

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

APPLICATION OF KENTUCKY POWER
COMPANY FOR APPROVAL OF ITS
2011 ENVIRONMENTAL COMPLIANCE
PLAN, FOR APPROVAL OF ITS
AMENDED ENVIRONMENTAL COST
RECOVERY SURCHARGE TARIFF, AND
FOR THE GRANTING OF A
CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY FOR
THE CONSTRUCTION AND
ACQUISITION OF RELATED
FACILITIES

CASE NO. 2011-00401

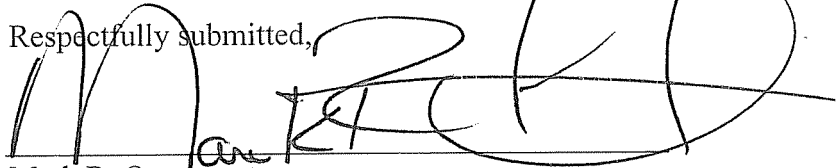
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Notice of Filing Of Supplemental Response
To Identified Data Request

Kentucky Power Company files its March 6, 2012 Supplemental Response to Sierra Club

Data Request 1-1.

Respectfully submitted,



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COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by first class mail upon the following parties of record, this the 6th day of March, 2012.

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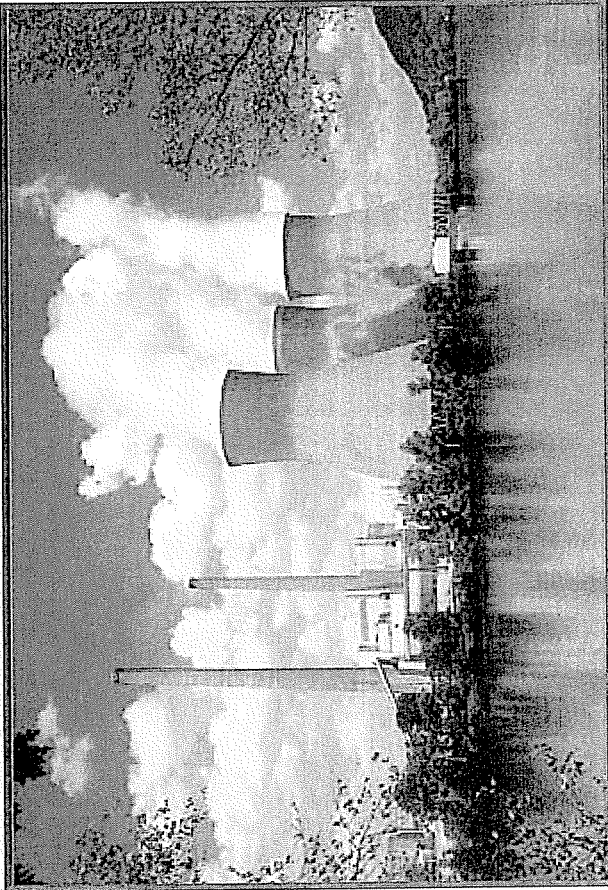
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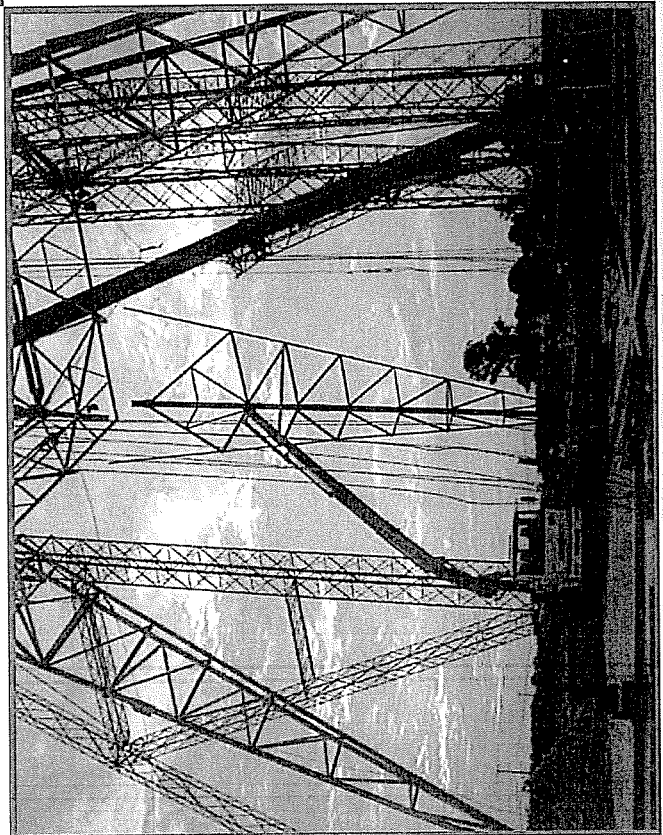
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AEP
**AMERICAN[®]
ELECTRIC
POWER**



Analyst & Investor Meeting

New York, NY
February 10, 2012

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995



This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: the economic climate and growth in, or contraction within, our service territory and changes in market demand and demographic patterns, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impairing our ability to finance new capital projects and refinance existing debt at attractive rates, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, electric load, customer growth and the impact of retail competition, particularly in Ohio, weather conditions, including storms, and our ability to recover significant storm restoration costs through applicable rate mechanisms, available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters, availability of necessary generating capacity and the performance of our generating plants, our ability to resolve I&M's Donald C. Cook Nuclear Plant Unit 1 restoration and outage-related issues through warranty, insurance and the regulatory process, our ability to recover regulatory assets and stranded costs in connection with deregulation, our ability to recover increases in fuel and other energy costs through regulated or competitive electric rates, our ability to build or acquire generating capacity, and transmission lines and facilities (including our ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs (including the costs of projects that are cancelled) through applicable rate cases or competitive rates, new legislation, litigation and government regulation including oversight nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances or additional regulation of fly ash and similar combustion products that could impact the continued operation and cost recovery of our plants and related assets, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, our ability to constrain operation and maintenance costs, our ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas and other energy-related commodities, changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, volatility and changes in markets for electricity, natural gas, coal, nuclear fuel and other energy-related commodities, changes in utility regulation, including the implementation of ESPs and the expected legal separation and transition to market for generating in Ohio and the allocation of costs within regional transmission organizations, including PJM and SPP, accounting pronouncements periodically issued by accounting standard-setting bodies, the impact of volatility in the capital markets on the value of the investments held by our pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact on future funding requirements, prices and demand for power that we generate and sell at wholesale, changes in technology, particularly with respect to new, developing or alternative sources of generation, our ability to recover through rates or market prices any remaining unrecovered investment in generating units that may be retired before the end of their previously projected useful lives, our ability to successfully manage negotiations with stakeholders and obtain regulatory approval to terminate or amend the Interconnection Agreement and break up modify, or replace the AEP Power Pool, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including nuclear fuel and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

Investor Relations Contacts

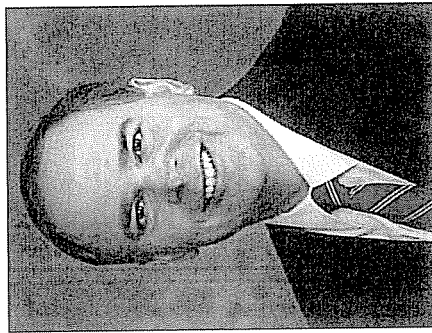
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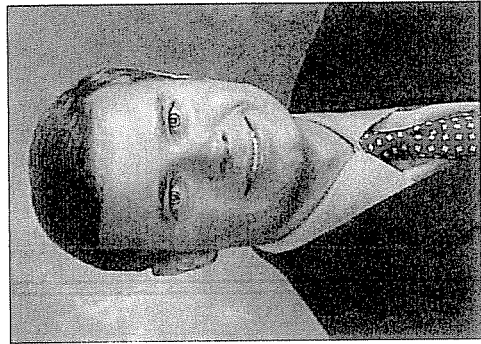
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Today's Presenters



Nick Akins
President & Chief Executive Officer



Brian Tierney
Executive Vice President &
Chief Financial Officer

AEP Analyst & Investor Meeting



Schedule

8:00 AM.....Nick Akins
Strategy

9:15 AM.....Brian Tierney
Financial

10:00 AM.....Q&A

10:30 AM.....Meeting
Adjourned

What you will hear today.....

- Earnings range for 2012 - \$3.05-\$3.25/share
- Earnings growth range of 4-6% supported by rate base growth at regulated companies
- Company's asset profile – 86% Regulated
- Dividend supported by Regulated Operations
- Strong financial profile
- Corporate separation filings at FERC today
- Transition period – execution is key
- Competitive generation profile

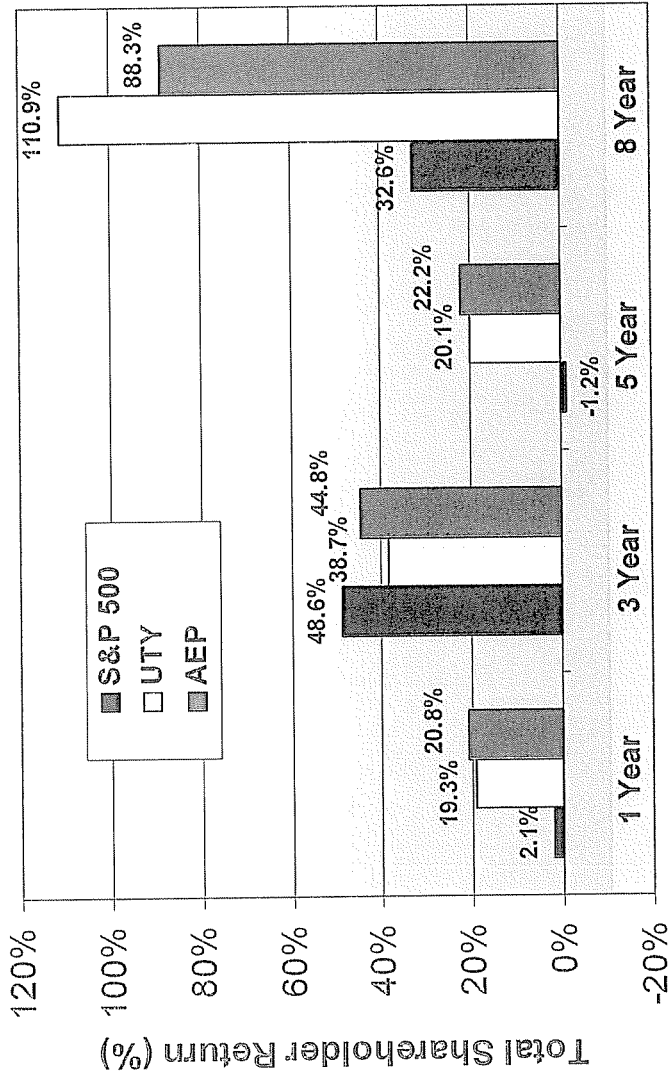
Framework for today's discussion

- Regulated Operations
- Competitive Operations

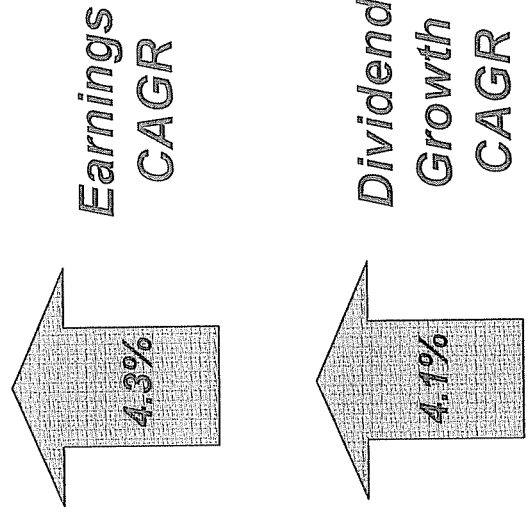
AEP's Track Record since 2004



Total Shareholder Return

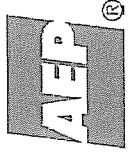


2004-2011 Period



Our re-dedication to the regulated business model in 2004 has rewarded shareholders well

Clarity Achieved in 2010-11



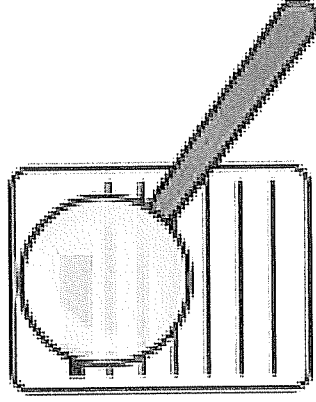
✓ Operating Company Model put in place in 2010 aligns management decisions

✓ Financial controls in place to manage balance sheet and growth opportunities

- Strong financial platform in place
- Focus on capital spending discipline and allocation

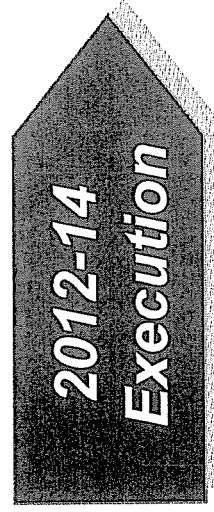
✓ Several “overhangs” resolved

- MATS Rule
- Settled Arkansas coal plant (Turk) litigation
- Securitization opportunities in Texas and Ohio
- PUCO approval to separate “G” from “wires” in Ohio

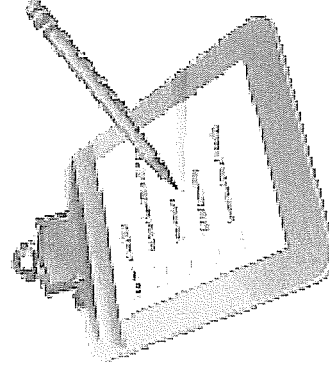


Enables execution

Execute in 2012-14



- Optimize Operating Company ROEs and invest in the regulated utility platform*
- Reposition the Generation Resource Portfolio*
- Refocus Transmission business for near-term growth*
- Create a robust competitive business*



Clarity, Execution, Line-of-Sight, Discipline

Total Assets – Regulated/Competitive

TOTAL ASSETS, based on YE 2011 in 2013 business structure *

* Subsequent to corporate separation

Regulated Companies

Vertically-Integrated

- Appalachian Power
- Kentucky Power
- Indiana Michigan Power
- Public Service Co of Oklahoma
- Southwestern Electric Power

Regulated Generation Co

- AEP Generating Company

Wires Companies

- Ohio Power
- Texas Central
- Texas North

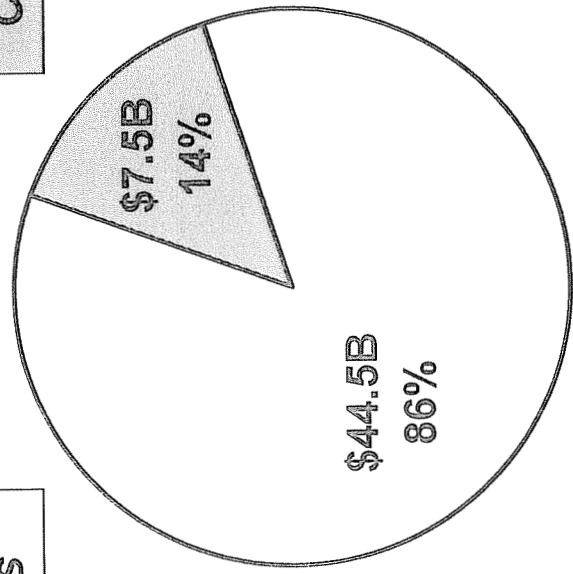
Transmission Companies

- AEP Ohio Transco
- AEP Indiana Michigan Transco
- AEP Oklahoma Transco
- Joint Ventures (ETT, Pioneer, etc.)

Competitive Companies

Power Related
 AEP Generation Resources
 AEP Energy Partners
 AEP Retail Energy

Bulk Commodity Transport
 AEP River Operations



Transmission Companies Awaiting Approval

- AEP Southwestern Transco (AR, LA)
- AEP Kentucky Transco
- AEP Virginia Transco
- AEP West Virginia Transco

Following corporate separation, we expect earnings contributions to approximate asset split



Regulated Operations

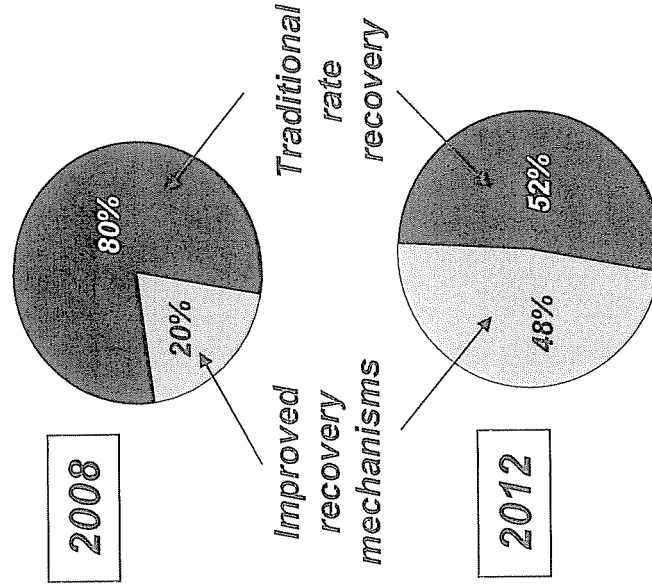
Regulated Operations



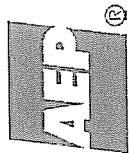
Management Focus on Execution

- Operating Company Focus – strengthen local relationships, earn allowed returns, allocation of capital, rate base growth
- Obtain regulatory approvals for East Pool replacement
- Obtain additional regulatory approvals for state Transcos (WV, VA, KY, AR, LA) and JVs
- Focus on prudence, reliability, financial discipline and capital efficiency

Improved recovery mechanisms in place over time

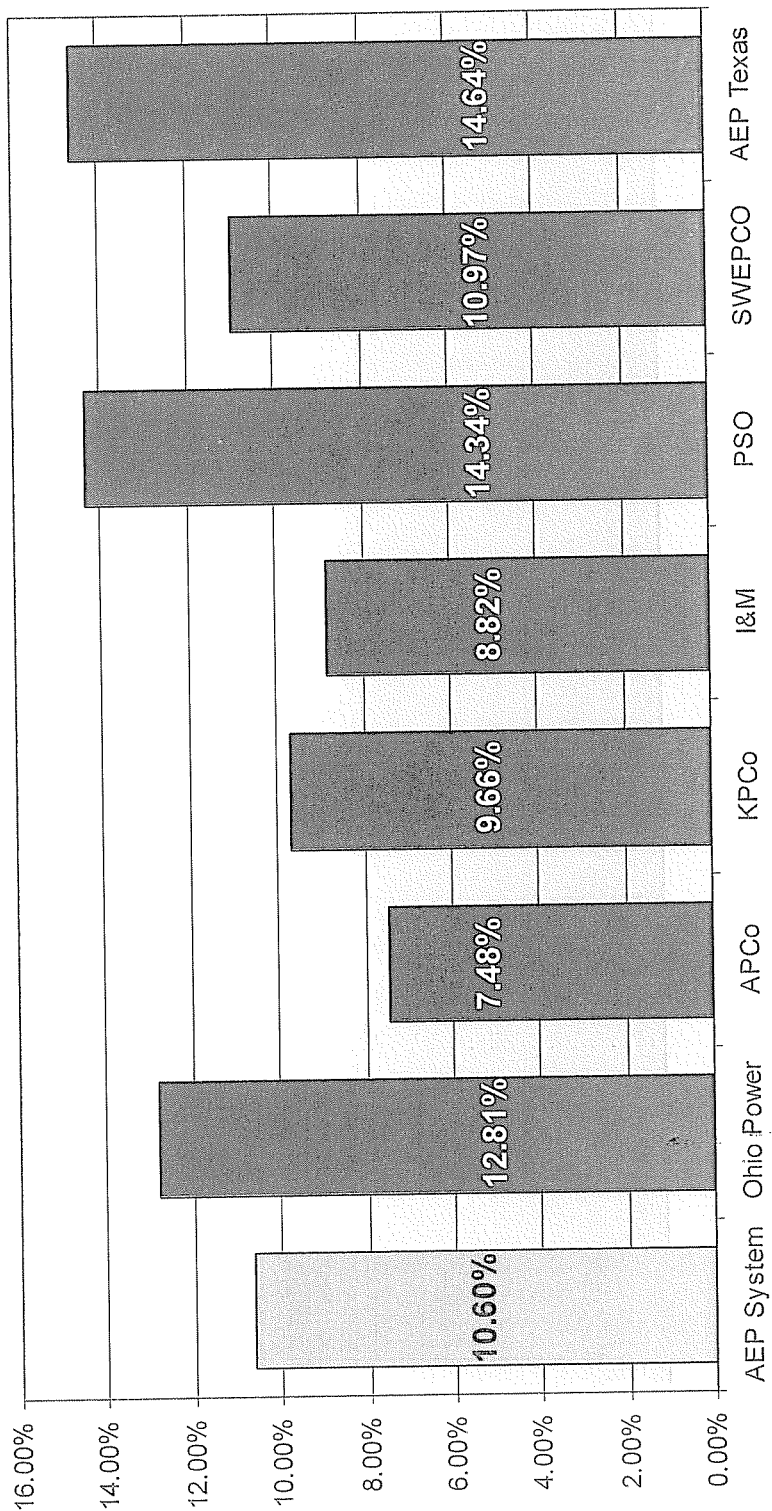


Operating company line-of-sight drives results



Earned ROEs

2011 Proforma* Earned ROEs



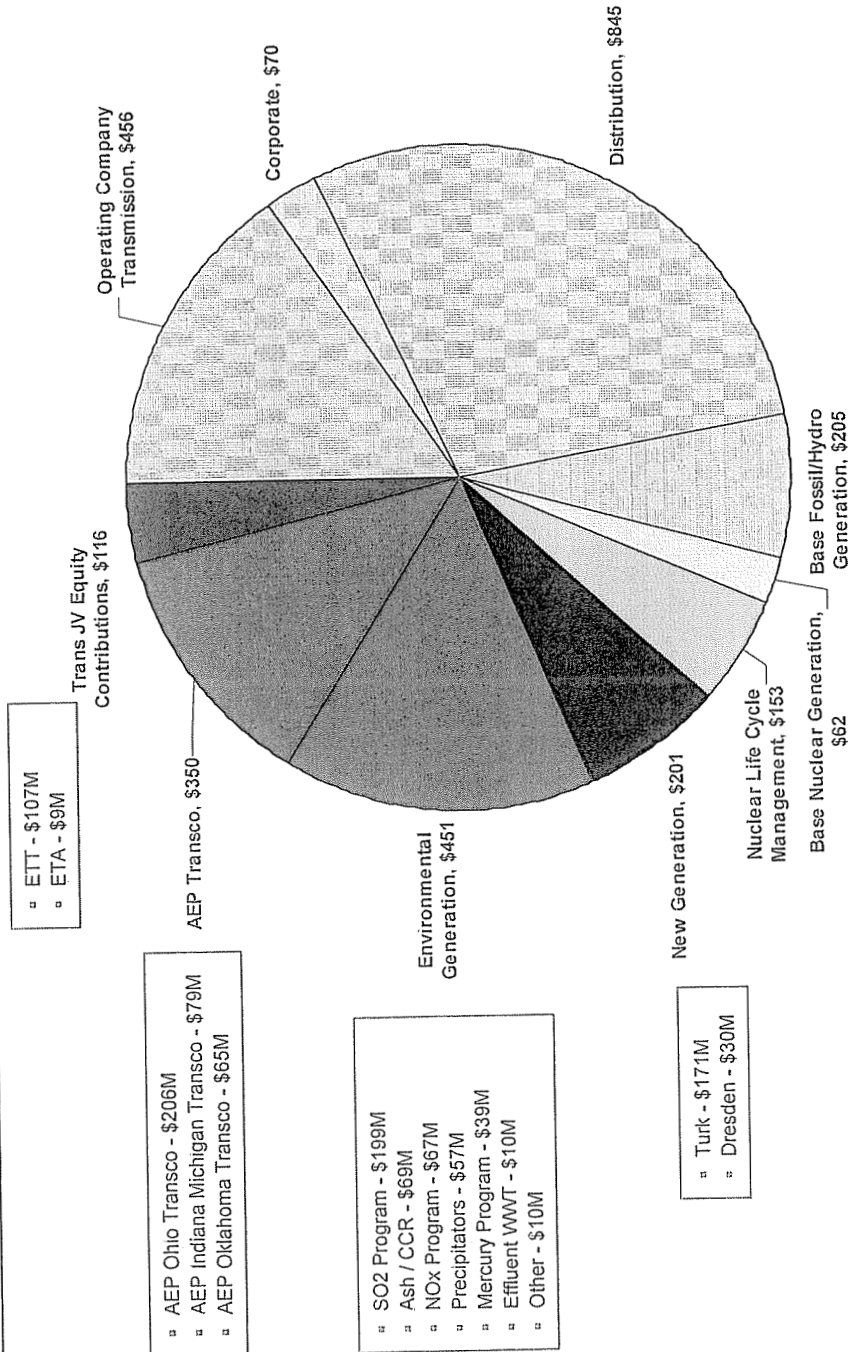
* pro-forma adjusts GAAP results by eliminating any material nonrecurring items

The diversity of our portfolio helps mitigate regulatory lag



2012 Regulated Capital Spending

2012 Capital & Equity Contributions for Regulated Operations = \$2.9B*



* Excludes AFUDC; Includes Mitchell Plant and Amos Unit 3

2013 and 2014 Capital for Regulated Operations is estimated at \$3.4B - \$3.5B

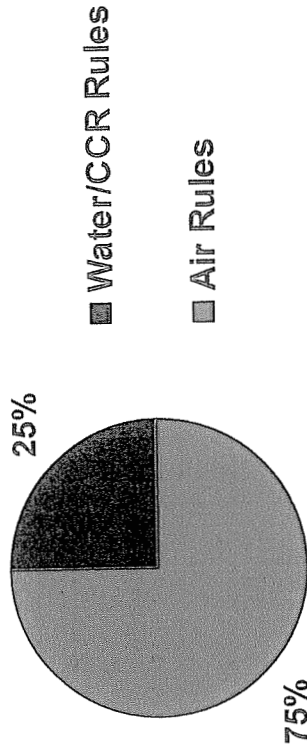
Regulated Fleet Repositioning



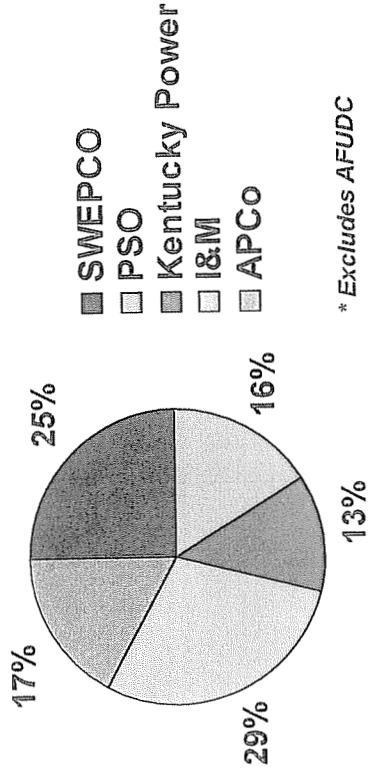
Expected 2012-2020 regulated environmental capex forecast of \$5 – \$6 billion*

