CASE NUMBER:

99-149

PRD 160
Rev. 9/03

RECORD REQUEST

Public Records Division — Kentucky Department for Libraries and Archives

Requesting Agency: Public Service Commission

Unit: Filings Division - Docket Branch

Mailing Address: CALL WHEN READY TO PICK UP

Requested By (Name): ~~Susan Hutcherson~~ Charla Masters

Telephone Number: (502) 564-3940 ext. 402

Action: To be picked up

Date: 5/25

Request For: ☐ Original ☐ Photocopy

Location in Center	Accession Number	Unit Number	Record Series Title	Identification Number (Voucher, Case, Etc.)	To Be Returned?	Date Record Out	Date Record In
VII-I-255		Box # 37	Case # 99-267				
VI-D-71		21	99-149				
VI-C-58		7	99-070				

Retrieved By/Date: Dave 25 May 04

Return Record To:

☐ State Records Center
851 East Main Street
Frankfort, KY 40601
(502) 564-3617

☐ State Archives Center
300 Coffee Tree Rd., Box 537
Frankfort, KY 40601
(502) 875-7000

IMPORTANT: Keep This Form Attached to Record!

KY. PUBLIC SERVICE COMMISSION

Index for Case: 1999-00149 AS OF : 03/06/07

American Electric Power

Transfer / Sale / Purchase / Merger

OF KENTUCKY POWER & CENTRAL AND SOUTH WEST CORPORATION

IN THE MATTER OF THE JOINT APPLICATION OF KENTUCK POWER COMPANY, AMERICAN ELECTRIC POWER COMPANY, INC. AND CENTRAL AND SOUTH WEST CORPORATION REGARDING A PROPOSED MERGER

SEQ NBR		Date	Remarks
1	(M)	04/14/99	MOTION TO ENTER PROCEDURAL ORDER & TO SCHEDULE INFORMAL CONFERENCE (MARK OVERSTREET / KENTUCKY POWER)
2		04/15/99	Application.
3		04/15/99	Acknowledgement letter.
4		04/20/99	Order setting forth the procedural schedule to be followed in this case.
5		04/22/99	No deficiency letter.
6	(M)	04/22/99	MOTION TO INTERVENE (E BLACKFORD AG)
7	(M)	04/22/99	DUPLICATE OF NOTICE AND REQUEST TO PUBLISH (ERROL WAGNER AMERICAN ELECTIRC POWER)
8	(M)	04/23/99	STIPULATION & SETTLEMENT AGREEMENT (PSC)
9	(M)	04/27/99	LETTER CONCERNING MEETING ON MAY 4,99 & REQ FOR ORDER TO BE ENTERED (MARK OVERSTREET)
10	(M)	04/27/99	MOTION TO INTERVENE (KES SMITTY TAYLOR)
11		04/28/99	Data Request Order; info due 5/4/99 from KPC, AEP and Central & So. West Corp.
12	(M)	04/28/99	REQUEST FOR INFORMATION TO KY POWER CO & AMERICAN ELETRIC POWER (AG E BLACKFORD)
13	(M)	04/28/99	JOINT APPLICANTS RESP TO STAFF ORAL DATA REQ 2-4 MADE APRIL 22,99 (MARK OVERSTREET KY POWER,AMMERICAN E)
14	(M)	04/29/99	ASSESMENT OF GENERATION & TRANSMISSION ADEQUACY (KY POWER & AMERICAN ELECTRIC POWER)
15		04/30/99	Order scheduling IC on 5/4/99 at 9:30 in Hearing Room 2.
16		05/04/99	Order granting motion of Attorney General for full intervention.
17		05/04/99	Order granting motion of Kentucky Electric Steel for full intervention.
18	(M)	05/04/99	PETITION TO INTERVENE (DAVID BOEHM KIUC)
19	(M)	05/04/99	RESPONSE TO INFO REQ DATED APRIL 28,99 (MARK OVERSTREET KY POWER)
20		05/07/99	Letter granting pet. for conf. filed 4/29/99 on behalf of AEP and KPC.
21	(M)	05/07/99	SUPPLEMENTAL RESPONSE TO DATA REQUEST (MARK OVERSTREET / KY POWER)
22		05/11/99	Data Request Order, response due 5/17/99.
23		05/11/99	Order granting motion of the KIUC to intervene.
24	(M)	05/11/99	SECOND REQUEST FOR INFO. PROPOUNDED BY THE A.G. (ELIZABETH BLACKFORD ASS. ATTORN. GEN)
25		05/14/99	Order scheduling IC on 5/17/99 at 9:30 in Hearing Room 2.
26	(M)	05/14/99	MOTION FOR FULL INTERVENTION (J D MYLES KY ASSOC OF PLUMBING HEAT)
27	(M)	05/17/99	RESPONSE TO PSC INFO REQ DATED MAY 11,99 (MARK OVERSTREET KY POWER)
28	(M)	05/18/99	OPPOSITION OF JOINT APPLICATNS TO MOTION OF KY ASSOCIATION (MARK OVERSTREET KENTUCKY POWER)
29		05/19/99	Order scheduling IC on 5-20-99 at 2p.m. in Hearing Room 2.
30		05/20/99	Order denying the Contractors' motion to intervene
31	(M)	05/24/99	STIPULATION & SETTLEMENT AGREEMENT (MARK OVERSTREET)
32	(M)	05/26/99	DIRECT TESTIMONY OF RICHARD MUNCZINSKI (MARK OVERSTREET AMERICAN ELETRIC POW)
33	(M)	05/26/99	ORIGINAL 16,19,17 PAGES WITH ORIGINAL SIGNATURES (MARK OVERSTREET AMERICAN ELECTRIC PO)
34	(M)	05/27/99	MOTION FOR RECONSIDERATION (JD MYLES ATTORNEY)
35	(M)	06/03/99	OPPOSITION TO JOINT MOTION OF KY ASSOC OF PLUMBING & KY PROPANE (KY POWER & CENTRAL & SOUTH WEST CORP)
36		06/14/99	Final Order approving terms and conditions of attached Settlement Agreement.
37	(M)	06/14/99	Hearing held on 5/28/99. (Connie Sewell/Court Reporter)

38	(M)	07/02/99	REVISED TARIFF (MARK OVERSTREET AMERICAN ELELCTRIC P)
39	(M)	12/08/00	Errol K Wagner - American Electric Power - AEP's responses to the information requests pursuant to the Commission's Order dated June 14, 1999.
40	(M)	01/31/01	COPY OF LETTER INTENDS TO SERVE TO SECURITIES & EXCHANGE COMMISSION (ERROL K. WAGNER AEP)
41		02/22/01	Letter to Errol Wagner, addressing his concerns.
42	(M)	04/18/01	RESPONSE TO ORDER OF FEB 22,01 (ERROL WAGNER AMERICAN ELECTRIC POWER)
43	(M)	05/15/01	RESPONSE TO COMMISSION'S ORDER (MARK OVERSTREET/KY POWER)
44	(M)	08/10/01	Mark R Overstreet - Stites & Harbison - REPORTS FOR THE PERIODS ENDING MARCH 31, 2001 AND JUNE 30, 2001
45	(M)	11/26/01	Response to Commission's Order of June 14, 1999
46	(M)	05/15/02	Mark R Overstreet - Stites & Harbison - Supplementary response to the data request set forth in the Order of June 14,99
47	(M)	08/30/02	Mark R Overstreet - Stites & Harbison - Revised Net Merger Savings Credit Tariff
48	(M)	08/30/02	Mark R Overstreet - Stites & Harbison - Revised Net Merger Savings Credit Tariff & supporting calculations
49	(M)	11/26/02	Mark R Overstreet - Stites & Harbison - Supplementary responses of KY Power to the data requests set forth in the PSC Order dated June 14,99
50	(M)	05/16/03	Mark R Overstreet - Stites & Harbison - Responses of Kentucky Power to the data requests set forth in the PSC Order of June 14, 99 they are for the period of December 31, 02
51	(M)	06/09/03	Mark R Overstreet - Stites & Harbison - Responses to data requests set forth in the June 14, 1999 order filed by American Electric Power
52	(M)	08/20/03	Mark R Overstreet - Stites & Harbison - Supplemental responses of Kentucky Power to the data request set forth in the PSC Order of June 14, 1999
53	(M)	11/21/03	Mark R Overstreet - Stites & Harbison - Supplemental responses of Kentucky Power to the data request set forth in the PSC Order of June 99
54	(M)	03/24/04	Mark R Overstreet - Stites & Harbison - Supplemental responses of American Electric Power to PSC June 14, 99 Order & requests to reconsider June 14, 99 Order requiring quarterly filings
55	(M)	05/18/04	Mark R Overstreet - Stites & Harbison - AEP supplemental responses to PSC June 14, 99 Order for Year ended Dec 31, 03 & quarter ended March 31, 04
56		06/14/04	Order entered; the 6/14/1999 Order is modified to the limited extent that the information required to be filed quarterly shall be filed annually, and all information required to be filed annually shall be due by March 31 of each year, beginning March 31, 2005; Kentucky Power's request to file its annual information by May 15 of each year is denied
57	(M)	06/29/04	Mark R Overstreet - Stites & Harbison - American Electric Power's Petition for rehearing
58		07/16/04	Order entered; the 6/14/2004 Order is amended to require the annual filing of information to be due by May 15 or each year, beginning 3/15/2005; All other provisions of the 6/14/2004 Order shall remain in full force and effect
59	(M)	08/01/05	Mark R Overstreet - Stites & Harbison - Revised response of Kentucky Power to Item 15 that was filed May 16, 2005
60	(M)	08/22/05	Errol K Wagner - American Electric Power - Net merger tariff from Kentucky Power
61	(M)	05/15/06	Mark R Overstreet - Stites & Harbison - Supplemental responses of Kentucky Power to the PSC June 14, 99 Order

STITES & HARBISON PLLC
ATTORNEYS

421 West Main Street
Post Office Box 634
Frankfort, KY 40602-0634
(502) 223-3477
(502) 223-4124 Fax
www.stites.com

June 9, 2003

RECEIVED
JUN 09 2003
PUBLIC SERVICE COMMISSION

Mark R. Overstreet
(502) 209-1219
moverstreet@stites.com

Thomas M. Dorman
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RE: ***P.S.C. Case No. 99-149*** (Merger of American Electric Power Company and Central and South West Corporation)

Dear Mr. Dorman:

Please find and accept for filing Item No. 1, Attachment No. 3 to the May 16, 2003 Supplementary Responses of Kentucky Power Company d/b/a American Electric Power to the Data Requests set forth in the Commission's Order dated June 14, 1999 in the above-styled action. The information being supplied was not available at the time American Electric Power made its May 16, 2003 filing.

Copies of this letter and Item No. 1, Attachment No. 3 are being served today on the persons listed below.

Very truly yours,

Mark R. Overstreet

cc: David F. Boehm
Elizabeth E. Blackford
William H. Jones, Jr.

KE057:KE131:9372:FRANKFORT

KPSC Case No 99-149
Item No. 1
Attachment 3

RECEIVED

JUN 0 9 2003

PUBLIC SERVICE COMMISSION

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

FORM U-13-60

ANNUAL REPORT

FOR THE PERIOD

Beginning January 1, 2002 and Ending December 31, 2002

TO THE

U.S. SECURITIES AND EXCHANGE COMMISSION

OF

AMERICAN ELECTRIC POWER SERVICE CORPORATION
(Exact Name of Reporting Company)

A Subsidiary Service Company
("Mutual" or "Subsidiary")

Date of Incorporation December 17, 1937 If not Incorporated, Date of Organization ________.

State or Sovereign Power under which Incorporated or Organized New York

Location of Principal Executive Offices of Reporting Company Columbus, Ohio

Name, title, and address of officer to whom correspondence concerning this report should be addressed:

S. S. Bennett	Assistant Controller	1 Riverside Plaza Columbus, Ohio 43215
(Name)	(Title)	(Address)

Name of Principal Holding Company under which Reporting Company is organized:

AMERICAN ELECTRIC POWER COMPANY, INC.

INSTRUCTIONS FOR USE OF FORM U-13-60

1. **Time of Filing.** Rule 94 provides that on or before the first day of May in each calendar year, each mutual service company and each subsidiary service company as to which the Commission shall have made a favorable finding pursuant to Rule 88, and every service company whose application for approval or declaration pursuant to Rule 88 is pending shall file with the Commission an annual report on Form U-13-60 and in accordance with the Instructions for that form.

2. **Number of Copies.** Each annual report shall be filed in duplicate. The company should prepare and retain at least one extra copy for itself in case correspondence with reference to the report becomes necessary.

3. **Period Covered by Report.** The first report filed by any company shall cover the period from the date the Uniform System of Accounts was required to be made effective as to that company under Rules 82 and 93 to the end of that calendar year. Subsequent reports should cover a calendar year.

4. **Report Format.** Reports shall be submitted on the forms prepared by the Commission. If the space provided on any sheet of such form is inadequate, additional sheets may be inserted of the same size as a sheet of the form or folded to each size.

5. **Money Amounts Displayed.** All money amounts required to be shown in financial statements may be expressed in whole dollars, in thousands of dollars or in hundred thousands of dollars, as appropriate and subject to provisions of Regulation S-X (210.3-01(b)).

6. **Deficits Displayed.** Deficits and other like entries shall be indicated by the use of either brackets or a parenthesis with corresponding reference in footnotes. (Regulation S-X,210.3-01(c))

7. **Major Amendments or Corrections.** Any company desiring to amend or correct a major omission or error in a report after it has been filed with the Commission shall submit an amended report including only those pages, schedules, and entries that are to be amended or corrected. A cover letter shall be submitted requesting the Commission to incorporate the amended report changes and shall be signed by a duly authorized officer of the company.

8. **Definitions.** Definitions contained in Instruction 01-8 to the Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, Public Utility Holding Company Act of 1935, as amended February 2, 1979 shall be applicable to words or terms used specifically within this Form U-13-60.

9. **Organization Chart.** The service company shall submit with each annual report a copy of its current organization chart.

10. **Methods of Allocation.** The service company shall submit with each annual report a listing of the currently effective methods of allocation being used by the service company and on file with the Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935.

11. **Annual Statement of Compensation for Use of Capital Billed.** The service company shall submit with each annual report a copy of the annual statement supplied to each associate company in support of the amount of compensation for use of capital billed during the calendar year.

LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

SCHEDULE I - COMPARATIVE BALANCE SHEET
(In Thousands)

Instructions: Give balance sheet of the Company as of December 31 of the current and prior year.

ACCOUNT	ASSETS AND OTHER DEBITS	AS OF DECEMBER 31 2002	AS OF DECEMBER 31 2001
	SERVICE COMPANY PROPERTY		
101-106	Service company property (Schedule II)	$ 349,559	$ 359,889
107	Construction work in progress (Schedule II)	52,829	128,566
	Total Property	402,388	488,455
108-111	Less: Accumulated provision for depreciation and amortization of service company property (Schedule III)	183,942	185,528
	Net Service Company Property	218,446	302,927
	INVESTMENTS		
123	Investments in associate companies (Schedule IV)	-	-
124	Other investments (Schedule IV)	101,462	102,663
	Total Investments	101,462	102,663
	CURRENT AND ACCRUED ASSETS		
131	Cash	2,544	2,271
134	Special deposits	84	75
135	Working funds	371	369
136	Temporary cash investments (Schedule IV)	-	-
141	Notes receivable	54	12
143	Accounts receivable	13,113	12,015
144	Accumulated provision for uncollectible accounts	(408)	-
145	Advances to Affiliates	-	22,382
146	Accounts receivable from associate companies (Schedule V)	483,095	194,052
152	Fuel stock expenses undistributed (Schedule VI)	-	-
154	Materials and supplies	13	-
163	Stores expense undistributed (Schedule VII)	-	-
165	Prepayments	4,781	3,562
174	Miscellaneous current and accrued assets (Schedule VIII)	-	-
	Total Current and Accrued Assets	503,647	234,738
	DEFERRED DEBITS		
181	Unamortized debt expense	2,562	4,150
184	Clearing accounts	952	718
186	Miscellaneous deferred debits (Schedule IX)	3,548	1,597
188	Research, development, or demonstration expenditures (Sch. X)	-	-
190	Accumulated deferred income taxes	156,092	185,586
	Total Deferred Debits	163,154	192,051
	TOTAL ASSETS AND OTHER DEBITS	$ 986,709	$ 832,379

Note: Unamortized debt expense includes unamortized loss on reacquired debt of $2,562,232 at December 31, 2002 and $2,989,271 at December 31, 2001.

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

SCHEDULE I - COMPARATIVE BALANCE SHEET
(In Thousands)

Instructions: Give balance sheet of the Company as of December 31 of the current and prior year.

ACCOUNT	LIABILITIES AND PROPRIETARY CAPITAL	AS OF DECEMBER 31 2002	2001
	PROPRIETARY CAPITAL		
201	Common stock issued (Schedule XI)	$ 1,450	$ 1,450
211	Miscellaneous paid-in-capital (Schedule XI)	(126,763)	(10,023)
215	Appropriated retained earnings (Schedule XI)	-	-
216	Unappropriated retained earnings (Schedule XI)	-	-
	Total Proprietary Capital	(125,313)	(8,573)
	LONG-TERM DEBT		
223	Advances from associate companies (Schedule XII)	1,100	1,100
224	Other long-term debt (Schedule XII)	54,000	56,000
225	Unamortized premium on long-term debt	-	-
226	Unamortized discount on long-term debt-debit	-	-
	Total Long-Term Debt	55,100	57,100
	OTHER NONCURRENT LIABILITIES		
227	Obligations under capital leases - Noncurrent	22,383	32,212
224.6	Other	283,228	64,925
	Total Other Noncurrent Liabilities	305,611	97,137
	CURRENT AND ACCRUED LIABILITIES		
228	Accumulated provision for pensions and benefits	-	-
231	Notes payable	-	-
232	Accounts payable	19,397	41,710
233	Notes payable to associate companies (Schedule XIII)	272,785	-
234	Accounts payable to associate companies (Schedule XIII)	147,482	85,969
236	Taxes accrued	(24,726)	22,485
237	Interest accrued	3,744	2,842
241	Tax collections payable	2,828	677
242	Miscellaneous current and accrued liabilities (Schedule XIII)	196,064	401,316
243	Obligations under capital leases - Current	15,701	22,326
	Total Current and Accrued Liabilities	633,275	577,325
	DEFERRED CREDITS		
253	Other deferred credits	11,109	21,851
255	Accumulated deferred investment tax credits	800	851
	Total Deferred Credits	11,909	22,702
282	**ACCUMULATED DEFERRED INCOME TAXES**	106,127	86,688
	TOTAL LIABILITIES AND PROPRIETARY CAPITAL	$ 986,709	$ 832,379

Note: Long term debt includes $12,000,000 due within one year at December 31, 2002 and $2,000,000 at December 31, 2001 (See note 7, Schedule XIV). "Other" Other noncurrent liabilities exclude Accrued Deferred Compensation Benefits amounts due within one year of $701,060 at December 31, 2002 and $732,814 at December 31, 2001.

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

SCHEDULE II - SERVICE COMPANY PROPERTY
(In Thousands)

ACCOUNT DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS	RETIREMENTS OR SALES	OTHER CHANGES (1)	BALANCE AT CLOSE OF YEAR
301 Organization	$ -	$ -	$ -	$ -	$ -
303 Miscellaneous Intangible Plant	8,184	145,772	(114,205)	-	39,751
304 Land and Land Rights	11,489	-	-	-	11,489
305 Structures and Improvements	184,412	3,565	(5,992)	(15,729)	166,256
306 Leasehold Improvements	7,152	211	(2,104)	-	5,259
307 Equipment	18,245	-	-	-	18,245
308 Office Furniture and Equipment	16,834	1,149	(1,019)	-	16,964
309 Automobiles, Other Vehicles and Related Garage Equipment	194	-	-	-	194
310 Aircraft and Airport Equipment	-	-	-	-	-
311 Other Service Company Property	113,379	4,836	(27,446)	632	91,401
SUB-TOTALS	359,889	155,533	(150,766)	(15,097)	349,559
107 Non-Billable Construction Work in Progress	128,566	(75,737)	-	-	52,829
TOTALS	$ 488,455	$ 79,796	$ (150,766)	$ (15,097)	$ 402,388

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

SCHEDULE II - SERVICE COMPANY PROPERTY
(In Thousands)

FOOTNOTES

(1) *Provide an explanation of those changes considered material:*

Account 305 Structures and Improvements: In accordance with FASB No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", a Dallas, Texas, office building was written-down by $15,729,000 to closely approximate its current appraised market value.

