless and until Definitive Consumer Rate Relief Bonds shall have been issued to Holders pursuant to Section 2.13, whenever notice, payment, or other communications to the holders of Book-Entry Consumer Rate Relief Bonds is required under this Indenture, the Indenture Trustee, the Servicer and the Paying Agent, as applicable, shall give all such notices and communications specified herein to be given to Holders to the Clearing Agency.

SECTION 2.13. Definitive Consumer Rate Relief Bonds. If (a) (i) the Issuer advises the Indenture Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities under any Letter of Representations and (ii) the Issuer is unable to locate a qualified successor Clearing Agency, (b) the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency or (c) after the occurrence of an Event of Default hereunder, Holders holding Consumer Rate Relief Bonds aggregating not less than a majority of the aggregate Outstanding Amount of Consumer Rate Relief Bonds maintained as Book-Entry Consumer Rate Relief Bonds

advise the Indenture Trustee, the Issuer and the Clearing Agency (through the Clearing Agency Participants) in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Holders, the Issuer shall notify the Clearing Agency, the Indenture Trustee and all such Holders in writing of the occurrence of any such event and of the availability of Definitive Consumer Rate Relief Bonds to the Holders requesting the same. Upon surrender to the Indenture Trustee of the Global Consumer Rate Relief Bonds by the Clearing Agency accompanied by registration instructions from such Clearing Agency for registration, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver, Definitive Consumer Rate Relief Bonds in accordance with the instructions of the Clearing Agency. None of the Issuer, the CRR Bond Registrar, the Paying Agent or the Indenture Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive Consumer Rate Relief Bonds, the Indenture Trustee shall recognize the Holders of the Definitive Consumer Rate Relief Bonds as Holders hereunder.

Definitive Consumer Rate Relief Bonds will be transferable and exchangeable at the offices of the Consumer Rate Relief Bonds Registrar.

SECTION 2.14. CUSIP Number. The Issuer in issuing any Consumer Rate Relief Bonds may use a "CUSIP" number and, if so used, the Indenture Trustee shall use the CUSIP number provided to it by the Issuer in any notices to the Holders thereof as a convenience to such Holders; provided, that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Consumer Rate Relief Bonds and that reliance may be placed only on the other identification numbers printed on the Consumer Rate Relief Bonds. The Issuer shall promptly notify the Indenture Trustee in writing of any change in the CUSIP number with respect to any Consumer Rate Relief Bond.

SECTION 2.15. Letter of Representations. The parties hereto shall comply with the terms of each Letter of Representations applicable to such party.

SECTION 2.16. Tax Treatment. The Issuer and the Indenture Trustee, by entering into this Indenture, and the Holders and any Persons holding a beneficial interest in any Consumer Rate Relief Bond, by acquiring any Consumer Rate Relief Bond or interest therein, (a) express their intention that, solely for the purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purposes of state, local and other taxes, the Consumer Rate Relief Bonds qualify under applicable tax law as indebtedness of the Member secured by the CRR Bond Collateral and (b) solely for the 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, agree to treat the Consumer Rate Relief Bonds as indebtedness of the Member secured by the CRR Bond Collateral unless otherwise required by appropriate taxing authorities.

SECTION 2.17. State Pledge. Under the laws of the State of West Virginia in effect on the Closing Date, pursuant to Section 24-2-4f(s)(1) of the Securitization Law, the State of West Virginia has pledged to and agrees with the Bondholders, assignees and financing parties under the Financing Order that the State will not take or permit any action that impairs the value of CRR Property under the Financing Order or revises the CRR Costs for which

recovery is authorized under the Financing Order or, except for the adjustment mechanism provided under Section 24-2-4f (k) of the Securitization Law, reduce, alter or impair CRR 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 any assignee or financing party under an ancillary agreement are paid or performed in full.

The Issuer hereby acknowledges that the purchase of any Consumer Rate Relief Bond by a Holder or the purchase of any beneficial interest in a Consumer Rate Relief Bond by any Person and the Indenture Trustee's obligations to perform hereunder are made in reliance on such agreement and pledge by the State of West Virginia.

SECTION 2.18. Security Interests. The Issuer hereby makes the following representations and warranties. Other than the security interests granted to the Indenture Trustee pursuant to this Indenture, the Issuer has not pledged, granted, sold, conveyed or otherwise assigned any interests or security interests in the CRR Bond Collateral and no security agreement, financing statement or equivalent security or Lien instrument listing the Issuer as debtor covering all or any part of the CRR Bond Collateral is on file or of record in any jurisdiction, except such as may have been filed, recorded or made by the Issuer in favor of the Indenture Trustee on behalf of the Secured Parties in connection with this Indenture. This Indenture constitutes a valid and continuing lien on, and first priority perfected security interest in, the CRR Bond Collateral in favor of the Indenture Trustee on behalf of the Secured Parties, which lien and security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing. With respect to all CRR Bond Collateral, this Indenture, together with the Series Supplement, creates a valid and continuing first priority perfected security interest (as defined in the UCC and as such term is used in the Securitization Law) in such CRR Bond Collateral, which security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing. The Issuer has good and marketable title to the CRR Bond Collateral free and clear of any Lien, claim or encumbrance of any Person other than Permitted Liens. All of the CRR Bond Collateral constitutes either CRR Property or accounts, deposit accounts, investment property or general intangibles (as each such term is defined in the UCC) except that proceeds of the CRR Bond Collateral may also take the form of instruments. The Issuer has taken, or caused the Servicer to take, all action necessary to perfect the security interest in the CRR Bond Collateral granted to the Indenture Trustee, for the benefit of the Secured Parties. The Issuer has filed (or has caused the Servicer to file) all appropriate financing statements in the proper filing offices in the appropriate jurisdictions under applicable law in order to perfect the security interest in the CRR Bond Collateral granted to the Indenture Trustee. The Issuer has not authorized the filing of and is not aware, after due inquiry, of any financing statements against the Issuer that include a description of the CRR Bond Collateral other than those filed in favor of

the Indenture Trustee. The Issuer is not aware of any judgment or tax lien filings against the Issuer. The Collection Account (including all subaccounts thereof) constitutes a "securities account" within the meaning of the UCC. The Issuer has taken all steps necessary to cause the Securities Intermediary of each such securities account to identify in its records the Indenture Trustee as the person having a security entitlement against the Securities Intermediary in such securities account, no Collection Account is in the name of any person other than the Indenture Trustee, and the Issuer has not consented to the Securities Intermediary of the Collection Account to comply with entitlement orders of any person other than the Indenture Trustee. All of the CRR Bond Collateral constituting investment property has been and will have been credited to the Collection Account or a subaccount thereof, and the Securities Intermediary for the Collection Account has agreed to treat all assets credited to the Collection Account as "financial assets" within the meaning of the UCC. Accordingly, the Indenture Trustee has a first priority perfected security interest in the Collection Account, all funds and financial assets on deposit therein, and all securities entitlements relating thereto. The representations and warranties set forth in this Section 2.18 shall survive the execution and delivery of this Indenture and the issuance of any Consumer Rate Relief Bonds, shall be deemed re-made on each date on which any funds in the Collection Account are distributed to Issuer or otherwise released from the Lien of the Indenture and may not be waived by any party hereto except pursuant to a supplemental indenture executed in accordance with Article IX and as to which the Rating Agency Condition has been satisfied.

ARTICLE III

COVENANTS

SECTION 3.01. Payment of Principal, Premium, if any, and Interest. The principal of and premium, if any, and interest on the Consumer Rate Relief Bonds shall be duly and punctually paid by the Issuer, or the Servicer on behalf of the Issuer, in accordance with the terms of the Consumer Rate Relief Bonds and this Indenture; provided, that except on a Final Maturity Date or upon the acceleration of the Consumer Rate Relief Bonds following the occurrence of an Event of Default, the Issuer shall only be obligated to pay the principal of the Consumer Rate Relief Bonds on each Payment Date therefor to the extent moneys are available for such payment pursuant to Section 8.02. Amounts properly withheld under the Code or other tax laws by any Person from a payment to any Holder of interest or principal or premium, if any, shall be considered as having been paid by the Issuer to such Holder for all purposes of this Indenture.

SECTION 3.02. Maintenance of Office or Agency. The Issuer shall maintain in St. Paul, Minnesota, an office or agency where Consumer Rate Relief Bonds may be surrendered for registration of transfer or exchange. The Issuer shall give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of any such office or agency. The Issuer hereby initially appoints the Indenture Trustee to serve as its agent for the foregoing purposes and the Corporate Trust Office of the Indenture Trustee shall serve as the offices provided in the prior sentence. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Indenture Trustee with the address thereof, such surrenders may be made at the office of the Indenture Trustee located at the Corporate Trust Office, and the Issuer hereby appoints the Indenture Trustee as its agent to receive all such surrenders.

SECTION 3.03. Money for Payments To Be Held in Trust. As provided in Section 8.02(a), all payments of amounts due and payable with respect to any Consumer Rate Relief Bonds that are to be made from amounts withdrawn from the Collection Account pursuant to Section 8.02(d) shall be made on behalf of the Issuer by the Indenture Trustee or by another Paying Agent, and no amounts so withdrawn from such Collection Account for payments with respect to any Consumer Rate Relief Bonds shall be paid over to the Issuer except as provided in this Section 3.03 and Section 8.02.

Each Paying Agent shall meet the eligibility criteria set forth for any Indenture Trustee under Section 6.11. The Issuer will cause each Paying Agent other than the Indenture Trustee to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 3.03, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Consumer Rate Relief Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Indenture Trustee and the Rating Agencies written notice of any Default by the Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Consumer Rate Relief Bonds;

(iii) at any time during the continuance of any such Default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) immediately, with notice to the Rating Agencies, resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Consumer Rate Relief Bonds if at any time the Paying Agent determines that it has ceased to meet the standards required to be met by a Paying Agent at the time of such determination; and

(v) comply with all requirements of the Code and other tax laws with respect to the withholding from any payments made by it on any Consumer Rate Relief Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheat of funds, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Consumer Rate Relief Bond and remaining unclaimed for two (2) years after such amount

has become due and payable shall be discharged from such trust and be paid to the Issuer on an Issuer Request; and, subject to Section 10.16, the Holder of such Consumer Rate Relief Bond shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Indenture Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer, cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than thirty (30) days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee may also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including mailing notice of such repayment to Holders whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Indenture Trustee or of any Paying Agent, at the last address of record for each such Holder).

SECTION 3.04. Existence. The Issuer shall keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the other Basic Documents, the Consumer Rate Relief Bonds, the CRR Bond Collateral and each other instrument or agreement referenced herein or therein.

SECTION 3.05. Protection of CRR Bond Collateral. The Issuer shall from time to time execute and deliver all such supplements and amendments hereto and all filings with the Commission, the Delaware Secretary of State, the Virginia State Corporation Commission or the West Virginia Secretary of State pursuant to the Financing Order or to the Securitization Law and all financing statements, continuation statements, instruments of further assurance and other instruments, and shall take such other action necessary or advisable to:

(i) maintain or preserve the Lien and security interest (and the priority thereof) of this Indenture and the Series Supplement or carry out more effectively the purposes hereof;

(ii) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(iii) enforce any of the CRR Bond Collateral;

(iv) preserve and defend title to the CRR Bond Collateral and the rights of the Indenture Trustee and the Holders in such CRR Bond Collateral against the Claims of all Persons and parties, including, without limitation, the challenge by any party to the validity or enforceability of the Financing Order, the CRR Property or any proceeding

relating thereto and institute any action or proceeding necessary to compel performance by the Commission or the State of West Virginia of any of its obligations or duties under the Securitization Law, the State Pledge, or the Financing Order; or

(v) pay any and all taxes levied or assessed upon all or any part of the CRR Bond Collateral.

The Issuer hereby designates the Indenture Trustee its agent and attorney-in-fact to execute or authorize, as the case may be, any filings with the Commission, the Delaware Secretary of State, the Virginia State Corporation Commission or the West Virginia Secretary of State, financing statements, continuation statements or other instrument required pursuant to this Section 3.05, it being understood that the Indenture Trustee shall have no such obligation or any duty to prepare such documents. The Indenture Trustee is specifically authorized to file financing statements covering the CRR Bond Collateral, including, without limitation, financing statements that describe the CRR Bond Collateral as "all assets" or "all personal property" of the Issuer.

SECTION 3.06. Opinions as to CRR Bond Collateral.

(a) On the Closing Date, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this 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 perfect and make effective the Lien, and the first priority perfected security interest created by this Indenture and the Series Supplement, and no other Lien or security interest is equal or prior to the Lien and security interest of the Indenture Trustee in the CRR Bond Collateral, and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make effective such Lien and security interest.

(b) Within ninety (90) days after the beginning of each calendar year beginning with the calendar year beginning January 1, 2014, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this 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 this Indenture and reciting the details of such action or stating 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 this 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 this Indenture and the Series Supplement.

(c) Prior to the effectiveness of any amendment to the Sale Agreement or the Servicing Agreement, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either (i) stating that, in the opinion of such counsel, all filings, including UCC financing statements and other filings with the Commission, the Delaware Secretary of State, the Virginia State Corporation Commission and the West Virginia Secretary of State pursuant to the Securitization Law or the Financing Order, have been executed and filed that are necessary fully to preserve and protect the Lien and security interest of the Issuer and the Indenture Trustee in the CRR Property and the CRR Bond Collateral, respectively, and the proceeds thereof, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (ii) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such Lien and security interest.

SECTION 3.07. Performance of Obligations; Servicing; SEC Filings.

(a) The Issuer (i) shall diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the CRR Bond Collateral and (ii) shall not take any action and shall use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Series Supplement, the Sale Agreement, the Servicing Agreement, any Intercreditor Agreement or such other instrument or agreement.

(b) The Issuer may contract with other Persons to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Indenture Trustee herein or in an Officer's Certificate shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer to assist the Issuer in performing its duties under this Indenture.

(c) The Issuer shall punctually perform and observe all of its obligations and agreements contained in this Indenture, the Series Supplement, the other Basic Documents and in the instruments and agreements included in the CRR Bond Collateral, including filing or causing to be filed all 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 or the Financing Order, all UCC financing statements and continuation statements required to be filed by it by the terms of this Indenture, the Series Supplement, the Sale Agreement and the Servicing Agreement in accordance with and within the time periods provided for herein and therein.

(d) If the Issuer shall have knowledge of the occurrence of a Servicer Default under the Servicing Agreement, the Issuer shall promptly give written notice thereof to the Indenture Trustee and the Rating Agencies, and shall specify in such notice the response or

action, if any, the Issuer has taken or is taking with respect to such default. If a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Servicing Agreement with respect to the CRR Property, the CRR Bond Collateral or the CRR Charges, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) As promptly as possible after the giving of notice of termination to the Servicer and the Rating Agencies of the Servicer's rights and powers pursuant to Section 7.01 of the Servicing Agreement, the Indenture Trustee may and shall, at the written direction of the Holders evidencing not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds, appoint a successor Servicer (the "Successor Servicer"), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Issuer and the Indenture Trustee. A Person shall qualify as a Successor Servicer only if such Person satisfies the requirements of the Servicing Agreement and each Intercreditor Agreement. If within thirty (30) days after the delivery of the notice referred to above, a new Servicer shall not have been appointed, the Indenture Trustee may petition the Commission or a court of competent jurisdiction to appoint a Successor Servicer. In connection with any such appointment, APCo may make such arrangements for the compensation of such Successor Servicer as it and such successor shall agree, subject to the limitations set forth in Section 8.02 and in the Servicing Agreement.

(f) Upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement, the Indenture Trustee shall promptly notify the Issuer, the Holders and the Rating Agencies. As soon as a Successor Servicer is appointed, the Indenture Trustee shall notify the Issuer, the Holders and the Rating Agencies of such appointment, specifying in such notice the name and address of such Successor Servicer.

(g) The Issuer shall (or shall cause the Sponsor to) post on its website and, to the extent consistent with the Issuer's and the Sponsor's obligations under applicable law, 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, and shall direct the Indenture Trustee to post on its website for investors the following information (other than any such information filed with the SEC and publicly available to investors unless the Issuer specifically requests such items to be posted) with respect to the Outstanding Consumer Rate Relief Bonds, in each case to the extent such information is reasonably available to the Issuer:

(i) statements of any remittances of CRR Charges made to the Indenture Trustee (to be included in a Form 10-D or Form 10-K, or successor forms thereto);

(ii) a statement reporting the balances in the Collection Account and in each subaccount of the Collection Account as of the end of each quarter or the most recent date available (to be included in a Form 10-D or Form 10-K, or successor forms thereto);

(iii) a statement showing the balance of Outstanding Consumer Rate Relief Bonds that reflects the actual periodic payments made on the Consumer

Rate Relief Bonds during the applicable period (to be included in the next Form 10-D or Form 10-K filed, or successor forms thereto);

(iv) the Servicer's Certificate as required to be submitted pursuant to the Servicing Agreement (to be filed with a Form 10-D, Form 10-K or Form 8-K, or successor forms thereto);

(v) the Monthly Servicer's Certificate as required to be submitted pursuant to the Servicing Agreement;

(vi) 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;

(vii) any change in the long-term or short-term credit ratings of the Servicer assigned by the Rating Agencies;

(viii) material legislative or regulatory developments directly relevant to the Outstanding Consumer Rate Relief Bonds (to be filed or furnished in a Form 8-K); and

(ix) any reports and other information that the Issuer is required to file with the SEC under the Securities Exchange Act of 1934.

Notwithstanding the foregoing, nothing herein shall preclude the Issuer from voluntarily suspending or terminating its filing obligations as Issuer with the SEC to the extent permitted by applicable law.

The address of the Indenture Trustee's website for investors is http://www.usbank.com/abs. The Indenture Trustee shall immediately notify the Issuer, the Bondholders and the Rating Agencies of any change to the address of the website for investors.

(h) The Issuer shall make all filings required under the Securitization Law relating to the transfer of the ownership or security interest in the CRR Property other than those required to be made by the Seller or the Servicer pursuant to the Basic Documents.

SECTION 3.08. Certain Negative Covenants. So long as any Consumer Rate Relief Bonds are Outstanding, the Issuer shall not:

(i) except as expressly permitted by this Indenture and the other Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the CRR Bond Collateral, unless directed to do so by the Indenture Trustee in accordance with Article V;

(ii) 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 Holder by reason of the payment of the taxes levied or assessed upon any part of the CRR Bond Collateral;

(iii) terminate its existence or dissolve or liquidate in whole or in part, except in a transaction permitted by Section 3.10;

(iv) (A) permit the validity or effectiveness of this Indenture or the other Basic Documents to be impaired, or permit the Lien of this Indenture and the Series Supplement to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Consumer Rate Relief Bonds under this Indenture except as may be expressly permitted hereby, (B) permit any Lien (other than the Lien of this Indenture or the Series Supplement) to be created on or extend to or otherwise arise upon or burden the CRR Bond 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) or (C) permit the Lien of the Series Supplement not to constitute a valid first priority perfected security interest in the CRR Bond Collateral;

(v) enter into any swap, hedge or similar financial instrument;

(vi) elect to be classified as an association taxable as a corporation for federal income tax purposes or otherwise take any action, file any tax return, or make any election inconsistent with the treatment of the Issuer, for purposes of federal 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 sole owner of the Issuer;

(vii) change its name, identity or structure or the location of its chief executive office, unless at least ten (10) Business Days' prior to the effective date of any such change the Issuer delivers to the Indenture Trustee (with copies to the Rating Agencies) such documents, instruments or agreements, executed by the Issuer, as are necessary to reflect such change and to continue the perfection of the security interest of this Indenture and the Series Supplement;

(viii) take any action which is subject to a Rating Agency Condition without satisfying the Rating Agency Condition;

(ix) except to the extent permitted by applicable law, voluntarily suspend or terminate its filing obligations with the SEC as described in Section 3.07(g); or

(x) issue any consumer rate relief bonds under the Securitization Law (other than the Consumer Rate Relief Bonds) or issue or incur any other debt obligations.

SECTION 3.09. Annual Statement as to Compliance. The Issuer will deliver to the Indenture Trustee and the Rating Agencies not later than March 30 of each year (commencing with March 30, 2014), an Officer's Certificate stating, as to the Responsible Officer signing such Officer's Certificate, that:

(i) a review of the activities of the Issuer during the preceding twelve (12) months ended December 31 (or, in the case of the first such Officer's Certificate, since the Closing Date) and of performance under this Indenture has been made; and

(ii) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has in all material respects complied with all conditions and covenants under this Indenture throughout such twelve-month period (or such shorter period in the case of the first such Officer's Certificate), or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Responsible Officer and the nature and status thereof.

SECTION 3.10. Issuer May Consolidate, etc., Only on Certain Terms.

(a) The Issuer shall not consolidate or merge with or into any other Person, unless:

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall (A) be a Person organized and existing under the laws of the United States of America or any State, (B) expressly assume, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture and the Series Supplement on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplement, and (C) assume all obligations and succeed to all rights of the Issuer under the Sale Agreement, the Servicing Agreement and each other Basic Document to which the Issuer is a party;

(ii) immediately after giving effect to such merger or consolidation, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such merger or consolidation;

(iv) the Issuer shall have delivered to APCo, the Indenture Trustee and the Rating Agencies an opinion or opinions of outside tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to APCo and the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service (unless the Internal Revenue Service has announced that it will not rule on the issues described in this paragraph)) to the effect that the consolidation or merger will not result in a material adverse federal or state income tax consequence to the Issuer, APCo, the Indenture Trustee or the then existing Bondholders;

(v) any action as is necessary to maintain the Lien and the first priority perfected security interest in the CRR Bond Collateral created by this Indenture and the Series Supplement shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of external counsel of the Issuer each stating that such consolidation or merger and such supplemental indenture comply with this Indenture, the Series Supplement and that all conditions precedent herein provided for in

this Section 3.10(a) with respect to such transaction have been complied with (including any filing required by the Exchange Act).

(b) Except as specifically provided herein, the Issuer shall not sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the CRR Bond Collateral, to any Person, unless:

(i) the Person that acquires the properties and assets of the Issuer, the conveyance or transfer of which is hereby restricted shall (A) be a United States citizen or a Person organized and existing under the laws of the United States of America or any State, (B) expressly assumes, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplement, (C) expressly agrees by means of such supplemental indenture that all right, title and interest so sold, conveyed, exchanged, transferred or otherwise disposed of shall be subject and subordinate to the rights of Holders, (D) unless otherwise provided in the supplemental indenture referred to in clause (B) above, expressly agrees to indemnify, defend and hold harmless the Issuer and the Indenture Trustee against and from any loss, liability or expense arising under or related to this Indenture, the Series Supplement and the Consumer Rate Relief Bonds, (E) expressly agrees by means of such supplemental indenture that such Person (or if a group of Persons, then one specified Person) shall make all filings with the SEC (and any other appropriate Person) required by the Exchange Act in connection with the Consumer Rate Relief Bonds and (F) if such sale, conveyance, exchange, transfer or disposal relates to the Issuer's rights and obligations under the Sale Agreement or the Servicing Agreement, assume all obligations and succeed to all rights of the Issuer under the Sale Agreement and the Servicing Agreement, as applicable;

(ii) immediately after giving effect to such transaction, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have delivered to APCo, the Indenture Trustee and the Rating Agencies an opinion or opinions of outside tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to APCo and the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service) to the effect that the disposition will not result in a material adverse federal or state income tax consequence to the Issuer, APCo, the Indenture Trustee or the then existing Bondholders;

(v) any action as is necessary to maintain the Lien and the first priority perfected security interest in the CRR Bond Collateral created by this Indenture and the Series Supplement shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of external counsel of the Issuer each stating that such sale, conveyance, exchange, transfer or other disposition and such supplemental indenture comply with this Indenture and the Series Supplement and that all conditions precedent herein provided for in this Section 3.10(b) with respect to such transaction have been complied with (including any filing required by the Exchange Act).

SECTION 3.11. Successor or Transferee.

(a) Upon any consolidation or merger of the Issuer in accordance with Section 3.10(a), the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein.

(b) Except as set forth in Section 6.07, upon a sale, conveyance, exchange, transfer or other disposition of all the assets and properties of the Issuer in accordance with Section 3.10(b), the Issuer will be released from every covenant and agreement of this Indenture and the other Basic Documents to be observed or performed on the part of the Issuer with respect to the Consumer Rate Relief Bonds and the CRR Property immediately following the consummation of such acquisition upon the delivery of written notice to the Indenture Trustee from the Person acquiring such assets and properties stating that the Issuer is to be so released.

SECTION 3.12. No Other Business. The Issuer shall not engage in any business other than purchasing, owning, administering and servicing the CRR Property and the other CRR Bond Collateral and the issuance of the Consumer Rate Relief Bonds in the manner contemplated by the Financing Order and this Indenture and the Basic Documents and activities incidental thereto.

SECTION 3.13. No Borrowing. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except for the Consumer Rate Relief Bonds and any other indebtedness expressly permitted by or arising under the Basic Documents.

SECTION 3.14. Servicer's Obligations. The Issuer shall enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Servicing Agreement.

SECTION 3.15. Guarantees, Loans, Advances and Other Liabilities. Except as otherwise contemplated by the Sale Agreement, the Servicing Agreement or this Indenture, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 3.16. Capital Expenditures. Other than the purchase of CRR Property from the Seller on the Closing Date, the Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 3.17. Restricted Payments. Except as provided in Section 8.04(c), the Issuer shall not, directly or indirectly, (a) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer, (b) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or similar security or (c) set aside or otherwise segregate any amounts for any such purpose; provided, however, that, if no Event of Default shall have occurred and be continuing or would be caused thereby, the Issuer may make, or cause to be made, any such distributions to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer using funds distributed to the Issuer pursuant to Section 8.02(e)(x) to the extent that such distributions would not cause the balance of the Capital Subaccount to decline below the Required Capital Level. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account except in accordance with this Indenture and the other Basic Documents.

SECTION 3.18. Notice of Events of Default. The Issuer agrees to give the Indenture Trustee, the Commission and the Rating Agencies prompt written notice of each Default or Event of Default hereunder as provided in Section 5.01, and each default on the part of the Seller or the Servicer of its obligations under the Sale Agreement or the Servicing Agreement, respectively.

SECTION 3.19. Further Instruments and Acts. Upon request of the Indenture Trustee, the Issuer shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture and to maintain the first priority perfected security interest of the Indenture Trustee in the CRR Bond Collateral.

SECTION 3.20. [Reserved].

SECTION 3.21. Inspection. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Indenture Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited annually by Independent registered public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees and Independent registered public accountants, all at such reasonable times and as often as may be reasonably requested. The Indenture Trustee shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Indenture Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder. Notwithstanding anything herein to the contrary, the preceding sentence shall not be construed to prohibit (a) disclosure of any and all information that is or becomes publicly known, or information obtained by the Indenture Trustee from sources other than the Issuer, provided such parties are rightfully in possession of

such information, (b) disclosure of any and all information (i) if required to do so by any applicable statute, law, rule or regulation, (ii) pursuant to any subpoena, civil investigative demand or similar demand or request of any court or regulatory authority exercising its proper jurisdiction, (iii) in any preliminary or final offering circular, registration statement or other document a copy of which has been filed with the SEC, (iv) to any affiliate, independent or internal auditor, agent, employee or attorney of the Indenture Trustee having a need to know the same, provided that such parties agree to be bound by the confidentiality provisions contained in this Section 3.21, or (v) to any Rating Agency or (c) any other disclosure authorized by the Issuer.

SECTION 3.22. Sale Agreement, Servicing Agreement, Intercreditor Agreement and Administration Agreement Covenants.

(a) The Issuer agrees to take all such lawful actions to enforce its rights under the Sale Agreement, the Servicing Agreement, each Intercreditor Agreement, the Administration Agreement and the other Basic Documents, and to compel or secure the performance and observance by the Seller, the Servicer, the Administrator and APCo of each of their respective obligations to the Issuer under or in connection with the Sale Agreement, the Servicing Agreement, each Intercreditor Agreement, the Administration Agreement and the other Basic Documents in accordance with the terms thereof. So long as no Event of Default occurs and is continuing, but subject to Section 3.22(f), the Issuer may exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Sale Agreement, the Servicing Agreement, each Intercreditor Agreement and the Administration Agreement; provided, that such action shall not adversely affect the interests of the Holders in any material respect.

(b) If an Event of Default occurs and is continuing, the Indenture Trustee may, and at the direction (which direction shall be in writing) of Holders of a majority of the Outstanding Amount of the Consumer Rate Relief Bonds of all Tranches affected thereby shall, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, APCo, the Administrator and the Servicer, as the case may be, under or in connection with the Sale Agreement, the Servicing Agreement, any Intercreditor Agreement and the Administration Agreement, including the right or power to take any action to compel or secure performance or observance by the Seller, APCo, the Administrator or the Servicer of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Sale Agreement, the Servicing Agreement, any Intercreditor Agreement and the Administration Agreement, and any right of the Issuer to take such action shall be suspended.

(c) Except as set forth in Section 3.22(e), with the prior written consent of the Indenture Trustee, the Administration Agreement, the Sale Agreement, the Servicing Agreement and any Intercreditor 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 Holders of the Consumer Rate Relief Bonds; provided that all conditions precedent for such amendment have been satisfied, as evidenced by an Opinion of Counsel of external counsel of the Issuer.

(d) Except as set forth in Section 3.22(e), if the Issuer, the Seller, APCo, the Administrator, the Servicer or any other party to the respective agreement proposes to amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, waiver, supplement, termination or surrender of, the terms of the Sale Agreement, the Administration Agreement, the Servicing Agreement or any Intercreditor Agreement, or waive timely performance or observance by the Seller, APCo, the Administrator, the Servicer or any other party under the Sale Agreement, the Administration Agreement, the Servicing Agreement or any Intercreditor Agreement, in each case in such a way as would materially and adversely affect the interests of any Holder of Consumer Rate Relief Bonds, the Issuer shall first notify the Rating Agencies of the proposed amendment, modification, waiver, supplement, termination or surrender and shall promptly notify the Indenture Trustee and the Commission in writing and the Indenture Trustee shall notify the Holders of the Consumer Rate Relief Bonds of the proposed amendment, modification, waiver, supplement, termination or surrender and whether the Rating Agency Condition has been satisfied with respect thereto. The Indenture Trustee shall consent to such proposed amendment, modification, waiver, supplement, termination or surrender only if the Rating Agency Condition is satisfied and only with the prior written consent of the Holders of a majority of the Outstanding Amount of Consumer Rate Relief Bonds of the Tranches materially and adversely affected thereby. If any such amendment, modification, waiver, supplement, termination or surrender shall be so consented to by the Indenture Trustee or such Holders, the Issuer agrees to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as shall be necessary or appropriate in the circumstances.

(e) If the Issuer or the Servicer proposes to amend, modify, waive, supplement, terminate or surrender, or to agree to any amendment, modification, supplement, termination, waiver or surrender of, the process for True-Up Adjustments, the Issuer shall notify the Commission and the Indenture Trustee in writing and the Indenture Trustee shall notify the Holders of the Consumer Rate Relief Bonds of such proposal and the Indenture Trustee shall consent thereto only with the prior written consent of the Holders of a majority of the Outstanding Amount of Consumer Rate Relief Bonds of the Tranches affected thereby and only if the Rating Agency Condition has been satisfied with respect thereto.

(f) Promptly following a default by the Seller under the Sale Agreement, by the Administrator under the Administration Agreement or by any party under any Intercreditor Agreement, or the occurrence of a Servicer Default under the Servicing Agreement, and at the Issuer's expense, the Issuer agrees to take all such lawful actions as the Indenture Trustee may request to compel or secure the performance and observance by each of the Seller, the Administrator or the Servicer, and by such party to such Intercreditor Agreement, of their obligations under and in accordance with the Sale Agreement, the Servicing Agreement, the Administration Agreement and such Intercreditor Agreement, as the case may be, in accordance with the terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with such agreements to the extent and in the manner directed by the Indenture Trustee, including the transmission of notices of any default by the Seller, the Administrator or the Servicer, respectively, thereunder and the institution of legal or administrative actions or Proceedings to compel or secure performance of their obligations under the Sale Agreement, the Servicing Agreement, the Administration Agreement or such Intercreditor Agreement, as applicable.

Before consenting to any amendment, modification, supplement, termination, waiver or surrender under Sections 3.22(d) or (e), the Indenture Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02, shall be fully protected in relying upon, an Opinion of Counsel stating that such action is authorized or permitted by this Indenture.

SECTION 3.23. Taxes. So long as any of the Consumer Rate Relief Bonds are Outstanding, the Issuer shall pay all 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 the CRR Bond Collateral; provided that no such tax need be paid if the Issuer is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Issuer has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

ARTICLE IV

SATISFACTION AND DISCHARGE; DEFEASANCE

SECTION 4.01. Satisfaction and Discharge of Indenture; Defeasance.

(a) This Indenture shall cease to be of further effect with respect to the Consumer Rate Relief Bonds and the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Consumer Rate Relief Bonds, when:

(i) either

(A) all Consumer Rate Relief Bonds theretofore authenticated and delivered (other than (1) Consumer Rate Relief Bonds that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.06 and (2) Consumer Rate Relief Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in the last paragraph of Section 3.03) have been delivered to the Indenture Trustee for cancellation; or

(B) either (1) the Scheduled Final Payment Date has occurred with respect to all Consumer Rate Relief Bonds not theretofore delivered to the Indenture Trustee for cancellation or (2) the Consumer Rate Relief Bonds will be due and payable on their respective Scheduled Final Payment Dates within one year, and in any such case, the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations which 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 Consumer Rate Relief Bonds not theretofore delivered to the Indenture Trustee for cancellation,

other Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the Consumer Rate Relief Bonds when scheduled to be paid and to discharge the entire indebtedness on the Consumer Rate Relief Bonds when due;

(ii) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(iii) the Issuer has delivered to the Indenture Trustee an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer and (if required by the TIA or the Indenture Trustee) an Independent Certificate from a firm of registered public accountants, each meeting the applicable requirements of Section 10.01(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to Consumer Rate Relief Bonds have been complied with.

(b) Subject to Sections 4.01(c) and 4.02, the Issuer at any time may terminate (i) all its obligations under this Indenture with respect to the Consumer Rate Relief Bonds ("Legal Defeasance Option") or (ii) its obligations under Sections 3.04, 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, 3.12, 3.13, 3.14, 3.15, 3.16, 3.17, 3.18 and 3.19 and the operation of Section 5.01(iii) ("Covenant Defeasance Option") with respect to Consumer Rate Relief Bonds. The Issuer may exercise the Legal Defeasance Option with respect to Consumer Rate Relief Bonds notwithstanding its prior exercise of the Covenant Defeasance Option.

If the Issuer exercises the Legal Defeasance Option, the maturity of the Consumer Rate Relief Bonds may not be accelerated because of an Event of Default. If the Issuer exercises the Covenant Defeasance Option, the maturity of the Consumer Rate Relief Bonds may not be accelerated because of an Event of Default specified in Section 5.01(iii).

Upon satisfaction of the conditions set forth herein to the exercise of the Legal Defeasance Option or the Covenant Defeasance Option with respect to Consumer Rate Relief Bonds, the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of the obligations that are terminated pursuant to such exercise.

(c) Notwithstanding Sections 4.01(a) and 4.01(b) above, (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Consumer Rate Relief Bonds, (iii) rights of Holders to receive payments of principal, premium, if any, and interest, (iv) Sections 4.03 and 4.04, (v) the rights, obligations and immunities of the Indenture Trustee hereunder (including the rights of the Indenture Trustee under Section 6.07 and the obligations of the Indenture Trustee under Section 4.03) and (vi) the rights of Holders as beneficiaries hereof with respect to the property deposited with the Indenture Trustee payable to all or any of them, shall survive until this Indenture or certain obligations hereunder have been satisfied and discharged pursuant to Section 4.01(a) or 4.01(b) have been paid in full. Thereafter the obligations in Sections 6.07 and 4.04 shall survive.

SECTION 4.02. Conditions to Defeasance. The Issuer may exercise the Legal Defeasance Option or the Covenant Defeasance Option with respect to Consumer Rate Relief Bonds only if:

(a) the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations which 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 Consumer Rate Relief Bonds not therefore delivered to the Indenture Trustee for cancellation and other Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the Consumer Rate Relief Bonds when scheduled to be paid and to discharge the entire indebtedness on the Consumer Rate Relief Bonds when due;

(b) the Issuer delivers to the Indenture Trustee a certificate from a nationally recognized firm of Independent registered public accountants expressing its opinion that the payments of principal and interest on the deposited U.S. Government Obligations when due and without reinvestment plus any deposited cash will provide cash at such times and in such amounts (but, in the case of the Legal Defeasance Option only, not more than such amounts) as will be sufficient to pay in respect of the Consumer Rate Relief Bonds (i) principal in accordance with the Expected Amortization Schedule therefor, (ii) interest when due and (iii) other Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the Consumer Rate Relief Bonds;

(c) in the case of the Legal Defeasance Option, ninety-five (95) days pass after the deposit is made and during the ninety-five (95)-day period no Default specified in Section 5.01(v) or (vi) occurs which is continuing at the end of the period;

(d) no Default has occurred and is continuing on the day of such deposit and after giving effect thereto;

(e) in the case of an exercise of the Legal Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer stating that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Consumer Rate Relief Bonds will not recognize income, gain or loss for federal income tax purposes as a result of such legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(f) in the case of an exercise of the Covenant Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer to the effect that the Holders of the Consumer Rate Relief Bonds will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(g) the Issuer delivers to the Indenture Trustee an Officer's Certificate 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 this Article IV;

(h) the Issuer delivers to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer to the effect that (i) in a case under the Bankruptcy Code in which APCo (or any of its Affiliates, other than the Issuer) is the debtor, the court would hold that the deposited moneys or U.S. Government Obligations would not be in the bankruptcy estate of APCo (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations); and (ii) in the event APCo (or any of its Affiliates, other than the Issuer, 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 the Issuer, that deposited the moneys or U.S. Government Obligations) and the Issuer so as to order substantive consolidation under the Bankruptcy Code of the Issuer's assets and liabilities with the assets and liabilities of APCo or such other Affiliate; and

(i) the Rating Agency Condition shall have been satisfied with respect to the exercise of any Legal Defeasance Option or Covenant Defeasance Option.

Notwithstanding any other provision of this Section 4.02, no delivery of moneys or U.S. Government Obligations to the Indenture Trustee shall terminate any obligation of the Issuer to the Indenture Trustee under this Indenture or the Series Supplement or any obligation of the Issuer to apply such moneys or U.S. Government Obligations under Section 4.03 until principal of and premium, if any, and interest on the Consumer Rate Relief Bonds shall have been paid in accordance with the provisions of this Indenture and the Series Supplement.

SECTION 4.03. Application of Trust Money. All moneys or U.S. Government Obligations deposited with the Indenture Trustee pursuant to Section 4.01 or 4.02 shall be held in trust and applied by it, in accordance with the provisions of the Consumer Rate Relief Bonds and this Indenture, to the payment, either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Holders of the particular Consumer Rate Relief Bonds for the payment of which such moneys have been deposited with the Indenture Trustee, of all sums due and to become due thereon for principal, premium, if any, and interest; but such moneys need not be segregated from other funds except to the extent required herein or in the Servicing Agreement or required by law. Notwithstanding anything to the contrary in this Article IV, the Indenture Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any moneys or U.S. Government Obligations held by it pursuant to Section 4.02 which, in the opinion of a nationally recognized firm of Independent registered public accountants expressed in a written certification thereof delivered to the Indenture Trustee (and not at the cost or expense of the Indenture Trustee), are in excess of the amount thereof which would be required to be deposited for the purpose for which such moneys or U.S. Government Obligations were deposited, provided that any such payment shall be subject to the satisfaction of the Rating Agency Condition.

SECTION 4.04. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture or the Covenant Defeasance Option or Legal Defeasance Option with respect to the Consumer Rate Relief Bonds, all moneys then held by any Paying Agent other than the Indenture Trustee under the provisions of this Indenture shall, upon demand of the Issuer, be paid to the Indenture Trustee to be held and applied according to Section 3.03 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

SECTION 5.01. Events of Default. "Event of Default" wherever used herein, means any one or more of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment of any interest on any Consumer Rate Relief Bond when the same becomes due and payable (whether such failure to pay interest is caused by a shortfall in CRR Charges received or otherwise), and such default shall continue for a period of five (5) Business Days; or

(ii) default in the payment of the then unpaid principal of any Consumer Rate Relief Bond of any Tranche on the Final Maturity Date for such Tranche; or

(iii) default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture (other than defaults specified in clauses (i) or (ii) above), and such default shall continue or not be cured, for a period of thirty (30) days after the earlier of (A) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least twenty-five (25) percent of the Outstanding Amount of the Consumer Rate Relief Bonds, a written notice specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder or (B) the date that the Issuer has actual knowledge of the default; or

(iv) any representation or warranty of the Issuer made in this Indenture or in any certificate or other writing delivered pursuant hereto or in connection herewith 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 misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, within thirty (30) days after the earlier of (A) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least twenty-five (25) percent of the Outstanding Amount of the Consumer Rate Relief 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" hereunder or (B) the date the Issuer has actual knowledge of the default, or

(v) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the CRR Bond Collateral in an involuntary case or proceeding under any applicable 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 the Issuer or for any substantial part of the CRR Bond Collateral, or ordering the winding-up or liquidation of the Issuer's affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days; or

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

(vii) any act or failure to act by the State of West Virginia or any of its agencies (including the Commission), officers or employees which violates or is not in accordance with the State Pledge.

The Issuer shall deliver to a Responsible Officer of the Indenture Trustee and to the Rating Agencies, within five (5) days after a Responsible Officer of the Issuer has knowledge of the occurrence thereof, written notice in the form of an Officer's Certificate of any event (I) which is an Event of Default under clauses (i), (ii), (vi), or (vii) or (II) which with the giving of notice, the lapse of time, or both, would become an Event of Default under clauses (iii), (iv) or (v), including, in each case, the status of such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

SECTION 5.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default (other than an Event of Default under clause (vii) of Section 5.01) should occur and be continuing, then and in every such case the Indenture Trustee or the Holders representing not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds may declare the Consumer Rate Relief Bonds to be immediately due and payable, by a notice in writing to the Issuer (and to the Indenture Trustee if given by Holders), and upon any such declaration the unpaid principal amount of the Consumer Rate Relief Bonds, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter in this Article V provided, the Holders representing not less than a

majority of the Outstanding Amount of the Consumer Rate Relief Bonds, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

(A) all payments of principal of and premium, if any, and interest on all Consumer Rate Relief Bonds due and owing at such time as if such Event of Default had not occurred and was not continuing and all other amounts that would then be due hereunder or upon the Consumer Rate Relief Bonds if the Event of Default giving rise to such acceleration had not occurred; and

(B) all sums paid or advanced by the Indenture Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel; and

(ii) all Events of Default, other than the nonpayment of the principal of the Consumer Rate Relief Bonds that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

SECTION 5.03. Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) If an Event of Default under Section 5.01(i) or (ii) has occurred and is continuing, subject to Section 10.19, the Indenture Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and, subject to the limitations on recourse set forth herein, may enforce the same against the Issuer or other obligor upon the Consumer Rate Relief Bonds and collect in the manner provided by law out of the property of the Issuer or other obligor upon the Consumer Rate Relief Bonds, wherever situated the moneys payable, or the CRR Bond Collateral and the proceeds thereof, the whole amount then due and payable on the Consumer Rate Relief Bonds for principal, premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the respective rate borne by the Consumer Rate Relief Bonds or the applicable Tranche and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel.

(b) If an Event of Default (other than Event of Default under clause (vii) of Section 5.01) occurs and is continuing, the Indenture Trustee shall, as more particularly provided in Section 5.04, proceed to protect and enforce its rights and the rights of the Holders, by such appropriate Proceedings as the Indenture Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other

proper remedy or legal or equitable right vested in the Indenture Trustee by this Indenture and the Series Supplement or by law, including foreclosing or otherwise enforcing the Lien of the CRR Bond Collateral securing the Consumer Rate Relief Bonds or applying to a court of competent jurisdiction for sequestration of revenues arising with respect to the CRR Property.

(c) If an Event of Default under Section 5.01(v) or (vi) has occurred and is continuing, the Indenture Trustee, irrespective of whether the principal of any Consumer Rate Relief Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section 5.03, shall be entitled and empowered, by intervention in any Proceedings related to such Event of Default or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Consumer Rate Relief Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or bad faith) and of the Holders allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders in any election of a trustee in bankruptcy, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Holders and of the Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Holders allowed in any judicial proceeding relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Holders to make payments to the Indenture Trustee, and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Holders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith.

(d) Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Consumer Rate Relief Bonds or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect

of the claim of any Holder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(e) All rights of action and of asserting claims under this Indenture, or under any of the Consumer Rate Relief Bonds, may be enforced by the Indenture Trustee without the possession of any of the Consumer Rate Relief Bonds or the production thereof in any trial or other Proceedings relative thereto, and any such action or proceedings instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Consumer Rate Relief Bonds.

(f) In any Proceedings brought by the Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all the Holders of the Consumer Rate Relief Bonds, and it shall not be necessary to make any Holder a party to any such Proceedings.

SECTION 5.04. Remedies; Priorities.

(a) If an Event of Default (other than an Event of Default under clause (vii) of Section 5.01) shall have occurred and be continuing, the Indenture Trustee may do one or more of the following (subject to Section 5.05):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Consumer Rate Relief Bonds or under this Indenture with respect thereto, whether by declaration of acceleration or otherwise, and, subject to the limitations on recovery set forth herein, enforce any judgment obtained, and collect from the Issuer or any other obligor moneys adjudged due upon the Consumer Rate Relief Bonds;

(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the CRR Bond Collateral;

(iii) exercise any remedies of a secured party under the UCC, the Securitization Law or any other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee and the Holders of the Consumer Rate Relief Bonds;

(iv) at the written direction of the Holders of a majority of the Outstanding Amount of the Consumer Rate Relief Bonds, either sell the CRR Bond Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law or elect that the Issuer maintain possession of all or a portion of the CRR Bond Collateral pursuant to Section 5.05 and continue to apply the CRR Charge Collection as if there had been no declaration of acceleration; and

(v) exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, the Administrator or the Servicer under or in connection with, and pursuant to the terms of, the Sale Agreement, the Administration Agreement or the Servicing Agreement;

provided, however, that the Indenture Trustee may not sell or otherwise liquidate any portion of the CRR Bond Collateral following such an Event of Default, other than an Event of Default described in Section 5.01(i), or (ii), unless (A) the Holders of 100 percent of the Outstanding Amount of the Consumer Rate Relief Bonds consent thereto, (B) the proceeds of such sale or liquidation distributable to the Holders are sufficient to discharge in full all amounts then due and unpaid upon the Consumer Rate Relief Bonds for principal, premium, if any, and interest after taking into account payment of all amounts due prior thereto pursuant to the priorities set forth in Section 8.02(e) or (C) the Indenture Trustee determines that the CRR Bond Collateral will not continue to provide sufficient funds for all payments on the Consumer Rate Relief Bonds as they would have become due if the Consumer Rate Relief Bonds had not been declared due and payable, and the Indenture Trustee obtains the written consent of Holders of 66-2/3 percent of the Outstanding Amount of the Consumer Rate Relief Bonds. In determining such sufficiency or insufficiency with respect to clause (B) and (C), the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the CRR Bond Collateral for such purpose.

(b) If an Event of Default under clause (vii) of Section 5.01 shall have occurred and be continuing, the Indenture Trustee, for the benefit of the Secured Parties, shall be entitled and empowered to the extent permitted by applicable law, to institute or participate in Proceedings necessary to compel performance of or to enforce the State Pledge and to collect any monetary damages incurred by the Holders or the Indenture Trustee as a result of any such Event of Default, and may prosecute any such Proceeding to final judgment or decree. Such remedy shall be the only remedy that the Indenture Trustee may exercise if the only Event of Default that has occurred and is continuing is an Event of Default under Section 5.01(vii).

(c) If the Indenture Trustee collects any money pursuant to this Article V, it shall pay out such money in accordance with the priorities set forth in Section 8.02(e).

SECTION 5.05. Optional Preservation of the CRR Bond Collateral. If the Consumer Rate Relief Bonds have been declared to be due and payable under Section 5.02 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may, but need not, elect to maintain possession of all or a portion of the CRR Bond Collateral. It is the desire of the parties hereto and the Holders that there be at all times sufficient funds for the payment of principal of and premium, if any, and interest on the Consumer Rate Relief Bonds, and the Indenture Trustee shall take such desire into account when determining whether or not to maintain possession of the CRR Bond Collateral. In determining whether to maintain possession of the CRR Bond Collateral or sell or liquidate the same, the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the CRR Bond Collateral for such purpose.

SECTION 5.06. Limitation of Suits. No Holder of any Consumer Rate Relief Bond shall have any right to institute any Proceeding, judicial or otherwise, to avail itself of any remedies provided in the Securitization Law or to avail itself of the right to foreclose on the CRR Bond Collateral or otherwise enforce the Lien and the security interest on the CRR Bond Collateral with respect to this Indenture and the Series Supplement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(i) such Holder previously has given written notice to the Indenture Trustee of a continuing Event of Default;

(ii) the Holders of not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds have made written request to the Indenture Trustee to institute such Proceeding in respect of such Event of Default in its own name as Indenture Trustee hereunder;

(iii) such Holder or Holders have offered to the Indenture Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

(iv) the Indenture Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and

(v) no direction inconsistent with such written request has been given to the Indenture Trustee during such sixty-day period by the Holders of a majority of the Outstanding Amount of the Consumer Rate Relief Bonds;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Holders, each representing less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds, the Indenture Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture.

SECTION 5.07. Unconditional Rights of Holders To Receive Principal, Premium, if any, and Interest. Notwithstanding any other provisions in this Indenture, the Holder of any Consumer Rate Relief Bond shall have the right, which is absolute and unconditional, (a) to receive payment of (i) the interest, if any, on such Consumer Rate Relief Bond on the due dates thereof expressed in such Consumer Rate Relief Bond or in this Indenture or (ii) the unpaid principal, if any, of the Consumer Rate Relief Bonds on the Final Maturity Date therefor and (b) to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

SECTION 5.08. Restoration of Rights and Remedies. If the Indenture Trustee or any Holder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Indenture Trustee or to such Holder, then and in every such case the Issuer, the Indenture Trustee and the Holders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Holders shall continue as though no such Proceeding had been instituted.