- Retire older, less efficient regulated plants (~2,600MW)
- New capacity added to rate base to replace portion of retirements
 - Dresden Combined Cycle (580MW, on-line January 2012)
 - Turk Coal Plant (440MW, scheduled 4Q 2012)
- Particulate matter requirements in MATS Rule reduced overall environmental CAPEX needs
- Concerns still exist over timing of rules and reliability impacts

Regulated Environmental CAPEX by Rule for 2012-20 period



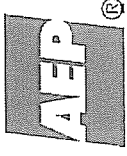
Regulated Environmental CAPEX by OPCO for 2012-20 period *



* Excludes AFUDC

Reposition fleet to controlled coal and natural gas-fired units

Transmission Segment Growth



AEP Transmission HoldCo (AEPHCO) Growth Opportunities

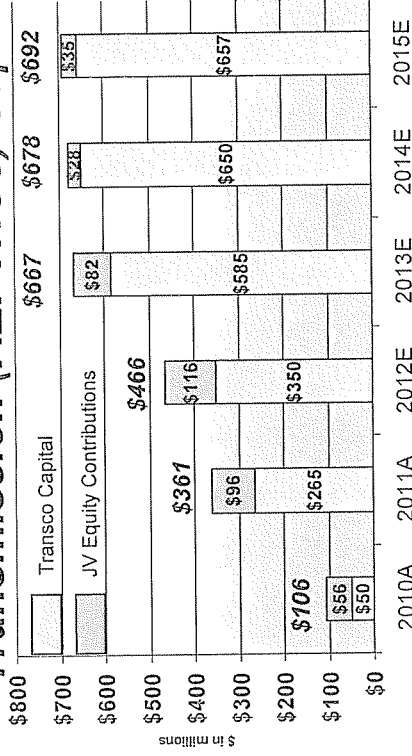
Transcos

- Increased project flow
- FERC formula rates (updated annually)
- Approved in OH, MI, OK, IN
- Pending approval in WV, VA, KY, AR, LA
- ROE: 11.49% (PJM) / 11.20% (SPP)

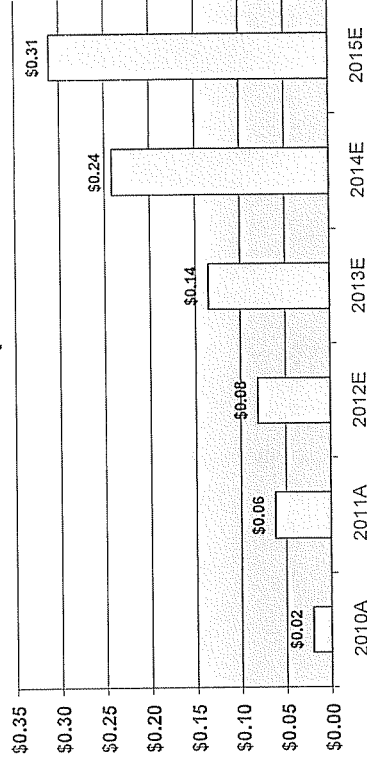
Joint Ventures

- Electric Transmission Texas (ETT)
- Others: Prairie Wind, Pioneer
- Longer term projects with FERC formula rates/bi-annual rate mechanisms
- Continue to pursue new opportunities
- ROE range: 9.96% to 12.8%

Transmission (AEPHCO) Capital



Transmission (AEPHCO) EPS



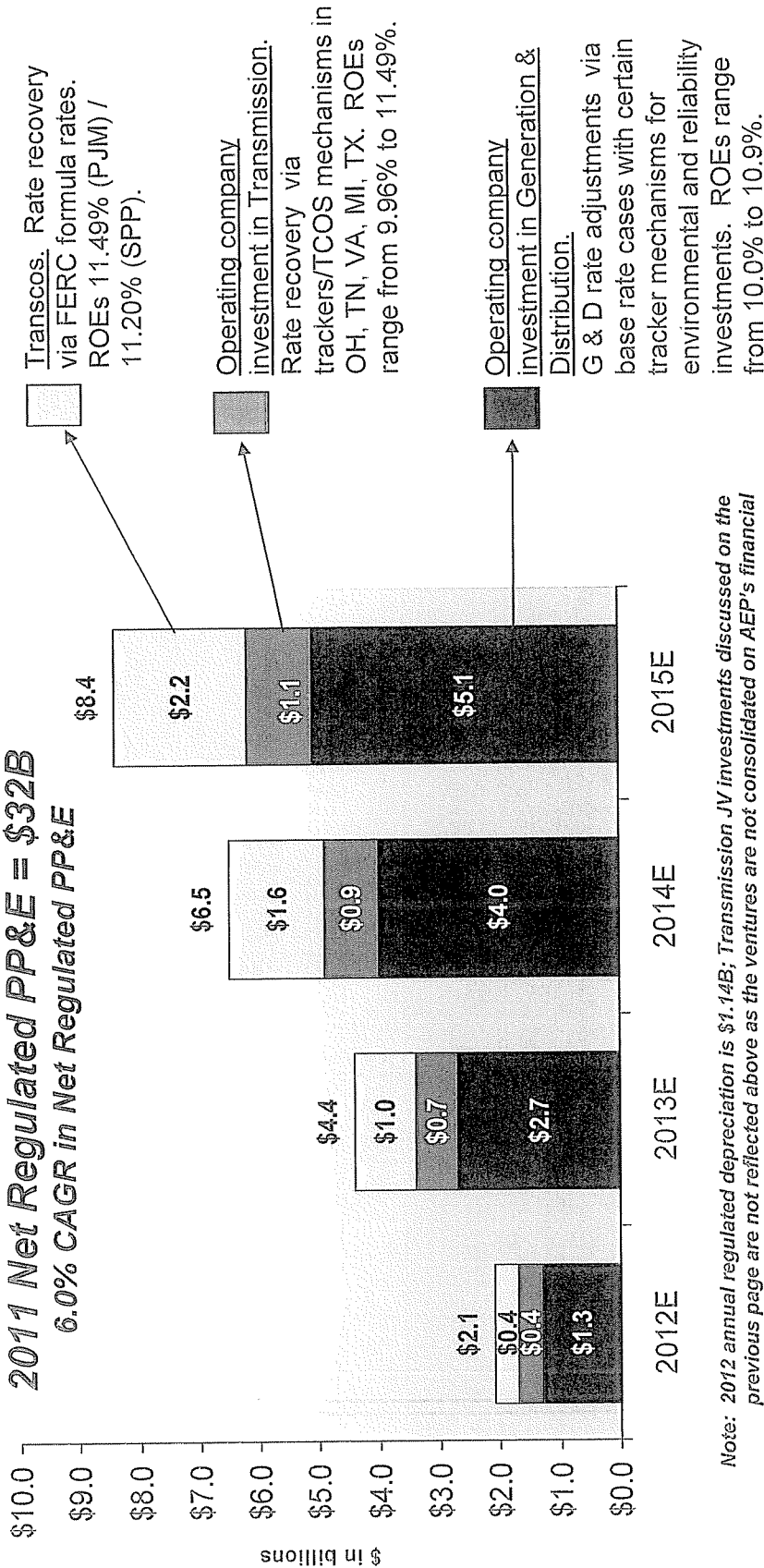
Investing capital in transmission for reliability and growth



Capital Recovery & Growth

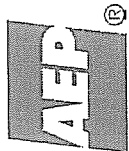
Cumulative Change in Net Regulated PP&E by Function

2011 Net Regulated PP&E = \$32B
6.0% CAGR in Net Regulated PP&E



Note: 2012 annual regulated depreciation is \$1.14B; Transmission JV investments discussed on the previous page are not reflected above as the ventures are not consolidated on AEP's financial statements

Growth in regulated PP&E supports overall earnings growth of 4-6%

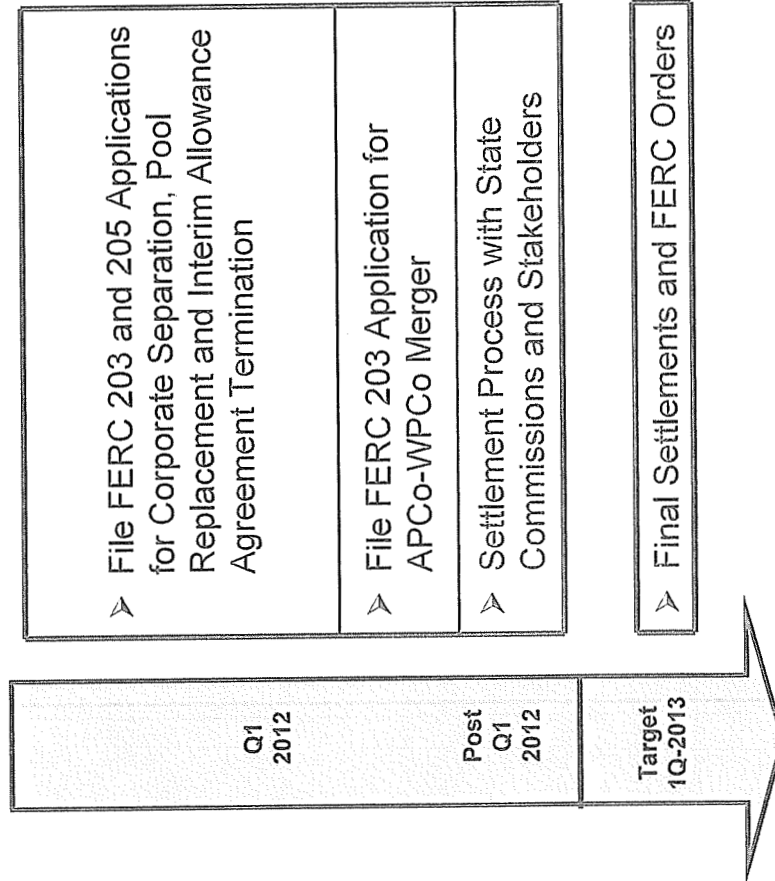


Corporate Separation & Competitive Operations

Corporate Separation Next Steps



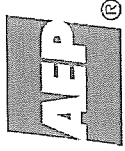
Approximate Timeline



Summary of Requests in FERC Filings:

- Corporate Separation of Ohio Power generation assets
- Transfer of Amos Unit 3 and Mitchell Generating Facilities
- Approval of SSO Contract between AEP Generation Resources and Ohio Power (to serve non-shopping load during transition period)
- Approval of Power Cost Sharing Agreement (new 3-company pool)
- Bridge Agreement (interim agreement to address legacy Pool Agreement issues such as FRR obligations)
- Approval of APCo/WPCo merger

Corporate Separation: reasonable process, achievable timeline



2013 / 2014 Transition Factors

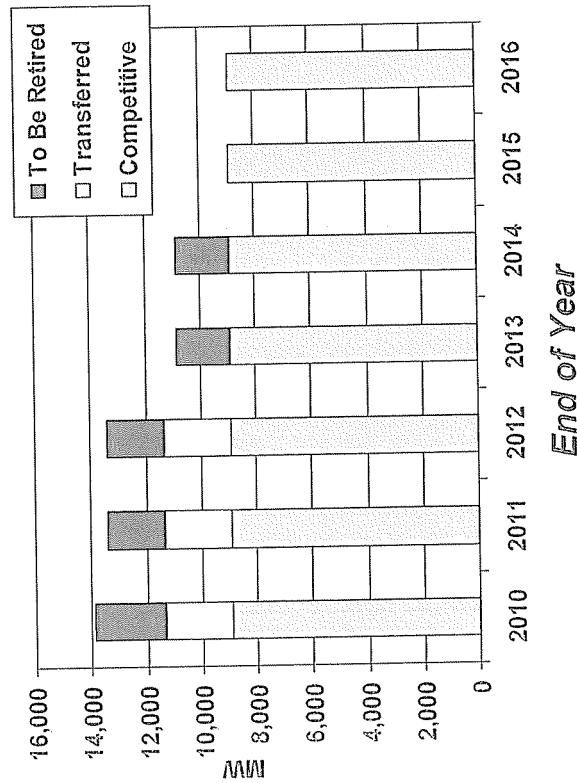
Current: 2012 to 1Q 2013	Corporate Separation: 1Q 2013	Transition: 1Q 2013 to May 2015	Market: post May 2015
<p>Merger of Columbus Southern and Ohio Power on 12/31/11</p> <p>APCo, I&M, Kentucky and Ohio Power continue 4-company pooling of generation resources for capacity and energy</p> <p>OSS shared</p> <p>Non-switching customers in Ohio supported by 4-company pool</p> <p>Factors: Shopping levels, power prices</p>	<p>APCo, I&M, Kentucky Power</p> <p>AEP Generation Resources</p> <p>Ohio Power</p>	<p>3-company power cost sharing agreement</p> <p>Transfer Mitchell/Amos Bridge Agreement</p> <p>Excess energy after SSO available for competitive market</p> <p>SSO Power Supply Agreement</p> <p>Capacity Energy</p> <p>Fuel clause & non-fuel G-rate</p> <p>3-company power cost sharing agreement</p> <p>FRR capacity</p> <p>All capacity and energy available for competitive market</p> <p>RPM Capacity</p> <p>SSO for remaining customers at auction price</p> <p>Factors: Fuel costs, power/capacity prices</p>	<p>3-company power cost sharing agreement; FRR capacity</p> <p>All capacity and energy available for competitive market</p> <p>RPM Capacity</p> <p>SSO for remaining customers at auction price</p> <p>Factors: Fuel costs, power/capacity prices</p>

FERC filings made today

AEP Generation Resources Inc.

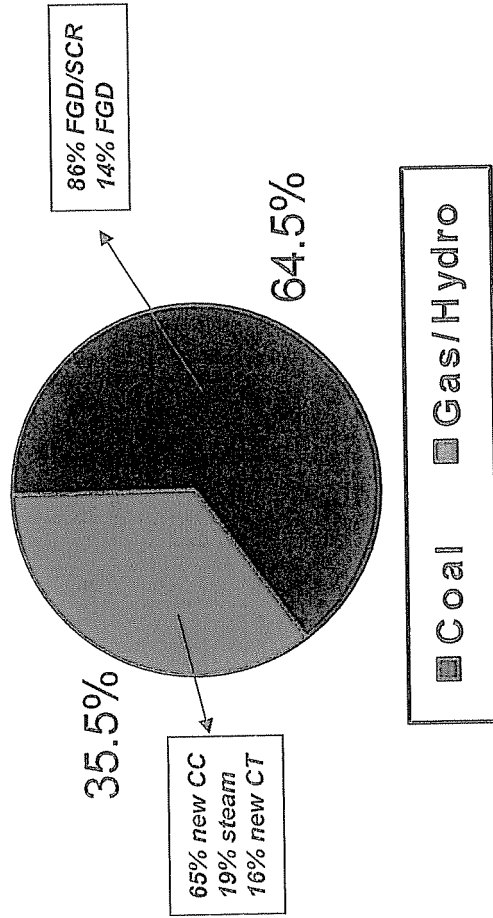


Capacity Profile, 2010-16



Transfers – Mitchell (1,560 MW), Amos Unit 3 (870 MW)
Retirements – 2,538 MW

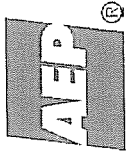
Capacity Mix



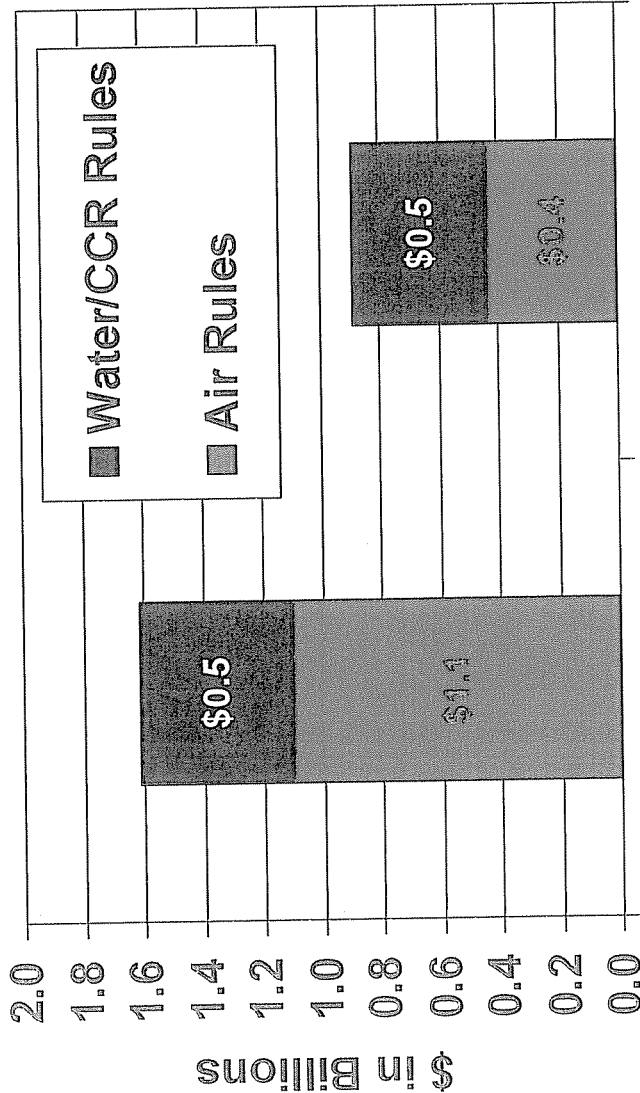
2011 Fuel Statistics (Ohio fleet average)
Delivered coal price -- \$2.35/mmBtu (\$56/ton)
Delivered gas price -- \$4.23/mmBtu

AEP Generation Resources capacity position of 8,900 MW in 2015 consists primarily of competitive, controlled coal and natural gas-fired resources

Competitive Ohio CAPEX



Competitive generation (OH) environmental CAPEX spending reduced by \$700M for 2012-20 period



June 2011 Estimate Revised Estimate

Note: Estimates reflected above exclude ~\$800 M related to the Mitchell and Amos 3 Plants (included in regulated capital); Capital reduced due to MATS PM limit changes

Ongoing CAPEX

Capital for 2012 is approximately \$160M (about \$15/kW) for the entire Ohio Generation portfolio, mostly allocated to the large, controlled power plants. At this time, we expect 2013 and 2014 to be ~\$100M per year.

All capital for our competitive generation fleet in Ohio is under study due to the change in business environment; capital discipline will be exercised

Sales, Trading and Marketing

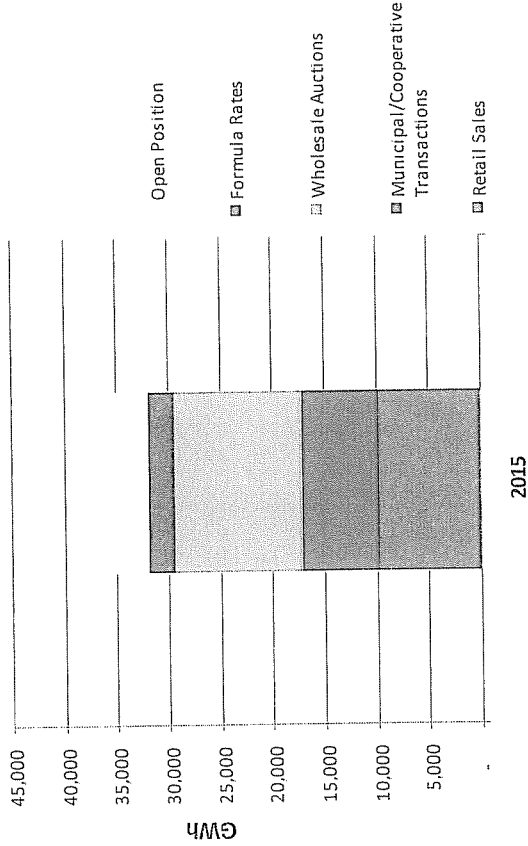


Capacity and Energy Sales

- Capacity sales will be made in the PJM RPM market auction; auction in May of 2012 for the 2015-16 capacity year
- Energy sales will be "optimized" between retail, bilateral contracts (munis/co-ops) wholesale auctions and the PJM market (see graph).
- Recent announcement to acquire BlueStar Energy provides important scale to our back office systems and allows additional leverage into our retail marketing efforts

Hedging Strategy for competitive generation will explore all sales opportunities

Planned Hedging Strategy



Expect hedging levels of 75-80%

Summary of Discussion

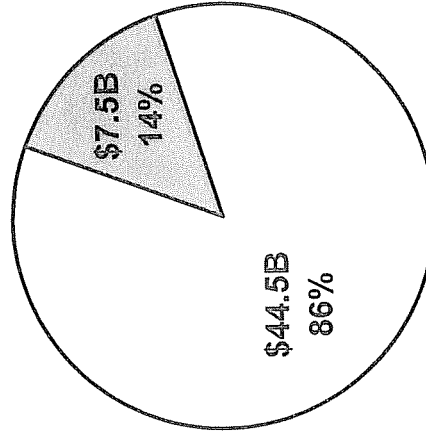


- Regulated companies offer 6% growth in net PP&E through 2015
 - Operating company model
 - Improved recovery mechanisms
 - Regulated fleet transformation
 - Efficient allocation of capital

- Corporate Separation in 2013
 - Ohio generation phases – Current, Transition, Market
 - Transfer of Mitchell, Amos 3 plants to APCo and Kentucky Power
 - Filed with FERC today

- Competitive Operations
 - Retirements due to environmental rules
 - Controlled fleet in 2015
 - Capital discipline
 - Hedging program (75-80%)

**TOTAL ASSETS, Y/E
2011 in 2013 business
structure ***



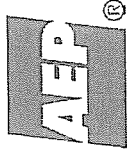
Regulated
 Competitive

* Subsequent to corporate separation

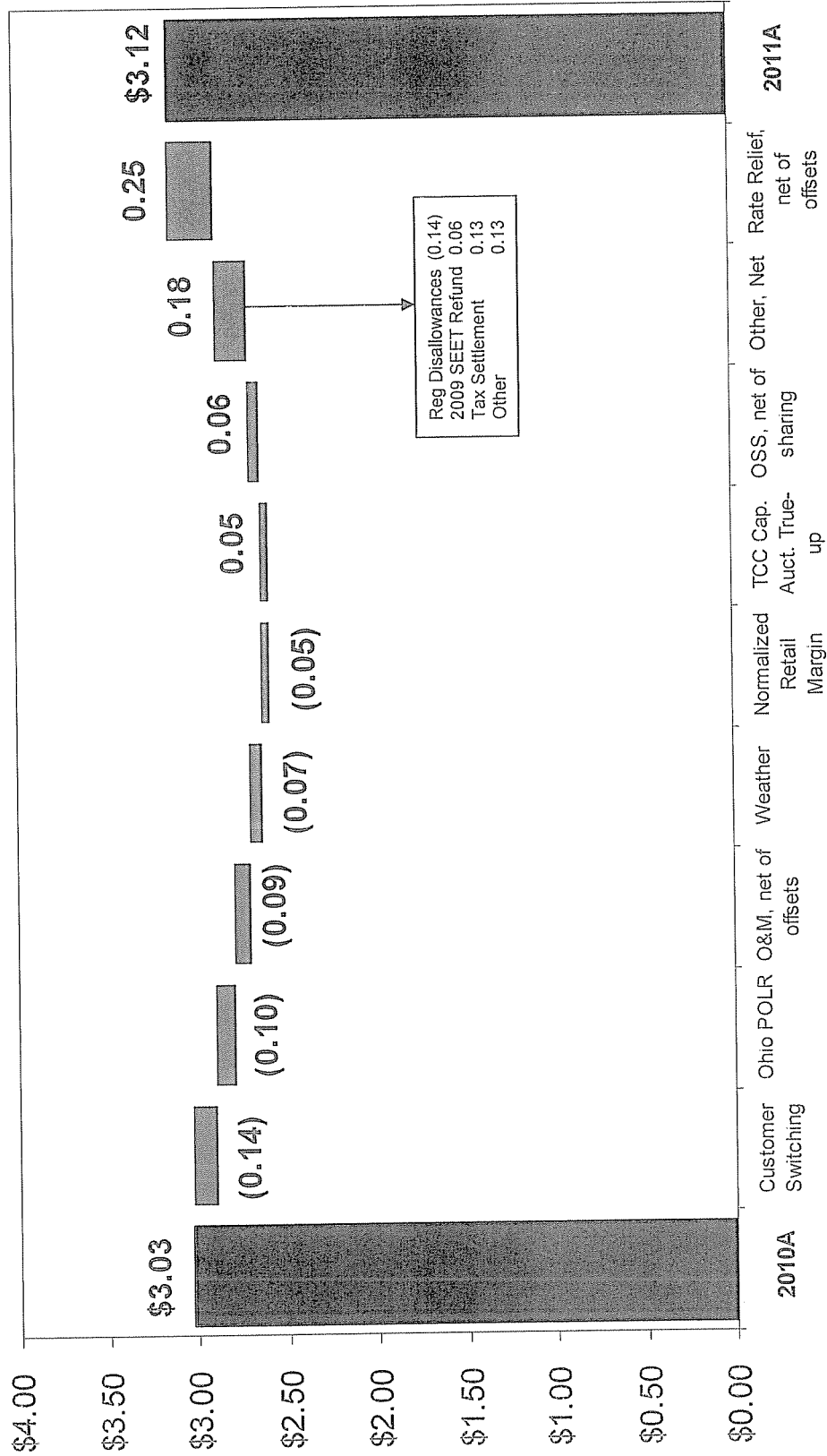
Supports overall 4-6% earnings growth



Financial

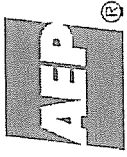


2011 Ongoing Earnings Results

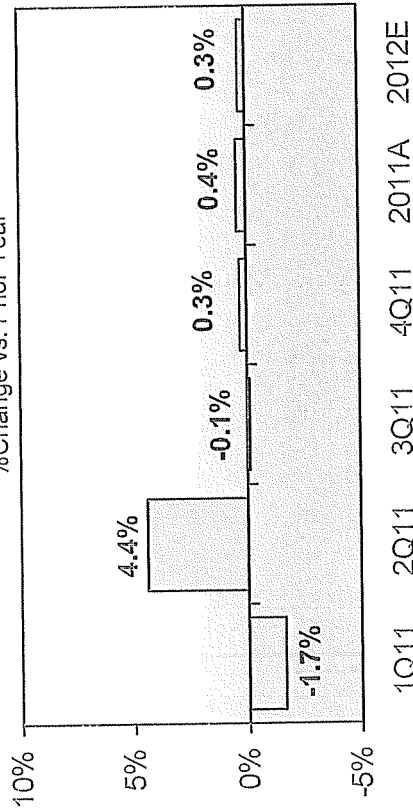


Ongoing earnings of \$3.12 per share exceeded the midpoint of our original earnings guidance