(2) *Subaccounts are required for each class of equipment owned. The service company shall provide a listing by subaccount of equipment additions during the year and the balance at the close of the year:*

Subaccount Description	Additions	Balance At Close Of Year
Account 307 - Equipment:		
Data Processing Equipment	$ -	$ 14,286
Communications Equipment	-	3,959
TOTALS	$ -	$ 18,245

(3) *Describe Other Service Company Property:*

Account 311 includes leased assets at December 31, 2002 ($91,288,000) which have been capitalized in accordance with FASB Statement Nos. 13 and 71 and other owned assets at December 31, 2002 ($113,000).

(4) *Describe Non-Billable Construction Work in Progress:*

Capitalized Software	$ 49,328
General and Miscellaneous Equipment	2,741
Office Buildings-Owned	760
TOTALS	$ 52,829

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

SCHEDULE III - ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF SERVICE COMPANY PROPERTY

(In Thousands)

ACCOUNT DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS	RETIREMENTS OR SALES	OTHER CHANGES (1)	BALANCE AT CLOSE OF YEAR
301 Organization	$ -	$ -	$ -	$ -	$ -
303 Miscellaneous Intangible Plant	6,597	19,176	(18,293)	-	7,480
304 Land and Land Rights	-	-	-	-	-
305 Structures and Improvements	95,175	5,686	(7,033)	(3,586)	90,242
306 Leasehold Improvements	3,898	679	(2,104)	1,449	3,922
307 Equipment	10,986	2,891	-	410	14,287
308 Office Furniture and Equipment	9,841	2,033	-	2,170	14,044
309 Automobiles, Other Vehicles and Related Garage Equipment	245	(2)	-	97	340
310 Aircraft and Airport Equipment	-	-	-	-	-
311 Other Service Company Property	58,786	20,559	(18,987)	(6,731)	53,627
TOTALS	$ 185,528	$ 51,022	$ (46,417)	$ (6,191)	$ 183,942

(1) Provide an explanation of those changes considered material:

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

SCHEDULE IV - INVESTMENTS
(In Thousands)

Instructions: Complete the following schedule concerning investments.

Under Account 124 "Other Investments", state each investment separately, with description, including the name of issuing company, number of shares or principal amount, etc.

Under Account 136, "Temporary Cash Investments", list each investment separately.

ACCOUNT DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
Account 123 - Investment in Associate Companies		
Investment in Common Stock of Subs	$ -	$ -
SUB-TOTALS	-	-
Account 124 - Other Investments		
Cash Surrender Value of Life Insurance Policies (net of policy loans and accrued interest)	13,948	19,916
Umbrella Trust	72,053	63,092
COLI Tax and Interest	15,412	18,454
Other Investment - Nonassociated-Current	1,250	-
SUB-TOTALS	102,663	101,462
Account 136 - Temporary Cash Investments	-	-
TOTALS	$ 102,663	$ 101,462

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

SCHEDULE V - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES
(In Thousands)

Instructions: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

ACCOUNT DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
Account Balances by Associate Company		
AEP C&I Company, LLC	$ 1	$ 13
AEP Coal Co.	254	395
AEP Communications, Inc.	177	173
AEP Communications, LLC	846	1,815
AEP Credit, Inc.	198	172
AEP Delaware Investment Company	-	15
AEP Delaware Investment Company II	14	100
AEP Delaware Investment Company III	5	-
AEP Desert Sky LP, LLC	-	253
AEP Desert Sky GP, LLC	-	1
AEP Elmwood LLC	-	6
AEP EmTech LLC	270	450
AEP Energy Services Gas Holding Company	48	4,522
AEP Energy Services Gas Holdings II LLC	8	11
AEP Energy Services Limited	63	1,722
AEP Energy Services UK Generation Limited	-	270
AEP Energy Services Ventures, Inc.	-	4
AEP Energy Services Ventures II, Inc.	-	1
AEP Energy Services, Inc.	20,200	21,657
AEP Fiber Venture, LLC	293	22
AEP Gas Marketing LP	6	25
AEP Gas Power GP, LLC	2	41
AEP Gas Power System GP, LLC	50	1
AEP Generating Company	(335)	592
AEP Holdings I CV	2	2
AEP Investments, Inc.	198	149
AEP MEMCo LLC	2	190
AEP Ohio Commercial & Industrial Retail Company, LLC	1	2
AEP Ohio Retail Energy, LLC	10	13
AEP Power Marketing, Inc.	-	1
AEP Pro Serv, Inc.	1,767	5,688
AEP Pushan Power, LDC	15	6
AEP Resource Services LLC	1	-
AEP Resources International, Limited	6	-
AEP Resources Limited	-	1
AEP Resources, Inc.	2,541	1,885
AEP Retail Energy, LLC	6	1
AEP System Pool	9,628	(1,269)
AEP T & D Services, LLC	27	58

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

SCHEDULE V - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES
(In Thousands)

Instructions: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
AEP Texas Central Company	15,594	34,572
AEP Texas Commercial & Industrial Retail Limited Partnership	$ 15	$ 10
AEP Texas Commercial & Industrial Retail GP, LLC	1	52
AEP Texas North Company	5,371	13,290
AEP Texas POLR, LLC	-	1
AEP Texas Retail GP, LLC	3	-
AEP Resources Australia Holdings Pty, Ltd	5	-
AEPR Ohio, LLC	-	13
American Electric Power Company, Inc.	826	12,149
Appalachian Power Company	25,919	70,481
Appalachian Power/Ohio Power Joint Account (Amos)	15,368	-
Appalachian Power/Ohio Power Joint Account (Spom)	4,305	-
Blackhawk Coal Company	17	37
C3 Communications, Inc.	295	729
Cardinal Operating Company	851	3,940
Cedar Coal Co.	(14)	2
Central and South West Corporation	1,634	24,438
Central Appalachian Coal Company	4	-
Central Coal Company	5	4
Central Ohio Coal Company	133	-
Colomet, Inc.	17	14
Columbus Southern Power Company	32,106	69,857
Conesville Coal Preparation Company	190	412
CSW Energy Services, Inc.	373	295
CSW Energy, Inc.	1,056	3,209
CSW International, Inc.	78	10,182
CSW Leasing, Inc.	7	(1)
CSW Power Marketing, Inc.	-	613
CSW Services International Inc.	-	289
Datapult Limited Partnership	30	-
Datapult, LLC	53	-
Desert Sky Wind Farm LP	-	30
Diversified Energy Contractors Company, LLC	-	(1)
Dolet Hills Lignite Company, LLC	280	344
Energia de Mexicali S de R.L. de C.V.	1	-
EnerShop Inc.	14	27
Houston Pipe Line Company LP	515	2,094
HPL GP, LLC	13	4
HPL HOLDINGS, INC	-	3
HPL Resources Company LP	2	3

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For the Year Ended December 31, 2002

SCHEDULE V - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES
(In Thousands)

Instructions: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
Indiana Michigan Power Company	$ 16,084	$ 42,950
Indiana Michigan Power/AEP Generating Joint Account (Rockport)	1,899	-
Industry and Energy Associates LLC	115	174
Jefferson Island Storage & Hub L. L. C.	3	5
Kentucky Power Company	2,965	25,750
Kingsport Power Company	801	1,667
LIG Chemical Company	-	2
LIG Liquids Company, L.L.C.	14	17
LIG Pipeline Company	2	-
LIG, Inc.	3	(1)
Louisiana Intrastate Gas Company, L.L.C	99	129
Mutual Energy CPL L.P.	1	-
Mutual Energy L.L.C.	1	4
Mutual Energy Service Company, L.L.C.	306	695
Mutual Energy SWEPCO L.P.	1	-
Mutual Energy WTU L.P.	1	-
Newgulf Power Venture	-	28
Ohio Power Company	8,737	68,815
Ohio Power Company/Cook Coal Terminal	622	1,028
POLR Power, L.P.	-	21
Price River Coal Company, Inc.	1	-
Public Service Company of Oklahoma	8,802	21,193
REP General Partner L.L.C.	94	21
REP Holdco Inc.	31	575
SEEBOARD plc	39	37
Simco, Inc.	-	1
Southern Appalachian Coal Company	3	(10)
Southern Ohio Coal Company	904	-
Southern Ohio Coal Company/Martinka	24	-
Southwestern Electric Power Company	10,344	29,983
Trent Wind Farm LP	-	914
Tuscaloosa Pipeline Company	(1)	(1)
United Sciences Testing, Inc.	-	589
Ventures Lease Co., LLC	-	24
West Virginia Power Company	1	-
Wheeling Power Company	575	2,405
Windsor Coal Company	210	-
TOTALS	$ 194,052	$ 483,095

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For the Year Ended December 31, 2002

SCHEDULE V - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES
(In Thousands)

Instructions: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS:	TOTAL PAYMENTS
BY COMPANY:	
AEP Coal Co.	$ 11
AEP Communications, Inc.	1
AEP Communications, LLC	122
AEP Credit, Inc.	461
AEP Elmwood LLC	34
AEP EmTech LLC	8
AEP Fiber Venture, LLC	1
AEP Investments, Inc.	30
AEP Memco LLC	38
AEP Ohio Commercial & Industrial Retail Company, LLC	(3)
AEP Pro Serv, Inc.	1,822
AEP Resources, Inc.	26
AEP Texas Central Company	18,788
AEP Texas North Company	8,320
AEP T & D Services, LLC	1
AEPES General and Administrative	8,258
American Electric Power Company, Inc.	647
Appalachian Power Company	253,257
C3 Communications, Inc.	453
C3 NETWORKS, LLC	2
Cardinal Operating Company	785
Columbus Southern Power Company	165,557
Conesville Coal Preparation Company	11
CSW Energy Services, Inc.	535
CSW Energy, Inc.	114
Desert Sky Wind Farm LP	2
Enershop Inc.	14
Houston Pipe Line Company LP	170
Indiana Michigan Power Company	299,254
Kentucky Power Company	63,786
Kingsport Power Company	699
LIG Liquids Company, LLC	4
Louisiana Intrastate Gas Company, LLC	15
Mutual Energy Service Company, LLC	253
Ohio Power Company	546,365
Ohio Power Company/Cook Coal Terminal	14
Public Service Company of Oklahoma	13,207
Rep General Partner, LLC	27

SCHEDULE V - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES
(In Thousands)

Instructions: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS:	TOTAL PAYMENTS
Southwestern Electric Power Company	$ 15,096
Trent Wind Farm LP	11
Wheeling Power Company	233
TOTAL	$ 1,398,429

FOR:	
Interchange Power Pool & Transmission Agreements	$ 1,288,183
Insurance	712
Employee Benefit Plans	1,100
Membership Dues	428
Trustee Fees	275
Educational Programs	526
Leases and Rents	11,292
Outside Services	86,704
Postage & Shipping	455
Telephone Service	2,582
Office Supplies & Expense	4,676
Miscellaneous	1,496
TOTAL	$ 1,398,429

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For the Year Ended December 31, 2002

SCHEDULE VI - FUEL STOCK EXPENSES UNDISTRIBUTED
(In Thousands)

Instructions: Report the amount of labor and expenses incurred with respect to fuel stock expenses during the y and indicate amount attributable to each associate company. Under the section headed "Summary" listed below and overall report of the fuel functions performed by the service company.

ACCOUNT DESCRIPTION	LABOR	EXPENSES	TOTAL
Account 152 - Fuel Stock Expenses Undistributed			
Associate Companies			
AEP Generating Company	$ 4	$ 3	$ 7
AEP Texas Central Company	39	38	77
AEP Texas North Company	123	81	204
AEPES General and Administrative	249	301	550
Appalachian Power Company	552	622	1,174
Cardinal Operating Company	140	150	290
Columbus Southern Power Company	265	310	575
Indiana Michigan Power Company	368	388	756
Kentucky Power Company	118	130	248
Ohio Power Company	701	778	1,479
Public Service Company of Oklahoma	62	50	112
Southwestern Electric Power Company	42	56	98
TOTALS	$ 2,663	$ 2,907	$ 5,570

Summary: The service company provides overall management of fuel supply and transportation procurement, as well as general administration.

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For the Year Ended December 31, 2002

SCHEDULE VII - STORES EXPENSE UNDISTRIBUTED
(In Thousands)

Instructions: Report the amount of labor and expenses incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

ACCOUNT DESCRIPTION

Account 163 - Billable Stores Expense Undistributed	LABOR	EXPENSES	TOTAL
Associate Companies			
AEP Energy Services Gas Holding Company	$ -	$ 12	$ 12
AEP Energy Services, Inc	1	40	41
AEP Energy Services Limited	-	2	2
AEP Generating Company	-	2	2
AEP Pro Serv, Inc.	-	(7)	(7)
AEP Resources, Inc.	-	1	1
AEP Texas Central Company	733	943	1,676
AEP Texas North Company	357	450	807
American Electric Power Company, Inc.	-	9	9
Appalachian Power Company	1,077	1,392	2,469
Cardinal Operating Company	78	88	166
Columbus Southern Power Company	423	1,452	1,875
Conesville Coal Preparation Company	1	-	1
Cook Coal Terminal	3	2	5
CSW Energy, Inc.	-	6	6
Indiana Michigan Power Company	601	709	1,310
Kentucky Power Company	154	182	336
Kingsport Power Company	12	17	29
Ohio Power Company	1,074	1,351	2,425
Public Service Company of Oklahoma	501	596	1,097
Rep Holdco Inc.	-	1	1
Southwestern Electric Power Company	490	615	1,105
Wheeling Power Company	20	25	45
TOTALS	$ 5,525	$ 7,888	$ 13,413

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SCHEDULE VIII - MISCELLANEOUS CURRENT AND ACCRUED ASSETS
(In Thousands)

Instructions: Provide detail of items in this account. Items less than $10,000 may be grouped, showing the number of items in each group.

ACCOUNT DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
Account 174 - Miscellaneous Current and Accrued Assets	$ -	$ -
TOTALS	$ -	$ -

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For the Year Ended December 31, 2002

SCHEDULE IX - MISCELLANEOUS DEFERRED DEBITS
(In Thousands)

Instructions: Provide detail of items in this account. Items less than $10,000 may be grouped by class showing the number of items in each class.

ACCOUNT DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
Account 186 - Miscellaneous Deferred Debits		
Regulatory Asset - Postemployment Benefits	$ 324	$ -
Regulatory Asset - Taxes	-	379
Unbilled Charges	1,273	3,169
TOTALS	$ 1,597	$ 3,548

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For the Year Ended December 31, 2002

SCHEDULE X - RESEARCH, DEVELOPMENT OR DEMONSTRATION EXPENDITURES
(In Thousands)

Instructions: Provide a description of each material research, development, or demonstration project wh incurred costs by the service corporation during the year.

ACCOUNT DESCRIPTION	AMOUNT
Account 188 - Billable Research, Development, or Demonstration Expenditures	
Transmission and Distribution	$ 4,033
Steam Power	6,056
Hydro	749
Nuclear	2,294
General Activities	7,387
TOTAL	$ 20,519

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SCHEDULE XI - PROPRIETARY CAPITAL
(Dollars in thousands except per share amounts)

ACCOUNT NUMBER	CLASS OF STOCK	NUMBER OF SHARES AUTHORIZED	PAR OR STATED VALUE PER SHARE	OUTSTANDING CLOSE OF PERIOD NO. OF SHARES	OUTSTANDING CLOSE OF PERIOD TOTAL AMOUNT
Account 201	**Common Stock Issued**	20,000	$ 100	13500	$ 1,350
Account 201	**Common Stock Issued**	10,000	10	10000	100
				TOTAL	$ 1,450

Instructions: Classify amounts in each account with brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.

ACCOUNT DESCRIPTION	AMOUNT
Account 211 - Miscellaneous Paid-In Capital	
Other Comprehensive Income - Minimum Pension Liability	$ (126,763)
Account 215 - Appropriated Retained Earnings	-
TOTAL	$ (126,763)

Instructions: Give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentage, amount of dividend, date declared and date paid.

ACCOUNT DESCRIPTION	BALANCE AT BEGINNING OF YEAR	NET INCOME OR (LOSS)	DIVIDENDS PAID	BALANCE AT CLOSE OF YEAR
Account 216 - Unappropriated Retained Earnings	$ -	$ -	$ -	$ -
TOTALS	$ -	$ -	$ -	$ -

SCHEDULE XII - LONG-TERM DEBT
(In Thousands)

Instructions: Advances from associate companies should be reported separately for advances on notes, and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation column. For Account 224 - Other long-term debt, provide the name of creditor company or organization, terms of the obligation, date of maturity, interest rate, and the amount authorized and outstanding.

NAME OF CREDITOR	TERM OF OBLIGATION CLASS & SERIES OF OBLIGATION	DATE OF MATURITY	INTEREST RATE	AMOUNT AUTHORIZED	BALANCE AT BEGINNING OF YEAR	ADDITIONS	DEDUCTIONS (1)	BALANCE AT CLOSE OF YEAR
Account 223 - Advances From Associate Companies		None	None	$ 1,100	$ 1,100	$ -	$ -	$ 1,100
Account 224 - Other Long-Term Debt:								
Connecticut Bank & Trust Company (as Trustee), Series E Mortgage Notes		12/15/2008	9.600	70,000	46,000	-	2,000	44,000
Suntrust Bank		10/14/2003	6.355	10,000	10,000	-	-	10,000
SUBTOTALS				80,000	56,000	-	2,000	54,000
TOTALS				$ 81,100	$ 57,100	$ -	$ 2,000	$ 55,100

(1) Give an explanation of deductions:
Loan Payments. See Note 7, Schedule XIV for further explanation of dates of maturity.

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SCHEDULE XIII - CURRENT AND ACCRUED LIABILITIES
(In Thousands)

Instructions: Provide balance of notes and accounts payable to each associate company. Give description and amount of miscellaneous current and accrued liabilites. Items less than $10,000 may be grouped, showing the number of items in each group.

ACCOUNT DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
Account 233 - Notes Payable to Associate Companies		
American Electric Power Company, Inc.	$ -	$ 272,785
TOTALS	$ -	$ 272,785
Account 234 - Accounts Payable to Associate Companies		
AEP Communications, LLC	$ 56	$ 343
AEP Credit, Inc.	-	41
AEP EmTech LLC	-	30
AEP Energy Services Gas Holding Company	-	198
AEP Energy Services Limited	13	21
AEP Energy Services, Inc.	319	-
AEP Fiber Venture, LLC	20	-
AEP Investments, Inc.	74	16
AEP Pro Serv, Inc.	201	2,048
AEP Resources, Inc.	73	269
AEP Texas Central Company	4,400	2,676
AEP Texas North Company	906	956
AEPES General and Administrative	-	2,210
American Electric Power Company, Inc.	3,846	10,850
Appalachian Power Company	(380)	20,987
Appalachian Power/Ohio Power Joint Account (Amos)	257	-
Appalachian Power/Ohio Power Joint Account (Sporn)	380	-
C3 Communications, Inc.	-	31
Cardinal Operating Company	31	299
Cedar Coal Co.	24	24
Central and South West Corporation	2,141	90
Columbus Southern Power Company	21,223	12,093
Conesville Coal Preparation Company	-	16
CSW Energy Services, Inc.	-	57
CSW Energy, Inc.	-	151
Datapult, LLC	-	107
Dolet Hills Lignite Company, LLC	-	16
Indiana Michigan Power Company	8,061	25,822
Indiana Michigan Power/AEP Generating Joint Account (Rockport)	34	-
Kentucky Power Company	528	3,686
Kingsport Power Company	(7)	1,131
Louisiana Intrastate Gas Company, L.L.C.	57	-
LIG Chemical Company	5,804	-
LIG Liquids Company, L.L.C.	41	-

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For the Year Ended December 31, 2002

SCHEDULE XIII - CURRENT AND ACCRUED LIABILITIES
(In Thousands)

Instructions: Provide balance of notes and accounts payable to each associate company. Give description and amount of miscellaneous current and accrued liabilites. Items less than $10,000 may be grouped, showing the number of items in each group.