SECTION 5.09. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.10. Delay or Omission Not a Waiver. No delay or omission of the Indenture Trustee or any Holder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Indenture Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Holders, as the case may be.

SECTION 5.11. Control by Holders. The Holders of not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds of an affected Tranche or Tranches shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the Consumer Rate Relief Bonds of such Tranche or Tranches or exercising any trust or power conferred on the Indenture Trustee with respect to such Tranche or Tranches; provided, that:

(i) such direction shall not be in conflict with any rule of law or with this Indenture and shall not involve the Indenture Trustee in any personal liability or expense;

(ii) subject to other conditions specified in Section 5.04, any direction to the Indenture Trustee to sell or liquidate any CRR Bond Collateral shall be by the Holders representing not less than 100 percent of the Outstanding Amount of the Consumer Rate Relief Bonds;

(iii) if the conditions set forth in Section 5.05 have been satisfied and the Indenture Trustee elects to retain the CRR Bond Collateral pursuant to Section 5.05, then any direction to the Indenture Trustee by Holders representing less than 100 percent of the Outstanding Amount of the Consumer Rate Relief Bonds to sell or liquidate the CRR Bond Collateral shall be of no force and effect; and

(iv) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction;

provided, however, that, the Indenture Trustee's duties shall be subject to Section 6.01, and the Indenture Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Holders not consenting to such action. Furthermore and without limiting the foregoing, the Indenture Trustee shall not be required to take any action for which it reasonably believes that it will not be indemnified to its satisfaction against any cost, expense or liabilities.

SECTION 5.12. Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Consumer Rate Relief Bonds as provided in Section 5.02, the Holders representing not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds of an affected Tranche, together with the Commission, may waive any past Default or Event of Default and its consequences except a Default (a) in payment of principal of or premium, if any, or interest on any of the Consumer Rate Relief Bonds or (b) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Holder of each Consumer Rate Relief Bond of all Tranches affected. In the case of any such waiver, the Issuer, the Indenture Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

SECTION 5.13. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Consumer Rate Relief Bond by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Indenture Trustee, (b) any suit instituted by any Holder, or group of Holders, in each case holding in the aggregate more than ten (10) percent of the Outstanding Amount of the Consumer Rate Relief Bonds or (c) any suit instituted by any Holder for the enforcement of the payment of (i) interest on any Consumer Rate Relief Bond on or after the due dates expressed in such Consumer Rate Relief Bond and in this Indenture or (ii) the unpaid principal, if any, of any Consumer Rate Relief Bond on or after the Final Maturity Date therefor.

SECTION 5.14. Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law

wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 5.15. Action on Consumer Rate Relief Bonds. The Indenture Trustee's right to seek and recover judgment on the Consumer Rate Relief Bonds or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the Lien of this Indenture nor any rights or remedies of the Indenture Trustee or the Holders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the CRR Bond Collateral or any other assets of the Issuer.

ARTICLE VI

THE INDENTURE TRUSTEE

SECTION 6.01. Duties of Indenture Trustee.

(a) If an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture.

(c) The Indenture Trustee may not be relieved from liability for its own negligent action, its own bad faith, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph (c) does not limit the effect of paragraph (b) of this Section 6.01;

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Indenture Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Indenture Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it hereunder.

(d) Every provision of this Indenture that in any way relates to the Indenture Trustee is subject to paragraphs (a), (b) and (c) of this Section 6.01.

(e) The Indenture Trustee shall not be liable for interest on any money received by it except as the Indenture Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Indenture Trustee need not be segregated from other funds held by the Indenture Trustee except to the extent required by law or the terms of this Indenture, the Sale Agreement, the Servicing Agreement or the Administration Agreement.

(g) No provision of this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayments of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section 6.01 and to the provisions of the TIA.

(i) In the event that the Indenture Trustee is also acting as Paying Agent or CRR Bond Registrar hereunder, the protections of this Article VI shall also be afforded to the Indenture Trustee in its capacity as Paying Agent or CRR Bond Registrar.

(j) Except for the express duties of the Indenture Trustee with respect to the administrative functions set forth in the Basic Documents, the Indenture Trustee shall have no obligation to administer, service or collect CRR Property or to maintain, monitor or otherwise supervise the administration, servicing or collection of the CRR Property.

(k) Under no circumstance shall the Indenture Trustee be liable for any indebtedness of the Issuer, the Servicer or the Seller evidenced by or arising under the Consumer Rate Relief Bonds or the Basic Documents.

(l) Commencing with March 15, 2014, on or before March 15th of each fiscal year ending December 31, so long as the Issuer is required to file Exchange Act reports, the Indenture Trustee shall (i) deliver to the Issuer a report (in form and substance reasonably satisfactory to the Issuer and addressed to the Issuer and signed by an authorized officer of the Indenture Trustee) regarding the Indenture Trustee's assessment of compliance, during the immediately preceding fiscal year ending December 31, with each of the applicable servicing criteria specified on Exhibit C hereto as required under Rules 13a-18 and 15d-18 of the Exchange Act and Item 1122 of Regulation AB and (ii) deliver to the Issuer a report of an Independent registered public accounting firm reasonably acceptable to the Issuer that attests to and reports on, in accordance with Rules 1-02(a)(3) and 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act, the assessment of compliance made by the Indenture Trustee and delivered pursuant to clause (i).

SECTION 6.02. Rights of Indenture Trustee.

(a) The Indenture Trustee may conclusively rely and shall be fully protected in relying on any document believed by it to be genuine and to have been signed or presented by the proper person. The Indenture Trustee need not investigate any fact or matter stated in such document.

(b) Before the Indenture Trustee acts or refrains from acting, it may require and shall be entitled to receive an Officer's Certificate or an Opinion of Counsel of external counsel of the Issuer (at no cost or expense to the Indenture Trustee) that such action is required or permitted hereunder. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(c) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any such agent, attorney, custodian or nominee appointed with due care by it hereunder. The Indenture Trustee shall give prompt written notice to the Rating Agencies of the appointment of any such agent, custodian or nominee to whom it delegates any of its express duties under this Agreement; provided, that the Indenture Trustee shall not be obligated to give such notice (i) if the Issuer or the Holders have directed the Indenture Trustee to appoint such agent, custodian or nominee (in which event the Issuer shall give prompt notice to the Rating Agencies of any such direction) or (ii) of the appointment of any agents, custodians or nominees made at any time that an Event of Default on account of non-payment of principal or interest on the Consumer Rate Relief Bonds or insolvency of the Issuer has occurred and is continuing.

(d) The Indenture 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, however, that the Indenture Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(e) The Indenture Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Consumer Rate Relief Bonds shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Indenture Trustee shall be under no obligation to take any action or exercise any of the rights or powers vested in it by this Indenture or any other Basic Document, or to institute, conduct or defend any litigation hereunder or thereunder or in relation hereto or thereto, at the request, order or direction of any of the Bondholders pursuant to the provisions of this Indenture and the Series Supplement or otherwise, unless it shall have grounds to believe in its discretion that security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby is to its satisfaction assured to it.

SECTION 6.03. Individual Rights of Indenture Trustee. The Indenture Trustee in its individual or any other capacity may become the owner or pledgee of Consumer Rate Relief Bonds and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Indenture Trustee. Any Paying Agent, CRR Bond Registrar, co-registrar or co-paying agent or agent appointed under Section 3.02 may do the same with like rights. However, the Indenture Trustee must comply with Sections 6.11 and 6.12.

SECTION 6.04. Indenture Trustee's Disclaimer. The Indenture Trustee shall not be responsible for and makes no representation (other than as set forth in Section 6.13) as to the validity or adequacy of this Indenture or the Consumer Rate Relief Bonds, it shall not be accountable for the Issuer's use of the proceeds from the Consumer Rate Relief Bonds, and it shall not be responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Consumer Rate Relief Bonds or in the Consumer Rate Relief Bonds other than the Indenture Trustee's certificate of authentication. The Indenture Trustee shall not be responsible for the form, character, genuineness, sufficiency, value or validity of any of the CRR Bond Collateral, or for or in respect of the Consumer Rate Relief Bonds (other than the certificate of authentication for the Consumer Rate Relief Bonds) or the Basic Documents and the Indenture Trustee shall in no event assume or incur any liability, duty or obligation to any Holder, other than as expressly provided in this Indenture. The Indenture Trustee shall not be liable for the default or misconduct of the Issuer, the Seller, or the Servicer under the Basic Documents or otherwise, and the Indenture Trustee shall have no obligation or liability to perform the obligations of such Persons.

SECTION 6.05. Notice of Defaults.

(a) If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Indenture Trustee, the Indenture Trustee shall mail to the Commission, each Rating Agency and each Bondholder notice of the Default within ten (10) Business Days after actual notice of such Default was received by a Responsible Officer of the Indenture Trustee (provided that the Indenture Trustee shall give the Rating Agencies prompt notice of any payment default in respect of the Consumer Rate Relief Bonds). Except in the case of a Default in payment of principal of and premium, if any, or interest on any Consumer Rate Relief Bond, the Indenture Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that prompt notice of the Default is not likely to be material to Holders and the Default is likely to be cured and therefore that withholding the notice is in the interests of Holders. Except for an Event of Default under Sections 5.01(i) or (ii) that occur at a time when the Indenture Trustee is acting as the Paying Agent, and except as provided in the first sentence of this Section 6.05, in no event shall the Indenture Trustee be deemed to have knowledge of a Default.

(b) If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Indenture Trustee, the Indenture Trustee shall promptly, but no more frequently than monthly, mail to the Commission notice of any legal fees or other expenses incurred by the Indenture Trustee in defending or prosecuting any actual or threatened litigation, including any administrative proceeding, in respect of the Consumer Rate Relief Bonds or the CRR Bond Collateral.

SECTION 6.06. Reports by Indenture Trustee to Holders.

(a) So long as Consumer Rate Relief Bonds are Outstanding and the Indenture Trustee is the CRR Bond Registrar and Paying Agent, upon the written request of any Holder or the Issuer, within the prescribed period of time for tax reporting purposes after the end of each calendar year, it shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its federal income and any applicable local or state tax returns. If the CRR Bond Registrar and Paying Agent is other than the Indenture Trustee, such CRR Bond Registrar and Paying Agent, within the prescribed period of time for tax reporting purposes after the end of each calendar year, shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its federal income and any applicable local or state tax returns.

(b) On or prior to each Payment Date or Special Payment Date therefor, the Indenture Trustee will deliver to each Holder of the Consumer Rate Relief Bonds on such Payment Date or Special Payment Date a statement as provided and prepared by the Servicer which will include (to the extent applicable) the following information (and 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:

(i) the amount of the payment to Holders allocable to principal, if any;

(ii) the amount of the payment to Holders allocable to interest;

(iii) the aggregate Outstanding Amount of the Consumer Rate Relief Bonds, before and after giving effect to any payments allocated to principal reported under clause (i) above;

(iv) the difference, if any, between the amount specified in clause (iii) above and the Outstanding Amount specified in the related Expected Amortization Schedule;

(v) 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 Servicer; and

(vi) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

(c) The Issuer shall send a copy of each of the Certificate of Compliance delivered to it pursuant to Section 3.03 of the Servicing Agreement and the Annual Accountant's Report delivered to it pursuant to Section 3.04 of the Servicing Agreement to the Rating Agencies and to the Servicer for posting on its website in accordance with Rule 17g-5 of the SEC. A copy of such certificate and report may be obtained by any Holder by a request in writing to the Indenture Trustee.

(d) The Indenture Trustee may consult with counsel, and the advice or opinion of such counsel with respect to legal matters relating to this Indenture and the Consumer Rate

Relief Bonds shall be full and complete authorization and protection from liability with respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

SECTION 6.07. Compensation and Indemnity. The Issuer shall pay to the Indenture Trustee from time to time reasonable compensation for its services. The Indenture Trustee's compensation shall not, to the extent permitted by law, be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Indenture Trustee for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Indenture Trustee's agents, counsel, accountants and experts. The Issuer shall indemnify and hold harmless the Indenture Trustee and its officers, directors, employees and agents against any and all cost, damage, loss, liability, tax or expense (including reasonable attorney's fees and expenses) incurred by it in connection with the administration and the enforcement of this Indenture, the Series Supplement and the Basic Documents and the Indenture Trustee's rights, powers and obligations under this Indenture, the Series Supplement and the Basic Documents and the performance of its duties hereunder and obligations under or pursuant to this Indenture, the Series Supplement and the Basic Documents. The Indenture Trustee shall notify the Issuer as soon as is reasonably practicable of any claim for which it may seek indemnity. Failure by the Indenture Trustee to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer shall defend the claim and the Indenture Trustee may have separate counsel and the Issuer shall pay the reasonable fees and expenses of such counsel. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Indenture Trustee through the Indenture Trustee's own willful misconduct, negligence or bad faith. The rights of the Indenture Trustee set forth in this Section 6.07 are subject to and limited by the priority of payments set forth in Section 8.02(e).

The payment obligations to the Indenture Trustee pursuant to this Section 6.07 shall survive the discharge of this Indenture and the Series Supplement or the earlier resignation or removal of the Indenture Trustee. When the Indenture Trustee incurs expenses after the occurrence of a Default specified in Section 5.01(v) or (vi) with respect to the Issuer, the expenses are intended to constitute expenses of administration under the Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or similar law.

SECTION 6.08. Replacement of Indenture Trustee and Securities Intermediary.

(a) The Indenture Trustee may resign at any time upon thirty (30) days' prior written notice to the Issuer subject to clause (c) below. The Holders of a majority of the Outstanding Amount of the Consumer Rate Relief Bonds may remove the Indenture Trustee by so notifying the Indenture Trustee and may appoint a successor Indenture Trustee. The Issuer shall remove the Indenture Trustee if:

(i) the Indenture Trustee fails to comply with Section 6.11;

(ii) the Indenture Trustee is adjudged a bankrupt or insolvent;

(iii) a receiver or other public officer takes charge of the Indenture Trustee or its property;

(iv) the Indenture Trustee otherwise becomes incapable of acting; or

(v) the Indenture Trustee fails to provide to the Issuer any information reasonably requested by the Issuer pertaining to the Indenture Trustee and necessary for the Issuer or the Sponsor to comply with its reporting obligations under the Exchange Act and Regulation AB and such failure is not resolved to the Issuer's and the Indenture Trustee's mutual satisfaction within a reasonable period of time.

Any removal or resignation of the Indenture Trustee shall also constitute a removal or resignation of the Securities Intermediary.

(b) If the Indenture Trustee gives notice of resignation or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (the Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee), the Issuer shall promptly appoint a successor Indenture Trustee and Securities Intermediary.

(c) A successor Indenture Trustee shall deliver a written acceptance of its appointment as the Indenture Trustee and as the Securities Intermediary to the retiring Indenture Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the Indenture Trustee and Securities Intermediary, as applicable, under this Indenture and the other Basic Documents. No resignation or removal of the Indenture Trustee pursuant to this Section 6.08 shall become effective until acceptance of the appointment by a successor Indenture Trustee having the qualifications set forth in Section 6.11. Notice of any such appointment shall be promptly given to each Rating Agency by the successor Indenture Trustee. The successor Indenture Trustee shall mail a notice of its succession to Holders. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee.

(d) If a successor Indenture Trustee does not take office within sixty (60) days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Issuer or the Holders of a majority in Outstanding Amount of the Consumer Rate Relief Bonds may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee fails to comply with Section 6.11, any Holder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(f) Notwithstanding the replacement of the Indenture Trustee pursuant to this Section 6.08, the Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Indenture Trustee.

SECTION 6.09. Successor Indenture Trustee by Merger. If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust

business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Indenture Trustee; provided, however, that if such successor Indenture Trustee is not eligible under Section 6.11, then the successor Indenture Trustee shall be replaced in accordance with Section 6.08. Notice of any such event shall be promptly given to each Rating Agency by the successor Indenture Trustee.

In case at the time such successor or successors by merger, conversion, consolidation or transfer shall succeed to the trusts created by this Indenture any of the Consumer Rate Relief Bonds shall have been authenticated but not delivered, any such successor to the Indenture Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver the Consumer Rate Relief Bonds so authenticated; and in case at that time any of the Consumer Rate Relief Bonds shall not have been authenticated, any successor to the Indenture Trustee may authenticate the Consumer Rate Relief Bonds either in the name of any predecessor hereunder or in the name of the successor to the Indenture Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Consumer Rate Relief Bonds or in this Indenture provided that the certificate of the Indenture Trustee shall have.

SECTION 6.10. Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the trust created by this Indenture or the CRR Bond Collateral may at the time be located, the Indenture Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the trust created by this Indenture or the CRR Bond Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Secured Parties, such title to the CRR Bond Collateral, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Holders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08. Notice of any such appointment shall be promptly given to each Rating Agency and the Commission by the Indenture Trustee.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the CRR Bond Collateral or any portion thereof in any such jurisdiction) shall be exercised and

performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

SECTION 6.11. Eligibility; Disqualification. The Indenture Trustee shall at all times satisfy the requirements of TIA § 310(a)(1) and § 310(a)(5) and Section 26(a)(1) of the Investment Company Act. The Indenture Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and it shall have a long term debt rating of "Baa3" or better by Moody's "BBB-" or better by Standard & Poor's and, if Fitch provides a rating thereon, "BBB-" or better by Fitch. The Indenture Trustee shall comply with TIA § 310(b), including the optional provision permitted by the second sentence of TIA § 310(b)(9); provided, however, that there shall be excluded from the operation of TIA § 310(b)(1) any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in TIA § 310(b)(1) are met.

SECTION 6.12. Preferential Collection of Claims Against Issuer. The Indenture Trustee shall comply with TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). An Indenture Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated therein.

SECTION 6.13. Representations and Warranties of Indenture Trustee. The Indenture Trustee hereby represents and warrants that:

(a) the Indenture Trustee is a national banking association validly existing and in good standing under the laws of the United States; and

(b) the Indenture Trustee has full power, authority and legal right to execute, deliver and perform this Indenture and the Basic Documents to which the Indenture Trustee is a party and has taken all necessary action to authorize the execution, delivery, and performance by it of this Indenture and such Basic Documents.

SECTION 6.14. Annual Report by Independent Registered Public Accountants. The Indenture Trustee hereby covenants that it will cooperate fully with the firm of Independent registered public accountants performing the procedures required under Section 3.04 of the Servicing Agreement; it being understood and agreed that the Indenture Trustee will so cooperate in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

SECTION 6.15. Custody of CRR Bond Collateral. The Indenture Trustee shall hold such of the CRR Bond Collateral (and any other collateral that may be granted to the Indenture Trustee) as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of New York. The Indenture Trustee shall hold such of the CRR Bond Collateral as constitute investment property through the Securities Intermediary (which, as of the date hereof, is U.S. Bank National Association). The initial Securities Intermediary, hereby agrees (and each future Securities Intermediary shall agree) with the Indenture Trustee that (a) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (b) the Securities Intermediary shall treat the Indenture Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (c) all property credited to such securities account shall be treated as a financial asset, (d) the Securities Intermediary shall comply with entitlement orders originated by the Indenture Trustee without the further consent of any other person or entity, (e) the Securities Intermediary will not agree with any person other than the Indenture Trustee to comply with entitlement orders originated by such other person, (f) such securities accounts and the property credited thereto shall not be subject to any Lien or right of set-off in favor of the Securities Intermediary or anyone claiming through it (other than the Indenture Trustee), and (g) such agreement shall be governed by the internal laws of the State of New York. Terms used in the preceding sentence that are defined in the UCC and not otherwise defined herein shall have the meaning set forth in the UCC. Except as permitted by this Section 6.15, or elsewhere in this Indenture, the Indenture Trustee shall not hold CRR Bond Collateral through an agent or a nominee.

ARTICLE VII

HOLDERS' LISTS AND REPORTS

SECTION 7.01. Issuer To Furnish Indenture Trustee Names and Addresses of Holders. The Issuer will furnish or cause to be furnished to the Indenture Trustee (a) not more than five (5) days after the earlier of (i) each Record Date and (ii) six (6) months after the last Record Date, a list, in such form as the Indenture Trustee may reasonably require, of the names

and addresses of the Holders as of such Record Date, (b) at such other times as the Indenture Trustee may request in writing, within thirty (30) days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than ten (10) days prior to the time such list is furnished; provided, however, that so long as the Indenture Trustee is the CRR Bond Registrar, no such list shall be required to be furnished.

SECTION 7.02. Preservation of Information; Communications to Holders.

(a) The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Indenture Trustee as provided in Section 7.01 and the names and addresses of Holders received by the Indenture Trustee in its capacity as CRR Bond Registrar. The Indenture Trustee may destroy any list furnished to it as provided in such Section 7.01 upon receipt of a new list so furnished.

(b) Holders may communicate pursuant to TIA § 312(b) with other Holders with respect to their rights under this Indenture or under the Consumer Rate Relief Bonds. In addition, upon the written request of any Holder or group of Holders of Outstanding Consumer Rate Relief Bonds evidencing not less than 10 percent of the Outstanding Amount of the Consumer Rate Relief Bonds, the Indenture Trustee shall afford the Holder or Holders making such request a copy of a current list of Holders for purposes of communicating with other Holders with respect to their rights hereunder.

(c) The Issuer, the Indenture Trustee and the CRR Bond Registrar shall have the protection of TIA § 312(c).

SECTION 7.03. Reports by Issuer.

(a) The Issuer shall:

(i) so long as the Issuer or the Sponsor is required to file such documents with the SEC, provide to the Indenture Trustee, within fifteen (15) days after the Issuer is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which the Issuer or the Sponsor may be required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act;

(ii) provide to the Indenture Trustee and file with the SEC, in accordance with rules and regulations prescribed from time to time by the SEC such additional information, documents and reports with respect to compliance by the Issuer with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(iii) supply to the Indenture Trustee (and the Indenture Trustee shall transmit by mail to all Holders described in TIA § 313(c)), such summaries of any information, documents and reports required to be filed by the Issuer pursuant to clauses (i) and (ii) of

this Section 7.03(a) as may be required by rules and regulations prescribed from time to time by the SEC.

(b) Unless the Issuer otherwise determines, the fiscal year of the Issuer shall end on December 31 of each year.

SECTION 7.04. Reports by Indenture Trustee. If required by TIA § 313(a), within sixty (60) days after March 30 of each year, commencing with March 30, 2014, the Indenture Trustee shall mail to each Bondholder as required by TIA § 313(c) a brief report dated as of such date that complies with TIA § 313(a). The Indenture Trustee also shall comply with TIA § 313(b); provided, however, that the initial report so issued shall be delivered not more than twelve (12) months after the initial issuance of the Consumer Rate Relief Bonds.

A copy of each report at the time of its mailing to Holders shall be filed by the Servicer with the SEC and each stock exchange, if any, on which the Consumer Rate Relief Bonds are listed. The Issuer shall notify the Indenture Trustee in writing if and when the Consumer Rate Relief Bonds are listed on any stock exchange.

ARTICLE VIII

ACCOUNTS, DISBURSEMENTS AND RELEASES

SECTION 8.01. Collection of Money. Except as otherwise expressly provided herein, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture and the other Basic Documents. The Indenture Trustee shall apply all such money received by it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the CRR Bond Collateral, the Indenture Trustee may take such action as may be appropriate to enforce such payment or performance, subject to Article VI, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

SECTION 8.02. Collection Account.

(a) Prior to the Closing Date, the Issuer shall open or cause to be opened with the Securities Intermediary located at the Indenture Trustee's office located at the Corporate Trust Office, or at another Eligible Institution, one or more segregated trust accounts in the Indenture Trustee's name for the deposit of CRR Charge Collections and all other amounts received with respect to the CRR Bond Collateral (the "Collection Account"). The Collection Account will consist of three subaccounts: a general subaccount (the "General Subaccount"), an excess funds subaccount (the "Excess Funds Subaccount") and a capital subaccount (the "Capital Subaccount" and, together with the General Subaccount and the Excess Funds Subaccount, the "Subaccounts"). For administrative purposes, the Subaccounts may be established by the Securities Intermediary as separate accounts. Such separate accounts will be recognized

individually as a Subaccount and collectively as the "Collection Account." Prior to or concurrently with the issuance of Consumer Rate Relief Bonds, the Member shall deposit into the Capital Subaccount an amount equal to the Required Capital Level. All amounts in the Collection Account not allocated to any other subaccount shall be allocated to the General Subaccount. Prior to the initial Payment Date, all amounts in the Collection Account (other than funds deposited into the Capital Subaccount, up to the Required Capital Level) shall be allocated to the General Subaccount. All references to the Collection Account shall be deemed to include reference to all subaccounts contained therein. Withdrawals from and deposits to each of the foregoing subaccounts of the Collection Account shall be made as set forth in Section 8.02(d) and (e). The Collection Account shall at all times be maintained in an Eligible Account, will be under the sole dominion and exclusive control of the Indenture Trustee, through the Securities Intermediary, and only the Indenture Trustee shall have access to the Collection Account for the purpose of making deposits in and withdrawals from the Collection Account in accordance with this Indenture. Funds in the Collection Account shall not be commingled with any other moneys. All moneys deposited from time to time in the Collection Account, all deposits therein pursuant to this Indenture, and all investments made in Eligible Investments as directed in writing by the Issuer with such moneys, including all income or other gain from such investments, shall be held by the Securities Intermediary in the Collection Account as part of the CRR Bond Collateral as herein provided. The Securities Intermediary shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Servicer to provide timely written investment direction.

(b) The Securities Intermediary hereby confirms that (i) the Collection Account is, or at inception will be established as, a "securities account" as such term is defined in Section 8-501(a) of the UCC, (ii) it is a "securities intermediary" (as such term is defined in Section 8-102(a) (14) of the UCC) and is acting in such capacity with respect to such accounts, and (iii) the Indenture Trustee for the benefit of the Secured Parties is the sole "entitlement holder" (as such term is defined in Section 8-102(a)(7) of the UCC) with respect to such accounts and no other Person shall have the right to give "entitlement orders" (as such term is defined in Section 8-102(a)(8)) with respect to such accounts. The Securities Intermediary hereby further agrees that each item of property (whether investment property, financial asset, security, instrument or cash) received by it will be credited to the Collection Account and shall be treated by it as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC. Notwithstanding anything to the contrary, New York State shall be deemed to be the jurisdiction of the Securities Intermediary for purposes of Section 8-110 of the UCC, and the Collection Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

(c) The Indenture Trustee shall have sole dominion and exclusive control over all moneys in the Collection Account through the Securities Intermediary and shall apply such amounts therein as provided in this Section 8.02.

(d) CRR Charge Collections shall be deposited in the General Subaccount as provided in Section 6.11 of the Servicing Agreement. All deposits to and withdrawals from the Collection Account, all allocations to the subaccounts of the Collection Account and any amounts to be paid to the Servicer under Section 8.02(c) shall be made by the Indenture Trustee

in accordance with the written instructions provided by the Servicer in the Monthly Servicer's Certificate or the Servicer's Certificate.

(e) On each Payment Date, the Indenture Trustee shall apply all amounts on deposit in the Collection Account, including all Investment Earnings thereon, to pay the following amounts, in accordance with the Servicer's Certificate, in the following priority:

(i) all amounts owed by the Issuer to the Indenture Trustee (including indemnities and legal fees and expenses) shall be paid to the Indenture Trustee (subject to Section 6.07) in an amount not to exceed annually the amount set forth in the Series Supplement;

(ii) the Servicing Fee with respect to such Payment Date and all unpaid Servicing Fees for prior Payment Dates shall be paid to the Servicer;

(iii) the Administration Fee for such Payment Date shall be paid to the Administrator and the Independent Manager Fee for such Payment Date shall be paid to the Independent Managers, and in each case with any unpaid Administration Fees or Independent Manager Fees from prior Payment Dates;

(iv) all other ordinary and periodic Operating Expenses for such Payment Date not described above shall be paid to the parties to which such Operating Expenses are owed;

(v) Periodic Interest for such Payment Date, including any overdue Periodic Interest (together with, to the extent lawful, interest on such overdue Periodic Interest at the applicable Bond Interest Rate), with respect to the Consumer Rate Relief Bonds shall be paid to the Holders of Consumer Rate Relief Bonds;

(vi) principal due and payable on the Consumer Rate Relief Bonds as a result of an Event of Default or on the Final Maturity Date of the Consumer Rate Relief Bonds shall be paid to the Holders of Consumer Rate Relief Bonds;

(vii) Periodic Principal for such Payment Date, including any previously unpaid Periodic Principal, with respect to the Consumer Rate Relief Bonds shall be paid to the Holders of Consumer Rate Relief Bonds, pro rata;

(viii) any other unpaid Operating Expenses, fees, expenses and indemnity amounts owed to the Indenture Trustee including any amounts owing to the Indenture Trustee but unpaid due to the limitation in clause (i) above;

(ix) the amount, if any, by which the Required Capital Level exceeds the amount in the Capital Subaccount as of such Payment Date shall be allocated to the Capital Subaccount;

(x) the Permitted Return then due and payable shall be paid to APCo;

(xi) the balance, if any, shall be allocated to the Excess Funds Subaccount; and

(xii) after principal of and premium, if any, and interest on all the Consumer Rate Relief Bonds, and all of the other foregoing amounts, have been paid in full, including, without limitation, amounts due and payable to the Indenture Trustee under Section 6.07 or otherwise, the balance (including all amounts then held in the Capital Subaccount and the Excess Funds Subaccount), if any, shall be paid to the Issuer, free from the Lien of this Indenture and the Series Supplement.

All payments to the Holders of the Consumer Rate Relief Bonds pursuant to clauses (v), (vi) and (vii) above shall be made to such Holders pro rata based on the respective amounts of interest and/or principal owed, unless, in the case of Consumer Rate Relief Bonds comprised of two or more Tranches, the Series Supplement provides otherwise. Payments in respect of principal of and premium, if any, and interest on any Tranche of Consumer Rate Relief Bonds will be made on a pro rata basis among all the Holders of such Tranche. In the case of an Event of Default, then, in accordance with Section 5.04(c), moneys will be applied pursuant to clauses (v) and (vi), in such order, on a pro rata basis, based upon the interest or the principal owed.

The amounts paid during any calendar year pursuant to clauses (i) and (iv) may not exceed the amounts, if any, set forth in the Series Supplement.

(f) If on any Payment Date, or for any amounts payable under clauses (i) through (iv) above, on any Business Day, funds on deposit in the General Subaccount are insufficient to make the payments contemplated by clauses (i) through (viii) of Section 8.02(e) above, the Indenture Trustee shall (i) first, draw from amounts on deposit in the Excess Funds Subaccount and (ii) second, draw from amounts on deposit in the Capital Subaccount, in each case, up to the amount of such shortfall in order to make the payments contemplated by clauses (i) through (viii) of Section 8.02(e). In addition, if on any Payment Date funds on deposit in the General Subaccount are insufficient to make the allocations contemplated by clause (ix) of Section 8.02(e) above, the Indenture Trustee shall draw from amounts on deposit in the Excess Funds Subaccount to make such allocations.

(g) On any Business Day upon which the Indenture Trustee receives a written request from the Administrator stating that any Operating Expense payable by the Issuer (but only as described in clauses (i) through (iv) above) will become due and payable prior to the next succeeding Payment Date, and setting forth the amount and nature of such Operating Expense, as well as any supporting documentation that the Indenture Trustee may reasonably request, the Indenture Trustee upon receipt of such information, will make payment of such Operating Expenses on or before the date such payment is due from amounts on deposit in the General Subaccount, the Excess Funds Subaccount and the Capital Subaccount, in that order and only to the extent required to make such payment.

SECTION 8.03. General Provisions Regarding the Collection Account.

(a) So long as no Default or Event of Default shall have occurred and be continuing, all or a portion of the funds in the Collection Account shall be invested in Eligible Investments and reinvested by the Indenture Trustee upon Issuer Order; provided, however, that (i) such Eligible Investments shall not mature or be redeemed later than the Business Day prior to the next Payment Date or Special Payment Date, if applicable, for the Consumer Rate Relief

Bonds and (ii) such Eligible Investments shall not be sold, liquidated or otherwise disposed of at a loss prior to the maturity or the date of redemption thereof. All income or other gain from investments of moneys deposited in the Collection Account shall be deposited by the Indenture Trustee in such Collection Account, and any loss resulting from such investments shall be charged to such Collection Account. The Issuer will not direct the Indenture Trustee to make any investment of any funds or to sell any investment held in the Collection Account unless the security interest Granted and perfected in such account will continue to be perfected in such investment or the proceeds of such sale, in either case without any further action by any Person, and, in connection with any direction to the Indenture Trustee to make any such investment or sale, if requested by the Indenture Trustee, the Issuer shall deliver to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) to such effect. In no event shall the Indenture Trustee be liable for the selection of Eligible Investments or for investment losses incurred thereon. The Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Servicer to provide timely written investment direction. The Indenture Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction pursuant to an Issuer Order.

(b) Subject to Section 6.01(c), the Indenture Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account resulting from any loss on any Eligible Investment included therein except for losses attributable to the Indenture Trustee's failure to make payments on such Eligible Investments issued by the Indenture Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(c) If (i) the Issuer shall have failed to give written investment directions for any funds on deposit in the Collection Account to the Indenture Trustee by 11:00 a.m. Eastern Time (or such other time as may be agreed by the Issuer and Indenture Trustee) on any Business Day; or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the Consumer Rate Relief Bonds but the Consumer Rate Relief Bonds shall not have been declared due and payable pursuant to Section 5.02, then the Indenture Trustee shall, to the fullest extent practicable, invest and reinvest funds in such Collection Account in the money market fund (described under clause (d) of the definition of "Eligible Investments") specified in the most recent written investment directions delivered by the Issuer to the Indenture Trustee with respect to such type of Eligible Investments; provided that if the Issuer has never delivered written investment directions to the Indenture Trustee, the Indenture Trustee shall not invest or reinvest such funds in any investments.

(d) The parties hereto acknowledge that the Servicer may, pursuant to the Servicing Agreement, select Eligible Investments on behalf of the Issuer.

(e) Except as otherwise provided hereunder or agreed in writing among the parties hereto, the Issuer shall retain the authority to institute, participate and join in any plan of reorganization, readjustment, merger or consolidation with respect to the issuer of any Eligible Investments held hereunder, and, in general, to exercise each and every other power or right with respect to each such asset or investment as individuals generally have and enjoy with respect to their own assets and investment, including power to vote upon any Eligible Investments.

(f) The Indenture Trustee is authorized to deposit uninvested funds in non-interest bearing, unsecured demand deposit accounts at affiliated banks, purchase and sell investment securities through or from affiliated banks and broker-dealers, invest funds in registered investment companies that receive investment management and custodial services from the trustee or its affiliates, and receive and hold letters of credit issued by affiliated banks as security for the Consumer Rate Relief Bonds.

SECTION 8.04. Release of CRR Bond Collateral.

(a) So long as the Issuer is not in default hereunder and no Default hereunder would occur as a result of such action, the Issuer, through the Servicer, may collect, sell or otherwise dispose of written-off receivables, at any time and from time to time in the ordinary course of business, without any notice to, or release or consent by, the Indenture Trustee, but only as and to the extent permitted by the Basic Documents; provided, however, that any and all proceeds of such dispositions shall become CRR Bond Collateral and be deposited to the General Subaccount immediately upon receipt thereof by the Issuer or any other Person, including the Servicer. Without limiting the foregoing, the Servicer, may, at any time and from time to time without any notice to, or release or consent by, the Indenture Trustee, sell or otherwise dispose of any CRR Bond Collateral previously written-off as a defaulted or uncollectible account in accordance with the terms of the Servicing Agreement and the requirements of the proviso in the immediately preceding sentence.

(b) The Indenture Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the Lien of this Indenture, or convey the Indenture Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article VIII shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys. The Indenture Trustee shall release property from the Lien of this Indenture pursuant to this Section 8.04(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) and (if required by the TIA) Independent Certificates in accordance with TIA §§ 314(c) and 314(d)(1) meeting the applicable requirements of Section 10.01.

(c) The Indenture Trustee shall, at such time as there are no Consumer Rate Relief Bonds Outstanding and all sums payable to the Indenture Trustee pursuant to Section 6.07 or otherwise have been paid, release any remaining portion of the CRR Bond Collateral that secured the Consumer Rate Relief Bonds from the Lien of this Indenture, release to the Issuer or any other Person entitled thereto any funds or investments then on deposit in or credit to the Collection Account.

SECTION 8.05. Opinion of Counsel. The Indenture Trustee shall receive at least seven (7) days' notice when requested by the Issuer to take any action pursuant to Section 8.04, accompanied by copies of any instruments involved, and the Indenture Trustee shall also require, as a condition to such action, an Opinion of Counsel of external counsel of the Issuer, in form and substance satisfactory to the Indenture Trustee, stating the legal effect of any such action,

outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Consumer Rate Relief Bonds or the rights of the Holders in contravention of the provisions of this Indenture and the Series Supplement; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the CRR Bond Collateral. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

SECTION 8.06. Reports by Independent Registered Public Accountants. As of the Closing Date, the Issuer shall appoint a firm of Independent registered public accountants of recognized national reputation for purposes of preparing and delivering the reports or certificates of such accountants required by this Indenture and the Series Supplement. In the event such firm requires the Indenture Trustee to agree 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 in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. Upon any resignation by, or termination by the Issuer of, such firm the Issuer shall provide written notice thereof to the Indenture Trustee and shall promptly appoint a successor thereto that shall also be a firm of Independent registered public accountants of recognized national reputation. If the Issuer shall fail to appoint a successor to a firm of Independent registered public accountants that has resigned or been terminated within fifteen (15) days after such resignation or termination, the Indenture Trustee shall promptly notify the Issuer of such failure in writing. If the Issuer shall not have appointed a successor within ten (10) days thereafter the Indenture Trustee shall promptly appoint a successor firm of Independent registered public accountants of recognized national reputation; provided that the Indenture Trustee shall have no liability with respect to such appointment. The fees of such Independent registered public accountants and its successor shall be payable by the Issuer.

ARTICLE IX

Supplemental Indentures

SECTION 9.01. Supplemental Indentures Without Consent of Holders.

(a) Without the consent of the Holders of any Consumer Rate Relief Bonds but with prior notice to the Rating Agencies, the Issuer and the Indenture Trustee, when authorized by an Issuer Order and, if the contemplated amendment may in the judgment of the Commission increase Ongoing Financing Costs, with the consent of the Commission pursuant to Section 9.03 (which consent shall not be required with regard to the Series Supplement), at any time and from time to time, may enter into one or more indentures supplemental hereto (which shall conform to the provisions of the TIA as in force at the date of the execution thereof), in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property, including, without limitation, the CRR Bond Collateral, at any time subject to the Lien of this Indenture, or

better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the Lien of this Indenture and the Series Supplement, or to subject to the Lien of this Indenture and the Series Supplement additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Consumer Rate Relief Bonds;

(iii) to add to the covenants of the Issuer, for the benefit of the Secured Parties, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture, including the Series Supplement, which may be inconsistent with any other provision herein or in any supplemental indenture, including the Series Supplement, or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided that (i) such action shall not, as evidenced by an Opinion of Counsel of external counsel of the Issuer, adversely affect in any material respect the interests of the Holders of the Consumer Rate Relief Bonds and (ii) the Rating Agency Condition shall have been satisfied with respect thereto;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Consumer Rate Relief Bonds and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI;

(vii) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the TIA or under any similar or successor federal statute hereafter enacted and to add to this Indenture such other provisions as may be expressly required by the TIA;

(viii) to evidence the final terms of the Consumer Rate Relief Bonds in the Series Supplement;

(ix) to qualify the Consumer Rate Relief Bonds for registration with a Clearing Agency; or

(x) to satisfy any Rating Agency requirements.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Indenture Trustee, when authorized by an Issuer Order, may, also without the consent of any of the Holders of the Consumer Rate Relief Bonds, with the consent of the Commission pursuant to Section 9.03, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Consumer Rate Relief Bonds under this Indenture; provided, however, that (i) such action shall not, as evidenced by an Opinion of Counsel of nationally recognized counsel of the Issuer experienced in structured finance transactions, adversely affect in any material respect the interests of the Holders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto.

SECTION 9.02. Supplemental Indentures with Consent of Holders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order, also may, with the consent of the Commission pursuant to Section 9.03, with prior notice to the Rating Agencies and with the consent of the Holders of not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds of each Tranche to be affected, by Act of such Holders delivered to the Issuer and the Indenture Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Consumer Rate Relief Bonds under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Consumer Rate Relief Bond of each Tranche affected thereby:

(i) change the date of payment of any installment of principal of or premium, if any, or interest on any Consumer Rate Relief Bond of such Tranche, or reduce the principal amount thereof, the interest rate thereon or premium, if any, with respect thereto, change the provisions of this 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 Consumer Rate Relief Bonds, or change any place of payment where, or the coin or currency in which, any Consumer Rate Relief Bond or the interest thereon is payable;

(ii) reduce the percentage of the Outstanding Amount of the Consumer Rate Relief Bonds or of a Tranche thereof, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iii) reduce the percentage of the Outstanding Amount of the Consumer Rate Relief Bonds or Tranche thereof required to direct the Indenture Trustee to direct the Issuer to sell or liquidate the CRR Bond Collateral pursuant to Section 5.04;

(iv) modify any provision of this Section 9.02 or any provision of the other Basic Documents similarly specifying the rights of the Holders to consent to modification thereof, except to increase any percentage specified herein or to provide that those provisions of this Indenture or the other Basic Documents referenced in this Section 9.02

cannot be modified or waived without the consent of the Holder of each Outstanding Consumer Rate Relief Bond affected thereby;

(v) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest, principal or premium, if any, due on any Consumer Rate Relief Bond on any Payment Date (including the calculation of any of the individual components of such calculation) or change the Expected Amortization Schedule or Final Maturity Date of any Tranche of Consumer Rate Relief Bonds;

(vi) decrease the Required Capital Level;

(vii) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture with respect to any part of the CRR Bond Collateral or, except as otherwise permitted or contemplated herein, terminate the Lien of this Indenture on any property at any time subject hereto or deprive the Holder of any Consumer Rate Relief Bond of the security provided by the Lien of this Indenture; or

(viii) cause any material adverse federal income tax consequence to the Seller, the Issuer, the Managers, the Indenture Trustee or the then existing Holders; or

(ix) impair the right to institute suit for the enforcement of the provisions of this Indenture regarding payment or application of funds.

It shall not be necessary for any Act of Holders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Issuer and the Indenture Trustee of any supplemental indenture pursuant to this Section 9.02, the Issuer shall mail to the Rating Agencies a copy of such supplemental indenture and to the Holders of the Consumer Rate Relief Bonds to which such supplemental indenture relates either a copy of such supplemental indenture or a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.03. Commission Condition. Notwithstanding anything to the contrary in Section 9.01 or 9.02, no supplemental indenture (other than the Series Supplement) that would result in an increase to Ongoing Financing Costs shall be effective unless the process set forth in this Section 9.03 has been followed.

(a) At least thirty-one (31) days prior to the effectiveness of any such supplemental indenture and after obtaining the other necessary approvals set forth in Section 9.01 or 9.02, as applicable, except for the consent of the Indenture Trustee and the Holders if the consent of the Holders is required or sought by the Indenture Trustee in connection with such supplemental indenture, the Issuer shall have delivered to the Commission's executive secretary and general counsel written notification of any proposed supplemental indenture, which notification shall contain:

(i) a reference to Case No. 12-1188-E-PC;

(ii) an Officer's Certificate stating that the proposed supplemental indenture has been approved by all parties to this Indenture; and

(iii) a statement identifying the person to whom the Commission or its authorized representative is to address any response to the proposed supplemental indenture or to request additional time.

(b) The Commission or its authorized representative shall, within thirty (30) days of receiving the notification complying with Section 9.03(a) above, either:

(i) provide notice of its determination that the proposed supplemental indenture 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 9.03(a)(iii) above, or

(iii) be conclusively deemed to have consented to the proposed supplemental indenture,

unless, within thirty (30) days of receiving the notification complying with Section 9.03(a) above, the Commission or its authorized representative delivers to the office of the person specified in Section 9.03(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 supplemental indenture. 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 supplemental indenture will not under any circumstances increase Ongoing Financing Costs to the person specified in Section 9.03(a)(iii) above no later than the last day of such extension of time or be conclusively deemed to have consented to the proposed supplemental indenture on the last day of such extension of time. Any supplemental indenture requiring the consent of the Commission shall become effective on the later of (i) the date proposed by the parties to such supplemental indenture and (ii) the first day after the expiration of the thirty day period provided for in this Section 9.03(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 Issuer under Section 9.03(a) above, the Issuer shall have the right at any time to withdraw from the Commission further consideration of any notification of a proposed supplemental indenture. Such withdrawal shall be evidenced by the prompt written notice thereof by the Issuer to the Commission, the Indenture Trustee and the Servicer.

(d) For the purpose of this Section 9.03, an "authorized representative" of the Commission means any person authorized to act on behalf of the Commission.

SECTION 9.04. Execution of Supplemental Indentures. In executing any supplemental indenture permitted by this Article IX or the modifications thereby of the trust created by this Indenture, the Indenture Trustee shall be fully protected in relying upon an Opinion of Counsel stating that the execution of such supplemental indenture is authorized and permitted by this Indenture and all conditions precedent, if any, provided for in this Indenture relating to such supplemental indenture or modification have been satisfied. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Indenture Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise. All fees and expenses in connection with any such supplemental indenture shall be paid by the requesting party.

SECTION 9.05. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to each Tranche of Consumer Rate Relief Bonds affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Indenture Trustee, the Issuer and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.06. Conformity with Trust Indenture Act. Every amendment of this Indenture and every supplemental indenture executed pursuant to this Article IX shall conform to the requirements of the TIA as then in effect so long as this Indenture shall then be qualified under the TIA.

SECTION 9.07. Reference in Consumer Rate Relief Bonds to Supplemental Indentures. Consumer Rate Relief Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and if required by the Indenture Trustee shall, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such supplemental indenture. If the Issuer or the Indenture Trustee shall so determine, new Consumer Rate Relief Bonds so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Consumer Rate Relief Bonds.

ARTICLE X

Miscellaneous

SECTION 10.01. Compliance Certificates and Opinions, etc.

(a) Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, (ii) an Opinion of Counsel stating that in the opinion of such counsel the amendment is authorized and permitted

and all such conditions precedent, if any, have been complied with and (iii) (if required by the TIA) an Independent Certificate from a firm of registered public accountants meeting the applicable requirements of this Section 10.01, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

(b) (i) Prior to the deposit of any CRR Bond Collateral or other property or securities with the Indenture Trustee that is to be made the basis for the release of any property or securities subject to the Lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 10.01(a) or elsewhere in this Indenture, furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within ninety (90) days of such deposit) to the Issuer of the CRR Bond Collateral or other property or securities to be so deposited.

(ii) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (i) above, the Issuer shall also deliver to the Indenture Trustee an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to clause (i) above and this clause (ii), is ten percent or more of the Outstanding Amount of the Consumer Rate Relief Bonds, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than the lesser of (A) $25,000 or (B) one percent of the Outstanding Amount of the Consumer Rate Relief Bonds.

(iii) Whenever any property or securities are to be released from the Lien of this Indenture other than pursuant to Section 8.02(e), the Issuer shall also furnish to the

Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within ninety (90) days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(iv) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signatory thereof as to the matters described in clause (iii) above, the Issuer shall also furnish to the Indenture Trustee an Independent Certificate as to the same matters if the fair value of the property or securities with respect thereto, or securities released from the Lien of this Indenture (other than pursuant to Section 8.02(e)) since the commencement of the then-current calendar year, as set forth in the certificates required by clause (iii) above and this clause (iv), equals 10 percent or more of the Outstanding Amount of the Consumer Rate Relief Bonds, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than the lesser of (A) $25,000 or (B) one percent of the then Outstanding Amount of the Consumer Rate Relief Bonds.

(v) Notwithstanding any other provision of this Section 10.01, the Indenture Trustee may (A) collect, liquidate, sell or otherwise dispose of the CRR Property and the other CRR Bond Collateral as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of the Collection Account as and to the extent permitted or required by the Basic Documents.

SECTION 10.02. Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of a Responsible Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of a Responsible Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer or the Issuer stating that the information with respect to such factual matters is in the possession of the Servicer or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any

term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely conclusively upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 10.03. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 10.03.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner that the Indenture Trustee deems sufficient.

(c) The ownership of Consumer Rate Relief Bonds shall be proved by the CRR Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Consumer Rate Relief Bonds shall bind the Holder of every Consumer Rate Relief Bond issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Consumer Rate Relief Bond.

SECTION 10.04. Notices, etc., to Indenture Trustee, Issuer and Rating Agencies.

(a) Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other documents provided or permitted by this Indenture to be made upon, given or furnished to or filed with:

(i) the Indenture Trustee by any Holder or by the Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing by facsimile

transmission, first-class mail or overnight delivery service to or with the Indenture Trustee at the Corporate Trust Office,

(ii) the Issuer by the Indenture Trustee or by any Holder shall be sufficient for every purpose hereunder if in writing and mailed, first-class, postage prepaid, to the Issuer addressed to: Appalachian Consumer Rate Relief Funding LLC at 707 Virginia Street East, Suite 1000, Charleston, West Virginia, 25327, Attention: Manager, Telephone: (614) 716-3627, Facsimile: (866) 895-9179, or at any other address previously furnished in writing to the Indenture Trustee by the Issuer. The Issuer shall promptly transmit any notice received by it from the Holders to the Indenture Trustee, or

(iii) the Commission by the Seller, the Issuer or the Indenture Trustee shall be sufficient for every purpose hereunder if in writing and mailed, first-class, postage prepaid, to: 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;

(b) Notices required to be given to the Rating Agencies by the Issuer or the Indenture Trustee shall be in writing, facsimile, personally delivered or mailed by certified mail, return receipt requested to:

(i) in the case of Moody's, to: Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich, New York, New York 10007, Email: ServicerReports@moodys.com (all such notices to be delivered to Moody's in writing by email);

(ii) in the case of Standard & Poor's, to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@standardandpoors.com (all such notices to be delivered to Standard & Poor's in writing by email);

(iii) in the case of Fitch, to Fitch Ratings, One State Street Plaza, New York, New York 10004, Attention: ABS Surveillance, Telephone: (212) 908-0500, Facsimile: (212) 908-0355; and

(iv) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

Any notice, report or other communication given hereunder may be in writing and addressed as follows or to the extent receipt is confirmed telephonically sent by Electronic Means to the address provided above.