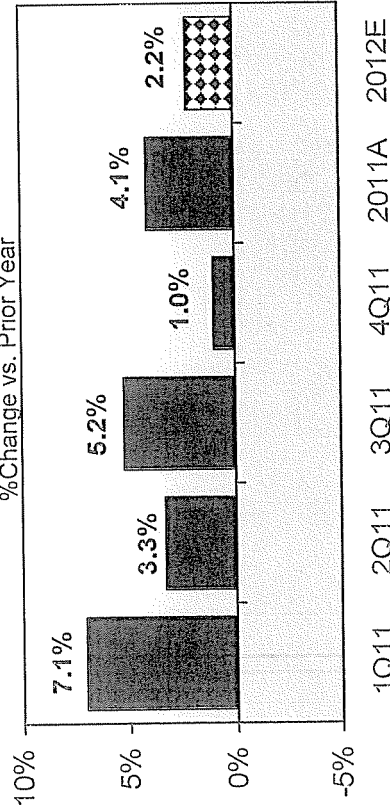
Normalized Retail Load Trends



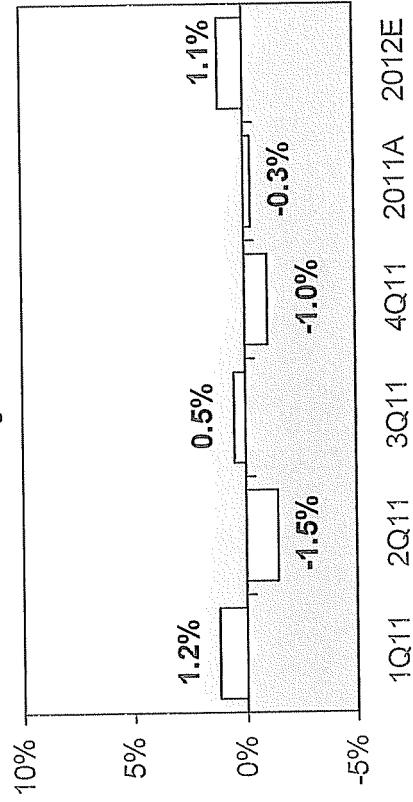
AEP Residential Normalized GWh Sales
%Change vs. Prior Year



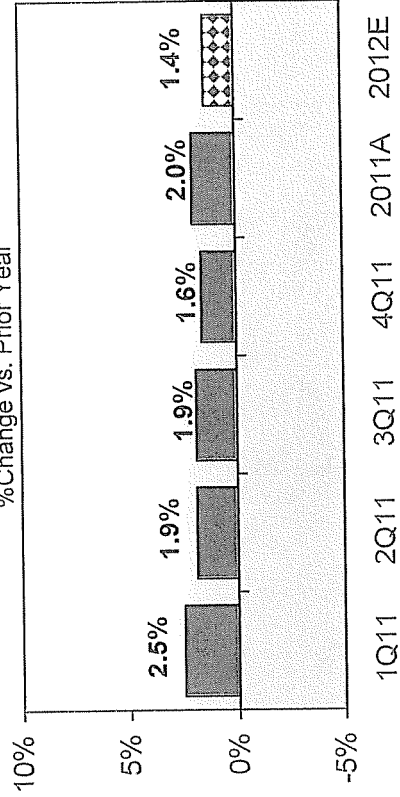
AEP Industrial Normalized GWh Sales
%Change vs. Prior Year



AEP Commercial Normalized GWh Sales
%Change vs. Prior Year



AEP Total Normalized GWh Sales*
%Change vs. Prior Year



Note: Chart represents connected load

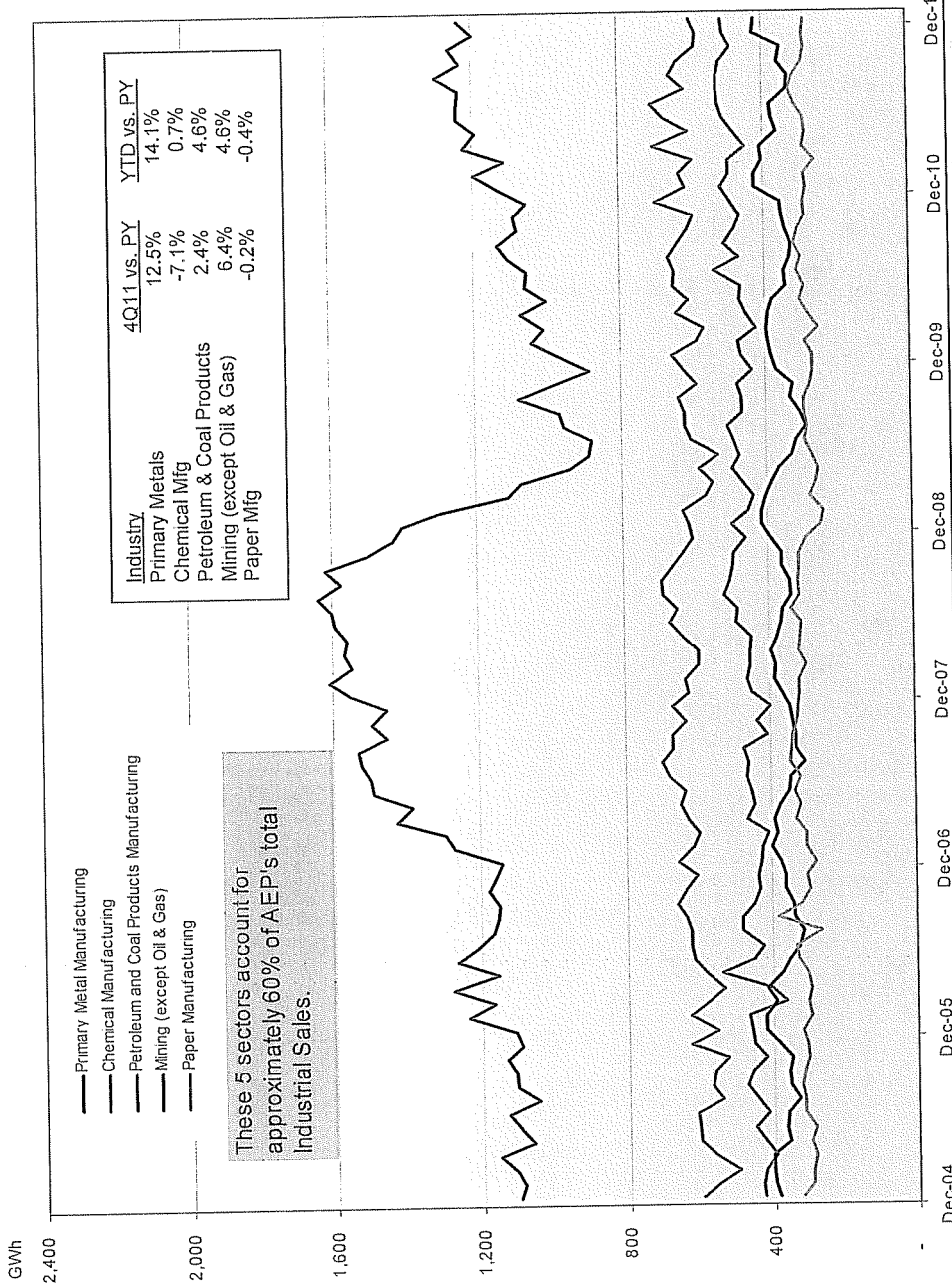
*includes firm wholesale load

Modest load growth of 1.4 percent for 2012

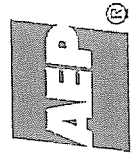


Industrial Sales Volumes

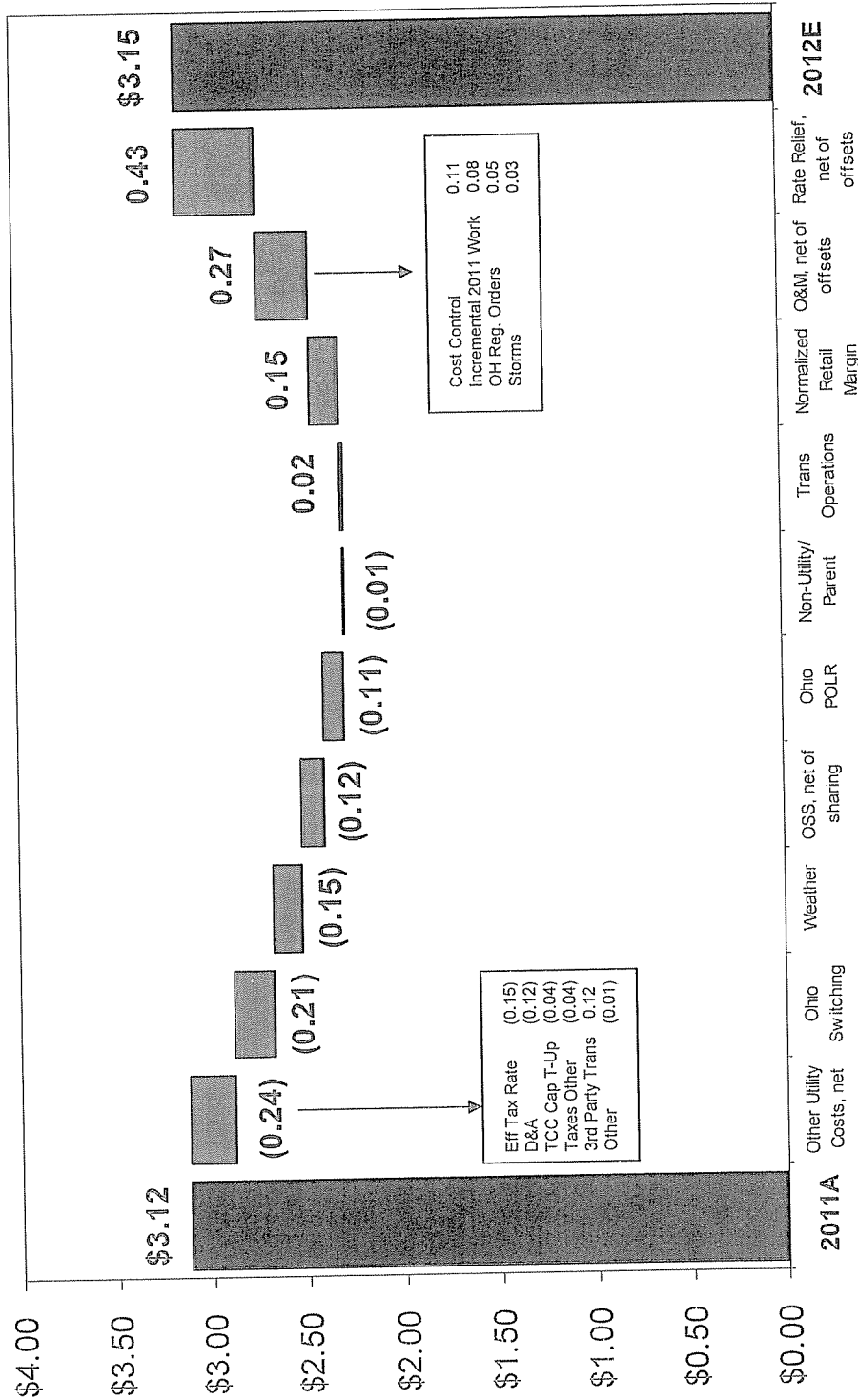
AEP Industrial GWh by Sector



Industrial load near pre-recession levels

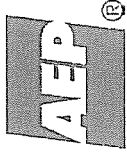


2012 Ongoing Earnings Guidance

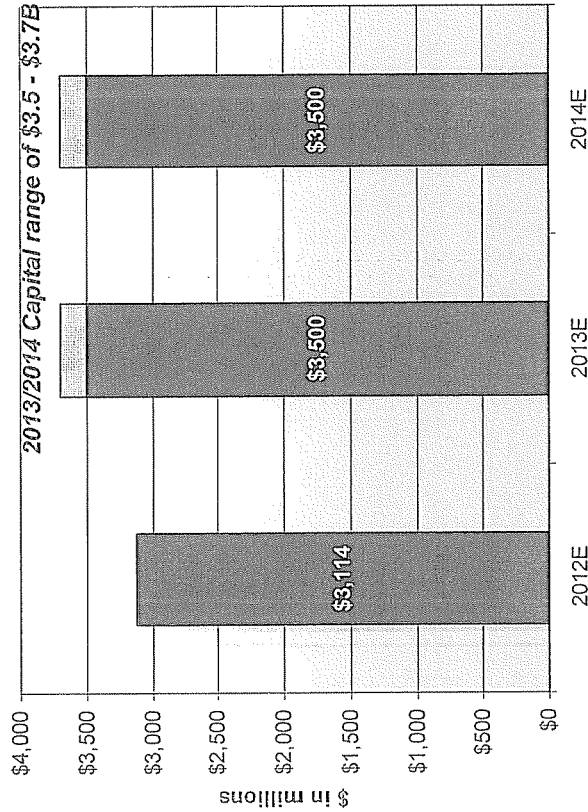


2012 Ongoing Guidance Range: \$3.05- \$3.25 per share

2012 – 2014 Financing Plan



AEP System Capital Spend



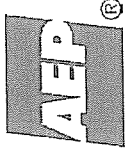
\$ in millions	2012E	2013E	2014E
Cash from Operations	3,800	3,700	3,800
Cash from Securitization	800	875	-
Capital & JV Equity Contributions	(3,114)	(3,500)	(3,500)
Other Investing Activities	(350)	(300)	(200)
Common Dividends	(911)	(915)	(919)
Excess (Required) Capital	225	(140)	(819)
Financing (\$ in millions)	2012E	2013E *	2014E *
Excess (Required) Capital	225	(140)	(819)
Retirements **	(1,140)	(1,715)	(1,340)
Debt Issuances (Excluding Securitization)	800	1,750	2,000
Equity Issuances (DRP)	100	100	100
Increase/(Decrease) in Short term debt	(15)	(5)	(59)

* Debt Capital Market Needs for 2013 and 2014 will be refined based on timing, form and approval of corporate separation and asset transfers

** Retirements includes debt maturities and amortizations

Increased cash receipts and capital discipline keep balance sheet strong

Ohio Power Recapitalization



DEBT RECONCILIATION

assuming separation by 1Q 2013

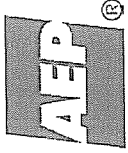
<u>\$ millions</u>	
\$4,062	Debt Outstanding at Ohio Power
(1,141)	2012/2013 Sr. Note Maturities, PCRB 'puts', Debt with Par Call
(475)	Maturities within one year of Corporate Separation
<u>\$2,446</u>	
\$2,150	Senior Notes due after 2015
\$296	PCRBs Tender Date after 2013

Debt capacity at Ohio Power - \$1.9 to \$2.4 B

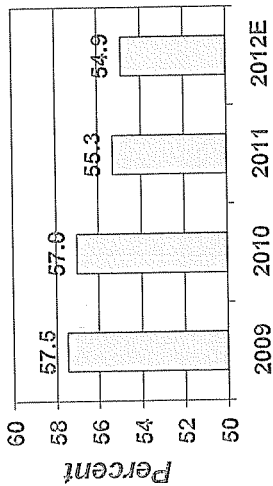
Note: Columbus Southern merged with Ohio Power on 12/31/11. Ohio Power assumed all outstanding obligations of Columbus Southern.

AEP is committed to managing the business as investment grade

AEP's Financial Strength



Debt to Total Cap



55.3%
Year-end 2011
Debt to Total Cap

\$3.25B Credit Facilities

- \$1.5B credit facility extended to June 2015
- \$1.75B credit facility renewed to July 2016
- Supported by 27 bank institutions

Balance Sheet

Liquidity

Pension

Credit Ratings

86% Funded Status at Y/E 2011

- \$950M contributions in 2010-11
- \$200M contribution planned for 2012 expected to bring funded status >90%
- Investment strategies being reviewed

Investment Grade Credit Rating

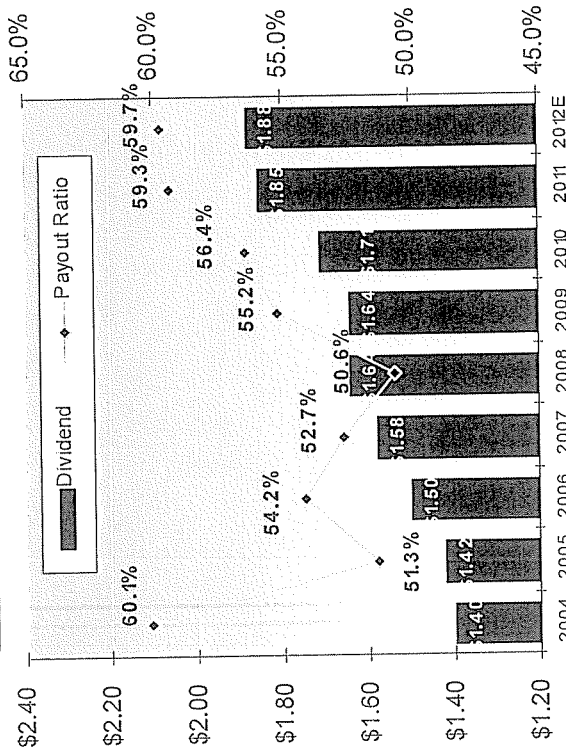
Moody's – Baa2 (stable)
S&P – BBB (stable)
Fitch – BBB (stable)

Solid investment grade credit profile

Dividend Policy and EPS Growth Rate



Dividend Policy



50-60% Payout Ratio

- Expect dividend growth < EPS growth
- Dividend supported by regulated operations

Dividend History

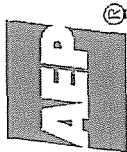
- 407th consecutive quarterly dividend declared
- Dividend growth 4.1% CAGR since 2004

Current Yield of 4.8%

EPS Growth Rate expected to average 4-6% over several years

- Regulated net PP&E expected to grow at 6%
 - Supports overall earnings growth at the high end of range
 - Efficient allocation of capital
- Ohio Generation in Transition
 - Switching levels and low capacity and energy prices could put pressure on near-term growth
 - Expect uplift in capacity prices due to environmental retirements
- Equity needs over 2012-14 period about \$300M through dividend reinvestment program

AEP TOTAL RETURN OPPORTUNITY IS 9-10%



Questions



Appendix



Detailed Ongoing Earnings Guidance

2011A: \$3.12

2012E: \$3.05 - \$3.25

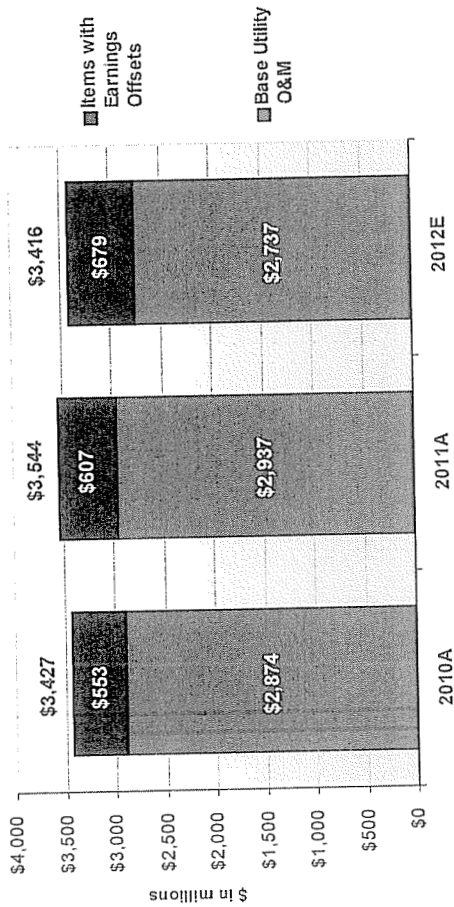
AEP Consolidated Financial Results for 2011 Actual Vs 2012 Guidance

	2011 Actual (\$ millions)		2012 Guidance (\$ millions)	
	Performance Driver		Performance Driver	
UTILITY OPERATIONS:				
Gross Margin:				
1	East Regulated Integrated Utilities	2,749	68,339 GWH @ \$ 45.2 /MWhr	3,087
2	Ohio Companies	2,673	48,349 GWH @ \$ 52.3 /MWhr	2,530
3	West Regulated Integrated Utilities	1,408	42,476 GWH @ \$ 32.4 /MWhr	1,377
4	Texas Wires	648	28,274 GWH @ \$ 22.1 /MWhr	625
5	Off-System Sales, net of sharing	343	27,742 GWH @ \$ 9.0 /MWhr	250
6	Transmission Revenue - 3rd Party	417		504
7	Other Operating Revenue	507		546
8	Utility Gross Margin	8,745		8,919
9	Operations & Maintenance	(3,544)		(3,416)
10	Depreciation & Amortization	(1,613)		(1,718)
11	Taxes Other Than Income Taxes	(812)		(842)
12	Interest Exp & Preferred Dividend	(891)		(906)
13	Other Income & Deductions	239		214
14	Income Taxes	(669)		(779)
15	Utility Operations On-Going Earnings	1,455		1,472
16	Transmission Operations On-Going Earnings	30		38
NON-UTILITY OPERATIONS:				
17	AEP River Operations	45		57
18	Generation & Marketing	14		(13)
19	Parent & Other On-Going Earnings	(40)		(31)
20	ON-GOING EARNINGS	1,504		1,523

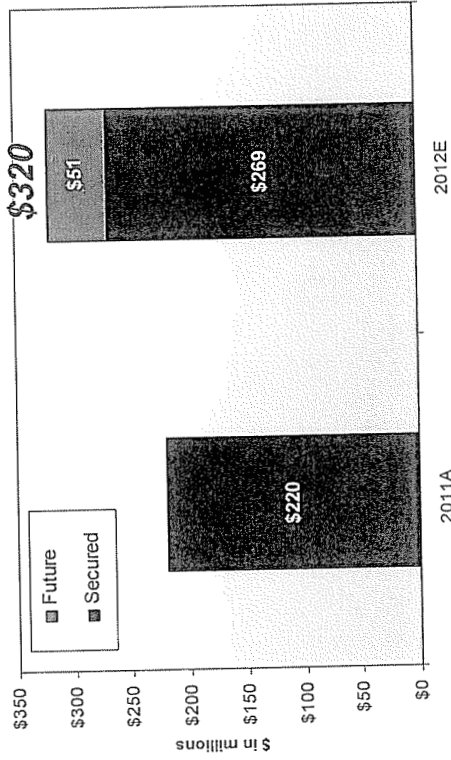


2012 Major Drivers

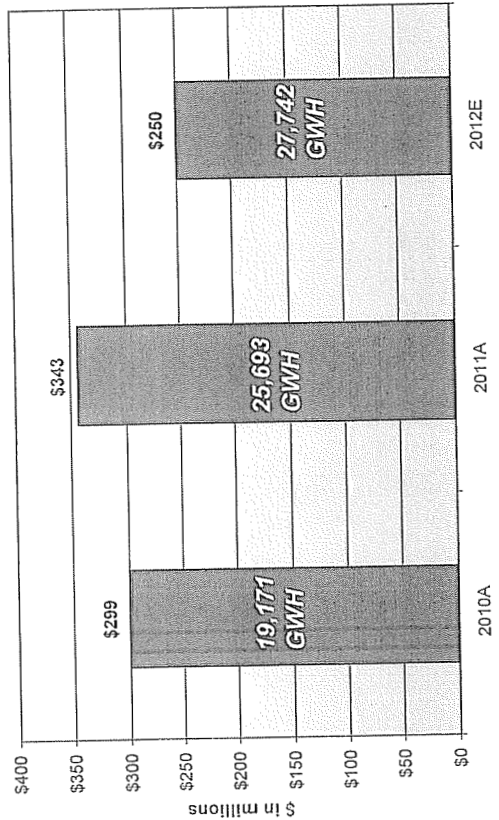
Utility O&M Expense



Rate Relief



OSS Assumptions, net of sharing



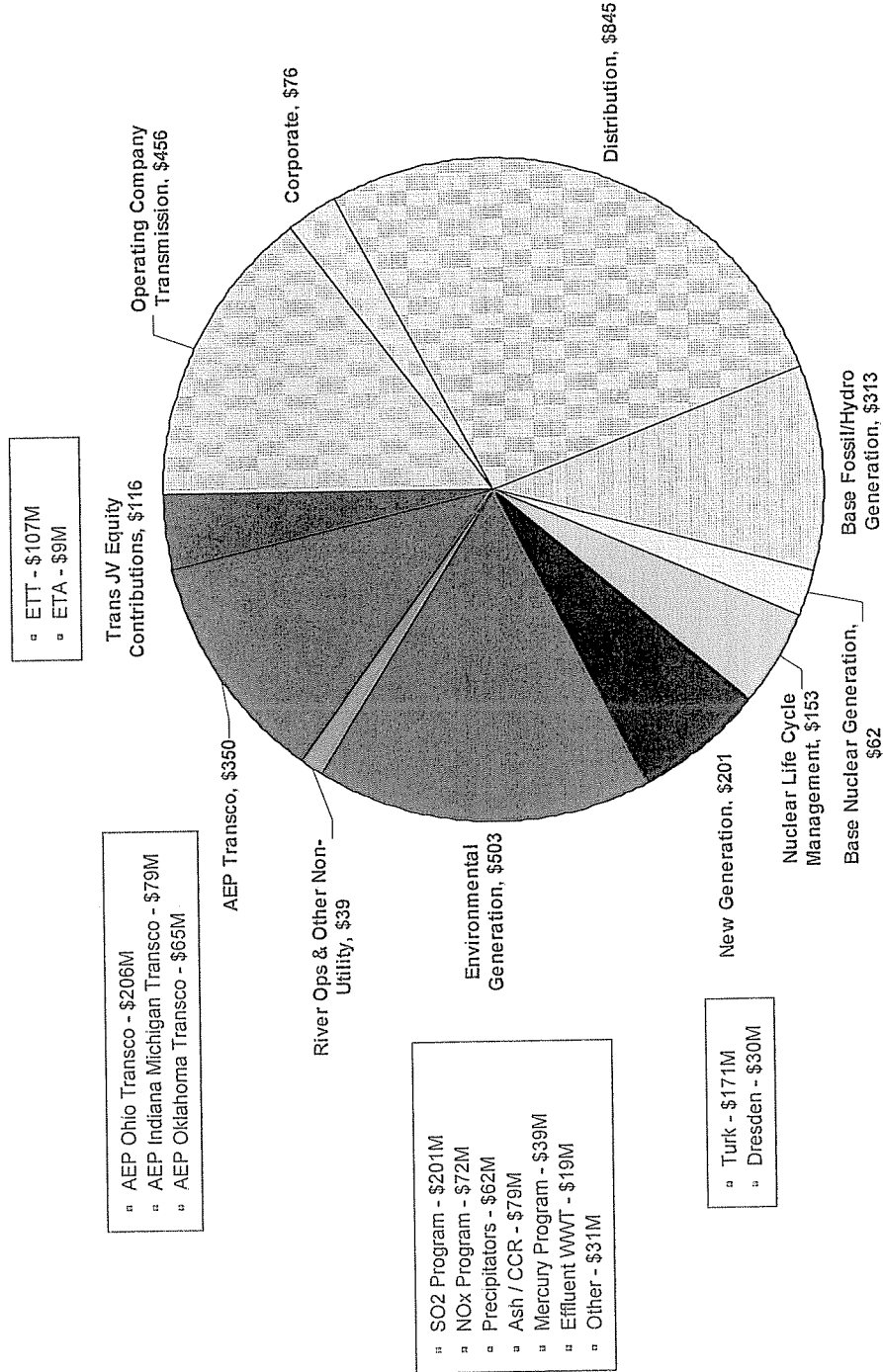
Sensitivities

	Sensitivity	EPS
Retail Sales	0.5%	+/- 0.05
Customer Switching in Ohio (@ RPM)	1.0%	+/- 0.01
Wholesale Market Prices	\$1 MWh	+/- 0.03
O&M Expense (excludes O&M with offsets)	1.0%	+/- 0.04

Note: A \$7.5M change in pre-tax earnings equals \$0.01/share.