Account 234 - Accounts Payable to Associate Companies (con't)		
Mutual Energy Service Company, L.L.C.	-	42
Ohio Power Company	29,353	56,362
Ohio Power Company/Cook Coal Terminal	-	24
Public Service Company of Oklahoma	4,947	2,731
Southwestern Electric Power Company	3,534	2,484
Trent Wind Farm LP	-	957
Wheeling Power Company	16	682
Miscellaneous	17	32
TOTALS	$ 85,969	$ 147,482

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For the Year Ended December 31, 2002

SCHEDULE XIII - CURRENT AND ACCRUED LIABILITIES
(In Thousands)

Instructions: Provide balance of notes and accounts payable to each associate company. Give description and amount of miscellaneous current and accrued liabilites. Items less than $10,000 may be grouped, showing the number of items in each group.

	BEGINNING OF YEAR	CLOSE OF YEAR
Account 242 - Miscellaneous Current and Accrued Liabilities		
Accrued Payroll	$ -	$ 12,174
Control Cash Disbursements Accounts	9,919	17,111
Control Payroll Disbursement Accounts	3,962	2,860
Deferred Compensation Benefits	809	701
Employee Benefits	985	13,412
Incentive Pay	333,295	64,481
Real and Personal Property Taxes	142	356
Rent on John E. Dolan Engineering Laboratory	747	704
Rent on Personal Property	195	1,400
Severance Pay	9,875	37,556
Vacation Pay	40,348	44,124
Workers' Compensation	552	1,351
Misc. Current and Accrued Liabilities	487	(166)
TOTALS	$ 401,316	$ 196,064

SCHEDULE XIV – NOTES TO FINANCIAL STATEMENTS

Instructions: The space below is provided for important notes regarding the financial statements or any account thereof. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

1. Significant Accounting Policies

Organization

American Electric Power Service Corporation (the Company or AEPSC) is a wholly-owned subsidiary of American Electric Power Company, Inc. (AEP Co., Inc.), a public utility holding company. The Company provides certain managerial and professional services including administrative and engineering services to the affiliated companies in the American Electric Power (AEP) System and periodically to unaffiliated companies.

Regulation and Basis of Accounting

As a subsidiary of AEP Co., Inc., AEPSC is subject to regulation by the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (1935 Act).

The Company's accounting conforms to the Uniform System of Accounts for Mutual and Subsidiary Service Companies prescribed by the SEC pursuant to the 1935 Act. As a cost-based rate-regulated entity, AEPSC's financial statements reflect the actions of regulators that result in the recognition of revenues and expenses in different time periods than enterprises that are not rate regulated. In accordance with the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) 71, "Accounting for the Effects of Certain Types of Regulation" (SFAS 71), the financial statements include regulatory assets (deferred expenses) and regulatory liabilities (deferred revenues) recorded in accordance with regulatory actions to match expenses and revenues in cost-based rates. Regulatory assets are expected to be recovered in future periods through billings to affiliated companies and regulatory liabilities are expected to reduce future billings. The Company has reviewed all the evidence currently available and concluded that it continues to meet the requirements to apply SFAS 71. Among other things application of SFAS 71 requires that the Company's billing rates be cost-based regulated. In the event a portion of the Company's business were to no longer meet those requirements, net regulatory assets would have to be written off for that portion of the business and long-term assets would have to be tested for possible impairment. If net regulatory assets were written off, the amounts would be recoverable from affiliated companies.

Recognized regulatory assets and liabilities are comprised of the following:

	December 31, 2002	December 31, 2001
	(in thousands)	
Regulatory Assets:		
Unamortized Loss on Reacquired Debt	$2,911	$ 2,953
Postretirement Benefits	-	324
Total Regulatory Assets	$2,911	$ 3,277
Regulatory Liabilities:		
Deferred Amounts Due to Affiliates for Income Tax Benefits	$5,864	$12,756
Deferred Investment Tax Credits	800	851
Total Regulatory Liabilities	$6,664	$13,607

SCHEDULE XIV – NOTES TO FINANCIAL STATEMENTS

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires in certain instances the use of management's estimates. Actual results could differ from those estimates.

Operating Revenues and Expenses

Services rendered to both affiliated and unaffiliated companies are provided at cost. The charges for services include no compensation for the use of equity capital, all of which is furnished by AEP Co., Inc. The costs of the services are determined on a direct charge basis to the extent practicable and on reasonable bases of proration for indirect costs.

Income Taxes

The Company follows the liability method of accounting for income taxes as prescribed by SFAS 109, "Accounting for Income Taxes." Under the liability method, deferred income taxes are provided for all temporary differences between the book cost and tax basis of assets and liabilities which will result in a future tax consequence. Where the flow-through method of accounting for temporary differences is reflected in billings, (that is, deferred taxes are not included in the cost of determining regulated billings for services), deferred income taxes are recorded and related regulatory assets and liabilities are established in accordance with SFAS 71.

Investment Tax Credits

Investment tax credits have been accounted for under the flow-through method unless they have been deferred in accordance with regulatory treatment. Investment tax credits that have been deferred are being amortized over the life of the related investment.

Property

Property is stated at original cost. Land, structures and structural improvements are generally subject to first mortgage liens. Depreciation is provided on a straight-line basis over the estimated useful lives of the property. The annual composite depreciation rate was 10% and 8% for the years ended December 31, 2002 and 2001, respectively.

In the fourth quarter of 2002, AEPSC transferred $128 million of capitalized software costs to other AEP affiliated companies.

Investments

Investments include the cash surrender value of trust owned life insurance policies held under a grantor trust to provide funds for non-qualified deferred compensation plans sponsored by the Company.

Debt

With SEC staff approval, gains and losses on reacquired debt are deferred and amortized over the term of the replacement debt.

Debt issuance expenses are amortized over the term of the related debt, with the amortization included in interest charges.

SCHEDULE XIV – NOTES TO FINANCIAL STATEMENTS

Comprehensive Income (Loss)

Comprehensive Income (Loss) is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive Income (Loss) has two components, net income and Other Comprehensive Income (Loss) (OCI). OCI is included on the balance sheet in the equity section.

Accumulated Other Comprehensive Loss related to the Minimum Pension Liability for AEPSC as of December 31, 2002 and 2001 was $127 million, and $10 million, respectively.

Reclassification

Certain prior year amounts were reclassified to conform with current year presentation.

Guarantees

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45) which clarifies the accounting to recognize a liability related to issuing a guarantee, as well as additional disclosures of guarantees. This new guidance is an interpretation of SFAS 5, 57, and 107 and a rescission of FIN 34. The initial recognition and initial measurement provisions of FIN 45 is effective on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for financial statements of interim or annual periods ending after December 15, 2002.

AEPSC leases certain equipment under a master operating lease administered by AEP. Under the lease agreement, the lessor is guaranteed to receive up to 87% of the unamortized balance of the equipment at the end of the lease term. If the fair market value of the leased equipment is below the unamortized balance at the end of the lease term, we have committed to pay the difference between the fair market value and the unamortized balance, with the total guarantee not to exceed 87% of the unamortized balance. At December 31, 2002, the maximum potential loss for these lease agreements was approximately $14.5 million assuming the fair market value of the equipment is zero at the end of the lease term.

2. Commitments and Contingencies

The Company is involved in a number of legal proceedings and claims. While management is unable to predict the outcome of litigation, any potential liability which may result therefrom would be recoverable from affiliated companies.

3. Benefit Plans

The Company participates in two qualified pension plans and two nonqualified pension plans which cover all employees. Net pension costs (credit) for the years ended December 31, 2002 and 2001 were $3.1 million and $(7.3) million, respectively.

The investment returns and declining discount rates have changed the status of our qualified plans from over funded (plan assets in excess of projected benefit obligations) to an under funded position (plan assets are less than projected benefit obligations). Due to the qualified plans currently being under funded, we recorded a charge to OCI of $117 million in 2002. The charge to OCI does not affect earnings or cash flow. Also, because of the recent reduction in the funded status of our qualified plans, we expect to make cash contributions to our qualified plans of approximately $29 million in 2003 increasing to approximately $38 million per year by 2005. A charge of $6 million related to nonqualified plans was made to OCI in 2001.

SCHEDULE XIV – NOTES TO FINANCIAL STATEMENTS

Postretirement Benefits Other Than Pensions are provided for retired employees for medical and death benefits under an AEP System plan. The Company's annual accrued cost was $26.1 million in 2002 and $20.2 million in 2001.

Defined contribution employee savings plans required that the Company make contributions to this plan totaling $21.3 million in 2002 and $18.8 million in 2001.

4. Financial Instruments and Risk Management

The carrying amount of cash and cash equivalents, accounts receivable and accounts payable approximates fair value because of the short-term maturities of these instruments. The fair value of long-term debt, excluding advances from Parent Company, was $63 million and $65 million at December 31, 2002 and 2001, respectively. The balances are based on quoted market prices for similar issues and the current interest rates offered for debt of the same remaining maturities. The carrying amount for long-term debt, excluding advances from AEP, Co, Inc. was $54 million at December 31, 2002, and $56 million at December 31, 2001.

The Company is subject to market risk as a result of changes in interest rates primarily due to short-term and long-term borrowings used to fund its business operations. The debt portfolio has fixed and variable interest rates with terms from one day to eight years at December 31, 2002. A near term change in interest rates should not materially affect results of operations or financial position since the Company would not expect to liquidate its entire debt portfolio in a one year holding period.

5. Income Taxes

The details of income taxes are as follows:

	Year Ended December 31, 2002	2001
	(in thousands)	
Current (net)	$(103,044)	$ 76,480
Deferred (net)	104,522	(63,061)
Deferred Investment Tax Credits (net)	(51)	(51)
Total Income Taxes	$ 1,427	$ 13,368

The following is a reconciliation of the difference between the amount of income taxes computed by multiplying book income before income taxes by the federal statutory tax rate, and the total amount of income taxes.

	Year Ended December 31, 2002	2001
	(in thousands)	
Net Income	$ -	$ -
Income Taxes	1,427	13,368
Pre-Tax Income	$ 1,427	$13,368
Income Tax on Pre-Tax Income at Statutory Rate (35%)	$ 499	$ 4,678
Increase (Decrease) in Income Tax Resulting from the Following Items:		
Trust Owned Life Insurance	3,706	775
Corporate Owned Life Insurance	(741)	859
State and Local Income Taxes	(4,163)	7,000
Other	2,126	56
Total Income Taxes	$ 1,427	$13,368
Effective Income Tax Rate	N.M.	N.M.

SCHEDULE XIV – NOTES TO FINANCIAL STATEMENTS

The following tables show the elements of the net deferred tax asset and the significant temporary differences:

	December 31, 2002	December 31, 2001
	(in thousands)	
Deferred Tax Assets	$156,092	$185,586
Deferred Tax Liabilities	(106,127)	(86,688)
Net Deferred Tax Assets	$ 49,965	$ 98,898
Property Related Temporary Differences	$(20,573)	$(21,224)
Deferred and Accrued Compensation	43,635	108,886
Capitalized Software Cost	(67,165)	(44,654)
Deferred Income Taxes on Other Comprehensive Income	62,860	-
Accrued Pension Expense	10,729	19,832
Accrued Vacation Pay	8,888	12,643
Post-Retirement Benefits	12,798	8,956
Deferred State Income Taxes	(204)	6,725
Amounts Due to Affiliates For Future Income Taxes	1,991	2,122
All Other (net)	(2,994)	5,612
Net Deferred Tax Assets	$ 49,965	$ 98,898

The Company joins in the filing of a consolidated federal income tax return with its affiliates in the AEP System. The allocation of the AEP System's current consolidated federal income tax to the System companies is in accordance with SEC rules under the 1935 Act. These rules permit the allocation of the benefit of current tax losses utilized to the System companies giving rise to them in determining their current tax expense. The tax loss of the System parent company, AEP Co., Inc., is allocated to its subsidiaries with taxable income. With the exception of the tax loss of the System parent company, the method of allocation approximates a separate return result for each company in the consolidated group.

The AEP System has settled with the IRS all issues from the audits of the consolidated federal income tax returns for the years prior to 1991. The AEP System has received Revenue Agent's Reports from the IRS for the years 1991 through 1996, and have filed protests contesting certain proposed adjustments. Returns for the years 1997 through 2000 are presently being audited by the IRS. Management is not aware of any issues for open tax years that upon final resolution are expected to have a material adverse effect on results of operations.

COLI Litigation – On February 20, 2001, the U.S. District Court for the Southern District of Ohio ruled against AEP System companies in its suit against the United States over deductibility of interest claimed in their consolidated federal income tax return related to a corporate owned life insurance (COLI) program. The suit was filed to resolve the IRS' assertion that interest deductions for the COLI program should not be allowed. In 1998 and 1999 the Company paid the disputed taxes and interest attributable to COLI Interest deductions for taxable years 1991-98 to avoid the potential assessment by the IRS of additional interest on the contested tax. The payments were included in investments pending the resolution of this matter. As a result of the U.S. District Court's decision to deny the COLI interest deductions, expenses were increased by $38 million in 2000, which were billed to the affiliated companies. The Company has filed an appeal of the U.S. District Court's decision with the U.S. Court of appeals for the 6th Circuit.

6. Leases

Leases of structures, improvements, office furniture and miscellaneous equipment are for periods of up to 30 years and require payments of related property taxes, maintenance and operating costs. The majority of the leases have purchase or renewal options and will be renewed or replaced by other leases.

The components of lease rental costs are as follows:

SCHEDULE XIV – NOTES TO FINANCIAL STATEMENTS

	Year Ended December 31, 2002	2001
	(in thousands)	
Lease Payments on Operating Leases	$18,451	$10,485
Amortization of Capital Leases	18,986	25,044
Interest on Capital Leases	2,250	3,996
Total Lease Rental Costs	$39,687	$39,525

Property under capital leases and related obligations recorded on the Balance Sheets are as follows:

	December 31, 2002	2001
	(in thousands)	
Property Under Capital Leases:		
Structures and Improvements	$ 11,754	$ 11,754
Office Furniture and Miscellaneous Equipment	79,525	101,532
Total Property Under Capital Leases	91,279	113,286
Accumulated Amortization	53,628	58,748
Net Property Under Capital Leases	$ 37,651	$ 54,538
Obligations Under Capital Leases*:		
Noncurrent Liability	$22,383	$32,212
Liability Due Within One Year	15,701	22,326
Total Obligations Under Capital leases	$38,084	$54,538

* Represents the present value of future minimum lease payments.

Property under operating leases and related obligations are not included in the Balance Sheets. Future minimum lease payments for capital leases consisted of the following at December 31, 2002:

	Capital Leases	Operating Leases
	(in thousands)	
2003	$17,777	$21,818
2004	9,567	17,495
2005	4,407	8,188
2006	2,823	3,096
2007	1,639	2,284
Later Years	12,889	6,455
Total Future Minimum Lease Rentals	49,102	59,336
Less Estimated Interest Element	11,018	-
Estimated Present Value of Future Minimum Lease Rentals	$38,084	$59,336

7. Long-Term Debt

Long-term debt was outstanding as follows:

	Interest Rate	December 31, 2002	2001
		(in thousands)	
Notes Payable to Banks: Due October 2003	6.355%	$10,000	$10,000
Mortgage Notes: Series E (a)	9.60%	44,000	46,000
Advances from Parent Company (b)		1,100	1,100
		55,100	57,100
Less Portion Due Within One Year		12,000	2,000
Total		$43,100	$55,100

(a) Due in annual installments of $2,000,000 until 2007 and the balance in December 2008.
(b) The advances from parent company are non-interest bearing and have no due date.

Long-term debt outstanding at December 31, 2002 is payable as follows:

	Principal Amount (in thousands)
2003	$12,000
2004	2,000
2005	2,000
2006	2,000
2007	2,000
Later Years	35,100
Total	$55,100

8. Segment Information

The Company has one reportable segment. The Company provides certain managerial and professional services including administrative and engineering services. For the years ended December 31, 2002 and 2001 all of the Company's revenues are derived from managerial and professional services including administrative and engineering services in the United States.

9. Merger And Acquisitions Costs

The cost of services performed by AEPSC related to mergers and acquisitions are charged to AEP Co., Inc. or its regulated affiliates or nonregulated affiliates as appropriate. Such costs would be charged to AEP's regulated utilities only if the merger or acquisition pertained to them. Merger costs of AEP Co., Inc. with Central and South West Corporation (CSW) that were allowed to be recovered from rate-payers were recorded on the electric utility affiliates' books.

10. Short-Term Debt Borrowings

In June 2000 the AEP System established a Money Pool, to coordinate short-term borrowings for certain subsidiaries, primarily the domestic electric utility operating companies. The operation of the Money Pool is designed to match on a daily basis the available cash and borrowing requirements of the participants, thereby minimizing the need for short-term borrowings from external sources and increasing the interest income for participants with available cash. Participants with excess cash loan funds to the Money Pool reducing the amount of external funds AEP needs to borrow to meet the short-term cash requirements of other participants whose short-term cash requirements are met through advances from the Money Pool. AEP borrows the funds on a daily basis, when necessary, to meet the net cash requirements of the Money Pool participants. A weighted average daily interest rate which is calculated based on the outstanding short-term debt borrowings made by AEP is applied to each Money Pool participant's daily outstanding investment or debt position to determine interest income or interest expense. The Money Pool participants include interest income in nonoperating income and interest expense in interest charges. As a result of becoming a Money Pool participant, AEPSC retired its short-term debt. At December 31, 2002 AEPSC is a net borrower and at December 31, 2001 a net lender from the Money Pool and reports its receivable position as Advances to Affiliates and it debt position as Advances from Affiliates on the balance sheets.

AEPSC incurred interest expense of $3,753,000 and $3,656,000 for amounts borrowed from the AEP Money Pool in 2002 and 2001 respectively, and earned interest income of $873,000 for amounts advanced to the AEP Money Pool for the year 2001.

11. Sustained Earnings Initiative

In response to difficult conditions in AEP's business, a Sustained Earnings Improvement (SEI) initiative was undertaken company-wide in the fourth quarter of 2002, as a cost-saving and revenue-building effort to build long-term earnings growth.

Termination benefits expense relating to 701 terminated AEPSC employees totaling $48 million pre-tax was recorded in the fourth quarter of 2002 and was allocated among all AEP subsidiaries. As of December 31, 2002, total termination benefits accrued were $42 million. Management determined that the termination of the employees under the SEI initiative did not constitute a curtailment under the provisions of SFAS No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits".

12. Asset Impairment

In the fourth quarter of 2002, AEP began to market an under-utilized office building in Dallas, TX obtained through the merger with CSW. One prospective buyer has executed an option to purchase the building. Sale of the facility is projected by second quarter 2003 and an estimated 2002 pre-tax loss on disposal of $15.7 million has been recorded, based on the option sale price. The estimated loss is included in Asset Impairment on AEPSC Statements of Income.