SECTION 10.05. Notices to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid to each Holder affected by such event, at such Holder's address as it appears on the CRR Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In

any case where notice to Holders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Indenture Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event of Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Where this Indenture provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder, and shall not under any circumstance constitute a Default or Event of Default.

SECTION 10.06. [Reserved]

SECTION 10.07. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the TIA, such required provision shall control.

The provisions of TIA §§ 310 through 317 that impose duties on any person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein.

SECTION 10.08. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 10.09. Successors and Assigns. All covenants and agreements in this Indenture and the Consumer Rate Relief Bonds by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Indenture Trustee in this Indenture shall bind its successors.

SECTION 10.10. Severability. Any provision in this Indenture or in the Consumer Rate Relief Bonds 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 10.11. Benefits of Indenture. Nothing in this Indenture or in the Consumer Rate Relief Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the CRR Bond Collateral, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 10.12. Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Consumer Rate Relief Bonds or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 10.13. GOVERNING LAW. THIS INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND SECTIONS 9-301 THROUGH 9-306 OF THE NY UCC), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED HEREUNDER IN CRR PROPERTY, AND ALL RIGHTS AND REMEDIES OF THE INDENTURE TRUSTEE AND THE HOLDERS WITH RESPECT TO THE CRR PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WEST VIRGINIA.

SECTION 10.14. Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 10.15. Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel at the Issuer's cost and expense (which may be counsel to the Indenture Trustee or any other counsel reasonably acceptable to the Indenture Trustee or, if requested by the Indenture Trustee, external counsel of the Issuer) to the effect that such recording is necessary either for the protection of the Holders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture.

SECTION 10.16. Issuer Obligation. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Consumer Rate Relief Bonds or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) any owner of a membership interest in the Issuer (including APCo) or (ii) any shareholder, partner, owner, beneficiary, agent, officer, or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (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. Each Holder by accepting a Consumer Rate Relief 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 Consumer Rate Relief Bonds.

SECTION 10.17. No Recourse to Issuer. Notwithstanding any provision of this Indenture or the Series Supplement to the contrary, Holders shall look only to the CRR Bond Collateral with respect to any amounts due to the Holders hereunder and under the Consumer Rate Relief Bonds and, in the event such CRR Bond Collateral is insufficient to pay in full the amounts owed on the Consumer Rate Relief Bonds, shall have no recourse against the Issuer in respect of such insufficiency. Each Holder by accepting a Consumer Rate Relief 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 Consumer Rate Relief Bonds.

SECTION 10.18. Basic Documents. The Indenture Trustee is hereby authorized to execute and deliver the Servicing Agreement and to execute and deliver any other Basic Document which it is requested to acknowledge including, upon receipt of an Issuer Request, an Intercreditor Agreement, so long as such Intercreditor Agreement is substantially in the form of Exhibit D hereto. Such request shall be accompanied by an Opinion of Counsel of external counsel of the Issuer, upon which the Indenture Trustee may rely conclusively with no duty of independent investigation or inquiry, to the effect that all conditions precedent for the execution of an Intercreditor Agreement have been satisfied. Any such Intercreditor Agreement shall be binding on the Holders.

SECTION 10.19. No Petition. The Indenture Trustee, by entering into this Indenture, each Holder, by accepting a Consumer Rate Relief Bond (or interest therein) issued hereunder, hereby covenant and agree that they shall not, prior to the date which is one year and one day after the termination of this Indenture, acquiesce, petition or otherwise invoke or cause the Issuer or any Manager to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any insolvency law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its respective property, or ordering the dissolution, winding up or liquidation of the affairs of the Issuer. Nothing in this paragraph shall preclude, or be deemed to estop, such Holder or the Indenture Trustee (A) from taking or omitting to take any action prior to such date in (i) any case or proceeding voluntarily filed or commenced by or on behalf of the Issuer under or pursuant to any such law or (ii) any involuntary case or proceeding pertaining to the Issuer which is filed or commenced by or on behalf of a Person other than such Holder and is not joined in by such Holder (or any person to which such holder shall have assigned, transferred or otherwise conveyed any part of the obligations of the Issuer hereunder) under or pursuant to any such law, or (B) from commencing or prosecuting any legal action which is not an involuntary case or proceeding under or pursuant to any such law against the Issuer or any of its properties.

SECTION 10.20. Securities Intermediary. The Securities Intermediary, in acting under this Indenture, is entitled to all rights, benefits, protections, immunities and indemnities accorded U.S. Bank National Association, a national banking association, in its capacity as Indenture Trustee under this Indenture.

SECTION 10.21. Rule 17g-5 Compliance. (a) The Indenture Trustee agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Indenture Trustee to any Rating Agency under this Indenture or any other Basic Document to which it is a party for the purpose of determining or confirming the credit rating of the Consumer Rate Relief Bonds or undertaking credit rating surveillance of the Consumer Rate Relief Bonds shall be provided, substantially concurrently, to the Servicer for posting on a password-protected website (the "17g-5 Website"). The Servicer shall be responsible for posting all of the information on the 17g-5 Website.

(b) The Indenture Trustee will not be responsible for creating or maintaining the 17g-5 Website, posting any information to the 17g-5 Website or assuring that the 17g-5 Website complies with the requirements of this Indenture, Rule 17g-5 or any other law or regulation. In no event shall the Indenture Trustee be deemed to make any representation in respect of the content of the 17g-5 Website or compliance by the 17g-5 Website with this Indenture, Rule 17g-5 or any other law or regulation. The Indenture Trustee shall have no obligation to engage in or respond to any oral communications with respect to the transactions contemplated hereby, any transaction documents relating hereto or in any way relating to the Consumer Rate Relief Bonds or for the purposes 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 any of its respective officers, directors or employees. The Indenture Trustee shall not be responsible or liable for the dissemination of any identification numbers or passwords for the 17g-5 Website, including by the Servicer, the Rating Agencies, a nationally recognized statistical rating organization ("NRSRO"), any of their respective agents or any other party. Additionally, the Indenture Trustee shall not be liable for the use of the information posted on the 17g-5 Website, whether by the Servicer, the Rating Agencies, an NRSRO or any other third party that may gain access to the 17g-5 Website or the information posted thereon.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Issuer, the Indenture Trustee and the Securities Intermediary have caused this Indenture to be duly executed by their respective officers thereunto duly authorized and duly attested, all as of the day and year first above written.

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC, as Issuer

By: /s/ Renee V. Hawkins
Name: Renee V. Hawkins
Title: Assistant Treasurer

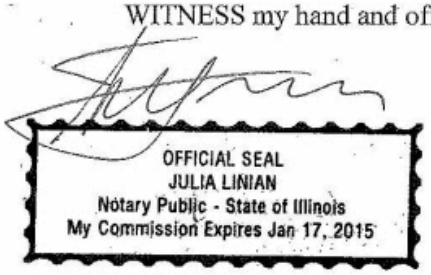
U.S. BANK NATIONAL ASSOCIATION, as Indenture Trustee and as Securities Intermediary

By: /s/ Melissa A. Rosal
Name: Melissa A. Rosal
Title: Vice President

STATE OF ILLINOIS)
) ss:
COUNTY OF COOK)

On the 15th day of November, 2013, before me, JULIA LINIAN, a Notary Public in and for said county and state, personally appeared MELISSA A. ROSAL, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person and officer whose name is subscribed to the within instrument and acknowledged to me that such person executed the same in such person's authorized capacity, and that by the signature on the instrument U.S. Bank National Association, a national banking association, and the entity upon whose behalf the person acted, executed this instrument.

WITNESS my hand and official seal.



STATE OF OHIO)
) ss:
COUNTY OF FRANKLIN)

On the 15th day of November, 2013, before me, David C. House, a Notary Public in and for said county and state, personally appeared Renee V. Hawkins, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity as Assistant Treasurer of Appalachian Consumer Rate Relief Funding LLC, and that by her signature on the instrument Appalachian Consumer Rate Relief Funding LLC, a Delaware limited liability company and the entity upon whose behalf such person acted, executed this instrument.

WITNESS my hand and official seal.

Notary Public
My commission expires: _____

NOTARIAL SEAL
STATE OF OHIO

David C. House, Attorney At Law
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date
Sec. 147.03 R.C.

EXHIBIT A

FORM OF CONSUMER RATE RELIEF BOND

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO THE NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

REGISTERED No. _____ $_____

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP NO.

THE PRINCIPAL OF THIS TRANCHE ┼ - ┼ CONSUMER RATE RELIEF BOND ("THIS TRANCHE [-] CONSUMER RATE RELIEF BOND") WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS TRANCHE ┼ - ┼ CONSUMER RATE RELIEF BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE HOLDER OF THIS CONSUMER RATE RELIEF BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE CRR BOND COLLATERAL, AS DESCRIBED IN THE INDENTURE, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS TRANCHE ┼ - ┼ CONSUMER RATE RELIEF BOND UNDER THE TERMS OF THE INDENTURE WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN SECTION 3.10(b) OR ARTICLE IV OF THE INDENTURE. THE HOLDER OF THIS TRANCHE ┼ - ┼ CONSUMER RATE RELIEF BOND HEREBY COVENANTS AND AGREES THAT PRIOR TO THE DATE WHICH IS ONE (1) YEAR AND ONE (1) DAY AFTER THE PAYMENT IN FULL OF THE TRANCHE ┼ - ┼ CONSUMER RATE RELIEF BONDS, IT WILL NOT INSTITUTE AGAINST, OR JOIN ANY

OTHER PERSON IN INSTITUTING AGAINST, THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS OR OTHER SIMILAR PROCEEDING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES. NOTHING IN THIS PARAGRAPH SHALL PRECLUDE, OR BE DEEMED TO ESTOP, SUCH HOLDER (A) FROM TAKING OR OMITTING TO TAKE ANY ACTION PRIOR TO SUCH DATE IN (I) ANY CASE OR PROCEEDING VOLUNTARILY FILED OR COMMENCED BY OR ON BEHALF OF THE ISSUER UNDER OR PURSUANT TO ANY SUCH LAW OR (II) ANY INVOLUNTARY CASE OR PROCEEDING PERTAINING TO THE ISSUER WHICH IS FILED OR COMMENCED BY OR ON BEHALF OF A PERSON OTHER THAN SUCH HOLDER AND IS NOT JOINED IN BY SUCH HOLDER (OR ANY PERSON TO WHICH SUCH HOLDER SHALL HAVE ASSIGNED, TRANSFERRED OR OTHERWISE CONVEYED ANY PART OF THE OBLIGATIONS OF THE ISSUER HEREUNDER) UNDER OR PURSUANT TO ANY SUCH LAW, OR (B) FROM COMMENCING OR PROSECUTING ANY LEGAL ACTION WHICH IS NOT AN INVOLUNTARY CASE OR PROCEEDING UNDER OR PURSUANT TO ANY SUCH LAW AGAINST THE ISSUER OR ANY OF ITS PROPERTIES.

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC CONSUMER RATE RELIEF BONDS,

TRANCHE ┼ - ┼.

BOND INTEREST RATE	ORIGINAL PRINCIPAL AMOUNT	FINAL MATURITY DATE

Appalachian Consumer Rate Relief Funding LLC, a limited liability company created under the laws of the State of Delaware (herein referred to as the "Issuer"), for value received, hereby promises to pay to ┼ ┼, or registered assigns, the Original Principal Amount shown above ┼in semi-annual installments┼ on the Payment Dates and in the amounts specified on the reverse hereof or, if less, the amounts determined pursuant to Section 8.02 of the Indenture, in each year, commencing on the date determined as provided on the reverse hereof and ending on or before the Final Maturity Date shown above and to pay interest, at the Bond Interest Rate shown above, on each _____ and _____ or if any such day is not a Business Day, the next succeeding Business Day, commencing on ┼ ┼and continuing until the earlier of the payment in full of the principal hereof and the Final Maturity Date (each a "Payment Date"), on the principal amount of this Tranche ┼ - ┼Consumer Rate Relief Bond (hereinafter referred to as this "Tranche ┼ - ┼Consumer Rate Relief Bond"). Interest on this Tranche ┼ - ┼Consumer Rate Relief Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from the date of issuance. Interest will be computed on the basis of ┼specify method of computation┼. Such principal of and interest on this Tranche ┼ - ┼Consumer Rate Relief Bond shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Tranche ┼ - ┼ Consumer Rate Relief Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Tranche ┼ - ┼ Consumer Rate Relief Bond shall be applied first to interest due and payable on this Tranche ┼ - ┼ Consumer Rate Relief Bond as provided above and then to the unpaid principal of and premium, if any, on this Tranche ┼ - ┼ Consumer Rate Relief Bond, all in the manner set forth in the Indenture.

Reference is made to the further provisions of this Tranche ┼ - ┼ Consumer Rate Relief Bond set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Tranche ┼ - ┼ Consumer Rate Relief Bond.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee whose name appears below by manual signature, this Tranche ┼ - ┼ Consumer Rate Relief Bond shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Responsible Officer.

APPALACHIAN CONSUMER RATE
RELIEF FUNDING LLC, as Issuer

Date:

By: _____
Name:
Title:

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: _____ ___, ____

This is one of the Tranche ┼ - ┼ Consumer Rate Relief Bonds, designated above and referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION, as
Indenture Trustee

By: _____
Name:
Title:

REVERSE OF CONSUMER RATE RELIEF BOND*[1]

This Tranche ┼ - ┼ Consumer Rate Relief Bond is one of a duly authorized issue of Consumer Rate Relief Bonds of the Issuer (herein called the "Consumer Rate Relief Bonds"), which Consumer Rate Relief Bonds are issuable in one or more Tranches. The Consumer Rate Relief Bonds consist of ┼ ┼ Tranches, including the Tranche ┼ - ┼ Consumer Rate Relief Bonds, which include this Bond (herein called the "Tranche ┘ - ┘ Consumer Rate Relief Bonds"), all issued and to be issued under that certain Indenture dated as of [closing date], (as supplemented by the Series Supplement (as defined below), the "Indenture"), between the Issuer and U.S. Bank National Association, in its capacity as indenture trustee (the "Indenture Trustee", which term includes any successor indenture trustee under the Indenture) and in its separate capacity as a securities intermediary (the "Securities Intermediary", which term includes any successor securities intermediary under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the Consumer Rate Relief Bonds. For purposes herein, "Series Supplement" means that certain Series Supplement dated as of [closing date], between the Issuer and the Indenture Trustee. All terms used in this Tranche ┼ - ┼ Consumer Rate Relief Bond that are defined in the Indenture, as amended, restated, supplemented or otherwise modified from time to time, shall have the meanings assigned to such terms in the Indenture.

All Tranches of Consumer Rate Relief Bonds are and will be equally and ratably secured by the CRR Bond Collateral pledged as security therefor as provided in the Indenture.

The principal of this Tranche ┼ - ┼ Consumer Rate Relief Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account are available therefor, and only until the outstanding principal balance thereof on the preceding Payment Date (after giving effect to all payments of principal, if any, made on the preceding Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule which is attached to the Series Supplement as Schedule A, unless payable earlier because an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Bondholders representing not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds have declared the Consumer Rate Relief Bonds to be immediately due and payable in accordance with Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Indenture. The entire unpaid principal amount of this Tranche ┼ - ┼ Consumer Rate Relief Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Consumer Rate Relief Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders of the

*The form of the reverse of a Consumer Rate Relief Bond is substantially as follows, unless otherwise specified in the Series Supplement.

Consumer Rate Relief Bonds representing not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds have declared the Consumer Rate Relief Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). All principal payments on the Tranche ┼ - ┼Consumer Rate Relief Bonds shall be made pro rata to the Tranche ┼ - ┼Holders entitled thereto based on the respective principal amounts of the Tranche ┼ - ┼Consumer Rate Relief Bonds held by them.

Payments of interest on this Tranche ┼ - ┼Consumer Rate Relief Bond due and payable on each Payment Date, together with the installment of principal or premium, if any, shall be made by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Tranche ┼ - ┼Consumer Rate Relief Bond (or one or more Predecessor Consumer Rate Relief Bonds) on the CRR Bond Register as of the close of business on the Record Date or in such other manner as may be provided in the Indenture or the Series Supplement, except that (i) upon application to the Indenture Trustee by any Holder owning a Global Consumer Rate Relief Bond evidencing this Tranche ┼ - ┼Consumer Rate Relief Bond in the principal amount of $10,000,000 or more not later than the applicable Record Date payment will be made by wire transfer to an account maintained by such Holder and (ii) if this Tranche ┼ - ┼Consumer Rate Relief Bond is held in Book-Entry Form, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Consumer Rate Relief Bond evidencing this Tranche ┼ - ┼Consumer Rate Relief Bond unless and until such Global Consumer Rate Relief Bond is exchanged for Definitive Consumer Rate Relief Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to this Tranche ┼ - ┼Consumer Rate Relief Bond on a Payment Date which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the CRR Bond Register as of the applicable Record Date without requiring that this Tranche ┼ - ┼Consumer Rate Relief Bond be submitted for notation of payment. Any reduction in the principal amount of this Tranche ┼ - ┼Consumer Rate Relief Bond (or any one or more Predecessor Consumer Rate Relief Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Tranche ┼ - ┼Consumer Rate Relief Bond and of any Consumer Rate Relief Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Indenture, for payment in full of the then remaining unpaid principal amount of this Tranche ┼ - ┼Consumer Rate Relief Bond on a Payment Date, then the Indenture Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice mailed no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Tranche ┼ - ┼Consumer Rate Relief Bond and shall specify the place where this Tranche ┼ - ┼Consumer Rate Relief Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Bond Interest Rate to the extent lawful.

This Consumer Rate Relief Bond is a "consumer rate relief bond" as such term is defined in the Securitization Law. Principal and interest due and payable on this Consumer Rate Relief Bond are payable from and secured primarily by CRR Property created and established by the Financing Order obtained from the Public Service Commission of West Virginia pursuant to the Securitization Law. CRR Property consists of the rights and interests of the Seller in the Financing Order, including the right of APCo and any Successor to impose, collect and recover certain charges (defined in the Securitization Law as "consumer rate relief charges") to be included in regular electric utility bills of existing and future West Virginia electric retail customers of APCo, or any Successor, as more fully described in the Financing Order.

Under the laws of the State of West Virginia in effect on the Closing Date, pursuant to Section 24-2-4f(s)(1) of the Securitization Law, the State of West Virginia has pledged to and agrees with the Bondholders, assignees and financing parties under the Financing Order that the State will not take or permit any action that impairs the value of CRR Property under the Financing Order or revises the CRR Costs for which recovery is authorized under the Financing Order or, except as allowed under Section 24-2-4f (k) of the Securitization Law, reduce, alter or impair CRR Charges that are imposed, charged, collected or remitted for the benefit of the Bondholders, assignees and financing parties under the Financing Order, until any principal, interest and redemption premium in respect of Consumer Rate Relief 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.

The Issuer and APCo hereby acknowledge that the purchase of this Consumer Rate Relief Bond by the Holder hereof or the purchase of any beneficial interest herein by any Person are made in reliance on the foregoing pledge.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Tranche ┼ - ┼ Consumer Rate Relief Bond may be registered on the CRR Bond Register upon surrender of this Tranche ┼ - ┼ Consumer Rate Relief Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Indenture Trustee, and (b) such other documents as the Indenture Trustee may require, and thereupon one or more new Tranche ┼ - ┼ Consumer Rate Relief Bonds of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Tranche ┼ - ┼ Consumer Rate Relief Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Sections 2.04 or 2.06 of the Indenture not involving any transfer.

Each Consumer Rate Relief Bond holder, by acceptance of a Consumer Rate Relief Bond, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Consumer Rate Relief Bonds or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) any owner of a membership interest in the Issuer (including APCo) or (ii) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including APCo) in its respective individual or corporate capacities, or of any successor or assign of any of them in their individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a Consumer Rate Relief 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 Consumer Rate Relief Bonds.

Prior to the due presentment for registration of transfer of this Tranche ┼ - ┼Consumer Rate Relief Bond, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Tranche ┼ - ┼Consumer Rate Relief Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Tranche ┼ - ┼ Consumer Rate Relief Bond and for all other purposes whatsoever, whether or not this Tranche ┼ - ┼Consumer Rate Relief Bond be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Consumer Rate Relief Bonds under the Indenture at any time by the Issuer with the consent of the Bondholders representing not less than a majority of the Outstanding Amount of all Consumer Rate Relief Bonds at the time outstanding of each Tranche to be affected. The Indenture also contains provisions permitting the Bondholders representing specified percentages of the Outstanding Amount of the Consumer Rate Relief Bonds, on behalf of the Holders of all the Consumer Rate Relief Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Tranche ┼ - ┼Consumer Rate Relief Bond (or any one of more Predecessor Consumer Rate Relief Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Tranche ┼ - ┼Consumer Rate Relief Bond and of any Consumer Rate Relief Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche ┼ - ┼Consumer Rate Relief Bond. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of Holders of the Consumer Rate Relief Bonds issued thereunder.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Issuer on this Tranche ┼ - ┼Consumer Rate Relief Bond and (b) certain restrictive covenants and the related Events of Default, upon compliance by the Issuer with certain conditions set forth herein, which provisions apply to this Tranche ┼ - ┼Consumer Rate Relief Bond.

The term "Issuer" as used in this Tranche ┼ - ┼Consumer Rate Relief Bond includes any successor to the Issuer under the Indenture.

The Issuer is permitted by the Indenture, under certain circumstances, to merge or consolidate, subject to the rights of the Indenture Trustee and the Bondholders under the Indenture.

The Tranche ┼ - ┼Consumer Rate Relief Bonds are issuable only in registered form in denominations as provided in the Indenture and the Series Supplement subject to certain limitations therein set forth.

THIS TRANCHE ┼ - ┼CONSUMER RATE RELIEF BOND, THE INDENTURE AND THE SERIES SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND SECTIONS 9-301 THROUGH 9-306 OF THE NY UCC), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED UNDER THE INDENTURE IN CRR PROPERTY, AND ALL RIGHTS AND REMEDIES OF THE INDENTURE TRUSTEE AND THE HOLDERS WITH RESPECT TO THE CRR PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WEST VIRGINIA.

No reference herein to the Indenture and no provision of this Tranche ┼ - ┼Consumer Rate Relief Bond or of the Indenture shall alter or impair the obligation, which is absolute and unconditional, to pay the principal of and interest on this Tranche ┼ - ┼Consumer Rate Relief Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Issuer and the Indenture Trustee, by entering into the Indenture, and the Holders and any Persons holding a beneficial interest in any Tranche ┼ - ┼Consumer Rate Relief Bond, by acquiring any Tranche ┼ - ┼Consumer Rate Relief Bond or interest therein, (i) express their intention that, solely for the purpose of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purpose of state, local and other taxes, the Tranche ┼ - ┼Consumer Rate Relief Bonds qualify under applicable tax law as indebtedness of the sole owner of the Issuer secured by the CRR Bond Collateral and (ii) 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 Tranche ┼ - ┼Consumer Rate Relief Bonds are outstanding, agree to treat the Tranche ┼ - ┼ Consumer Rate Relief Bonds as indebtedness of the sole owner of the Issuer secured by the CRR Bond Collateral unless otherwise required by appropriate taxing authorities.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Tranche ┼ - ┼ Consumer Rate Relief Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties
JT TEN	as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	_____ Custodian _____ (Custodian) (minor) Under Uniform Gifts to Minor Act (_____) (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee _____

FOR VALUE RECEIVED, the undersigned[2] hereby sells, assigns and transfers unto

(name and address of assignee)

the within Tranche ┼ - ┼ Consumer Rate Relief Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer said Tranche ┼ - ┼ Consumer Rate Relief Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____
Signature Guaranteed:

_____

[2] CONSUMER RATE RELIEF BOND: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Tranche ┼ - ┼ Consumer Rate Relief Bond in every particular, without alteration, enlargement or any change whatsoever.

NOTE: Signature(s) must be guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP), (ii) The New York Stock Exchange Medallion Program (MSP), (iii) the Stock Exchange Medallion Program (SEMP) or (iv) such other guarantee program acceptable to the Indenture Trustee.

EXHIBIT B

FORM OF SERIES SUPPLEMENT

This SERIES SUPPLEMENT dated as of November 15, 2013 (this "Supplement"), by and between APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC, a limited liability company created under the laws of the State of Delaware (the "Issuer"), and U.S. Bank National Association, a national banking association ("Bank"), in its capacity as indenture trustee (the "Indenture Trustee") for the benefit of the Secured Parties under the Indenture dated as of November 15, 2013, by and between the Issuer and U.S. Bank National Association, in its capacity as Indenture Trustee and in its separate capacity as a securities intermediary (the "Indenture").

PRELIMINARY STATEMENT

Section 9.01 of the Indenture provides, among other things, that the Issuer and the Indenture Trustee may at any time enter into an indenture supplemental to the Indenture for the purposes of authorizing the issuance by the Issuer of the Senior Secured Consumer Rate Relief Bonds and specifying the terms thereof. The Issuer has duly authorized the creation of the Consumer Rate Relief Bonds with an initial aggregate principal amount of $[ ] to be known as Appalachian Consumer Rate Relief Funding LLC Consumer Rate Relief Bonds (the "Consumer Rate Relief Bonds"), and the Issuer and the Indenture Trustee are executing and delivering this Supplement in order to provide for the Consumer Rate Relief Bonds.

All terms used in this Supplement that are defined in the Indenture, either directly or by reference therein, have the meanings assigned to them therein, except to the extent such terms are defined or modified in this Supplement or the context clearly requires otherwise. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.

GRANTING CLAUSE

With respect to the Consumer Rate Relief Bonds, the Issuer hereby Grants to the Indenture Trustee, as Indenture Trustee for the benefit of the Secured Parties of the Consumer Rate Relief Bonds, all of the Issuer's right, title and interest (whether now owned or hereafter acquired or arising) in and to (a) the CRR Property created under and pursuant to the Financing Order and the Securitization Law, and transferred by the Seller to the Issuer pursuant to the Sale Agreement (including, to the fullest extent permitted by law, the right to impose, charge and collect the CRR Charges, the right to obtain adjustments to the CCR Charges, and all revenues, receipts, collections, rights to payment, payments, money, claims or other proceeds arising from rights and interests created under the Financing Order), (b) all CRR Charges related to the CRR Property, (c) the Sale Agreement and the Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to the CRR Property and the Consumer Rate Relief Bonds, (d) the Servicing Agreement, the Administration Agreement, each Intercreditor Agreement and any subservicing, agency, administration or collection agreements executed in connection therewith, to the extent related to the foregoing CRR Property and the Consumer Rate Relief Bonds, (e) the Collection Account,

all subaccounts thereof and all amounts of 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, (f) all rights to compel the Servicer to file for and obtain adjustments to the CRR Charges in accordance with Section 24-2-4f(k)(1) of the Securitization Law and the Financing Order, (g) 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, (h) 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, (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing; it being understood that the following do not constitute CRR Bond Collateral: (i) cash that has been released pursuant to the terms of the Indenture, including Section 8.02(e)(x) of the Indenture and, following retirement of all Outstanding Consumer Rate Relief Bonds, pursuant to Section 8.02(e)(xii) of the Indenture and (ii) amounts deposited with the Issuer on the Closing Date, for payment of costs of issuance with respect to the Consumer Rate Relief Bonds (together with any interest earnings thereon), it being understood that such amounts described in clauses (i) and (ii) above shall not be subject to Section 3.17 of the Indenture.

The foregoing Grant is made in trust to secure the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the Consumer Rate Relief Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee (collectively, the "Secured Obligations") equally and ratably without prejudice, priority or distinction, except as expressly provided in the Indenture, to secure compliance with the provisions of the Indenture with respect to the Consumer Rate Relief Bonds, all as provided in the Indenture and to secure the performance by the Issuer of all of its obligations under the Indenture. The Indenture and this Series Supplement constitutes a security agreement within the meaning of the Securitization Law and under the UCC to the extent that the provisions of the UCC are applicable hereto.

The Indenture Trustee, as indenture trustee on behalf of the Secured Parties of the Consumer Rate Relief Bonds, acknowledges such Grant and accepts the trusts under this Supplement and the Indenture in accordance with the provisions of this Supplement and the Indenture.

SECTION 1. Designation. The Consumer Rate Relief Bonds shall be designated generally as the Consumer Rate Relief Bonds, and further denominated as Tranches ┼ ┼ through ┼ ┼.

SECTION 2. Initial Principal Amount; Bond Interest Rate; Scheduled Payment Date; Final Maturity Date. The Consumer Rate Relief Bonds of each Tranche shall have the initial principal amount, bear interest at the rates per annum and shall have the Scheduled Payment Dates and the Final Maturity Dates set forth below:

Tranche	Initial Principal Amount	Bond Interest Rate	Scheduled Final Payment Date	Final Maturity Date

The Bond Interest Rate shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3. Authentication Date; Payment Dates; Expected Amortization Schedule for Principal; Periodic Interest; No Premium; Other Terms.

(a) Authentication Date. The Consumer Rate Relief Bonds that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on ┼ ┼ (the "Closing Date") shall have as their date of authentication ┼ ┼.

(b) Payment Dates. The Payment Dates for the Consumer Rate Relief Bonds are _____ and _____ of each year or, if any such date is not a Business Day, the next succeeding Business Day, commencing on ┼ ┼ and continuing until the earlier of repayment of the Tranche ┼ ┼ Consumer Rate Relief Bonds in full and the Final Maturity Date Tranche ┼ ┼ Consumer Rate Relief Bonds.

(c) Expected Amortization Schedule for Principal. Unless an Event of Default shall have occurred and be continuing on each Payment Date, the Indenture Trustee shall distribute to the Holders of record as of the related Record Date amounts payable pursuant to Section 8.02(e) of the Indenture as principal, in the following order and priority: ┼(1) to the holders of the Tranche A-1 Consumer Rate Relief Bonds, until the Outstanding Amount of such Tranche of Consumer Rate Relief Bonds thereof has been reduced to zero; (2) to the holders of the Tranche A-2 Consumer Rate Relief Bonds, until the Outstanding Amount of such Tranche of Consumer Rate Relief Bonds thereof has been reduced to zero; (3) to the holders of the Tranche A-3 Consumer Rate Relief Bonds, until the Outstanding Amount of such Tranche of Consumer Rate Relief Bonds thereof has been reduced to zero; (4) to the holders of the Tranche A-4 Consumer Rate Relief Bonds, until the Outstanding Amount of such Tranche of Consumer Rate Relief Bonds thereof has been reduced to zero; and (5) to the holders of the Tranche A-5 Consumer Rate Relief Bonds, until the Outstanding Amount of such Tranche of Consumer Rate Relief Bonds thereof has been reduced to zero;┼ provided, however, that in no event shall a principal payment pursuant to this Section 3(c) on any Tranche on a Payment Date be greater than the amount necessary to reduce the Outstanding Amount of such Tranche of Consumer Rate Relief Bonds to the amount specified in the Expected Amortization Schedule which is attached as Schedule A hereto for such Tranche and Payment Date.

(d) Periodic Interest. Periodic Interest will be payable on each Tranche of the Consumer Rate Relief Bonds on each Payment Date in an amount equal to ┼one-half┼ of the product of (i) the applicable Bond Interest Rate and (ii) the Outstanding Amount of the related Tranche of Consumer Rate Relief Bonds as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Holders of the related Tranche of Consumer Rate Relief Bonds on such preceding Payment Date; provided, however, that with respect to the Initial Payment Date, or, if no payment has yet been made, interest on the

outstanding principal balance will accrue from and including the Closing Date to, but excluding, the following Payment Date.

(e) Book-Entry Consumer Rate Relief Bonds. The Consumer Rate Relief Bonds shall be Book-Entry Consumer Rate Relief Bonds and the applicable provisions of Section 2.11 of the Indenture shall apply to the Consumer Rate Relief Bonds.

(f) Waterfall Caps. The amount payable with respect to the Consumer Rate Relief Bonds pursuant to Section 8.02(e)(i) shall not exceed $100,000 annually.

SECTION 4. Minimum Denominations. The Consumer Rate Relief Bonds shall be issuable in the Minimum Denomination and integral multiples thereof.

SECTION 5. Certain Defined Terms. Article I of the Indenture provides that the meanings of certain defined terms used in the Indenture shall be as defined in Appendix A to the Indenture. Additionally, Article II of the Indenture provides certain terms will have the meanings specified in the related Supplement. With respect to the Consumer Rate Relief Bonds, the following definitions shall apply:

"Bond Interest Rate" has the meaning set forth in Section 2 of this Supplement.

"Closing Date" has the meaning set forth in Section 3(a) of this Supplement.

"Minimum Denomination" shall mean $100,000 or integral multiples of $1,000 in excess thereof, except for one bond of each tranche which may be of a smaller denomination.

"Payment Date" has the meaning set forth in Section 3(b) of this Supplement.

"Periodic Interest" has the meaning set forth in Section 3(d) of this Supplement.

SECTION 6. Delivery and Payment for the Consumer Rate Relief Bonds; Form of the Consumer Rate Relief Bonds. The Indenture Trustee shall deliver the Consumer Rate Relief Bonds to the Issuer when authenticated in accordance with Section 2.03 of the Indenture. The Consumer Rate Relief Bonds of each Tranche shall be in the form of Exhibits ┼A-1 through A-_┼ hereto.

SECTION 7. Ratification of Agreement. As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed and the Indenture, as so supplemented by this Supplement, shall be read, taken, and construed as one and the same instrument. This Supplement amends, modifies and supplemented the Indenture only in so far as it relates to the Consumer Rate Relief Bonds.

SECTION 8. Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 9. GOVERNING LAW. THIS SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE

STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND SECTIONS 9-301 THROUGH 9-306 OF THE NY UCC), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT, EXCEPT AS SET FORTH IN SECTION 8.02(b) OF THE INDENTURE, THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED UNDER THE INDENTURE IN CRR PROPERTY, AND ALL RIGHTS AND REMEDIES OF THE INDENTURE TRUSTEE AND THE HOLDERS WITH RESPECT TO THE CRR PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WEST VIRGINIA.

SECTION 10. Issuer Obligation. No recourse may be taken directly or indirectly, by the Holders with respect to the obligations of the Issuer on the Consumer Rate Relief Bonds, under the Indenture or under this Supplement or any certificate or other writing delivered in connection herewith or therewith, against (i) any owner of a beneficial interest in the Issuer (including APCo) or (ii) any shareholder, partner, owner, beneficiary, agent, officer, director, employee or agent of the Indenture Trustee, the Managers or any owner of a beneficial interest in the Issuer (including APCo) in its 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. Each Holder by accepting a Consumer Rate Relief 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 Consumer Rate Relief Bonds.

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplement to be duly executed by their respective officers thereunto duly authorized as of the first day of the month and year first above written.

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC, as Issuer

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, as Indenture Trustee

By: _____
Name:
Title:

SCHEDULE A

EXPECTED AMORTIZATION SCHEDULE

OUTSTANDING PRINCIPAL BALANCE

DATE	TRANCHE	TRANCHE	TRANCHE	TRANCHE	TRANCHE
Closing Date	$	$	$	$	$
_____ ___, 20__					
_____ ___, 20__					
_____ ___, 20__					
_____ ___, 20__					

EXHIBIT C

SERVICING CRITERIA TO BE ADDRESSED
BY INDENTURE TRUSTEE IN ASSESSMENT OF COMPLIANCE

Reg AB Reference	Servicing Criteria	Applicable Indenture Trustee Responsibility
	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.	
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.	
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for the pool assets are maintained.	
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.	
	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 (2) business days following receipt, or such other number of days specified in the transaction agreements.	**X**
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	**X**
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.	
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.	**X**
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.	**X**
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	
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 thirty (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 ninety (90) calendar days of their original identification, or such other number of days specified in the transaction agreements.	
	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 the servicer.	
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.	**X**
1122(d)(3)(iii)	Disbursements made to an investor are posted within two (2) business days to the servicer's investor records, or such other number of days specified in the transaction agreements.	**X**

Reg AB Reference	Servicing Criteria	Applicable Indenture Trustee Responsibility
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.	X
	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.	
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	
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.	
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the servicer's obligor records maintained no more than two (2) 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.	
1122(d)(4)(v)	The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.	
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.	
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.	
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a 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).	
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.	
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 thirty (30) calendar days of full repayment of the related pool assets, or such other number of days specified in the transaction agreements.	
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 thirty (30) calendar days prior to these dates, or such other number of days specified in the transaction agreements.	
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.	
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two (2) business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.	
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.	

EXHIBIT D

FORM OF INTERCREDITOR AGREEMENT

This INTERCREDITOR AGREEMENT (this "Agreement") is made as of [date], by and among:

(a) Appalachian Power Company (in its individual capacity, the "Company"), as a sub-servicer of the Receivables Servicer referred to below (including any successor in such capacity, the "Receivables Sub-Servicer"), in its separate capacity as the initial servicer of the Consumer Rate Relief Property referred to below (including any successor in such capacity, the "Initial Property Servicer"), [insert appropriate titles] and in its separate respective capacities as a collection agent for the benefit of each of the Initial Property Servicer and the Receivables Servicer in accordance with the terms of this Agreement;

(b) Appalachian Consumer Rate Relief Funding LLC, a Delaware limited liability company (the "Initial Bond Issuer");

(c) U.S. Bank National Association, a national banking association, in its capacity as indenture trustee (including any successor in such capacity, the "Initial Bond Trustee") under the Initial Indenture referred to below;

(d) AEP Credit, Inc. [insert name of affiliated purchaser if different] ("Buyer"), a Delaware corporation;

(e) [American Electric Power Service Corporation, a New York corporation ("AEPSC"),] [insert name of affiliated servicer if different] in its capacity as the Receivables Servicer referred to below; and

(f) [insert name of agent acing as representative of third-party receivables purchasers], as [Administrative] Agent (in such capacity, and including any successor agent, the "Administrative Agent") for the Receivables Purchasers referred to below;

WHEREAS, pursuant to the terms of that certain [describe purchase agreement whereby Buyer acquires Receivables from Seller] (as it may hereafter from time to time be further amended, restated or modified and as supplemented from time to time, the "Purchase Agreement"), between Buyer and the Company, the Company has sold and may hereafter sell to Buyer all of the Company's right, title and interest in and to certain [Outstanding Receivables] and [Collections] (as such terms are defined in the Purchase Agreement, which terms do not include Initial Customer Charges, as defined below, or collections thereof; and the Outstanding Receivables, Collections thereof, related property and all proceeds of the foregoing are collectively referred to herein as the "Receivables"); and

WHEREAS, pursuant to that certain [describe purchase agreement whereby Receivables Purchasers acquire security and/or ownership interests in the Receivables from the Buyer] (as it may hereafter from time to time be further amended, restated or modified and as supplemented from time to time, the "Receivables Purchase Agreement"), by and among the Buyer, the Receivables Servicer, the Administrative Agent and the financial institutions and other entities party thereto as purchasers (such purchasers and the Administrative Agent being

collectively referred to as the "Receivables Purchasers"), Buyer has sold and may hereafter sell undivided interests in the Receivables to the Administrative Agent for the benefit of the Receivables Purchasers; and

WHEREAS, pursuant to the terms of the Purchase Agreement, the Receivables Purchase Agreement and that certain [describe any agency or similar agreement comprising part of the receivables purchase document] (as it may hereafter from time to time be further amended, restated or modified and as supplemented from time to time, the "Agency Agreement", and together with the Purchase Agreement and the Receivables Purchase Agreement, collectively, the "Receivables Agreements"), AESPC has been appointed as a servicer (the "Receivables Servicer") and has agreed to provide certain servicing and collection functions with respect to the Receivables, and the Receivables Sub-Servicer has agreed to act as a sub-servicer on behalf of the Receivables Servicer in order to perform certain of the Receivables Servicer's functions and duties under the Receivables Agreements;

WHEREAS, pursuant to the terms of that certain CRR Property Purchase and Sale Agreement, dated as of [date] (as it may hereafter from time to time be amended, restated or modified, the "Initial Sale Agreement"), between the Initial Bond Issuer and the Company in its capacity as seller, the Company has sold to the Initial Bond Issuer certain assets known as "Consumer Rate Relief Property" which includes the right to impose, charge and collect "Consumer Rate Relief Charges" as each such term is defined or as otherwise used in West Virginia Code Section 24-2-4f (such Consumer Rate Relief Property, the "Initial Customer Property" and such Consumer Rate Relief Charges, the "Initial Customer Charges");

WHEREAS, pursuant to the terms of that certain Indenture dated as of [date] (as it may hereafter from time to time be amended, restated or modified and as supplemented by the Series Supplement and any other supplemental indenture, the Series Supplement and Indenture, as supplemented, being collectively referred to herein as the "Initial Indenture"), between the Initial Bond Issuer and the Initial Bond Trustee, the Initial Bond Issuer, among other things, has granted to the Initial Bond Trustee a security interest in certain of its assets, including the Initial Customer Property, to secure, among other things, the notes issued pursuant to the Initial Indenture (the "Initial Bonds");

WHEREAS, pursuant to the terms of that certain CRR Property Servicing Agreement dated as of [date] (as it may hereafter from time to time be amended, restated or modified, the "Initial Servicing Agreement," and the Initial Servicing Agreement, together with the Initial Sale Agreement and the Initial Indenture, the "Initial Bond Agreements"), between the Initial Bond Issuer and the Initial Property Servicer, the Initial Property Servicer has agreed to provide for the benefit of the Initial Bond Issuer certain servicing and collection functions with respect to the Initial Customer Charges;

WHEREAS, the Receivables and the Initial Customer Charges will be invoiced collectively on single bills sent to the Company's West Virginia retail customers (the "Customers"), which Customers are obligated to pay both the Receivables and the Initial Customer Charges, and the parties hereto wish to agree upon their respective rights relating to the Receivables and the Initial Customer Property and any bank accounts into which collections of the foregoing may be deposited, as well as other matters of common interest to them which

arise under or result from the coexistence of the Initial Bond Agreements and the Receivables Agreements;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. Acknowledgment of Ownership Interests and Security Interests.

(a) Each of the parties hereto hereby acknowledges the ownership interest of the Initial Bond Issuer in the Initial Customer Property, including the Initial Customer Charges and the revenues, collections, claims, rights, payments, money and proceeds arising therefrom, and the security interests granted therein in favor of the Initial Bond Trustee for the benefit of itself and the holders of the Initial Bonds. Each of the parties hereto hereby acknowledges the ownership interest and security interests of the Buyer and the Receivables Purchasers in the Receivables and the revenues, collections, claims, rights, payments, money and proceeds arising therefrom. The parties hereto agree that the Initial Customer Property and the Receivables each shall constitute separate property rights notwithstanding that they may be evidenced by a single bill. The Company and the Receivables Sub-Servicer further agree that they will not include the Initial Customer Property in calculating the amount of the Receivables sold or to be sold under the Receivables Agreements. Accordingly, the Receivables Purchasers, the Receivables Sub-Servicer and the Receivables Servicer each acknowledge that, notwithstanding anything in the Receivables Agreements to the contrary, none of such parties has any interest in the Initial Customer Property, and each of the Initial Bond Trustee, the Initial Bond Issuer and the Initial Property Servicer further acknowledge that, notwithstanding anything in the Initial Bond Agreements to the contrary, none of such parties has any interest in the Receivables.

(b) Each of the Administrative Agent and the Buyer hereby releases all liens and security interests of any kind whatsoever which the Administrative Agent or Buyer may hold or obtain in the Initial Customer Property. Each of the Administrative Agent and Buyer agrees, upon the reasonable request of the Company or the Initial Bond Trustee, to execute and deliver to the Initial Bond Trustee such UCC partial release statements and other documents and instruments, and to do such other acts and things, as the Company or the Initial Bond Trustee may reasonably request in order to evidence the release provided for in this Section 1(b) and/or to execute and deliver to the Initial Bond Trustee UCC financing statement amendments to exclude the Initial Customer Property from the assets covered by any existing UCC financing statements relating to the Receivables; provided, however, that failure to execute and deliver any such partial release statements, financing statement amendments, documents or instruments, or to do such acts and things, shall not affect or impair the release provided for in this Section 1(b).

(c) Each of the Initial Bond Issuer and the Initial Bond Trustee hereby releases all liens and security interests of any kind whatsoever which either of them may hold or obtain in the Receivables. Each of the Initial Bond Issuer and the Initial Bond Trustee agrees, upon the reasonable request of the Administrative Agent or Buyer, to execute and deliver to the Administrative Agent or Buyer, as applicable, such UCC partial release statements and other documents and instruments, and to do such other acts and things, as the Administrative Agent or

Buyer may reasonably request in order to evidence the release provided for in this Section 1(c) and/or to execute and deliver to the Administrative Agent or Buyer, as applicable, UCC financing statement amendments to exclude such Receivables from the assets covered by any existing UCC financing statements relating to the Initial Customer Property; provided, however, that failure to execute and deliver any such partial release statements, financing statement amendments, documents or instruments, or to do such acts and things, shall not affect or impair the release provided for in this Section 1(c).

SECTION 2. Deposit Accounts.

(a) The parties hereto each acknowledge that collections with respect to the Initial Customer Property and the Receivables may from time to time be deposited into one or more designated accounts of the Company, the Receivables Servicer or the Buyer (the "Deposit Accounts") and that such Deposit Accounts may be subject to a security interest of the Administrative Agent and account control agreements among the Company, the Buyer, the Administrative Agent and the applicable account bank. Subject to Section 4, the Company, in its capacity as a collection agent for the benefit of the other parties hereto, agrees to:

(i) maintain the collections in the Deposit Accounts for the benefit of the Initial Property Servicer, the Initial Bond Trustee, the Initial Bond Issuer, the Receivables Servicer, the Receivables Sub-Servicer, the Buyer, the Administrative Agent and the Receivables Purchasers, as their respective interests may appear;

(ii) allocate and remit funds from the Deposit Accounts, whether or not commingled, (x) in the case of collections relating to the Initial Customer Property, at the times and in the manner specified in the Initial Bond Agreements to the Initial Bond Trustee; and (y) in the case of collections relating to the Receivables, allocate and remit funds to the Receivables Purchasers and the Buyer at the times and in the manner specified in the Receivables Agreements; provided, that:

(A) to the extent the combined amounts of remittance are insufficient to satisfy amounts owed in respect of the Initial Customer Charges and the Receivables, such allocation and remittances shall be made on a pro rata basis as between the Initial Customer Charges and the Receivables based on the respective amounts of such Initial Customer Charges and Receivables then due and owing;

(B) late payment penalties of the Receivables and the Initial Customer Charges shall be allocated (x) to the Initial Bond Trustee, if such late payment penalties are allocable to the Initial Customer Charges and are not allowed to be retained by the Company under the Initial Bond Agreements, (y) to the Receivables Purchasers to the extent that any such late payment penalties are included in the Receivables sold to the Receivables Purchasers, and (z) otherwise to the Company; and

(C) to the extent the Administrative Agent has exercised exclusive control over any Deposit Account, it shall allocate the funds on deposit therein related to the Initial Customer Property in accordance with the information provided to it by the Company and consistent with this Section 2, and shall remit

such collections related to the Initial Customer Property at the direction of the Initial Bond Trustee; and

(iii) maintain records as to the amounts deposited into the Deposit Accounts, the amounts remitted therefrom and the allocation as provided above in this subsection (a).

(b) The Initial Bond Trustee, the Initial Bond Issuer, the Buyer and the Receivables Purchasers shall each have the right to require an accounting from time to time of collections, deposits, allocations and remittances by the Company relating to the Deposit Accounts. Because of difficulties inherent in allocating collections on a daily basis, the Initial Property Servicer may implement percentage-based estimates for the purposes of determining the amount of collections which are allocable to the Initial Customer Property, which allocations will be subject to monthly reconciliations but will otherwise be deemed conclusive, subject to reconciliation as provided in the following sentences. In the event that the estimated remittances to the Initial Bond Issuer for any calendar month are less than the actual amounts of Initial Customer Charge collections, the Initial Bond Issuer shall look to the Initial Property Servicer for any such shortfall and shall have no claims against the Receivables Purchasers for such amounts. In the event that the estimated remittances to the Initial Bond Issuer are greater than the actual amounts of Initial Customer Charge collections, the Initial Property Servicer shall have the right, in accordance with the terms of the Initial Bond Agreements, to net an amount equal to such excess collections out of monies otherwise to be paid to the Initial Bond Issuer or otherwise to receive such amounts from excess funds of the Initial Bond Issuer, and the Receivables Purchasers acknowledge that they shall look solely to the Initial Property Servicer for such excess collections and shall have no claims against the Initial Bond Issuer for such funds. Notwithstanding the foregoing, nothing in this paragraph shall (i) eliminate the right of the Receivables Purchasers and the Administrative Agent, as assignees of the Company under the Receivables Agreements, to cause any such reconciliation payments to be paid directly to the Administrative Agent or its designee or (ii) prohibit any party from netting any such reconciliation payments owing by such party (the "remitting party") to another party (the "receiving party") against the amounts to be paid hereunder to the remitting party by such receiving party.

(c) The Initial Bond Trustee and the Initial Bond Issuer waive any interest in deposits to the Deposit Accounts to the extent that they are properly allocable to Collections with respect to Receivables, and the Administrative Agent and Buyer waive any interest in deposits to the Deposit Accounts to the extent that they are properly allocable to Initial Customer Charges. Each of the parties hereto acknowledges the respective ownership and security interests of the others in amounts on deposit in the Deposit Accounts to the extent of their respective interests as described in this Agreement.

(d) In no event may the Initial Bond Trustee take any action with respect to the Initial Customer Charges in a manner that would result in the Initial Bond Trustee obtaining possession of, or any control over, Collections of Receivables or any Deposit Account. In the event that the Initial Bond Trustee obtains possession of any Collections related to the Receivables, the Initial Bond Trustee shall notify the Administrative Agent of such fact, shall hold them in trust and shall promptly deliver them to the Administrative Agent upon request.