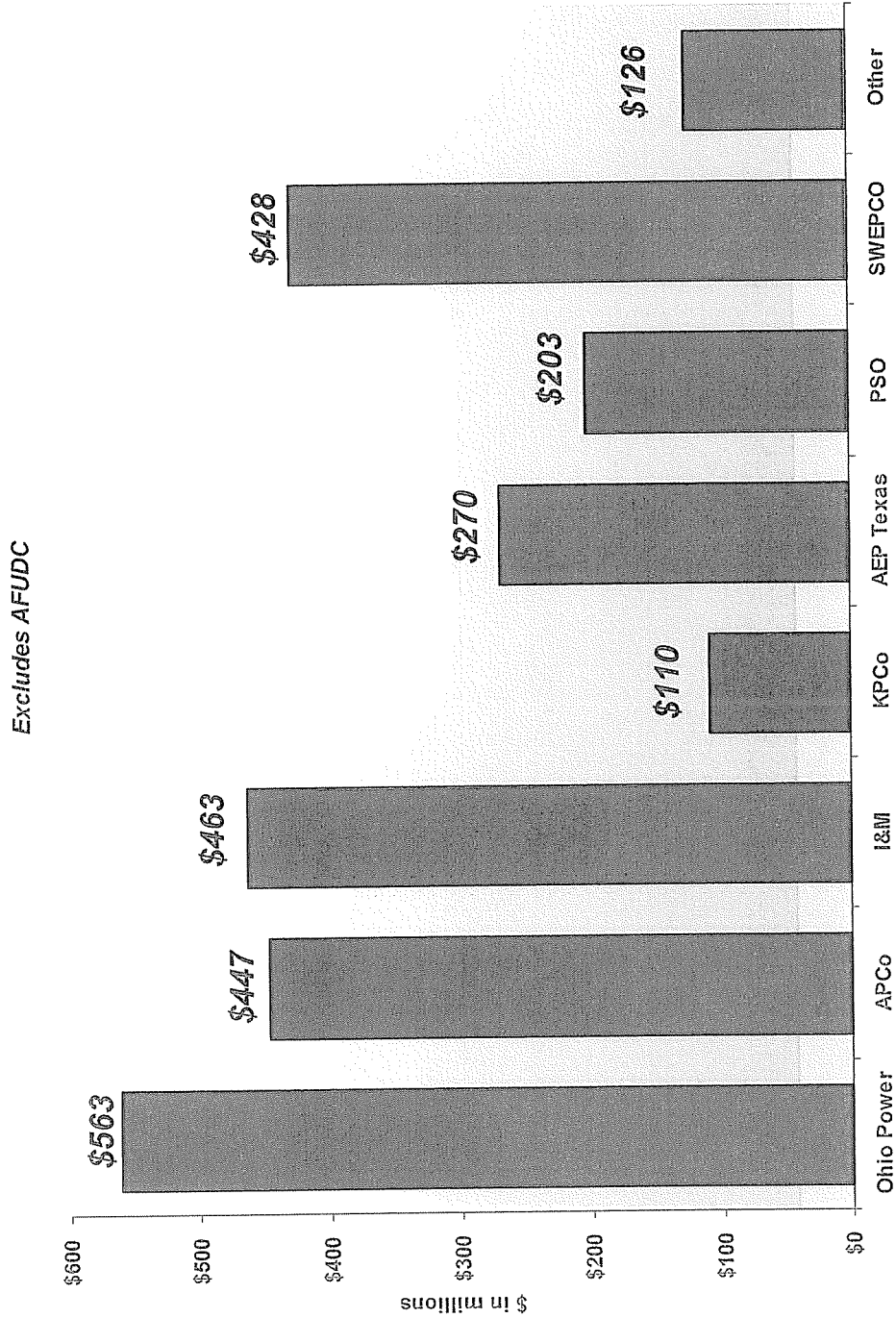
2012 Total System Capital



* Excludes AFUDC

Total 2012 Capital & Equity Contributions of \$3.1B

2012 Capital by Operating Company



Note: Ohio Power capex includes \$103M related to Mitchell and Amos Unit 3 plants (to be transferred from Ohio Power to APCo and KPCo)

Pending Rate Cases



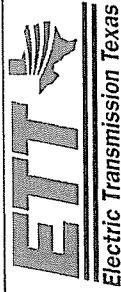
\$ in millions	Company Filing	Staff Testimony
I&M - Indiana	\$148.7	n/a
Rate increase	\$2,411.9	↓
Rate base/investment	11.15%	
Return on equity	42.67%	
Equity component		

Status: Case filed on September 23, 2011. Hearing on Case in Chief begins February 20, 2012. Staff & Intervenor testimony due April 27, 2012.

\$ in millions	Company Filing	Settlement
I&M - Michigan	\$24.5	\$14.6
Rate increase	\$680.8	\$663.2
Rate base/investment	11.15%	10.20%
Return on equity	44.30%	50.92%
Equity component		

Status: Rates subject to refund went in place January 2012; settlement filed January 20, 2012

Joint Venture Growth Opportunities



Status:
Ongoing Business

- ETT is a 50/50 JV owned by subsidiaries of AEP and MidAmerican Energy Holding Company that constructs and operates transmission projects within ERCOT. Total investment opportunity of more than \$3 billion.
- Debt to equity ratio of 60/40, authorized ROE of 9.96%
- Current rate base of \$565 million as of January 31, 2012
- Projected rate base growth:

Year	Increase	Total Rate Base
2012	\$268M	\$750M
2013	\$480M	\$1,230M
2014	\$920M	\$2,150M



Status:
In Construction

- Prairie Wind is a 50/50 JV owned ETA and Westar Energy to construct approximately 110 miles of double circuit 345 kV transmission line in Kansas.
- Estimated Cost: \$225 million
- Debt to equity ratio of 50/50, authorized ROE of 12.8%
- Estimated In-Service: 2014



- Pioneer is a 50/50 JV owned by AEP and Duke Energy to construct approximately 240-280 miles of 765 kV transmission line in Indiana in multiple phases.
- Debt to equity ratio of 50/50, authorized ROE of 12.54%
- Estimated Cost: \$1 billion

Phase 1:

- Approximately 60-70 miles
- Estimated In-Service Date: 2015*

Status:
MISO Approved

Phases 2 and 3:

- Approximately 170- 220 miles
- Estimated In-Service Date: 2016 - 2018

Status:
Pending inclusion in PJM RTEP

*Estimate based on June 2011 MTEP



Status:
Pending inclusion in PJM RTEP

- RITELine is JV owned by AEP, ETA, and Exelon to construct approximately 420 miles of 765 kV transmission line throughout Indiana and Illinois.
- Estimated Cost: \$1.6 billion
- Debt to equity ratio of 45/55, authorized ROE of 11.43%
- Estimated In-Service: 2016 - 2018

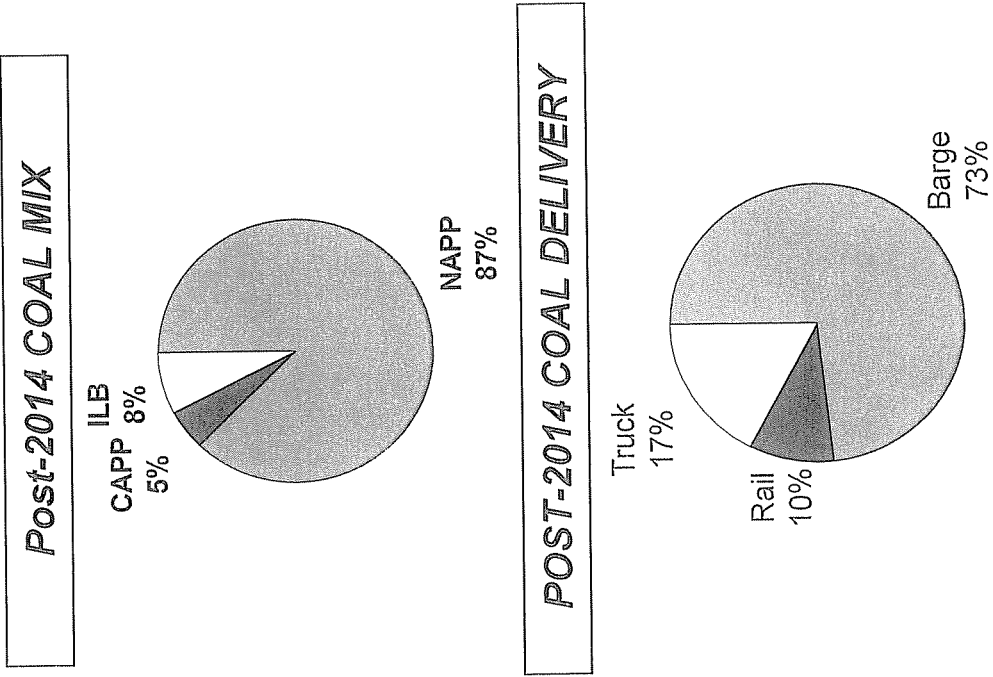
*AEP share of RITELine is approximately 20.5%

AEP Generation Resources Inc.

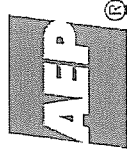


Generation Assets (in Megawatts)

COMPETITIVE ASSETS		COMPETITIVE ASSETS TRANSFERRED	
Gavin 1,2	2,640	Amos 3	870
Cardinal 1	595	Mitchell 1,2	1,560
Conesville 4	340		2,430
Conesville 5,6	800	ASSETS TO BE RETIRED	
Zimmer	330	Kammer 1-3	630
Stuart 1-4	600	Musk. River 1-4	840
OVEC Ownership	434	Sporn 2, 4, 5	750
		Picway	100
Musk. River 5	600	Conesville 3	165
Lawrenceburg	1,186	Beckjord	53
Waterford	840		2,538
Darby	507		
Racine			
	26		
	<u>8,898</u>		

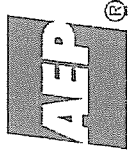


Pension and OPEB Estimate



- Investment returns for our pension plan was a positive 8.1% for 2011 despite volatility in the market; OPEB funds were also slightly positive at 0.4%.
- AEP made cash contributions to the pension totaling \$450 million in 2011.
- The pension fund finished the year 86% funded compared to the Projected Benefit Obligation (PBO). The OPEB funds were 63% funded compared to the Accumulated Postretirement Benefit Obligation (APBO).
- We expect to make a discretionary cash contribution of \$200 million to the pension in 2012.
- Discount rates are 4.55% for pension and 4.75% for OPEB for 2012, down substantially from 5.05% and 5.25%, respectively, for 2011.
- Total pension costs are expected to be \$127 million in 2012, up from \$118 million in 2011. Total OPEB costs are expected to be \$95 million in 2012, up from \$73 million in 2011. The O&M share is in the range of 65-70% of the total costs.

Credit Ratings



Current Ratings for AEP, Inc. & Subsidiaries

Company	Moody's		S&P		Fitch	
	Senior	Outlook	Senior	Outlook	Senior	Outlook
American Electric Power Company Inc.	Baa2	S	BBB	S	BBB	S
AEP, Inc. Short Term Rating	P2	S	A2	S	F2	S
AEP Texas Central Company	Baa2	S	BBB	S	A-	S
AEP Texas North Company	Baa2	S	BBB	S	A-	S
Appalachian Power Company	Baa2	S	BBB	S	BBB	S
Indiana Michigan Power Company	Baa2	S	BBB	S	BBB	S
Kentucky Power Company	Baa2	S	BBB	S	BBB	S
Ohio Power Company	Baa1	S	BBB	S	A-	S
Public Service Company of Oklahoma	Baa1	S	BBB	S	BBB+	S
Southwestern Electric Power Company	Baa3	S	BBB	S	BBB	S

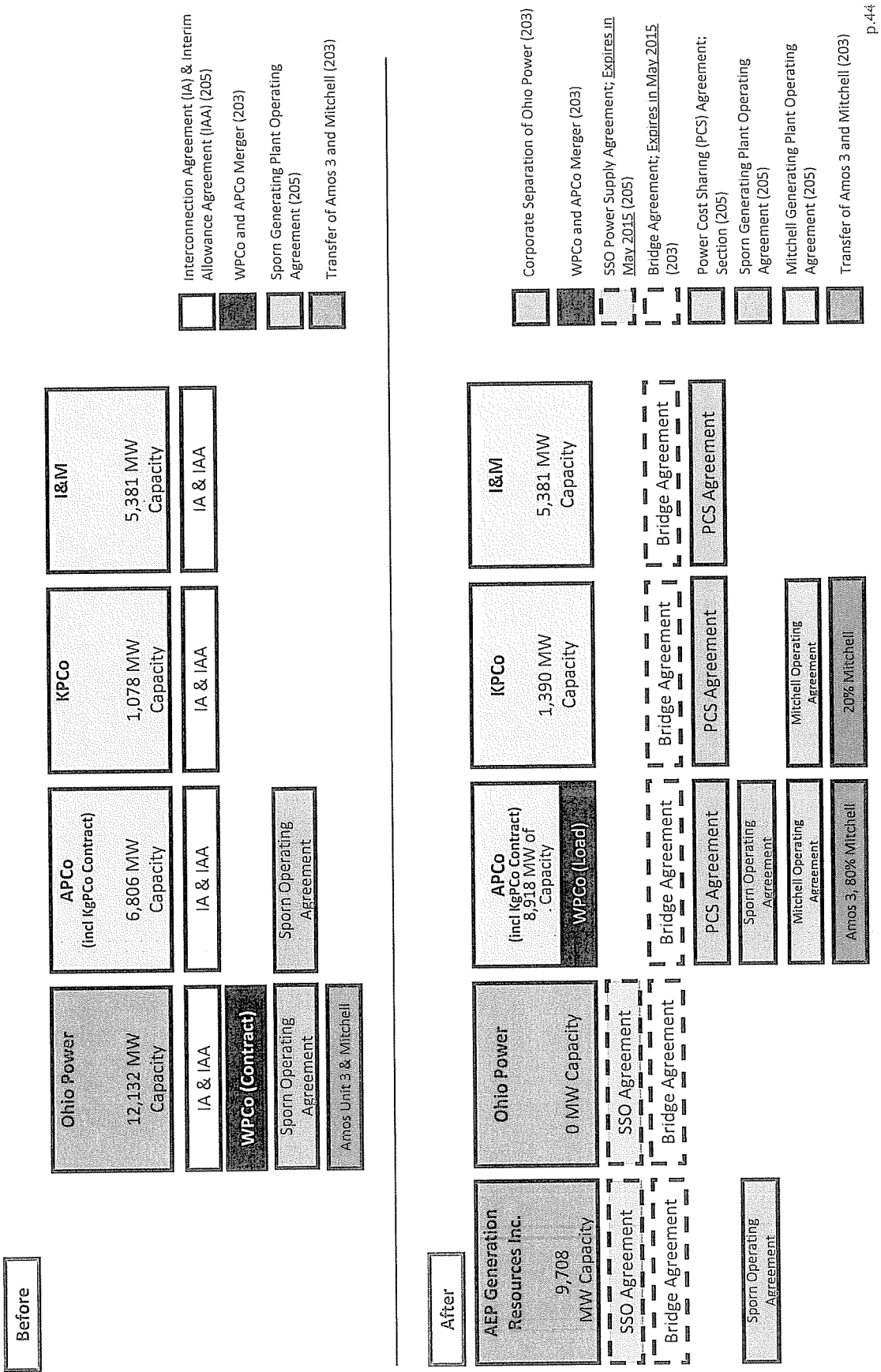


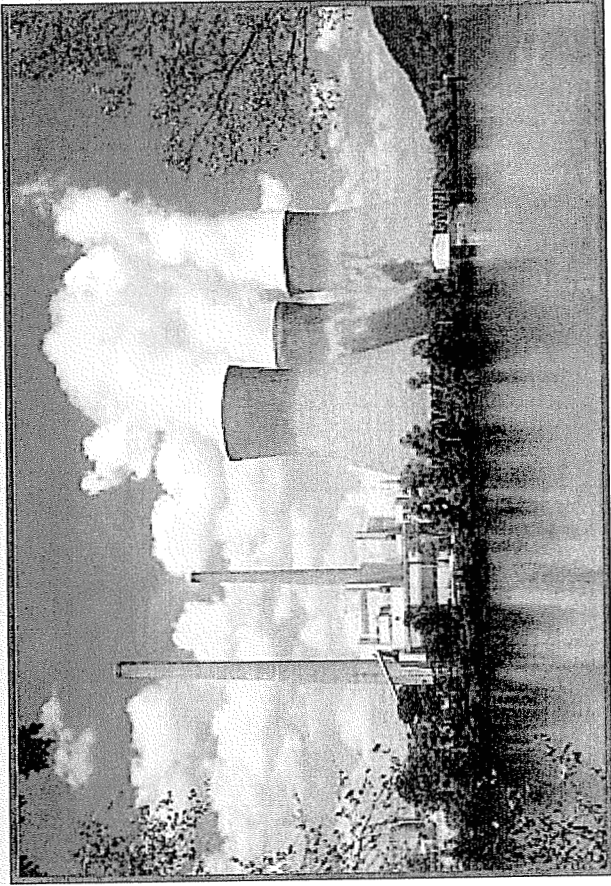
Long-term Debt Maturities

Year	2012	2013	2014
AEP, Inc.	-	-	-
AEP Generating Company	-	-	\$45
Appalachian Power	\$365	\$195	\$204
Indiana Michigan Power	\$100	\$77	\$275
Kentucky Power	-	-	-
Ohio Power	\$195	\$856	\$404
Public Service of Oklahoma	-	-	\$34
Southwestern Electric Power	\$20	-	-
Texas Central Company	\$60	-	-
Texas North Company	-	\$225	-
Total	\$740	\$1,353	\$962

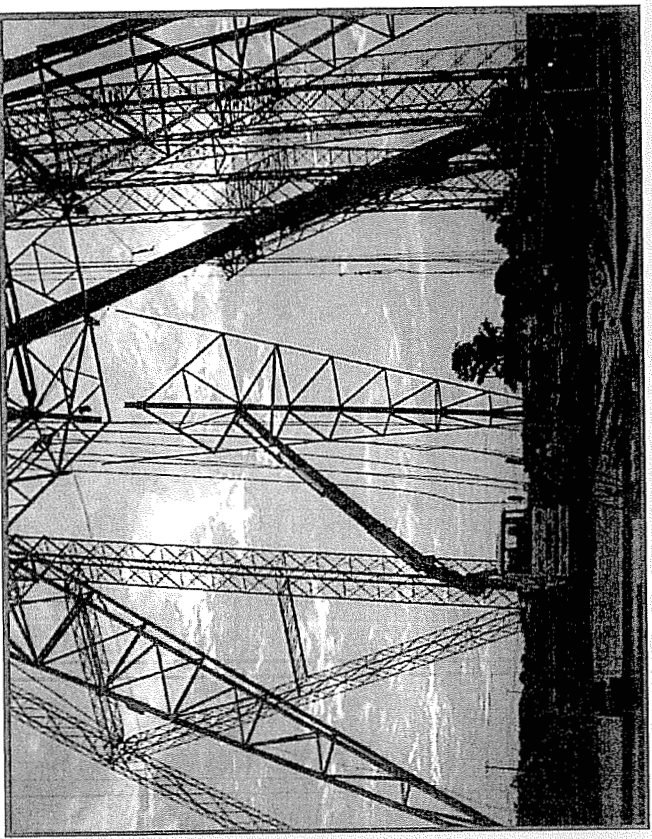
Data as of December 31, 2011

Overview of FERC Transactions / Contracts





AEP
AMERICAN[®]
ELECTRIC
POWER



Japan Road Show

Tokyo, Japan
February 21 - 24, 2012

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995



This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: the economic climate and growth in, or contraction within, our service territory and changes in market demand and demographic patterns, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impairing our ability to finance new capital projects and refinance existing debt at attractive rates; the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material; electric load, customer growth and the impact of retail competition, particularly in Ohio, weather conditions, including storms, and our ability to recover significant storm restoration costs through applicable rate mechanisms, available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters, availability of necessary generating capacity and the performance of our generating plants, our ability to resolve I&M's Donald C. Cook Nuclear Plant Unit 1 restoration and outage-related issues through warranty, insurance and the regulatory process, our ability to recover regulatory assets and stranded costs in connection with deregulation, our ability to recover increases in fuel and other energy costs through regulated or competitive electric rates, our ability to build or acquire generating capacity, and transmission lines and facilities (including our ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs (including the costs of projects that are cancelled) through applicable rate cases or competitive rates, new legislation, litigation and government regulation including oversight nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances or additional regulation of fly ash and similar combustion products that could impact the continued operation and cost recovery of our plants and related assets, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, our ability to constrain operation and maintenance costs, our ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas and other energy-related commodities, changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, volatility and changes in markets for electricity, natural gas, coal, nuclear fuel and other energy-related commodities, changes in utility regulation, including the implementation of ESPs and the expected legal separation and transition to market for generation in Ohio and the allocation of costs within regional transmission organizations, including PJM and SPP, accounting pronouncements periodically issued by accounting standard-setting bodies, the impact of volatility in the capital markets on the value of the investments held by our pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact on future funding requirements, prices and demand for power that we generate and sell at wholesale, changes in technology, particularly with respect to new, developing or alternative sources of generation, our ability to recover through rates or market prices any remaining unrecovered investment in generating units that may be retired before the end of their previously projected useful lives, our ability to successfully manage negotiations with stakeholders and obtain regulatory approval to terminate or amend the Interconnection Agreement and break up modify, or replace the AEP Power Pool, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including nuclear fuel and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

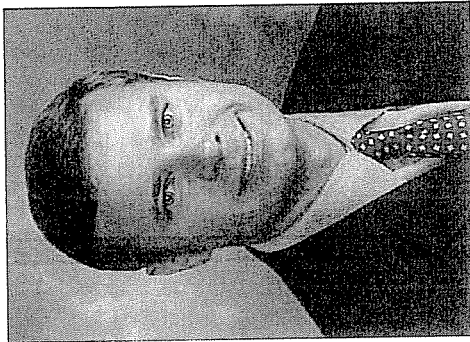
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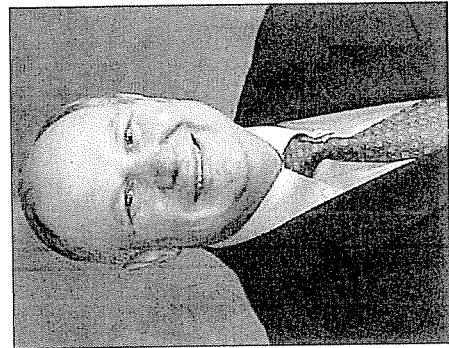
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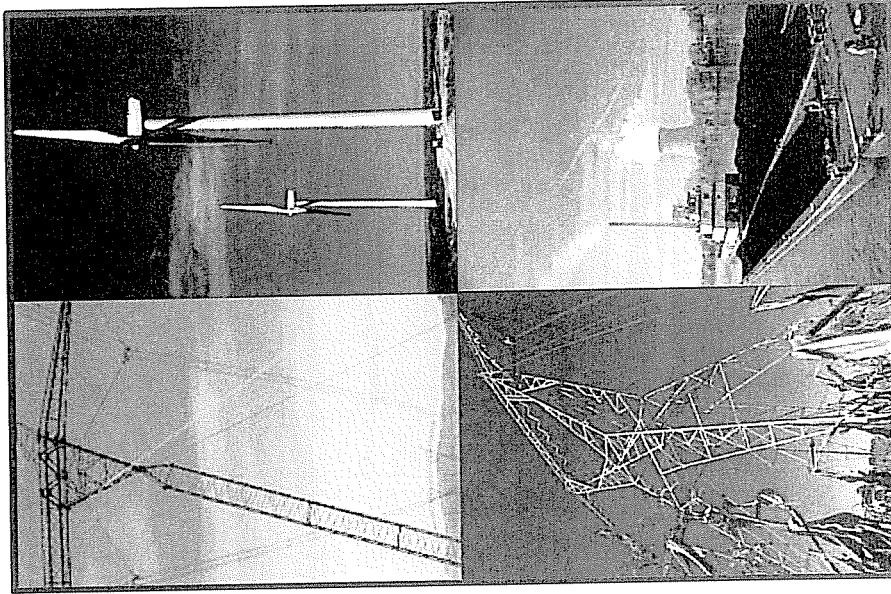
U.S. Utility Industry



- **Solid platform to invest capital**
 - *The average awarded return on equity for the industry in 2011 was 10.25%*
 - *Capital spending on infrastructure created growth in rate base for utilities*

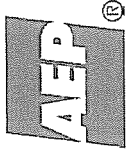
- **Supportive regulation**
 - *State level*
 - *Federal Energy Regulatory Commission*

- **Upcoming challenges**
 - *Significant capital investment*
 - *Increasing customer utility bills*

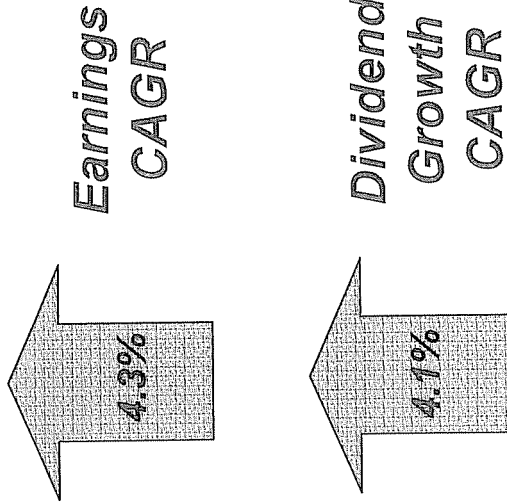


The U.S. Utility Industry provides a low risk investment coupled with a healthy dividend yield