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For the Year Ended December 31, 2002

SCHEDULE XV - COMPARATIVE INCOME STATEMENT
(In Thousands)

ACCOUNT	DESCRIPTION	CURRENT YEAR	PRIOR YEAR
	INCOME		
454	Rents from electric properties - NAC	$ 26	$ 5
456	Other electric revenues	-	1
457	Services rendered to associate companies	1,370,537	1,274,210
458	Services rendered to non associate companies	20,105	14,956
419	Interest income - other	165	878
421	Miscellaneous income or loss	978	261
447	Impact studies	-	(2,888)
	TOTAL INCOME	1,391,811	1,287,423
	EXPENSES		
500-559	Power production	161,741	316,672
560-579	Transmission	34,222	29,859
580-599	Distribution	51,512	49,562
780-860	Trading	10,751	3,390
901-903	Customer accounts expense	127,068	151,292
904	Uncollectible - Misc. Receivable	10	-
905	Miscellaneous customer accounts	2,948	2,833
906-917	Customer service & information	10,558	13,866
920	Salaries and wages	372,865	340,291
921	Office supplies and expenses	109,168	98,907
922	Administrative expense transferred - credit	(310,907)	(303,697)
923	Outside services employed	83,773	93,937
924	Property insurance	223	141
925	Injuries and damages	10,601	8,043
926	Employee pensions and benefits	123,884	87,272
928	Regulatory commission expense	53	230
930.1	General advertising expenses	1,703	2,796
930.2	Miscellaneous general expenses	7,718	6,091
931	Rents	63,317	89,882
935	Maintenance of structures and equipment	35,968	26,161
402	Maintenance Expense	31	-
403-405	Depreciation and amortization expense	30,463	13,598
408	Taxes other than income taxes	50,078	42,909
409	Income taxes	(103,044)	76,481
410	Provision for deferred income taxes	190,302	124,713
411	Provision for deferred income taxes - credit	(85,831)	(187,825)
411.7	Loss from disposition of plant	15,730	-
416	Expense - sports lighting	857	897
417	Administrative - business venture	119	638
418	Non-Operating rental income	161	69
426.1	Donations	2,979	5,106
426.3 - 426.5	Other deductions	6,695	6,404
427	Interest on long-term debt	5,044	4,979
428	Amortization of debt discount and expense	427	427
430	Interest on debt to associate companies	3,753	3,656
431	Other interest expense	912	382
432	Borrowed funds - construction - credit	(2,984)	(3,691)
	TOTAL EXPENSE - INCOME STATEMENT	1,012,868	1,106,271
	COST OF SERVICE - BALANCE SHEET		
107	Construction work in progress	312,790	130,111
108	Retirement work in progress	8,417	4,883
120	Nuclear fuel	-	-
124	Investments	46	(335)
151	Fuel stock	5,421	3,585
152	Fuel stock expense undistributed	5,570	5,685
163	Stores expense undistributed	13,413	8,679
182	Regulatory Assets	(24)	4,602
183	Preliminary survey and investigation charges	-	-
184	Clearing accounts	857	2,397
186	Miscellaneous deferred debits	11,934	14,610
188	Research, development, or demonstration expenses	20,519	6,935
	TOTAL COST OF SERVICE - BALANCE SHEET	378,943	181,152
	NET INCOME OR (LOSS)	$ -	$ -

ANALYSIS OF BILLING - ASSOCIATE COMPANIES - ACCOUNT 457
(In Thousands)

NAME OF ASSOCIATE COMPANY	DIRECT COSTS CHARGED 457.1	INDIRECT COSTS CHARGED 457.2	COMPENSATION FOR USE OF CAPITAL 457.3	TOTAL AMOUNT BILLED
AEP C&I Company, LLC	$ 28	$ 4	$ -	$ 32
AEP Coal Company	2,651	705	-	3,356
AEP Communications, Inc.	64	9	-	73
AEP Communications, LLC	1,799	643	(4)	2,438
AEP Credit, Inc.	642	128	(1)	769
AEP Delaware Investment Company	13	2	-	15
AEP Delaware Investment Company II	77	10	-	87
AEP Desert Sky LP, LLC	481	68	-	549
AEP Desert Sky GP, LLC	1	-	-	1
AEP Elmwood LLC	96	8	-	104
AEP EmTech LLC	2,044	678	-	2,722
AEP Energy Management, LLC	-	-	-	-
AEP Energy Services (Australia) Pty Ltd	484	-	-	484
AEP Energy Services Gas Holding Company	8,391	961	(1)	9,351
AEP Energy Services Gas Holdings II LLC	6	1	-	7
AEP Energy Services General and Administrative	68,853	8,341	(13)	77,181
AEP Energy Services, Inc.	-	-	-	-
AEP Energy Services Limited	1,648	201	-	1,849
AEP Energy Services Nordic S/A	8	2	-	10
AEP Energy Services Power Trading	1	-	-	1
AEP Energy Services UK Generation Limited	224	45	-	269
AEP Energy Services Ventures, Inc.	20	3	-	23
AEP Energy Services Ventures II, Inc.	2	-	-	2
AEP Fiber Venture, LLC	1	(515)	-	(514)
AEP Gas Marketing LP	31	7	-	38
AEP Gas Power GP, LLC	254	21	-	275
AEP Gas Power System, LLC	319	53	-	372
AEP Generating Company	1,423	204	-	1,627
AEP Holdings I CV	3	1	-	4
AEP Holdings II CV		3,122	-	3,122
AEP Investments, Inc.	381	42	-	423
AEP Memco LLC	434	124	-	558
AEP Ohio Commercial & Industrial Retail Company, LLC	6	1	-	7
AEP Ohio Retail Energy, LLC	43	5	-	48
AEP Power Marketing, Inc.	-	-	-	-
AEP Pro Serv, Inc.	31,713	4,184	(4)	35,893
AEP Pushan Power, LDC	119	20	-	139
AEP Resources Australia Holdings Pty., Ltd	4			4
AEP Resources International, Limited	3	-	-	3
AEP Resources Limited	1	-	-	1
AEP Resources, Inc.	8,238	1,433	(4)	9,667
AEP Resources Services LLC	14	4	-	18
AEP Retail Energy, LLC	18	3	-	21
AEPR Ohio, LLC	12	1	-	13
AEP System Pool	48,675	4,920	-	53,595
AEP T&D Services, LLC	232	47	-	279
AEP Texas Central Company	105,573	19,751	(37)	125,287
AEP Texas Commercial & Industrial Retail Limited Partnership	96	11	-	107
AEP Texas Commercial & Industrial Retail GP, LLC	80	14	-	94
AEP Texas North Company	45,333	28	(24)	45,337
AEP Texas POLR, LLC	4	1	-	5
AEP Texas Retail GP, LLC	-	-	-	-
American Electric Power Company, Inc.	7,751	4,659	(12)	12,398
Appalachian Power Company	172,423	30,170	(57)	202,536
Blackhawk Coal Company	73	11	-	84
C3 Communications, Inc.	3,200	1,006	(1)	4,205
C3 Networks GP, LLC	7	1	-	8

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ANALYSIS OF BILLING - ASSOCIATE COMPANIES - ACCOUNT 457
(In Thousands)

NAME OF ASSOCIATE COMPANY	DIRECT COSTS CHARGED 457.1	INDIRECT COSTS CHARGED 457.2	COMPENSATION FOR USE OF CAPITAL 457.3	TOTAL AMOUNT BILLED
Cardinal Operating Company	21,223	3,223	(5)	24,441
Cedar Coal Company	26	5	-	31
Central and South West Corporation	256	170	-	426
Central Appalachian Coal Company	5	1	-	6
Central Coal Company	12	2	-	14
Central Ohio Coal Company	-	-	-	-
Colomet, Inc.	1,597	296	-	1,893
Columbus Southern Power Company	88,952	15,482	(30)	104,404
Conesville Coal Preparation Company	775	147	-	922
CSW Corporation	-	33	(33)	-
CSW Energy, Inc.	18,410	2,023	(1)	20,432
CSW Energy Services, Inc.	1,982	244	-	2,226
CSW International, Inc.	680	82	-	762
CSW Leasing, Inc.	58	9	-	67
CSW Power Marketing, Inc.	565	48	-	613
CSW Services International Inc.	227	61	-	288
Datapult LLC	-	-	-	-
Datapult Limited Partnership	-	-	-	-
Desert Sky Wind Farm LP	25	4	-	29
Dolet Hills Lignite Company, LLC	1,573	417	-	1,990
Energia de Mexicali, S de R.L. de C.V.	4	1	-	5
EnerShop Inc.	89	14	-	103
Franklin Real Estate Company	3	-	-	3
HPL GP, LLC	4	1	-	5
HPL Holdings, Inc.	3	-	-	3
HPL Resources Company LP	3	1	-	4
Houston Pipeline Company LP	15,498	1,450	-	16,948
Indiana Franklin Reality, Inc.	-	-	-	-
Indiana Michigan Power Company	122,750	17,129	(40)	139,839
Industry and Energy Associates LLC	192	19	-	211
Jefferson Island Storage & Hub LLC	24	4	-	28
Kentucky Power Company	52,347	8,199	(16)	60,530
Kingsport Power Company	4,031	687	(1)	4,717
LIG Chemical Company	4	1	-	5
LIG Liquids Company LLC	47	7	-	54
LIG Pipeline Company	3	1	-	4
LIG, Inc.	7	1	-	8
Louisiana Intrastate Gas Company, LLC	498	78	-	576
Memco Consolidated	8	1	-	9
MidTexas Pipeline Company	4	1	-	5
Mutual Energy CPL L. P.	228	40	-	268
Mutual Energy L.L.C.	9	2	-	11
Mutual Energy Service Company, L.L.C.	4,136	824	-	4,960
Mutual Energy SWEPCO L. P.	2	1	-	3
Mutual Energy WTU L. P.	147	28	-	175
Nanyang General Light Electric Co., Ltd.	57	4	-	61
Newgulf Power Venture	54	6	-	60
Ohio Power Company	150,345	25,035	(51)	175,329
POLR Power, L. P.	45	7		52
Public Liability Company	11	2		13
Public Service Company of Oklahoma	73,255	12,436	(21)	85,670
Rep General Partner L.L.C.	178	25	-	203
Rep Holdco Inc.	1,040	147	-	1,187
Seeboard PLC	39	5	-	44
Simco, Inc.	4	-	-	4
Southern Appalachian Coal Company	2	1	-	3
Southern Ohio Coal Company - Martinka	-	-	-	-
Southern Ohio Coal Company - Meigs	-	-	-	-

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For the Year Ended December 31, 2002

ANALYSIS OF BILLING - ASSOCIATE COMPANIES - ACCOUNT 457
(In Thousands)

NAME OF ASSOCIATE COMPANY	DIRECT COSTS CHARGED 457.1	INDIRECT COSTS CHARGED 457.2	COMPENSATION FOR USE OF CAPITAL 457.3	TOTAL AMOUNT BILLED
Southwestern Electric Power Company	87,738	16,333	(26)	104,045
Trent Wind Farm LP	750	151	-	901
Tuscaloosa Pipeline Company	1	(6)	6	1
United Sciences Testing, Inc,	963	75		1,038
Ventures Lease Co., LLC	21	8,785	-	8,806
West Virginia Power Company	-	-	-	-
Wheeling Power Company	5,530	751	4	6,285
Windsor Coal Company	-	-	-	-
Unbilled Revenues	4,840	-	-	4,840
TOTALS	$ 1,175,277	$ 195,632	$ (372)	$ 1,370,537

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ANALYSIS OF BILLING - NONASSOCIATE COMPANIES - ACCOUNT 458
(In Thousands)

NAME OF NONASSOCIATE COMPANY	DIRECT COST CHARGED 458.1	INDIRECT COST CHARGED 458.2	COMPENSATION FOR USE OF CAPITAL 458.3	TOTAL COST	EXCESS OR DEFICIENCY 458.4	TOTAL AMOUNT BILLED
Bridgeco	$ (216)	$ 382	$ -	$ 166	$ -	$ 166
Cinergy	10,483	708	-	11,191	-	11,191
CLECO	282	31	-	313	-	313
Dayton Power & Light	-	1	-	1	-	1
East Central Area Reliability	765	139	-	904	-	904
Indiana Kentucky Electric Corporation	436	147	-	583	-	583
Ohio Valley Electric Company	5,916	1,031	-	6,947	-	6,947
TOTALS	$ 17,666	$ 2,439	$ -	$ 20,105	$ -	$ 20,105

Instruction: Provide a brief description of the services rendered to each nonassociate company:
Engineering, Computer and Environmental Laboratory services.

SCHEDULE XVI - ANALYSIS OF CHARGES FOR SERVICE - ASSOCIATE AND NONASSOCIATE COMPANIES
(In Thousands)

Instruction: Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

		ASSOCIATE COMPANY CHARGES			NONASSOCIATE COMPANY CHARGES			TOTAL CHARGES FOR SERVICE		
ACCOUNT	DESCRIPTION OF ITEMS	DIRECT COST	INDIRECT COST	TOTAL	DIRECT COST	INDIRECT COST	TOTAL	DIRECT COST	INDIRECT COST	TOTAL
COST OF SERVICE - INCOME STATEMENT										
454	Rents from electric properties - NAC	$ (26)	$ -	$ (26)	$ -	$ -	$ -	$ (26)	$ -	$ (26)
456	Other electric revenues	-	-	-	-	-	-	-	-	-
421	Miscellaneous income or loss	(985)	7	(978)	-	-	-	(985)	7	(978)
447	Impact studies	-	-	-	-	-	-	-	-	-
458	Services rendered to non associate companies	-	-	-	-	-	-	-	-	-
500-559	Power production	140,810	17,113	157,923	3,130	688	3,818	143,940	17,801	161,741
560-579	Transmission	26,257	6,905	33,162	538	522	1,060	26,795	7,427	34,222
580-599	Distribution	41,493	10,019	51,512	-	-	-	41,493	10,019	51,512
750-867	Trading	10,019	732	10,751	-	-	-	10,019	732	10,751
901-903	Customer accounts expense	100,849	26,217	127,066	2	-	2	100,851	26,217	127,068
904	Uncollectible - Misc. Receivable	10	-	10	-	-	-	10	-	10
905	Customer assistance	1,981	967	2,948	-	-	-	1,981	967	2,948
906-917	Customer service & information	7,812	2,746	10,558	-	-	-	7,812	2,746	10,558
920	Salaries and wages	320,194	49,515	369,709	2,771	385	3,156	322,965	49,900	372,865
921	Office supplies and expenses	93,212	15,441	108,653	433	82	515	93,645	15,523	109,168
922	Administrative expense transferred - credit	(310,921)	14	(310,907)	-	-	-	(310,921)	14	(310,907)
923	Outside service employed	65,366	6,853	72,219	10,791	763	11,554	76,157	7,616	83,773
924	Property insurance	223	-	223	-	-	-	223	-	223
925	Injuries and damages	10,231	370	10,601	-	-	-	10,231	370	10,601
926	Employee pensions and benefits	122,557	1,327	123,884	-	-	-	122,557	1,327	123,884
928	Regulatory commission expense	34	19	53	-	-	-	34	19	53
930.1	General advertising expense	1,246	457	1,703	-	-	-	1,246	457	1,703
930.2	Miscellaneous general expense	6,514	1,204	7,718	-	-	-	6,514	1,204	7,718
931	Rents	62,997	320	63,317	-	-	-	62,997	320	63,317
935	Maintenance of structures and equipment	32,759	3,209	35,968	-	-	-	32,759	3,209	35,968
402	Maintenance Expense	26	5	31	-	-	-	26	5	31
403-405	Depreciation and amortization expense	29,344	1,119	30,463	-	-	-	29,344	1,119	30,463
408	Taxes other than income taxes	50,078	-	50,078	-	-	-	50,078	-	50,078
409	Income taxes	(103,044)	-	(103,044)	-	-	-	(103,044)	-	(103,044)
410	Provision for deferred income taxes	190,302	-	190,302	-	-	-	190,302	-	190,302
411	Provision for deferred income taxes - credit	(85,831)	-	(85,831)	-	-	-	(85,831)	-	(85,831)
411.7	Loss from disposition of plant	15,730	-	15,730	-	-	-	15,730	-	15,730
416	Sports lighting	719	138	857	-	-	-	719	138	857
417	Administrative - business venture	98	21	119	-	-	-	98	21	119
418	Non-Operating rental income	136	25	161	-	-	-	136	25	161
419	Interest income - other	(165)	-	(165)	-	-	-	(165)	-	(165)
426.1	Donations	2,525	454	2,979	-	-	-	2,525	454	2,979
426.3-426.5	Other deductions	5,835	860	6,695	-	-	-	5,835	860	6,695
427	Interest on long-term debt	5,044	-	5,044	-	-	-	5,044	-	5,044
428	Amortization of debt discount and expense	427	-	427	-	-	-	427	-	427
430	Interest on debt to associate companies	3,753	-	3,753	-	-	-	3,753	-	3,753
431	Other interest expense	912	-	912	-	-	-	912	-	912
432	Borrowed funds - construction - credit	(2,984)	-	(2,984)	-	-	-	(2,984)	-	(2,984)
TOTAL COST OF SERVICE - INCOME STATEMENT		845,537	146,057	991,594	17,665	2,440	20,105	863,202	148,497	1,011,699

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SCHEDULE XVI - ANALYSIS OF CHARGES FOR SERVICE - ASSOCIATE AND NONASSOCIATE COMPANIES

(In Thousands)

Instruction: Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

		ASSOCIATE COMPANY CHARGES			NONASSOCIATE COMPANY CHARGES			TOTAL CHARGES FOR SERVICE		
ACCOUNT	DESCRIPTION OF ITEMS	DIRECT COST	INDIRECT COST	TOTAL	DIRECT COST	INDIRECT COST	TOTAL	DIRECT COST	INDIRECT COST	TOTAL
COST OF SERVICE - INCOME STATEMENT										
454	Rents from electric properties - NAC	$ (26)	$ -	$ (26)	$ -	$ -	$ -	$ (26)	$ -	$ (26)
456	Other electric revenues	-	-	-	-	-	-	-	-	-
421	Miscellaneous income or loss	(985)	7	(978)	-	-	-	(985)	7	(978)
447	Impact studies	-	-	-	-	-	-	-	-	-
458	Services rendered to non associate companies	-	-	-	-	-	-	-	-	-
500-559	Power production	140,810	17,113	157,923	3,130	688	3,818	143,940	17,801	161,741
560-579	Transmission	26,257	6,905	33,162	538	522	1,060	26,795	7,427	34,222
580-599	Distribution	41,493	10,019	51,512	-	-	-	41,493	10,019	51,512
750-867	Trading	10,019	732	10,751	-	-	-	10,019	732	10,751
901-903	Customer accounts expense	100,849	26,217	127,066	2	-	2	100,851	26,217	127,068
904	Uncollectible - Misc. Receivable	10	-	10	-	-	-	10	-	10
905	Customer assistance	1,981	967	2,948	-	-	-	1,981	967	2,948
906-917	Customer service & information	7,812	2,746	10,558	-	-	-	7,812	2,746	10,558
920	Salaries and wages	320,194	49,515	369,709	2,771	385	3,156	322,965	49,900	372,865
921	Office supplies and expenses	93,212	15,441	108,653	433	82	515	93,645	15,523	109,168
922	Administrative expense transferred - credit	(310,921)	14	(310,907)	-	-	-	(310,921)	14	(310,907)
923	Outside service employed	65,366	6,853	72,219	10,791	763	11,554	76,157	7,616	83,773
924	Property insurance	223	-	223	-	-	-	223	-	223
925	Injuries and damages	10,231	370	10,601	-	-	-	10,231	370	10,601
926	Employee pensions and benefits	122,557	1,327	123,884	-	-	-	122,557	1,327	123,884
928	Regulatory commission expense	34	19	53	-	-	-	34	19	53
930.1	General advertising expense	1,246	457	1,703	-	-	-	1,246	457	1,703
930.2	Miscellaneous general expense	6,514	1,204	7,718	-	-	-	6,514	1,204	7,718
931	Rents	62,997	320	63,317	-	-	-	62,997	320	63,317
935	Maintenance of structures and equipment	32,759	3,209	35,968	-	-	-	32,759	3,209	35,968
402	Maintenance Expense	26	5	31	-	-	-	26	5	31
403-405	Depreciation and amortization expense	29,344	1,119	30,463	-	-	-	29,344	1,119	30,463
408	Taxes other than income taxes	50,078	-	50,078	-	-	-	50,078	-	50,078
409	Income taxes	(103,044)	-	(103,044)	-	-	-	(103,044)	-	(103,044)
410	Provision for deferred income taxes	190,302	-	190,302	-	-	-	190,302	-	190,302
411	Provision for deferred income taxes - credit	(85,831)	-	(85,831)	-	-	-	(85,831)	-	(85,831)
411.7	Loss from disposition of plant	15,730	-	15,730	-	-	-	15,730	-	15,730
416	Sports lighting	719	138	857	-	-	-	719	138	857
417	Administrative - business venture	98	21	119	-	-	-	98	21	119
418	Non-Operating rental income	136	25	161	-	-	-	136	25	161
419	Interest income - other	(165)	-	(165)	-	-	-	(165)	-	(165)
426.1	Donations	2,525	454	2,979	-	-	-	2,525	454	2,979
426.3-426.5	Other deductions	5,835	860	6,695	-	-	-	5,835	860	6,695
427	Interest on long-term debt	5,044	-	5,044	-	-	-	5,044	-	5,044
428	Amortization of debt discount and expense	427	-	427	-	-	-	427	-	427
430	Interest on debt to associate companies	3,753	-	3,753	-	-	-	3,753	-	3,753
431	Other interest expense	912	-	912	-	-	-	912	-	912
432	Borrowed funds - construction - credit	(2,984)	-	(2,984)	-	-	-	(2,984)	-	(2,984)
TOTAL COST OF SERVICE - INCOME STATEMENT		845,537	146,057	991,594	17,665	2,440	20,105	863,202	148,497	1,011,699