Except as contemplated by this Section 2 with respect to the Administrative Agent's exercise of control over the Deposit Accounts, in no event may the Administrative Agent or Buyer take any action with respect to the collection of Receivables in a manner that would result in the Administrative Agent or Buyer, as applicable, obtaining possession of, or any control over, collections of Initial Customer Charges. In the event that the Administrative Agent or Buyer obtains possession of any collections of Initial Customer Charges, the Administrative Agent or Buyer, as applicable, shall notify the Initial Bond Trustee of such fact, shall hold them in trust and shall promptly deliver them to the Initial Bond Trustee upon request.

SECTION 3. Time or Order of Attachment. The acknowledgments contained in Sections 1 and 2 are applicable irrespective of the time or order of attachment or perfection of security or ownership interests or the time or order of filing or recording of financing statements or mortgages or filings under applicable law.

SECTION 4. Servicing.

(a) Pursuant to Section 2, the Company, in its role as collection agent hereunder, shall allocate and remit funds received from Customers for the benefit of the Initial Bond Issuer, the Initial Bond Trustee, the Buyer and the Receivables Purchasers, respectively, and shall control the movement of such funds out of the Deposit Accounts (such allocation, remittance and deposits hereafter called the "Allocation Services") in accordance with the terms of this Agreement. The same entity must always act as servicer in the performance of the Allocation Services as to both the Initial Bond Agreements and the Receivables Agreements.

(b) In the event that the Initial Bond Trustee is entitled to and desires to exercise its right, pursuant to the Initial Bond Agreements, to replace the Company as Initial Property Servicer, or in the event that the Receivables Purchasers are entitled to and desire to exercise their right to replace the Company as Receivables Sub-Servicer, and therefore to terminate the role of the Company as the provider of the Allocation Services hereunder, the party desiring to exercise such right shall promptly give written notice to the other (the "Servicer Notice") in accordance with the notice provisions of this Agreement and consult with the other with respect to the Person who would replace the Company in such capacities. Any successor to the Company in such capacities shall be agreed to by the Initial Bond Trustee and the Administrative Agent within ten (10) Business Days of the date of the Servicer Notice, and such successor shall be subject to satisfaction of the Rating Agency Condition (as defined below) and otherwise satisfy the provisions of the Initial Servicing Agreement and the Receivables Agreements. "Business Day" means any day other than a Saturday, Sunday, or any holiday for national banks or any New York banking corporation in Charleston, West Virginia, Columbus, Ohio, Chicago, Illinois or New York, New York. The Person named as replacement collection agent in accordance with this Section 4 is referred to herein as the "Replacement Collection Agent." The parties hereto agree that any entity succeeding to the rights of the Company as Receivables Sub-Servicer or as Initial Property Servicer shall be the same entity.

(c) Anything in this Agreement to the contrary notwithstanding, any action taken by the Initial Bond Trustee or the Administrative Agent to appoint a Replacement Servicer

pursuant to this Section 4 shall be subject to the Rating Agency Condition and the consent, if required by law, of the West Virginia Public Service Commission. For the purposes of this Agreement, the "Rating Agency Condition" has the meaning set forth in the Initial Indenture. The parties hereto acknowledge and agree that the approval or the consent of the rating agencies which is required in order to satisfy the Rating Agency Condition is not subject to any standard of commercial reasonableness, and the parties are bound to satisfy this condition whether or not the rating agencies are unreasonable or arbitrary.

SECTION 5. Sharing of Information. The parties hereto agree to cooperate with each other and make available to each other or any Replacement Collection Agent any and all records and other data relevant to the Initial Customer Property and the Receivables which they may from time to time possess or receive from the Company, the Initial Property Servicer or the Receivables Sub-Servicer or any successor hereto or thereto, including, without limitation, any and all computer programs, data files, documents, instruments, files and records and any receptacles and cabinets containing the same. The Company hereby consents to the release of information regarding the Company pursuant to this Section 5.

SECTION 6. No Joint Venture; No Fiduciary Obligations; Etc..

(a) Nothing herein contained shall be deemed as effecting a joint venture among any of the Company, the Initial Bond Issuer, the Initial Bond Trustee, the Initial Receivables Servicer, the Administrative Agent, the Receivables Servicer, the Receivables Sub-Servicer and the Buyer.

(b) Neither Buyer nor the Administrative Agent is the agent of, or owes any fiduciary obligation to, the Initial Bond Trustee, the Initial Bond Issuer, the bondholders or any other party under this Agreement. Each of the Initial Bond Trustee (on behalf of itself and the bondholders), the Initial Bond Issuer and the Company hereby waives any right that it may now have or hereafter acquire to make any claim against Buyer or the Administrative Agent, in their respective capacities as such, on the basis of any such fiduciary obligation hereunder. Neither the Initial Bond Trustee nor the Initial Bond Issuer is the agent of, or owes any fiduciary obligation to, Buyer or the Administrative Agent or any other party under this Agreement. Each of the Administrative Agent, the Company and Buyer hereby waives any right that it may now have or hereafter acquire to make any claim against the Initial Bond Trustee or the Initial Bond Issuer on the basis of any such fiduciary obligation hereunder.

(c) Notwithstanding anything herein to the contrary, none of Buyer, the Administrative Agent, the Initial Bond Trustee or the Initial Bond Issuer shall be required to take any action that exposes it to personal liability or that is contrary to the Initial Indenture, the Servicing Agreement, any Receivables Agreement or applicable law.

(d) None of Buyer, the Administrative Agent, the Initial Bond Trustee or the Initial Bond Issuer nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence, bad faith or willful misconduct. Without limiting the foregoing, each of Buyer, the Administrative Agent, the Initial Bond Trustee and the Initial Bond Issuer: (i) may consult with legal counsel, independent public

accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any party and shall not be responsible to any party for any statements, warranties or representations made by any other party in connection with this Agreement or any other agreement; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other agreement on the part of any other party; and (iv) shall incur no liability under or in respect of this Agreement by acting upon any writing (which may be by facsimile or other electronic transmission) believed by it in good faith to be genuine and signed or sent by the proper party or parties.

SECTION 7. Method of Adjustment and Allocation. Each of the parties hereto acknowledges that the Initial Property Servicer will adjust, calculate and allocate payments of Initial Customer Charges in accordance with Section 4.01 of the Initial Servicing Agreement and Section 6 of Annex 1 of the Initial Servicing Agreement in the form attached thereto, and each of the parties hereto hereby acknowledges that neither the Administrative Agent nor any other Receivables Purchasers shall be deemed or required under this Agreement to have any knowledge of or responsibility for the terms of such documents or any such adjustment, calculation and allocation. Accordingly, each of the Receivables Purchasers (i) may, solely for the purposes of this Agreement, conclusively rely on the accuracy of the calculations of the Initial Property Servicer in making such adjustments, calculations and allocations. Such acknowledgement shall not relieve the Receivables Sub-Servicer or the Receivables Servicer of any of their respective obligations to make payments in accordance with the terms of the Receivables Agreements, nor shall it relieve the Initial Property Servicer of its obligations under the Initial Servicing Agreement.

SECTION 8. Termination. This Agreement shall terminate upon the payment in full of the Initial Bonds, or, if earlier, the termination of the Receivables Agreements as to the Company and the release of the Company from all further obligations thereunder, except that the understandings and acknowledgements contained in Sections 1, 2, 3 and 15 shall survive the termination of this Agreement.

SECTION 9. Governing Law; Jurisdiction; Waiver of Jury Trial(a) .

(a) **THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF NEW YORK, BUT OTHERWISE WITHOUT REGARD TO THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.**

(b) In connection with any suit, claim, action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby, each party hereto hereby consents to the inpersonam jurisdiction of any court of the State of New York or any U.S. federal court located in the Borough of Manhattan in the City of New York, State of New York; each party hereto agrees that service by registered mail, or any other form equivalent thereto (or, in the alternative, by any other means sufficient under applicable law, rules and regulations) at the addresses set forth in Section 17 hereof shall be valid and sufficient for all

purposes; and each party hereto agrees to, and irrevocably waives any objection based on forumnonconveniens or venue not to, appear in such state or U.S. federal court located in the Borough of Manhattan. Each of the Company, Buyer, Initial Property Servicer, Receivables Servicer, Receivables Sub-Servicer and the Initial Bond Issuer irrevocably designates CT Corporation System, 111 Eighth Avenue, New York, NY 10011, as its agent and attorney-in-fact for the acceptance of service of process and making an appearance on its behalf in any such action or proceeding and taking all such acts as may be necessary or appropriate in order to confer jurisdiction over it by such state or U.S. federal court in the Borough of Manhattan, and each of such parties stipulates that such appointment is irrevocable and coupled with an interest.

(c) EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

SECTION 10. Further Assurances. Each of the parties hereto agrees to execute any and all agreements, instruments, financing statements, releases and any and all other documents reasonably requested by any of the other parties hereto in order to effectuate the intent of this Agreement. In each case where a release is to be given pursuant to this Agreement, the term release shall include any documents or instruments necessary to effect a release, as contemplated by this Agreement. All releases, subordinations and other instruments submitted to the executing party are to be prepared at the expense of the Company. Notwithstanding anything herein to the contrary, the Initial Bond Trustee shall not be required to execute any such agreements, instruments, releases or other documents unless directed to do so by an "Issuer Order," as such term is defined in the Initial Indenture.

SECTION 11. Limitation on Rights of Others. This Agreement is solely for the benefit of the parties hereto, the holders of the Initial Bonds and the Receivables Purchasers, and no other person or entity shall have any rights, benefits, priority or interest under or because of the existence of this Agreement.

SECTION 12. Amendments. In the event that (x) the Company hereafter causes any property ("Additional Customer Property") consisting of the right to impose specified charges on Customers to be created and sold and pledged by the buyer thereof for the benefit of bondholders pursuant to any financing order of the West Virginia Public Service Commission, and the Company acts as servicer for the bonds issued pursuant to such financing order, or (y) the Company enters into any new receivables program following the termination of the Receivables Agreements in which the Company participates as a seller or as a servicer or sub-servicer of receivables, then, in either such event, upon the written request of the Company, the other parties hereto agree that this Agreement may be amended and restated (i) to add as parties hereto the relevant issuer of such additional bonds, the indenture trustee therefor, and the servicer of such Additional Customer Property and/or the relevant purchasers and servicers under such replacement receivables program, as the case may be, and (ii) to reflect the rights and obligations of the parties with respect to such new receivables purchases on terms substantially similar to the rights and obligations of the Receivables Sub-Servicer, the Administrative Agent and the Receivables Purchasers hereunder and (iii) to reflect the rights and obligations of the parties with

respect to any such Additional Customer Property on terms substantially similar to the rights and obligations of the Initial Bond Issuer, the Initial Bond Trustee and the Initial Servicer hereunder; provided that no such amendment shall be effective unless (x) evidenced by a written instrument signed by the parties hereto and such additional parties and (y) the Rating Agency Condition shall have been satisfied with respect thereto and provided, further, that no party hereto shall be required to execute any such amended agreement on terms which are materially more disadvantageous to it or to the holders of the Initial Bonds (in the case of the Initial Bond Trustee) or to the Receivables Purchasers (in the case of the Administrative Agent) than the terms contained herein. In addition, the Initial Bond Trustee shall not be required to execute any such amendment unless directed to do so by an "Issuer Order," as such term is defined in the Initial Indenture.

SECTION 13. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (i) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (ii) the remainder of this Agreement and the application of such provision to other Persons, or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

SECTION 14. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or other electronic means shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 15. Nonpetition Covenant.

(a) Notwithstanding any prior termination of this Agreement or the Initial Indenture, each of the parties covenants that it shall not, prior to the date which is one year and one day after payment in full of the last outstanding Initial Bonds, acquiesce, petition or otherwise invoke or cause the Initial Bond Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Initial Bond Issuer 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 Initial Bond Issuer or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Initial Bond Issuer.

(b) Notwithstanding any prior termination of this Agreement or the Receivables Purchase Agreement, each of the parties hereto other than the Administrative Agent hereby covenants and agrees that it shall not, prior to the date which is one year and one day after the termination of the Receivables Purchase Agreement and the payment in full of all amounts owing by Buyer thereunder, acquiesce, petition or otherwise invoke or cause Buyer to invoke the

process of any court or government authority for the purpose of commencing or sustaining a case against Buyer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of Buyer or any substantial part of the property of Buyer, or ordering the winding up or liquidation of the affairs of Buyer.

SECTION 16. Trustees. U.S. Bank National Association, as Initial Bond Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Initial Indenture.

SECTION 17. Notices, Etc.. Any notice provided or permitted by this Agreement to be made upon, given or furnished to or filed with any party hereto shall be shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing by facsimile transmission, first-class mail or overnight delivery service to the applicable party at its address set forth on Exhibit A hereto or, as to any party, at such other address as shall be designated by such party by written notice to the other parties hereto.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

APPALACHIAN POWER COMPANY, as Company, as Initial Property Servicer, as Receivables Sub-Servicer and as a collection agent

By: _____
Name
Title

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC

By: _____
Name
Title

[AEP CREDIT, INC.], as Buyer

By: _____
Name
Title

[AMERICAN ELECTRIC POWER SERVICE CORPORATION], as Receivables Servicer

By: _____
Name
Title

U.S. BANK NATIONAL ASSOCIATION, as Initial Bond Trustee

By: _____
Name
Title

[Insert Admin Agent name]., as Administrative Agent

By: _____
Name
Title

EXHIBIT A

NOTICE ADDRESSES

Appalachian Power Company
One Riverside Plaza
Columbus, Ohio 43215
Attention: Treasurer
Telephone: (614) 716-1000
Facsimile: (614) 716-2807

Appalachian Consumer Rate Relief Funding LLC
One Riverside Plaza
Columbus, Ohio 43215
Attention: Treasurer
Telephone: (614) 716-3622
Facsimile: (614) 716-2807

[AEP Credit, Inc.
One Riverside Plaza
Columbus, Ohio 43215
Attention: Treasurer
Telephone: (614) 716-1000
Facsimile: (614) 716-2807]

[American Electric Power Service Corporation
One Riverside Plaza
Columbus, Ohio 43215
Attention: Treasurer
Telephone: (614) 716-1000
Facsimile: (614) 716-2807]

[Administrative Agent]

[U.S. Bank National Association
190 South LaSalle Street, 7th Floor
Chicago, Illinois 60604
Attention: Melissa A. Rosal, Vice President
U.S. Bank Corporate Trust Services
Telephone: (312) 332-7496
Facsimile: (312) 332-7996]

DEFINITIONS

This is Appendix A to the Indenture.

A. Defined Terms. As used in the Indenture, the Sale Agreement, the LLC Agreement, the Servicing Agreement, the Series Supplement or any other Basic Document as hereinafter defined, as the case may be (unless the context requires a different meaning), the following terms have the following meanings:

"17g-5 Website" is defined in Section 10.21 of the Indenture.

"Act" is defined in Section 10.03(a) of the Indenture.

"Actual CRR Charge Collections" means, with respect to Billed CRR Charges in any Collection Period, the amount of CRR Charge Collections in respect of such Billed CRR Charges.

"Additional Interim True-Up Adjustment" means any Additional True-Up Adjustment made pursuant to Section 4.01(b)(iv) of the Servicing Agreement.

"Administration Agreement" means the Administration Agreement, dated as of November 15, 2013, by and between APCo and the Issuer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Administration Fee" is defined in Section 2 of the Administration Agreement.

"Administrator" means APCo, as 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.

"Agency Office" means the office of the Issuer maintained pursuant to Section 3.02 of the Indenture.

"Amendatory Schedule" means a revision to service riders or any other notice filing filed with the Commission in respect of the CRR Rate Schedule pursuant to a True-Up Adjustment.

"Annual Accountant's Report" is defined in Section 3.04 of the Servicing Agreement.

"Annual True-Up Adjustment" means each adjustment to the CRR Charges made in accordance with Section 4.01(b)(i) of the Servicing Agreement.

"Annual True-Up Adjustment Date" means the first billing cycle of November of each year, commencing in November, 2014.

"APCo" means Appalachian Power Company, a Virginia corporation, and any of its successors or permitted assigns.

"Application" means the Application of APCo for a Financing Order to securitize uncollected expanded net energy costs and associated financing costs and other CRR costs filed by APCo with the Commission and dated August 22, 2012, as modified by any supplemental submissions, or any subsequent similar Application of APCo.

"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 and the Bill of Sale, the Certificate of Formation, the LLC Agreement, the Servicing Agreement, any Intercreditor Agreement, the Series Supplement, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

"Benefit Plan" means, with respect to any Person, any defined benefit plan (as defined in Section 3(35) of ERISA) that (a) is or was at any time during the past six years maintained by such Person or any ERISA Affiliate of such person, or to which contributions by any such Person are or were at any time during the past six (6) years required to be made or under which such Person has or could have any liability or (b) is subject to the provisions of Title IV of ERISA.

"Bill of Sale" means a bill of sale substantially in the form of Exhibit A to the Sale Agreement.

"Billed CRR Charges" is defined in Annex I to the Servicing Agreement.

"Billing Period" means the period created by dividing the calendar year into twelve (12) consecutive periods of approximately twenty-one (21) Servicer Business Days.

"Bills" means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by APCo in its capacity as Servicer.

"Bond Interest Rate" means, with respect to any Tranche of Consumer Rate Relief Bonds, the rate at which interest accrues on the Consumer Rate Relief Bonds of such Tranche, as specified in the Series Supplement.

"Book-Entry Consumer Rate Relief Bonds" means any Consumer Rate Relief Bonds issued in Book-Entry Form; provided, however, that after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Consumer

Rate Relief Bonds are to be issued to the Holder of such Consumer Rate Relief Bonds, such Consumer Rate Relief Bonds shall no longer be "Book-Entry Consumer Rate Relief Bonds."

"Book-Entry Form" means, with respect to any Consumer Rate Relief Bond, that such Consumer Rate Relief Bond is not certificated and the ownership and transfers thereof shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Consumer Rate Relief Bond was issued.

"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 is, authorized or obligated by law, regulation or executive order to be closed.

"Calculation Period" means, with respect to any True-Up Adjustment, the period comprised of the twelve (12) succeeding Collection Periods beginning with the Collection Period in which a True-Up Adjustment would go into effect; provided, that in the case of any True-Up Adjustment which will go into effect after the last Scheduled Final Payment Date, the Calculation Period shall begin on the date the True-Up Adjustment goes into effect and end on the Payment Date next following such True-Up Adjustment date; and provided further that for the purpose of calculating the first Periodic Payment Requirement as of the Closing Date, "Calculation Period" means, initially, the period commencing on the Closing Date and ending on the last day of the billing cycle of October, 2014.

"Capital Contribution" means the amount of cash contributed to the Issuer by APCo as specified in the LLC Agreement.

"Capital Subaccount" is defined in Section 8.02(a) of the Indenture.

"Certificate of Compliance" means the certificate referred to in Section 3.03 of the Servicing Agreement and substantially in the form of Exhibit B attached to the Servicing Agreement.

"Certificate of Formation" means the Certificate of Formation filed with the Secretary of State of the State of Delaware on August 19, 2013 pursuant to which the Issuer was formed.

"Claim" means a "claim" as defined in Section 101(5) of the Bankruptcy Code.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Participant" means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with the Clearing Agency.

"Closing Date" means, November 15, 2013, the date on which the Consumer Rate Relief Bonds are originally issued in accordance with Section 2.10 of the Indenture and the Series Supplement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collection Account" means the account established and maintained by the Indenture Trustee in accordance with Section 8.02(a) of the Indenture and any subaccounts contained therein.

"Collection in Full of the CRR Charges" means the day on which the aggregate amounts on deposit in the General Subaccount and the Excess Funds Subaccount are sufficient to pay in full all the Outstanding Consumer Rate Relief Bonds and to replenish any shortfall in the Capital Subaccount.

"Collection Period" means any period commencing on the first Servicer Business Day of any Billing Period and ending on the last Servicer Business Day of such Billing Period.

"Commission" means the Public Service Commission of West Virginia, or any Governmental Authority succeeding to the duties of such agency.

"Commission Regulations" means any regulations, including proposed or temporary regulations, promulgated by the Commission under the Code of West Virginia, 1931, as amended.

"Consumer Rate Relief Bonds" means the Consumer Rate Relief Bonds authorized by the Financing Order and issued under the Indenture.

"Corporate Trust Office" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office (for all purposes other than registration of transfer of Consumer Rate Relief Bonds) as of the Closing Date is located at 190 South LaSalle Street, MK-IL-SL7R, Chicago, Illinois 60603, Attention:
Corporate Trust Services/AEP West Virginia, Telephone: (312) 332-7496, Facsimile: (312) 332-7996, and for registration of transfers of Consumer Rate Relief Bonds, the office as of the Closing Date is located at 60 Livingston Avenue, EP-MN-WS2O, St Paul, Minnesota 55107, Attention: Bondholder Services, or at such other address as the Indenture Trustee may designate from time to time by notice to the Holders of Consumer Rate Relief Bonds and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"Covenant Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"CRR Bond Collateral" has the meaning specified in the preamble of the Indenture.

"CRR Bond Register" means the register maintained pursuant to Section 2.05 of the Indenture, providing for the registration of the Consumer Rate Relief Bonds and transfers and exchanges thereof.

"CRR Bond Registrar" means the registrar at any time of the CRR Bond Register, appointed pursuant to Section 2.05 of the Indenture.

"CRR Charge" means any CRR charge as defined in Section 24-2-4f(b)(7) of the Securitization Law that is authorized by the Financing Order. For the avoidance of doubt, CRR Charges shall not include any local tax surcharge or other tax adjustment that APCo or any successor Servicer is entitled to (and does) include in its Bills to Customers for the benefit of any municipal corporation, other tax levying corporation or other Governmental Authority, notwithstanding that a portion of such surcharges or adjustments may be computed on the basis of the CRR Charges included in such Bills, and all such tax surcharges or tax adjustments, including any compensation for additional state gross receipts taxes resulting therefrom, shall belong to APCo or the successor Servicer, as applicable, for the benefit of the applicable tax levying corporation or Governmental Authority, and APCo (or such successor Servicer, as applicable) shall retain sole responsibility to cause such adjustments and surcharges to be forwarded to the applicable Governmental Authority. If, for any reason APCo or any successor Servicer is not including any such tax surcharges or adjustments in its Bills to Customers or the Issuer is otherwise responsible for payment of any taxes, franchise fees or license fees imposed on consumer rate relief charges, then the CRR Charge shall be grossed up in accordance with Section 24-2-4f(b)(11)(G) of the Securitization Law to include any such taxes, franchise fees or license fees.

"CRR Charge Collections" means CRR Charges actually received by the Servicer to be remitted to the Collection Account.

"CRR Charge Payments" means the payments made by Customers based on the CRR Charges.

"CRR Costs" means all CRR costs as defined in Section 24-2-4f(b)(8) of the Securitization Law.

"CRR Property" means all CRR Property as defined in Section 24-2-4f(b)(9) of the Securitization Law created pursuant to the Financing Order and under the Securitization Law, including the right to impose, charge and collect the CRR Charges, the right to obtain adjustments to those charges, and all revenues, receipts, collections, rights to payment, payments, moneys, claims or other proceeds arising from the rights and interests created under the Financing Order; provided, that so long as and to the extent that the Servicer is entitled to and does include any local tax surcharge or other tax adjustments in its Bills, CRR Property shall not include any amounts expressly excluded from CRR Charges pursuant to the penultimate sentence of the definition thereof. As used in the Sale Agreement and the other Basic Documents with respect to APCo, the term "CRR Property" when used with respect to APCo means and includes the rights of APCo that exist prior to the time that such rights are first transferred in connection with the issuance of the Consumer Rate Relief Bonds so as to become CRR Property in accordance with Section 24-2-4f(e)(7) of the Securitization Law and the Financing Order.

"CRR Property Notices" means CRR Property notices filed with the Secretary of State of West Virginia pursuant to Section 24-2-4f(o)(4) of the Securitization Law.

"CRR Property Records" is defined in Section 5.01 of the Servicing Agreement.

"CRR Rate Class" means each customer class or special contract customer identified as a separate rate class in the Financing Order.

"CRR Rate Schedule" means the Tariff sheets to be filed with the Commission stating the amounts of the CRR Charges, as such Tariff sheets may be amended or modified from time to time pursuant to a True-Up Adjustment.

"CRR Revenue Group" means each Residential, Commercial and Industrial revenue group, each as defined in the Financing Order.

"Customers" means all existing and future West Virginia electric retail customers of APCo or any Successor, including all existing and future West Virginia electric retail customers who are obligated to pay CRR Charges pursuant to the Financing Order.

"Daily Remittance" is defined in Section 6.11(a) of the Servicing Agreement.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default as defined in Section 5.01 of the Indenture.

"Definitive Consumer Rate Relief Bonds" means Consumer Rate Relief Bonds issued in definitive form in accordance with Section 2.13 of the Indenture.

"Delaware Financing Statements" means one or more Uniform Commercial Code financing statements to be filed in the appropriate filing office in the State of Delaware.

"Delaware UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of Delaware.

"DTC" means The Depository Trust Company or any successor thereto.

"Electronic Means" means telephone, telecopy, telegraph, telex, internet, electronic mail, facsimile transmission or any other similar means of electronic communication. Any communication by telephone as an Electronic Means shall be promptly confirmed in writing or by one of the other means of electronic communication authorized herein.

"Eligible Account" means a segregated non-interest-bearing trust account with an Eligible Institution.

"Eligible Institution" means:

(a) the corporate trust department of the Indenture Trustee, so long as any of the securities of the Indenture Trustee have either a short-term credit rating from Moody's of at least P-1 or a long term unsecured rating from Moody's of at least A2 and have a credit rating from each other Rating Agency in one of its generic rating categories which signifies investment grade; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank), which (i) has either

(A) a long-term issuer rating of "AA-" or higher by S&P and "A2" or higher by Moody's, and, if rated by Fitch, the equivalent of the lower of those two ratings by Fitch or (B) a short-term issuer rating of "A-1+" or higher by S&P and "P-1" or higher by Moody's and, if Fitch provides a rating thereon, F-1+" by Fitch, or any other long-term, short-term or certificate of deposit rating acceptable to the Rating Agencies and (ii) whose deposits are insured by the FDIC.

If so qualified under clause (b) above, the Indenture Trustee may be considered an Eligible Institution for the purposes of clause (a) of this definition.

"Eligible Investments" mean instruments or investment property which evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand or time deposits, unsecured certificates of deposit of, money market deposit accounts of , or bankers' acceptances issued by, any depository institution (including the Indenture Trustee, 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 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, rated not less than A-1 and P-1 or their equivalents by each of S&P and Moody's and, if Fitch provides a rating thereon, by Fitch, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Consumer Rate Relief Bonds;

(c) commercial paper (including the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of APCo or any of its Affiliates), which at the time of purchase is rated not less than A-1 and P-1 or their equivalents by each of S&P and Moody's and, if Fitch provides a rating thereon, by Fitch, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Consumer Rate Relief Bonds;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and Fitch, if rated by Fitch;

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

(f) 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 the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any broker/dealer being referred to in this

definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by Standard & Poor's and, if Fitch provides a rating thereon, "F-1+" by Fitch at the time of entering into this repurchase obligation, or

(ii) 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, "A-1+" by Standard & Poor's and, if Fitch provides a rating thereon, "F-1+" by Fitch 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; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day immediately preceding the next Payment Date or Special Payment Date, if applicable (for the avoidance of doubt, investments in money market funds or similar instruments which are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments which mature in 30 days or more shall 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 A2 from Moody's and also has a long-term unsecured debt rating of at least A+ from S&P; (2) no securities or investments described in clauses (b) through (d) above which have maturities of more than 30 days but less than or equal to 3 months shall 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; (3) no securities or investments described in clauses (b) through (d) above which have maturities of more than 3 months shall be an "Eligible Investment" unless the issuer thereof has a long-term unsecured debt rating of at least Aa3 from Moody's and a short-term unsecured debt rating of at least P1 from Moody's.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means with respect to any Person at any time, each trade or business (whether or not incorporated) that would, at that time, be treated together with such Person as a single employer under Section 401 of ERISA or Section 414(b), (c), (m) or (o) of the Code.

"Estimated CRR Charge Collections" means the sum of the payments in respect of CRR Charges which are deemed to have been received by the Servicer in respect of billed CRR Charges, directly or indirectly, from or on behalf of Customers, calculated in accordance with Annex I of the Servicing Agreement.

"Event of Default" is defined in Section 5.01 of the Indenture.

"Excess Funds Subaccount" is defined in Section 8.02(a) of the Indenture.

"Excess Remittance" means the amount, if any, calculated for a particular Collection Period, by which all Estimated CRR Charge Collections remitted to the Collection Account during such Collection Period exceed Actual CRR Charge Collections received by the Servicer during such Collection Period.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Expected Amortization Schedule" means, with respect to any Tranche, the expected amortization schedule related thereto set forth in the Series Supplement.

"FDIC" means the Federal Deposit Insurance Corporation or any successor thereto.

"Federal Book-Entry Regulations" means 31 C.F.R. Part 357 et seq. (Department of Treasury).

"Federal Book-Entry Securities" means securities issued in book-entry form by the United States Treasury.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Servicer from three (3) federal funds brokers of recognized standing selected by it.

"Final" means, with respect to the Financing Order, that the Financing Order has become final, is not being appealed and that the time for filing an appeal thereof has expired.

"Final Maturity Date" means, with respect to each Tranche of Consumer Rate Relief Bonds, the Final Maturity Date therefor, as specified in the Series Supplement.

"Financial Asset" means "financial asset" as set forth in Section 8-102(a)(9) of the NY UCC.

"Financing Order" means the Final Financing Order dated September 20, 2013 issued by the Commission pursuant to the Securitization Law in Docket No. 12-1188-E-PC authorizing the creation of the CRR Property.

"Fitch" means Fitch Ratings or any successor thereto. References to Fitch are effective so long as Fitch is a Rating Agency.

"General Subaccount" is defined in Section 8.02(a) of the Indenture.

"Global Consumer Rate Relief Bond" means a Consumer Rate Relief Bond to be issued to the Holders thereof in Book-Entry Form, which Global Consumer Rate Relief Bond

shall be issued to the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and the Series Supplement.

"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.

"Grant" means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, and grant a lien upon and a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the CRR Bond Collateral or of any other agreement or instrument included therein shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the CRR Bond Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Holder" or "Bondholder" means the Person in whose name a Consumer Rate Relief Bond is registered on the CRR Bond Register.

"Indemnified Losses" is defined in Section 5.03 of the Servicing Agreement.

"Indenture" means the Indenture, dated as of November 15, 2013, by and between the Issuer and U.S. Bank National Association, a national banking association, as Indenture Trustee and as Securities Intermediary as originally executed and, as from time to time supplemented or amended by the Series Supplement 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 U.S. Bank National Association, a national banking association, as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee under the Indenture.

"Independent" means, when used with respect to any specified Person, that the Person (a) is in fact independent of the Issuer, any other obligor on the Consumer Rate Relief Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director (other than as an independent director or manager) or person performing similar functions.

"Independent Certificate" means a certificate or opinion to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the

applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such opinion or certificate shall state that the signer has read the definition of "Independent" in the Indenture and that the signer is Independent within the meaning thereof.

"Independent Manager" is defined in Section 4.01(a) of the LLC Agreement.

"Independent Manager Fee" is defined in Section 4.01(a) of the LLC Agreement.

"Indirect Participant" means a securities broker, dealer, bank, trust company or other Person that clears through or maintains a custodial relationship with a Clearing Agency Participant, either directly or indirectly.

"Insolvency Event" means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable 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 for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

"Insolvency Law" means any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect.

"Intercreditor Agreement" means, as the context may require, any intercreditor agreement that the Seller, the Servicer, the Issuer and the Indenture Trustee enter into with either (i) the investors in any future accounts receivable or similar financing arrangement in substantially the form of Exhibit D to the Indenture concerning receivables payable by Customers or (ii) the trustee for any holders of bonds issued by Affiliates of APCo which are backed by property consisting of charges payable by Customers pursuant to the Securitization Law or any similar law, collections of which receivables or other charges will be commingled with the CRR Charge Collections, in each case subject to the terms of Section 10.18 of the Indenture.

"Interim True-Up Adjustment" means either a Semi-Annual Interim True-Up Adjustment made in accordance with Section 4.01(b)(iii) of the Servicing Agreement or an Additional Interim True-Up Adjustment made in accordance with Section 4.01(b)(iv) of the Servicing Agreement.

"Interim True-Up Adjustment Date" means the effective date of any Interim True-Up Adjustment.

"Internal Revenue Service" means the Internal Revenue Service of the United States of America, or any successor thereto.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Investment Earnings" means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

"Issuance Advice Letter" means the Issuance Advice Letter filed with the Commission pursuant to the Securitization Law and the Financing Order with respect to the Consumer Rate Relief Bonds.

"Issuer" means Appalachian Consumer Rate Relief Funding LLC, a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the TIA, each other obligor on the Consumer Rate Relief Bonds.

"Issuer Order" and "Issuer Request" mean a written order or request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Legal Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Letter of Representations" means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency's rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Consumer Rate Relief Bonds, as the same may be amended, supplemented, restated or otherwise modified from time to time.

"Lien" means a security interest, lien, mortgage, charge, pledge, claim, equity or encumbrance of any kind.

"LLC Act" means the Delaware Limited Liability Company Act, as amended.

"LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of Appalachian Consumer Rate Relief Funding LLC, dated as of October 28, 2013, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Manager" means each manager of the Issuer under the LLC Agreement.

"Member" has the meaning specified in the first paragraph of the LLC Agreement.

"Minimum Denomination" means, with respect to any Consumer Rate Relief Bond, the minimum denomination therefor specified in the Series Supplement, which minimum denomination shall be not less than $100,000 and, except as otherwise provided in the Series Supplement, integral multiples thereof, except for one Consumer Rate Relief Bond of each Tranche which may be of smaller denomination.

"Monthly Servicer's Certificate" means a certificate, substantially in the form of Exhibit A to the Servicing Agreement, completed and executed by a Responsible Officer of the Servicer pursuant to Section 3.01(b)(i) of the Servicing Agreement.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto. References to Moody's are effective so long as Moody's is a Rating Agency.

"Net Write-Off Percentage" for any Collection Period means the Servicer's actual system wide charge-off percentage, as adjusted for recoveries on previously written-off bills.

"Net Write-Offs" means, for any Collection Period, an amount equal to the product of (i) the Net Write-Off Percentage for such period times (ii) total Billed CRR Charges attributable to such Collection Period.

"Nonstandard True-Up Adjustment" means any special adjustment to the CRR Charges to reallocate the respective percentages of such CRR Charges to be paid among CRR Revenue Groups in accordance with Section 4.01(b)(ii) of the Servicing Agreement.

"Nonstandard True-Up Adjustment Date" means the date revised CRR Charges are approved and effective pursuant to a final order of the Commission in the related Nonstandard True-Up Adjustment proceeding.

"Notice of Default" is defined in Section 5.01 of the Indenture.

"NY UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Officer's Certificate" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee. Unless otherwise specified, any reference in the Indenture to an Officer's Certificate shall be to an Officer's Certificate of any Responsible Officer of the party delivering such certificate.

"Ongoing Financing Costs" 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 including, without limitation, the Permitted Return, Operating Expenses, the Servicing Fee, the Administration Fee, principal and interest on the Consumer Rate Relief Bonds and any other costs identified in the Basic Documents.

"Operating Expenses" means all unreimbursed fees, costs and out-of-pocket expenses of the Issuer, including all amounts owed by the Issuer to the Indenture Trustee (including indemnities, legal fees and expenses) or any Manager, the Servicing Fee, the

Administration Fee, legal and accounting fees, Rating Agency fees and any franchise or other taxes owed by the Issuer, including on investment income in the Collection Account.

"Opinion of Counsel" means one or more written opinions of counsel who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"Outstanding" means, as of the date of determination, all Consumer Rate Relief Bonds theretofore authenticated and delivered under this Indenture except:

(a) Consumer Rate Relief Bonds theretofore canceled by the CRR Bond Registrar or delivered to the CRR Bond Registrar for cancellation;

(b) Consumer Rate Relief Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Consumer Rate Relief Bonds; and

(c) Consumer Rate Relief Bonds in exchange for or in lieu of other Consumer Rate Relief Bonds which have been issued pursuant to this Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Consumer Rate Relief Bonds are held by a Protected Purchaser;

provided, that in determining whether the Holders of the requisite Outstanding Amount of the Consumer Rate Relief Bonds or any Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Basic Document, Consumer Rate Relief Bonds owned by the Issuer, any other obligor upon the Consumer Rate Relief Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Consumer Rate Relief Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Consumer Rate Relief Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Consumer Rate Relief Bonds and that the pledgee is not the Issuer, any other obligor upon the Consumer Rate Relief Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all Consumer Rate Relief Bonds or, if the context requires, all Consumer Rate Relief Bonds of a Tranche, Outstanding at the date of determination.

"Paying Agent" means with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Consumer Rate Relief Bonds pursuant to the Indenture.

"Payment Date" means, with respect to any Tranche of Consumer Rate Relief Bonds, the dates specified in the Series Supplement; provided, that if any such date is not a Business Day, the Payment Date shall be the Business Day immediately succeeding such date.

"Periodic Billing Requirement" means, for any Calculation Period, the aggregate amount of CRR Charges calculated by the Servicer as necessary to be billed during such period in order to collect the Periodic Payment Requirement on a timely basis.

"Periodic Interest" means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

"Periodic Payment Requirement" for any Calculation Period means the total dollar amount of CRR Charge Collections reasonably calculated by the Servicer in accordance with Section 4.01 of the Servicing Agreement as necessary to be received during such period (after giving effect to the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation and which are projected to be available for payments on the Consumer Rate Relief Bonds at the end of such Calculation Period and including any shortfalls in Periodic Payment Requirements for any prior Calculation Period) in order to ensure that, as of the last Payment Date occurring in such Calculation Period, (1) all accrued and unpaid interest on the Consumer Rate Relief Bonds then due shall have been paid in full on a timely basis, (2) the Outstanding Amount of the Consumer Rate Relief Bonds is equal to the Projected Unpaid Balance on each Payment Date during such Calculation Period, (3) the balance on deposit in the Capital Subaccount equals the aggregate Required Capital Level and (4) all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided, that with respect to any Annual True-Up Adjustment or Interim True-Up Adjustment occurring after the last Scheduled Final Payment Date for the Consumer Rate Relief Bonds, the Periodic Payment Requirements shall be calculated to ensure that sufficient CRR Charges will be collected to retire the Consumer Rate Relief Bonds in full as of the next Payment Date.

"Periodic Principal" means, with respect to any Payment Date, the excess, if any, of the Outstanding Amount of Consumer Rate Relief Bonds over the outstanding principal balance specified for such Payment Date on the Expected Amortization Schedule.

"Permitted Lien" means the Lien created by the Indenture.

"Permitted Return" shall mean, for any Payment Date with respect to any Calculation Period, the sum of (i) a rate of return payable to APCo on the amount of the Capital Contribution of 5.85% per annum plus (ii) any Permitted Return not paid on any prior Payment Date.

"Permitted Successor" is defined in Section 5.02 of the Sale Agreement.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

"Predecessor Consumer Rate Relief Bond" means, with respect to any particular Consumer Rate Relief Bond, every previous Consumer Rate Relief Bond evidencing all or a portion of the same debt as that evidenced by such particular Consumer Rate Relief Bond, and, for the purpose of this definition, any Consumer Rate Relief Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Consumer Rate Relief Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Consumer Rate Relief Bond.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Projected Unpaid Balance" means, as of any Payment Date, the sum of the projected outstanding principal amount of each Tranche of Consumer Rate Relief Bonds for such Payment Date set forth in the Expected Amortization Schedule.

"Protected Purchaser" has the meaning specified in Section 8-303 of the UCC.

"Rating Agency" with respect to any Tranche of Consumer Rate Relief Bonds, means any of Moody's, Standard & Poor's or Fitch 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 Issuer, notice of which designation shall be given to the Indenture Trustee and the Servicer.

"Rating Agency Condition" means, with respect to any action, not less than ten (10) Business Days' prior written notification to each Rating Agency of such action, and written confirmation from each of Standard & Poor's and Moody's to the Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Tranche of Consumer Rate Relief Bonds and that prior to the taking of the proposed action no other Rating Agency shall have provided written notice to the Issuer that such action has resulted or would result in the suspension, reduction or withdrawal of the then current rating of any Tranche of Consumer Rate Relief Bonds; provided, that if within such ten (10) Business Day period, any Rating Agency (other than Standard & Poor's) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (i) the Issuer 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 (ii) 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 (5) Business Days following such second (2nd) 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).

"Record Date" means, with respect to a Payment Date, in the case of Definitive Consumer Rate Relief Bonds, the close of business on the last day of the calendar month

preceding the calendar month in which such Payment Date occurs, and in the case of Book-Entry Consumer Rate Relief Bonds, one Business Day prior to the applicable Payment Date.

"Registered Holder" means the Person in whose name a Consumer Rate Relief Bond is registered on the CRR Bond Register.

"Registration Statement" means the registration statement, Form S-3 Registration Nos. 333-191392 and 333-191392-01, filed with the SEC for registration under the Securities Act relating to the offering and sale of the Consumer Rate Relief Bonds, and including all amendments thereto.

"Regulation AB" means the rules of the SEC promulgated under Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123, as such may be amended from time to time.

"Remittance Requirement" means, with respect to any Third-Party Collector, any requirement that such Third-Party Collector remit CRR Charges to the Servicer within a prescribed number of days of billing by the Servicer in accordance with, if applicable, the Financing Order, the Tariff, other tariffs and any Commission Regulations.

"Remittance Shortfall" means the amount, if any, calculated for a particular Collection Period, by which Actual CRR Charge Collections received by the Servicer during such Collection Period exceed all Estimated CRR Charge Collections remitted to the Collection Account during such Collection Period.

"Required Capital Level" means an amount equal to 0.50% of the initial principal amount of the Consumer Rate Relief Bonds.

"Requirement of Law" means any foreign, federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

"Responsible Officer" means with respect to (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, Assistant Vice President, Secretary or Assistant Treasurer, Trust Officer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject); (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, the Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual or the Indenture Trustee), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

"Restricted Plan" means (a) an "employee benefit plan" as defined in and subject to Title I of ERISA, (b) a "plan" as defined in and subject to section 4975 of the Code, (c) an entity whose underlying assets include the assets of such employee benefit plan or plan or (d) a governmental or church plan which is subject to any federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code.

"Sale Agreement" means the CRR Property Purchase and Sale Agreement, dated as of the Closing Date, by and between APCo and the Issuer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Scheduled Final Payment Date" means with respect to each Tranche of Consumer Rate Relief Bonds, the date when all interest and principal is scheduled to be paid with respect to that Tranche in accordance with the Expected Amortization Schedule, as specified in the Series Supplement. For the avoidance of doubt, the Scheduled Final Payment Date with respect to any Tranche shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule relating to such Tranche. The "last Scheduled Final Payment Date" means the Scheduled Final Payment Date of the last maturing Tranche of Consumer Rate Relief Bonds.

"Scheduled Payment Date" means, with respect to each Tranche of Consumer Rate Relief Bonds, each Payment Day on which principal for such Tranche is to be paid in accordance with the Expected Amortization Schedule for such Tranche.

"SEC" means the U.S. Securities and Exchange Commission.

"Secretary of State" means the Secretary of State of the State of Delaware, the Virginia State Corporation Commission of the Commonwealth of Virginia or the Secretary of State of the State of West Virginia, as the case may be, or any Governmental Authority succeeding to the duties of such offices.

"Secured Obligations" is defined in the Series Supplement, a form of which is attached as Exhibit B to the Indenture.

"Secured Parties" means the Indenture Trustee, the Bondholders and any credit enhancer described in the Series Supplement.

"Securities Account" means the Collection Account (to the extent it constitutes a securities account as defined in the NY UCC and Federal Book-Entry Regulations).

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Intermediary" means U.S. Bank National Association, a national banking association, solely in the capacity of a "securities intermediary" as defined in the NY UCC and Federal Book-Entry Regulations or any successor securities intermediary under the Indenture.

"Securitization Law" means the Code of West Virginia, 1931, as amended, §24-2-4f, as may be amended from time to time.

"Security Entitlement" means "security entitlement" (as defined in Section 8-102(a)(17) of the NY UCC) with respect to Financial Assets now or hereafter credited to the Securities Account and, pursuant to Federal Book-Entry Regulations, with respect to Federal Book-Entry Securities now or hereafter credited to the Securities Account, as applicable.

"Seller" is defined in the preamble to the Sale Agreement.

"Semi-Annual Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(iii) of the Servicing Agreement.

"Series Supplement" means the indenture supplemental to the Indenture in the form attached as Exhibit B to the Indenture that authorizes the issuance of the Consumer Rate Relief Bonds.

"Servicer" means APCo, as Servicer under the Servicing Agreement, or any successor Servicer to the extent permitted under the Servicing Agreement.

"Servicer Business Day" means any day other than a Saturday, Sunday or holiday, on which the Servicer maintains normal office hours and conducts business.

"Servicer Default" is defined in Section 7.01 of the Servicing Agreement.

"Servicer's Certificate" means a certificate, substantially in the form of Exhibit C to the Servicing Agreement, completed and executed by a Responsible Officer of the Servicer pursuant to Section 4.01(c)(ii) of the Servicing Agreement.

"Servicing Agreement" means the CRR Property Servicing Agreement, dated as of the Closing Date, by and between the Issuer and APCo, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Servicing Fee" means the fee payable to the Servicer on each Payment Date for services rendered during the period from, but not including, the preceding Payment Date (or from the Closing Date in the case of the first Payment Date) to and including the current Payment Date, determined pursuant to Section 6.06 of the Servicing Agreement.

"Servicing Standard" means the obligation of the Servicer to calculate, apply, remit and reconcile proceeds of the CRR Property, including CRR Charge Payments, and all other CRR Bond Collateral for the benefit of the Issuer and the Holders (i) with the same degree of care and diligence as the Servicer applies with respect to payments owed to it for its own account, (ii) in accordance with all applicable procedures and requirements established by the Commission for collection of electric utility tariffs and (iii) in accordance with the other terms of the Servicing Agreement.

"Special Member" is defined in Section 1.02(b) of the LLC Agreement.

"Special Payment" means with respect to any Tranche of Consumer Rate Relief Bonds, any payment of principal of or interest on (including any interest accruing upon default),

or any other amount in respect of, the Consumer Rate Relief Bonds of such Tranche that is not actually paid within five (5) days of the Payment Date applicable thereto.

"Special Payment Date" means the date on which a Special Payment is to be made by the Indenture Trustee to the Holders.

"Special Record Date" means with respect to any Special Payment Date, the close of business on the fifteenth (15th) day (whether or not a Business Day) preceding such Special Payment Date.

"Sponsor" means APCo, in its capacity as "sponsor" of the Consumer Rate Relief Bonds within the meaning of Regulation AB.

"Standard & Poor's" or "S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, or any successor thereto. References to S&P are effective so long as S&P is a Rating Agency.

"State" means any one of the fifty states of the United States of America or the District of Columbia.

"State Pledge" means the pledge of the State of West Virginia as set forth in §24-2-4f(s)(1) of the Securitization Law.

"Subaccounts" is defined in Section 8.02(a) of the Indenture.

"Successor" has the meaning set forth in the Securitization Law and includes, without limitation, any entity resulting from the merger or consolidation of, or similar transaction with respect to, APCo and Wheeling Power Company.

"Successor Servicer" is defined in Section 3.07(e) of the Indenture.

"Tariff" means APCo's P.S.C. W.VA. Tariff No. 13 filed with the Commission, as the same may be amended, restated, supplemented or otherwise modified from time to time, including, without limitation, with respect to any Successor.

"Temporary Consumer Rate Relief Bonds" means Consumer Rate Relief Bonds executed, and upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of Definitive Consumer Rate Relief Bonds pursuant to Section 2.04 of the Indenture.

"Termination Notice" is defined in Section 7.01 of the Servicing Agreement.

"Third-Party Collector" means each electric utility, municipally owned utility and/or cooperative, which, pursuant to the Tariff, any other tariffs filed with the Commission, or any agreement with APCo, is obligated to bill, pay or collect CRR Charges.

"Tranche" means any one of the groupings of Consumer Rate Relief Bonds differentiated by amortization schedule, interest rate or sinking fund schedule, as specified in the Series Supplement.

"Treasury Regulations" means the regulations, including proposed or temporary regulations, promulgated under the Code. References herein to specific provisions of proposed or temporary regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

"True-Up Adjustment" means any Annual True-Up Adjustment, Interim True-Up Adjustment or Nonstandard True-Up Adjustment, as the case may be.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as amended by the Trust Indenture Reform Act of 1990, as in force on the Closing Date, unless otherwise specifically provided.

"UCC" means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

"Underwriters" means the underwriters who purchase Consumer Rate Relief Bonds of any Tranche from the Issuer and sell such Consumer Rate Relief Bonds in a public offering.

"Underwriting Agreement" means the Underwriting Agreement, dated as of November 6, 2013, by and among APCo, the representatives of the several Underwriters named therein and the Issuer, as the same may be amended, supplemented or modified from time to time.

"Unregistered Consumer Rate Relief Bonds" means any Consumer Rate Relief Bonds not registered under the Securities Act or the securities laws of any other jurisdiction.

"Upfront Financing Costs" means those financing costs incurred in connection with the issuance of the Consumer Rate Relief Bonds allowed under the Financing Order.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable at the option of the issuer thereof.

"Utilities Code" is defined in Section 1.01(e) of the Servicing Agreement.

"Weighted Average Days Outstanding" means the weighted average number of days APCo's monthly bills to Customers remain outstanding during the calendar year immediately preceding the calculation thereof pursuant to Section 4.01(b)(i) of the Servicing Agreement.

"West Virginia UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of West Virginia.

B. Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control. As used in the Basic Documents, the term "including" means "including without limitation," and other forms of the verb "to include" have correlative meanings. All references to any Person shall include such Person's permitted successors.

C. Computation of Time Periods. Unless otherwise stated in any of the Basic Documents, as the case may be, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding."