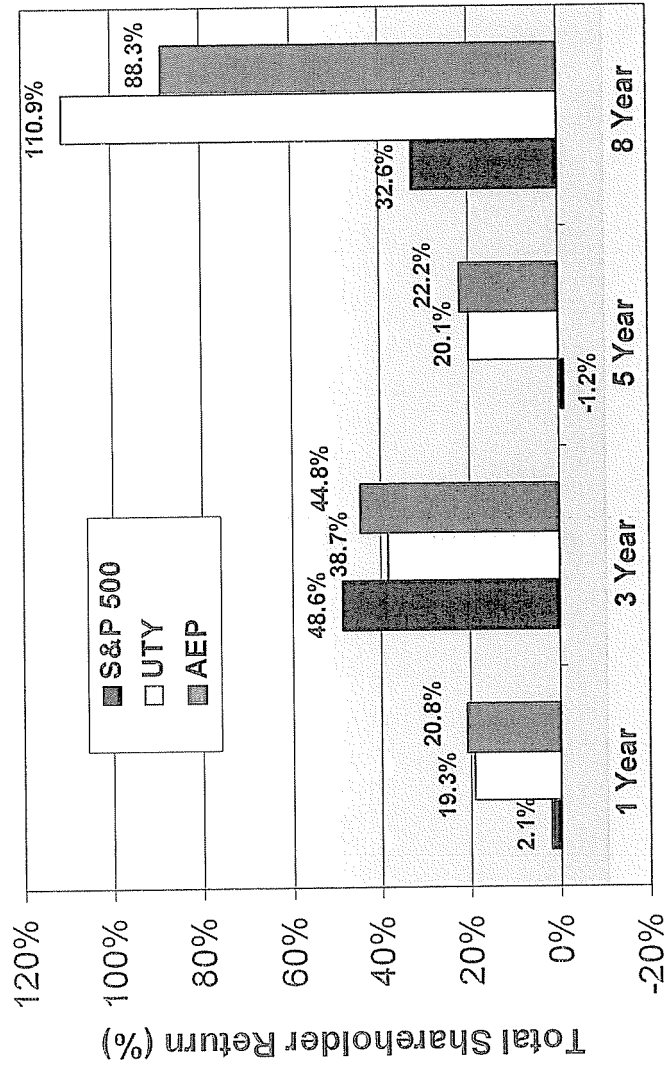
AEP's Track Record since 2004



2004-2011 Period



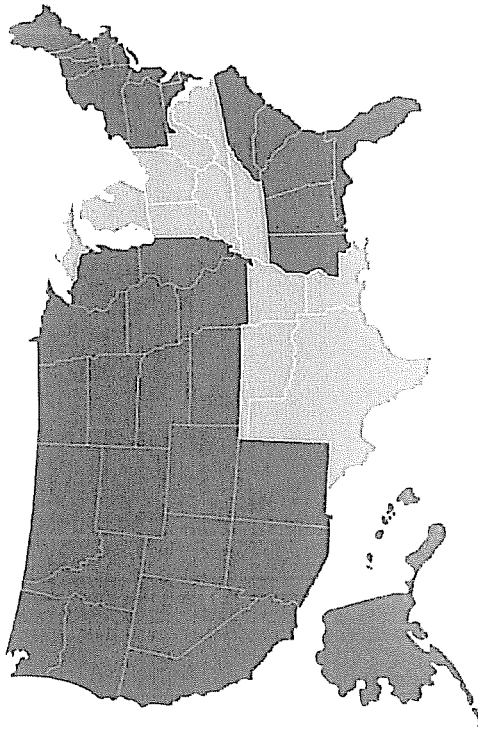
Total Shareholder Return



Our re-dedication to the regulated business model in 2004 has rewarded shareholders well

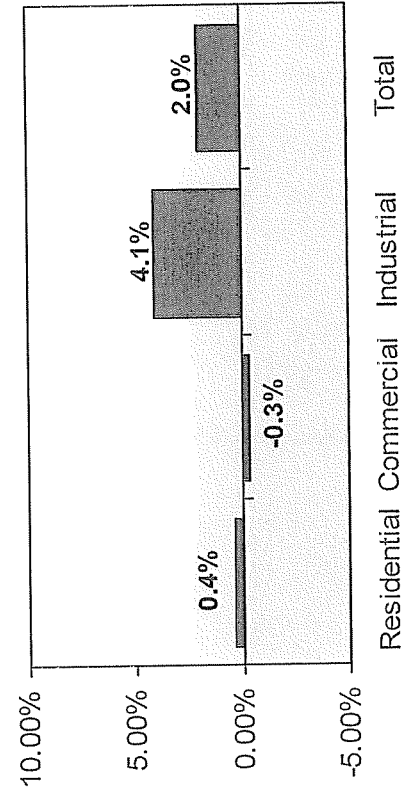
Highly Diversified Regulated Utility Platform **AEP**[®]

5.3 million customers in eleven states



Ohio Generation business transitioning to competitive model by 2015

AEP Total Normalized GWh Sales 2011 % Change vs. Prior Year



Diversified territory and steady economic recovery contributed to an overall ROE of 10.6% in 2011

Total Assets – Regulated/Competitive

TOTAL ASSETS, based on Y/E 2011 in 2013 business structure *

* Subsequent to corporate separation

Regulated Companies

Vertically-Integrated

- Appalachian Power
- Kentucky Power
- Indiana Michigan Power
- Public Service Co of Oklahoma
- Southwestern Electric Power

Regulated Generation Co

- AEP Generating Company

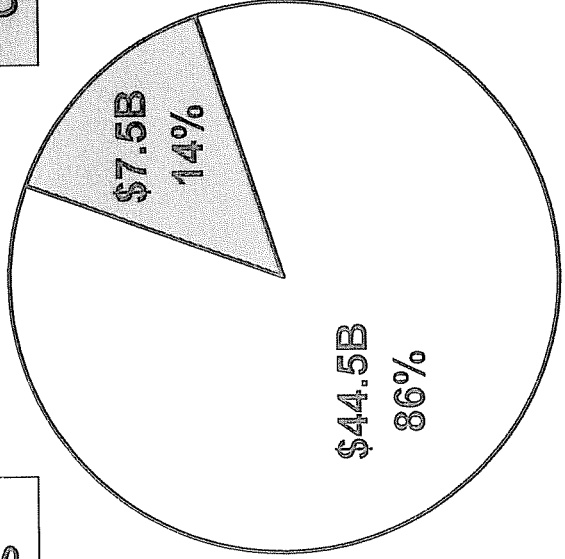
Wires Companies

- Ohio Power
- Texas Central
- Texas North

Transmission Companies

- AEP Ohio Transco
- AEP Indiana Michigan Transco
- AEP Oklahoma Transco
- Joint Ventures (ETT, Pioneer, etc.)

Competitive Companies



Power Related
 AEP Generation Resources
 AEP Energy Partners
 AEP Retail Energy

Bulk Commodity Transport
 AEP River Operations

Transmission Companies Awaiting Approval

- AEP Southwestern Transco (AR, LA)
- AEP Kentucky Transco
- AEP Virginia Transco
- AEP West Virginia Transco

Following corporate separation, we expect earnings contributions to approximate asset split

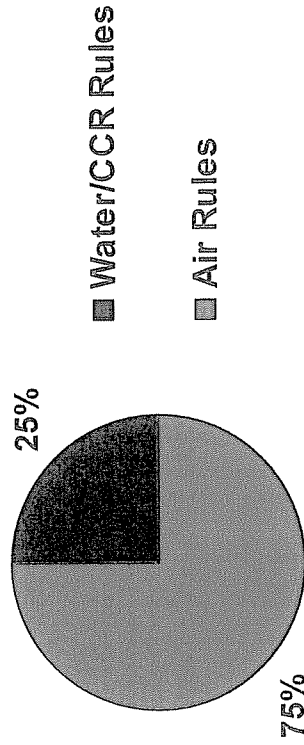
Regulated Fleet Repositioning



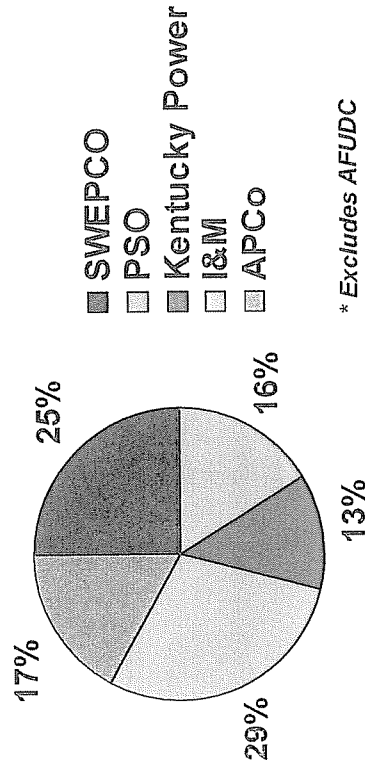
Expected 2012-2020 regulated environmental capex forecast of \$5 – \$6 billion*

- Retire older, less efficient regulated plants (~2,600MW) note: this figure excludes Ohio retirements
- New capacity added to rate base to replace portion of retirements
 - Dresden Combined Cycle (580MW, on-line January 2012)
 - Turk Coal Plant (440MW, scheduled 4Q 2012)
- Particulate matter requirements in MATS Rule reduced overall environmental CAPEX needs
- Concerns still exist over timing of rules and reliability impacts

Regulated Environmental CAPEX by Rule for 2012-20 period



Regulated Environmental CAPEX by OPCO for 2012-20 period *



Reposition fleet to controlled coal and natural gas-fired units

Transmission Segment Growth



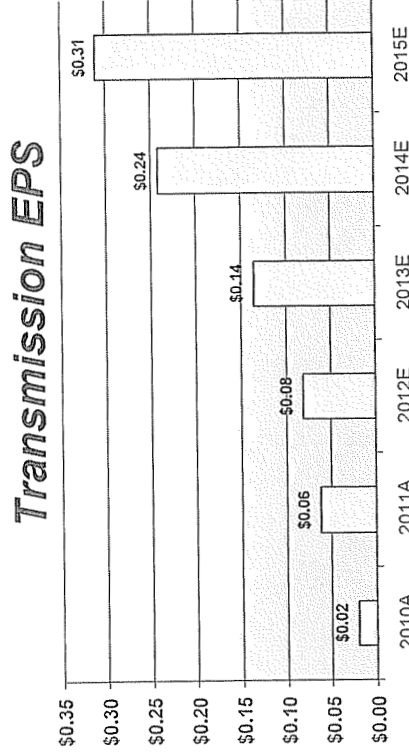
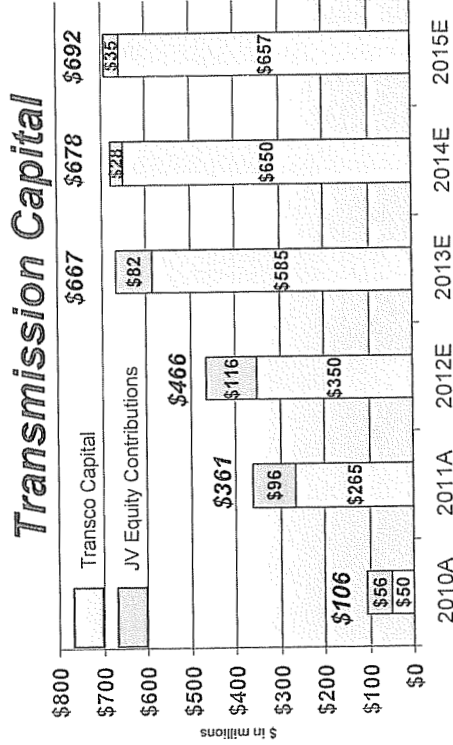
AEP Transmission HoldCo Growth Opportunities

Transcos

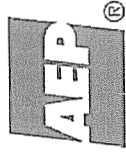
- Increased project flow
- FERC formula rates (updated annually)
- Approved in OH, MI, OK, IN
- Pending approval in WV, VA, KY, AR, LA
- ROE: 11.49% (PJM) / 11.20% (SPP)

Joint Ventures

- Electric Transmission Texas (ETT)
- Others: Prairie Wind, Pioneer
- Longer term projects with FERC formula rates/bi-annual rate mechanisms
- Continue to pursue new opportunities
- ROE range: 9.96% to 12.8%



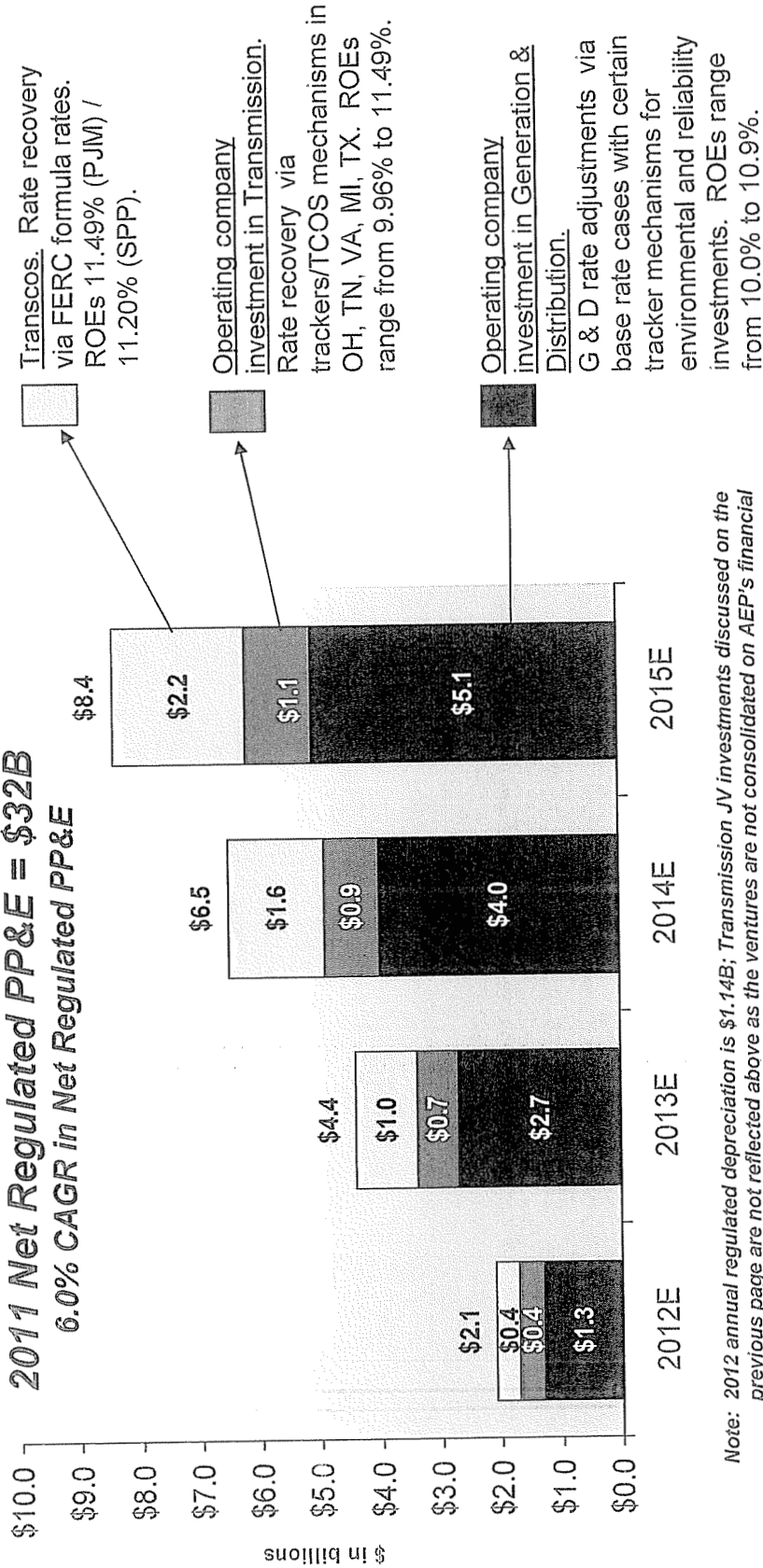
Investing capital in transmission for reliability and growth



Capital Recovery & Growth

Cumulative Change in Net Regulated PP&E by Function

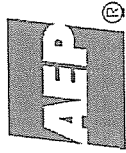
2011 Net Regulated PP&E = \$32B
6.0% CAGR in Net Regulated PP&E



Note: 2012 annual regulated depreciation is \$1.14B; Transmission JV investments discussed on the previous page are not reflected above as the ventures are not consolidated on AEP's financial statements

Growth in regulated PP&E supports overall earnings growth of 4-6%

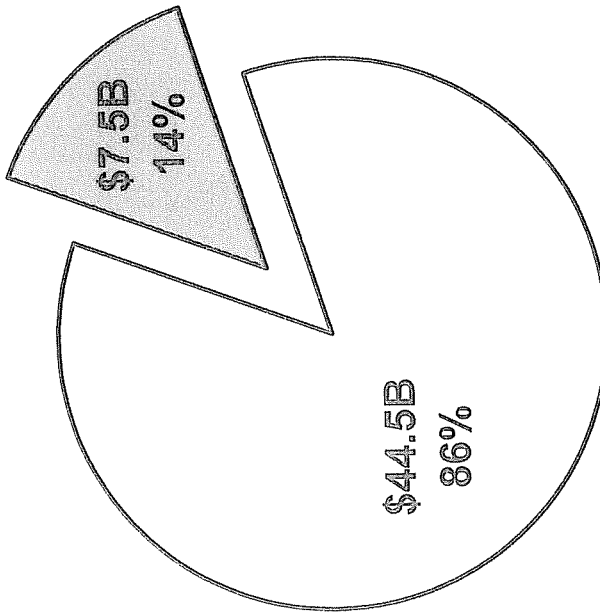
Total Assets – Competitive



TOTAL ASSETS, based on Y/E 2011 in 2013 business structure *

* Subsequent to corporate separation

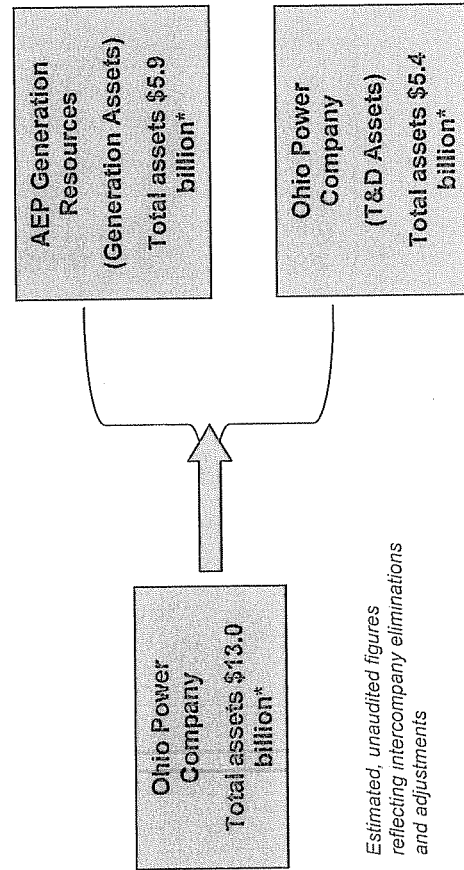
Competitive Companies



- Power Related**
 - AEP Generation Resources
 - AEP Energy Partners
 - AEP Retail Energy
- Bulk Commodity Transport**
 - AEP River Operations

Following corporate separation, we expect earnings contributions to approximate asset split

Corporate Separation in Ohio

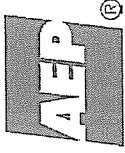


* Estimated, unaudited figures reflecting intercompany eliminations and adjustments

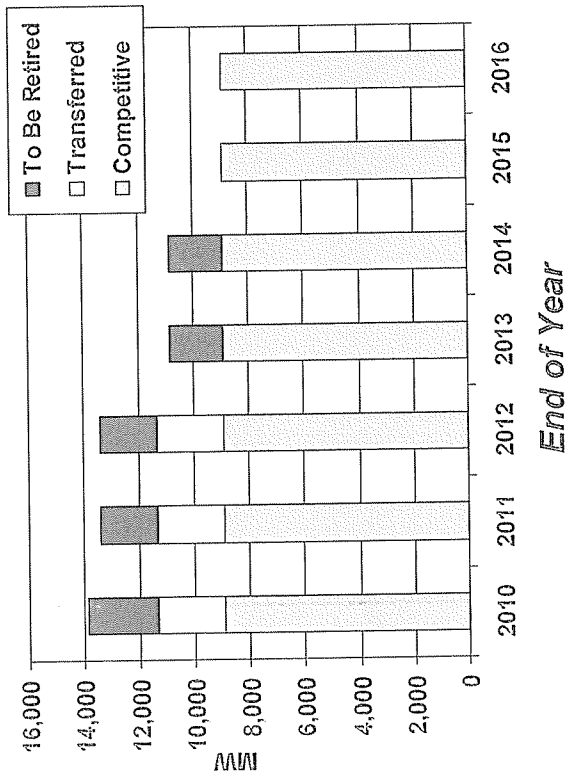
- Corporate separation approved by PUCO in January 2012
- Corporate separation filings at FERC made in February 2012
- Transfer Mitchell and Amos Unit 3 to APCo/KPCo

Corporate Separation filings made at FERC; expect final orders in early 2013

AEP Generation Resources Inc.

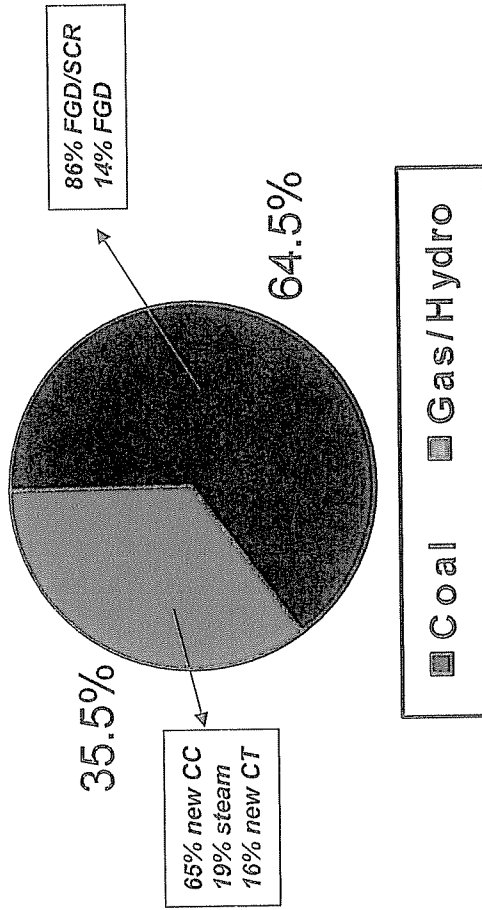


Capacity Profile, 2010-16



Transfers – Mitchell (1,560 MW), Amos Unit 3 (870 MW)
Retirements – 2,538 MW

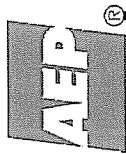
Capacity Mix



2011 Fuel Statistics (Ohio fleet average)
Delivered coal price -- \$2.35/mmBtu (\$56/ton)
Delivered gas price -- \$4.23/mmBtu

AEP Generation Resources capacity position of 8,900 MW in 2015 consists primarily of competitive, controlled coal and natural gas-fired resources

2012 Ongoing Earnings Guidance



2011A: \$3.12/share

2012E: \$3.05 - \$3.25/share

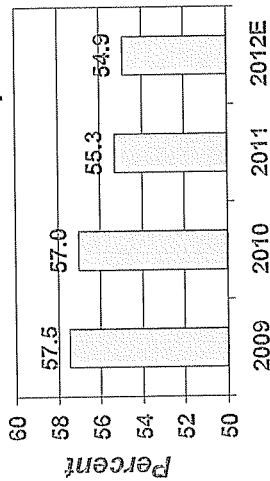
Near-Term Earnings Drivers

- Recovering economy
- Ohio customer switching
- Rate recovery from returns on capital investment
- Off-System Sales/Power Prices
- Continued O&M discipline

AEP's Financial Strength



Debt to Total Cap



55.3%
Year-end 2011
Debt to Total Cap

\$3.25B Credit Facilities

- \$1.5B credit facility extended to June 2015
- \$1.75B credit facility renewed to July 2016
- Supported by 27 bank institutions

Balance Sheet

Liquidity

Pension

Credit Ratings

86% Funded Status at Y/E 2011

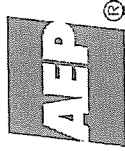
- \$950M contributions in 2010-11
- \$200M contribution planned for 2012 expected to bring funded status >90%
- Investment strategies being reviewed

Investment Grade Credit Rating

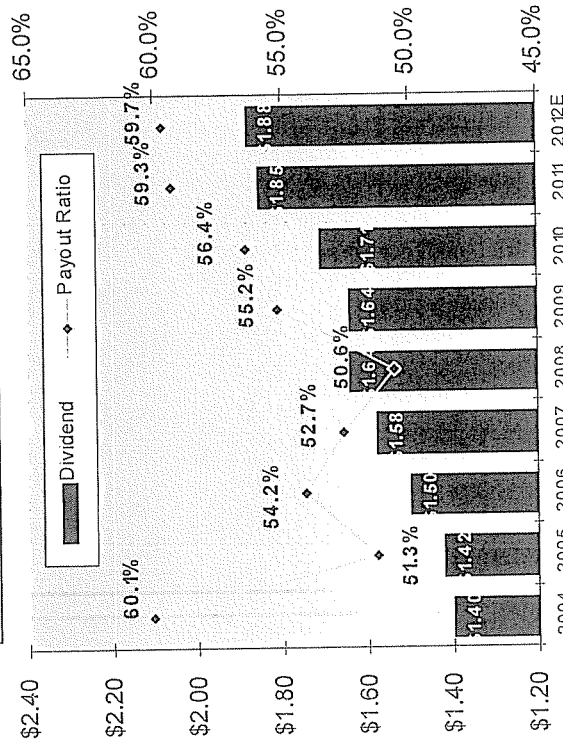
Moody's – Baa2 (stable)
S&P – BBB (stable)
Fitch – BBB (stable)

Solid investment grade credit profile

Dividend Policy and EPS Growth Rate



Dividend Policy



50-60% Payout Ratio

- Expect dividend growth < EPS growth
- Dividend supported by regulated operations

Dividend History

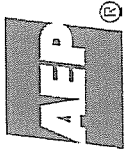
- 40th consecutive quarterly dividend declared
- Dividend growth 4.1% CAGR since 2004

Current Yield of 4.8%

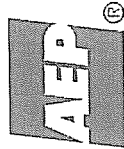
25 Analysts Cover AEP: 8 Buy, 16 Hold, 1 Sell
AEP Total Return Opportunity is 9 - 10%

EPS Growth Rate expected to average 4-6% over several years

- Regulated net PP&E expected to grow at 6%
 - Supports overall earnings growth at the high end of range
 - Efficient allocation of capital
- Ohio Generation in Transition
 - Switching levels and low capacity and energy prices could put pressure on near-term growth
 - Expect uplift in capacity prices due to environmental retirements
- Equity needs over 2012-14 period about \$300M through dividend reinvestment program