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For the Year Ended December 31, 2002

SCHEDULE XVII - SCHEDULE OF EXPENSE DISTRIBUTION BY DEPARTMENT OR SERVICE FUNCTION
(In Thousands)

Instruction: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

			DEPARTMENT OR SERVICE FUNCTION								
ACCOUNT	DESCRIPTION OF ITEMS	TOTAL AMOUNT	OVERHEAD	ACCOUNTING	AEP PRO SERV	AUDIT SERVICES	CORPORATE COMMUN.	CORPORATE DEVELOP.	CORPORATE PLAN & BUDG.	CORPORATE SUPPLY CHAIN	CUSTOMER OPERATIONS
454	Rents from Electric Properties - NAC	$ (26)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
456	Other Electric Revenues	-	-	-	-	-	-	-	-	-	-
419	Interest Income - Other	(165)	-	-	-	-	-	-	-	-	-
421	Miscellaneous Income or Loss	(978)	7	(1)	(1)	-	-	-	-	(284)	(2)
447	Impact Studies	-	-	-	-	-	-	-	-	-	-
500-559	Power Production	161,741	18,489	860	62,077	13	-	43	154	42	17
560-579	Transmission	34,222	7,950	10	954	11	-	-	75	20	3
580-599	Distribution	51,512	10,018	3	1,528	1	1	18	3	23	4,008
780-860	Trading	10,751	732	(1)	23	-	-	-	-	-	26
901-903	Customer Accounts Expense	127,068	26,217	3,019	2	-	-	-	4	-	92,207
904	Uncollectible - Misc. Receivable	10	-	-	-	-	-	-	-	-	-
905	Misc. Customer Accounts	2,948	987	(1)	-	1	-	-	-	-	1,951
906-917	Customer Service & Information	10,558	2,746	(2)	16	-	16	-	14	-	4,437
920	Salaries and Wages	372,865	50,285	25,100	39,670	4,639	6,008	4,045	9,835	2,747	2,145
921	Office Supplies and Expenses	109,168	15,604	4,944	7,025	475	1,378	913	695	1,845	1,315
922	Administrative Expense Transferred - Credit	(310,907)	14	(442,527)	15,177	748	1,855	1,398	1,424	964	22,835
923	Outside Service Employed	83,773	8,381	1,859	14,440	494	814	269	325	101	297
924	Property Insurance	223	(1)	-	-	-	-	-	-	-	-
925	Injuries and Damages	10,601	370	1,923	2	-	-	-	-	-	2
926	Employee Pensions and Benefits	123,884	1,328	251	102	36	1,027	23	15	7	145
928	Regulatory Commission Expense	53	19	24	-	-	-	-	-	-	-
930.1	General Advertising Expense	1,703	457	(11)	-	-	1,113	1	-	-	11
930.2	Miscellaneous General Expense	7,718	1,204	5	124	3	91	249	16	-	166
931	Rents	63,317	321	159	409	1	12	1	5	-	87
935	Maintenance of Structures and Equipment	35,968	3,208	8	101	-	-	51	-	-	2
402	Maintenance Expense	31	5	-	-	-	-	-	-	-	-
403-405	Depreciation and Amortization Expense	30,463	1,119	-	-	-	-	-	-	-	-
408	Taxes Other than Income Taxes	50,078	-	1,178	4,560	147	224	103	347	271	2,826
409	Income Taxes	(103,044)	-	-	-	-	-	-	-	-	-
410	Provision for Deferred Income Taxes	190,302	-	-	-	-	-	-	-	-	-
411	Provision for Deferred Income Taxes - Credit	(85,831)	-	-	-	-	-	-	-	-	-
411.7	Loss from Disposition of Plant	15,730	-	-	-	-	-	-	-	-	-
416	Expense - Sports Lighting	857	138	18	-	-	-	-	-	-	691
417	Administrative - Business Venture	119	21	-	21	-	-	-	-	-	-
418	Non-Operating Rental Income	161	25	-	-	-	-	-	-	-	-
426.1	Donations	2,979	454	2	6	6	8	2	-	-	147
426.3 - 426.5	Other Deductions	6,695	860	40	58	-	591	2	-	-	36
427	Interest on Long Term Debt	5,044	-	-	-	-	-	-	-	-	-
428	Amortization on Long Term Debt	427	-	-	-	-	-	-	-	-	-
430	Interest On Debt to Associate Companies	3,753	-	-	-	-	-	-	-	-	-
431	Other Interest Expense	912	-	-	-	-	-	-	-	-	-
432	Borrowed Funds - Construction - Credit	(2,984)	-	(1,416)	-	-	-	-	-	-	-
107	Construction Work in Progress	312,790	23,742	1,517	52,439	1	58	41	196	1,600	2,354
108	Retirement Work in Progress	8,417	626	7	6,565	-	-	-	-	-	-
120	Nuclear Fuel	-	-	-	-	-	-	-	-	-	-
124	Investments	46	1	-	8	-	-	-	-	-	-
151	Fuel Stock	5,421	804	28	596	-	2	-	-	-	-
152	Fuel Stock Expense Undistributed	5,570	848	731	1,435	-	-	-	-	-	-
163	Stores Expense Undistributed	13,413	2,933	514	646	-	-	-	-	2,991	-
182	Regulatory Assets	(24)	(2)	-	-	-	30	-	-	-	8
183	Preliminary Survey & Investigation Charges	-	-	-	-	-	-	-	-	-	-
184	Clearing Accounts	857	87	5	-	-	-	-	-	-	-
186	Miscellaneous Deferred Debits	11,934	1,730	90	5,133	-	-	-	21	4	4
188	Research, Development, or Demonstration Exp.	20,519	3,170	1	413	10	13	121	9	-	-
	TOTAL COST OF SERVICE	$ 1,390,642	$ 184,877	$ (401,663)	$ 213,529	$ 6,586	$ 13,241	$ 7,280	$ 13,138	$ 10,351	$ 135,718

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SCHEDULE XVII - SCHEDULE OF EXPENSE DISTRIBUTION BY DEPARTMENT OR SERVICE FUNCTION
(In Thousands)

Instruction: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

		DEPARTMENT OR SERVICE FUNCTION									
ACCOUNT	DESCRIPTION OF ITEMS	DISTRIBUTION	ENERGY TRADING	EXECUTIVE GROUP	GAS POWER SYSTEMS	GENERAL SERVICES	GOV. & EVIRON. AFFAIRS	HUMAN RESOURCES	INFORMATION TECHNOLOGY	LEGAL	NUCLEAR & TECH. SERVICES
454	Rents from Electric Properties - NAC	$ -	$ -	$ -	$ -	$ (26)	$ -	$ -	$ -	$ -	$ -
456	Other Electric Revenues	-	-	-	-	-	-	-	-	-	-
419	Interest Income - Other	-	-	-	-	-	-	-	-	-	-
421	Miscellaneous Income or Loss	(16)	-	-	-	(687)	-	(2)	(3)	-	-
447	Impact Studies	-	-	-	-	-	-	-	-	-	-
500-559	Power Production	7	12,125	222	447	1,472	5	114	898	946	1,345
560-579	Transmission	642	-	141	-	563	-	(16)	1,230	13	85
580-599	Distribution	27,938	-	95	1	27	-	131	5,103	23	150
780-860	Trading	-	-	-	8,744	-	-	1	5	-	-
901-903	Customer Accounts Expense	121	-	687	-	1	-	3	2,247	-	1,355
904	Uncollectible - Misc. Receivable	-	-	-	-	-	-	-	-	-	-
905	Misc. Customer Accounts	2	-	-	-	-	-	-	3	-	-
906-917	Customer Service & Information	9	-	23	-	4	-	4	2,281	21	38
920	Salaries and Wages	351	3,568	22,940	469	12,597	3,881	22,138	60,797	21,123	1,352
921	Office Supplies and Expenses	1,593	1,407	4,400	68	10,979	1,006	3,643	28,411	2,404	367
922	Administrative Expense Transferred - Credit	10,556	725	2,886	18	8,157	793	7,701	18,867	2,818	2,910
923	Outside Service Employed	13	-	9,185	-	2,854	44	2,591	24,316	7,189	59
924	Property Insurance	-	-	-	-	-	-	-	-	-	-
925	Injuries and Damages	170	-	-	-	10	-	1,468	18	2	-
926	Employee Pensions and Benefits	38	3	2	54	59	2	120,363	167	31	13
928	Regulatory Commission Expense	-	-	-	-	-	-	-	-	-	-
930.1	General Advertising Expense	21	-	4	-	-	-	33	15	-	10
930.2	Miscellaneous General Expense	195	4	114	-	8	231	80	7	880	78
931	Rents	18	-	1,931	3	20,629	-	68	38,525	122	43
935	Maintenance of Structures and Equipment	6	-	4	-	8,920	-	4	9,333	-	(281)
402	Maintenance Expense	-	-	-	-	-	-	-	-	-	-
403-405	Depreciation and Amortization Expense	-	-	-	-	29,344	-	-	-	-	-
408	Taxes Other than Income Taxes	1,541	1,204	276	425	3,816	96	18,714	3,566	419	133
409	Income Taxes	-	-	-	-	-	-	-	-	-	-
410	Provision for Deferred Income Taxes	-	-	-	-	-	-	-	-	-	-
411	Provision for Deferred Income Taxes - Credit	-	-	-	-	-	-	-	-	-	-
411.7	Loss from Disposition of Plant	-	-	-	-	15,730	-	-	-	-	-
416	Expense - Sports Lighting	-	-	-	-	-	-	-	1	-	-
417	Administrative - Business Venture	-	-	9	-	-	-	-	4	-	-
418	Non-Operating Rental Income	-	-	-	-	134	-	-	-	-	-
426.1	Donations	1	-	-	-	-	932	225	-	960	-
426.3 - 426.5	Other Deductions	2	-	51	-	89	3,000	7	21	1,576	45
427	Interest on Long Term Debt	-	-	-	-	3,312	-	-	-	-	-
428	Amortization on Long Term Debt	-	-	-	-	320	-	-	-	-	-
430	Interest On Debt to Associate Companies	-	-	-	-	-	-	-	-	-	-
431	Other Interest Expense	-	-	-	-	-	-	-	-	-	-
432	Borrowed Funds - Construction - Credit	-	-	-	-	-	-	-	-	-	-
107	Construction Work in Progress	9,785	244	150	713	2,645	-	14	157,305	136	186
108	Retirement Work in Progress	591	-	-	49	82	-	-	-	-	-
120	Nuclear Fuel	-	-	-	-	-	-	-	-	-	-
124	Investments	-	-	-	-	2	-	-	-	-	-
151	Fuel Stock	-	-	-	-	-	-	205	-	2	-
152	Fuel Stock Expense Undistributed	-	732	-	-	-	-	-	20	2	-
163	Stores Expense Undistributed	6,523	-	(14)	-	-	-	(227)	3	-	9
182	Regulatory Assets	-	-	-	-	-	-	-	-	-	-
183	Preliminary Survey & Investigation Charges	-	-	-	-	-	-	-	-	-	-
184	Clearing Accounts	-	-	2	-	761	-	-	2	-	-
186	Miscellaneous Deferred Debits	505	189	-	-	-	-	-	(43)	13	3
188	Research, Development, or Demonstration Exp.	26	-	3,793	-	6	3	-	1	250	12,536
	TOTAL COST OF SERVICE	$ 60,638	$ 20,201	$ 46,901	$ 10,991	$ 121,808	$ 9,973	$ 177,262	$ 351,100	$ 38,930	$ 20,486

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SCHEDULE XVII - SCHEDULE OF EXPENSE DISTRIBUTION BY DEPARTMENT OR SERVICE FUNCTION
(In Thousands)

Instruction: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

		DEPARTMENT OR SERVICE FUNCTION									
ACCOUNT	DESCRIPTION OF ITEMS	PLANNING & BUS. DEV.	PUBLIC POLICY	REGULATED POWER GEN.	RISK MANAGEMENT	TAX	TRANSMISSION	TREASURY	UNREGULATED POWER GEN.		
454	Rents from Electric Properties - NAC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
456	Other Electric Revenues	-	-	-	-	-	-	-	-		
419	Interest Income - Other	-	-	-	-	(163)	-	(2)	-		
421	Miscellaneous Income or Loss	(6)	-	-	-	-	(2)	-	(1)		
447	Impact Studies	-	-	-	-	-	-	-	-		
500-559	Power Production	365	-	12,892	1,326	1	1,776	-	46,105		
560-579	Transmission	1,731	208	12	-	-	20,569	(65)	86		
580-599	Distribution	1,451	1	-	-	-	988	-	1		
780-860	Trading	1,188	-	-	-	-	4	-	29		
901-903	Customer Accounts Expense	895	11	3	251	(1)	14	3	29		
904	Uncollectible - Misc. Receivable	-	-	-	-	-	-	10	-		
905	Misc. Customer Accounts	16	-	-	-	-	9	-	-		
906-917	Customer Service & Information	391	554	-	-	1	5	-	-		
920	Salaries and Wages	13,092	7,970	599	5,965	5,733	166	5,755	39,915		
921	Office Supplies and Expenses	10,124	684	779	1,000	627	988	3,142	3,352		
922	Administrative Expense Transferred - Credit	4,257	2,458	967	798	1,063	16,352	663	5,216		
923	Outside Service Employed	475	702	97	792	1,011	391	5,795	1,279		
924	Property Insurance	-	-	-	224	-	-	-	-		
925	Injuries and Damages	80	-	-	6,553	-	3	-	-		
926	Employee Pensions and Benefits	34	2	4	38	3	58	6	73		
928	Regulatory Commission Expense	-	-	-	-	-	10	-	-		
930.1	General Advertising Expense	48	-	-	2	-	1	-	(2)		
930.2	Miscellaneous General Expense	2,487	(1)	3	2	(5)	1,188	553	36		
931	Rents	1,700	2	1	105	(1)	23	5	1,148		
935	Maintenance of Structures and Equipment	14,457	12	1	-	-	5	-	137		
402	Maintenance Expense	-	-	-	-	-	-	-	26		
403-405	Depreciation and Amortization Expense	-	-	-	-	-	-	-	-		
408	Taxes Other than Income Taxes	861	333	687	223	2,257	2,229	117	3,525		
409	Income Taxes	-	-	-	-	(103,044)	-	-	-		
410	Provision for Deferred Income Taxes	-	-	-	-	190,302	-	-	-		
411	Provision for Deferred Income Taxes - Credit	-	-	-	-	(85,831)	-	-	-		
411.7	Loss from Disposition of Plant	-	-	-	-	-	-	-	-		
416	Expense - Sports Lighting	8	1	-	-	-	-	-	-		
417	Administrative - Business Venture	5	8	-	-	-	51	-	-		
418	Non-Operating Rental Income	-	-	-	-	-	-	-	2		
426.1	Donations	209	-	-	-	-	3	-	24		
426.3 - 426.5	Other Deductions	75	6	-	-	(5)	3	-	238		
427	Interest on Long Term Debt	-	-	-	-	-	-	1,732	-		
428	Amortization on Long Term Debt	-	-	-	-	-	-	107	-		
430	Interest On Debt to Associate Companies	-	-	-	-	-	-	3,753	-		
431	Other Interest Expense	-	-	-	-	912	-	-	-		
432	Borrowed Funds - Construction - Credit	-	-	-	-	-	-	(1,568)	-		
107	Construction Work in Progress	2,718	32	3,232	29	5	46,742	3	6,903		
108	Retirement Work in Progress	4	-	84	-	-	396	-	13		
120	Nuclear Fuel	-	-	-	-	-	-	-	-		
124	Investments	35	-	-	-	-	-	-	-		
151	Fuel Stock	-	-	1,447	-	-	-	-	2,337		
152	Fuel Stock Expense Undistributed	-	-	15	-	-	4	-	1,783		
163	Stores Expense Undistributed	-	-	25	-	-	-	-	10		
182	Regulatory Assets	(90)	-	-	-	-	-	-	30		
183	Preliminary Survey & Investigation Charges	-	-	-	-	-	-	-	-		
184	Clearing Accounts	-	-	-	-	-	-	-	-		
186	Miscellaneous Deferred Debits	850	364	1	-	-	2,506	-	564		
188	Research, Development, or Demonstration Exp.	9	-	22	-	2	131	-	3		
	TOTAL COST OF SERVICE	$ 57,469	$ 13,347	$ 20,871	$ 17,308	$ 12,867	$ 94,613	$ 20,009	$ 112,861	$ -	$ -

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For the Year Ended December 31, 2002

DEPARTMENTAL ANALYSIS OF SALARIES
(In Thousands except Number of Personnel)

NAME OF DEPARTMENT *Indicate each department or service function.*	DEPARTMENTAL SALARY EXPENSE INCLUDED IN AMOUNTS BILLED TO				NUMBER OF PERSONNEL END OF YEAR
	TOTAL AMOUNT	PARENT COMPANY	OTHER ASSOCIATES	NON ASSOCIATES	
Service Groups (Overheads)	$ 50,279	$ 997	$ 48,898	$ 384	-
Accounting	15,342	554	14,788	-	358
AEP Pro Serv	61,766	(68)	60,239	1,595	1,086
Audit Services	2,392	35	2,349	8	35
Corporate Communications	3,693	139	3,554	-	67
Corporate Development	2,339	(3)	2,342	-	16
Corporate Planning & Budgeting	5,251	500	4,751	-	85
Corporate Supply Chain	2,652	4	2,643	5	131
Customer Operations	49,204	670	48,534	-	1,210
Distribution	28,204	42	28,161	1	346
Energy Trading	10,917	(11)	10,856	72	43
Executive Group	3,350	16	3,124	210	30
Gas Power Systems	7,994	(5)	7,999	-	128
General Services	3,779	(15)	3,794	-	230
Governmental & Environmental Affairs	2,629	43	2,586	-	37
Human Resources	9,583	(23)	9,618	(12)	278
Information Technology	23,127	124	23,035	(32)	817
Legal	10,149	455	9,692	2	96
Nuclear & Technical Services	5,355	-	5,355	-	36
Planning & Business Development	17,633	52	17,549	32	230
Public Policy	3,874	3	3,870	1	79
Regulated Power Generation	10,446	43	10,336	67	181
Risk Management	28,265	7	27,811	447	83
Tax	3,076	33	3,043	-	58
Transmission	43,086	(69)	43,127	28	595
Treasury	3,707	236	3,502	(31)	38
Unregulated Power Generation	40,514	461	40,019	34	477
TOTALS	$ 448,606	$ 4,220	$ 441,575	$ 2,811	6,770

These amounts include charges to accounts throughout the Income Statement, including billable Balance Sheet accounts. Therefore, these amounts cannot be identified in total with any particular line on Schedule XV, but are distributed among various lines.

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

OUTSIDE SERVICES EMPLOYED
(In Thousands)

Instructions: Provide a breakdown of outside services employed. If the aggregate amount paid to any one payee and included within one category is less than $100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a brief description of the service rendered by each vendor listed.