D. Reference; Captions. The words "hereof," "herein" and "hereunder" and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document; and references to "Section," "subsection," "Schedule" and "Exhibit" in any Basic Document are references to Sections, subsections, Schedules and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document. The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.

E. The definitions contained in this Appendix A are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter forms of such terms.

Exhibit 99.1

CRR PROPERTY SERVICING AGREEMENT

by and between

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC,

Issuer

and

APPALACHIAN POWER COMPANY,

Servicer

Dated as of November 15, 2013

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This CRR PROPERTY SERVICING AGREEMENT (this "Agreement"), dated as of November 15, 2013, is between APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC, a Delaware limited liability company, as issuer (the "Issuer"), and APPALACHIAN POWER COMPANY ("APCo"), a Virginia corporation, as servicer (the "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 Servicer to carry out the functions described herein and the Servicer desires to be so engaged;

WHEREAS, the Issuer desires to engage the Servicer to act on its behalf in obtaining True-Up Adjustments from the Commission and the Servicer desires to be so engaged;

WHEREAS, the CRR Charge Collections may be commingled with other funds collected by the Servicer;

WHEREAS, certain parties other than APCo and the Issuer may have an interest in such commingled collections, and such parties will be required to enter into an Intercreditor Agreement that allows APCo to allocate the collected, commingled funds according to each party's interest; and

WHEREAS, the Commission has the right to enforce this Agreement for the benefit of the Customers to the extent permitted by law;

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 and U.S. Bank National Association, a national banking association, in its capacity as the indenture trustee (the "Indenture Trustee") and in its separate capacity as a securities intermediary (the "Securities Intermediary"), as the same may be amended, restated, supplemented or otherwise modified from time to time (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 Chapter 24 of the West Virginia Code (the "Utilities Code") shall, as the context requires, have the meanings assigned to such terms in the Utilities Code, but without giving effect to amendments to the Utilities Code 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 Servicer; Acceptance of Appointment. The Issuer hereby appoints the Servicer, and the Servicer hereby accepts such appointment, to perform the Servicer's obligations 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 and the Servicer'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, the 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 the Servicer such documents as have been prepared by the Servicer for execution by the Issuer and shall furnish the Servicer with such other documents as may be in the Issuer's possession, in each case as the Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and administrative duties hereunder. Upon the Servicer's written request, the Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the 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 the Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Issuer with respect to the CRR Property and the CRR Property Records. The Servicer shall not take any action that is not authorized by this Agreement, that would contravene the Utilities Code, 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 Holders) in the CRR Property, in each case unless such action is required by applicable law or court or regulatory order.

ARTICLE III

ROLE OF SERVICER

SECTION 3.01. Duties of Servicer. The Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Servicer Generally. The Servicer's duties in general shall include management, servicing and administration of the CRR Property; obtaining meter reads, calculating usage, billing, collections and posting of all payments in respect of the CRR Property or CRR Charges; responding to inquiries by Customers, the Commission, or any other Governmental Authority with respect to the CRR Property or CRR Charges; delivering Bills to Customers; investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to the Issuer), processing and depositing collections and making periodic remittances; furnishing periodic reports to the Issuer, the Indenture Trustee and the Rating Agencies; making all filings 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; making all filings and taking such other action 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; selling as the agent for the Issuer as its interests may appear defaulted or written off accounts in accordance with the Servicer's usual and customary practices; taking all necessary action in connection with True-Up Adjustments as set forth herein; 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 performing such other duties as may be specified under the Financing Order to be performed by it. Anything to the contrary notwithstanding, the duties of the Servicer set forth in this Agreement shall be qualified in their entirety by any Commission Regulations, the Financing Order, and the 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, the 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 Servicer's 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 preceding Servicer Business Day), the Servicer shall 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 Servicer's

Certificate") setting forth certain information relating to CRR Charge Payments received by the Servicer during the Collection Period immediately preceding such date; provided, however, that for any month in which the Servicer is required to deliver a Servicer's Certificate pursuant to Section 4.01(c)(ii), the Servicer shall prepare and deliver the Monthly Servicer's Certificate no later than the date of delivery of such Servicer's Certificate.

(ii) Notification of Laws and Regulations. The Servicer shall immediately notify the Issuer, the Indenture Trustee and the Rating Agencies in writing 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, the 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 the Servicer, or any material information regarding the CRR Property to the extent it is reasonably available to the 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 the Servicer hereunder. In addition, so long as any of the Consumer Rate Relief Bonds are outstanding, the Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the CRR Charges applicable to each CRR Rate Class.

(iv) Preparation of Reports. The Servicer shall prepare and deliver such additional reports as required under this Agreement, including a copy of each Servicer's Certificate described in Section 4.01(c)(ii), the annual statements of compliance, attestation reports and other certificates described in Section 3.03, and the Annual Accountant's Report described in Section 3.04. In addition, the Servicer 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 federal securities 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 (i) the Monthly Servicer's Certificates described in Section 3.01(b)(i) (under Form 10-D or any other applicable form), (ii) the Servicer's Certificates described in Section 4.01(c)(ii) (under Form 10-D or any other applicable form), (iii) the annual statements of compliance, attestation reports and other certificates described in Section 3.03, and (iv) 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 Servicer shall (in its separate capacity as Servicer) 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

Servicer's signature is required by, and consistent with, the federal securities laws and/or any other applicable law.

(c) Opinions of Counsel. The Servicer shall obtain on behalf of the Issuer and deliver to the Issuer and 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 fully preserve, protect and perfect the Liens 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) within ninety (90) days after the beginning of each calendar year beginning with the first calendar year beginning more than three (3) months after the date hereof, an Opinion of Counsel from external counsel of the Issuer, dated as of a date during such ninety (90)-day period, 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, have been authorized, executed and filed that are necessary under the UCC and the Securitization Law to fully preserve, protect and perfect the Liens of the Indenture Trustee in the CRR Property, 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.

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 interest or Lien. The costs of such Opinions of Counsel, are out-of-pocket costs of the Servicer which shall be reimbursable under the Indenture as Ongoing Financing Costs.

SECTION 3.02. Servicing and Maintenance Standards. On behalf of the Issuer, the 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 and guidelines, using the same degree of care and diligence that the 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 industry in West Virginia in performing its duties as 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) file all Commission notices described in the Securitization Law and file and maintain the effectiveness of UCC financing statements with respect to the property transferred under the Sale Agreement, 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. The 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 the 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 Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies, on or before the earlier of (a) March 31 of each year 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 a Responsible Officer of the Servicer (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 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. These certificates may be in the form of, or shall include the forms attached hereto as Exhibit C-1 and Exhibit C-2 hereto, with, in the case of Exhibit C-1, such changes as may be required to conform to the applicable securities law.

(b) The Servicer 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 to the extent required in connection with the filing of the annual report on Form 10-K; provided, however, that a failure to obtain such certifications shall not be a breach of the Servicer's 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 initial 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 initial 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 initial Servicer, in its capacity as Sponsor, pursuant to this Section 3.03(c) shall survive the resignation, removal or termination of the initial Servicer as Servicer hereunder.

SECTION 3.04. Annual Report by Independent Registered Public Accountants.

(a) The Servicer shall cause a firm of Independent registered public accountants (which may provide other services to the Servicer or the Seller) to prepare annually, and the Servicer 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, 2014, 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 Servicer (the "Annual Accountant's Report") to the effect that such firm has performed certain procedures, agreed between the Servicer and such accountants, in connection with the Servicer's compliance with its obligations under this Agreement during the preceding twelve (12) months ended December 31 (or, in the case of the first Annual Accountant's Report to be delivered on or before March 31, 2014, the period of time from the date of this Agreement until December 31, 2013), identifying the results of such procedures and including any exceptions noted. The costs of the Annual Accountant's Report are out-of-pocket costs of the Servicer which shall be reimbursable under the Indenture as Ongoing Financing Costs.

(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 Servicer 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.

SECTION 3.05. Monitoring of Third-Party Collectors. From time to time, until the Collection in Full of the CRR Charges, the Servicer shall, in accordance with the Servicing Standard, take all actions with respect to Third-Party Collectors required to be taken by the Servicer as set forth, if applicable, in any agreement with the 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 applicable law, the Servicer shall:

(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.

The Servicer shall update the records described above no less frequently than quarterly.

(b) Credit and Collection Policies. The 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. The Servicer shall, in accordance with and to the extent permitted by the Utilities Code, applicable Commission Regulations and the terms of the Financing Order, include and impose the above-described terms in any tariffs filed under the Utilities Code which would allow other utilities to issue single bills which include CRR Charges to APCo's Customers.

(c) Affiliated Third-Party Collectors. In performing its obligations under this Section 3.05, the Servicer shall deal with any Third-Party Collectors which are Affiliates of the Servicer on terms which are no more favorable in the aggregate to such affiliated Third-Party Collector than those used by the Servicer in its dealings with Third-Party Collectors that are not affiliates of the Servicer.

ARTICLE IV

SERVICES RELATED TO TRUE-UP ADJUSTMENTS

SECTION 4.01. True-Up Adjustments. From time to time, until the Collection in Full of the CRR Charges, the Servicer shall identify the need for Annual True-Up Adjustments, Semi-Annual Interim True-Up Adjustments, Additional Interim True-Up Adjustments and Nonstandard 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). If the Expected Amortization Schedule is revised, the Servicer shall send a copy of such revised Expected Amortization Schedule to the Issuer, the Indenture Trustee and the Rating Agencies promptly thereafter.

(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 November the Servicer shall: (A) update the data and assumptions underlying the calculation of the 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 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 Servicer 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; (D) make all required public notices and other filings with the Commission to reflect the revised CRR Charges, including any Amendatory Schedule, and (E) 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; provided, however, that if, at the time of such Annual True-Up Adjustment filing, there are, or the Servicer projects for an upcoming period that there will be, significant changes from historical conditions of operation, such as a loss of significant electric load or a merger of APCo with another utility and a resulting expansion of APCo's customer base, or if at such time the Servicer experiences or projects a drop in electricity consumption or demand for one or more of the CRR Revenue Groups for an upcoming period by 10% or more (calculated by comparing the difference between the revised projected load and the original projected load), the Servicer shall initiate a proceeding with the Commission to implement a Nonstandard True-Up Adjustment in addition to such Annual True-Up Adjustment. The Servicer shall implement the revised CRR Charges, if any, resulting from such Annual True-Up Adjustment as of the Annual True-Up Adjustment Date. The Servicer will also initiate a Nonstandard True-Up Adjustment if APCo and Wheeling Power Company merge.

(ii) Nonstandard True-Up Adjustments and Filings. In the event that the Servicer determines that a Nonstandard True-Up Adjustment is required (including, without limitation (1) as a result of significant changes from historical conditions of operation, such as a loss of significant electric load or a merger of APCo with another utility and a resulting expansion of APCo's customer base, (2) specifically if APCo experiences or projects a drop in the consumption of electricity for any CRR Revenue Group of 10% or more (calculated by comparing the difference between the revised forecasted load and the original projected load), or (3) if APCo and Wheeling Power Company merge), the Servicer shall promptly (A) recalculate the CRR Charges to reallocate the 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 CRR Charges in a timely manner, including the filing of any revised Amendatory Rider 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 Servicer 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.

(iii) Semi-Annual Interim True-Up Adjustments and Filings. Within the 30-day period ending on May 1 of each year, commencing May 1, 2014 and, if there are any Consumer Rate Relief Bonds Outstanding following the Scheduled Final Payment Date for the last maturing tranche, within 30 days of the dates which are three months, six months, nine months and one year after the Scheduled Final Payment Date for the last maturing tranche, the Servicer shall (A) update the data and assumptions underlying the calculation of the 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 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 Semi-Annual 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 Servicer determines that CRR Charges will not be sufficient for such purposes, the Servicer 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 Servicer 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 Servicer shall initiate a proceeding with the Commission to implement an Additional Interim True-Up Adjustment (in the same manner as provided for the

Semi-Annual Interim True-Up Adjustments) at any time if the Servicer forecasts 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 CRR Charges cannot be allocated to a given CRR Rate Class, such 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 the 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, the Servicer shall send a copy of such filing or notice (together with a copy of all notices and documents which, in the 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, the 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.

(ii) Servicer's Certificate. Not later than five (5) Servicer Business Days prior to each Payment Date or Special Payment Date, the Servicer shall deliver a written report substantially in the form of Exhibit B hereto (the "Servicer's Certificate") to the Issuer, the Indenture Trustee and the Rating Agencies 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 amount of the payment to Holders allocable to principal, if any;

(b) the amount of the payment to Holders allocable to interest;

(c) the aggregate Outstanding Amount of the Consumer Rate Relief Bonds, before and after giving effect to any payments allocated to principal reported under clause (a) above;

(d) the difference, if any, between the amount specified in clause (c) above and the Outstanding Amount specified in the Expected Amortization Schedule;

(e) 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 Servicer; and

(f) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

(iii) Reports to Customers.

(A) After each revised CRR Charge has gone into effect pursuant to a True-Up Adjustment, the Servicer 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) The Servicer shall comply with the requirements of the Financing Order with respect to the filing of the CRR Rate Schedule to ensure that the CRR Charges are separate and apart from the Servicer's other charges and appear as a separate line item on the Bills sent to Customers. In addition, at least once each year, in accordance with the Securitization Law the Servicer shall cause to be prepared and delivered to such Customers a "plain-English" explanation of the CRR Property, the CRR Charges and the CRR Rate Schedule, including that the CRR Property and the CRR Charges are owned by the Issuer and not the Seller. Such notice 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 the Servicer may from time to time use to communicate with its Customers.

SECTION 4.02. Limitation of Liability. (a) The Issuer and the Servicer expressly agree and acknowledge that:

(i) In connection with any True-Up Adjustment, the Servicer is acting solely in its capacity as the servicing agent hereunder.

(ii) Neither the Servicer nor the Issuer nor the Indenture Trustee is 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 the Servicer's failure to make any filings required by Section 4.01 in a timely and correct manner or any breach by the Servicer of its duties under this Agreement that 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 the Servicer is liable under Section 6.02, the 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 usage volume and the Weighted Average Days Outstanding, write-offs and estimated expenses and fees of the Issuer, so long as the Servicer has acted in good faith and has not acted in a negligent manner in connection therewith, nor shall the 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 the Servicer of liability for any misrepresentation by the Servicer under Section 6.01 or for any breach by the 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 the Servicer, and the Servicer hereby accepts such appointment, to act as the agent of the Issuer as custodian of any and all documents and records that the Seller shall keep on file, in accordance with its customary procedures, 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. The Servicer shall hold the CRR Property Records 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 custodian, the Servicer shall act with reasonable care, using that degree of care and diligence that the Servicer exercises with respect to comparable

assets that the Servicer services for itself or, if applicable, for others. The Servicer shall promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the 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. The Servicer's duties to hold the CRR Property Records set forth in this Section 5.02, to the extent the 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 the 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 Servicer shall maintain the CRR Property Records at 1 Riverside Plaza, Columbus, Ohio 43215 or 707 Virginia Street, East, Charleston, West Virginia 25301, 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. The Servicer shall make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the 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 the Servicer's normal operations. Nothing in this Section 5.02(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the 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, the Servicer shall release any CRR Property Records 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 the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the 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 Servicer, on behalf of the Issuer and the Holders, shall institute any action or proceeding necessary under the Securitization Law or the Financing Order with respect to the CRR Property, and the Servicer agrees 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. The costs of any action described in this Section 5.02(d) 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 priorities set forth in Section 8.02(e) of the Indenture. The Servicer's 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 (it being understood that the Servicer may be required initially to advance its own funds to satisfy its obligations hereunder).

(e) Additional Litigation to Defend CRR Property. In addition to its obligations under Section 5.02(d), the Servicer shall, at its 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 and the Financing Order with respect to the CRR Property, and to compel performance by applicable parties under the Tariff or any agreement with the Servicer entered into pursuant to the Tariff. In any proceedings related to the exercise of the power of eminent domain by any municipality or other person or entity to acquire a portion of APCo's electric distribution facilities, the Servicer shall assert that the court ordering such condemnation must treat such municipality as a successor to APCo under the Securitization Law and Financing Order.

SECTION 5.03. Custodian's Indemnification. The Servicer as 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 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 the Servicer shall not be liable for any portion of any such amount resulting from the willful misconduct, bad faith or 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).

SECTION 5.04. Effective Period and Termination. The Servicer's appointment as 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 the Servicer shall resign as Servicer in accordance with the provisions of this Agreement or if all of the rights and obligations of the Servicer shall have been terminated under Section 7.01, the appointment of the Servicer as custodian shall be terminated effective as of the date on which the termination or resignation of the Servicer is effective. Additionally, if not sooner terminated as provided above, the Servicer's obligations as Custodian shall terminate one year and one day after the date on which no Consumer Rate Relief Bonds are Outstanding.

ARTICLE VI

THE SERVICER

SECTION 6.01. Representations and Warranties of Servicer. The Servicer makes 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 any CRR Property and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(a) Organization and Good Standing. The Servicer 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 and to conduct its business as such properties are currently owned and such business is presently conducted and to execute, deliver and carry out the terms of this Agreement and any Intercreditor Agreement, 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. The 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 any Intercreditor Agreement) 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 the 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 any Intercreditor Agreement have been duly authorized by all necessary action on the part of the Servicer under its organizational or governing documents and laws.

(d) Binding Obligation. This Agreement and any Intercreditor Agreement constitutes a legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its terms, subject to applicable 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 any Intercreditor Agreement 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 the Servicer, or any indenture or other agreement or instrument to which the Servicer 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 that may be granted under the Basic Documents or any Lien created pursuant to Section 24-2-4f(o) of the Securitization Law); nor violate any existing law or any existing order, rule or regulation applicable to the Servicer of any Governmental Authority having jurisdiction over the Servicer or its properties.

(f) No Proceedings. There are no proceedings pending and, to the Servicer's knowledge, there are no proceedings threatened and, to the Servicer's knowledge, there are no investigations pending or threatened, before any Governmental Authority having jurisdiction over the Servicer or its properties involving or relating to the Servicer or the Issuer or, to the Servicer's knowledge, any other Person: (i) asserting the invalidity of this Agreement or any Intercreditor Agreement 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 the Servicer 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 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 the Servicer of this Agreement or any Intercreditor Agreement, the performance by the Servicer of the transactions contemplated hereby or thereby or the fulfillment by the Servicer of the terms of each, except those that have been obtained or made, those that the Servicer is required to make in the future pursuant to Article IV or Section 6.06 and those that the Servicer may need to file in the future to continue the effectiveness of any financing statement filed under 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 the Issuer with respect to the CRR Charges or True-Up Adjustments will constitute a representation and warranty by the 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 the 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 the Servicer on the date such report or certificate is delivered).

SECTION 6.02. Indemnities of Servicer; Release of Claims. The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Agreement.

(a) The 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) the Servicer's willful misconduct, bad faith or negligence in the performance of its duties or observance of its covenants under this Agreement and any Intercreditor Agreement or its reckless disregard of its obligations and duties under this Agreement or any Intercreditor Agreement, (ii) the Servicer's breach of any of its representations and warranties contained in this Agreement and any

Intercreditor Agreement or (iii) any litigation or related expenses relating to the Servicer's status or obligations as Servicer (other than any proceeding the Servicer is required to institute under the Servicing Agreement), 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.

(b) For purposes of Section 6.02(a), in the event of the termination of the rights and obligations of APCo (or any successor thereto 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 be the Servicer pending appointment of a successor Servicer pursuant to Section 7.02.

(c) 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).

(d) Except to the extent expressly provided in this Agreement or the other Basic Documents (including the Servicer's claims with respect to the Servicing Fee, reimbursement for costs incurred pursuant to Section 5.02(d) and the payment of the purchase price of CRR Property), the 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 the Servicer, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the CRR Property or the 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.

(e) The Servicer shall not 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 the 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, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 6.02, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 6.02 only to the extent that the 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, the 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 (in which case the 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 the 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 the 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 the 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 the Servicer, (ii) the 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) the Servicer shall authorize the Indemnified Person to employ separate counsel at the expense of the 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 Servicer 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. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 6.02 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim, action, suit or proceeding.

(f) The Servicer shall indemnify the Commission (for the benefit of Customers) for, and defend and hold harmless the Commission against, any and all Indemnified Losses that may be imposed upon, incurred by or asserted against the Commission, including any increase in the Servicing Fee that becomes payable pursuant to Section 6.06, as a result of the Servicer's willful misconduct, bad faith or negligence in performance of its duties or by reason of reckless disregard of its obligations and duties under this Agreement or the Servicer's failure to remit any required payment of CRR Charge Collections. The indemnification obligation set forth in this paragraph may be enforced by the Commission but is not enforceable by any Customer. Any indemnity payments made to the Commission under this paragraph for the benefit of Customers shall be remitted to the Indenture Trustee promptly for deposit into the Collection Account.

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 the Servicer, any Successor, and any other entity that provides distribution services or direct wire services to a Person that is a West Virginia retail customer of APCo or any Successor so long as the Consumer Rate Relief Bonds are Outstanding. Any Person (a) into which the Servicer may be merged, converted or consolidated and which is a Permitted Successor, (b) that may result from any merger, conversion or consolidation to which the Servicer shall be a party and which is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and which is a Permitted Successor, or (d) which otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to

the 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, no representation or warranty made pursuant to Section 6.01 shall have been breached 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) the 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 or succession and such agreement of assumption complies 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) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from external counsel of the 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 and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain 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) the 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 federal income tax purposes, such consolidation, conversion, merger or succession and such agreement of assumption will not result in a material federal income tax consequence to the Issuer or the Holders of Consumer Rate Relief Bonds and (v) the Servicer shall have given the Rating Agencies prior written notice of such transaction. When any Person (or more than one Person) acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 6.03, then 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 (except for responsibilities for its actions prior to such release).

Notwithstanding the foregoing, Wheeling Power Company 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. Except as otherwise provided under this Agreement, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer 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 the Servicer or any such person against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel reasonably acceptable to the Indenture Trustee or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

Except as provided in this Agreement, including but not limited to Sections 5.02(d) and (e), the Servicer shall not 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 the 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 the Servicer may, in respect of any Proceeding, undertake any action that it is not specifically identified in this Agreement as a duty of the Servicer but that the 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. The 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. The 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 the Servicer may be required initially to advance its own funds in making expenditures pursuant to this paragraph).

SECTION 6.05. APCo Not to Resign as Servicer. Subject to the provisions of Section 6.03, APCo shall not resign from the obligations and duties hereby imposed on it as Servicer under this Agreement unless APCo delivers to the Indenture Trustee and the Commission an opinion of external counsel to the effect that APCo's performance 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 in accordance with Section 7.02.

SECTION 6.06. Servicing Compensation.

(a) In consideration for its services hereunder, until the Collection in Full of the CRR Charges, the Servicer shall receive an annual fee (the "Servicing Fee") in an amount equal to (i) 0.05% of the aggregate initial principal amount of all Consumer Rate Relief Bonds for so long as APCo or an Affiliate of APCo is the Servicer or (ii) if APCo or any of its Affiliates is not the Servicer, an amount agreed upon by the Successor Servicer and the Indenture Trustee, provided that any amount in excess of 1.25% of the aggregate initial principal amount of all Consumer Rate Relief Bonds must either be approved by the Commission or, if the Commission does not act to either approve or disapprove the new servicing fee, by the date which is forty-five (45) days after notice of the replacement servicer's proposed fee is provided to the Commission, shall be deemed approved. 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. The Servicer also shall be entitled to retain as additional compensation (i) any interest earnings on CRR Charge Payments received by the Servicer and invested by the Servicer during each Collection Period prior to remittance to the Collection Account and (ii) all late payment charges, if any, collected from Customers to the extent consistent with the Servicer's Tariff; provided, however, that if the Servicer has failed to remit the Daily Remittance to the General Subaccount of any 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 the Servicer will be required to pay to the Indenture Trustee interest on each Daily Remittance

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.

(b) The Servicing Fee set forth in Section 6.06(a) shall be paid to the Servicer by the Indenture Trustee, on each 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 Collection Account to an account designated by the Servicer. Any portion of the Servicing Fee not paid on any such date should 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) Except as expressly provided elsewhere in this Agreement, the Servicer shall be required to pay from its own account expenses incurred by the 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 the Servicer and any expenses incurred in connection with reports to Holders) 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 Fees constitute a fair and reasonable compensation for the obligations to be performed by the Servicer. Such 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. The Servicer covenants and agrees, in servicing the CRR Property, to comply in all material respects with all laws applicable to, and binding upon, the 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 the Servicer for noncompliance with any Requirement of Law that the 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 the Servicer advances such payments to the Rating Agencies, the Issuer shall reimburse the Servicer for any such advances

SECTION 6.08. Access to Certain Records and Information Regarding CRR Property. The 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 offices of the Servicer. Nothing in this Section 6.08 shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding

Customers, and the failure of the 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. The Servicer may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder, including a collection agent acting pursuant to any Intercreditor Agreement; provided, however, that, unless such Person is an Affiliate of APCo, the Rating Agency Condition shall have been satisfied in connection therewith; provided further that the 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 the Servicer alone were servicing and administering the CRR Property. The fees and expenses of any such Person shall be as agreed between the 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. The Servicer shall not make any advances of interest on or principal of the Consumer Rate Relief Bonds.

SECTION 6.11. Remittances.

(a) On each Servicer Business Day the Servicer shall remit to the General Subaccount of the Collection Account the total CRR Charge Payments estimated to have been received by the Servicer from or on behalf of Customers on such Servicer Business Day in respect of all previously billed CRR Charges (the "Daily Remittance"), which Daily Remittance shall be calculated according to the procedures set forth in Annex I hereto and remitted as soon as reasonably practicable to the General Subaccount of the 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 General Subaccount of the Collection Account pursuant to this Section 6.11, the Servicer shall provide written notice to the Indenture Trustee of each such remittance (including the exact dollar amount to be remitted). The Servicer shall also, promptly upon receipt, remit to the Collection Account any other proceeds of the CRR Bond Collateral which it may receive from time to time.

(b) The 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 Servicer in accordance with this Section 6.11 without any surcharge, fee, offset, charge or other deduction except for late fees permitted by Section 6.06. The Servicer further agrees not to make any claim to reduce its obligation to remit all CRR Charge Payments collected by it in accordance with this Agreement except for late fees 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, the immediately preceding Servicer Business Day), the Servicer shall calculate the amount of any Remittance Shortfall or Excess Remittance for the immediately preceding Collection Period, and (A) if a Remittance Shortfall exists, the Servicer

shall make a supplemental remittance to the General Subaccount of the Collection Account within two (2) Servicer Business Days, or (B) if an Excess Remittance exists, the Servicer shall be entitled either (i) to reduce the amount of each Daily Remittance which the Servicer subsequently remits to the General Subaccount of the Collection Account for application to the amount of such Excess Remittance until the balance of such Excess Remittance has been reduced to zero, the amount of such reduction becoming the property of the Servicer or (ii) so long as such withdrawal would not cause the amounts on deposit in the General Subaccount and 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 General Subaccount or Excess Funds Subaccount the amount of such Excess Remittance, such payment becoming the property of the Servicer. If there is a Remittance Shortfall, the amount which the Servicer remits to the General Subaccount of the Collection Account on the relevant date set forth above shall be increased by the amount of such Remittance Shortfall, such increase coming from the Servicer's own funds.

(d) Unless otherwise directed to do so by the Issuer, the Servicer shall be responsible for selecting Eligible Investments in which the funds in each Collection Account shall be invested pursuant to Section 8.03 of the Indenture.

SECTION 6.12. Maintenance of Operations. Subject to Section 6.03, APCo agrees to continue, unless prevented by circumstances beyond its control, to operate its electric distribution system to provide service (or, if transmission and distribution are split, to provide wire service directly to its customers) so long as it is acting as the 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 the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of five (5) Business Days after written notice of such failure is received by the Servicer from the Issuer or the Indenture Trustee or after discovery of such failure by an officer of the Servicer; or

(b) any failure on the part of the Servicer or, so long as the Servicer is APCo or an Affiliate thereof, any failure on the part of APCo, as the case may be, duly to observe or to perform in any material respect any covenants or agreements of the Servicer or APCo, as the case may be, 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 it 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 date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or APCo, as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Servicer or APCo, as the case may be, by the Indenture Trustee or (B) such failure is discovered by an officer of the Servicer; or

(c) any failure by the 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) days; or

(d) any representation or warranty made by the Servicer in this Agreement or any 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 date on which (A) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (B) such failure is discovered by an officer of the Servicer; or

(e) an Insolvency Event occurs with respect to the Servicer or APCo;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, either the Indenture Trustee may (if it is actually known by a Responsible Officer of the Indenture Trustee), or shall upon the instruction of Holders evidencing not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds, subject to the terms of any Intercreditor Agreement, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Holders) (a "Termination Notice"), terminate all the rights and obligations (other than the obligations set forth in Section 6.02 and the obligation under Section 7.02 to continue performing its functions as Servicer until a successor Servicer is appointed) of the Servicer under this Agreement and under any Intercreditor Agreement. 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 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 Servicer of a Termination Notice, all authority and power of the Servicer 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 Servicer, 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 Servicer shall cooperate with the successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer 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 Servicer of such Termination Notice, the Servicer 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 Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of APCo as Servicer shall not terminate APCo's rights or obligations under the Sale Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

SECTION 7.02. Appointment of Successor.

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.01 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, and shall be entitled to receive the requisite portion of the Servicing Fee, until a successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may at the written direction and with the consent of the Holders of at least a majority of the Outstanding Amount of the Consumer Rate Relief Bonds shall 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 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 petition the Commission or a court of competent jurisdiction to appoint a successor Servicer under this Agreement. A Person shall qualify as a successor Servicer only if (i) such Person is permitted under Commission Regulations to perform the duties of the 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 agrees to perform the obligations of the 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 Collection 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 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 all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

SECTION 7.03. Waiver of Past Defaults. The Commission, together with Holders evidencing not less than a majority of the Outstanding Amount of the Consumer Rate Relief Bonds may, on behalf of all Holders, direct the Indenture Trustee to waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the 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 Servicer shall furnish copies of such waiver to each of the Rating Agencies.

SECTION 7.04. Notice of Servicer Default. The Servicer shall deliver to the Issuer, the Indenture Trustee, the Commission and the Rating Agencies, promptly after having obtained knowledge thereof, but in no event later than five (5) 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. The 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.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

SECTION 8.01. Amendment.

(a) This Agreement may be amended in writing by the Servicer and the Issuer with the prior written consent of the Indenture Trustee, the satisfaction of the Rating Agency Condition and, if the contemplated amendment may in the judgment of the Commission 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 without the consent of the Holders of a majority of the Outstanding Amount. 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) Notwithstanding Section 8.01(a) or anything to the contrary in this Agreement, the Servicer 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; provided that any such amendment shall not have a material adverse effect on the Holders of then Outstanding Consumer Rate Relief Bonds.

(c) Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel of external counsel stating that such amendment is authorized and permitted by this Agreement, and all conditions precedent, if any, provided for in this Agreement relating to such amendment have been satisfied and upon the Opinion of Counsel from external counsel referred to in Section 3.01(c)(i). The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment which affects their own rights, duties, indemnities or immunities under this Agreement or otherwise.

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 (or forty-six (46) days, in the case of any proposed increase in the annual Servicing Fee above 1.25% times the aggregate initial principal amount of the Consumer Rate Relief Bonds) 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 may be subject to the consent of Holders if such consent is required or sought by the Indenture Trustee in connection with such amendment or modification), the Servicer shall have delivered to the Commission's executive secretary and general counsel written notification of any proposed amendment, which notification shall contain:

(i) a reference to Case No. 12-1188-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 (or forty-five (45) days, in the case of any proposed increase in the annual Servicing Fee above 1.25% times the aggregate initial principal amount of the Consumer Rate Relief Bonds) of 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) (or forty-five (45) days in the case of any proposed increase in the annual Servicing Fee above 1.25% times the aggregate initial principal amount of the Consumer Rate Relief Bonds), 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 or forty-five day period, as applicable, 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 Servicer under Section 8.02(a), the Servicer and the Issuer shall have the right at any time to withdraw from the Commission further consideration of any notification of a proposed amendment. Such withdrawal shall be evidenced by the Servicer's giving prompt written notice thereof 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.

SECTION 8.03. Maintenance of Accounts and Records.

(a) The 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 the Servicer and CRR Charge Collections from time to time deposited in the Collection Account.

(b) The Servicer shall permit the Indenture Trustee and its agents at any time during normal business hours, upon reasonable notice to the Servicer and to the extent it does not unreasonably interfere with the Servicer's normal operations, to inspect, audit and make copies of and abstracts from the Servicer's records regarding the CRR Property and the CRR Charges. Nothing in this Section 8.03(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the 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 the Servicer, the Issuer, the Indenture Trustee 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 telephonically, sent by telecopy or other form of electronic transmission:

(a) in the case of the Servicer, to Appalachian Power Company, at 1 Riverside Plaza, Columbus, Ohio 43215, Attention: Treasurer, Telephone: (614) 716-1000, Facsimile: (614) 716-2807;

(b) in the case of the Issuer, to Appalachian Consumer Rate Relief Funding LLC at 707 Virginia Street East, Suite 1000, Charleston, West Virginia, 25327, Attention: Director of Rates, Telephone: (614) 716-3627, Facsimile: (866) 895-9179;

(c) in the case of the Indenture Trustee, to the Corporate Trust Office;

(d) 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;

(e) in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th 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);

(f) in the case of Standard & Poor's, to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@standardandpoors.com (all such notices to be delivered to Standard & Poor's in writing by email); or

(g) 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 the Servicer, this Agreement may not be assigned by the Servicer.

SECTION 8.06. Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Servicer and the Issuer and, to the extent provided herein or in the Basic Documents, Customers, the Indenture Trustee and the Holders, and the other Persons expressly referred to herein, and such Persons 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 and 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. 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.

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 NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW), 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) The 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, the Servicer shall not, prior to the date which is one year and one day after the satisfaction and discharge 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 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 Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicer 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 Servicer on the 17g-5 Website.

[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 LLC, as Issuer

By: /s/ Renee V. Hawkins
Name: Renee V. Hawkins
Title: Assistant Treasurer

APPALACHIAN POWER COMPANY, as Servicer

By: /s/ Renee V. Hawkins
Name: Renee V. Hawkins
Title: Assistant Treasurer

ACKNOWLEDGED AND ACCEPTED:

U.S. BANK NATIONAL ASSOCIATION, as Indenture Trustee

By: /s/ Melissa A. Rosal
Name: Melissa A. Rosal
Title: Vice President

EXHIBIT A

MONTHLY SERVICER'S CERTIFICATE

See Attached.

Remittance Dates

Monthly Servicer's Certificate

(to be delivered each month pursuant to Section **3.01** (b) of the CRR Property Servicing Agreement)

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC

Appalachian Power Company, as Servicer

Pursuant **to** the CRR Property Servicing Agreement dated as of November 15, 2013 (the "CRR Property Servicing Agreement") between Appalachian Power Company, as Servicer, and Appalachian Consumer Rate Relief Funding LLC, as Issuer, the Servicer does hereby certify **as follows:**

Collection Period:
Remittance Dates:

CRR Rate Class	a. CRR Charges in Effect	b. Billed CRR Charges	c. Estimated CRR Charge Collections Received
Total			

Collection Period:

Customer Rate Class	d. Estimated CRR Charge Collections Received Total	e. Actual CRR Charge Collections Received	f. Remittance Shortfall	g. Excess Remittance
Total				

h. Daily remittances previously made by the Servicer to the Collection Account in respect of this Collection Period (c):
i. The amount to be remitted by the Servicer to the Collection Account for this Collection Period is (c + f - g):

j. If (i>h), (i-h) equals net amount due from the Servicer to the Collection Amount:
k. If (h>i), (h-i) equals net amount due to the Servicer from the Collection Amount:

Capitalized terms used herein have their respective meanings set forth in the CRR Property Servicing Agreement.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer's Certificate the day of

APPALACHIAN POWER COMPANY, as Servicer

Title: Assistant Treasurer

EXHIBIT B

FORM OF SEMI-ANNUAL SERVICER'S CERTIFICATE

Pursuant to Section 4.01(C)(ii) of the CRR Property Servicing Agreement, dated as of November 15, 2013 (the "Servicing Agreement"), between, APPALACHIAN POWER COMPANY, as servicer and APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC, the Servicer does 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 Indenture (as defined in the Servicing Agreement). 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::

i.	Remittances for the ___ Collection Period	$_____
ii.	Remittances for the ___ Collection Period	$_____
iii.	Remittances for the ___ Collection Period	$_____
iv.	Remittances for the ___ Collection Period	$_____
v.	Remittances for the ___ Collection Period	$_____
vi.	Remittances for the ___ Collection Period	$_____
vii.	Investment Earnings on Collection Account	
viii.	Investment Earnings on Capital Subaccount	$_____
ix.	Investment Earnings on Excess Funds Subaccount	$_____
x.	Investment Earnings on General Subaccount	$_____
xi.	**General Subaccount Balance (sum of i through x above)**	**$_____**
xii.	Excess Funds Subaccount Balance as of Prior Payment Date	$_____
xiii.	Capital Subaccount Balance as of Prior Payment Date	$_____
xiv.	**Collection Account Balance (sum of xii through xiii above)**	**$_____**

2. Outstanding Amounts of as of Prior Payment Date:

i.	Tranche A-1 Outstanding Amount	$_____
ii.	Tranche A-2 Outstanding Amount	$_____
iii.	Tranche A-3 Outstanding Amount	$_____
iv.		
v.	**Aggregate Outstanding Amount of all Tranches:**	**$_____**

3. Required Funding/Payments as of Current Payment Date:

Principal		***Principal Due***
i.	Tranche A-1	$_____
ii.	Tranche A-2	$_____
iii.	Tranche A-3	$_____
iv.	**For all Tranches:**	**$_____**

Interest Tranche	***Interest Rate***	***Days in Interest Period[1]***	***Principal Balance***	***Interest Due***
v. Tranche A-1				$_____
vi.Tranche A-2				$_____
vii. Tranche A-3				$_____
viii.	**For all Tranches:**			**$_____**

	Required Level	***Funding Required***
ix. Capital Subaccount		

4. Allocation of Remittances as of Current Payment Date Pursuant to 8.02(e) of Indenture

i. Trustee Fees and Expenses; Indemnity Amounts[2]	$_____
ii. Servicing Fee	$_____
iii. Administration Fee	$_____
iv. Operating Expenses	$_____
v. Semi-Annual Interest (including any past-due for prior periods)	***$_____***

Tranche	***Aggregate***	***Per $1000 of Original Principal Amount***	
1. Tranche A-1 Interest Payment	$_____	$_____	
2. Tranche A-2 Interest Payment	$_____	$_____	
3. Tranche A-3 Interest Payment	$_____		
		$_____	
	$_____		

vi. Principal Due and Payable as a Result of an Event of Default or on Final Maturity Date			***$_____***
1. Tranche A-1 Principal Payment	$_____	$_____	

[1] *On 30/360 day basis for initial payment date; otherwise use one-half of annual rate.*

[2] *Subject to $_____ cap*

2. Tranche A-2 Principal Payment	$_____	$_____	
3. Tranche A-3 Principal Payment	$_____	$_____	
	$_____		

vii. Semi-Annual Principal **$_____**

Tranche	***Aggregate***	***Per $1000 of Original Principal Amount***	
Tranche A-1 Principal Payment	$_____	$_____	
Tranche A-2 Principal Payment	$_____	$_____	
Tranche A-3 Principal Payment	$_____	$_____	
			$_____
viii. Other unpaid Operating Expenses			$_____
ix. Funding of Capital Subaccount (to required level)			
x. Permitted Return to APCo			$_____
xi. Deposit to Excess Funds Subaccount			$_____
xii. Released to Issuer upon Retirement of all Consumer Rate Relief Bonds			$_____
xiii. Aggregate Remittances as of Current Payment Date			**$_____**

5. Outstanding Amount and Collection Account Balance 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	$_____
iv.	**Aggregate Outstanding Amount of all Tranches:**	**$_____**
v.	Excess Funds Subaccount Balance	$_____
vi.	Capital Subaccount Balance	$_____
vii.	**Aggregate Collection Account Balance**	**$_____**

6. Subaccount Withdrawals as of Current Payment (if applicable, pursuant to Section 8.02(e) of Indenture:

i.	Excess Funds Subaccount	$_____
ii.	Capital Subaccount	$_____
iii.	**Total Withdrawals**	**$_____**

7. Shortfalls in Interest and Principal Payments as of Current Payment Date

i.	Semi-annual Interest	
	Tranche A-1 Interest Payment	$_____
	Tranche A-2 Interest Payment	$_____
	Tranche A-3 Interest Payment	$_____
		$_____
ii.	Semi-annual Principal	
	Tranche A-1 Principal Payment	$_____
	Tranche A-2 Principal Payment	$_____
	Tranche A-3 Principal Payment	$_____
		$_____

8. Shortfalls in Payment of Permitted Return as of Current Payment Date

i. Permitted Return $_____

9. Shortfalls in Required Subaccount Levels as of Current Payment Date

i. Capital Subaccount $_____

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Servicer's Certificate this __ day of _____.

APPALACHIAN POWER COMPANY,
as Servicer

By: _____
Name:
Title:

EXHIBIT C-1

SERVICER'S CERTIFICATE

The undersigned hereby certifies that he/she is the duly elected and acting ┼_____┼ of ┼APPALACHIAN POWER COMPANY┼, as servicer (the "Servicer") under the CRR Property Servicing Agreement dated as of November 15, 2013 (the "Servicing Agreement") between the Servicer and Appalachian Consumer Rate Relief Funding LLC (the "Issuer") and further that:

1. The undersigned is responsible for assessing the 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 Sponsor's annual report on Form 10-K Report (such fiscal year, the "Assessment Period"):

	Servicing Criteria	**Applicable Servicing Criteria**
Reference	**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.
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.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
	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; no advances by the 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 and in the name of the Indenture Trustee.
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 Indenture Trustee.
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	Applicable; assessment below.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
	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.	
	Investor Remittances and Reporting	
1122(d)(3)(i)	Reports to investors, including those to be filed with the Commission, are maintained in accordance with the transaction agreements and applicable Commission 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 Commission 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 the 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 the Servicer's investor records, or such other number of days specified in the transaction agreements.	Applicable
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 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.

	Servicing Criteria	Applicable Servicing Criteria
Reference	**Criteria**	
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the 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 transaction agreements.	Applicable; assessment below.
1122(d)(4)(v)	The Servicer's records regarding the pool assets agree with the 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 Commission regulations.
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.

	Servicing Criteria	Applicable Servicing Criteria
Reference	**Criteria**	
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; 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; Servicer cannot make advances of its own funds on behalf of customers under the transaction documents.
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; 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 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 Sponsor's annual

report on Form 10-K. ┼If not true, include description of any material instance of noncompliance.┼

Executed as of this _____ day of _____, ____.

┼APPALACHIAN POWER COMPANY┼

By: _____
Name:
Title:

EXHIBIT C-2

CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that he/she is the duly elected and acting ┼_____┼ of ┼NAME OF SERVICER┼, as servicer (the "Servicer") under the CRR Property Servicing Agreement dated as of November 15, 2013 (the "Servicing Agreement") between the Servicer and Appalachian Consumer Rate Relief Funding LLC (the "Issuer") and further that:

1. A review of the activities of the 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 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 _____, ____.

┼NAME OF SERVICER┼

By: _____
Name:
Title:

ANNEX A
TO CERTIFICATE OF COMPLIANCE

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 ┼_____┼:

Nature of Default	Status

SCHEDULE 4.01(a)

EXPECTED AMORTIZATION SCHEDULE

Semi-Annual Payment Date	Tranche A-1 Balance	Tranche A-2 Balance
Closing Date	$215,800,000.00	$164,500,000.00
8/1/2014	203,122,367.80	164,500,000.00
2/1/2015	192,085,242.67	164,500,000.00
8/1/2015	180,597,742.26	164,500,000.00
2/1/2016	169,365,312.37	164,500,000.00
8/1/2016	157,618,951.86	164,500,000.00
2/1/2017	146,117,823.97	164,500,000.00
8/1/2017	134,176,142.08	164,500,000.00
2/1/2018	122,467,348.90	164,500,000.00
8/1/2018	110,260,609.90	164,500,000.00
2/1/2019	98,301,573.53	164,500,000.00
8/1/2019	85,862,437.56	164,500,000.00
2/1/2020	73,650,915.25	164,500,000.00
8/1/2020	60,971,913.06	164,500,000.00
2/1/2021	48,515,776.04	164,500,000.00
8/1/2021	35,579,230.95	164,500,000.00
2/1/2022	22,873,575.46	164,500,000.00
8/1/2022	9,674,260.68	164,500,000.00
2/1/2023	-	161,197,293.40
8/1/2023	-	147,717,359.02
2/1/2024	-	134,314,514.03
8/1/2024	-	120,339,773.64
2/1/2025	-	106,405,432.13
8/1/2025	-	91,919,426.43
2/1/2026	-	77,475,638.70
8/1/2026	-	62,417,398.21
2/1/2027	-	47,410,170.92
8/1/2027	-	31,791,867.46
2/1/2028	-	16,197,161.90
8/1/2028	-	-

ANNEX I

The Servicer agrees 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 the amounts of CRR Charges billed by the Servicer.

"Servicer Policies and Practices" means, with respect to the Servicer's duties under this Annex I, the policies and practices of the Servicer applicable to such duties that the 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 Servicer shall cause to be installed, replaced and maintained meters in such places and in such condition as will enable the Servicer to obtain usage measurements for each Customer at least once every Billing Period, absent extraordinary circumstances.

(b) Meter Reading. At least once each Billing Period, the Servicer shall obtain usage measurements from the Applicable MDMA for each Customer; provided, however, that the Servicer may estimate any 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 Fee for any cost savings realized by the Servicer as a result of new metering and/or billing technologies.

SECTION 3. USAGE AND BILL CALCULATION.

The Servicer shall (a) obtain a calculation of each Customer's usage (which may be based on data obtained from such Customer's meter read or on usage estimates) at least once each Billing Period; and (b) calculate such Customers' respective CRR Charges as such charges may change from time to time pursuant to the True-Up Adjustments.

SECTION 4. BILLING.

The Servicer shall implement the CRR Charges as of the Closing Date and shall thereafter bill each Customer or, with respect to 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 the 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, the Servicer shall generate and issue a Bill to each Customer, or, where a Third-Party Collector is responsible for billing the 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 Servicer's own charges to such Customers or Third-Party Collectors, as the case may be. In the event that the 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 the Servicer may not make any modification that will materially adversely affect the Holders.

(b) Format.

(i) Each Bill issued by the 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 the Servicer shall provide Customers with the annual notice required by Section 4.01(c)(iii)(B) of the Servicing Agreement.

(ii) The Servicer shall conform to such requirements in respect of the format, structure and text of Bills delivered to 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 Utilities Code or by applicable Commission Regulations or the Tariff, the 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. The 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 the Servicer with respect to its own charges to its customers or (ii) by any other means, whether electronic or otherwise, that the Servicer may from time to time use to present its own charges to its customers.

SECTION 5. CUSTOMER SERVICE FUNCTIONS.

The Servicer shall handle all Customer inquiries and other Customer service matters according to the same procedures it uses to service Customers with respect to its own charges.

SECTION 6. COLLECTIONS; PAYMENT PROCESSING; REMITTANCE.

(a) Collection Efforts, Policies, Procedures.

(i) The Servicer shall use reasonable efforts to collect all Billed CRR Charges from 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) The Servicer shall prepare and deliver overdue notices to Customers in accordance with applicable Commission Regulations, Tariff provisions and Servicer Policies and Practices.

(B) The 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) The Servicer shall deliver notices of delinquency and possible disconnection in accordance with applicable Commission Regulations and Servicer Policies and Practices.

(D) The Servicer shall adhere to and carry out disconnection policies in accordance with the Utilities Code, the Financing Order, applicable Commission Regulations, Tariff provisions and the Servicer Policies and Practices.

(E) The 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) The Servicer shall apply Customer deposits 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) The Servicer shall not 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 the 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, the 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) The Servicer shall accept payment from 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) The Servicer shall post all payments received to Customer accounts as promptly as practicable, and, in any event, substantially all payments shall be posted no later than two (2) Business Days after receipt.

(ii) Subject to clause (iii) below, the Servicer shall apply payments received from a Customer to such Customer's account in proportion to the total amounts owed by such Customer.

(iii) Any amounts collected by the Servicer that represent partial payments of the total amounts owed by a Customer shall be allocated as follows: (A) first to amounts owed to the Issuer, APCo and any other affiliate of APCo which is owed "consumer rate relief charges" as defined in Section 24-2-4f(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; then (B) all late charges shall be allocated to the Servicer; provided that penalty payments owed on late payments of CRR Charges shall be allocated to the Servicer to the extent consistent with the Terms and Conditions of Service included in the 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 the Servicer, the 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.

(iv) The Servicer shall hold all over-payments for the benefit of the Issuer and APCo and shall apply such funds to future Bill charges in accordance with clauses (ii) and (iii) as such charges become due.

(v) For Customers on a budget billing plan, the 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 clause (iii) and overpayment of a budget billing plan payment shall be allocated according to clause (iv).

(c) Accounts; Records.

The 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 Collection Account in respect of the CRR Property and (ii) to permit the CRR Charge Collections held by the 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 the Servicer's funds may be properly identified and traced.

(d) Investment of CRR Charge Payments Received.

Prior to each Daily Remittance, the 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 the Servicer complies with its obligations under Section 6(c), neither such investments nor such funds shall be required to be segregated from the other investment and funds of the Servicer.

(e) Calculation of Daily Remittance.