Appendix



Detailed Ongoing Earnings Guidance

2011A: \$3.12

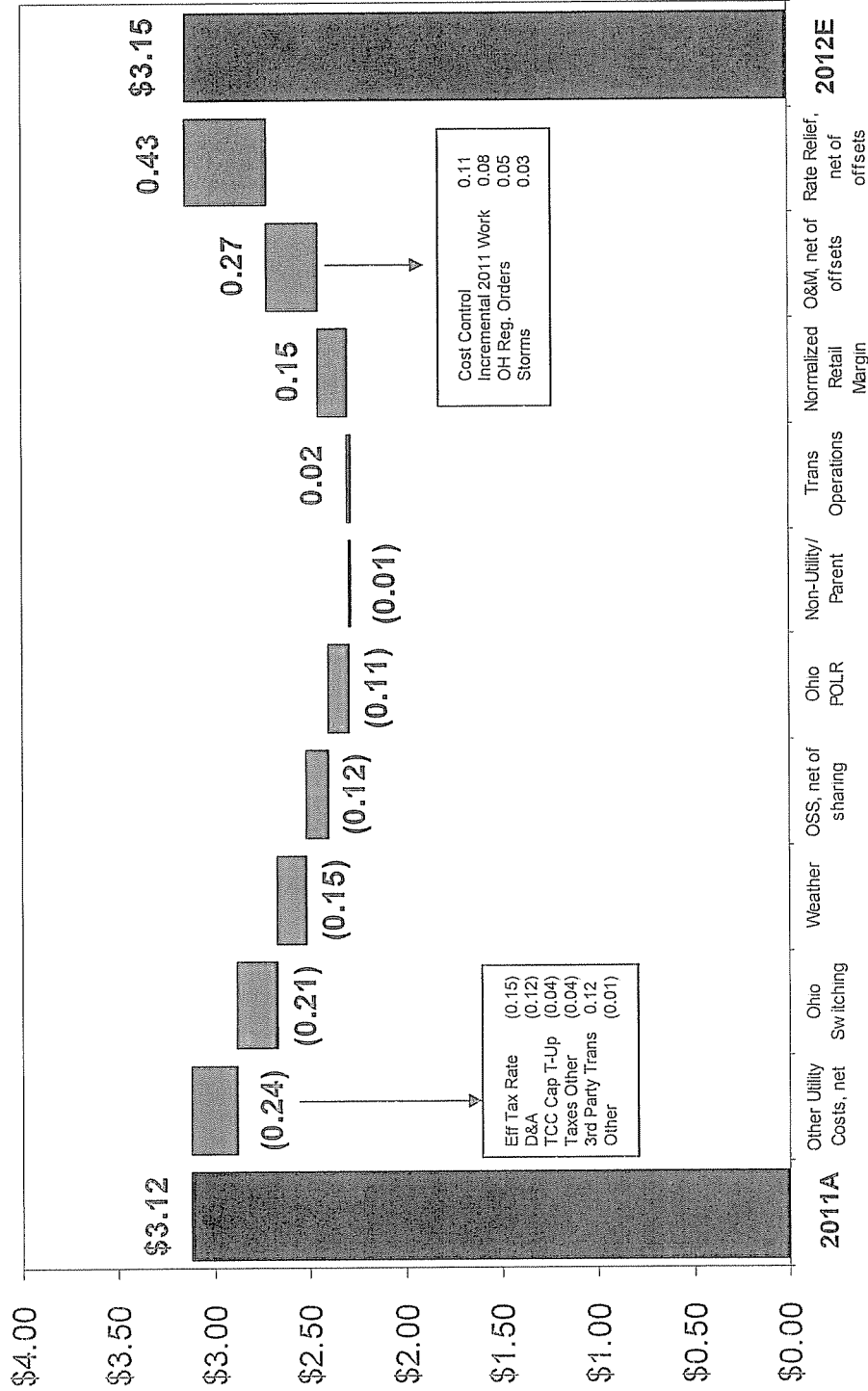
2012E: \$3.05 - \$3.25

AEP Consolidated Financial Results for 2011 Actual Vs 2012 Guidance

	2011 Actual (\$ millions)	Performance Driver	2012 Guidance (\$ millions)
UTILITY OPERATIONS:			
Gross Margin:			
1 East Regulated Integrated Utilities	2,749	66,882 GWH @ \$ 41.1 /MWhr	3,087
2 Ohio Companies	2,673	51,445 GWH @ \$ 52.0 /MWhr	2,530
3 West Regulated Integrated Utilities	1,408	43,380 GWH @ \$ 32.5 /MWhr	1,377
4 Texas Wires	648	29,288 GWH @ \$ 22.1 /MWhr	625
5 Off-System Sales, net of sharing	343	25,693 GWH @ \$ 13.3 /MWhr	250
6 Transmission Revenue - 3rd Party	417		504
7 Other Operating Revenue	507		546
8 Utility Gross Margin	<u>8,745</u>		<u>8,919</u>
9 Operations & Maintenance	(3,544)		(3,416)
10 Depreciation & Amortization	(1,613)		(1,718)
11 Taxes Other Than Income Taxes	(812)		(842)
12 Interest Exp & Preferred Dividend	(891)		(906)
13 Other Income & Deductions	239		214
14 Income Taxes	(669)		(779)
15 Utility Operations On-Going Earnings	<u>1,455</u>		<u>1,472</u>
16 Transmission Operations On-Going Earnings	30		38
NON-UTILITY OPERATIONS:			
17 AEP River Operations	45		57
18 Generation & Marketing	14		(13)
19 Parent & Other On-Going Earnings	(40)		(31)
20 ON-GOING EARNINGS	<u>1,504</u>		<u>1,523</u>

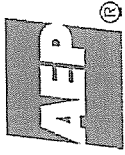


2012 Ongoing Earnings Guidance

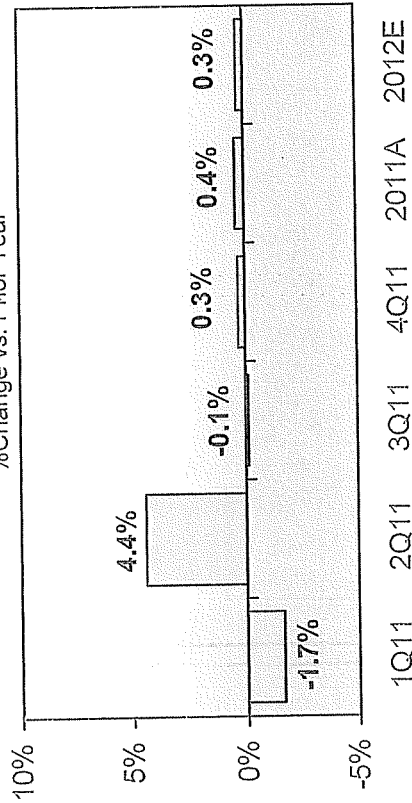


2012 Ongoing Guidance Range: \$3.05- \$3.25 per share

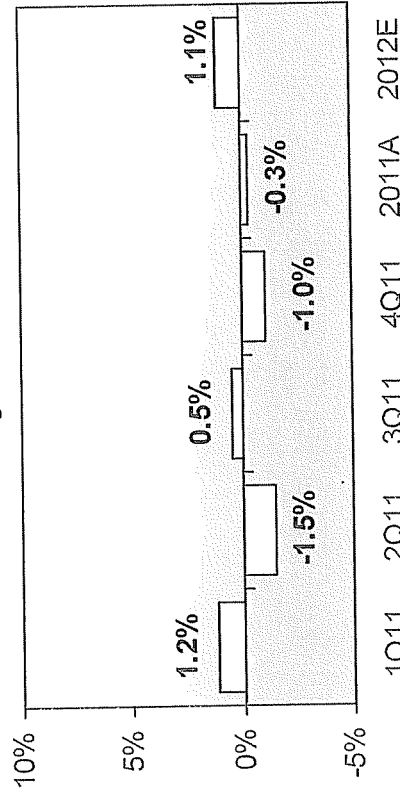
Normalized Retail Load Trends



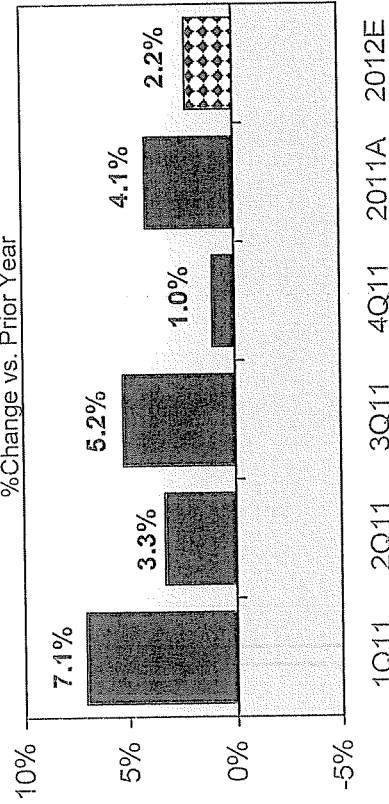
AEP Residential Normalized GWh Sales
%Change vs. Prior Year



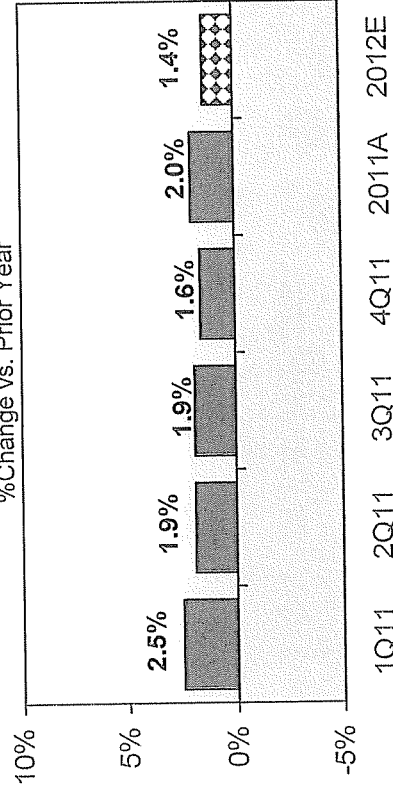
AEP Commercial Normalized GWh Sales
%Change vs. Prior Year



AEP Industrial Normalized GWh Sales
%Change vs. Prior Year



AEP Total Normalized GWh Sales*
%Change vs. Prior Year



Note: Chart represents connected load

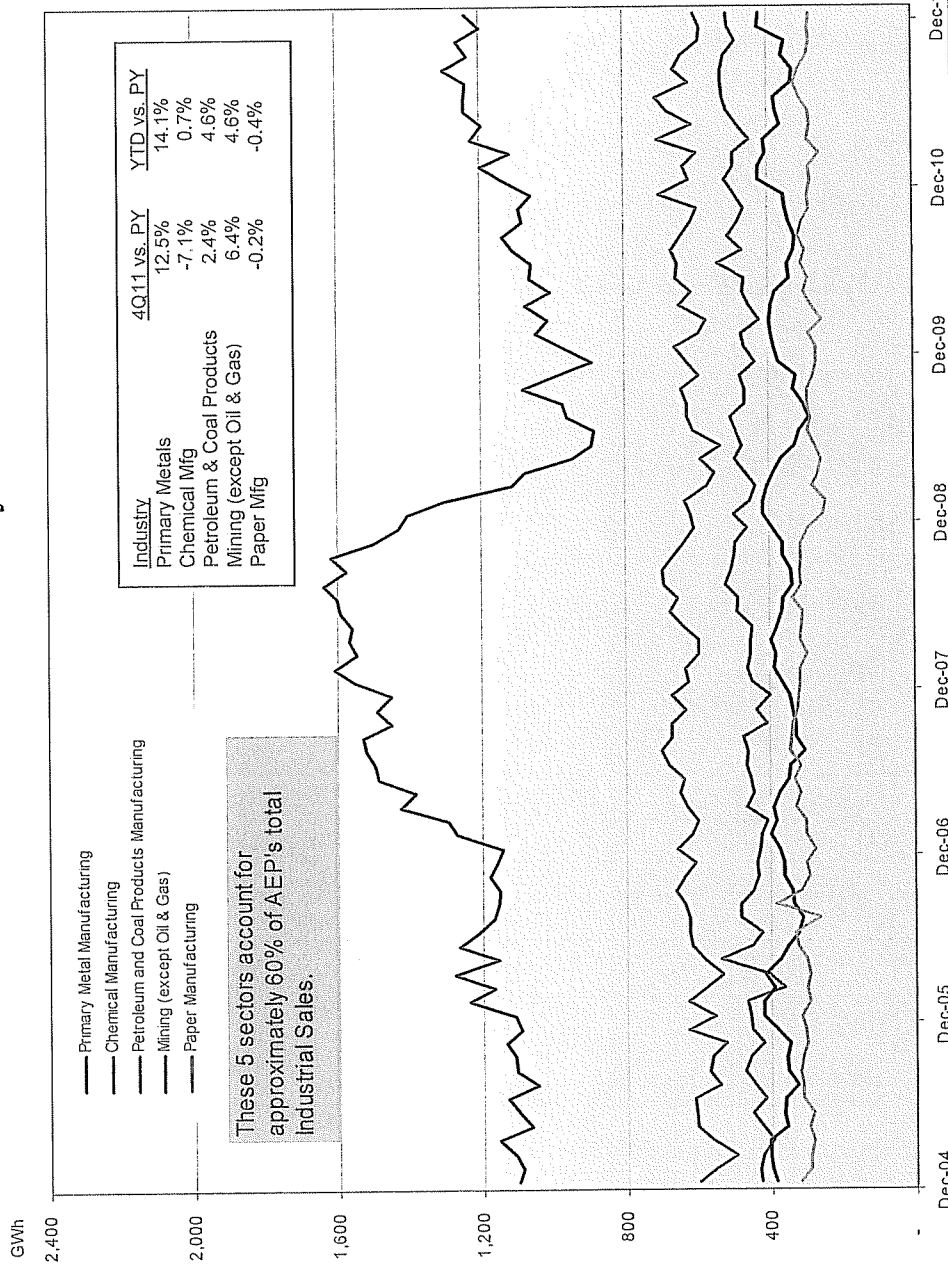
*includes firm wholesale load

Modest load growth of 1.4 percent for 2012



Industrial Sales Volumes

AEP Industrial GWh by Sector

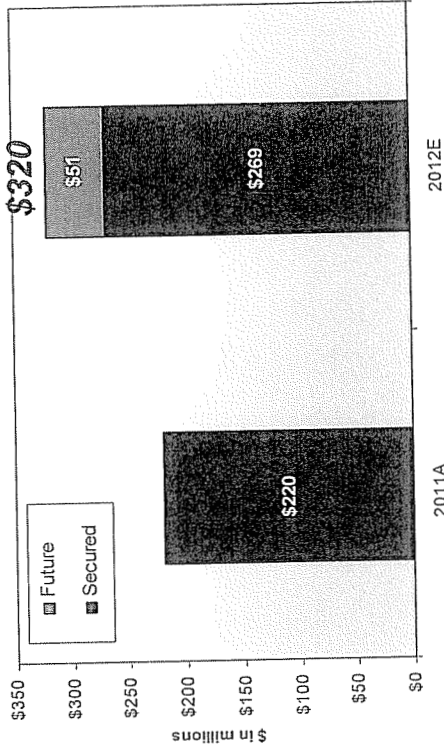


Industrial load near pre-recession levels

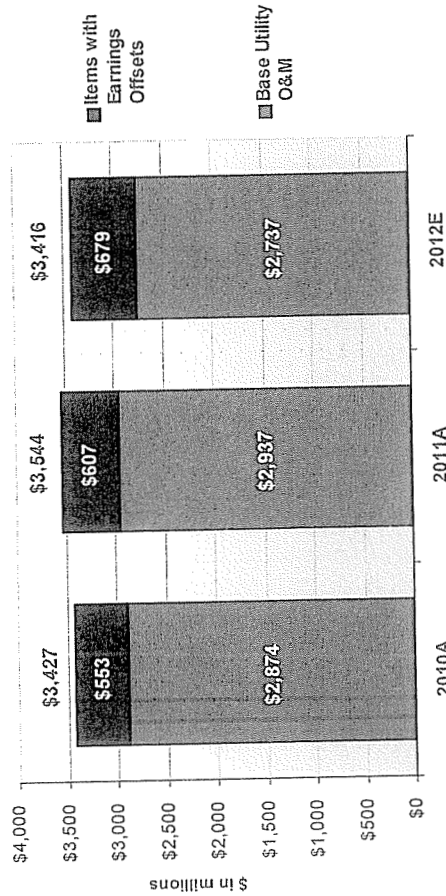


2012 Major Drivers

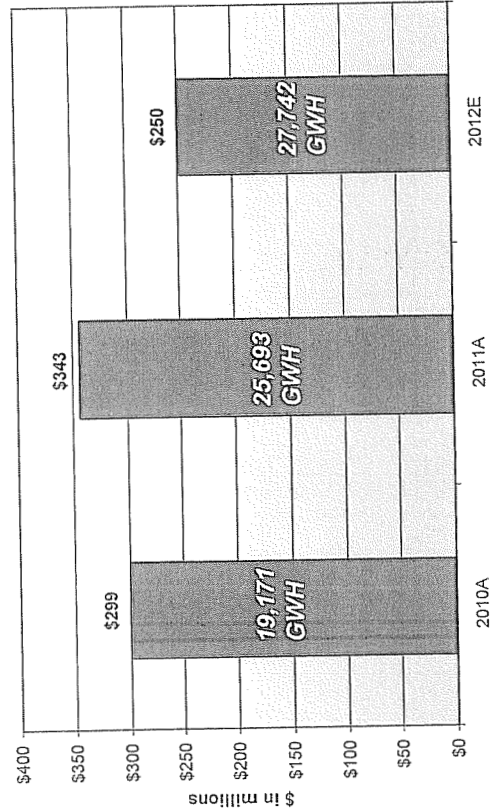
Rate Relief



Utility O&M Expense



OSS Assumptions, net of sharing

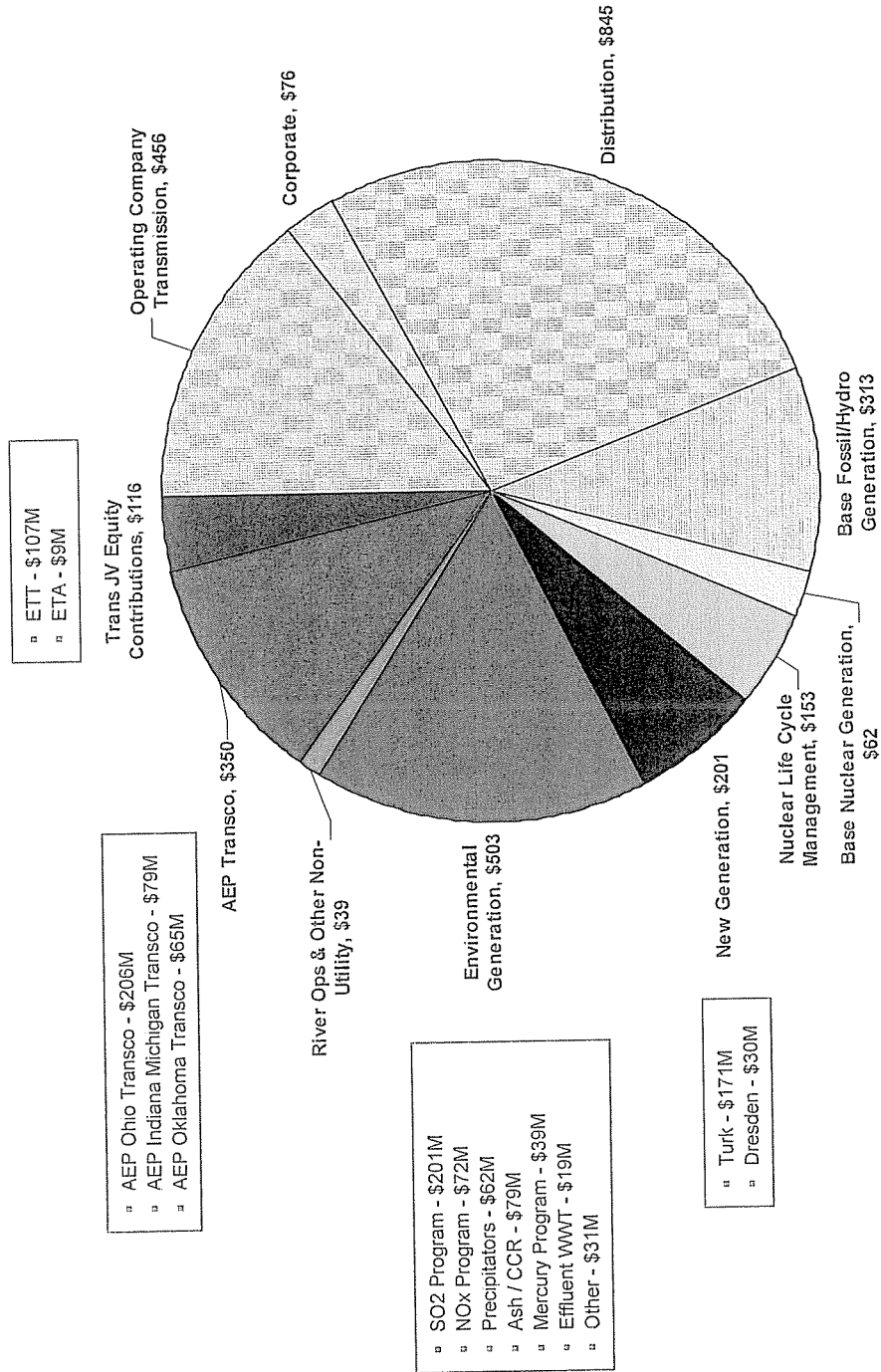


Sensitivities

	Sensitivity	EPS
Retail Sales	0.5%	+/- 0.05
Customer Switching in Ohio (@ RPM)	1.0%	+/- 0.01
Wholesale Market Prices	\$1 MWh	+/- 0.03
O&M Expense (excludes O&M with offsets)	1.0%	+/- 0.04

Note: A \$7.5M change in pre-tax earnings equals \$0.01/share.

2012 Total System Capital



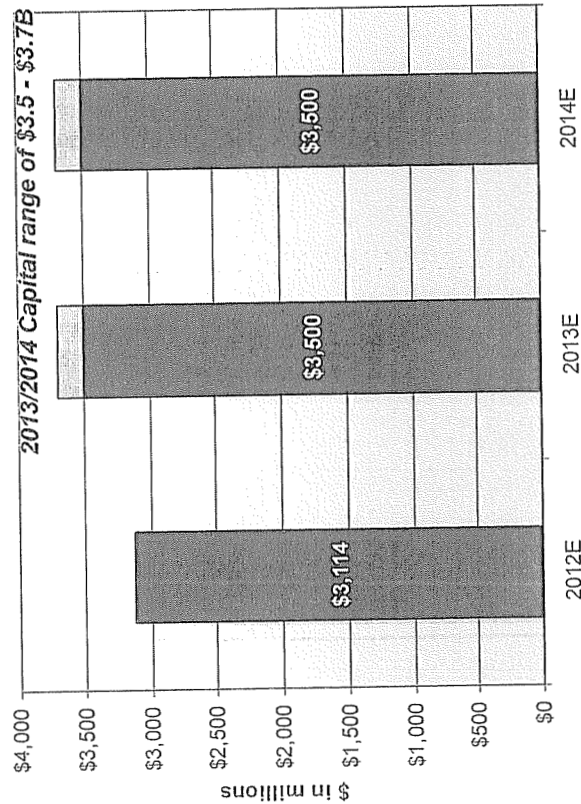
* Excludes AFUDC

Total 2012 Capital & Equity Contributions of \$3.1B

2012 – 2014 Financing Plan



AEP System Capital Spend



\$ in millions	2012E	2013E	2014E
Cash from Operations	3,800	3,700	3,800
Cash from Securitization	800	875	-
Capital & JV Equity Contributions	(3,114)	(3,500)	(3,500)
Other Investing Activities	(350)	(300)	(200)
Common Dividends	(911)	(915)	(919)
Excess (Required) Capital	225	(140)	(819)

Financing (\$ in millions)	2012E	2013E *	2014E *
Excess (Required) Capital	225	(140)	(819)
Retirements **	(1,140)	(1,715)	(1,340)
Debt Issuances (Excluding Securitization)	800	1,750	2,000
Equity Issuances (DRP)	100	100	100
Increase/(Decrease) in Short term debt	(15)	(5)	(59)

* Debt Capital Market Needs for 2013 and 2014 will be refined based on timing, form and approval of corporate separation and asset transfers

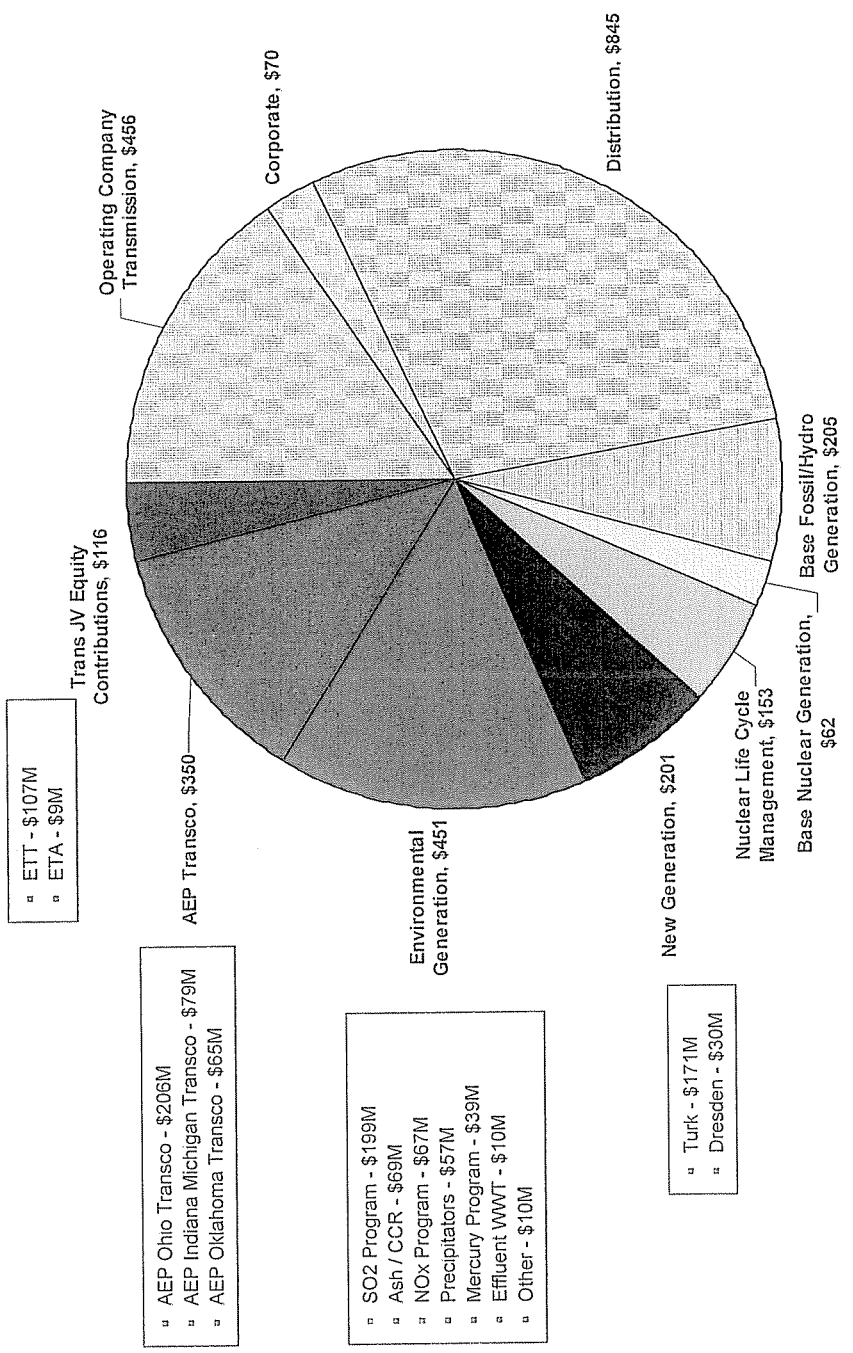
** Retirements includes debt maturities and amortizations