FROM WHOM PURCHASED	SERVICE PROVIDED	AMOUNT
8e6 Technologies	Software License	$ 208
A. C. Coy Company	Consulting Services	253
A. T. Kearney, Inc.	Legal Services	225
ABB Power T & D Co. Inc.	Consulting Services	112
Abilene, City of	Consulting Services	194
Accountemps	Temporary Office and Accounting Services	927
Accounting Principles	Temporary Office and Accounting Services	295
Active Development Group, Inc.	Consulting Services	138
ADM Associates, Inc.	Consulting Services	131
AEP Pro Serv, Inc.	Engineering Services	479
Aerotec, LLC	Engineering Services	122
Aerotek, Inc.	Temporary Office and Accounting Services	327
Al Stalter & Associates	Consulting Services	355
Al Travis & Associates, Inc.	IT Support	349
Allen Systems Group, Inc.	IT Support	164
Alliance GridCo	Engineering Services	232
Alliance Participants Admin. & Startup	Consulting Services	287
Allied Interstate, Inc.	Collection Services	267
Alstom Esca Corp.	IT Support	833
Alstom Power, Inc.	Engineering Services	167
Amanda Graphics	Engineering Services	102
Amazac, Ltd.	IT Support	229
American Payment Systems, Inc.	Collection Services	2,146
Analysts International Corporation	Consulting Services	1,321
And Beyond Communications	Consulting Services	110
Applied Computer Sciences, Inc.	Consulting Services	126
Applied Performance Technologies, Inc.	Consulting Services	154
Arthur Andersen LLP	Consulting Services	686
ASAP Software Express, Inc.	Software License	1,764
Authoria, Inc.	Consulting Services	164
Avalon Technology Group, Inc.	IT Support	130
AYCO Company, LP	Financial Services	259
Babcock & Wilcox Construction	Facilities Maintenance	1,968
Babcock Borsig Power	Engineering Services	14,311
Banctec Service Corporation	Software License	218
Bank of Oklahoma	Banking Services	521
Bank One Commercial Card	Various Services	839
Banta Electrical Contractors	Facilities Construction	290
Battelle, INC	Research & Development	162
Bell & Howell Company	Software Maintenance	194
Bentley Systems, Inc.	Software Maintenance	263
Black & Veatch Corp.	Training Services	101
BMC Software, Inc.	Software License	1,664
Booz-Allen & Hamilton Inc.	Consulting Services	750
Buckeye Corporate Transportation	Transportation Services	207
Burns International Security	Security Services	375
Buypay Traveler Express Co. Inc.	Wire Service	439
Cambridge Energy	Research & Development	212
Candle Corporation	Software License	417
Capital Structuring Department	Financial Services	300
CDA Engineering, Inc.	Engineering Services	117
CDS/Muery Services	Engineering Services	533
Cendant Mobility Services Corp.	Relocation Services	301

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OUTSIDE SERVICES EMPLOYED
(In Thousands)

Instructions: Provide a breakdown of outside services employed. If the aggregate amount paid to any one payee and included within one category is less than $100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a brief description of the service rendered by each vendor listed.

FROM WHOM PURCHASED	SERVICE PROVIDED	AMOUNT
Charles River Associates, Inc.	Consulting Services	368
Cisco Systems, Inc.	Software Maintenance	706
Citibank NA	Financial Services	746
Clark, Thomas, & Winters	Legal Services	708
Coghlan, Crowson, Fitzpatrick, Westbrook, & Worthington, LLP	Legal Services	190
Cognicase	Engineering Services	634
Commercial Movers, Inc.	Office Furniture Transportation	148
Compaq Computer Corporation	Computer Support	410
Computer Associates International, Inc.	Software License	3,400
Computer Project Resources, Inc.	Consulting Services	173
Compuware Corporation	Software License	1,690
Concerto Software, Inc.	Collection Services	111
Consultech	Engineering Services	359
Copyright Clearance Center, Inc.	Information Services	103
Corechange, Inc.	Consulting Services	1,095
Covansys	Software Maintenance	325
Credit Bureau Services	Credit Information Services	113
Data Dynamics, Inc.	Consulting Services	906
Davis & Burton Contractors, Inc.	Facilities Construction	830
DB Microware, Inc.	Software License	290
Dell Computer Corporation	Consulting Services	1,351
Deloitte & Touche LLP	Auditing/Consulting Services	6,242
Designeers Midwest	Engineering Services	132
Doble Engineering Company	Software Maintenance	224
Earon Systems Consulting, Inc.	Software Maintenance	275
EcoSage Corporation	Consulting Services	162
Ejiva, Inc.	Consulting Services	176
EMC Corporation	Computer Support	1,551
e-Money Systems, Inc.	Collection Services	208
Enterprise for Education	Education Services	186
Envelope 1, Inc.	Collection Services	135
Environmental Synergy, Inc.	Environmental Services	1,403
EPRI Solutions	Research & Development	10,161
Equifax Credit Information Service	Credit Information Services	767
Ercot	Consulting Services	176
Ernst & Young	Consulting Services	419
e-Security, Inc.	IT/Engineering Services	153
Everest Data Research, Inc.	Consulting Services	632
Evolve Software, Inc.	Software License	142
Federal Express Corp.	Delivery Service	192
Fleet Business Credit Corporation	Software Maintenance	244
Franklin Computer Services Group, Inc.	Consulting Services	173
Frontier Associates LLC	Consulting Services	171
Fulbright & Jaworski LLP	Legal Services	333
GE Network Solutions	Software Maintenance	212
GE Smallworld, Inc.	Software Maintenance	729
General Research	Training Services	789
GeoSpatial Innovations, Inc.	Consulting Services	215
Global Atmospherics, Inc.	Engineering Services	112
Govind & Associates	Engineering Services	108
Gresham, Wayne E.	Legal Services	136
Grosh Consulting	Consulting Services	801
Group 1 Software, Inc.	Software Maintenance	152

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OUTSIDE SERVICES EMPLOYED
(In Thousands)

Instructions: Provide a breakdown of outside services employed. If the aggregate amount paid to any one payee and included within one category is less than $100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a brief description of the service rendered by each vendor listed.

FROM WHOM PURCHASED	SERVICE PROVIDED	AMOUNT
Hanson Aggregates Davon, Inc.	Facilities Construction	193
Hewitt Associates LLC	Consulting Services	103
Hitachi Credit America Corporation	License, Support, & Training Services	446
Hogan & Harston LLP	Consulting Services	236
Huntington National Bank	Financial Services	270
Hyperion Solutions	Software License	182
Hyperknowledge Corporation	IT Support	190
Iimagine IT Inc.	Software Maintenance	171
IKON, Inc.	Printing Services	176
Indecon, Inc.	Consulting Services	1,164
Indus International	Consulting Services	2,877
Informatica Corporation	Consulting Services	320
Information Builders, Inc.	Software Maintenance	128
Info-Scape LTD	IT Support	114
In-Plant Techniques Corporation	Printing Services	1,013
Interactive Business Systems, Inc.	Consulting Services	159
International Business Machine Corporation	Consulting Services	2,198
Internet Security Systems, Inc.	IT Maintenance	127
Internos LLC	Consulting Services	237
IOS Capital	Billing Services	131
Itron, Inc.	Consulting Services	551
ITS Technologies, Inc.	Engineering Services	278
J & M Bradley Enterprises, Inc.	Software Maintenance	263
J. E. Smith & Associates	Consulting Services	2,742
J. D. Services, Inc.	Engineering Services	283
J. Galt & Associates LLC	Consulting Services	201
Jones, Day, Reavis, & Pogue	Legal Services	790
JP Morgan Chase	Financial Services	645
Keane, Inc.	Software Maintenance	333
Kelly Services, Inc.	Temporary Office and Accounting Services	1,111
Key Bank	Financial Services	132
Key Personnel	Temporary Office and Accounting Services	473
Kforce.com	Temporary Office and Accounting Services	699
Kincaid, Taylor & Geyer	Legal Services	149
King Business Interiors, Inc.	Facilities Maintenance	244
Lakeside Building Maintenance	Facilities Maintenance	250
Landworks, Inc.	Software Maintenance	241
LaSalle Partners	Facilities Management	2,143
LawCorps Legal Staffing Services	Legal Services	104
Leboeuf, Lamb, Greene & Macrae LLP	Legal Services	138
LECG LLC	Legal Services	160
Lee Hecht Harrison LLC	Consulting Services	483
Lehman Brothers, Inc.	Consulting Services	1,846
LEK Consulting LLC	Consulting Services	122
Levi, Ray & Shoup, Inc.	Consulting Services	249
LexisNexis	Software License	122
Lifecare.com, Inc.	Consulting Services	104
Logica, Inc.	Consulting Services	227
Logical Resources, Inc.	Research Services	250
Mackey & Tanner LLC	Consulting Services	107
Manifest Solutions Corporation	Consulting Services	242
Manpower, Inc.	Temporary Office and Accounting Services	117
MapInfo Corp.	Software Maintenance	119

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OUTSIDE SERVICES EMPLOYED
(In Thousands)

Instructions: Provide a breakdown of outside services employed. If the aggregate amount paid to any one payee and included within one category is less than $100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a brief description of the service rendered by each vendor listed.

FROM WHOM PURCHASED	SERVICE PROVIDED	AMOUNT
Market Strategies, Inc.	Consulting Services	1,179
Maxim Group	Consulting Services	1,578
Maximation, Inc.	Consulting Services	746
McAllen, City of	Consulting Services	105
Mellon Bank NA	Financial Services	235
Mercer Management Consulting, Inc.	Consulting Services	287
Meta Group, Inc.	Consulting Services	117
Michael Baker Jr., Inc.	Legal Services	162
Microman, Inc.	Telecommunications Services	471
Microsoft Corporation	Software License	202
Mid-City Electric Company	Facilities Maintenance	103
Mitem Corporation	Software License	126
Mobius Management Systems, Inc.	Consulting Services	124
Mueller, Howard	Consulting Services	273
NAIB Agency Medium Term Finance	Financial Services	796
National Records Centers, Inc.	Records Management	204
National Theatre for Children	Education Services	632
Navigant Consulting, Inc.	Consulting Services	223
NBBJ	Consulting Services	1,524
NCO Financial Systems, Inc.	Financial Services	242
Necho Systems Corporation	Software Maintenance	204
NETg, Inc.	Software License	147
New Energy Associates LLC	Consulting Services	268
New River Electrical Corporation	Facilities Maintenance	362
Nicholson Construction Co.	Facilities Construction	618
Novatec Automations Systems, Inc.	Software Maintenance	196
NSI Consulting & Development, Inc.	Consulting Services	1,951
Odyssey Consulting Services, Inc.	Consulting Services	575
Officeteam	Temporary Office and Accounting Services	366
Ohio Equities, LLC	Facilities Maintenance	311
Ohio State University	Consulting Services	260
Olsten Staffing Services, Inc.	Temporary Office and Accounting Services	402
Onyx Industrial Services, Inc.	Facilities Construction	127
Oracle Corporation	Training Services	2,132
Origin Technology in Business	Consulting Services	816
OSI Outsourcing Services, Inc.	Call Handling Service	3,571
Oxford Global Resources, Inc.	Consulting Services	131
Pacific Telematics, Inc.	Consulting Services	197
Paros Business Partners, Inc.	Consulting Services	429
Peace Software	Software License	838
PeopleSoft USA, Inc.	Consulting Services	1,005
Peregrine Systems, Inc.	Software Maintenance	327
PGAS Systems	Software License	117
Pinnacle Services	Facilities Maintenance	172
Pinpoint Solutions, Inc.	Software Maintenance	111
Pioneer Pipe, Inc.	Facilities Construction	173
Platts	Financial Services	121
Porter, Wright, Morris, & Arthur	Legal Services	412
Postmaster	Mail Service	166
Potter & Associates, Inc.	Training Services	158
Powerplan Consultants, Inc.	Consulting Services	149
Preferred Technology	Software Support	229
PriceWaterhouseCoopers LLP	Consulting Services	2,935

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OUTSIDE SERVICES EMPLOYED
(In Thousands)

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FROM WHOM PURCHASED	SERVICE PROVIDED	AMOUNT
Princeton Softech, Inc.	Software License	678
Progressive Marketing, Inc.	Printing Services	130
Project Control	Consulting Services	125
Protec Group, Inc.	Consulting Services	775
Provide Technologies, LLC	Consulting Services	337
Quality Software Construction, Inc.	Software Maintenance	229
Quick Solutions, Inc.	Consulting Services	932
R. Dorsey & Company, Inc.	Consulting Services	465
Rapidigm	Consulting Services	1,215
Ray & Berndtson, Inc.	Legal Services	131
Red Simpson, Inc.	Engineering Services	101
Renaissance Worldwide IT	Software Maintenance	333
Risk Management Alternatives, Inc.	Collection Services	162
RMA, Inc.	Collection Services	108
Robert Half International, Inc.	Consulting Services	846
Robin Enterprises Co.	Consulting Services	497
Rowland Technical Staffing, Inc.	Software Maintenance	104
RSA SECURITY	Software License	182
S/D Engineers, Inc.	Engineering Services	327
Safe Engineering Services & Technologies	Engineering Services	172
Safway Steel Products, Inc.	Facilities Construction	428
Salomon Smith Barney, Inc.	Financial Services	1,603
Sarcom, Inc.	Consulting Services	187
SAS Institute, Inc.	Software License	577
SAVvy Engineering LLC	Technical Support	193
Search Engine	Consulting Services	315
Serena Software, Inc.	Software License	174
Siemans Business Services, Inc.	Software Installation	1,917
Simpson Thacher & Bartlett	Legal Services	1,922
Skillsoft Corporation	Training Services	117
Sodexho Marriott Services	Catering Services	883
Software AG of North America	Software Installation	521
Software Support Group	Consulting Services	123
Solomon Associates, Inc.	Consulting Services	144
Solution Point Consulting, Inc.	Software Maintenance	186
Sourceone Financial LLC	Consulting Services	136
Southwest Power Pool	Engineering Services	814
Specialty Products & Insulation Co.	Facilities Construction	172
Spidertech, Inc.	Telecommunications Services	104
Stanley Miller Construction Co.	Facilities Maintenance	142
Steptoe & Johnson, LLP	Legal Services	1,562
Sterling Commerce Interchange	Software License	187
Structural Steel Services Corp.	Facilities Construction	472
Sun Technical Services, Inc.	Consulting Services	4,523
Systor Security Solutions, Inc.	Software License	346
Team Associates, Inc.	Facilities Construction	103
Techmate, Inc.	Consulting Services	201
Technology Integration	IT Support	227
Teksystems	Consulting Services	675
Temporaries Plus, Inc.	IT Support	109
Thomas Glover Associates, Inc.	Consulting Services	160
Thomson Financial Corporate Group	Financial Services	225
Towers Perrin	Consulting Services	102

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For the Year Ended December 31, 2002

OUTSIDE SERVICES EMPLOYED
(In Thousands)

Instructions: Provide a breakdown of outside services employed. If the aggregate amount paid to any one payee and included within one category is less than $100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a brief description of the service rendered by each vendor listed.

FROM WHOM PURCHASED	SERVICE PROVIDED	AMOUNT
Trammell Crow Company	Office Building Security	173
Twenty First Century	Consulting Services	572
Ubics, Inc.	Consulting Services	350
UMS Group North America, Inc.	Consulting Services	206
United Construction Company, Inc.	Facilities Construction	822
United Parcel Service	Delivery Service	591
Usertech	Consulting Services	686
Utilities International	Software Maintenance	108
Varo Engineers, Ltd.	Engineering Services	637
Versatile Company	Training Services	201
Vigilinx, Inc.	Consulting Services	1,598
Vinson & Associates	Temporary Office and Accounting Services	533
Vinson & Elkins LLP	Legal Services	190
Vredenberg	IT Support	157
William M. Mercer, Inc.	Consulting Services	105
Woods, Rogers & Hazlegrove PLC	Legal Services	161
Worldcom	Telecommunications Services	112
Wyndham Mills International	Consulting Services	108
Xerox Corporation	Printing Services	362
Others (2,792 under $100,000)	Various Services	22,078
TOTAL		$ 192,412

These amounts include charges to accounts throughout the Income Statement, including billable Balance Sheet accounts. Therefore, these amounts cannot be identified in total with any particular line on Schedule XV, but are distributed among various lines.

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For the Year Ended December 31, 2002

EMPLOYEE PENSIONS AND BENEFITS - ACCOUNT 926
(In Thousands)

Instructions: Provide a listing of each pension plan and benefit program provided by the service company. Such listing should be limited to $25,000.

DESCRIPTION	AMOUNT
Deferred Compensation Benefits	284
Dental Insurance	2,765
Employee Awards and Events Program	435
Employee Educational Assistance	787
Employees Newspaper and Magazine	1,374
Group Life Insurance	55
Long-Term Disability	5,899
Medical	36,934
Other Postretirement Benefits	27,694
Post Employment Benefits	(654)
Retirement Plan	9,236
Savings Plan	28,480
Supplemental Pension Plan	8,370
Training Administration Expense	2,009
Miscellaneous	216
TOTAL	$ 123,884

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For the Year Ended December 31, 2002

GENERAL ADVERTISING EXPENSES - ACCOUNT 930.1

(In Thousands)

Instructions: Provide a listing of the amount included in Account 930.1, "General Advertising Expenses", classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of $3,000 applicable to a single payee, show separately the name of the payee and the aggregate amount applicable thereto.

DESCRIPTION	NAME OF PAYEE		AMOUNT
General Advertising Expenses	Charleston Newspapers	$	4
	Herald-Dispatch		10
	Nationwide Advertising Service		38
	Others		13
	SUBTOTAL		65
Newspaper Advertising Space	Our Texas Magazine		(9)
	Others		(1)
	SUBTOTAL		(10)
TV Station Advertising Time			
	Others		1
	SUBTOTAL		1
Special Corporate Communication Projects	Midland Theater Association		4
	Virginia Tech Foundation		5
	Others		4
	SUBTOTAL		13
Direct Mail And Handouts	Culver Company, Inc.		4
	Dispatch Consumer Services, Inc.		45
	Moore Syndication, Inc.		36
	Others		2
	SUBTOTAL		87
Fairs, Shows, and Exhibits	Bank One Commercial Card Activity		5
	Eagle Exhibit Services, Inc.		10
	Moore Syndication, Inc.		4
	Team Air Express, Inc.		6
	Others		1
	SUBTOTAL		26
Publicity	PR Newswire, Inc		25
	Platts Electric Power		15
	Others		9
	SUBTOTAL		49

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

GENERAL ADVERTISING EXPENSES - ACCOUNT 930.1
(In Thousands)

Instructions: Provide a listing of the amount included in Account 930.1, "General Advertising Expenses", classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of $3,000 applicable to a single payee, show separately the name of the payee and the aggregate amount applicable thereto.

DESCRIPTION	NAME OF PAYEE	AMOUNT
Dedications, Tours, & Openings	Others	8
	SUBTOTAL	8
	ASQ	48
Public Opinion Surveys	Werth, Paul Associates	98
	Others	3
	SUBTOTAL	149
	Others	2
Movies Slide Films & Speeches	**SUBTOTAL**	2
	Others	1
Video Communications	**SUBTOTAL**	1
	Bank One Commercial Card Activity	14
Other Corporate Communications	Democracy Data & Communications	18
	Enterprise For Education	193
	Graphic Impressions, Inc.	12
	Moore Syndication, Inc.	9
	Wood Associates	8
	Others	103
	SUBTOTAL	357
Salaries, salary related expenses, overheads and other expenses		955
	SUBTOTAL	955
	TOTAL	$ 1,703

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

MISCELLANEOUS GENERAL EXPENSES - ACCOUNT 930.2
(In Thousands)

Instructions: Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Payments and expenses permitted by Section 321(b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441 (b)(2)) shall be separately classified.

DESCRIPTION		AMOUNT
Salaries, Salary Related Expenses and Overheads	$	3,716
Membership Fees and Dues		1,659
Plan and Develop Energy and Non-energy Regulated Products and Services		1,226
Manage Cash		366
Manage and Participate in Employee Communications		101
Directors' Fees and Expenses		96
Professional Software Services		53
Provide Individual Shareholder Support		41
Prepare and File Internal and External Regulatory Reports		40
Provide Instititutional Support		36
Implement Community Economic Developmental Programs		23
Engineer and Design Telecommunication and Transmission Facilities		22
Promote Regulated Products and Services		17
Miscellaneous		322
TOTAL	$	7,718

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

RENTS - ACCOUNT 931
(In Thousands)

Instructions: Provide a listing of the amount included in Account 931, "Rents", classifying such expenses by major groupings of property, as defined in the account definition of the Uniform System of Accounts.