(i) For purposes of calculating the Daily Remittance, (i) all Billed CRR Charges shall be deemed to be collected the same number of days after billing as is equal to the Weighted Average Days Outstanding then in effect and (ii) the Servicer will, on each Servicer Business Day, remit to the Indenture Trustee for deposit in the Collection Account an amount equal to the product of the applicable Billed CRR Charges multiplied by one hundred percent less the system wide charge-off percentage used by the Servicer to calculate the most recent Periodic Billing Requirement. Such product shall constitute the amount of Estimated CRR Charge Collections for such Servicer Business Day. Pursuant to Section 6.11(c) of the Agreement, the Servicer shall calculate in each Monthly Servicer's 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 Collection Account in respect of such calendar month. No Excess Remittance shall be withdrawn from the Collection Account if such withdrawal would cause the amounts on deposit in the General Subaccount and the Excess Funds Subaccount to be insufficient for the payment of the next installment of interest or principal due at maturity on the next Payment Date or upon acceleration on or before the next Payment Date on the Consumer Rate Relief Bonds.

(ii) On or before February 15 of each year in accordance with Section 4.01(b) of the Agreement, the Servicer shall, in a timely manner so as to perform all required calculations under such Section 4.01(b), update the Weighted Average Days Outstanding and the 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 Servicer and the Issuer acknowledge that, as contemplated in Section 8.01(b) of the Agreement, the Servicer may make certain changes to its current computerized customer information system, which changes, when functional, would affect the Servicer's method of calculating the Estimated CRR Charge Collections estimated to have been received by the Servicer during each Collection Period as set forth in this Annex I. Should these changes to the computerized customer information system become functional during the term of the Agreement, the Servicer 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 the Servicer may not make any modification or substitution that will materially adversely affect the Holders. The

Servicer must also give prior written notice to the Indenture Trustee and the Rating Agencies before any Customer accounts are being billed under such new system.

(iv) All calculations of collections, each update of the Weighted Average Days Outstanding or 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 the Collection Account in the name of the Indenture Trustee in accordance with the Indenture.

(ii) The Servicer shall make remittances to the 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 any Collection Account, the Issuer shall provide written notice thereof to the Servicer and the Rating Agencies not later than five (5) Business Days from the effective date of such change.

Exhibit 99.2

CRR PROPERTY PURCHASE AND SALE AGREEMENT

by and between

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC,

Issuer

and

APPALACHIAN POWER COMPANY,

Seller

Dated as of November 15, 2013

TABLE OF CONTENTS

EXHIBITS

This CRR PROPERTY PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of November 15, 2013, is between Appalachian Consumer Rate Relief Funding LLC, a Delaware limited liability company (the "Issuer"), and Appalachian Power Company, a Virginia corporation (together with its successors in interest to the extent permitted hereunder, the "Seller").

RECITALS

WHEREAS, the Issuer desires to purchase the CRR Property created pursuant to the Securitization Law;

WHEREAS, the Seller is willing to sell its rights and interests under the Financing Order to the Issuer, whereupon such rights and interests will become the CRR Property;

WHEREAS, the Issuer, in order to finance the purchase of the CRR Property, will issue the Consumer Rate Relief Bonds under the Indenture; and

WHEREAS, the Issuer, to secure its obligations under the Consumer Rate Relief Bonds and the Indenture, will pledge, among other things, all right, title and interest of the Issuer in and to the CRR Property and this Agreement to the Indenture Trustee for the benefit of the Secured Parties.

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 and U.S. Bank National Association, a national banking association, in its capacity as indenture trustee (the "Indenture Trustee") and in its separate capacity as a securities intermediary (the "Securities Intermediary"), as the same may be amended, restated, supplemented or otherwise modified from time to time.

(b) Whenever used in this Agreement, the following words and phrases shall have the following meanings:

"Bill of Sale" means a bill of sale substantially in the form of Exhibit A hereto delivered pursuant to Section 2.02(i).

"Losses" means (i) any and all amounts of principal and interest on the Consumer Rate Relief 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 the Issuer 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 (ii) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

SECTION 1.02. Other Definitional Provisions.

(a) 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.

(b) 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 and Exhibit references contained in this Agreement are references to Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified; and the terms "includes" and "including" shall mean "includes without limitation" and "including without limitation", respectively.

(c) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

ARTICLE II
CONVEYANCE OF CRR PROPERTY

SECTION 2.01. Conveyance of CRR Property.

(a) In consideration of the Issuer's delivery to or upon the order of the Seller of $376,024,583, subject to the conditions specified in Section 2.02, the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse or warranty, except as set forth herein, all right, title and interest of the Seller in and to the CRR Property (such sale, transfer, assignment, setting over and conveyance of the CRR Property includes, to the fullest extent permitted by the Securitization Law, the property, rights and interests of APCo under the Financing Order, including the right of APCo and any Successor to impose, charge and collect CRR Charges from Customers, and including the right to obtain True-Up Adjustments, and all revenues, receipts, collections, rights to payment, payments, money, claims or other proceeds arising from the rights and interests created under the Financing Order). Such sale, transfer, assignment, setting over and conveyance is hereby expressly stated to be a sale and, pursuant to Section 24-2-4f(p)(1) of the Securitization Law, shall be treated as an absolute transfer of all of the Seller's right, title and interest in and to (as in a true sale), and not as a pledge or other financing of, the CRR Property. The Seller and the Issuer agree that after giving effect to the sale, transfer, assignment, setting over and conveyance contemplated hereby the Seller has no right, title or interest in or to the CRR Property to which a security interest could attach because (i) it has sold, transferred, assigned, set over and conveyed all right, title and interest in and to the CRR Property to the Issuer, (ii) as provided in Section 24-2-4f(e)(7) of the Securitization Law, such rights will become CRR Property when conveyed hereunder and (iii) as provided in Section 24-2-4f(o)(4) of the Securitization Law, appropriate financing statements have been filed and such transfer is perfected against all third parties, 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 24-2-4f(p)(1) of the Securitization Law, then such sale, transfer, assignment, setting over and conveyance 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 UCC) in the CRR Property and, without prejudice to its position that it has absolutely transferred all of its rights in the CRR Property to the Issuer, the Seller hereby grants a security interest in the CRR Property to the Issuer (and to the Indenture Trustee for the benefit of the Secured Parties) to secure their respective rights under the Basic Documents to receive the CRR Charges and all other CRR Property.

(b) Subject to Section 2.02, the Issuer does hereby purchase the CRR Property from the Seller for the consideration set forth in Section 2.01(a).

SECTION 2.02. Conditions to Conveyance of CRR Property. The obligation of the Issuer to purchase CRR Property on the Closing Date shall be subject to the satisfaction of each of the following conditions:

(i) on or prior to the Closing Date, the Seller shall have delivered to the Issuer a duly executed Bill of Sale identifying the CRR Property to be conveyed on the Closing Date;

(ii) on or prior to the Closing Date, the Seller shall have obtained the Financing Order creating the CRR Property;

(iii) as of the Closing Date, the Seller is not insolvent and will not have been made insolvent by such sale and the Seller is not aware of any pending insolvency with respect to itself;

(iv) as of the Closing Date, the representations and warranties of the Seller set forth in this Agreement shall 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); on and as of the Closing Date no breach of any covenant or agreement of the Seller contained in this Agreement has occurred and is continuing; and no Servicer Default shall have occurred and be continuing;

(v) as of the Closing Date, (A) the Issuer shall 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 Consumer Rate Relief Bonds intended to provide such funds set forth in the Indenture shall have been satisfied or waived;

(vi) on or prior to the Closing Date, the Seller shall have taken all action required to transfer to the Issuer ownership of the CRR Property to be conveyed on such date, free and clear of all Liens other than Liens created by the Issuer pursuant to the Basic Documents and to perfect such transfer, including, without limitation, filing any statements or filings under the Securitization Law or the UCC; and the Issuer or the Servicer, on behalf of the Issuer, shall have taken any action required for the Issuer to grant the Indenture Trustee a first priority perfected security interest in the CRR Bond Collateral and maintain such security interest as of such date;

(vii) the Seller shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel required by the Rating Agencies;

(viii) the Seller shall have received and delivered to the Issuer and the Indenture Trustee an opinion or opinions of outside tax counsel (as selected by the Seller, and in form and substance reasonably satisfactory to the Issuer and the Indenture Trustee) to the effect that (i) the Issuer will not be subject to United States federal income tax as an entity separate from its sole owner and that the Consumer Rate Relief Bonds will be treated as debt of the Issuer's sole owner for United States federal income tax purposes, and (ii) for U.S. federal income tax purposes, the issuance of the Consumer Rate Relief Bonds will not result in gross income to the Seller. The opinion of outside tax counsel described above may, if the Seller so chooses, be conditioned on the receipt by the Seller of one or more letter rulings from the Internal Revenue Service (unless the Internal Revenue Service has announced that it will not rule on the issues described in this paragraph) and in rendering such opinion outside tax counsel shall be entitled to rely on the rulings contained in such letter rulings and to rely on the representations made, and information supplied, to the Internal Revenue Service in connection with such letter rulings;

(ix) on and as of the Closing Date, each of the LLC Agreement, the Servicing Agreement, this Agreement, the Indenture, the Financing Order, and the Securitization Law shall be in full force and effect;

(x) the Consumer Rate Relief Bonds shall have received a rating or ratings required by the Financing Order;

(xi) the Seller shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in this Section 2.02; and

(xii) the Issuance Advice Letter shall have been filed and become effective in accordance with the Financing Order.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER

Subject to Section 3.09, the Seller makes the following representations and warranties, as of the Closing Date, and the Seller acknowledges that the Issuer has relied thereon in acquiring the CRR Property. The representations and warranties shall survive the sale and transfer of CRR Property to the Issuer and the pledge thereof to the Indenture Trustee pursuant to the Indenture. The Seller agrees that (i) the Issuer may assign the right to enforce the following representations and warranties to the Indenture Trustee and (ii) the representations and warranties inure to the benefit of the Issuer and the Indenture Trustee.

SECTION 3.01. Organization and Good Standing. The Seller is a corporation duly organized and validly existing and is in good standing under the laws of the state of its organization, with the requisite corporate or other power and authority to own its properties as such properties are currently owned and to conduct its business as such business is now conducted by it, 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 the Issuer, whereupon (subject to the effectiveness of the Issuance Advice Letter) such rights and interests shall become "consumer rate relief property" as defined in Section 24-2-4f(b)(9) of the Securitization Law.

SECTION 3.02. Due Qualification. The Seller 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 shall 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).

SECTION 3.03. Power and Authority. The Seller has the requisite corporate or other power and authority to execute and deliver this Agreement and to carry out its terms; and the execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Seller under its organizational or governing documents and laws.

SECTION 3.04. Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Seller enforceable against it in accordance with its terms, subject to applicable 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.

SECTION 3.05. No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof do not and will not: (i) 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; (ii) 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 the Issuer's favor or any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to Section 24-2-4f(o) of the Securitization Law or any Lien that may be granted under the Basic Documents); or (iii) violate any existing law or any existing order, rule or regulation applicable to the Seller issued by any Governmental Authority having jurisdiction over the Seller or its properties.

SECTION 3.06. No Proceedings. 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 the Issuer or, to the Seller's knowledge, any other Person: (i) asserting the invalidity of the Securitization Law, the Financing Order, this Agreement, any of the other Basic Documents or the Consumer Rate Relief Bonds, (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 the Seller of its obligations under, or the validity or enforceability of the Securitization Law, the Financing Order, this Agreement, any of the other Basic Documents or the Consumer Rate Relief Bonds or (iv) seeking to adversely affect the federal income tax or state income or franchise tax classification of the Consumer Rate Relief Bonds as debt.

SECTION 3.07. Approvals. 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 this Agreement, the performance by the Seller of the transactions contemplated hereby or the fulfillment by the Seller of the terms hereof, except those that have been obtained or made and 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.

SECTION 3.08. The CRR Property.

(a) Information. Subject to subsection (f) below, at the Closing Date, all written information, as amended or supplemented from time to time, provided by the Seller to the Issuer with respect to the CRR Property (including the Expected Amortization Schedule, the Financing Order and the Issuance Advice Letter relating thereto) is true and correct in all material respects.

(b) Title. It is the intention of the parties hereto that (other than for federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes) the transfers and assignments herein contemplated each constitute a sale and absolute transfer of the CRR Property from the Seller to the Issuer and that no interest in, or right or title to, the CRR Property shall be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy 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 the Issuer, 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 the Issuer or the Indenture Trustee in connection with the Basic Documents. The Seller has not authorized the filing of and is not aware (after due inquiry) of any 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 the Issuer or the Indenture Trustee in connection with the Basic Documents. The Seller is not aware (after due inquiry) of any judgment or tax lien filings against either the Seller or the Issuer. At the Closing Date, immediately prior to the sale of the CRR Property hereunder, 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.

(c) Transfer Filings. On the Closing Date, immediately upon the sale hereunder, the CRR Property shall be validly transferred and sold to the Issuer, the Issuer shall own all the CRR Property free and clear of all Liens (except for the Lien created in favor of the Indenture Trustee granted under the Indenture and perfected pursuant to Section 24-2-4f(o)(4) of the Securitization Law) 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 the Issuer a perfected ownership interest (subject to any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to the Indenture and perfected pursuant to Section 24-2-4f(o)(4) of the Securitization Law) in the CRR Property have been made or taken. No further action is required to maintain such ownership interest (subject to any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to the Indenture and perfected pursuant to Section 24-2-4f(o)(4) of the Securitization Law) and to give the Indenture Trustee a first priority perfected security interest in the CRR Property. All filings and action have also been made or taken to perfect the security interest in the CRR Property granted by the Seller to the Issuer (subject to any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to the Indenture and perfected pursuant to Section 24-2-4f(o)(4) of the Securitization Law) and, to the extent necessary, the Indenture Trustee pursuant to Section 2.01.

(d) Financing Order, Issuance Advice Letter; Other Approvals. On the Closing Date, under the laws of the State of West Virginia and the United States in effect on the Closing Date, (i) 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, in and to the CRR Property transferred on such date have been created, is Final and non-appealable and is in full force and effect; (ii) as of the issuance of the Consumer Rate Relief Bonds, the Consumer Rate Relief 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 Commission; (iii) as of the issuance of the Consumer Rate Relief Bonds, the CRR Rate Schedule has been filed and is in full force and effect and is not subject to modification by the Commission except as provided under Section 24-2-4f(k) of the Securitization Law; (iv) the process by which the Financing Order creating the CRR Property transferred on such date was adopted and approved, and the Financing Order, CRR Rate Schedule and Issuance Advice Letter comply with all applicable laws, rules and regulations; (v) the Issuance Advice Letter has been filed in accordance with the Financing Order creating the CRR Property transferred on such date and an officer of the Seller has provided the certification to the Commission required by the Issuance Advice Letter; and (vi) 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.

(e) State Action. Under the laws of the State of West Virginia in effect on the Closing Date, pursuant to Section 24-2-4f(s)(1) of the Securitization Law, the State of West Virginia has pledged to and agrees with the Bondholders, assignees and financing parties under the Financing Order that the State will not take or permit any action that impairs the value of CRR Property under the Financing Order or revises the CRR Costs for which recovery is authorized under the Financing Order or, except as allowed under Section 24-2-4f (j) of the Securitization Law, reduce, alter or impair CRR Charges that are imposed, charged, collected or remitted for the benefit of the Bondholders, assignees and financing parties under the Financing Order, until any principal, interest and redemption premium in respect of Consumer Rate Relief 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 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 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 limit, alter, impair or reduce 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 Holders, as determined by a court of competent jurisdiction if doing so would constitute a permanent appropriation of a substantial property interest of the Holders in the CRR Property and deprive the Holders of their reasonable expectations arising from their investments in the Consumer Rate Relief 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 Consumer Rate Relief Bonds.

(f) Assumptions. On the Closing 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. 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 Consumer Rate Relief Bonds or that the assumptions used in calculating such CRR Charges will in fact be realized.

(g) Creation of CRR Property. Upon the effectiveness of the Financing Order, the Issuance Advice Letter and the transfer of the CRR Property pursuant to this Agreement: (i) 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 Section 24-2-4f(b)(9) of the Securitization Law; (ii) the CRR Property constitutes a present property right vested in the Issuer; (iii) the CRR Property includes (A) the property, rights and interests of the Seller in the Financing Order, including the right of APCo and any Successor to impose, charge and collect CRR Charges from Customers, and including the right to obtain True-Up Adjustments, and all revenues, receipts, collections, rights to payment, payments, money, 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 Section 4.01(b) of the Servicing Agreement) of such CRR Charges, and the rates and other charges authorized by the Financing Order and all revenues, collections, claims, payments, money or proceeds of or arising from the CRR Charges; (iv) 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 Consumer Rate Relief Bonds in accordance with the Indenture, to pay Upfront Financing Costs, the fees and expenses of servicing the Consumer Rate Relief Bonds and other Ongoing Financing Costs, to replenish the Capital Subaccount to the Required Capital Level until the Consumer Rate Relief Bonds are paid in full; and (v) the CRR Property is not subject to any Lien other than any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to the Indenture and perfected pursuant to Section 24-2-4f(o)(4) of the Securitization Law.

(h) Nature of Representations and Warranties. The representations and warranties set forth in this Section 3.08, insofar as they involve conclusions of law, are made 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 this Agreement and the other Basic Documents and the basis on which the Holders are purchasing the Consumer Rate Relief 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 the Issuer and its permitted assigns (to the extent required by and in accordance with Section 5.01), and that the Issuer and its 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 hereunder.

(i) Prospectus. As of the date hereof, the information describing the Seller under the caption "The Seller, Initial Servicer and Sponsor" in the prospectus dated November 6, 2013 relating to the Consumer Rate Relief Bonds is true and correct in all material respects.

(j) Solvency. After giving effect to the sale of the CRR Property hereunder, the Seller:

(i) is solvent and expects to remain solvent;

(ii) is adequately capitalized to conduct its business and affairs considering its size and the nature of its business and intended purpose;

(iii) is not engaged in nor does it expect to engage in a business for which its remaining property represents unreasonably small capital;

(iv) reasonably believes that it will be able to pay its debts as they come due; and

(v) 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.

(k) No Court Order. 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.

(l) Survival of Representations and Warranties The representations and warranties set forth in this Section 3.08 shall survive the execution and delivery of this Agreement and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Article VI and as to which the Rating Agency Condition has been satisfied.

SECTION 3.09. Limitations on Representations and Warranties.

Without prejudice to any of the other rights of the parties, the Seller will not be in breach of any representation or warranty, as a result of a change in law by means of any legislative enactment, constitutional amendment or voter initiative. THE SELLER MAKES NO REPRESENTATION OR

WARRANTY, EXPRESS OR IMPLIED, THAT BILLED CRR CHARGES WILL BE ACTUALLY COLLECTED FROM CUSTOMERS.

ARTICLE IV
COVENANTS OF THE SELLER

SECTION 4.01. Existence. Subject to Section 5.02, so long as any of the Consumer Rate Relief Bonds are Outstanding, the Seller (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 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 this Agreement, the other Basic Documents to which the Seller is a party and each other instrument or agreement necessary or appropriate to the proper administration of this Agreement and the transactions contemplated hereby or to the extent necessary for the Seller to perform its obligations hereunder or thereunder and (c) will continue to operate its electric distribution system to provide service to its Customers.

SECTION 4.02. No Liens. Except for the conveyances hereunder or any Lien pursuant to the Indenture in favor of the Indenture Trustee for the benefit of the Holders 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 shall defend the right, title and interest of the Issuer and the Indenture Trustee, on behalf of the Secured Parties, in, to and under the CRR Property against all claims of third parties claiming through or under the Seller. APCo, in its capacity as Seller, will not at any time assert any Lien against, or with respect to, any of the CRR Property.

SECTION 4.03. Delivery of Collections. 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 the Servicer, the Seller agrees to pay to the Servicer, on behalf of the Issuer, all payments received by it in respect thereof as soon as practicable after receipt thereof. Prior to such remittance to the Servicer by the Seller, the Seller agrees that such amounts are held by it in trust for the Issuer and the Indenture Trustee.

SECTION 4.04. Notice of Liens. The Seller shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any of the CRR Property, other than the conveyances hereunder and any Lien pursuant to the Basic Documents, including the Lien in favor of the Indenture Trustee for the benefit of the Holders.

SECTION 4.05. Compliance with Law. The Seller hereby 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 the Issuer's or the Indenture Trustee's interests in the CRR Property or under any of the other Basic Documents to which the Seller is party or the Seller's performance of its obligations hereunder or under any of the other Basic Documents to which it is party.

SECTION 4.06. Covenants Related to Consumer Rate Relief Bonds and CRR Property.

(a) So long as any of the Consumer Rate Relief Bonds are outstanding, the Seller shall treat the CRR Property as the Issuer's property for all purposes other than financial reporting, state or federal regulatory or tax purposes, and treat the Consumer Rate Relief Bonds as debt for all purposes and specifically as debt of the Issuer, other than for financial reporting, state or federal regulatory or tax purposes.

(b) Solely for the 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, so long as any of the Consumer Rate Relief Bonds are outstanding, the Seller agrees to treat the Consumer Rate Relief Bonds as indebtedness of the Seller (as the sole owner of the Issuer) secured by the CRR Bond Collateral unless otherwise required by appropriate taxing authorities.

(c) So long as any of the Consumer Rate Relief Bonds are outstanding, the Seller shall disclose in its financial statements that the Issuer and not the Seller is the owner of the CRR Property and that the assets of the Issuer are not available to pay creditors of the Seller or its Affiliates (other than the Issuer).

(d) So long as any of the Consumer Rate Relief Bonds are outstanding, the Seller shall not own or purchase any Consumer Rate Relief Bonds.

(e) So long as the Consumer Rate Relief Bonds are outstanding, the Seller shall disclose the effects of all transactions between the Seller and the Issuer in accordance with generally accepted accounting principles.

(f) The Seller agrees that, upon the sale by the Seller of the CRR Property to the Issuer pursuant to this Agreement, (i) to the fullest extent permitted by law, including applicable Commission Regulations and the Securitization Law, the Issuer shall 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 (ii) any payment by any Customer directly to the Issuer 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.

(g) So long as any of the Consumer Rate Relief Bonds are outstanding, (i) 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), (ii) the Seller shall not make any statement or reference in respect of the CRR Property that is inconsistent with the ownership interest of the Issuer (other than for financial accounting or tax purposes or as required by state or federal regulatory purposes), (iii) the Seller shall not take any action in respect of the CRR Property

except solely in its capacity as the Servicer thereof pursuant to the Servicing Agreement or as otherwise contemplated by the Basic Documents, (iv) the Seller shall not sell property similar to the CRR Property under a separate financing order in connection with the issuance of additional consumer rate relief bonds unless the Rating Agency Condition shall have been satisfied, and (v) neither the Seller nor the Issuer shall take any action, file any tax return, or make any election inconsistent with the treatment of the Issuer, 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 the Issuer).

SECTION 4.07. Protection of Title. The Seller shall execute 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 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 the ownership interest of the Issuer, and the back-up precautionary security interest of the Issuer pursuant to Section 2.01 hereof, and the first priority security interest of the Indenture Trustee in the CRR Property, including, without limitation, all filings required under the Securitization Law and the UCC relating to the transfer of the ownership of the rights and interest in the CRR Property by the Seller to the Issuer or the pledge of the Issuer's interest in the CRR Property to the Indenture Trustee. The Seller shall deliver or cause to be delivered to the Issuer and the Indenture Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. The Seller shall institute any action or proceeding necessary to compel performance by the 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, and the Seller agrees to take such 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 (i) to seek to protect the Issuer and the Secured Parties from claims, state actions or other actions or proceedings of third parties which, if successfully pursued, would result in a breach of any representation set forth in Article III or any covenant set forth in Article IV and (ii) to seek to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Law, the Financing Order, the Issuance Advice Letter or the rights of Holders by legislative enactment or constitutional amendment that would be materially adverse to the Issuer or the Secured Parties or which would otherwise cause an impairment of the rights of the Issuer or the Secured Parties. The costs of any such actions or proceedings will be payable by the Seller.

SECTION 4.08. Nonpetition Covenants. Notwithstanding any prior termination of this Agreement or the Indenture, the Seller shall not, prior to the date which is one year and one day after the termination of the Indenture and payment in full of the Consumer Rate Relief Bonds or any other amounts owed under the Indenture, petition or otherwise invoke or cause the Issuer to invoke the process of any Government Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any federal or state bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of the property of the Issuer, or ordering the winding up or liquidation of the affairs of the Issuer.

SECTION 4.09. Taxes. So long as any of the Consumer Rate Relief Bonds are outstanding, the Seller shall, and shall cause each of its subsidiaries to, pay all 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 the CRR Property; provided that no such tax need be paid if the Seller or one 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.

SECTION 4.10. Issuance Advice Letter. The Seller hereby agrees not to withdraw the filing of any Issuance Advice Letter with the Commission.

SECTION 4.11. Notice of Breach to Rating Agencies, Etc. Promptly after obtaining knowledge thereof, in the event of a breach in any material respect (without regard to any materiality qualifier contained in such representation, warranty or covenant) of any of the Seller's representations, warranties or covenants contained herein, the Seller shall promptly notify the Issuer, the Indenture Trustee, the Commission and the Rating Agencies of such breach. For the avoidance of doubt, any breach which would adversely affect scheduled payments on the Consumer Rate Relief Bonds will be deemed to be a material breach for purposes of this Section 4.11.

SECTION 4.12. Use of Proceeds. The Seller shall use the proceeds of the sale of the CRR Property in accordance with the Financing Order and the Securitization Law.

SECTION 4.13. Further Assurances. Upon the request of the Issuer, 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 this Agreement.

SECTION 4.14. Intercreditor Agreement. The Seller shall not become a party to (i) 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 Customers or (ii) any sale agreement selling to any other Affiliate property consisting of charges similar to the CRR charges sold pursuant to this Agreement, payable by Customers pursuant to the Securitization Law or any similar law, unless (x) the terms of the documentation evidencing any such trade receivables purchase and sale arrangement or similar arrangement described in clause (i) or sale agreement described in clause (ii) expressly excludes the CRR Property from any receivables or other assets pledged or sold under such arrangement and (y) the Seller and the other parties to such arrangement shall have entered into an Intercreditor Agreement in connection with any agreement or similar arrangement described in either clause (i) or clause (ii).

ARTICLE V
THE SELLER

SECTION 5.01. Liability of Seller; Indemnities.

(a) The Seller shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Seller under this Agreement.

(b) The Seller shall indemnify the Issuer and the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective 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 taxes imposed on Holders as a result of their ownership of a Consumer Rate Relief Bond) that may at any time be imposed on or asserted against any such Person as a result of the sale of the CRR Property to the Issuer, 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 Consumer Rate Relief Bond; it being understood that the Holders shall be entitled to enforce their rights against the Seller under this Section 5.01(b) solely through a cause of action brought for their benefit by the Indenture Trustee.

(c) The Seller shall indemnify the Issuer and the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective 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 taxes imposed on Holders as a result of their ownership of a Consumer Rate Relief Bond) that may at any time be imposed on or asserted against any such Person as a result of the Issuer's ownership and assignment of the CRR Property, the issuance and sale by the Issuer of the Consumer Rate Relief Bonds or the other transactions contemplated in the Basic Documents, 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 Consumer Rate Relief Bond.

(d) The Seller shall indemnify the Issuer, the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against all Losses that may be imposed on, incurred by or asserted against each such Person, in each such case, as a result of the Seller's breach of any of its representations, warranties or covenants contained in this Agreement.

(e) Indemnification under Sections 5.01(b), 5.01(c), 5.01(d) and 5.01(f) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses), except as otherwise expressly provided in this Agreement.

(f) The Seller shall indemnify the Indenture Trustee (for itself) and each Independent Manager, and any of their respective officers, directors, employees and agents (each, an "Indemnified Person") for, and defend and hold harmless each such Person from and against,

any and all Losses incurred by any of such Indemnified Persons as a result of the Seller's breach of any of its representations and warranties or covenants contained in this Agreement, except to the extent of Losses either resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person or resulting from a breach of a representation or warranty made by such Indemnified Person in any of the Basic Documents that gives rise to the Seller's breach. The Seller shall not 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 prior written consent of the Seller which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Person of notice of the commencement of any action, proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Seller under this Section 5.01(f), notify the Seller in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Seller shall relieve the Seller from the obligation to indemnify and hold harmless such Indemnified Person under this Section 5.01(f) only to the extent that the Seller 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 5.01(f), the Seller 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 (in which case the Seller 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 the Seller'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 the Seller 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 the Seller 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 the Seller, (ii) the Seller 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) the Seller shall authorize the Indemnified Person to employ separate counsel at the expense of the Seller 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 Seller 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 Seller shall indemnify the Servicer (if the Servicer is not the Seller) for the costs of any action instituted by the Servicer pursuant to Section 5.02(d) of the Servicing Agreement which are not paid as Operating Expenses in accordance with the priorities set forth in Section 8.02(e) of the Indenture.

(h) The remedies provided in this Agreement are the sole and exclusive remedies against the Seller for breach of its representations and warranties in this Agreement.

(i) Indemnification under this Section 5.01 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 the termination of this Agreement and will rank in priority with other general, unsecured obligations of the Seller. The Seller shall not indemnify any party under this Section 5.01 for any changes in law after the Closing Date, whether such changes in law are effected by means of any legislative enactment, constitutional amendment or any final and non-appealable judicial decision.

SECTION 5.02. Merger, Conversion or Consolidation of, or Assumption of the Obligations of, Seller.

Any Person (a) into which the Seller may be merged, converted or consolidated and which is a Permitted Successor, (b) that may result from any merger, conversion or consolidation to which the Seller shall be a party and which is a Permitted Successor, (c) that may succeed to the properties and assets of the Seller substantially as a whole and which is a Permitted Successor, or (d) which otherwise succeeds to all or substantially all of the assets of the Seller (a "Permitted Successor") and which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Seller hereunder (including the Seller's obligations under Section 5.01 incurred at any time prior to or after the date of such assumption), shall be the successor to the Seller 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, no representation, warranty or covenant made pursuant to Article III or Article IV shall be breached 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) the Seller shall have delivered to the Issuer, the Indenture Trustee and each Rating Agency an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, merger or succession and such agreement of assumption comply with this Section 5.02 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, (iii) the Seller shall have delivered to the Issuer, the Indenture Trustee and each Rating Agency an Opinion of Counsel from external counsel of the Seller either (A) stating that, in the opinion of such counsel, all filings to be made by the Seller and the Issuer, including filings with the Commission pursuant to the Securitization Law, have been authorized, executed and filed that are necessary to fully preserve and protect the respective interest of the Issuer and the Indenture Trustee in all of 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) the Seller 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 federal income tax purposes, such consolidation, conversion, merger or succession and such agreement of assumption will not result in a material federal income tax consequence to the Issuer or the Holders of Consumer Rate Relief Bonds and (v) the Seller shall have given the Rating Agencies prior written notice of such transaction. When any Person (or more than one Person) acquires the properties and assets of the Seller substantially as a whole or otherwise becomes the successor, whether by merger, conversion, consolidation, sale, transfer, lease, management contract or otherwise, to all or substantially all of the assets of the Seller in accordance with the terms of this Section 5.02, then upon satisfaction of all of the other conditions of this Section 5.02, the preceding Seller shall automatically and without further notice be released from all of its obligations hereunder.

Notwithstanding the foregoing, Wheeling Power Company will be allowed to merge into APCo without satisfying the conditions specified in this Section 5.02 so long as APCo is the entity surviving the merger.

SECTION 5.03. Limitation on Liability of Seller and Others.

The Seller and any director, officer, employee or agent of the Seller 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 hereunder. Subject to Section 4.07, the Seller shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its obligations under this Agreement, and that in its opinion may involve it in any expense or liability.

ARTICLE VI
MISCELLANEOUS PROVISIONS

SECTION 6.01. Amendment.

This Agreement may be amended in writing by the Seller and the Issuer, with (i) the prior written consent of the Indenture Trustee, (ii) the satisfaction of the Rating Agency Condition, (iii) if such amendment may in the judgment of the Commission increase Ongoing Financing Costs, the consent of the Commission pursuant to Section 6.02 and (iv) if any amendment would adversely affect in any material respect the interest of any Holder of the Consumer Rate Relief Bonds, the consent of a majority of the Holders of each affected Tranche of Consumer Rate Relief Bonds. In determining whether a majority of Holders have consented, Consumer Rate Relief Bonds owned by the Issuer or any Affiliate of the Issuer or Seller shall be disregarded, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such consent, the Indenture Trustee shall only be required to disregard any Consumer Rate Relief Bonds it actually knows to be so owned. 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.

Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon an Opinion of Counsel from external counsel of the Seller stating that the execution of such amendment is authorized and permitted by this Agreement and that all conditions precedent provided for in this Agreement relating to such amendment have been complied with, and the Opinion of Counsel referred to in Section 3.01(c)(i) of the Servicing Agreement. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment which affects the Indenture Trustee's own rights, duties or immunities under this Agreement or otherwise.

SECTION 6.02. Commission Condition. Notwithstanding anything to the contrary in Section 6.01, 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 6.02 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 6.01 (except that the consent of the Indenture Trustee may be subject to the consent of the Holders if such

consent is required or sought by the Indenture Trustee in connection with such amendment or modification), the Seller 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. 12-1188-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 of receiving the notification complying with Section 6.02(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,

(ii) provide notice of its consent or lack of consent to the person specified in Section 6.02(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 6.02(a) above, the Commission or its authorized representative delivers to the office of the person specified in Section 6.02(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 6.02(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 day period provided for in this Section 6.02(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 Seller under Section 6.02(a), the Seller 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 Seller to the Commission, the Indenture Trustee, the Issuer and the Servicer.

(d) For the purpose of this Section 6.02, an "authorized representative" of the Commission means any person authorized to act on behalf of the Commission.

SECTION 6.03. Notices. All demands, notices and communications upon or to the Seller, 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 telephonically, sent by telecopy or other form of electronic transmission:

(a) in the case of the Seller, to Appalachian Power Company, at 1 Riverside Plaza, Columbus, Ohio 43215, Attention: Treasurer, Telephone: (614) 716-1000, Facsimile: (614) 716-2807;

(b) in the case of the Issuer, to Appalachian Consumer Rate Relief Funding LLC at 707 Virginia Street East, Suite 1000, Charleston, West Virginia, 25327, Attention: Manager, Telephone: (614) 716-3627, Facsimile: (866) 895-9179;

(c) in the case of the Indenture Trustee, to the Corporate Trust Office;

(d) 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;

(e) in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th 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);

(f) in the case of Standard & Poor's, to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@standardandpoors.com (all such notices to be delivered to Standard & Poor's in writing by email); or

(g) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 6.04. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 5.02, this Agreement may not be assigned by the Seller.

SECTION 6.05. Limitations on Rights of Third Parties. The provisions of this Agreement are solely for the benefit of the Seller, the Issuer, the Indenture Trustee (for the benefit of the Secured Parties) and the other Persons expressly referred to herein, and such

Persons 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 under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 6.06. 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 6.07. Separate Counterparts. 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.

SECTION 6.08. 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 6.09. Governing Law. THIS AGREEMENT SHALL BE 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 6.10. Assignment to Indenture Trustee. The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Secured Parties of all right, title and interest of the Issuer in, to and under this Agreement, the CRR Property and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Secured Parties.

SECTION 6.11. 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 on behalf of the Secured Parties, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 6.12. Waivers. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall

be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

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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 LLC, as Issuer

By: /s/ Renee V. Hawkins
Name: Renee V. Hawkins
Title: Assistant Treasurer

APPALACHIAN POWER COMPANY, as Seller

By: /s/ Renee V. Hawkins
Name: Renee V. Hawkins
Title: Assistant Treasurer

ACKNOWLEDGED AND ACCEPTED:

U.S. BANK NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Melissa A. Rosal
Name: Melissa A. Rosal
Title: Vice President

EXHIBIT A

FORM OF BILL OF SALE

This Bill of Sale is being delivered pursuant to the CRR Property Purchase and Sale Agreement, dated as of November 15, 2013 (the "Sale Agreement"), by and between Appalachian Power Company (the "Seller") and Appalachian Consumer Rate Relief Funding LLC (the "Issuer"). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Sale Agreement.

In consideration of the Issuer's delivery to or upon the order of the Seller of $[_____], the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse or warranty, except as set forth in the Sale Agreement, all right, title and interest of the Seller in and to the CRR Property identified on Schedule 1 hereto (such sale, transfer, assignment, setting over and conveyance of the CRR Property includes, to the fullest extent permitted by the Securitization Law, the property, rights and interests of APCo under the Financing Order, including the right of APCo and any Successor to impose, charge and collect CRR Charges from Customers, and including the right to obtain True-Up Adjustments, and all revenues, receipts, collections, rights to payment, payments, money, claims or other proceeds arising from rights and interests created under the Financing Order). Such sale, transfer, assignment, setting over and conveyance is hereby expressly stated to be a sale and, pursuant to Section 24-2-4f(p)(1) of the Securitization Law, shall be treated as an absolute transfer of all of the Seller's right, title and interest in and to (as in a true sale), and not as a pledge or other financing of, the CRR Property. The Seller and the Issuer agree that after giving effect to the sale, transfer, assignment, setting over and conveyance contemplated hereby the Seller has no right, title or interest in or to the CRR Property to which a security interest could attach because (i) it has sold, transferred, assigned, set over and conveyed all right in and to the CRR Property to the Issuer, (ii) as provided in Section 24-2-4f(p)(1) of the Securitization Law, such rights become CRR Property when conveyed hereunder and (iii) as provided in Section 24-2-4f(o)(4) of the Securitization Law, appropriate financing statements have been filed and such transfer is perfected against all third parties, 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 24-2-4f(p)(1) of the Securitization Law, then such sale, transfer, assignment, setting over and conveyance 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 UCC) in the CRR Property and, without prejudice to its position that it has absolutely transferred all of its rights in the CRR Property to the Issuer, the Seller hereby grants a security interest in the CRR Property to the Issuer (and to the Indenture Trustee for the benefit of the Secured Parties) to secure their respective rights under the Basic Documents to receive the CRR Charges and all other CRR Property.

The Issuer does hereby purchase the CRR Property from the Seller for the consideration set forth in the preceding paragraph.

The Seller and the Issuer each acknowledge and agree that the purchase price for the CRR Property sold pursuant to this Bill of Sale and the Sale Agreement is equal to its fair market value at the time of sale.

The Seller confirms that (i) each of the representations and warranties on the part of the Seller contained in the Sale Agreement are true and correct in all respects on the date hereof as if made on the date hereof and (ii) each condition precedent that must be satisfied under Section 2.02 of the Sale Agreement has been satisfied upon or prior to the execution and delivery of this Bill of Sale by the Seller.

This Bill of Sale 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.

THIS BILL OF SALE SHALL BE 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 LAW.

IN WITNESS WHEREOF, the Seller and the Issuer have duly executed this Bill of Sale as of the ___ day of _____, _____.

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC

By: _____
Name:
Title:

APPALACHIAN POWER COMPANY

By: _____
Name:
Title:

EXHIBIT A

SCHEDULE 1

to

BILL OF SALE

CRR PROPERTY

All CRR Property created or arising under the Financing Order entered September 20, 2013, issued by the Public Service Commission of West Virginia under the Securitization Law.

Exhibit 99.3

ADMINISTRATION AGREEMENT

This ADMINISTRATION AGREEMENT, dated as of November 15, 2013 (this "Administration Agreement"), is entered into by and between APPALACHIAN POWER COMPANY ("APCo"), as administrator (in such capacity, the "Administrator"), and APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC, a Delaware limited liability company (the "Issuer"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in Appendix A to the Indenture (as defined below).

W I T N E S S E T H:

WHEREAS, the Issuer is issuing Consumer Rate Relief Bonds pursuant to that certain Indenture (including Appendix A thereto) dated as of the date hereof (the "Indenture"), by and between the Issuer and U.S. Bank National Association, a national banking association, in its capacity as indenture trustee (the "Indenture Trustee") and in its separate capacity as a securities intermediary (the "Securities Intermediary"), as the same may be amended, restated, supplemented or otherwise modified from time to time, and the Series Supplement;

WHEREAS, the Issuer has entered into certain agreements in connection with the issuance of the Consumer Rate Relief Bonds, including (i) the Indenture, (ii) the CRR Property Servicing Agreement, dated as of the Closing Date (the "Servicing Agreement"), by and between the Issuer and APCo, as Servicer, (iii) the CRR Property Purchase and Sale Agreement, dated as of the Closing Date (the "Sale Agreement"), by and between the Issuer and APCo, as Seller, and (iv) the other Basic Documents to which the Issuer is a party, relating to the Consumer Rate Relief Bonds (the Indenture, the Servicing Agreement, the Sale Agreement and the other Basic Documents to which the Issuer is a party, as such agreements may be amended and supplemented from time to time, being referred to hereinafter collectively as the "Related Agreements");

WHEREAS, pursuant to the Related Agreements, the Issuer is required to perform certain duties in connection with the Related Agreements, the Consumer Rate Relief Bonds and the CRR Bond Collateral pledged to the Indenture Trustee pursuant to the Indenture;

WHEREAS, the Issuer has no employees, other than its officers and managers, and does not intend to hire any employees, and consequently desires to have the Administrator perform certain of the duties of the Issuer referred to in the preceding clauses and to provide such additional services consistent with the terms of this Administration Agreement and the Related Agreements as the Issuer may from time to time request; and

WHEREAS, the Administrator has the capacity to provide the services and the facilities required thereby and is willing to perform such services and provide such facilities for the Issuer on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Duties of the Administrator – Management Services. The Administrator hereby agrees to provide the following corporate management services to the Issuer and to cause third parties to provide professional services required for or contemplated by such services in accordance with the provisions of this Administration Agreement:

(a) furnish the Issuer with ordinary clerical, bookkeeping and other corporate administrative services necessary and appropriate for the Issuer, including, without limitation, the following services:

(i) maintain at the Premises (as defined below) general accounting records of the Issuer (the "Account Records"), subject to year-end audit, in accordance with generally accepted accounting principles, separate and apart from its own accounting records, prepare or cause to be prepared such quarterly and annual financial statements as may be necessary or appropriate and arrange for year-end audits of the Issuer's financial statements by the Issuer's independent accountants;

(ii) prepare and, after execution by the Issuer, file with the Securities and Exchange Commission (the "SEC") and any applicable state agencies documents required to be filed by the Issuer with the SEC and any applicable state agencies, including, without limitation, periodic reports required to be filed under the Securities Exchange Act of 1934, as amended;

(iii) prepare for execution by the Issuer and cause to be filed such income, franchise or other tax returns of the Issuer as shall be required to be filed by applicable law (the "Tax Returns") and cause to be paid on behalf of the Issuer from the Issuer's funds any taxes required to be paid by the Issuer under applicable law;

(iv) prepare or cause to be prepared for execution by the Issuer's Managers minutes of the meetings of the Issuer's Managers and such other documents deemed appropriate by the Issuer to maintain the separate limited liability company existence and good standing of the Issuer (the "Company Minutes") or otherwise required under the Related Agreements (together with the Account Records, the Tax Returns, the Company Minutes, the LLC Agreement, and the Certificate of Formation, the "Issuer Documents"); and any other documents deliverable by the Issuer thereunder or in connection therewith; and

(v) hold, maintain and preserve at the Premises (hereinafter defined) (or such other place as shall be required by any of the Related Agreements) executed copies (to the extent applicable) of the Issuer Documents and other documents executed by the Issuer thereunder or in connection therewith;

(b) take such actions on behalf of the Issuer, as are necessary or desirable for the Issuer to keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware and obtain and preserve its qualification to do business in each jurisdiction in which it becomes necessary to be so qualified;

(c) take such actions on the behalf of the Issuer as are necessary for the issuance and delivery of the Consumer Rate Relief Bonds;

(d) provide for the performance by the Issuer of its obligations under each of the Related Agreements, and prepare, or cause to be prepared, all documents, reports, filings, instruments, notices, certificates and opinions that it shall be the duty of the Issuer to prepare, file or deliver pursuant to the Related Agreements;

(e) to the full extent allowable under applicable law, enforce each of the rights of the Issuer under the Related Agreements, at the direction of the Indenture Trustee;

(f) provide for the defense, at the direction of the Issuer's Managers, of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any of its assets;

(g) provide office space (the "Premises") for the Issuer and such reasonable ancillary services as are necessary to carry out the obligations of the Administrator hereunder, including telecopying, duplicating and word processing services;

(h) undertake such other administrative services as may be appropriate, necessary or requested by the Issuer; and

(i) provide such other services as are incidental to the foregoing or as the Issuer and the Administrator may agree.

In providing the services under this Section 1 and as otherwise provided under this Administration Agreement, the Administrator will not knowingly take any actions on behalf of the Issuer which (i) the Issuer is prohibited from taking under the Related Agreements, or (ii) would cause the Issuer to be in violation of any federal, state or local law or the LLC Agreement.

In performing its duties hereunder, the Administrator shall use the same degree of care and diligence that the Administrator exercises with respect to performing such duties for its own account and, if applicable, for others.

2. Compensation. As compensation for the performance of the Administrator's obligations under this Administration Agreement (including the compensation of Persons serving as Manager(s), other than the Independent Manager(s), and officers of the Issuer, but, for the avoidance of doubt, excluding the performance by APCo of its obligations in its capacity as Servicer), the Administrator shall be entitled to $100,000 annually (the "Administration Fee"), payable by the Issuer in installments of $50,000 on each Payment Date. In addition, the Administrator shall be entitled to be reimbursed by the Issuer for all costs and expenses of services performed by unaffiliated third parties and actually incurred by the Administrator in connection with the performance of its obligations under this Administration Agreement in accordance with Section 3 (but, for the avoidance of doubt, excluding any such costs and expenses incurred by APCo in its capacity as Servicer), to the extent that such costs and expenses are supported by invoices or other customary documentation and are reasonably allocated to the Issuer ("Reimbursable Expenses").

3. Third Party Services. Any services required for or contemplated by the performance of the above-referenced services by the Administrator to be provided by unaffiliated third parties (including independent accountants' fees and counsel fees) may, if provided for or otherwise contemplated by the Financing Order and if the Issuer deems it necessary or desirable,

be arranged by the Issuer or by the Administrator at the direction (which may be general or specific) of the Issuer. Costs and expenses associated with the contracting for such third-party professional services may be paid directly by the Issuer or paid by the Administrator and reimbursed by the Issuer in accordance with Section 2, or otherwise as the Administrator and the Issuer may mutually arrange.

4. Additional Information to be Furnished to the Issuer. The Administrator shall furnish to the Issuer from time to time such additional information regarding the CRR Bond Collateral as the Issuer shall reasonably request.

5. Independence of the Administrator. For all purposes of this Administration Agreement, the Administrator shall be an independent contractor and shall not be subject to the supervision of the Issuer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by the Issuer, the Administrator shall have no authority, and shall not hold itself out as having the authority, to act for or represent the Issuer in any way and shall not otherwise be deemed an agent of the Issuer.

6. No Joint Venture. Nothing contained in this Administration Agreement (a) shall constitute the Administrator and the Issuer as partners or co-members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (b) shall be construed to impose any liability as such on either of them or (c) shall be deemed to confer on either of them any express, implied or apparent authority to incur any obligation or liability on behalf of the other.

7. Other Activities of Administrator. Nothing herein shall prevent the Administrator or any of its members, managers, officers, employees, subsidiaries or affiliates from engaging in other businesses or, in its sole discretion, from acting in a similar capacity as an Administrator for any other person or entity even though such person or entity may engage in business activities similar to those of the Issuer.

8. Term of Agreement; Resignation and Removal of Administrator.

(a) This Administration Agreement shall continue in force until the payment in full of the Consumer Rate Relief Bonds and any other amount which may become due and payable under the Indenture, upon which event this Administration Agreement shall automatically terminate.

(b) Subject to Sections 8(e) and 8(f), the Administrator may resign its duties hereunder by providing the Issuer and the Rating Agencies with at least sixty (60) days' prior written notice.

(c) Subject to Sections 8(e) and 8(f), the Issuer may remove the Administrator without cause by providing the Administrator and the Rating Agencies with at least sixty (60) days' prior written notice.

(d) Subject to Sections 8(e) and 8(f), at the sole option of the Issuer, the Administrator may be removed immediately upon written notice of termination from the Issuer to the Administrator and the Rating Agencies if any of the following events shall occur:

(i) the Administrator shall default in the performance of any of its duties under this Administration Agreement and, after notice of such default, shall fail to cure such default within ten (10) days (or, if such default cannot be cured in such time, shall (A) fail to give within ten (10) days such assurance of cure as shall be reasonably satisfactory to the Issuer and (B) fail to cure such default within thirty (30) days thereafter);

(ii) a court of competent jurisdiction shall enter a decree or order for relief, and such decree or order shall not have been vacated within sixty (60) days, in respect of the Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such court shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Administrator or any substantial part of its property or order the winding-up or liquidation of its affairs; or

(iii) the Administrator shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, shall consent to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Administrator or any substantial part of its property, shall consent to the taking of possession by any such official of any substantial part of its property, shall make any general assignment for the benefit of creditors or shall fail generally to pay its debts as they become due.

The Administrator agrees that if any of the events specified in clauses (ii) or (iii) of this Section 8(d) shall occur, it shall give written notice thereof to the Issuer and the Indenture Trustee as soon as practicable but in any event within seven (7) days after the happening of such event.

(e) No resignation or removal of the Administrator pursuant to this Section 8 shall be effective until a successor Administrator has been appointed by the Issuer, and such successor Administrator has agreed in writing to be bound by the terms of this Administration Agreement in the same manner as the Administrator is bound hereunder.

(f) The appointment of any successor Administrator shall be effective only after satisfaction of the Rating Agency Condition with respect to the proposed appointment.

9. Action upon Termination, Resignation or Removal. Promptly upon the effective date of termination of this Administration Agreement pursuant to Section 8(a), the resignation of the Administrator pursuant to Section 8(b) or the removal of the Administrator pursuant to Sections 8(c) or 8(d), the Administrator shall be entitled to be paid a pro-rated portion of the annual fee described in Section 2 hereof through the date of termination and all Reimbursable Expenses incurred by it through the date of such termination, resignation or removal. The Administrator shall forthwith upon such termination pursuant to Section 8(a) deliver to the Issuer all property and documents of or relating to the CRR Bond Collateral then in the custody of the Administrator. In the event of the resignation of the Administrator pursuant to Section 8(b) or the removal of the Administrator pursuant to Sections 8(c) or 8(d), the Administrator shall

cooperate with the Issuer and take all reasonable steps requested to assist the Issuer in making an orderly transfer of the duties of the Administrator.