Increased cash receipts and capital discipline keep balance sheet strong

2012 Regulated Capital Spending



2012 Capital & Equity Contributions for Regulated Operations = \$2.9B*



- EIT - \$107M
- ETA - \$9M

- AEP Ohio Transco - \$206M
- AEP Indiana Michigan Transco - \$79M
- AEP Oklahoma Transco - \$65M

- SO2 Program - \$199M
- Ash / CCR - \$69M
- NOx Program - \$67M
- Precipitators - \$57M
- Mercury Program - \$39M
- Effluent WWWT - \$10M
- Other - \$10M

- Turk - \$171M
- Dresden - \$30M

* Excludes AFUDC; includes Mitchell Plant and Amos Unit 3

2013 and 2014 Capital for Regulated Operations is estimated at \$3.4B - \$3.5B

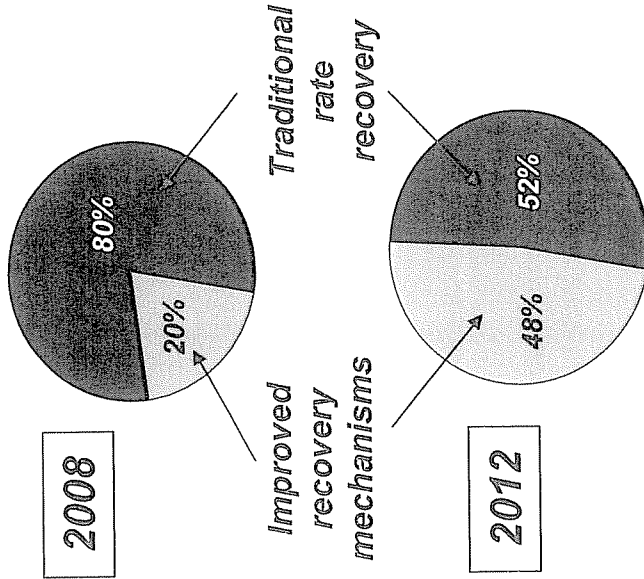
Regulated Operations



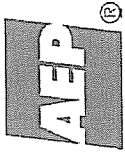
Management Focus on Execution

- Operating Company Focus – strengthen local relationships, earn allowed returns, allocation of capital, rate base growth
- Obtain regulatory approvals for East Pool replacement
- Obtain additional regulatory approvals for state Transcos (WV, VA, KY, AR, LA) and JVs
- Focus on prudence, reliability, financial discipline and capital efficiency

Improved recovery mechanisms in place over time

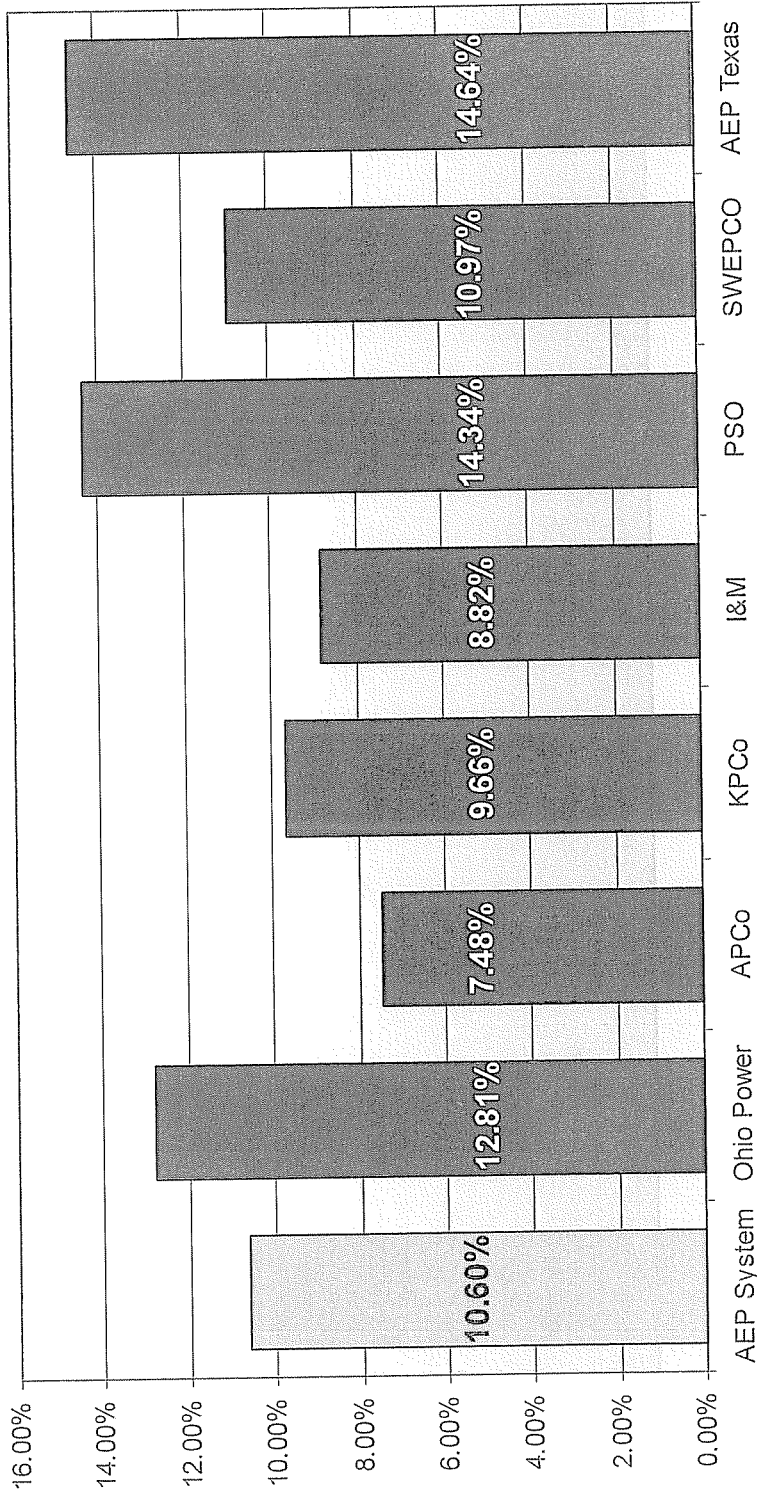


Operating company line-of-sight drives results



Earned ROEs

2011 Proforma* Earned ROEs



* pro-forma adjusts GAAP results by eliminating any material nonrecurring items

The diversity of our portfolio helps mitigate regulatory lag

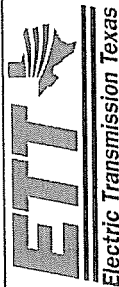
Pending Rate Case



I&M - Indiana	\$ in millions Company Filing	Staff Testimony
Rate increase	\$148.7	n/a
Rate base/investment	\$2,411.9	↓
Return on equity	11.15%	
Equity component	42.67%	

Status: Case filed on September 23, 2011. Hearing on Case in Chief begins February 20, 2012. Staff & Intervenor testimony due April 27, 2012.

Joint Venture Growth Opportunities



Status:
Ongoing Business

- ETT is a 50/50 JV owned by subsidiaries of AEP and MidAmerican Energy Holding Company that constructs and operates transmission projects within ERCOT. Total investment opportunity of more than \$3 billion.
- Debt to equity ratio of 60/40, authorized ROE of 9.96%
- Current rate base of \$565 million as of January 31, 2012
- Projected rate base growth:

Year	Increase	Total Rate Base
2012	\$268M	\$750M
2013	\$480M	\$1,230M
2014	\$920M	\$2,150M



Status:
In Construction

- Prairie Wind is a 50/50 JV owned ETA and Westar Energy to construct approximately 110 miles of double circuit 345 kV transmission line in Kansas.
- Estimated Cost: \$225 million
- Debt to equity ratio of 50/50, authorized ROE of 12.8%
- Estimated In-Service: 2014



- Pioneer is a 50/50 JV owned by AEP and Duke Energy to construct approximately 240-280 miles of 765 kV transmission line in Indiana in multiple phases.
- Debt to equity ratio of 50/50, authorized ROE of 12.54%
- Estimated Cost: \$1 billion

Phase 1:

- Approximately 60-70 miles
- Estimated In-Service Date: 2015*

Status:
MISO Approved

Phases 2 and 3:

- Approximately 170- 220 miles
- Estimated In-Service Date: 2016 - 2018

Status:
Pending inclusion in PJM RTEP

*Estimate based on June 2011 MTEP



Status:
Pending inclusion in PJM RTEP

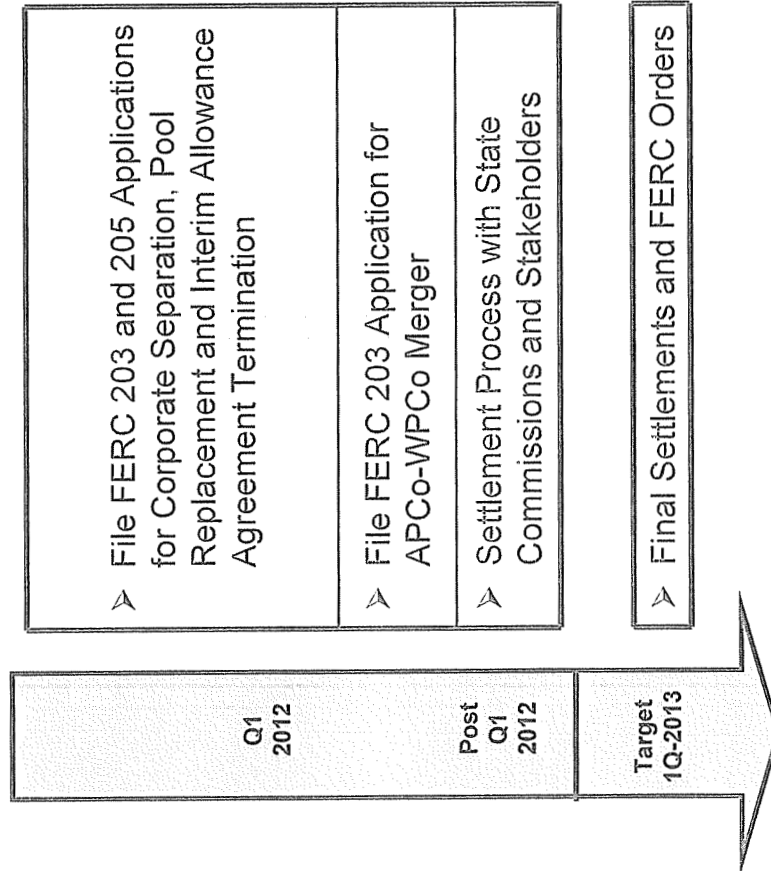
- RITELine is JV owned by AEP, ETA, and Exelon to construct approximately 420 miles of 765 kV transmission line throughout Indiana and Illinois.
- Estimated Cost: \$1.6 billion
- Debt to equity ratio of 45/55, authorized ROE of 11.43%
- Estimated In-Service: 2016 - 2018

*AEP share of RITELine is approximately 20.5%

Corporate Separation Next Steps



Approximate Timeline



Summary of Requests in

FERC Filings:

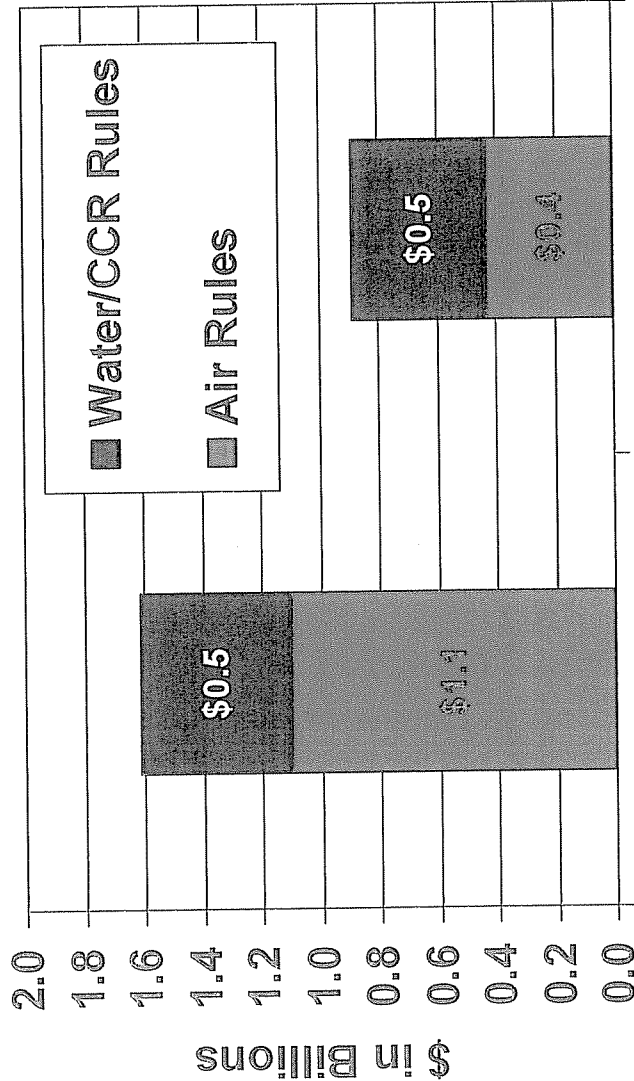
- Corporate Separation of Ohio Power generation assets
- Transfer of Amos Unit 3 and Mitchell Generating Facilities
- Approval of SSO Contract between AEP Generation Resources and Ohio Power (to serve non-shopping load during transition period)
- Approval of Power Cost Sharing Agreement (new 3-company pool)
- Bridge Agreement (interim agreement to address legacy Pool Agreement issues such as FRR obligations)
- Approval of APCo/WPCo merger

Corporate Separation: reasonable process, achievable timeline

Competitive Ohio CAPEX



Competitive generation (OH) environmental CAPEX spending reduced by \$700M for 2012-20 period



June 2011 Estimate Revised Estimate

Note: Estimates reflected above exclude ~ \$800 M related to the Mitchell and Amos 3 Plants (included in regulated capital); Capital reduced due to MATS PM limit changes

All capital for our competitive generation fleet in Ohio is under study due to the change in business environment; capital discipline will be exercised

Ongoing CAPEX

Capital for 2012 is approximately \$160M (about \$15/kW) for the entire Ohio Generation portfolio, mostly allocated to the large, controlled power plants. At this time, we expect 2013 and 2014 to be ~\$100M per year.



2013 / 2014 Transition Factors

Current: 2012 to 1Q 2013	Corporate Separation: 1Q 2013	Transition: 1Q 2013 to May 2015	Market: post May 2015
<p>Merger of Columbus Southern and Ohio Power on 12/31/11</p> <p>APCo, I&M, Kentucky and Ohio Power continue 4-company pooling of generation resources for capacity and energy</p> <p>OSS shared</p> <p>Non-switching customers in Ohio supported by 4-company pool</p> <p><i>Factors: Shopping levels, power prices</i></p>	<p>APCo, I&M, Kentucky Power</p> <p><i>AEP Generation Resources</i></p> <p>Ohio Power</p>	<p>3-company power cost sharing agreement</p> <p>Transfer Mitchell/Amos Bridge Agreement</p> <p>Excess energy after SSO available for competitive market</p> <p>SSO Power Supply Agreement</p> <p>Capacity Energy Fuel clause & non-fuel G-rate</p> <p>SSO for non-switching customers at Power Supply Agreement price</p> <p><i>Factors: Shopping levels, power prices</i></p>	<p>3-company power cost sharing agreement; FRR capacity</p> <p>All capacity and energy available for competitive market</p> <p>RPM Capacity</p> <p>SSO for remaining customers at auction price</p> <p><i>Factors: Fuel costs, power/capacity prices</i></p>

Corporate Separation filings made at FERC; expect final orders in early 2013

Sales, Trading and Marketing

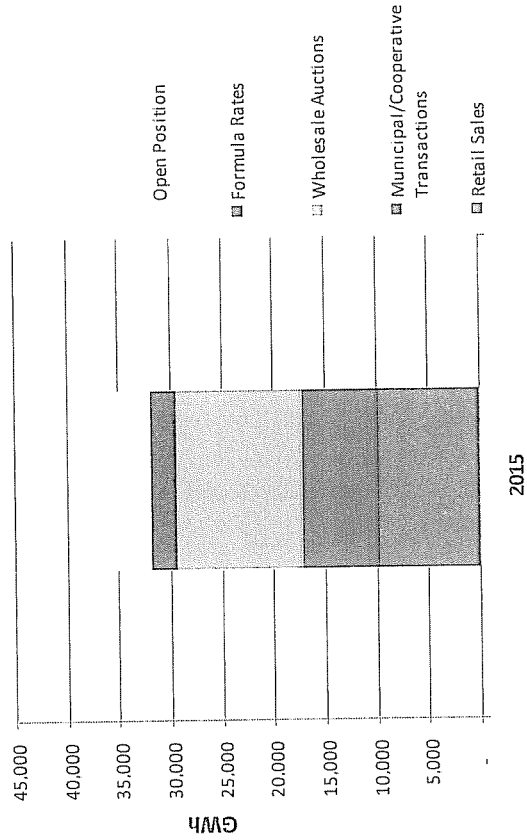


Capacity and Energy Sales

- Capacity sales will be made in the PJM RPM market auction; auction in May of 2012 for the 2015-16 capacity year
- Energy sales will be "optimized" between retail, bilateral contracts (munis/co-ops) wholesale auctions and the PJM market (see graph).
- Recent announcement to acquire BlueStar Energy provides important scale to our back office systems and allows additional leverage into our retail marketing efforts

Hedging Strategy for competitive generation will explore all sales opportunities

Planned Hedging Strategy



Expect hedging levels of 75-80%

Pension and OPEB Estimate



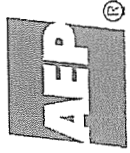
- Investment returns for our pension plan was a positive 8.1% for 2011 despite volatility in the market; OPEB funds were also slightly positive at 0.4%.
- AEP made cash contributions to the pension totaling \$450 million in 2011.
- The pension fund finished the year 86% funded compared to the Projected Benefit Obligation (PBO). The OPEB funds were 63% funded compared to the Accumulated Postretirement Benefit Obligation (APBO).
- We expect to make a discretionary cash contribution of \$200 million to the pension in 2012.
- Discount rates are 4.55% for pension and 4.75% for OPEB for 2012, down substantially from 5.05% and 5.25%, respectively, for 2011.
- Total pension costs are expected to be \$127 million in 2012, up from \$118 million in 2011. Total OPEB costs are expected to be \$95 million in 2012, up from \$73 million in 2011. The O&M share is in the range of 65-70% of the total costs.



Credit Ratings

Current Ratings for AEP, Inc. & Subsidiaries

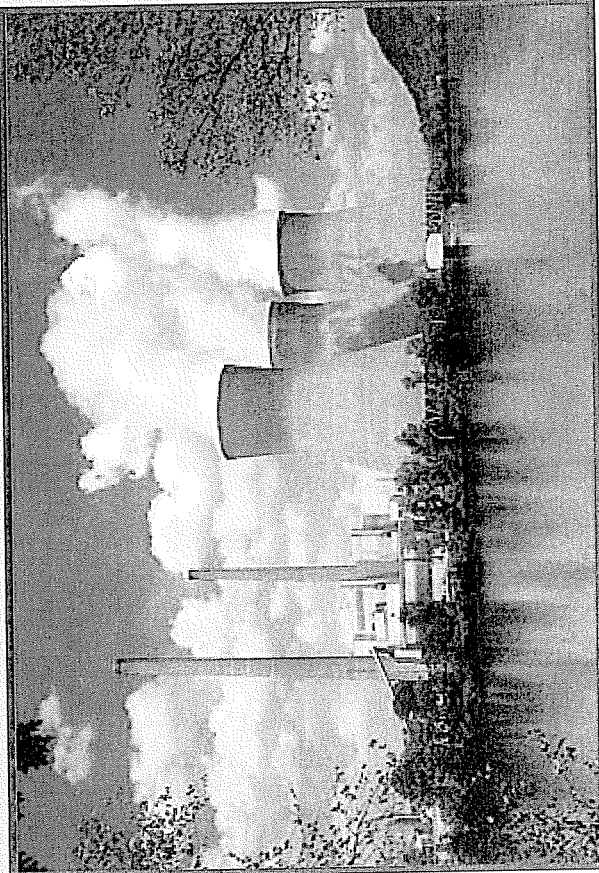
Company	Moody's		S&P		Fitch	
	Senior	Outlook	Senior	Outlook	Senior	Outlook
American Electric Power Company Inc.	Baa2	S	BBB	S	BBB	S
AEP, Inc. Short Term Rating	P2	S	A2	S	F2	S
AEP Texas Central Company	Baa2	S	BBB	S	A-	S
AEP Texas North Company	Baa2	S	BBB	S	A-	S
Appalachian Power Company	Baa2	S	BBB	S	BBB	S
Indiana Michigan Power Company	Baa2	S	BBB	S	BBB	S
Kentucky Power Company	Baa2	S	BBB	S	BBB	S
Ohio Power Company	Baa1	S	BBB	S	A-	S
Public Service Company of Oklahoma	Baa1	S	BBB	S	BBB+	S
Southwestern Electric Power Company	Baa3	S	BBB	S	BBB	S



Long-term Debt Maturities

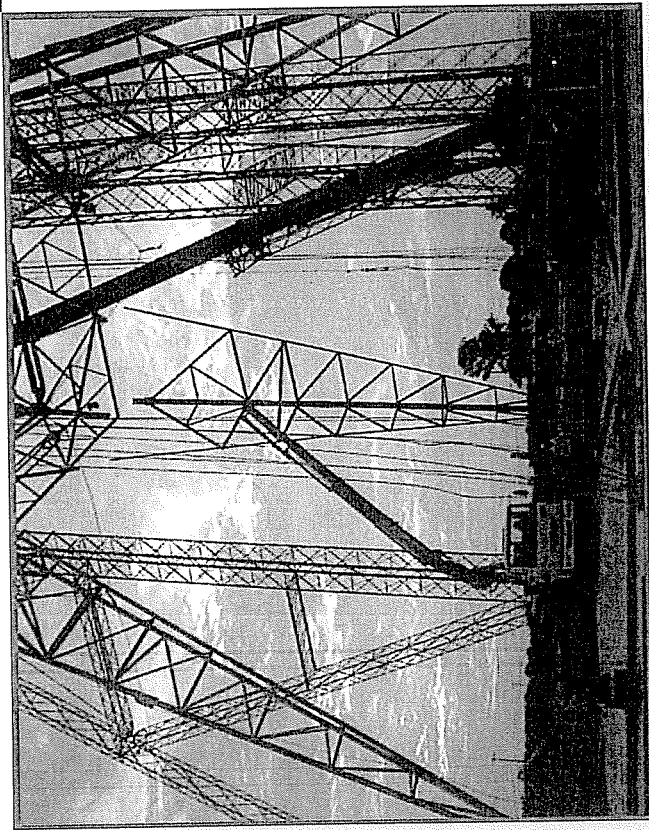
	(\$ in millions)		
Year	2012	2013	2014
AEP, Inc.	-	-	-
AEP Generating Company	-	-	\$45
Appalachian Power	\$365	\$195	\$204
Indiana Michigan Power	\$100	\$77	\$275
Kentucky Power	-	-	-
Ohio Power	\$195	\$856	\$404
Public Service of Oklahoma	-	-	\$34
Southwestern Electric Power	\$20	-	-
Texas Central Company	\$60	-	-
Texas North Company	-	\$225	-
Total	\$740	\$1,353	\$962

Data as of December 31, 2011

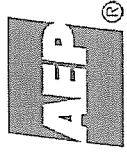


**4Q11 Earnings Release
Presentation
January 27, 2012**

AEP
**AMERICAN[®]
ELECTRIC
POWER**



“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995



This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: the economic climate and growth in, or contraction within, our service territory and changes in market demand and demographic patterns, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impairing our ability to finance new capital projects and refinance existing debt at attractive rates, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, electric load, customer growth and the impact of retail competition, particularly in Ohio, weather conditions, including storms, and our ability to recover significant storm restoration costs through applicable rate mechanisms, available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters, availability of necessary generating capacity and the performance of our generating plants, our ability to resolve I&M's Donald C. Cook Nuclear Plant Unit 1 restoration and outage-related issues through warranty, insurance and the regulatory process, our ability to recover regulatory assets and stranded costs in connection with deregulation, our ability to recover increases in fuel and other energy costs through regulated or competitive electric rates, our ability to build or acquire generating capacity, including the Turk Plant, and transmission line facilities (including our ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs (including the costs of projects that are cancelled) through applicable rate cases or competitive rates, new legislation, litigation and government regulation including oversight of energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances or additional regulation of fly ash and similar combustion products that could impact the continued operation and cost recovery of our plants, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, our ability to constrain operation and maintenance costs, our ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas and other energy-related commodities, changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, volatility and changes in markets for electricity, natural gas, coal, nuclear fuel and other energy-related commodities, changes in utility regulation, including the implementation of ESPs and the expected legal separation and transition to market for generation in Ohio and the allocation of costs within regional transmission organizations, including PJM and SPP, accounting pronouncements periodically issued by accounting standard-setting bodies, the impact of volatility in the capital markets on the value of the investments held by our pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact on future funding requirements, prices and demand for power that we generate and sell at wholesale, changes in technology, particularly with respect to new, developing or alternative sources of generation, our ability to recover through rates or prices any remaining unrecovered investment in generating units that may be retired before the end of their previously projected useful lives, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including nuclear fuel and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

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4Q11 Performance



Fourth Quarter Reconciliation

	EPS	Ongoing Earnings (\$ in millions)
4Q10	\$ 0.38	\$179
Regulatory Disallowances	\$ (0.14)	
Weather	\$ (0.07)	
Retail Margin	\$ (0.04)	
POLR Remand	\$ (0.04)	
Customer Switching	\$ (0.04)	
Operations & Maintenance	\$ (0.03)	
Off-System Sales	\$ (0.01)	
TCC True-Up Remand	\$ 0.01	
Rate Changes	\$ 0.03	
2009 SEET Refund	\$ 0.06	
Utility Operations Income Taxes	\$ 0.13	
Other	\$ 0.16	
4Q11	\$ 0.40	\$194

EPS Based on 483MM shares in Q411

4Q11 Performance Drivers

- Regulatory Disallowances in Virginia and Ohio of \$107M
- Weather was unfavorable by \$49M vs. prior year, unfavorable \$33M vs. normal
- Retail Margins down \$22M
- Loss of POLR revenues from Ohio ESP Remand ruling \$32M
- Gross Customer Switching up \$31M
- O&M expense net of offsets increased \$19M primarily due to accrual of Ohio donations required as part of the orders received in December 2011
- Off-System Sales, net of sharing, were unfavorable by \$5M due to lower power prices
- Income from carrying costs related to TCC True-up Remand \$10M
- Rate Changes net of offsets of \$26M from multiple operating jurisdictions
- SEET refund in 2010 of \$43M related to PUCO order in the 2009 SEET filing for CSPCo
- Utility Operations Income taxes decreased \$62M due to favorable audit settlements for prior years
- Other favorable primarily due to 2010 unfavorable items, an increase in transmission operations earnings and a decrease in interest expense