TYPE OF PROPERTY		AMOUNT
Office Space	$	21,432
Computer Software		363
Computer Equipment		36,677
Office Equipment		863
Telecommunications Equipment		2,100
Miscellaneous		1,882
TOTAL	$	63,317

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For the Year Ended December 31, 2002

TAXES OTHER THAN INCOME TAXES - ACCOUNT 408
(In Thousands)

Instructions: Provide an analysis of Account 408 "Taxes Other Than Income Taxes". Separate the analysis into two groups: (1) other than U.S. Government taxes, and (2) U.S. Government taxes. Specify each of the various kinds of taxes and show the amounts thereof. Provide a subtotal for each class of tax.

DESCRIPTION	AMOUNT
Taxes Other Than U.S. Government Taxes	
State Unemployment Taxes	$ 520
Property, Franchise, Ad Valorem and Other Taxes	4,637
SUB-TOTAL	5,157
U.S. Government Taxes	
Social Security Taxes	44,449
Federal Unemployment Taxes	472
SUB-TOTAL	44,921
TOTAL	$ 50,078

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

DONATIONS - ACCOUNT 426.1
(In Thousands)

Instructions: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than $3,000 may be shown in lieu of details.

NAME OF RECIPIENT	PURPOSE OF DONATION		AMOUNT
321 River Parks Authority	Community	$	5
A Better Chance	Community		5
Academic Success for Students	Educational		5
Academy of Music	Community		6
Advantage Valley Corp	Community		10
Aep Operation Feed	Community		4
Allen County Visionaries Inc	Community		5
Alliance	Community		5
American Cancer Society	Community		6
American Heart Association	Community		11
Annapolis Center	Community		10
Armstrong Community Music	Community		5
Asher Agency Inc	Community		10
Ashland Alliance Inc	Community		4
Aspen Institute	Community		15
Averett College	Community		4
Barter Theatre	Community		6
Bayfest Inc	Community		5
Bennett, Dr G Kemble, Dean	Educational		20
Big Brothers/Big Sisters	Community		7
Boys & Girls Club of Gregg Co	Community		5
Buckeye Club Ohio State Univer	Community		8
Business & Industrial Developm	Community		15
Camp, Inc	Community		15
Canal Winchester First	Community		6
Champion of Children Fund	Community		10
Childrens Hospital Foundation	Community		10
City of Kingsville	Community		3
Columbus Foundation	Community		4
Columbus Literacy Council	Educational		3
Columbus Metropolitan Club	Community		3
Columbus School for Girls	Educational		10
Columbus Speech & Hearing Cent	Community		4
Columbus Urban League	Community		10
Communities in School	Educational		3
Congressional Hispanic Caucas Institute	Community		5
Cornerstone Alliance	Community		35
Cosi Columbus	Community		63
Council for Ethics	Community		5
CSG - Virginia Host Committee	Community		25

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

DONATIONS - ACCOUNT 426.1
(In Thousands)

Instructions: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than $3,000 may be shown in lieu of details.

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT
Dallas Zoological Society	Community	16
Delay Foundation Golf Invitational	Community	3
Directions for Youth	Community	23
Discover the Real West	Community	10
DQ Inc	Community	3
Drew University	Educational	4
E7 Sustainable Energy Development	Community	20
Easter Seals	Community	5
Economic Development Corp	Community	10
Edinburg Roadrunners	Community	6
Environmental Education	Educational	3
Feliachi, Ali Professor	Community	20
Ferrum College	Educational	5
Fort Wayne Chamber of Commerce	Community	25
Foundation for American	Community	5
Foundation for Environmental Education	Educational	25
Fox, Robert K Family Y	Community	15
Franklin University	Educational	8
Friends of the Blue Ridge Parkway Inc	Community	3
Fundacion Amigos de la Naturaleza	Community	10
Girl Scouts	Community	21
Goode Volunteer Rescue Squad	Community	5
Grandview Heights High School	Educational	16
Grant County Economic Growth Council	Community	3
Greater Austin Chamber of Commerce	Community	5
Greater Fort Wayne Chamber of Commerce	Community	5
Halo-Flight FOA	Community	3
Harrison County Salvation Army	Community	10
Harvard University	Educational	3
Hawkwatch International	Community	4
Heard Natural Science Museum	Community	5
Helping Hands of Kilgore	Community	6
Hope Street Kids	Community	5
Huntington Area Development Co	Community	4
Indiana Dept of Commerce	Community	4
Indiana Northeast Development	Community	12
Indiana Partners	Community	5
Indiana Technology Partnership	Community	5
Institute for Public Relations	Community	8
Jackson County Development Authority	Community	4
Jefferson Center	Community	15

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For the Year Ended December 31, 2002

DONATIONS - ACCOUNT 426.1
(In Thousands)

Instructions: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than $3,000 may be shown in lieu of details.

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT
Junior Achievement	Community	8
Kentucky Christian College	Educational	3
Keystone Center	Community	55
Kingsport Chamber of Commerce	Community	3
Knapp Hospital Annual Fundrais	Community	5
Lake Michigan College	Educational	11
Leukemia & Lymphoma Society	Community	5
Lincoln Theater, Inc	Community	5
Longwood College Foundation	Educational	3
Lucio, Eddie	Educational	5
Lynchburg College	Educational	7
Make-A-Wish Foundation	Community	5
Manhattan College	Educational	4
Market Indiana	Community	7
Mason County Development Authority	Community	3
Massachusetts Institute of Technology	Educational	6
McAlester Economic Devlopment	Community	4
McPherson, Malcolm	Community	20
Memorial Tournament	Community	4
Mexican Folklore School of Dance	Educational	5
Michigan Chamber Foundation	Community	10
Michigan Economic Development Foundation	Community	10
Michigan State University	Educational	6
Mount Carmel Foundation	Community	3
Mt Pleasant Ministerial Alliance	Community	6
Muncie-Delaware County	Community	12
National Academy of Engineering	Community	5
National Environmental	Community	10
National Fuel Funds Network	Community	10
National Press Foundation	Community	3
National Wild Turkey Federation	Community	10
Nature Conservancy	Community	55
Nature Conservancy of Texas	Community	15
Need Project	Community	13
Nelson, J Keith Dr	Educational	15
Nueces Co Precinct 2 Parks	Community	3
Nueces County Jr Livestock Sho	Community	7
Ohio Academy of Science	Educational	4
Ohio Foundation	Community	28
Ohio Northern University	Educational	4
Ohio River Valley Water	Community	15

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

DONATIONS - ACCOUNT 426.1
(In Thousands)

Instructions: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than $3,000 may be shown in lieu of details.

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT
Ohio State University, The	Educational	10
Ohio to Erie Trail Fund	Community	5
Ohio Valley College	Educational	4
Ohio Valley Industrial	Community	4
Ohio Youth in Government	Educational	3
Oklahoma Academy	Community	5
OSU Foundation	Educational	15
Pan Am Classic/UTPA Found	Community	5
Parks And Wildlife Foundation	Community	15
Patrick County	Community	25
Pennsylvania State University	Educational	3
Peregrine Fund	Community	10
Princeton University	Educational	6
Pro Musica Chamber Orchestra	Community	25
Project Future	Community	25
Protec	Community	4
Purdue Foundation Inc	Educational	5
Rebuilding Together	Community	5
Resources for the Future	Community	65
Rice University	Educational	5
Rio Grande Valley Livestock	Community	5
Roanoke County Schools	Educational	4
Rose Hulman Institute of Technology	Educational	3
Royal Adelaide Hospital - WHO EMF Projec	Community	10
Salem/Roanoke County	Community	4
Saltwater-Fisheries Associatio	Community	6
Salvation Army	Community	94
San Benito Literacy Ctr	Community	5
San Patricio County	Community	3
Sebo, Stephen Professor	Community	20
Simon Kenton Council	Community	59
Southeast Coalition for Kids	Community	3
Southeastern Electric Exchange	Community	4
Southern Ohio Growth Partnersh	Community	3
Southwestern Michigan College	Educational	11
St Joseph County Economic	Community	5
Stark Development Board	Community	5
Sunny Glen Home	Community	5
Tamacc Educational Development	Educational	13
Teach for America	Educational	10
Texarkana Friendship Center	Community	20

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

DONATIONS - ACCOUNT 426.1
(In Thousands)

Instructions: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than $3,000 may be shown in lieu of details.

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT
Texas A&M University	Educational	4
Texas Charitable Fund	Community	20
Texas Conservative Coalition	Community	5
Texas Conservative Forum	Community	10
Texas Council on African	Community	5
Texas Economic Development Council	Community	10
Texas Midwest Community Network	Community	6
Texas Parks and Wildlife Dept	Community	3
Texas Rio Grande Valley	Community	4
Texas State Technical College	Educational	5
Texas Taxpayers and Research	Community	5
Texas Tech Foundation Inc	Community	5
Tri-City Business/Education Co	Community	4
United Negro College Fund	Community	20
United Way of Central Virginia	Community	5
United Way of Roanoke Valley	Community	42
United Way of So Texas	Community	1
United Way of South Texas	Community	3
University of Notre Dame	Community	7
University of Texas	Community	15
Upshur County Aide Bank	Community	10
Utilitree Carbon Company	Community	120
Utility Business Education Coalition	Community	25
Valley Land Fund	Community	6
Vamos Scholarships	Educational	3
Virginia Center for Coal	Community	5
Virginia College Fund	Educational	10
Virginia Foundation For	Community	31
Virginia Manufacturers Assn	Community	5
Virginia Tech Foundation Inc	Community	18
VMI Research Laboratories Dept	Community	3
Volunteer Ohio	Community	10
Warm Hearth Foundation	Community	5
Washington's Birthday	Community	15
West Virginia Economic	Community	11
Wildlife Habitat Council	Community	4
Woodrow Wilson Center	Community	5
World Birding Center	Community	5
WOSU/Ohio State University	Educational	5
Ymca - Roanoke Valley	Community	10
Ymca of Central Ohio	Community	3

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

DONATIONS - ACCOUNT 426.1
(In Thousands)

Instructions: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than $3,000 may be shown in lieu of details.

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT
Employees and Others (Salaries, salary related expenses, overheads and other expenses)	Various	288
Others		498
TOTAL		$ 2,979

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

OTHER DEDUCTIONS - ACCOUNTS 426.3 - 426.5
(In Thousands)

Instructions: Provide a listing of the amount included in Accounts 426.3 through 426.5, "Other Deductions", classifying such expenses according to their nature.

DESCRIPTION	NAME OF PAYEE	AMOUNT
Expenditures for Certain Civic, Political & Related Activities	Company employee and administrative costs for civic, political and related activities	$ 4,199
Other Miscellaneous Deductions	Various	2,496
TOTAL		$ 6,695

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

SCHEDULE XVIII - NOTES TO STATEMENT OF INCOME

Instructions: The space below is provided for important notes regarding the statement of income or any account thereof. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

1) Page 21 "Analysis of Billing - Associate Companies" captures the category "Compensation for Use of Capital". The following items are included in this category (in thousands):

Interest Income - Associated	$ (1)
Interest on Long Term Debt - Notes	636
Interest to Associated Companies - Money Pool	1,977
Allowance for Borrowed Funds Used During Construction	(2,984)
Total Compensation for Use of Capital	$ (372)

2) See Notes to Financial Statements on Page 19.

ANNUAL REPORT OF American Electric Power Service Corporation

For Year Ended December 31, 2002

ORGANIZATION CHART

Chairman, Chief Executive Officer & President

- Vice Chairman & Chief Operating Officer
  - Transmission
  - Distribution
  - Customer Operations
  - Planning & Business Development
  - Regulated Power Generation
  - Corporate Development
  - Energy Trading
  - Unregulated Power Generation
  - Nuclear & Technical Services
  - AEP Pro Serv
  - Gas Power Systems

- Policy, Finance and Strategic Planning
  - Corporate Communications
  - Governmental & Environmental Affairs
  - Public Policy
  - Legal
  - Accounting
  - Treasury
  - Tax
  - Risk Management
  - Audit Services NOTE
  - Corporate Planning & Budgeting

- Shared Services
  - Human Resourses
  - Information Technology
  - Corporate Supply Chain
  - General Services

NOTE: Audit Serivces reports to the Audit Committee of the Board of Directors of American Electric Power Company, Inc. and administratively to the Executive Vice President - Policy, Finance and Strategic Planning.

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

METHODS OF ALLOCATION

Service Billings

1	Number of Bank Accounts
2	Number of Call Center Telephones
3	Number of Cell Phones/Pagers
4	Number of Checks Printed
5	Number of Customer Information System Customer Mailings
6	Number of Commercial Customers (Ultimate)
7	Number of Credit Cards
8	Number of Electric Retail Customers (Ultimate)
9	Number of Employees
10	Number of Generating Plant Employees
11	Number of General Ledger Transactions
12	Number of Help Desk Calls
13	Number of Industrial Customers (Ultimate)
14	Number of Job Cost Accounting Transactions
15	Number of Non-UMWA Employees
16	Number of Phone Center Calls
17	Number of Purchase Orders Written
18	Number of Radios (Base/Mobile/Handheld)
19	Number of Railcars
20	Number of Remittance Items
21	Number of Remote Terminal Units
22	Number of Rented Water Heaters
23	Number of Residential Customers (Ultimate)
24	Number of Routers
25	Number of Servers
26	Number of Stores Transactions
27	Number of Telephones
28	Number of Transmission Pole Miles
29	Number of Transtext Customers
30	Number of Travel Transactions
31	Number of Vehicles
32	Number of Vendor Invoice Payments
33	Number of Workstations
34	Active Owned or Leased Communication Channels
35	Avg. Peak Load for past Three Years
36	Coal Company Combination
37	AEPSC past 3 Months Total Bill Dollars
38	AEPSC Prior Month Total Bill Dollars
39	Direct
40	Equal Share Ratio
41	Fossil Plant Combination
42	Functional Department's Past 3 Months Total Bill Dollars
43	KWH Sales (Ultimate Customers)
44	Level of Construction - Distribution
45	Level of Construction - Production
46	Level of Construction - Transmission
47	Level of Construction - Total
48	MW Generating Capability
49	MWH's Generation
50	Current Year Budgeted Salary Dollars
51	Past 3 Mo. MMBTU's Burned (All Fuel Types)
52	Past 3 Mo. MMBTU's Burned (Coal Only)
53	Past 3 Mo. MMBTU's Burned (Gas Type Only)
54	Past 3 Mo. MMBTU's Burned (Oil Type Only)

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

METHODS OF ALLOCATION

55	Past 3 Mo. MMBTU's Burned (Solid Fuels Only)
56	Peak Load / Avg. No. Cust / KWH Sales Combination
57	Tons of Fuel Acquired
58	Total Assets
59	Total Assets less Nuclear Plant
60	AEPSC Annual Costs Billed (Less Interest And/or Income Taxes as Applicable)
61	Total Fixed Assets
62	Total Gross Revenue
63	Total Gross Utility Plant (Including CWIP)
64	Total Peak Load (Prior Year)
65	Hydro MW Generating Capability
66	Number of Forrest Acres
67	Number of Dams
68	Number of Plant Licenses Obtained
69	Number of Nonelectric OAR Invoices
70	Number of Transformer Transactions
71	Tons of FGD Material
72	Tons of Limestone Received
73	Total Assets, Total Revenues, Total Payroll
74	Total Leased Assets
75	Number of Banking Transactions

Convenience Billings

Specific Identification Ratio
(based on known and pertinent factors)
Asset Ratio
Expense Budget Ratio
Contribution Ratio
Equal Share Ratio
Gross Annual Payroll Dollars Ratio
Coal Production Ratio
Kilowatt Hours Sales (KWH) Ratio
Number of Employees Ratio
Number of Customers Ratio
Number of Vehicles Ratio

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED

Since this U-13-60 report is distributed to the appropriate members of AEP's management each year, the following information is supplied to each associate company in support of the amount of compensation for use of capital billed during 2002:

In accordance with Instruction 01-12 of the Securities and Exchange Commission's Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, American Electric Power Service Corporation submits the following information on the billing of interest on borrowed funds to associated companies for the year 2002:

A. Amount of interest billed to associate companies is contained on page 21, Analysis of Billing.

B. The basis for billing of interest to the associated companies is based on the Service Company's prior year Attribution Basis "AEPSC Annual Cost Billed ."

ANNUAL REPORT OF American Electric Power Service Corporation

For the Year Ended December 31, 2002

SIGNATURE CLAUSE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935 and the rules and regulations of the Securities and Exchange Commission issued thereunder, the undersigned company has duly caused this report to be signed on its behalf by the undersigned officer thereunto duly authorized.

American Electric Power Service Corporation
(Name of Reporting Company)

Sandra S. Bennett
(Signature of Signing Officer)

S. S. Bennett Assistant Controller
(Printed Name and Title of Signing Officer)

Date: April 25, 2003

KY. PUBLIC SERVICE COMMISSION

Index for Case: 1999-00149 AS OF : 09/03/02

American Electric Power

Transfer / Sale / Purchase / Merger

Regular

OF KENTUCKY POWER & CENTRAL AND SOUTH WEST CORPORATION

IN THE MATTER OF THE JOINT APPLICATION OF KENTUCK POWER COMPANY, AMERICAN ELECTRIC POWER COMPANY, INC. AND CENTRAL AND SOUTH WEST CORPORATION REGARDING A PROPOSED MERGER

SEQ NBR		Date	Remarks
1	(M)	04/14/99	MOTION TO ENTER PROCEDURAL ORDER & TO SCHEDULE INFORMAL CONFERENCE (MARK OVERSTREET / KENTUCKY POWER)
2		04/15/99	Application.
3		04/15/99	Acknowledgement letter.
4		04/20/99	Order setting forth the procedural schedule to be followed in this case.
5		04/22/99	No deficiency letter.
6	(M)	04/22/99	MOTION TO INTERVENE (E BLACKFORD AG)
7	(M)	04/22/99	DUPLICATE OF NOTICE AND REQUEST TO PUBLISH (ERROL WAGNER AMERICAN ELECTIRC POWER)
8	(M)	04/23/99	STIPULATION & SETTLEMENT AGREEMENT (PSC)
9	(M)	04/27/99	LETTER CONCERNING MEETING ON MAY 4,99 & REQ FOR ORDER TO BE ENTERED (MARK OVERSTREET)
10	(M)	04/27/99	MOTION TO INTERVENE (KES SMITTY TAYLOR)
11		04/28/99	Data Request Order; info due 5/4/99 from KPC, AEP and Central & So. West Corp.
12	(M)	04/28/99	REQUEST FOR INFORMATION TO KY POWER CO & AMERICAN ELETRIC POWER (AG E BLACKFORD)
13	(M)	04/28/99	JOINT APPLICANTS RESP TO STAFF ORAL DATA REQ 2-4 MADE APRIL 22,99 (MARK OVERSTREET KY POWER,AMMERICAN E)
14	(M)	04/29/99	ASSESMENT OF GENERATION & TRANSMISSION ADEQUACY (KY POWER & AMERICAN ELECTRIC POWER)
15		04/30/99	Order scheduling IC on 5/4/99 at 9:30 in Hearing Room 2.
16		05/04/99	Order granting motion of Attorney General for full intervention.
17		05/04/99	Order granting motion of Kentucky Electric Steel for full intervention.
18	(M)	05/04/99	PETITION TO INTERVENE (DAVID BOEHM KIUC)
19	(M)	05/04/99	RESPONSE TO INFO REQ DATED APRIL 28,99 (MARK OVERSTREET KY POWER)
20		05/07/99	Letter granting pet. for conf. filed 4/29/99 on behalf of AEP and KPC.
21	(M)	05/07/99	SUPPLEMENTAL RESPONSE TO DATA REQUEST (MARK OVERSTREET / KY POWER)
22		05/11/99	Data Request Order, response due 5/17/99.
23		05/11/99	Order granting motion of the KIUC to intervene.
24	(M)	05/11/99	SECOND REQUEST FOR INFO. PROPOUNDED BY THE A.G. (ELIZABETH BLACKFORD ASS. ATTORN. GEN)
25		05/14/99	Order scheduling IC on 5/17/99 at 9:30 in Hearing Room 2.
26	(M)	05/14/99	MOTION FOR FULL INTERVENTION (J D MYLES KY ASSOC OF PLUMBING HEAT)
27	(M)	05/17/99	RESPONSE TO PSC INFO REQ DATED MAY 11,99 (MARK OVERSTREET KY POWER)
28	(M)	05/18/99	OPPOSITION OF JOINT APPLICATNS TO MOTION OF KY ASSOCIATION (MARK OVERSTREET KENTUCKY POWER)
29		05/19/99	Order scheduling IC on 5-20-99 at 2p.m. in Hearing Room 2.
30		05/20/99	Order denying the Contractors' motion to intervene
31	(M)	05/24/99	STIPULATION & SETTLEMENT AGREEMENT (MARK OVERSTREET)
32	(M)	05/26/99	DIRECT TESTIMONY OF RICHARD MUNCZINSKI (MARK OVERSTREET AMERICAN ELETRIC POW)
33	(M)	05/26/99	ORIGINAL 16,19,17 PAGES WITH ORIGINAL SIGNATURES (MARK OVERSTREET AMERICAN ELECTRIC PO)
34	(M)	05/27/99	MOTION FOR RECONSIDERATION (JD MYLES ATTORNEY)
35	(M)	06/03/99	OPPOSITION TO JOINT MOTION OF KY ASSOC OF PLUMBING & KY PROPANE (KY POWER & CENTRAL & SOUTH WEST CORP)
36		06/14/99	Final Order approving terms and conditions of attached Settlement Agreement.