10. Administrator's Liability. Except as otherwise provided herein, the Administrator assumes no liability other than to render or stand ready to render the services called for herein, and neither the Administrator nor any of its members, managers, officers, employees, subsidiaries or affiliates shall be responsible for any action of the Issuer or any of the members, managers, officers, employees, subsidiaries or affiliates of the Issuer (other than the Administrator itself). The Administrator shall not be liable for nor shall it have any obligation with regard to any of the liabilities, whether direct or indirect, absolute or contingent of the Issuer or any of the members, managers, officers, employees, subsidiaries or affiliates of the Issuer (other than the Administrator itself).

11. INDEMNITY.

(a) SUBJECT TO THE PRIORITY OF PAYMENTS SET FORTH IN THE INDENTURE, THE ISSUER SHALL INDEMNIFY THE ADMINISTRATOR, ITS MEMBERS, MANAGERS, OFFICERS, EMPLOYEES AND AFFILIATES AGAINST ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, LIABILITIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR WHETHER OR NOT THE ADMINISTRATOR IS A PARTY THERETO) WHICH ANY OF THEM MAY PAY OR INCUR ARISING OUT OF OR RELATING TO THIS ADMINISTRATION AGREEMENT AND THE SERVICES CALLED FOR HEREIN; PROVIDED, HOWEVER, THAT SUCH INDEMNITY SHALL NOT APPLY TO ANY SUCH LOSS, CLAIM, DAMAGE, PENALTY, JUDGMENT, LIABILITY OR EXPENSE RESULTING FROM THE ADMINISTRATOR'S NEGLIGENCE OR WILLFUL MISCONDUCT IN THE PERFORMANCE OF ITS OBLIGATIONS HEREUNDER.

(b) THE ADMINISTRATOR SHALL INDEMNIFY THE ISSUER, ITS MEMBERS, MANAGERS, OFFICERS AND EMPLOYEES AGAINST ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, LIABILITIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR WHETHER OR NOT THE ISSUER IS A PARTY THERETO) WHICH ANY OF THEM MAY INCUR AS A RESULT OF THE ADMINISTRATOR'S NEGLIGENCE OR WILLFUL MISCONDUCT IN THE PERFORMANCE OF ITS OBLIGATIONS HEREUNDER.

12. Notices. Any notice, report or other communication given hereunder shall be in writing and addressed as follows:

(a) if to the Issuer, to:

Appalachian Consumer Rate Relief Funding LLC
707 Virginia Street East, Suite 1000
Charleston, West Virginia, 25327
Attention: Manager
Telephone: (614) 716-3627

Facsimile: (866) 895-9179

(b) if to the Administrator, to:

Appalachian Power Company
1 Riverside Plaza
Columbus, Ohio 43215
Attention: Treasurer
Telephone: (614) 716-1000
Facsimile: (614) 716-2807

(c) if to the Indenture Trustee, to the Corporate Trust Office;

or to such other address as any party shall have provided to the other parties in writing. Any notice required to be in writing hereunder shall be deemed given if such notice is mailed by certified mail, postage prepaid, or hand-delivered to the address of such party as provided above.

13. Amendments. This Administration Agreement may be amended from time to time by a written amendment duly executed and delivered by each of the Issuer and the Administrator, with the prior written consent of the Indenture Trustee, the satisfaction of the Rating Agency Condition and, if the contemplated amendment may in the judgment of the Servicer increase Ongoing Financing Costs, the consent of the Commission pursuant to Section 14; provided, that any such amendment may not adversely affect the interest of any Holder in any material respect without the consent of the Holders of a majority of the outstanding principal amount of the Consumer Rate Relief Bonds. 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.

14. Commission Condition. Notwithstanding anything to the contrary in Section 13, 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 14 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 13 (except that the consent of the Indenture Trustee may be subject to the consent of Holders if such consent is required or sought by the Indenture Trustee in connection with such amendment or modification), the Servicer shall have delivered to the Commission's executive secretary and general counsel written notification of any proposed amendment, which notification shall contain:

(i) a reference to Case No. 12-1188-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 of receiving the notification complying with Section 14(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 14(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 14(a), the Commission or its authorized representative delivers to the office of the person specified in Section 14(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 14(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 day period, as applicable, provided for in this Section 14(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 Servicer under Section 14(a), the Servicer and the Issuer shall have the right at any time to withdraw from the Commission further consideration of any notification of a proposed amendment. Such withdrawal shall be evidenced by the Servicer's giving prompt written notice thereof to the Commission, the Issuer and the Indenture Trustee.

(d) For the purpose of this Section 14, an "authorized representative" of the Commission means any person authorized to act on behalf of the Commission.

15. Successors and Assigns. This Administration Agreement may not be assigned by the Administrator unless such assignment is previously consented to in writing by the Issuer and the Indenture Trustee and subject to the satisfaction of the Rating Agency Condition in connection therewith. Any assignment with such consent and satisfaction, if accepted by the assignee, shall bind the assignee hereunder in the same manner as the Administrator is bound hereunder. Notwithstanding the foregoing, this Administration Agreement may be assigned by

the Administrator without the consent of the Issuer or the Indenture Trustee and without satisfaction of the Rating Agency Condition to a corporation or other organization that is a successor (by merger, reorganization, consolidation or purchase of assets) to the Administrator, including without limitation any Permitted Successor; provided that such successor or organization executes and delivers to the Issuer an Agreement in which such corporation or other organization agrees to be bound hereunder by the terms of said assignment in the same manner as the Administrator is bound hereunder. Subject to the foregoing, this Administration Agreement shall bind any successors or assigns of the parties hereto. Upon satisfaction of all of the conditions of this Section 15, the preceding Administrator shall automatically and without further notice be released from all of its obligations hereunder. Notwithstanding the foregoing, Wheeling Power Company will be allowed to merge into APCo without satisfying the conditions specified in this Section 15 so long as APCo is the entity surviving the merger.

16. Governing Law. This Administration Agreement shall be 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.

17. Headings. The Section headings hereof have been inserted for convenience of reference only and shall not be construed to affect the meaning, construction or effect of this Administration Agreement.

18. Counterparts. This Administration Agreement may be executed in counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same Administration Agreement.

19. Severability. Any provision of this Administration Agreement that is prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

20. Nonpetition Covenant. Notwithstanding any prior termination of this Administration Agreement, the Administrator covenants that it shall not, prior to the date which is one year and one day after payment in full of the Consumer Rate Relief Bonds, acquiesce, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining an involuntary case against the Issuer 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 Issuer or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer.

21. Assignment to Indenture Trustee. The Administrator 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 the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Secured Parties.

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IN WITNESS WHEREOF, the parties have caused this Administration Agreement to be duly executed and delivered as of the day and year first above written.

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC, as Issuer

By: /s/ Renee V. Hawkins
Name: Renee V. Hawkins
Title: Assistant Treasurer

APPALACHIAN POWER COMPANY, as Administrator

By: /s/ Renee V. Hawkins
Name: Renee V. Hawkins
Title: Assistant Treasurer

SIDLEY AUSTIN LLP
SIDLEY

SIDLEY AUSTIN llp
ONE SOUTH DEARBORN STREET
CHICAGO, IL 60603
(312) 853 7000
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Exhibit 99.5

November 15, 2013

To Each of the Persons Listed
on Schedule A Attached Hereto

Re: Appalachian Consumer Rate Relief Funding LLC
Senior Secured Consumer Rate Relief Bonds
Federal Constitution Issues

Ladies and Gentlemen:

We have served as special counsel to Appalachian Power Company, a Virginia corporation ("APCo"), in connection with the issuance and sale on the date hereof by Appalachian Consumer Rate Relief Funding LLC, a Delaware limited liability company (the "Issuer"), of $380,300,000 aggregate principal amount of the Issuer's Senior Secured Consumer Rate Relief Bonds (the "Bonds"), which are more fully described in the Prospectus Supplement dated November 6, 2013. The Bonds are being sold pursuant to the provisions of the Underwriting Agreement dated November 6, 2013 among APCo, the Issuer and Morgan Stanley & Co. LLC and RBS Securities Inc. as representatives of the underwriters named in Schedule I to such Underwriting Agreement. The Bonds are being issued pursuant to the provisions of the Indenture dated as of November 15, 2013, as supplemented by the Trustee's Issuance Certificate dated as of November 15, 2013 (together with the Indenture, the "Indenture"), between the Issuer and U.S. Bank National Association, a national banking association, as trustee (the "Indenture Trustee"). Under the Indenture, the Indenture Trustee holds, among other things, consumer rate relief property as described below (the "CRR Property") as collateral security for the payment of the Bonds. Capitalized terms used in this opinion without definition have the respective meanings set forth in the Indenture.

West Virginia Code Section 24-2-4f (as amended, the "Recovery Act") provides for electric distribution utilities in West Virginia to recover their "expanded net energy costs" through securitization, assigns certain powers and duties to the Public Service Commission of West Virginia (the "PSC") in connection with such securitization and provides for the creation of "consumer rate relief property" concurrently with the sale of the CRR Property to the Issuer consumer rate relief. The CRR Property was created in favor of APCo, pursuant to a financing order (as amended, the "Order") issued on September 20, 2013 by the PSC in Case Number 12-1188-E-PC, pursuant to its authority under the Recovery Act. The CRR Property was assigned to the Issuer pursuant to the provisions of the CRR Property Purchase and Sale Agreement dated as of November 15, 2013 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. The CRR Property includes the right to impose and receive certain "non-bypassable" charges described in the Order (the "CRR Charges"). The CRR Charges constitute consumer rate relief charges within the meaning of the Recovery Act and may be periodically adjusted, in the manner authorized in the 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 Order was issued in response to an application for its issuance that was filed by APCo with the PSC pursuant to the provisions of the Recovery Act. The Order became final and not subject to further appeal on October 21, 2013. APCo filed its Issuance Advice Letter with the PSC on November 7, 2013, as required by the Order, and its CRR rate schedule to its existing tariff relating to the CRR Charges on November 7, 2013, as required by the Order.

Questions Presented and Opinions

Legislative Repeal, Amendment or Revocation

You have requested our opinion as to:

(a) whether the State Pledge creates a contractual relationship between the State of West Virginia (the "State") and the holders of the Bonds (the "Bondholders");

(b) whether the Bondholders could challenge successfully under the "contract clause" of the United States Constitution (Article I, Section 10 (the "Federal Contract Clause")) the constitutionality of any legislation passed by the West Virginia legislature (the "Legislature") which becomes law or any action of the PSC exercising legislative powers (any such legislation which becomes law or action of the PSC exercising legislative powers being referred to herein as "Legislative Action") that in either case limits, alters, impairs or reduces the value of the CRR Property or the CRR Charges so as to impair (i) the terms of the Indenture or the Bonds or (ii) the rights and remedies of the Bondholders (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[1];

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[1] As discussed in more detail in the opinion of Jackson Kelly PLLC of even date herewith, the PSC has acknowledged that it is bound by the State Pledge. Assuming that the PSC is bound by the State Pledge as a matter of West Virginia law, a breach of the State Pledge by the PSC exercising legislative powers should be treated the same as a breach of the State Pledge by the Legislature under the Federal Contract Clause.

(c) whether preliminary injunctive relief would be available under federal law to delay implementation of Legislative Action that limits, alters, impairs or reduces the value of the CRR Property or the CRR Charges so as to cause an Impairment pending final adjudication of a claim challenging such Legislative Action under the Federal Contract Clause and, assuming a favorable final adjudication of such claim, whether relief would be available to prevent permanently the implementation of the challenged Legislative Action; and

(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"), the State could repeal or amend the Recovery Act 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 (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 reduced, altered or impaired the value of the CRR Property so as to unduly interfere with the reasonable expectations of the Bondholders arising from their investments in the Bonds (a "Taking").

Based upon our review of relevant judicial authority, as set forth in this letter, but subject to the qualifications, limitations and assumptions (including the assumption that any Impairment would be "substantial") set forth in this letter, it is our opinion that a reviewing court of competent jurisdiction, in a properly prepared and presented case:

(i) would conclude that the State Pledge constitutes a contractual relationship between the Bondholders and the State;

(ii) would conclude that, absent a demonstration by the State that an Impairment is necessary to further a significant and legitimate public purpose, the Bondholders (or the Indenture Trustee acting on their behalf) could successfully challenge under the Federal Contract Clause the constitutionality of any Legislative Action determined by such court to limit, alter, impair or reduce the value of the CRR Property or the CRR Charges so as to cause an Impairment prior to the time that the Bonds are fully paid and discharged;

(iii) 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 the CRR

Charges so as to cause an Impairment in violation of the Federal Contract Clause; and 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 subpart B of Part II below; and

(iv) would conclude that the State would be required to pay just compensation to Bondholders if the State's repeal or amendment of the Recovery Act, or the PSC's amendment or revocation of the financing order, or taking of any other action by the State of the PSC in contravention of the State Pledge (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 reduced, altered or impaired the value of the CRR Property so as to unduly interfere with the reasonable expectations of the Bondholders arising from their investments in the Bonds.

Our opinion in the immediately preceding paragraph (ii) is 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 challenge to Legislative Action; such precedents and such circumstances could change materially from those discussed below in this letter. Accordingly, such opinion is 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.

We also note, with respect to such opinion, that existing case law indicates that the State would have to establish that any 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.

Discussion

I. Protection of State Pledge Under the Federal Contract Clause

Section 24-2-4f(s)(1) of the Recovery Act provides:

> 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.

This language is referred to in this letter as the "State Pledge." As authorized by the foregoing statutory provision and the Order, the language of the State Pledge has been included in the Indenture and in the Bonds. Based on our analysis of relevant judicial authority, as set forth below, it is our opinion, subject to all of the qualifications, limitations and assumptions (including the assumption that any Impairment would be "substantial") set forth in this letter, that, absent a demonstration by the State that an Impairment is necessary to further a significant and legitimate public purpose, a reviewing court would conclude that the State Pledge provides a basis upon which the Bondholders (or the Indenture Trustee acting on their behalf) could challenge successfully, under the Federal Contract Clause, the constitutionality of any Legislative Action determined by such court to reduce, alter, or impair the value of the CRR Property or the CRR Charges so as to cause an Impairment prior to the time that the Bonds are fully paid and discharged.

Article I, Section 10 of the United States Constitution prohibits any state from impairing the "obligation of contracts," whether among private parties or among state and private parties.[2] The general purpose of the Federal Contract Clause is "to encourage trade and credit by promoting confidence in the stability of contractual obligations."[3] 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."[4] Although the Federal Contract Clause appears literally to proscribe any impairment, the United States Supreme Court has made it clear

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2 Article I, Section 10, provides, in relevant part, "No State shall . . . pass any bill of attainder, ex post facto law, or law impairing the obligation of contracts, ..." U.S. Const. art. I, § 10. Please see opinion of Jackson Kelly PLLC, of even date herewith, with respect to the Contract Clause in the West Virginia Constitution.

3 See United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 15 (1977) (cited in the text as "U.S. Trust").

4 Id. at 17 (citations omitted).

that the proscription is not absolute: "Although the language of the Federal 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.'"[5]

For many years, the United States Supreme Court has applied a three-part analysis to determine whether a particular legislative action violates the Federal Contract Clause:[6]

(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:[7]

(1) does a contractual relationship exist;

(2) does the change in law impair that contractual relationship; and

(3) is the impairment substantial.

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 to "surrender[] an essential attribute of its sovereignty."[8]

The following three subparts address: (i) whether a contract exists between the State and the holders of the Bonds; (ii) if so, whether such contract violates the "reserved

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5 Energy Reserves Group, Inc. v. Kansas Power & Light Co., 459 U.S. 400, 410 (1983) (cited in the text as "Energy Reserves") (citing Home Bldg. & Loan Ass'n v. Blaisdell, 290 U.S. 398, 434 (1934) (cited in the text as "Blaisdell")).

6 Energy Reserves Group, Inc. v. Kansas Power & Light Co., 459 U.S. 400, 411-12 (1983). See also Toledo Area AFL-CIO Council v. Pizza, 154 F.3d 307, 323 (6th Cir. 1998) (stating the three-part analysis).

7 General Motors Corp. v. Romein, 503 U.S. 181, 186 (1991).

8 See United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 23 (1977).

powers" doctrine, which would render such contract unenforceable; and (iii) the State's burden in justifying an impairment. The determination of whether a 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 Order, the CRR Property or the Bonds vis-a-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.[9] In the final subpart of this Part I, we address what relief would be likely to be granted if a Federal Contract Clause challenge were successfully asserted.

A. Existence of a Contractual Relationship

The courts have recognized the general presumption that, absent some clear indication that a 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."[10] 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. Thus, a person asserting the creation of a contract with the State must overcome this presumption.

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."[11] The courts have ruled that a statute creates a contractual relationship between a state and private parties if the statutory language contains sufficient words of contractual undertaking.[12] The United States Supreme Court has stated that a contract is created "when the language and

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9 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. 431 U.S. 1, 19 (1977). See also Home Bldg. & Loan Ass'n v. Blaisdell, 290 U.S. 398, 429-35 (1934).

10 National R.R. Passenger Corp. v. Atchison, Topeka & Santa Fe Ry. Co., 470 U.S. 451, 466 (1985) (cited in the text as "Nat'l R.R.") (quoting Dodge v. Board of Educ., 302 U.S. 74, 78 (1937) (cited in the text as "Dodge")).

11 Dodge v. Board of Educ., 302 U.S. 74, 78 (1937).

12 See Indiana ex rel. Anderson v. Brand, 303 U.S. 95, 104-05 (1938) (cited in the text as "Brand") (noting "the cardinal inquiry is as to the terms of the statute supposed to create such a contract"); United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 18 (1977).

circumstances evince a legislative intent to create private rights of a contractual nature enforceable against the State."[13]

In U.S. Trust, 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.[14] 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 two States covenant and agree with each other and with the holders of any affected bonds. . . . '"[15] Later, in Nat'l R.R., 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.[16]

Similarly, in 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.[17]

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13 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 17 n.14 (1977).

14 Id. at 18.

15 Id. at 17. 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, "We therefore have no doubt that the 1962 covenant has been properly characterized as a contractual obligation of the two States." Id. at 18.

16 See National R.R. Passenger Corp. v. Atchison, Topeka & Santa Fe Ry. Co., 470 U.S. 451, 470 (1985).

17 Indiana ex rel. Anderson v. Brand, 303 U.S. 95, 105 (1938). However, the mere use of the word "contract" in a statute will not necessarily evince the requisite legislative intent. As the Court cautioned in Nat'l R.R., the use of the word "contract" alone would not signify the existence of a contract *with the government*. National R.R. Passenger Corp. v. Atchison, Topeka & Santa Fe Ry. Co., 470 U.S. 451, 470 (1985). In Nat'l R.R., 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.

Like the language of the covenant considered in U.S. Trust, the language of the State Pledge plainly manifests the Legislature's intent to bind the State.[18] Indeed, the biggest 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. The definition of the Legislature's term – "pledge" – is "to bind by a promise."[19] Accordingly, this slight variation between the State Pledge and the language contained in the U.S. Trust statute appears inconsequential and not to provide a basis for distinguishing the wording of the two statutes. Unlike the statute construed in Nat'l R.R., the Recovery Act expressly includes language indicating the State's obligation with respect to consumer rate relief bond transactions. See Recovery Act Section 24-2-4f(s)(1) ("The state pledges . . . that the state will not take or permit any action that impairs the value of consumer rate relief property . . . or revises the consumer rate relief costs for which recovery is authorized . . . . or . . . reduce, alter, or impair consumer rate relief charges that are imposed, charged, collected, or remitted . . . 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"). Id. (emphasis added). Moreover, it is important to note that the State also authorizes an issuer of consumer rate relief bonds to include the State Pledge in contracts with the holders of consumer rate relief bonds (such as the Bonds). Recovery Act Section 24-2-4f(s)(2).

In summary, the language of the State Pledge supports the conclusion that it constitutes a contractual relationship between the State and the Bondholders. We are not aware of any circumstances surrounding enactment of the Recovery Act that suggests that the Legislature did not intend to bind the State contractually by the State Pledge.[20]

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[18] 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. However, the Recovery Act dictates that a utility must obtain a financing order before any "consumer rate relief bonds" such as the Bonds are issued. The authority to issue such an order rests with the State, acting through the PSC, and therefore the Pledge, made in connection with an essential state-law predicate to issuance of the Bonds, is closely analogous to the commitment made by the Port Authority in U.S. Trust.

[19] Webster's New World Dictionary 573 (2d ed. 1982).

[20] In addition to the State Pledge, the PSC's financing order contains the following language: "This Financing Order shall be irrevocable and the Commission shall not reduce, 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 Stipulation Securitization Amount (including Upfront Financing Costs) and Ongoing Financing Costs. No adjustment through the true-up 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 pursuant to this Financing Order and the Ongoing Financing Costs in

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.[21] Under this doctrine, if a contract purports to surrender a state's "reserved powers" – powers that cannot be contracted away – such contract is void.[22] 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.[23] In contrast, the United States Supreme Court has stated that a state's "power to enter into effective financial contracts cannot be questioned"[24] and that promises which are "purely financial" may not be said to fall within the State's reserved powers that cannot be contracted away."[25]

Under existing case law, the State Pledge does not, in our view, purport to surrender an essential attribute of the State's sovereignty. Although the State Pledge limits the State's regulatory authority to some degree, it does not purport 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 "financing orders" (such as the Order), the State authorizes electric utilities to issue "consumer rate relief bonds" (such as the Bonds) and pledges not to impair the value of the "consumer rate relief property" (such as the CRR Property) securing such instruments. In other words, the State Pledge constitutes an agreement made by the State not to impair the financial security for consumer rate relief bonds in order to foster the capital markets' acceptance of such bonds, which are expressly authorized and will be issued as part of the Recovery Act. The State Pledge is clearly an inducement offered by the State to investors to purchase the Bonds. As such, we believe that the State Pledge is akin to the type of "financial contract"

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connection with the consumer rate relief bonds." We refer you to the opinion with respect to constitutional law issues of Jackson Kelly PLLC of even date herewith for a discussion of this language.

21 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 23 (1977).

22 Id. See generally United States v. Winstar Corp., 518 U.S. 839, 888-90 (1996).

23 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 24 n.21 (1977) (citing Stone v. Mississippi, 101 U.S. 814, 817 (1880), and West River Bridge Co. v. Dix, 47 U.S. 507, 525-26 (1848)).

24 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 24 (1977).

25 Id. at 25. See also Lipscomb v. Columbus Municipal Separate School Dist., 269 F.3d 494. 505 (5th Cir. 2001) ("[p]urely financial obligations … do not surrender aspects of the State's sovereignty, and thus are subject to the Contract Clause").

involved in U.S. Trust, a promise that revenues and reserves securing the bonds at issue there would not be depleted beyond a certain level.[26]

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,"[27] and the state action causing that impairment must be both "reasonable and necessary to serve" such a public purpose.[28]

The contours of this test are illustrated by several decisions of the United States Supreme Court. In Blaisdell,[29] which the Court has described as "the leading case in the modern era of [Federal] Contract Clause interpretation,"[30] the Court addressed a Contract Clause challenge to a Minnesota law that, in response to economic conditions caused by the 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 to be just and equitable," subject to certain limitations, and (ii) limited actions for deficiency judgments.[31] 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."[32] On the other hand, the Court also indicated that the Federal Contract Clause could not be construed[33]

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26 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 25 (1977).

27 Energy Reserves Group, Inc. v. Kansas Power & Light Co., 459 U.S. 400, 411-12 (1983).

28 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 25 (1977).

29 Home Bldg. & Loan Ass'n v. Blaisdell, 290 U.S. 398 (1934).

30 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 15 (1977).

31 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. Home Bldg. & Loan Ass'n v. Blaisdell, 290 U.S. at 415-18.

32 Id. at 439.

33 Id. at 439-40.

> to prevent limited and temporary interpositions with respect to the enforcements [of contracts] if made necessary by a great public calamity such as fire, flood, or earthquake. [citation omitted] 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 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 non-existent when the urgent public need demanding such relief is produced by other and economic causes.

In upholding the Minnesota law, the Court relied on the following: (1) an economic emergency existed which 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.[34] 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,[35] 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.

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,[36] the Supreme Court has noted that such deference "is not appropriate" when a state' is a contracting party.[37] In that circumstance, a "stricter standard"

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34 Id. at 444-47.

35 See Treigle v. Acme Homestead Ass'n, 297 U.S. 189 (1936); W.B. Worthen Co. v. Kavanaugh, 295 U.S. 56 (1935) (cited in the text as "Worthen"); W.B. Worthen Co. v. Thomas, 292 U.S. 426 (1934).

36 Keystone Bituminous Coat Ass'n v. DeBenedictis, 480 U.S. 470 (1987) (cited in the text as "DeBenedictis") (upholding against 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).

37 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 26 (1977).

of justification should apply.[38] Indeed, in Energy Reserves Group, Inc. 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."[39]

The leading case addressing impairment of contracts to which the state is a party is U.S. Trust. As noted, there the state had covenanted that revenues and reserves securing certain bonds would not be depleted below a certain level.[40] 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.[41] 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."[42] The Court stated that a

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38 Energy Reserves Group, Inc. v. Kansas Power & Light Co., 459 U.S. 400, 412-13 n.14 (1983); Allied Structural Steel Co. v. Spannaus, 438 U.S. 234, 244 n.15 (1978). See also United States v. Winstar Corp., 518 U.S. 839, 876 (1996) (noting "heightened Contract Clause scrutiny when States abrogate their own contractual obligations"). Winstar addressed whether a contract claim against the federal government was barred by the "sovereign acts" doctrine, *i.e.*, the doctrine that the government's "public and general" acts cannot amount to a breach of contract. Although the legislation alleged to constitute a contractual breach had as its purposes "preventing the collapse of the [thrift] industry, attacking the root causes of the crisis, and restoring public confidence," *id.* at 856, the Court held that a "sovereign acts" defense was unavailable, because "the extent to which this reform relieved the Government of its own contractual obligations precludes a finding that the statute is a 'public and general' act for purposes of the sovereign acts defense." *Id.* at 903.

39 Energy Reserves Group, Inc. v. Kansas Power & Light Co., 459 U.S. 400, 412 n.14 (1983) (citing United States Trust Co. of New York v. New Jersey, 431 U.S. 1 (1977); W.B. Worthen Co. v. Kavanaugh, 295 U.S. 56 (1935); and Murray v. Charleston, 96 U.S. 432 (1878) (cited in the text as "Murray")). In Worthen, 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." 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.

40 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 25 (1977).

41 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.

42 Id. at 29.

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.[43] For example, the states "could discourage automobile use through taxes on gasoline or parking . . . and use the revenues to subsidize mass transit projects."[44]

The U.S. Trust Court contrasted the legislation under consideration with the statute challenged in El Paso v. Simmons,[45] 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 the judgment of the U.S. Trust Court, 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.[46] In contrast, the U.S. Trust Court stated that 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.[47] 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."[48]

The U.S. Trust Court also distinguished its earlier decision in Faitoute Iron & Steel Co. v. City of Asbury Park,[49] which, according to the Court, was the "only time in this century that alteration of a municipal bond contract has been sustained."[50] Faitoute involved a

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43 Id. at 30.

44 Id. at 30 n.29.

45 El Paso v. Simmons, 379 U.S. 497 (1965).

46 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 31 (1977).

47 Id. at 31-32.

48 Id. at 32.

49 Faitoute Iron & Steel Co. v. City of Asbury Park, 316 U.S. 502 (1942) (cited in the text as "Faitoute").

50 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 27 (1977).

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."[51] The U.S. Trust Court further quoted Faitoute to the effect that the obligation in that case was "discharged, not impaired" by the plan.[52]

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 above, State contracts which are financial in nature do not involve reserved State policy powers and, "[i]n almost every case, the [Supreme] Court has held a governmental unit to its contractual obligations when it enters financial or other markets."[53] 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."[54]

II. Relief Granted in a Federal Contract Clause Challenge

A. Permanent Injunctive Relief

In a Federal Contract Clause challenge to Legislative Action alleged to cause an Impairment, the remedies which the plaintiff would be expected to seek are (i) a declaration of the invalidity of such Legislative Action and (ii) an order permanently enjoining State officials from enforcing the provisions of such Legislative Action; a claim for money damages against the State would appear less likely. Whether such a declaration of invalidity could be obtained will depend on application of the principles discussed in Part I, as well as a demonstration that such law effected a substantial impairment. If such a declaration were obtained, the plaintiff would

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51 Id. at 28.

52 Id. (quoting 316 U.S. at 511).

53 See footnote 39 above.

54 United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 31 (1977).

then have to meet several requirements in order to obtain a permanent injunction. West Virginia law would govern the requirements for issuance of a permanent injunction if the case were brought in State court,[55] while federal law would govern those requirements if the case were brought in federal court. The following discussion relates to federal law only.

Federal case law balances the following factors in determining whether to grant permanent injunctive relief: (i) the threat of irreparable harm to the moving party; (ii) the balance of harms with any injury an injunction might inflict on other parties; (iii) actual success on the merits; and (iv) the public interest.[56] The Fourth Circuit, which includes West Virginia, applies a substantially similar test: "a plaintiff seeking a permanent injunction must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction."[57] Generally, "irreparable injury is suffered when monetary damages are . . . inadequate."[58] It seems doubtful that the Bondholders (or the Indenture Trustee acting on their behalf) could obtain adequate money damages from the State or its officials. We understand that retrospective monetary claims brought against the State of West Virginia are generally barred by sovereign immunity.[59] In addition, depending on the nature of the impairment, a legal remedy may be inadequate or the injury may be irreparable because the amount of damages may be difficult or impossible to measure,[60] or because the injury is of a continuing nature such that the Bondholders would be forced to sue for damages each time they suffer injury (*e.g.*, non-receipt of a scheduled interest

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55 Please see the Jackson Kelly PLLC opinion, of even date herewith, for an analysis of West Virginia law and permanent injunctive relief.

56 Beacon Theatres, Inc. v. Westover, 359 U.S. 500, 506-07 (1959).

57 Legend Night Club v. Miller, 637 F.3d 291, 297 (4th Cir. 2011) (citing eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391 (2006)); Christopher Phelps & Associates, LLC v. Galloway, 492 F.3d 532, 543 (4th Cir. 2007).

58 Multi–Channel TV Cable Co. v. Charlottesville Quality Cable Operating Co., 22 F.3d 546, 551 (4th Cir. 1994)

59 We do not undertake to express any opinions on matters of West Virginia law herein and refer you to the opinion of Jackson Kelly PLLC addressed to you of even date herewith with respect to issues of West Virginia law.

60 Phillips v. Crown Cent. Petroleum Corp., 602 F.2d 616, 630 (4th Cir. 1979) (injury of an "incalculable magnitude is irreparable harm"). See also Multi–Channel TV Cable Co., 22 F.3d at 551 (holding that "generally irreparable injury is suffered when monetary damages are difficult to ascertain or inadequate").

payment).[61] The Bondholders thus likely could satisfy these traditional requirements for injunctive relief, and an injunction to prevent a violation of the Contracts Clause would be an available remedy.[62] Moreover, even if the Bondholders cannot establish the inadequacy of a damages remedy, where a "constitutional violation is established, usually no further showing of irreparable injury is necessary" to obtain a permanent injunction.[63]

B. ***Preliminary Injunctive Relief***

Whether a preliminary injunction delaying implementation of Legislative Action being challenged under the Federal Contract Clause as a substantial Impairment could be obtained by the Bondholders (or the Indenture Trustee acting on their behalf) pending an adjudication on the merits of such claim will depend on several considerations. As noted in subpart A of this Part II with respect to the availability of permanent injunctive relief, an action challenging such Legislative Action, and therefore an accompanying request for preliminary 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. The following discussion relates to federal law only.

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.[64] 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 Order and the validity of the CRR Property and CRR

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61 See, e.g., Galloway, 492 F.3d at 544 (continuing nature of violation makes monetary damages inadequate and injury irreparable); see also, Janvey v. Alguire, 647 F.3d 585, 600 (5th Cir. 2011) (noting that a remedy at law is inadequate if legal redress may be obtained only by pursuing a multiplicity of actions).

62 Lipscomb v. Columbus Municipal Separate School Dist., 269 F.3d 494. 502 (5th Cir. 2001).

63 11A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, *Federal Practice and Procedure* § 2944, at 94 (2d ed. 1995). See, e.g., Johnson v. Bergland, 586 F.2d 993, 995 (4th Cir. 1978) ("Violations of first amendment rights constitute per se irreparable injury."); Faulkner v. Jones, 10 F.3d 226, 229-30, 233 (4th Cir. 1993) (upholding injunction based on irreparable harm caused by denial of constitutional rights); cf. Ross v. Meese, 818 F.2d 1132, 1135 (4th Cir. 1987) ("the denial of a constitutional right, if denial is established, constitutes irreparable harm for purposes of equitable jurisdiction"). . Application of this general rule is more complicated, however, in the context of a takings claim. Under the Contracts Clause, the constitutional violation occurs at the time of an unjustified substantial impairment of a contract. By contrast, under the Takings Clause, the constitutional violation occurs not merely when a state takes protected property, but when it denies compensation for that taking. See infra.

64 University of Texas 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. S. Carolina, 720 F.3d 518, 524 (4th Cir. 2013).

Charges. On a request for preliminary injunctive relief, a plaintiff must establish: "[1] that he is likely to succeed on the merits, [2] that he is likely to suffer irreparable harm in the absence of preliminary relief, [3] that the balance of equities tips in his favor, and [4] that an injunction is in the public interest."[65] Each factor must be independently "satisfied and articulated."[66] 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.[67]

Assuming that the injunction is not adverse to the public interest and that the Federal Contract Clause claim appears to the court to be meritorious (based on the application of the principles discussed in Part I), the requirement of likelihood of success on the merits should be met. The irreparable harm requirement, however, may pose a greater challenge, as decisions in several federal courts have found that a delay in the scheduled receipt of payments until final judgment is not the type of "irreparable harm" which a preliminary injunction seeks to prevent, absent countervailing circumstances – such as the possibility that such delay could result in the insolvency or the destruction of the business of the party seeking the preliminary injunction or could result in the other party's insolvency (thereby rendering a judgment worthless).[68] Notwithstanding these decisions, there are arguments why payment delays on the Bonds should be accepted as "irreparable harm." As just noted, Bondholders may be able to establish that they will suffer irreparable harm in the absence of a preliminary injunction because the state enjoys sovereign immunity, the amount of damages may be difficult or impossible to measure, or because the injury is of a continuing nature such that the Bondholders would be forced to sue for damages each time they suffer injury. In addition, federal courts often do not require a showing of irreparable harm to enjoin constitutional violations. Unlike permanent injunctions, however, which are issued only after the court has found a constitutional violation, preliminary injunctions are issued before the court has reached and resolved the merits of the constitutional claim. Accordingly, the likelihood of obtaining preliminary injunctive relief depends heavily on the strength of the Bondholders showing on the merits of their Contracts Clause claim.

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65 The Real Truth About Obama, Inc. v. F.E.C., 575 F.3d 342, 346 (4th Cir. 2009), vacated on other grounds, 130 S. Ct. 2371 (2010), aff'd, The Real Truth About Obama, Inc. v. F.E.C., 607 F.3d 355 (4th Cir. 2010) (citing Winter v. Natural Res. Def. Council, Inc., 555 U.S. 7, 19 (2008)).

66 Pashby v. Delia, 709 F.3d 307, 321 (4th Cir. 2013) (citing The Real Truth About Obama, 585 F.3d at 347).

67 AttorneyFirst, LLC v. Ascension Entm't, Inc., 144 F. App'x 283, 288 (4th Cir. 2005).

68 See, e.g., 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)). See also Centurion Reinsurance Co. v. Singer, 810 F.2d 140 (7th Cir. 1987); Roland Mach. Co. v. Dresser Indus., Inc., 749 F.2d 380, 386 and n.1 (7th Cir. 1984).

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. Webb's Fabulous Pharmacies v. Beckwith, 449 U.S. 155, 160 (1980). The Federal Takings Clause covers both tangible and intangible property. Ruckelshaus v. Monsanto Co., 467 U.S. 986, 1003.[69] Rights under contracts can be property for purposes of the Federal Takings Clause. Lynch v. United States, 292 U.S. 571, 577 (1934), but legislation that "disregards or destroys" contract rights does not always constitute a taking. Connolly v. Pension Benefit Guaranty Corporation, 475 U.S. 211, 224 (1986). Where intangible property is at issue, state law will determine whether a property right exists. 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.[70]

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[71]; (b) destroys

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69 The Monsanto case involved a federal law requiring disclosure of certain data related to Monsanto products. The Supreme Court was asked to determine whether Monsanto had a property interest in this information as a trade secret and whether that property interest was protected under the Federal Takings Clause. One focus of the Supreme Court's analysis was whether Monsanto had a reasonable investment-backed expectation in the privacy of this property. The Court concluded that at most times prior to the enactment of the law and at all times after the enactment of the law, Monsanto did not have and would not have a reasonable expectation that its information would be kept private. However, the Court noted that for a six year period from 1972 to 1978, federal law had provided that an entity submitting information to the government could designate such information as a trade secret and that federal law guaranteed such information would be kept a secret. Accordingly, the Court concluded that with respect to such information designated as a trade secret from 1972 to 1978, Monsanto had a property interest that was protected by the Federal Takings Clause.

70 2 Rotunda and Nowack, Treatise on Constitutional Law: Substance and Procedure 702 (3d ed. 1999).

71 Connolly v. Pension Benefit Guaranty Corporation, 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, 607 ("regulation which 'denies all economically beneficial or productive use of land' will require compensation under the Takings Clause") (citing Lucas v. South Carolina 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"); U.S. v. Security Industrial Bank, 459 U.S. 70, 77 (1982), citing Armstrong v. U.S., 364 U.S. 40, 48 (1960) ("The total destruction by the Government of all values 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"). See also

property other than in response to emergency conditions;[72] or (c) reduces, alters or impairs the value of property so as to unduly interfere with reasonable investment-backed expectations.[73] 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.

The Supreme Court has identified two categories where regulatory action constitutes a per se taking – regulations that require an owner to suffer a permanent physical invasion of property and regulations that deprive of the owner of all economically beneficial use of the

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Lingle v. Chevron USA, 544 U.S. 528, 538 (2005) (noting that regulatory action will be deemed a per se taking of property if it requires an owner to suffer a "permanent" physical invasion of property or completely deprives the owner of *all* economically beneficial use of such property). The Supreme Court has also held that legislation that terminates a property interest can be considered a taking for which compensation is due. Hodel v. Irving, 481 U.S. 704 (1987) (federal law escheating certain fractional interests in tribal property to an Indian tribe was a compensable taking). See also 2 Rotunda and Nowack, Treatise on Constitutional Law: Substance and Procedure 746 (3d ed. 1999).

72 The emergency exception to the just compensation requirement of the Federal Takings Clause appears in several Supreme Court decisions. See generally Rotunda and Novack Volume 2 at 738. Several of these decisions involve the government's activities during military hostilities. See for example, United States v. Caltex, Inc., 344 U.S. 149 (1952), rehearing denied 344 U.S. 919 (1953) (no compensable taking when Army destroys property to prevent enemy forces from obtaining it); United States v. Central Eureka Mining Co., 357 U.S. 155 (1958), rehearing denied 358 U.S. 858 (1958) (no compensable taking when government forces gold mines to cease operations to conserve resources for war effort); National Board of Young Men's Christian Associations v. United States, 395 U.S. 85 (1969) (no compensable taking where private property destroyed when US troops take shelter there). Compare United States v. Pewee Coal Co., 341 U.S. 114 (1951) (compensable taking when occupation is physical rather than regulatory, emergency notwithstanding). The emergency exception is not limited to wartime activities, however. See for example 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 Central 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, or permanent appropriation, see Lingle, 544 U.S. at 538, 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 Central Eureka, 357 U.S. at 168 (describing wartime restrictions as "temporary in character").

73 Connolly v. Pension Benefit Guaranty Corporation, 475 U.S. at 225 (noting that one point of Federal Takings Clause analysis is "the extent to which the regulation has interfered with distinct investment-backed expectations") (citing Penn Central Transportation Co., 438 U.S. at 124); Central Eureka Mining, 357 U.S. at 155, rehearing denied 358 U.S. 858 (1958) (no compensable taking when government forces gold mines to cease operations to conserve resources for war effort).

property. Lingle v. Chevron U.S.A., 544 U.S. 528, 538 (2005). Outside 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 Co. v. New York, 438 U.S. 104, 124 (1978). 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. Penn Central, 438 U.S. at 124.

The first factor requires the court to examine "the purpose and importance of the public interest reflected in the regulatory imposition" and "to balance the liberty interest of the private property owner against the Government's need to protect the public interest through imposition of the restraint." Loveladies Harbor, Inc. v. U.S., 28 F.3d 1171, 1176 (Fed. Cir. 1994); see Keystone Bituminous Coal Ass'n v. DeBenedictis, 480 U.S. 470 (1987).

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." Penn Coal Co. v. Mahon, 260 U.S. 393 (1922); Loveladies, 28 F.3d at 1176-77. "Not every destruction or injury to property by governmental action has been held to be a 'taking' in the constitutional sense," Armstrong v. U.S., 364 U.S. 40, 48 (1960). Diminution in property value alone, thus, does not constitute a taking; there must be serious economic harm.

The third factor is "a way of limiting recovery under the Federal Takings Clause to owners who could demonstrate that they bought their property in reliance on a state of affairs that did not include the challenged regulatory regime." Loveladies, 28 F.3d at 1177. The burden of showing such interference is a heavy one. Keystone, 480 U.S. at 493. Thus, a reasonable investment-backed expectation "must be more than a 'unilateral expectation or an abstract need." Monsanto, 467 U.S. at 1005. Further, "[l]egislation adjusting rights and burdens is not unlawful solely because it upsets otherwise settled expectations." Usery v. Turner Elkhorn Mining Co., 428 U.S. 1 (1976). "[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." Connolly, 475 U.S. at 223-24. 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. Chang v. U.S., 859 F.2d 893 (Fed. Cir. 1988).

We are not aware of any case law which 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. 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 and the extent of financial loss to Bondholders caused by that interference, as well as the extent to which courts would consider that Bondholders had a reasonable expectation that changes in government policy and regulation would not interfere with their investment. With respect to this latter factor, we note that the Recovery Act expressly provides for the creation of CRR Property in connection with the sale of the CRR Property to the Issuer, and further provides that the Order, once final, is irrevocable. Moreover, through the State Pledge, the State has pledged to and agreed with "the bondholders, assignees and financing parties under a final financing order" not to impair the value of such CRR Property. Given the foregoing, we believe it would be hard to dispute that Bondholders have reasonable investment expectations with respect to their investments in the Bonds.

Based on our analysis of relevant judicial authority, it is our opinion, as set forth above, subject to all of the qualifications, limitations and assumptions set forth in this letter, that, under the Federal Takings Clause, a reviewing court would hold that the State would be required to pay just compensation to Bondholders if the State's repeal or amendment of the Recovery Act or the PSC's amendment or revocation of the financing order, or the taking of any other action by the State or the PSC in contravention of the State Pledge (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 reduced, altered or impaired the value of the CRR Property so as to unduly interfere with the reasonable expectations of the Bondholders arising from their investments in the Bonds. 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 Bondholders. 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.[74]

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[74] A takings claim is generally not ripe until (1) the government has made a final decision as to how a regulation will be applied to the property at issue and (2) the owner has sought and been denied compensation through whatever adequate procedures or mechanisms state law provides. Williamson County Reg'l Planning Comm'n v. Hamilton Bank, 473 U.S. 172, 186 (1985); Holliday Amusement Co. of Charleston, Inc. v. S. Carolina, 493 F.3d 404, 406-07 (4th Cir. 2007) (applying the two-prong Williamson test). The Fourth Circuit has applied these factors even where a property owner seeks unquantifiable items such as future lost profits in connection with an alleged taking. See id. at 405-07. See also Henry v. Jefferson Cnty. Planning Comm'n, 34 F. App'x 92, 96 (4th Cir. 2002) (Williamson does not require exhaustion of state procedures to ripen federal takings claim); Washlefske v. Winston, 234 F.3d 179, 183 (4th Cir. 2000) (same). We express no opinion as to whether West Virginia provides any administrative or judicial procedures for seeking just compensation for a taking of the type of contract rights the Bondholders possess, or whether such procedures would be "adequate." To the extent that there is a taking and state

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We note that judicial analysis of issues relating to the Federal Contract Clause has typically proceeded on a case-by-case basis and that the court's determination, in most instances, is usually strongly influenced by the facts and circumstances of the particular case. We further note that there are no reported controlling judicial precedents of which we are aware directly on point. Our analysis is necessarily a reasoned application of judicial decisions involving similar or analogous circumstances. 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 which 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 which we believe current judicial precedent supports. 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.

Any opinion expressed herein with respect to enforceability is subject to the qualifications, limitations and assumptions set forth in the bankruptcy opinion, of even date herewith, addressed to you.

This letter is limited to the federal laws of the United States of America.

While a copy of this letter may be posted to an internet website required under Rule 17g-5 under the Securities and Exchange Act of 1934, as amended, and maintained by APCo solely for the purpose of complying with such rule, this letter is solely for your benefit in connection with the transactions described in the first paragraph above and may not be quoted, used or relied upon by, nor may copies be delivered to, any other person (including without limitation, any governmental or regulatory agency and all purchasers of Bonds other than the underwriters named in Schedule II to the Underwriting Agreement), nor may you rely on this letter for any other purpose, without our prior written consent.

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procedures for seeking just compensation are inadequate, Bondholders (or the Indenture Trustee on their behalf) or the Issuer could seek to enjoin enforcement of the State action by suing individual officers under Ex Parte Young, 42 U.S.C. §123 (1908) and 42 U.S.C. §1983.

This letter is being delivered solely for the benefit of the persons to whom it is addressed; accordingly, it may not be quoted, filed with any governmental authority or other regulatory agency or otherwise circulated or utilized for any other purpose without our prior written consent. We hereby consent to the filing of this letter as an exhibit to the Registration Statement filed with the Securities and Exchange Commission (the "Commission") on September 26, 2013, as amended by Amendment No. 1 and Amendment No. 2 thereto, filed on October 24, 2013 and October 29, 2013 (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 Commission. We assume no obligation to update or supplement this letter to reflect any facts or circumstances which may hereafter come to our attention with respect to the opinions or statements expressed above, including any changes in applicable law which may hereafter occur.

Very truly yours,

/s/ Sidley Austin LLP

SCHEDULE A

U.S. Bank National Association
as Indenture Trustee
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Chicago, Illinois 60603

Moody's Investors Service
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New York, New York 10007

Standard & Poor's Ratings Service
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Appalachian Power Company
707 Virginia Street East
Charleston, West Virginia 25327

Appalachian Consumer Rate Relief Funding LLC
707 Virginia Street East, Suite 1000
Charleston, West Virginia 25327

For itself and as Representatives of the
Underwriters of the Bonds:

Morgan Stanley & Co. LLC
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November 15, 2013

To Each Person Listed on

the Attached Schedule I

Re: Appalachian Consumer Rate Relief Funding LLC
$380,300,000 Consumer Rate Relief Bonds
West Virginia Constitutional Issues

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 September 20, 2013 (the "Financing Order"), to APCo 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 LLC, a Delaware limited liability company (the "Issuer"); the issuance by the Issuer of its Consumer Rate Relief Bonds (the "Consumer Rate Relief Bonds"), referred to and described below; and other related transactions.

Generally, the CRR Property is a property right created under *W.Va. Code* § 24-2-4f (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 hereof, APCo has transferred and sold the CRR Property to the Issuer under an CRR Property Purchase and Sale Agreement, dated as of November 15, 2013 between APCo and the Issuer, and a related Bill of Sale, dated as of November 15, 2013 (collectively referred to herein as the "Sale Agreement"). APCo, in its capacity as Servicer, and the Issuer have entered into a CRR Property Servicing Agreement, dated as of November 15, 2013 (the "Servicing Agreement"), under which APCo has agreed to service the CRR Property. APCo, as Administrator (" Administrator"), has entered into an Administration Agreement with the Issuer,

dated as of November 15, 2013, under which the Administrator has agreed to perform certain administrative services for the Issuer (the "Administration Agreement").

On the date hereof, the Issuer issued the Consumer Rate Relief Bonds, under the Indenture, dated as of November 15, 2013 between the Issuer and U.S. Bank National Association, as indenture trustee (the "Indenture Trustee"), as supplemented by the Series Supplement dated as of November 15, 2013 between the Issuer and the Indenture Trustee (the Indenture and Series Supplement collectively referred to herein as the "Indenture").

Pursuant to the Underwriting Agreement dated November 15, 2013 (the "Underwriting Agreement") by and among APCo, the representatives of the several Underwriters named therein, and the Issuer, such Underwriters have agreed to underwrite the issuance of the Consumer Rate Relief Bonds.

As used herein, the term "Transaction Documents" means the above-referenced documents to which the Issuer is a party, 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

In connection with the opinions set forth below, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of:

(a) the Transaction Documents;

(b) The Registration Statement (file numbers 333-191392 and 333-191392-01) filed by the Issuer with the Securities and Exchange Commission (the "Commission") on Form S-3 under the Securities Act of 1933, as amended, with respect to the Consumer Rate Relief Bonds, including the final prospectus filed with the Commission on November 1, 2013 (the "Registration Statement");

(c) the Securitization Law;

(d) the Financing Order;

(e) the opinion letter of Sidley Austin LLP, on Federal Constitutional Issues, of even date herewith (the "Sidley Constitutional Opinion"); and

(f) 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 these documents, we have assumed: 1) that the parties to such documents had the power, corporate or other, to enter into and perform all obligations thereunder; 2) the due authorization thereof by all requisite action, corporate or other; 3) the due execution and delivery of the Transaction Documents by the parties thereto; 4) the validity and binding effect thereof upon such parties; and 5) the enforceability thereof against such parties.

We have made no independent investigation of the facts referred to herein, and with respect to such facts, we have relied, for the purpose of rendering this opinion and except as otherwise stated herein, exclusively on the factual statements contained and matters provided for in the Transaction Documents referenced above, as we deemed advisable, including the factual representations, warranties and covenants contained therein as made by the respective parties thereto.