December YTD 2011 Performance



YTD 2011 Performance Drivers

- Regulatory Disallowances in Virginia and Ohio of \$107M
- Weather was unfavorable by \$49M vs. prior year, favorable \$113M vs. normal
- Retail Margins down \$34M
- Loss of POLR revenues from Ohio ESP Remand ruling \$75M
- Gross Customer Switching up \$107M
- O&M expense net of offsets increased \$63M, primarily due to higher storm expenses and accrual of Ohio donations required as part of the orders received in December 2011
- Off-System Sales, net of shaming, were favorable by \$44M due to higher volumes
- Income from carrying costs related to TCC True-up Remand \$38M
- Rate Changes net of offsets of \$188M from multiple operating jurisdictions
- SEET refund in 2010 of \$43M related to PUCO order in the 2009 SEET filing for CSPCo
- Utility Operations Income taxes decreased \$62M due to favorable audit settlements for prior years
- Other favorable primarily due to 2010 unfavorable items, and lower interest expense in 2011

December YTD 2011 Reconciliation

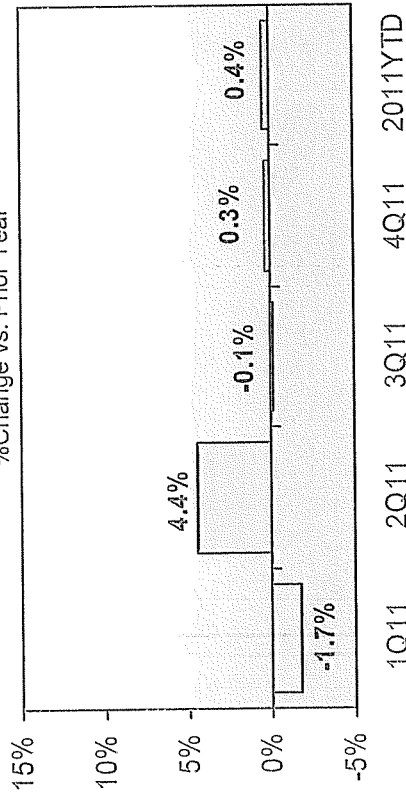
	EPS	Ongoing Earnings (\$ in millions)
2010	3.03	\$1,451
Regulatory Disallowances	(0.14)	
Weather	(0.07)	
Retail Margin	(0.05)	
POLR Remand	(0.10)	
Customer Switching	(0.14)	
Operations & Maintenance	(0.09)	
Off-System Sales	0.06	
TCC True-Up Remand	0.05	
Rate Changes	0.25	
2009 SEET Refund	0.06	
Utility Operations Income Taxes	0.13	
Other	0.13	
2011	3.12	\$1,504

EPS Based on 482MM shares in YTD11

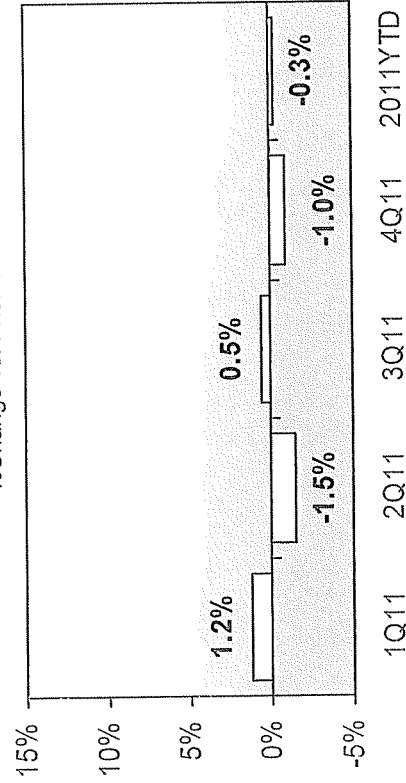
Normalized Load Trends



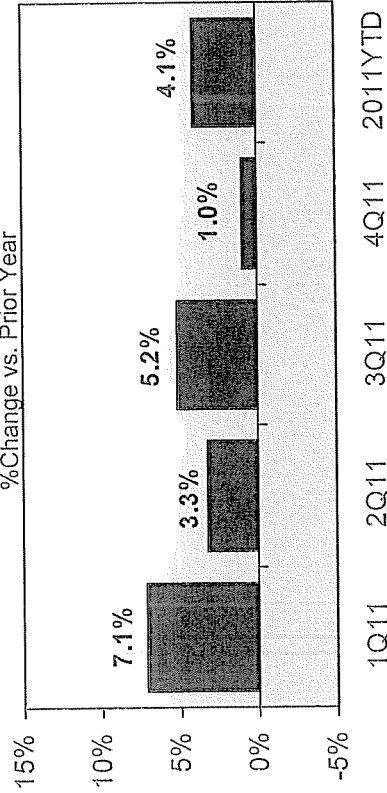
AEP Residential Normalized GWh Sales
%Change vs. Prior Year



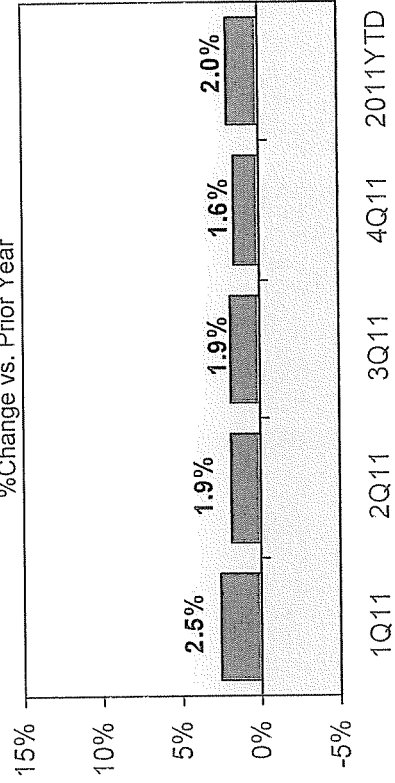
AEP Commercial Normalized GWh Sales
%Change vs. Prior Year



AEP Industrial Normalized GWh Sales
%Change vs. Prior Year



AEP Total Normalized GWh Sales*
%Change vs. Prior Year



Note: Chart represents connected load

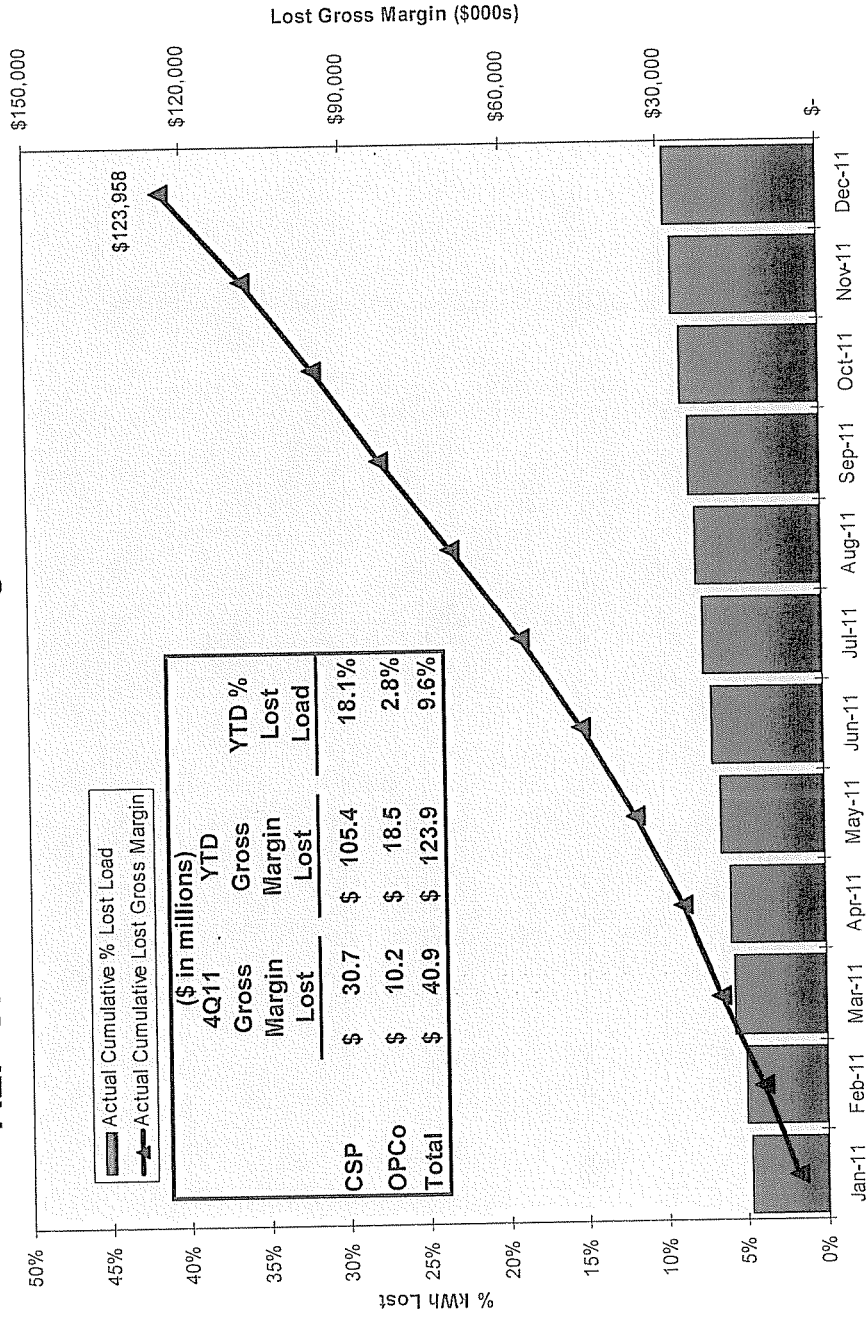
*includes firm wholesale load

Industrial sales continue to lead load growth



Customer Switching

AEP-OH Customers Choosing Other Energy Providers

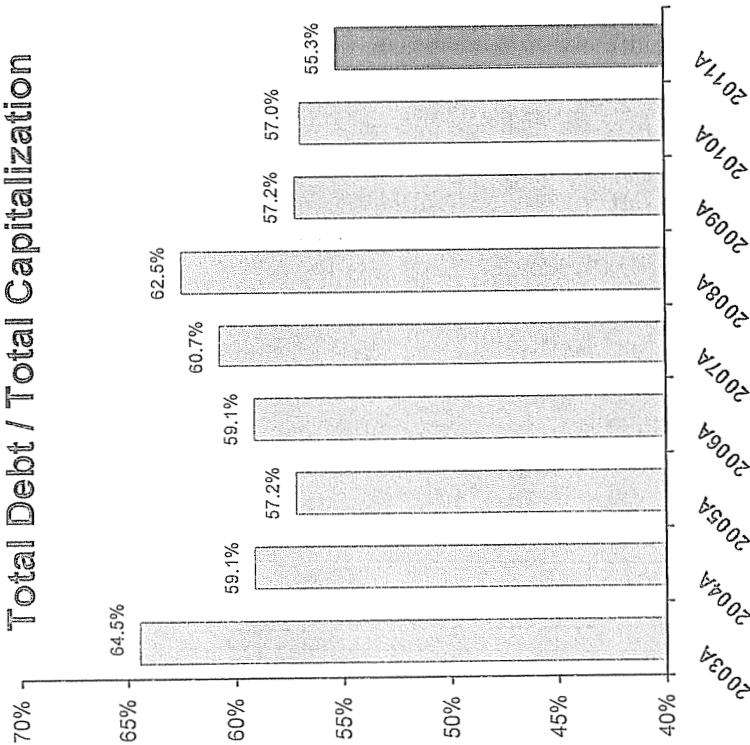


Customer switching impacts above partially offset by off-system sales and capacity revenues

Capitalization & Liquidity



Total Debt / Total Capitalization



Note: Total Debt is calculated according to GAAP and includes securitized debt

Credit Statistics

	Actual	Target
FFO Interest Coverage	4.6	>3.6x
FFO To Total Debt	18.7%	15%-20%

Note: Credit statistics represent the trailing 12 months as of 12/31/2011

Liquidity Summary (12/31/2011)

Liquidity Summary (unaudited)	Actual Amount	Maturity
Revolving Credit Facility	\$ 1,750	Jul-16
Revolving Credit Facility	1,500	Jun-15
Total Credit Facilities	3,250	
Plus		
Cash & Cash Equivalents	221	
Less		
Commercial Paper Outstanding	(967)	
Letters of credit issued	(141)	
Net available Liquidity	\$ 2,363	

Strong balance sheet, solid credit metrics and adequate liquidity



4Q11 Earnings

	\$ millions			Earnings Per Share		
	4th Qtr	4th Qtr	Change	4th Qtr	4th Qtr	Change
	2010	2011		2010	2011	
Utility Operations	\$ 180	\$ 175	\$ (5)	\$ 0.38	\$ 0.37	\$ (0.01)
Transmission Operations	5	11	6	0.01	0.02	0.01
Non-Utility Operations	29	16	(13)	0.06	0.03	(0.03)
Parent & Other	(35)	(8)	27	(0.07)	(0.02)	0.05
AEP On-Going Earnings	179	194	15	0.38	0.40	0.02
Cost Reduction Initiative	(3)	-	3	(0.01)	-	0.01
Texas Capacity Auction, Tax	-	133	133	-	0.28	0.28
Normalization & Carrying Charges	-	18	18	-	0.04	0.04
Carbon Capture & Storage	-	(32)	(32)	-	(0.07)	(0.07)
Turk Impairment	-	(5)	(5)	-	(0.01)	(0.01)
Other	-	(5)	(5)	-	(0.01)	(0.01)
Special Items Total	(3)	114	117	(0.01)	0.24	0.25
Reported Earnings (GAAP)	\$ 176	\$ 308	\$ 132	\$ 0.37	\$ 0.64	\$ 0.27

Quarterly Performance Comparison



American Electric Power
Financial Results for 4th Quarter 2011 Actual vs 4th Quarter 2010 Actual

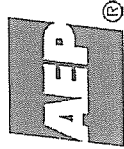
	Performance Driver	2010 Actual (\$ millions)	EPS	Performance Driver	2011 Actual (\$ millions)	EPS
UTILITY OPERATIONS:						
Gross Margin:						
1	East Regulated Integrated Utilities	17,337 GWh @ \$ 41.7 /MWhr =	723	16,209 GWh @ \$ 38.1 /MWhr =	617	
2	Ohio Companies	12,732 GWh @ \$ 50.8 /MWhr =	647	13,220 GWh @ \$ 43.4 /MWhr =	573	
3	West Regulated Integrated Utilities	9,359 GWh @ \$ 29.1 /MWhr =	273	9,469 GWh @ \$ 31.4 /MWhr =	298	
4	Texas Wires	6,024 GWh @ \$ 23.0 /MWhr =	139	6,304 GWh @ \$ 23.2 /MWhr =	146	
5	Off-System Sales	3,133 GWh @ \$ 17.7 /MWhr =	55	3,461 GWh @ \$ 14.6 /MWhr =	50	
6	Transmission Revenue - 3rd Party		91		106	
7	Other Operating Revenue		108		105	
8	Utility Gross Margin	2,036			1,895	
9	Operations & Maintenance	(960)		(980)		
10	Depreciation & Amortization	(393)		(387)		
11	Taxes Other than Income Taxes	(198)		(194)		
12	Interest Exp & Preferred Dividend	(233)		(208)		
13	Other Income & Deductions	40		51		
14	Income Taxes	(112)		(2)		
15	Utility Operations On-Going Earnings	180	0.38	175		0.37
16	Transmission Operations On-Going Earnings	5	0.01	11		0.02
NON-UTILITY OPERATIONS:						
17	AEP River Operations	21	0.04	22		0.04
18	Generation & Marketing	8	0.02	(6)		(0.01)
PARENT & OTHER:						
19	Parent Company On-Going Earnings	(43)		(11)		
20	Other Investments	8		3		
21	Parent & Other On-Going Earnings	(35)	(0.07)	(8)		(0.02)
22	ON-GOING EARNINGS	179	0.38	194		0.40

Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.



December YTD Earnings

	\$ millions		Earnings Per Share		
	Dec YTD 2010	Dec YTD 2011	Dec YTD 2010	Dec YTD 2011	Change
	\$ 1,419	\$ 1,455	\$ 2.97	\$ 3.02	\$ 0.05
Utility Operations		\$ 36			
Transmission Operations	10	30	0.02	0.06	0.04
Non-Utility Operations	65	59	0.13	0.12	(0.01)
Parent & Other	(43)	(40)	(0.09)	(0.08)	0.01
AEP On-Going Earnings	1,451	1,504	3.03	3.12	0.09
Cost Reduction Initiative	(185)	-	(0.39)	-	0.39
Medicare D Subsidy	(21)	-	(0.04)	-	0.04
Texas Capacity Auction, Tax Normalization & Carrying Charges	-	558	-	1.16	1.16
Sporn Unit 5 Retirement	-	(31)	-	(0.06)	(0.06)
MR5 - Suspended Scrubber	-	(27)	-	(0.06)	(0.06)
Turk impairment	-	(32)	-	(0.07)	(0.07)
Carbon Capture & Storage	(34)	(13)	(0.07)	(0.03)	0.04
Litigation Settlement Enron Bankruptcy	-	(22)	-	(0.05)	(0.05)
Other	-	4	-	0.01	0.01
Special Items Total	(240)	437	(0.50)	0.90	1.40
Reported Earnings (GAAP)	\$ 1,211	\$ 1,941	\$ 2.53	\$ 4.02	\$ 1.49



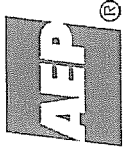
YTD 2011 Performance Comparison

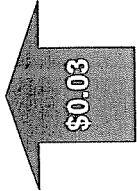
American Electric Power
 Financial Results for YTD December 2011 Actual vs YTD December 2010 Actual

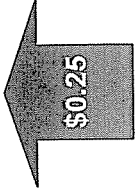
	Performance Driver	2010 Actual (\$ millions)	EPS	Performance Driver	2011 Actual (\$ millions)	EPS
UTILITY OPERATIONS:						
Gross Margin:						
1	East Regulated Integrated Utilities	68,761 GWh @ \$ 41.9 /MWhr =	2,882	66,832 GWh @ \$ 41.1 /MWhr =	2,749	
2	Ohio Companies	49,465 GWh @ \$ 56.6 /MWhr =	2,800	51,445 GWh @ \$ 52.0 /MWhr =	2,673	
3	West Regulated Integrated Utilities	42,131 GWh @ \$ 31.4 /MWhr =	1,322	43,380 GWh @ \$ 32.5 /MWhr =	1,408	
4	Texas Wires	27,348 GWh @ \$ 22.3 /MWhr =	611	28,288 GWh @ \$ 22.1 /MWhr =	648	
5	Off-System Sales	19,172 GWh @ \$ 15.6 /MWhr =	299	25,693 GWh @ \$ 13.3 /MWhr =	343	
6	Transmission Revenue - 3rd Party		369		417	
7	Other Operating Revenue	511			507	
8	Utility Gross Margin	8,794			8,745	
9	Operations & Maintenance	(3,427)			(3,544)	
10	Depreciation & Amortization	(1,598)			(1,613)	
11	Taxes Other than Income Taxes	(801)			(812)	
12	Interest Exp & Preferred Dividend	(945)			(891)	
13	Other Income & Deductions	154			239	
14	Income Taxes	(758)			(669)	
15	Utility Operations On-Going Earnings	1,419	2.97		1,455	3.02
16	Transmission Operations On-Going Earnings	10	0.02		30	0.06
NON-UTILITY OPERATIONS:						
17	AEP River Operations	40	0.08		45	0.09
18	Generation & Marketing	25	0.05		14	0.03
PARENT & OTHER:						
19	Parent Company On-Going Earnings	(83)			(52)	
20	Other Investments	40			12	
21	Parent & Other On-Going Earnings	(43)	(0.09)		(40)	(0.08)
22	ON-GOING EARNINGS	1,451	3.03		1,504	3.12

Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.

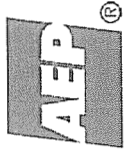
Retail Rate Performance



	Rate Changes, net of trackers (in millions)
	4Q11 vs. 4Q10
East Regulated Integrated Utilities	\$11
Ohio Companies	\$5
West Regulated Integrated Utilities	\$10
Texas Wires	\$0
AEP System Total	\$26
Impact on EPS	

	Rate Changes, net of trackers (in millions)
	YTD11 vs. YTD10
East Regulated Integrated Utilities	\$116
Ohio Companies	\$40
West Regulated Integrated Utilities	\$32
Texas Wires	\$0
AEP System Total	\$188
Impact on EPS	

4Q11 Retail Performance

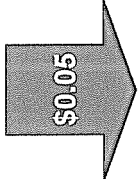


	Retail Load* (weather normalized)	Weather Impact (in millions)
	4Q11 vs. 4Q10	4Q11 vs. 4Q10
East Regulated Integrated Utilities	(2.0%)	(\$39)
Ohio Companies	1.5%	(\$16)
West Regulated Integrated Utilities	0.7%	\$3
Texas Wires	2.2%	\$3
Impact on EPS	\$0.04	\$0.07

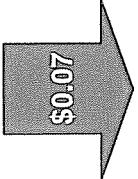
* Excludes firm wholesale load

YTD 2011 Retail Performance



	Retail Load* (weather normalized)
	YTD11 vs. YTD10
East Regulated Integrated Utilities	(1.2%)
Ohio Companies	3.2%
West Regulated Integrated Utilities	2.4%
Texas Wires	3.2%
Impact on EPS	

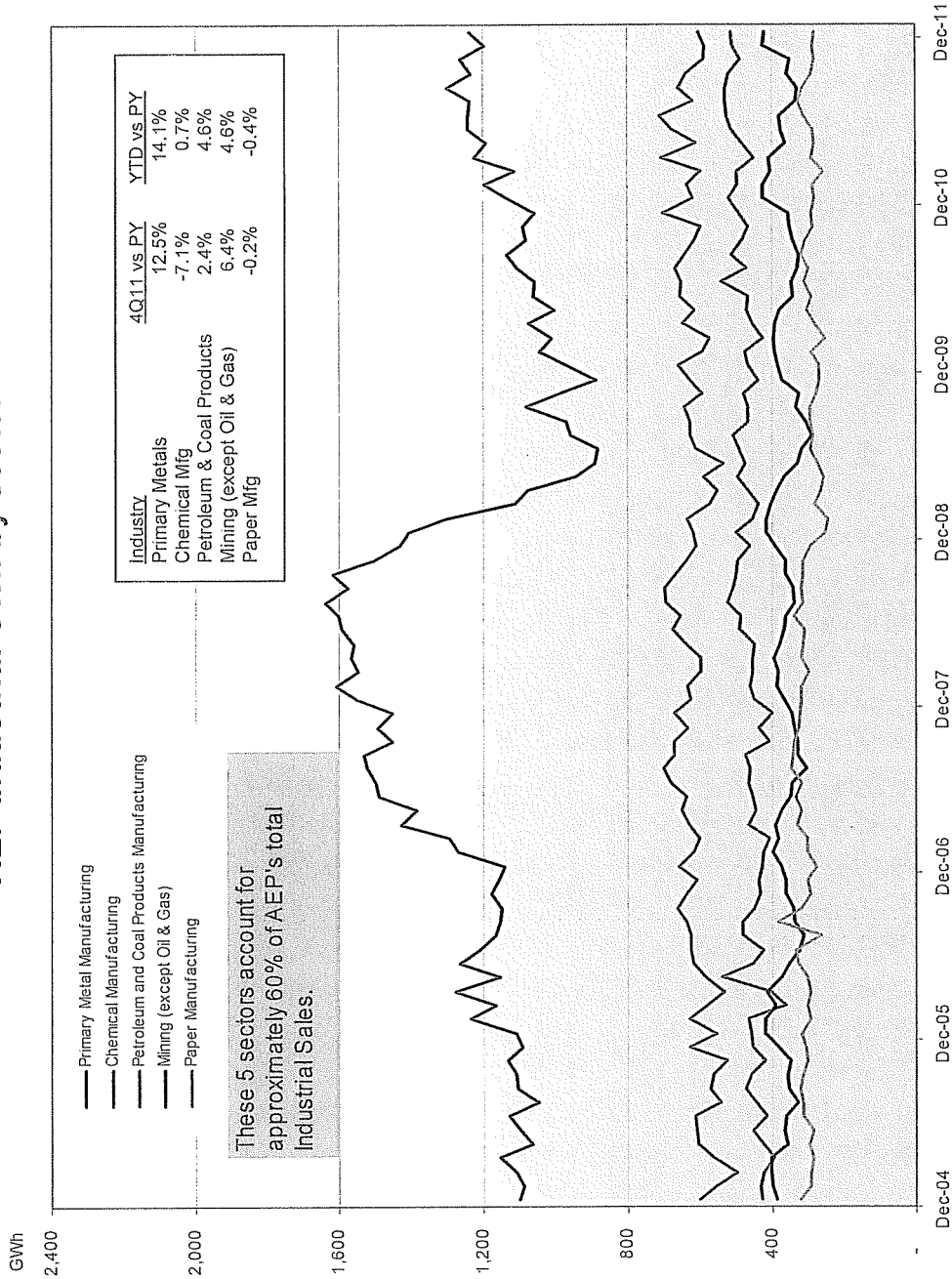
* Excludes firm wholesale load

	Weather Impact (in millions)
	YTD11 vs. YTD10
East Regulated Integrated Utilities	(\$63)
Ohio Companies	(\$24)
West Regulated Integrated Utilities	\$18
Texas Wires	\$20
Impact on EPS	



Industrial Sales Volumes

AEP Industrial GWh by Sector



Off System Sales Gross Margin Detail



4Q11

	4Q10		4Q11	
	GWh	Realization (\$millions)	GWh	Realization (\$millions)
OSS Physical Sales	3,133	\$ 16.28	3,461	\$ 11.85
Marketing/Trading	-	\$ 51	-	\$ 41
Pre-Sharing Gross Margin	3,133	\$ 21	3,461	\$ 13
Margin Shared	-	\$ 72	-	\$ 54
Net OSS	-	\$ (17)	-	\$ (4)
		\$ 55		\$ 50

- Physical off-system sales margins decreased from last year by \$10M
- Volumes up 10% versus last year
- AEP/Dayton Hub pricing: 2% decrease in liquidation prices
- Lower Trading & Marketing results by \$7M

YTD11

	YTD10		YTD11	
	GWh	Realization (\$millions)	GWh	Realization (\$millions)
OSS Physical Sales	19,171	\$ 15.11	25,693	\$ 14.48
Marketing/Trading	-	\$ 290	-	\$ 372
Pre-Sharing Gross Margin	19,171	\$ 126	25,693	\$ 103
Margin Shared	-	\$ 416	-	\$ 475
Net OSS	-	\$ (117)	-	\$ (132)
		\$ 299		\$ 343

- Physical off-system sales margins exceeded last year by \$82M
- Volumes up 34% versus last year
- AEP/Dayton Hub pricing: 3% increase in liquidation prices
- Lower Trading & Marketing results by \$23M