We express no opinion herein as to the laws of any jurisdiction other than the State of West Virginia.

OPINION REQUESTED

You have requested our opinion on the issues of:

1. whether the State Pledge creates a contractual relationship between the State of West Virginia and the Bondholders (as defined below);

2. whether the Supreme Court of Appeals of West Virginia (" West Virginia Supreme Court "), a West Virginia Circuit Court, or a Federal District Court sitting in West Virginia and applying West Virginia substantive law (each a " West Virginia Court") would conclude, under applicable State of West Virginia constitutional principles relating to the impairment of contracts, that the West Virginia Legislature could not enact legislation (other than a law passed by the West Virginia Legislature in the valid exercise of the state's police power to safeguard the vital interests of its people, including preservation of community order, health, safety, morals or economic well being) that: (A) repeals the State Pledge, (B) repeals the Securitization Law, (C) impairs the value of the CRR Property, or (D) reduces, alters or impairs the collection of the CRR Charges so as to significantly impair: (i) the terms of the Indenture or the Consumer Rate Relief Bonds, or (ii) the rights and remedies of the holders of the Consumer Rate Relief Bonds (the "Bondholders") (or the Indenture Trustee acting on their behalf) if such repeal, amendment or other action (an "Impairment Action") would prevent the payment of the Consumer Rate Relief Bonds or would significantly affect the security for the Consumer Rate Relief Bonds (an "Impairment");

3. whether the State of West Virginia would be required to pay just compensation to the Bondholders if the State of West Virginia, including the PSCWV exercising its legislative powers, undertook an Impairment Action and created an Impairment that:

(a) constituted a permanent appropriation of a substantial property interest of the Bondholders in the CRR Property or denied all economically beneficial or productive use of the CRR Property; (b) destroyed the CRR Property, other than in response to emergency conditions; or (c) substantially reduced, altered or impaired the value of the CRR Property so as to unduly interfere with the reasonable expectations of the Bondholders arising from their investment in the Consumer Rate Relief Bonds;

4. whether the Securitization Law has been duly enacted by the West Virginia Legislature in accordance with all applicable laws and is in full force and effect, whether the effectiveness or constitutionality of the Securitization Law under the Constitution of the State of West Virginia (insofar as it relates to the Consumer Rate Relief Bonds and the Transaction) is, to the best of our knowledge, the subject of any pending appeal or litigation, and if the constitutionality of the Securitization Law were challenged, whether a West Virginia Court applying West Virginia substantive law, would conclude, under applicable State of West Virginia constitutional principles, that the Securitization Law is constitutional.

5. whether the State of West Virginia, acting through direct voter initiative or referendum, could implement a voter initiative or referendum having the same effect as an Impairment Action; and

6. whether Bondholders could obtain from a West Virginia Court a preliminary injunction to delay the implementation of an Impairment Action pending final adjudication of a claim challenging the constitutionality of such Impairment Action or a permanent injunction in the event of a final adjudication that such Impairment Action was unconstitutional.

OPINION # 1 – REGARDING THE CONTRACT CLAUSE OF THE WEST VIRGINIA CONSTITUTION

The Securitization Law provides:

(s) *Pledge of state.*

(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.

We note that the State Pledge is set forth on the Consumer Rate Relief Bonds and in the Indenture.

Article III, Section 4 of the West Virginia Constitution states in part that: "No . . . law impairing the obligation of a contract, shall be passed" (the "State Contract Clause"). The State Contract Clause is consistent with the Contract Clause of the United States Constitution, Article I, Section 10, which provides that "no State shall . . . pass any . . . Law impairing the Obligation of Contracts" (the "Federal Contract Clause," and together with the State Contract Clause, the "Contract Clauses"). In general, West Virginia Courts that have addressed the issue of whether an act of the Legislature violates the State Contract Clause have followed the decisions of the United States Supreme Court interpreting the Federal Contract Clause.

To determine whether state legislation impairs a contractual obligation in violation of the State Contract Clause, the threshold issue is whether the parties have contractually vested property rights. In *Wagoner v. Gainer*, 167 W.Va. 139, 279 S.E.2d 636 (1981), the issue was whether a bill passed by the Legislature affecting the amount of the pension benefit to which retired judges were entitled under the State of West Virginia judicial retirement system violated the Federal Contract Clause. In 1949, the West Virginia Legislature created a retirement plan for judges. *West Virginia Code* § 51-9-6 provided that a retired judge, eligible for benefits under the system, shall be paid "annual retirement benefits so long as he shall live, in an amount equal to seventy-five percent of the annual salary of the office from which he has retired . . . as such salary may be changed from time to time during the period of his retirement." In 1979, the West Virginia Legislature increased the salaries of sitting judges. In the same act, the Legislature froze retirement benefits for retired judges at the levels determined by the salaries of active judges prior to the 1979 salary increases. The case reached the West Virginia Supreme Court on appeal from a Writ of Mandamus ordering the West Virginia State Auditor and West Virginia State Treasurer to compute the retired judges' increased retirement benefits based on the raises given by the Legislature to active judges.

The West Virginia Supreme Court reasoned that the State of West Virginia judicial retirement system creates contractually vested property rights for retired and active participating plan members. Such rights are enforceable in the courts and cannot be impaired or diminished by the Legislature. The West Virginia Supreme Court rejected the freezing of judges' retirement benefits, holding that when the Legislature attempts to change important provisions of an existing contract, outside the limits of the reserved state powers, the legislation

will be declared unconstitutional as impairing existing contractual obligations under the Federal Contract Clause.

For purposes of evaluating contractual impairment cases brought under the Contract Clauses, the West Virginia Supreme Court has adopted a three-prong test:

> The initial inquiry is whether the statute has substantially impaired the contractual rights of the parties. If a substantial impairment is shown, the second step of the test is to determine whether there is a significant and legitimate public purpose behind the legislation. Finally, if a legitimate public purpose is demonstrated, the court must determine whether the adjustment of the rights and responsibilities of contracting parties is based upon reasonable conditions and is of a character appropriate to the public purpose justifying the legislation's adoption.

West Virginia Regional Jail and Correctional Facility Authority v. West Virginia Investment Management Board , 203 W.Va. 413, 508 S.E.2d 130 (1998); see also *City of Charleston v. Public Service Commission of West Virginia* , 57 F.3d 385 (4th Cir. 1995); Syllabus Point 4, in part, *Shell v. Metropolitan Life Ins. Co.,* 181 W.Va. 16, 380 S.E.2d 183 (1989).

In analyzing State Contract Clause cases, the West Virginia Supreme Court has generally focused on the following issues: 1) whether the statute has "substantially impaired" the contract rights of the parties; and, if so, 2) whether the impairment is justified by a "significant and legitimate public purpose." In *West Virginia Regional Jail and Correctional Facility Authority v. West Virginia Investment Management Board* , 203 W.Va. 413, 508 S.E.2d 130 (1998), the beneficiaries of the West Virginia Public Employees Retirement System ("PERS") challenged legislation authorizing the Investment Management Board to invest PERS funds in debt or obligations of the Regional Jail Authority. The PERS beneficiaries claimed that such investments would create an impairment of the contract that existed between the State of West Virginia and the PERS beneficiaries.

The West Virginia Supreme Court first determined that a contract between the State of West Virginia and the beneficiaries existed. The West Virginia Supreme Court refused, however, to overturn the statute. In rejecting the argument that the legislation substantially impaired the State of West Virginia's contractual obligations, the West Virginia Supreme Court concluded that the Investment Management Board's investment was for a limited amount, for a limited time, and was required to be repaid at an interest rate essentially equal to the rate on other authorized investments. 508 S.E.2d at 137.

In *City of Charleston v. Public Service Commission of West Virginia* , 57 F.3d 385 (4th Cir. 1995), the Cities of Charleston and South Charleston, West Virginia had outstanding sewer revenue bonds. The bond contracts empowered the Cities in each instance to collect delinquent sewer charges by imposing a lien on premises served, including leased properties, even if only the tenant was delinquent in the payment of the sewer fees. In 1989 and 1990, bills

passed by the West Virginia Legislature added termination of water service as a remedy for the nonpayment of delinquent sewer fees and repealed the right to place a lien on real property as a remedy. In 1992, the PSCWV ruled that the City of Charleston could not require termination of water service to landlords because their previous tenants had failed to pay sewer charges. The Cities brought an action against the PSCWV asserting that the amendments to the Code and the PSCWV orders violated their existing contractual rights under the Contracts Clauses. Citing Federal Contract Clause precedent, the United States Court of Appeals for the Fourth Circuit concluded that any impairment created by the inability of the Cities to terminate water service to landlords was insubstantial and not likely to cause the Cities to default on their bond obligations. Accordingly, the West Virginia Supreme Court entered summary judgment in favor of the PSCWV. The West Virginia Supreme Court's decision upholding the constitutionality of the legislation in this case was clearly influenced by the *de minimis* effect of the potential impairment created.

In *Shell v. Metropolitan Life Ins. Co.,* 181 W.Va. 16, 380 S.E.2d 183 (1989), the issue was whether a statute prohibiting an insurance company from discharging its agents except for "good cause" created an unconstitutional impairment of existing contractual rights between the insurance companies and their agents. The West Virginia Supreme Court struck down the statute, holding that it did substantially impair existing contractual obligations because it altered the "at will" nature of the employment relationship. The West Virginia Supreme Court further held that the legislation was not justified by a significant and legitimate public purpose, because it was designed to protect a narrow class of citizens (*i.e*., insurance agents), rather than a broad societal interest.

In the *Shell* case, the West Virginia Supreme Court stated that: "in construing our state constitutional provision prohibiting any 'law impairing the obligation of a contract,' W.Va. Const. Art. III, § 4, we have 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." The Sidley Constitutional Opinion analyses whether under Federal constitutional principles the Bondholders could successfully challenge an action of the West Virginia Legislature, or of the PSCWV acting in its legislative capacity, repealing or substantially amending the Securitization Law. Based upon the West Virginia Supreme Court's reasoning in *Shell*, the analysis and conclusions set forth in the Sidley Constitutional Opinion should apply equally to a challenge to the Securitization Law under the West Virginia Constitution.

The West Virginia cases demonstrate that the West Virginia Courts tend to follow federal case law in determining whether there has been a prohibited impairment of existing contractual rights. Where a West Virginia Court has determined that new legislation substantially impacts existing contractual rights, the Court has not hesitated to declare the legislation unconstitutional. However, where the impact of the impairment has been slight, West Virginia Courts have not granted relief under the State Contract Clause.

In order for an Impairment Action to violate the State Contract Clause, the existence of a contractual relationship between the State of West Virginia and the Bondholders,

any assignee, or any financing party must be established. In the present case, we believe that the West Virginia Legislature's intent to make such a contractual relationship is clear from the statutory language.

> The state pledges to and agrees with the bondholders, any assignees, and financing parties under a final financing order that the state will not take or permit any action that impairs the value of the consumer rate relief property under the final financing order or, . . . 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.

West Virginia Code § 24-2-4f(s).

The State Pledge, which the Securitization Law explicitly authorizes to be included in the documentation with respect to the Consumer Rate Relief Bonds (and which is included therein), is an inducement offered by the State of West Virginia to investors to purchase the Consumer Rate Relief Bonds. The Securitization Law constitutes, among other things, an undertaking of the State of West Virginia to: 1) encourage and facilitate the recovery of expanded net energy costs from the utility's customers at a lower cost than would be afforded by traditional utility financing mechanisms; and 2) increase the financial security for and gain the capital markets' acceptance of the Consumer Rate Relief Bonds.

We believe that, if presented with the issue, a West Virginia Court would find that the Securitization Law, the Financing Order, and the State Pledge, taken together, give rise to a contractual obligation between the State of West Virginia and the Bondholders, any assignee, or any financing party for purposes of the State Contract Clause. We also believe that all prohibitions applicable to the State of West Virginia under the State Contract Clause would also apply to actions by the State of West Virginia, acting through the PSCWV. The West Virginia Legislature has delegated its regulatory power over utilities to the PSCWV. The PSCWV's power arises from delegated legislative authority and the procedure for its exercise is legislative in character. *Randall Gas Co. v. Star Glass Co.*, 88 S.E. 840, 78 W.Va. 252 (1916). Moreover, Subsection (a) of the Securitization Law (W.Va. Code § 24-2-4f(a)) evidences legislative authority and a legislative directive to make alternative financing mechanisms available under specified circumstances. We do not believe that the State of West Virginia, acting indirectly through the PSCWV, could effectively undertake any Impairment Action that it would be constitutionally barred from taking directly.

While there is no case law in West Virginia which considers the application of the State Contract Clause to the Securitization Law or the State Pledge, existing West Virginia case law and the federal case law cited in the Sidley Constitutional Opinion concerning the application of Federal Contract Clause to similar legislation is instructive. Based upon our review of the relevant State of West Virginia judicial authority as discussed in this opinion, but subject to the qualifications, limitations and assumptions (including the assumption that the Impairment Action in question would be "substantial") set forth herein and in the Sidley

Constitutional Opinion, it is our opinion that a West Virginia Court, if presented with this issue in a properly prepared and presented case, would conclude:

(1) that the State Pledge constitutes a contractual relationship between the Bondholders and the State of West Virginia; and

(2) under applicable State of West Virginia constitutional principles relating to the impairment of contracts, that the West Virginia Legislature could not enact legislation (other than a law passed by the West Virginia Legislature in the valid exercise of the state's police power to safeguard the vital interests of its people, including preservation of community order, health, safety, morals or economic well being) that: (A) repeals the State Pledge; (B) repeals the Securitization Law; (C) impairs the value of the CRR Property; or (D) reduces, alters or impairs the collection of the CRR Charges so as to substantially impair: (i) the terms of the Indenture or the Consumer Rate Relief Bonds; or (ii) the rights and remedies of the Bondholders (or the Indenture Trustee acting on their behalf) if such repeal, amendment or other action would prevent the payment of the Consumer Rate Relief Bonds or would substantially affect the security for the Consumer Rate Relief Bonds.

OPINION # 2 – REGARDING THE TAKINGS CLAUSE OF THE WEST VIRGINIA CONSTITUTION

The Fifth Amendment of the United States Constitution provides, in part: "nor shall private property be taken for public use, without just compensation" (the "Federal Takings Clause"). The Fourteenth Amendment of the United States Constitution makes the Fifth Amendment, including the Federal Takings Clause, applicable to any state action. *Webb's Fabulous Pharmacies, Inc. v. Beckwith* , 449 U.S. 155 (1980). There have been numerous United States Supreme Court cases analyzing and evaluating Federal Takings Clause claims. The Sidley Constitutional Opinion contains a detailed analysis of the issue of whether the State of West Virginia could be required to compensate the Bondholders under the Federal Takings Clause if the State of West Virginia, exercising its legislative powers, takes an Impairment Action. There have been few similar cases in the West Virginia Courts, and those that have been decided have generally adopted the analysis of similar cases decided under the Federal Takings Clause.

Article III, Section 9 of the West Virginia Constitution (the "State Takings Clause") states:

Private property shall not be taken or damaged for public use, without just compensation; nor shall the same be taken by any company, incorporated for the purposes of internal improvement, until just compensation shall have been paid, or secured to be paid, to the owner; and when private property shall be taken, or damaged, for public use, or for the use of such corporation, the compensation to

> the owner shall be ascertained in such manner, as may be prescribed by general law; provided, that when required by either of the parties, such compensation shall be ascertained by an impartial jury of twelve freeholders.

In *Verizon West Virginia , Inc. v. West Virginia Bureau of Employment Programs, Worker's Compensation Division* , 214 W.Va. 95, 586 S.E.2d 170 (2003), a group of self-insured employers claimed that the methodology used by the Bureau's Workers' Compensation Division to calculate premium rates amounted to an impermissible regulatory taking under both the federal and state constitutions. Citing *Eastern Enterprises v. Apfel,* 524 U.S. 498, 118 S.Ct. 2131, 141 L.Ed.2d 451 (1998), the West Virginia Supreme Court recognized that "the issue of whether compensation is compelled in the instance of 'economic injuries caused by public action'. . . is essentially an *ad hoc* and fact intensive undertaking." 586 S.E.2d at 193. In analyzing the takings issues raised by this case, the West Virginia Supreme Court found that the governmental action (specifically, the Workers' Compensation Fund rate increases on self-insured employers) was made in response to the compelling state interest of keeping the Fund afloat and the related interest of preventing a lowering of the State of West Virginia's bond ratings. The West Virginia Supreme Court ultimately held that: "[u]pon careful and thorough review of the applicable authority, we find that the formula developed by the Performance Council . . . assessing the workers' compensation premium tax for self-insured employers does not constitute an undue taking without compensation in violation of either the federal or state constitution." *Id*. 586 S.E.2d at 196.

Similarly, in upholding a local zoning ordinance that prohibited the operation of a gasoline service station in a Commercial A zone, the West Virginia Supreme Court ruled that: "land-use regulations will not constitute an impermissible taking of property under the Fifth Amendment to the United States Constitution and Section 9 of Article III of the West Virginia Constitution if such regulations can be reasonably found to promote the health, safety, morals, or general welfare of the public and the regulations do not destroy all economic uses of the property." *Syllabus, pt*. 6, *McFillan v. Berkeley County Planning Commission,* 190 W.Va. 458, 438 S.E.2d 801 (1993).

Finally, in *Columbia Gas v. Public Service Commission of West Virginia,* 173 W.Va. 19, 311 S.E.2d 137 (1983), the West Virginia Supreme Court upheld a legislatively imposed nine-month moratorium on rate increases for natural gas utilities from challenges under the Federal and State Taking Clauses. In *Columbia Gas*, the West Virginia Supreme Court determined that the additional nine-month moratorium did not offend just compensation provisions of the Federal and State constitutions because the West Virginia Legislature had provided for emergency rate hardship procedures for utilities to address situations of extreme financial hardship, which adequately would protect against the confiscation of private property without just compensation. *Columbia Gas*, 311 S.E.2d at 143.

While there is no case law in West Virginia that considers the application of the State Takings Clause to the Securitization Law, the Financing Order or the State Pledge, we have considered existing West Virginia case law and the federal case law cited in the Sidley

Constitutional Opinion concerning the application of the Federal Takings Clause to similar situations. We believe that the rulings of the West Virginia Supreme Court in the cases discussed above are consistent with the Federal Takings Clause analysis contained in the Sidley Constitutional Opinion. Thus, it is our opinion that the analysis set forth in the Sidley Constitutional Opinion discussing federal law taking issues would apply to a similar challenge made pursuant to the State Takings Clause.

Based on our review of relevant judicial authority discussed in this opinion, but subject to the qualifications, limitations and assumptions set forth herein and in the Sidley Constitutional Opinion, it is our opinion that, if presented with this issue in a properly prepared and presented case, a West Virginia Court would conclude that the State of West Virginia would be required to pay just compensation to the Bondholders if the State of West Virginia, including the PSCWV exercising its legislative powers, undertook an Impairment Action and created an Impairment that: (a) constituted a permanent appropriation of a substantial property interest of the Bondholders in the CRR Property or denied all economically beneficial or productive use of the CRR Property; (b) destroyed the CRR Property, other than in response to emergency conditions; or (c) substantially reduced, altered or impaired the value of the CRR Property so as to unduly interfere with the reasonable expectations of the Bondholders arising from their investment in the Consumer Rate Relief Bonds.

OPINION # 3 -- REGARDING THE CONSTITUTIONALITY OF THE SECURITIZATION LAW

It is difficult to predict the range of legal theories and claims upon which a challenge to the constitutionality of the Securitization Law could conceivably be based. However, given our familiarity with the Securitization Law, the nature of constitutional challenges to similar statutes in other states, and the types of procedural challenges that have been raised alleging deficiencies in the statutory enactment process, we have identified a number of potential theories upon which a challenge to the Securitization Law under the West Virginia Constitution could be based. Such a challenge could conceivably be based on the State Contract Clause; the State Takings Clause; the due process clause contained in Article III, Section 10 of the West Virginia Constitution (the "State Due Process Clause"); or the provisions of Article VI, Sections 29, 30, or 31 of the West Virginia Constitution which respectively require: 1) that bills be read on three different days in each house; 2) that acts embrace but one object; and 3) that bills passed by one house and amended by the other be again voted on by the house which originally passed the bill. Our examination of these constitutional provisions leads us to conclude that the Securitization Law would likely survive challenges based on these provisions.

1. State Contract Clause.

In at least one other jurisdiction, legislation providing for securitization financing similar to the financing mechanism created in the Securitization Law was challenged as an impairment of an existing contract. *Public Service Electric and Gas Company's Rate Unbundling, Stranded Costs and Restructuring Filings,* 748 A.2d 1161 (N.J. App. 2000), *aff'd*,

771 A.2d 1163 (N.J. 2001)(denying certification of Contracts Clause issue), involved a challenge to the Electric Discount and Energy Competition Act of 1999, N.J.S.A. 48:3-49 to -98, L. 1999, c. 23, enacted by the New Jersey Legislature effective February 9, 1999 (the "NJ Act"), which deregulated and restructured the electric power industry in New Jersey. The NJ Act permitted a utility to recover stranded costs the utility was at risk of losing when the supply market was opened to competition, through securitization backed by a transition bond charge imposed on all electric customers purchasing power within the utility's service area.

This case arose when one of PSE&G's largest customers, who was purchasing power from PSE&G under the terms of a special contract, filed an appeal from a final order of the New Jersey Board of Public Utilities allowing PSE&G to recover its stranded costs by imposing a transition charge on its customers' bills. Petitioner argued that the charge was an unconstitutional impairment of its existing contract with PSE&G. The Court rejected the challenge holding that "[t]he prohibition against impairment of contracts under the federal and state constitutions is not absolute. It must be accommodated to the inherent police power of the states to safeguard the vital interests of their residents. The contract clause does not deprive the states of their power to adopt general regulatory measures even if those regulatory measures result in the impairment or destruction of private contracts." 771 A.2d at 1175-76 (citations omitted).

Generally, courts will uphold legislation from contracts clause challenges, as long as there is a significant and legitimate public purpose behind the legislation As previously discussed, the West Virginia Supreme Court has adopted a three-prong test for the purpose of evaluating contractual impairment cases:

> The initial inquiry is whether the statute has substantially impaired the contractual rights of the parties. If a substantial impairment is shown, the second step of the test is to determine whether there is a significant and legitimate public purpose behind the legislation. Finally, if a legitimate public purpose is demonstrated, the court must determine whether the adjustment of the rights and responsibilities of contracting parties is based upon reasonable conditions and is of a character appropriate to the public purpose justifying the legislation's adoption.

Syllabus pt. 4, *Shell v. Metropolitan Life Ins. Co.,* 181 W.Va. 16, 380 S.E.2d 183 (1989).

In the present case, the Securitization Law was enacted to provide certain public utilities an alternative mechanism to recover expanded net energy costs from their customers. The Legislative findings contained in W.Va. Code § 24-2-4f(a) provide that the Securitization Law is in the interest of the state and its citizens because it will encourage and facilitate the use of alternative financing mechanisms that will enable electric utilities to recover expanded net energy costs at the lowest reasonably practical cost.

In the Financing Order, the PSCWV specifically found that the issuance of the Consumer Rate Relief Bonds: a) satisfies the Lowest Cost Objective as collectively defined at page 2 of the Financing Order; and b) "will result in overall costs to the Applicants' respective consumers in the State of West Virginia that (i) are lower than would result from the use of traditional utility financing mechanisms, and (ii) are just and reasonable." In summary, the Legislature and the WVPSC have determined that the Securitization Law will reduce the cost to the West Virginia customers of APCo of recovering expanded net energy costs. Even if the Securitization Law was found to substantially impair the contractual rights of a party challenging the legislation, the Securitization Law appears to be appropriately conceived to fulfill a legitimate public purpose. In addition, as is noted below, the Securitization Law and the issuance of the Financing Order thereunder are likely to be considered to be legitimate exercises of valid ratemaking functions. For these reasons, in our judgment it is reasonable to conclude that the Securitization Law would likely withstand a challenge under the State Contract Clause.

2. State Takings Clause.

In other jurisdictions, challenges to statutes similar to the Securitization Law based on the Takings Clause have generally arisen in the context of the deregulation of the electric power industry. For example, in C*ity of Corpus Christi v. Public Utility Commission*, 51 S.W.3d 231 (Tex. 2001), the statute in question authorized the existing regulated utility to issue bonds to recover certain stranded costs and regulatory assets during a period of transition to deregulation. The bonds were repaid by a transition charge assessed on all customers within the existing regulated utility's service area. Competing electric generating companies challenged the deregulation plan on the basis that the imposition of the transition charge on their customers constituted a taking. The Texas Supreme Court denied the relief sought by the competing power generators, holding that the transition charge was valid because its imposition was a reasonable exercise of state ratemaking authority.

In the present case, the CRR Charges are not akin to a competitive transition charge imposed as part of the restructuring of the West Virginia electric power industry. Rather, the Securitization Law was enacted to provide certain regulated public utilities operating in West Virginia an alternative mechanism for financing the recovery of expanded net energy costs. Accordingly, we would anticipate that a West Virginia Court reviewing any challenge to the Securitization Law asserting an impermissible taking of property would carefully consider whether the Securitization Law can be reasonably found to promote the health, safety, morals, or general welfare of the public. *McFillan v. Berkeley County Planning Commission,* 190 W.Va. 458, 438 S.E.2d 801 (1993).

In the public utility regulation arena, both the United States Supreme Court and the West Virginia Supreme Court have held that as long as rates are reasonable, conform to statutory authorization and are intended to balance investor and consumer interests, they are constitutionally permissible. *In re Permian Area Rate Cases,* 390 U.S. 747, 88 S. Ct. 1344, 20 L. Ed.2d 312 (1968), *Federal Power Commission v. Hope Natural Gas Co.,* 320 U.S. 591, 64 S. Ct.

281, 88 L. Ed. 333 (1944), *Columbia Gas of West Virginia, Inc. v. Public Service Commission*, 173 W.Va. 19, 311 S.E. 2d 137 (1983). The West Virginia Legislature and the PSCWV have both found that the Securitization Law would lower the cost to consumers of financing the utility's recovery of expanded net energy costs. Moreover, we are aware of no set of circumstances that is likely to present a plausible claim that the Securitization Law would constitute an impermissible taking of private property. For the reasons discussed above, in our judgment it is reasonable to conclude that the Securitization Law would likely withstand a challenge under the State Takings Clause.

3. State Due Process Clause.

It is possible that a constitutional challenge to the Securitization Law could be raised on due process grounds. Where the issue involves the constitutionality of legislation, the act must be found to bear a reasonable relationship to a proper legislative purpose and be neither arbitrary nor discriminatory. *Hartsock-Flesher Candy Co. v. Wheeling Wholesale Grocery Co.*, 174 W.Va. 538, 328 S.E.2d 144 (1984). In addition, due process considerations involve whether a party has been accorded the right to be heard. *Segal v. Beard*, 181 W.Va. 92, 380 S.E.2d 444 (1989). Based upon our previous discussion of the legislative objectives of the Securitization Law and the fact that the proceedings before the PSCWV that culminated in the issuance of the Financing Order were open to all interested parties and all parties participating in that proceeding supported, by executing a Joint Stipulation and Agreement for Settlement, the issuance of the Financing Order, in our judgment it is reasonable to conclude that the Securitization Law would likely withstand a State Due Process Clause challenge.

4. Validity of Enactment.

We have reviewed the legislative history of the enactment of the Securitization Law, 2012 Acts of the Legislature, c 156. Based on this review, in our judgment it is reasonable to conclude that the Securitization Law would likely withstand a constitutional challenge based on: a) Article VI, Section 29 of the West Virginia Constitution requiring that bills be read on three different days in each house; b) Article VI, Section 30 of the West Virginia Constitution requiring that acts embrace only one object in the title; and c) Article VI, Section 31 of the West Virginia Constitution requiring that bills passed by one house and amended by the other be again voted on by the house which originally passed the bill.

For the reasons discussed above and subject to the qualifications, limitations and assumptions set forth herein, it is our opinion that: i) the Securitization Law has been duly enacted by the West Virginia Legislature in accordance with all applicable laws and is in full force and effect; ii) the effectiveness or constitutionality of the Securitization Law under the Constitution of the State of West Virginia (insofar as it relates to the Consumer Rate Relief Bonds and to the Transaction) was, to the best of our knowledge as of November 8, 2013, not the subject of any pending appeal or litigation (although we cannot assure you that a lawsuit challenging the validity of the Securitization Law will not be filed in the future or that, if filed,

will not be successful); and iii) if the constitutionality of the Securitization Law were challenged, a West Virginia Court applying West Virginia substantive law would conclude under applicable State of West Virginia constitutional principles that the Securitization Law is constitutional.

OPINION # 4 -- REGARDING THE ABILITY OF WEST VIRGINIA VOTERS THROUGH DIRECT INITIATIVE OR REFERENDUM TO REPEAL THE STATE PLEDGE OR TAKE ANY OTHER ACTION CONSTITUTING AN IMPAIRMENT ACTION

Initiative is a state constitutional power allowing voters to place proposals for enactment of new laws or constitutional amendments or the ballot by collecting signatures of a certain number of citizens. Referendum is a state constitutional power allowing voters to place proposals to repeal a law that was previously enacted by the Legislature or the ballot by collecting signatures of a certain number of citizens.

Article VI § 1 of the West Virginia Constitution vests the power to enact or repeal laws solely in the Legislature. The West Virginia Constitution does not contain any provision allowing voters to directly undertake either the enactment of new laws or constitutional amendments or the repeal of existing laws. In West Virginia the power of enacting legislation is vested solely in the Legislature. *State ex rel. Carson v. Wood*, 175 S.E.2d 142, 154 W.Va. 397 (1970); *State v. Huber*, 40 S.E.2d 11, 129 W.Va. 198 (1946). Given the provisions of the West Virginia Constitution, we conclude that the voters of West Virginia could not through direct voter initiative or referendum perform any action that would have the same effect as an Impairment Action.

OPINION # 5 -- WHETHER BONDHOLDERS CAN OBTAIN INJUNCTIVE RELIEF FROM A WEST VIRGINIA COURT TO ENJOIN AN IMPAIRMENT ACTION

1. Preliminary Injunctive Relief.

The standard for the issuance of preliminary injunctive relief is set forth in *Jefferson Cnty. Bd. of Educ. v. Jefferson Cnty Educ. Ass'n*, 393 S.E.2d 653 (W.Va. 1990). In that case, the West Virginia Supreme Court ratified the standard articulated by the Fourth Circuit in *Blackwelder Furniture Co. v. Seilig Mfg. Co.*, 550 F.2d 189 (4th Cir. 1977). Relying on *Blackwelder*,[1] West Virginia employs a "balance of hardship" test, under which a West Virginia Court must consider, in "flexible interplay," four factors: (1) the likelihood of irreparable harm to the plaintiff without the injunction; (2) the likelihood of harm to the defendant with an

[1] The *Blackwelder* Court held that the balancing of the harms is the most important part of the test and directly affects the required showing on the likelihood of success on the merits. 550 F.2d at 193-96.

injunction; (3) the plaintiff's likelihood of success on the merits; and (4) the public interest. *Jefferson County*, 393 S.E.2d 653, 662 (quoting *Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Bradley*, 756 F.2d 1048, 1054 (4th Cir.1985).

At present, West Virginia law regarding preliminary injunctive relief may to be somewhat unsettled, stemming from the Fourth Circuit's modification of *Blackwelder* in *Real Truth About Obama, Inc. v. Fed. Election Comm'n*, 575 F.3d 342 (4th Cir. 2009). In *Real Truth*, the Fourth Circuit Court of Appeals modified the *Blackwelder* standard by holding that "[b]ecause a preliminary injunction affords, on a temporary basis, the relief that can be granted permanently after trial, the party seeking the preliminary injunction must demonstrate by "a clear showing" that, among other things, it is likely to succeed on the merits at trial." *Id.* at 345 (citing *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7, 22 (2008)). Before *Real Truth*, the Fourth Circuit required "that the likelihood-of-success requirement be considered, if at all, only after a balancing of hardships is conducted and then only under the relaxed standard of showing that "grave or serious questions are presented for litigation." *Blackwelder*, 550 F.2d at 195-96 (internal quotes omitted). The Fourth Circuit now requires "that the plaintiff make a clear showing as to each of the four elements supporting the granting of a preliminary injunction, a standard far stricter than the *Blackwelder* balancing approach, requiring only that the plaintiff demonstrate a grave or serious question for litigation." *Real Truth*, 575 F.3d at 346-47.

Any uncertainty in West Virginia law regarding preliminary injunctive relief is due to the fact that the federal standard has become stricter since the West Virginia Supreme Court's ruling in *Jefferson County*. "A federal case interpreting a federal counterpart to a West Virginia rule or procedure may be persuasive, but it is not binding or controlling." *Brooks v. Isinghood*, 584 S.E.3d 531, 538 (W.Va. 2003). Therefore, the standard for determining whether to grant injunctive relief in West Virginia state courts remains that set forth in *Jefferson County/Blackwelder* until the West Virginia Supreme Court alters it.

While *Real Truth* has tightened the *Jefferson County/Blackwelder* standard, it is unclear whether the West Virginia Supreme Court will adopt the *Real Truth* test. Several other courts of appeals have not construed the *Winter* case (relied upon in *Real Truth*) as eliminating the sliding scale/balancing test in the context of preliminary injunctions. See, e.g., *Wild Rockies II*, 632 F.3d 1127, 1131-2 (9th Cir. 2011)("[T]he 'serious' question approach survives *Winter* when applied as part of the four-element *Winter* test.").

The function of preliminary injunctive relief is to preserve the *status quo* of the litigants during the pendency of litigation. In *State v. Baker*, the West Virginia Supreme Court held that"[t]he function of a preliminary injunction, whether it be prohibitory or mandatory, is to preserve the status quo, until upon final hearing the court may grant full relief." 164 S.E. 154, 155 (W.Va. 1932). Whether Bondholders would be entitled to a preliminary injunction during a challenge to the constitutionality of an Impairment Action will depend on the strength of their constitutional argument on the merits and on their arguments as to the other *Jefferson County /Blackwelder* factors. While consideration of whether to grant a preliminary injunction is fact intensive, assuming Bondholders can satisfy the traditional requirements for granting injunctive

relief, we conclude that a West Virginia Court would grant Bondholders a preliminary injunction against an Impairment Action.

2. Permanent Injunctive Relief.

The mere finding that the Impairment Action is unconstitutional, would not necessarily require a West Virginia Court to grant Bondholders permanent injunctive relief. In *Perdue v. Ferguson*, the West Virginia Supreme Court held that "an injunction does not lie to restrain the enforcement of an invalid [law] merely because the [law] is unconstitutional, arbitrary or otherwise invalid; other circumstances, such as irreparable injury, inadequacy of remedies at law, etc., bringing the case within one or more of the grounds for equity jurisdiction must also be alleged and shown." 350 S.E.2d 555, 559 (W.Va. 1986). Similarly, in *Coal & Coke Ry. Co. v. Conley*, 67 W.Va. 129, 130, 67 S.E. 613 (1910), the West Virginia Supreme Court held that "[u]nconstitutionality of the act is not alone sufficient to confer jurisdiction of such a suit or proceeding in equity. To this there must be added, for such purpose, some right or injury, respecting the person or property, not adequately remediable by any proceeding at law." Id at 617. Once a West Virginia Court has declared an Impairment Action invalid, the decision whether to grant Bondholders a permanent injunction preventing state officials from enforcing the invalid Impairment Action will depend on Bondholders showing some right or injury not adequately remediable at law. We believe that if such showing can be made, then a West Virginia Court would grant Bondholders a permanent injunction.

* * * *

QUALIFICATIONS AND LIMITATIONS

We note that judicial analysis of West Virginia constitutional issues has typically proceeded on a case-by-case basis and that the determinations of the West Virginia Courts, in most instances, are usually strongly influenced by facts and circumstances of the particular case. We further note that there are no reported controlling West Virginia judicial precedents of which we are aware directly on point. Our analysis is necessarily a reasoned application of judicial decisions involving similar or analogous circumstances (none of which addresses the facts presented here), and on our understanding of the State of West Virginia constitutional principles on which a challenge to the constitutionality of a statute could conceivably be based. 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 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. 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 should 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. Moreover, there can be no assurance that a repeal or amendment to the Securitization Law will not be proposed or enacted or that any action by the State of West Virginia or the Public Service Commission of West

Virginia that constitutes a violation of the State Pledge will not occur. Furthermore, given the lack of West Virginia judicial precedent directly on point, and the nature of the security for the Bondholders, there can be no assurance that a West Virginia Court will reach the conclusions which we believe current judicial precedent supports. In the event of any State of West Virginia legislation that adversely impacts the rights of Bondholders, costly and time-consuming litigation might ensue, adversely affecting, at least temporarily, the price and liquidity of the Consumer Rate Relief Bonds.

The foregoing 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 do not undertake to supplement this opinion with respect to factual matters or changes in the law (whether constitutional, statutory or judicial) that may hereafter occur.

This letter is being furnished to you solely for your benefit in connection with the issuance of the Consumer Rate Relief Bonds and is not to be used, circulated, quoted, relied upon or otherwise referred to for any other purpose or by any other person without prior express written permission. We consent to the filing of this opinion as an Exhibit to the Registration Statement and to the references to this firm under the heading "The Recovery Act – APCo and Other Utilities May Securitize Consumer Rate Relief Costs" in 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 of 1933, as amended. We further consent to the reliance by Sidley Austin LLP on this opinion in rendering their opinion under Section 9(m) of the Underwriting Agreement.

Very truly yours,

JACKSON KELLY PLLC

By: _____
Member

Schedule I

Standard & Poor's Ratings Group
55 Water Street
New York, New York 10041

Moody's Investors Services, Inc.
99 Church Street
New York, New York 10007

Each of the following, for itself and
as Representative of the Underwriters
of the Consumer Rate Relief Bonds:

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

RBS Securities Inc.
600 Washington Boulevard
Stamford, Connecticut 06901

Exhibit 99.7

SERIES SUPPLEMENT

This SERIES SUPPLEMENT dated as of November 15, 2013 (this "Supplement"), by and between APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC, a limited liability company created under the laws of the State of Delaware (the "Issuer"), and U.S. Bank National Association, a national banking association ("Bank"), in its capacity as indenture trustee (the "Indenture Trustee") for the benefit of the Secured Parties under the Indenture dated as of November 15, 2013, by and between the Issuer and U.S. Bank National Association, in its capacity as Indenture Trustee and in its separate capacity as a securities intermediary (the "Indenture").

PRELIMINARY STATEMENT

Section 9.01 of the Indenture provides, among other things, that the Issuer and the Indenture Trustee may at any time enter into an indenture supplemental to the Indenture for the purposes of authorizing the issuance by the Issuer of the Consumer Rate Relief Bonds and specifying the terms thereof. The Issuer has duly authorized the creation of the Consumer Rate Relief Bonds with an initial aggregate principal amount of $380,300,000 to be known as Appalachian Consumer Rate Relief Funding LLC Senior Secured Consumer Rate Relief Bonds (the "Consumer Rate Relief Bonds"), and the Issuer and the Indenture Trustee are executing and delivering this Supplement in order to provide for the Consumer Rate Relief Bonds.

All terms used in this Supplement that are defined in the Indenture, either directly or by reference therein, have the meanings assigned to them therein, except to the extent such terms are defined or modified in this Supplement or the context clearly requires otherwise. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.

GRANTING CLAUSE

With respect to the Consumer Rate Relief Bonds, the Issuer hereby Grants to the Indenture Trustee, as Indenture Trustee for the benefit of the Secured Parties of the Consumer Rate Relief Bonds, all of the Issuer's right, title and interest (whether now owned or hereafter acquired or arising) in and to (a) the CRR Property created under and pursuant to the Financing Order and the Securitization Law, and transferred by the Seller to the Issuer pursuant to the Sale Agreement (including, to the fullest extent permitted by law, the right to impose, charge and collect the CRR Charges, the right to obtain adjustments to the CCR Charges, and all revenues, receipts, collections, rights to payment, payments, money, claims or other proceeds arising from rights and interests created under the Financing Order); (b) all CRR Charges related to the CRR Property; (c) the Sale Agreement and the Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to the CRR Property and the Consumer Rate Relief Bonds; (d) the Servicing Agreement, the Administration Agreement, each Intercreditor Agreement and any subservicing, agency, administration or collection agreements executed in connection therewith, to the extent related to the foregoing CRR Property and the Consumer Rate Relief Bonds; (e) the Collection Account, all subaccounts thereof and all amounts of 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; (f) all rights to compel the Servicer to file for and obtain adjustments to the CRR Charges in accordance with Section 24-2-4f(k)(1) of the Securitization Law and the Financing Order; (g) 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; (h) 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 (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing; it being understood that the following do not constitute CRR Bond Collateral: (i) cash that has been released pursuant to the terms of the Indenture, including Section 8.02(e)(x) of the Indenture and, following retirement of all Outstanding Consumer Rate Relief Bonds, pursuant to Section 8.02(e)(xii) of the Indenture and (ii) amounts deposited with the Issuer on the Closing Date, for payment of costs of issuance with respect to the Consumer Rate Relief Bonds (together with any interest earnings thereon), it being understood that such amounts described in clauses (i) and (ii) above shall not be subject to Section 3.17 of the Indenture.

The foregoing Grant is made in trust to secure the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the Consumer Rate Relief Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee (collectively, the "Secured Obligations") equally and ratably without prejudice, priority or distinction, except as expressly provided in the Indenture, to secure compliance with the provisions of the Indenture with respect to the Consumer Rate Relief Bonds, all as provided in the Indenture and to secure the performance by the Issuer of all of its obligations under the Indenture. The Indenture and this Series Supplement constitutes a security agreement within the meaning of the Securitization Law and under the UCC to the extent that the provisions of the UCC are applicable hereto.

The Indenture Trustee, as indenture trustee on behalf of the Secured Parties of the Consumer Rate Relief Bonds, acknowledges such Grant and accepts the trusts under this Supplement and the Indenture in accordance with the provisions of this Supplement and the Indenture.

SECTION 1. Designation. The Consumer Rate Relief Bonds shall be designated generally as the Consumer Rate Relief Bonds, and further denominated as Tranches A-1 and A-2.

SECTION 2. Initial Principal Amount; Bond Interest Rate; Scheduled Payment Date; Final Maturity Date. The Consumer Rate Relief Bonds of each Tranche shall have the initial principal amount, bear interest at the rates per annum and shall have the Scheduled Payment Dates and the Final Maturity Dates set forth below:

Tranche	Initial Principal Amount	Bond Interest Rate	Scheduled Final Payment Date	Final Maturity Date
A-1	$215,800,000	2.0076%	2/1/2023	2/1/2024
A-2	$164,500,000	3.7722%	8/1/2028	8/1/2031

The Bond Interest Rate shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3. Authentication Date; Payment Dates; Expected Amortization Schedule for Principal; Periodic Interest; No Premium; Other Terms.

(a) Authentication Date. The Consumer Rate Relief Bonds that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on November 15, 2013 (the "Closing Date") and shall have as their date of authentication November 15, 2013.

(b) Payment Dates. The Payment Dates for the Consumer Rate Relief Bonds are August 1 and February 1 of each year or, if any such date is not a Business Day, the next succeeding Business Day, commencing on August 1, 2014 and continuing until the earlier of repayment of the Tranche A-2 Consumer Rate Relief Bonds in full and the Final Maturity Date of the Tranche A-2 Consumer Rate Relief Bonds.

(c) Expected Amortization Schedule for Principal. Unless an Event of Default shall have occurred and be continuing on each Payment Date, the Indenture Trustee shall distribute to the Holders of record as of the related Record Date amounts payable pursuant to Section 8.02(e) of the Indenture as principal, in the following order and priority: (1) to the holders of the Tranche A-1 Consumer Rate Relief Bonds, until the Outstanding Amount of such Tranche of Consumer Rate Relief Bonds thereof has been reduced to zero and (2) to the holders of the Tranche A-2 Consumer Rate Relief Bonds, until the Outstanding Amount of such Tranche of Consumer Rate Relief Bonds thereof has been reduced to zero; provided, however, that in no event shall a principal payment pursuant to this Section 3(c) on any Tranche on a Payment Date be greater than the amount necessary to reduce the Outstanding Amount of such Tranche of Consumer Rate Relief Bonds to the amount specified in the Expected Amortization Schedule which is attached as Schedule A hereto for such Tranche and Payment Date.

(d) Periodic Interest. Periodic Interest will be payable on each Tranche of the Consumer Rate Relief Bonds on each Payment Date in an amount equal to one-half of the product of (i) the applicable Bond Interest Rate and (ii) the Outstanding Amount of the related Tranche of Consumer Rate Relief Bonds as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Holders of the related Tranche of Consumer Rate Relief Bonds on such preceding Payment Date; provided, however, that with respect to the Initial Payment Date, or, if no payment has yet been made, interest on the outstanding principal balance will accrue from and including the Closing Date to, but excluding, the following Payment Date.

(e) Book-Entry Consumer Rate Relief Bonds. The Consumer Rate Relief Bonds shall be Book-Entry Consumer Rate Relief Bonds and the applicable provisions of Section 2.11 of the Indenture shall apply to the Consumer Rate Relief Bonds.

(f) Waterfall Caps. The amount payable with respect to the Consumer Rate Relief Bonds pursuant to Section 8.02(e)(i) shall not exceed $100,000 annually.

SECTION 4. Minimum Denominations. The Consumer Rate Relief Bonds shall be issuable in the Minimum Denomination and integral multiples thereof.

SECTION 5. Certain Defined Terms. Article I of the Indenture provides that the meanings of certain defined terms used in the Indenture shall be as defined in Appendix A to the Indenture. Additionally, Article II of the Indenture provides certain terms will have the meanings specified in the related Supplement. With respect to the Consumer Rate Relief Bonds, the following definitions shall apply:

"Bond Interest Rate" has the meaning set forth in Section 2 of this Supplement.

"Closing Date" has the meaning set forth in Section 3(a) of this Supplement.

"Minimum Denomination" shall mean $100,000 or integral multiples of $1,000 in excess thereof, except for one bond of each tranche which may be of a smaller denomination.

"Payment Date" has the meaning set forth in Section 3(b) of this Supplement.

"Periodic Interest" has the meaning set forth in Section 3(d) of this Supplement.

SECTION 6. Delivery and Payment for the Consumer Rate Relief Bonds; Form of the Consumer Rate Relief Bonds. The Indenture Trustee shall deliver the Consumer Rate Relief Bonds to the Issuer when authenticated in accordance with Section 2.03 of the Indenture. The Consumer Rate Relief Bonds of each Tranche shall be in the form of Exhibit A-1 or A-2 hereto.

SECTION 7. Ratification of Agreement. As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed and the Indenture, as so supplemented by this Supplement, shall be read, taken, and construed as one and the same instrument. This Supplement amends, modifies and supplemented the Indenture only in so far as it relates to the Consumer Rate Relief Bonds.

SECTION 8. Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 9. GOVERNING LAW. THIS SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE

STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND SECTIONS 9-301 THROUGH 9-306 OF THE NY UCC), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT, EXCEPT AS SET FORTH IN SECTION 8.02(b) OF THE INDENTURE, THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED UNDER THE INDENTURE IN CRR PROPERTY, AND ALL RIGHTS AND REMEDIES OF THE INDENTURE TRUSTEE AND THE HOLDERS WITH RESPECT TO THE CRR PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WEST VIRGINIA.

SECTION 10. Issuer Obligation. No recourse may be taken directly or indirectly, by the Holders with respect to the obligations of the Issuer on the Consumer Rate Relief Bonds, under the Indenture or under this Supplement or any certificate or other writing delivered in connection herewith or therewith, against (i) any owner of a beneficial interest in the Issuer (including APCo) or (ii) any shareholder, partner, owner, beneficiary, agent, officer, director, employee or agent of the Indenture Trustee, the Managers or any owner of a beneficial interest in the Issuer (including APCo) in its 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. Each Holder by accepting a Consumer Rate Relief 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 Consumer Rate Relief Bonds.

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplement to be duly executed by their respective officers thereunto duly authorized as of the first day of the month and year first above written.

APPALACHIAN CONSUMER RATE RELIEF FUNDING LLC, as Issuer

By: /s/ Renee V. Hawkins
Name: Renee V. Hawkins
Title: Assistant Treasurer

APPALACHIAN POWER COMPANY, as Indenture Trustee

By: /s/ Melissa A. Rosal
Name: Melissa A. Rosal
Title: Vice President

AMORTIZATION SCHEDULE

Expected Amortization Schedule

Semi-Annual Payment Date	Tranche A-1 Balance	Tranche A-2 Balance
Closing Date	$215,800,000.00	$164,500,000.00
8/1/2014	203,122,367.80	164,500,000.00
2/1/2015	192,085,242.67	164,500,000.00
8/1/2015	180,597,742.26	164,500,000.00
2/1/2016	169,365,312.37	164,500,000.00
8/1/2016	157,618,951.86	164,500,000.00
2/1/2017	146,117,823.97	164,500,000.00
8/1/2017	134,176,142.08	164,500,000.00
2/1/2018	122,467,348.90	164,500,000.00
8/1/2018	110,260,609.90	164,500,000.00
2/1/2019	98,301,573.53	164,500,000.00
8/1/2019	85,862,437.56	164,500,000.00
2/1/2020	73,650,915.25	164,500,000.00
8/1/2020	60,971,913.06	164,500,000.00
2/1/2021	48,515,776.04	164,500,000.00
8/1/2021	35,579,230.95	164,500,000.00
2/1/2022	22,873,575.46	164,500,000.00
8/1/2022	9,674,260.68	164,500,000.00
2/1/2023	-	161,197,293.40
8/1/2023	-	147,717,359.02
2/1/2024	-	134,314,514.03
8/1/2024	-	120,339,773.64
2/1/2025	-	106,405,432.13
8/1/2025	-	91,919,426.43
2/1/2026	-	77,475,638.70
8/1/2026	-	62,417,398.21
2/1/2027	-	47,410,170.92
8/1/2027	-	31,791,867.46
2/1/2028	-	16,197,161.90
8/1/2028	-	-