37	(M)	06/14/99	Hearing held on 5/28/99. (Connie Sewell/Court Reporter)
38	(M)	07/02/99	REVISED TARIFF (MARK OVERSTREET AMERICAN ELELCTRIC P)
39	(M)	12/08/00	Errol K Wagner - American Electric Power - AEP's responses to the information requests pursuant to the Commission's Order dated June 14, 1999.
40	(M)	01/31/01	COPY OF LETTER INTENDS TO SERVE TO SECURITIES & EXCHANGE COMMISSION (ERROL K. WAGNER AEP)
41		02/22/01	Letter to Errol Wagner, addressing his concerns.
42	(M)	04/18/01	RESPONSE TO ORDER OF FEB 22,01 (ERROL WAGNER AMERICAN ELECTRIC POWER)
43	(M)	05/15/01	RESPONSE TO COMMISSION'S ORDER (MARK OVERSTREET/KY POWER)
44	(M)	08/10/01	Mark R Overstreet - Stites & Harbison - REPORTS FOR THE PERIODS ENDING MARCH 31, 2001 AND JUNE 30, 2001
45	(M)	11/26/01	Response to Commission's Order of June 14, 1999
46	(M)	05/15/02	Mark R Overstreet - Stites & Harbison - Supplementary response to the data request set forth in the Order of June 14,99
47	(M)	08/30/02	Mark R Overstreet - Stites & Harbison - Revised Net Merger Savings Credit Tariff

STITES & HARBISON

ATTORNEYS

421 West Main Street
Post Office Box 634
Frankfort, KY 40602-0634
[502] 223-3477
[502] 223-4124 Fax
www.stites.com

August 29, 2002

Mark R. Overstreet
[502] 209-1219
moverstreet@stites.com

RECEIVED
AUG 30 2002
PUBLIC SERVICE COMMISSION

Thomas M. Dorman
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RE: ***P.S.C. Case No.99-149***

Dear Mr. Dorman:

Enclosed please find and accept for filing an original and ten copies of Kentucky Power Company d/b/a American Electric Power's revised Net Merger Savings Credit tariff and supporting calculations. The amount of the credit has been revised to reflect the calculation of a new balancing adjustment factor. The Company proposes to place the tariff in effect on September 27, 2002.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Mark R. Overstreet

Enclosures

cc: David F. Boehm
Elizabeth E. Blackford
William H. Jones, Jr.

KE057:KE131:7823:FRANKFORT

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

JOINT APPLICATION OF KENTUCKY POWER	)	
COMPANY, AMERICAN ELECTRIC POWER	)	
COMPANY, INC. AND CENTRAL AND SOUTH	)	**CASE NO. 99-149**
WEST CORPORATION REGARDING A	)	
PROPOSED MERGER	)	

****

RESPONSE OF KENTUCKY POWER COMPANY
d/b/a/
AMERICAN ELECTRIC POWER

Reporting Period: 2nd Quarter Ending June 30, 2002

Filing Date: 30 August 2002

1

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Furnish annual financial statements of AEP, including consolidating adjustments of AEP and its subsidiaries with a brief explanation of each adjustment and all periodic reports filed with the SEC. Including but not limited to the U5S and U-13-60 reports. All subsidiaries should prepare and have available monthly and annual financial information required to compile financial statements and to comply with other reporting requirements. The financial statements for any non-consolidated subsidiaries of AEP should be furnished to the Commission. [Reference: Merger Agt., Ky. PSC Order dated 6-14-99, pg 10 (Periodic Reports)]

RESPONSE:

Please see the Company's response to Item No. 1 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

2

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

On an annual basis file a general description of the nature of inter-company transactions with specific identification of major transactions and a description of the basis upon which cost allocations and transfer pricing have been established. This report should discuss the use of the cost or market standard for the sale or transfer of assets, the allocation factors used, and the procedures used to determine these factors if they are different from the procedures used in prior years. [Reference: Merger Agt., Ky. PSC Order dated 6-14-99, pg. 11, Item 1]

RESPONSE:

Please see the Company's response to Item No. 2 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

On an annual basis file a report that identifies professional personnel transferred from Kentucky Power to AEP or any of the non-utility subsidiaries and describes the duties performed by each employee while employed by Kentucky Power and to be performed subsequent to transfer. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 2.]

RESPONSE:

Please see the Company's response to Item No. 3 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

4

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file on a quarterly basis a report detailing Kentucky Power's proportionate share of AEP's total operating revenues, operating and maintenance expenses, and number of employees. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 2]

RESPONSE:

2nd Quarter 2002

Below is the information detailing Kentucky Power's Proportionate Share of AEP's total operating revenues, operating and maintenance expenses and the number of employees for the 2nd Quarter ending June 30, 2002.

Kentucky Power Company
Report Proportionate Share of AEP
(in millions, except number of employees)

	Three Months June 30, 2002				Year to Date June 30, 2002		
	AEP	KPCO	SHARE		AEP	KPCO	SHARE
Revenues	14,912	308	2.1%	Revenues	27,942	653	2.3%
Operating/Maintenance Expense	14,094	264	1.9%	Operating/Maintenance Expense	26,138	555	2.1%
Number of Employees At 06/30/02*	22,356	417	1.9%	Number of Employees At 03/31/02*	22,356	417	1.9%

* See Response to Item No. 6

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file any contracts or other agreements concerning the transfer of such assets or the pricing of inter-company transactions with the Commission at the time the transfer occurs. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11 (Special Reports)]

RESPONSE:

2nd Quarter 2002:

During the three month period ending June 30, 2002 there were 15 different transactions in which AEP/Kentucky sold assets to its affiliates. The assets transferred were various meters and transformers. The total dollar value of the assets transferred was $48,585. The smallest dollar value transferred was one meter at a value of $6.00. The largest dollar value transferred was 733 meters at a value of $21,628.

WITNESS: Errol K. Wagner

9

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file a quarterly report of the number of employees of AEP and each subsidiary on the basis of payroll assignment. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 1 (Special Reports)]

RESPONSE:

Please see attached.

WITNESS: Errol K. Wagner

EMPLOYEE COUNT BY LEGAL ENTITY

EFFECTIVE 6/30/2002

2nd Qtr 2002

Co	Company	Employee Count
E01	Kingsport Power Company	54
E02	Appalachian Power Company	2592
E03	Kentucky Power Company	417
E04	Indiana Michigan Power Company	2578
E06	Wheeling Power Company	67
E07	Ohio Power Company	2248
E10	Columbus Southern Power Co	1160
E36	Louisiana Intrastate Gas Co	73
E39	Lig Liquids Company L.L.C.	36
E48	River Transportation Div I&MP	361
E54	Conesville Coal Prep Co	37
E59	AEP Energy Services	280
E61	AEP Service Corporation	7550
E69	AEP Pro Serv	64
ECC	Central Power & Light	1370
EEE	CSW Energy, Inc.	91
EEL	AEP Elmwood LLC	150
EHH	Enershop, Inc.	2
EMO	AEP MEMCO	342
ENW	C3 Networks GP, LLC	23
EPP	Public Service Co. of OK	987
ESS	SouthWestern Electric Power Co	1202
ETD	AEP T&D Services, LLC	1
EWW	West Texas Utilities	671
	TOTAL	22356

EMPLOYEE COUNT BY LEGAL ENTITY

EFFECTIVE 03/31/2002

Revised 1st Qtr 2002

Co	Descr	Count ID
E01	Kingsport Power Company	57
E02	Appalachian Power Company	2614
E03	Kentucky Power Company	427
E04	Indiana Michigan Power Company	2588
E06	Wheeling Power Company	64
E07	Ohio Power Company	2269
E10	Columbus Southern Power Co	1174
E36	Louisiana Intrastate Gas Co	65
E39	Lig Liquids Company L.L.C.	36
E48	River Transportation Div I&MP	332
E54	Conesville Coal Prep Co	37
E59	AEP Energy Services	270
E61	AEP Service Corporation	7616
E69	AEP Pro Serv	75
ECC	Central Power & Light	1357
EEE	CSW Energy, Inc.	92
EEL	AEP Elmwood LLC	137
EHH	Enershop, Inc.	3
EMO	AEP MEMCO	327
ENW	C3 Networks GP, LLC	26
EPP	Public Service Co. of OK	993
ESS	SouthWestern Electric Power Co	1208
ETD	AEP T&D Services, LLC	1
EWW	West Texas Utilities	676
	TOTAL	22,444

7

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report containing the years of service at Kentucky Power and the salaries of professional employees transferred from Kentucky Power to AEP or its subsidiaries filed in conjunction with the annual transfer of employees report. [Reference: Merger Agt., Ky. PSC Order 6/14/99, Reporting Requirements, Pg. 12, Item 2]

RESPONSE:

Please see the Company's response to Item No. 7 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

8

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report of cost allocation factors in use, supplemented upon significant change. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12 Item 3]

RESPONSE:

Please see the Company's response to Item No. 8 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

6

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file summaries of any cost allocation studies when conducted and the basis for the methods used to determine the cost allocation in effect. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 4]

RESPONSE:

2nd Quarter 2002:

Kentucky Power Company did not perform any cost allocation studies during the quarter ended June 30, 2002. The methods used by Kentucky Power Company for cost allocations are documented in the AEP Cost Allocation Manual.

WITNESS: Errol K. Wagner

10

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report of the methods used to update or revise the cost allocation factors in use supplemented upon significant change. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 5]

RESPONSE:

Please see the Company's response to Item No. 10 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file the current Articles of Incorporation and bylaws of affiliated companies in businesses related to the electric industry or that would be doing business with AEP. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 6]

RESPONSE:

Please see the Company's response to Item 11 in the December 8, 2000 filing.

WITNESS: Errol K. Wagner

12

KPSC Case No. 99-149
Order Dated June 14, 1999
Item No. 12

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file the current Articles of Incorporation of affiliated companies involved in non-related business. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 7]

RESPONSE:

See the Company's response to Item 11 in the December 8, 2000 filing.

WITNESS: Errol K. Wagner

13

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

To the extent that the merger is subject to conditions or changes not reviewed in this case, the Joint Applicants should amend their filing to allow the Commission and all parties an opportunity to review the revisions to ensure that Kentucky Power and its customers are not adversely affected and that any additional benefits flow through the favored nations clause. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pgs. 12-13]

RESPONSE:

Please see the Company's response to Item No. 13 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

14

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

The Joint Applicants should submit copies of final approval received from the FERC, SEC, FTC, DOJ, and all state regulatory commissions to the extent that these documents have not been provided. With each submittal, the Joint Applicants shall further state whether Paragraph 10 of the Settlement Agreement requires changes to the regulatory plan approved herein. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Pg. 14 Item 7]

RESPONSE:

See the Company's response to Item 14 in the December 8, 2000 filing.

WITNESS: Errol K. Wagner

15

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Provide annual Service Reliability Report addressing the duration and frequency of customer disruptions (CAIDI and SAIFI), including storms for calendar 2001. [Reference: Merger Agt., Attachment C, Pg. 1 Item l]

RESPONSE:

Please see the Company's response to Item No. 15 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

16

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Provide annual Call Center Performance Measures for those centers that handle Kentucky customer calls (Call Center Average Speed of Answer (ASA) Abandonment Rate, and Call Blockage), for calendar year 2000. [Reference: Merger Agt., Attachment C, Pg. 1, Item 2]

RESPONSE:

Please see the Company's response to Item No. 16 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Will continue to completely inspect its Kentucky electric facilities every two years and perform tree trimming, lightning arrestor replacement, animal guarding and pole and cross arm replacements. Provide data for calendar year 2001. [Reference: Merger Agt., Case 99-149, Attachment C, Page l, Item 3]

RESPONSE:

Please see the Company's response to Item No. 17 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

18

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP/Kentucky Power management will compile outage data detailing each circuit's reliability performance. In addition, by monitoring repeated outages on a regular basis, the Company will identify and resolve reliability problems, which may go unnoticed by using CAIDI and SAIFI results. This data will be coupled with feedback from district field personnel and supervision and management concerning other locations and situations where the impacts of outages are quantified. This process will be used to develop a comprehensive work plan each year, which focuses efforts to improve service reliability. The Company will undertake all reasonable expenditures to achieve the goal of limiting customer outages.
[Reference: Merger Agt., Attachment C, Pg. 1, Item 4]

RESPONSE:

Please see the Company's response to Item No. 18 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

19

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Plans to continue to maintain a high quality workforce to meet customers' needs. [Reference: Merger Agt, Attachment C, Pg. 2, Item 5]

RESPONSE:

Please see the Company's response to Item No. 19 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

20

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall designate an employee who will act as a contact for State Commissions and consumer advocates seeking data and information regarding affiliate transactions and personnel transfers. Such employee shall be responsible for providing data and information requested by a State Commission for any and all transactions between the jurisdictional operating company and its affiliates, regardless of which affiliate(s) subsidiary(ies) or associate(s) of an AEP operating company from which the information is sought. [Reference: Merger Agt., Stipulation and Settlement, Pg. 11, Item Q]

RESPONSE:

Mr. Errol K. Wagner, AEP-Kentucky Regulatory Services Director, is the contact designee for the Kentucky Public Service Commissioners and Staff and the Kentucky Attorney General's Office regarding affiliate transactions and personnel transfers.

WITNESS: Errol K. Wagner

21

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Please provide designated employee or agent within Kentucky who will act as a contact for retail customers regarding service and reliability concerns and provide a contact for retail consumers for information, questions and assistance. Such AEP/Kentucky Power representative shall be able to deal with billing, maintenance and service reliability issues. [Merger Agt., Stipulation and Settlement, Pg. 11, Item R]

RESPONSE:

The Company would prefer customers to initially call the Customer Solution Centers, whose representatives are capable of answering questions concerning service, reliability concerns and billing issues. However, the AEP-Kentucky Regulatory Services Department, specifically the Regulatory Services Director, are also capable of dealing with billing, maintenance and service reliability issues.

WITNESS: Errol K. Wagner

22

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall provide each signatory state a current list of employees or agents that are designated to work with each State Commission and consumer advocate concerning state regulatory matters, including, but not limited to, rate cases, consumer complaints, billing and retail competition issues. [Reference: Merger Agt., Stipulation and Settlement, Pg. 11, Item 5.]

RESPONSE:

Mr. Errol K. Wagner, AEP-Kentucky Regulatory Services Director, and the AEP-Kentucky Regulatory Services Department staff are the designated employees to work with Kentucky Public Service Commission and the Kentucky Attorney General's Office concerning state regulatory matters, including, but not limited to rate cases, consumer complaints, billing and retail competition issues.

WITNESS: Errol K. Wagner

STITES & HARBISON

ATTORNEYS

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NOV 26 2002

PUBLIC SERVICE COMMISSION

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www.stites.com

November 26, 2002

Mark R. Overstreet
[502] 209-1219
moverstreet@stites.com

Thomas M. Dorman
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: P.S.C. Case No. 99-149

Dear Mr. Dorman:

Please find enclosed and accept for filing five copies of the supplementary Responses of Kentucky Power Company d/b/a American Electric Power to the Data Requests set forth in the Commission's Order dated June 14, 1999 in the proceeding described above.

As indicated below, copies have been served this day on the parties to the proceeding. If you have any questions, please do not hesitate to contact me.

Sincerely,

STITES & HARBISON, PLLC

Mark R. Overstreet

Enclosure
cc: Michael L. Kurtz
David F. Boehm
William H. Jones
Elizabeth E. Blackford

KE057:KE131:7281:FRANKFORT

RECEIVED

NOV 2 6 2002

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

JOINT APPLICATION OF KENTUCKY POWER	)
COMPANY, AMERICAN ELECTRIC POWER	)
COMPANY, INC. AND CENTRAL AND SOUTH	) CASE NO. 99-149
WEST CORPORATION REGARDING A	)
PROPOSED MERGER	)

****

RESPONSE OF KENTUCKY POWER COMPANY
d/b/a/
AMERICAN ELECTRIC POWER

Reporting Period: Quarter Ending September 30, 2002

Filing Date: 26 November 2002

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Furnish annual financial statements of AEP, including consolidating adjustments of AEP and its subsidiaries with a brief explanation of each adjustment and all periodic reports filed with the SEC. Including but not limited to the U5S and U-13-60 reports. All subsidiaries should prepare and have available monthly and annual financial information required to compile financial statements and to comply with other reporting requirements. The financial statements for any non-consolidated subsidiaries of AEP should be furnished to the Commission. [Reference: Merger Agt., Ky. PSC Order dated 6-14-99, pg 10 (Periodic Reports)]

RESPONSE:

Please see the Company's response to Item No. 1 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

2

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

On an annual basis file a general description of the nature of inter-company transactions with specific identification of major transactions and a description of the basis upon which cost allocations and transfer pricing have been established. This report should discuss the use of the cost or market standard for the sale or transfer of assets, the allocation factors used, and the procedures used to determine these factors if they are different from the procedures used in prior years. [Reference: Merger Agt., Ky. PSC Order dated 6-14-99, pg. 11, Item 1]

RESPONSE:

Please see the Company's response to Item No. 2 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

3

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

On an annual basis file a report that identifies professional personnel transferred from Kentucky Power to AEP or any of the non-utility subsidiaries and describes the duties performed by each employee while employed by Kentucky Power and to be performed subsequent to transfer. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 2.]

RESPONSE:

Please see the Company's response to Item No. 3 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

4

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file on a quarterly basis a report detailing Kentucky Power's proportionate share of AEP's total operating revenues, operating and maintenance expenses, and number of employees. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 2]

RESPONSE:

For 3rd Quarter 2002 and twelve months ending September 30, 2002:

Kentucky Power Company
Report Proportionate Share of AEP
(in millions, except number of employees)

	Three Months September 30, 2002				Year-to-Date September 30, 2002		
	AEP	KPCO	SHARE		AEP	KPCo	SHARE
Revenues	$3,911	$90	2.3%		$10,818	$267	2.5%
Operating/Maint. Exp.	$2,564	$43	1.7%		$7,540	$122	1.6%
Number of Employees At 9/30/02*	21,724	421	1.9%				

* See Response to Item No. 6

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file any contracts or other agreements concerning the transfer of such assets or the pricing of inter-company transactions with the Commission at the time the transfer occurs. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11 (Special Reports)]

RESPONSE:

3rd Quarter 2002:

During the three month period ending September 30, 2002 there were 8 different transactions in which AEP/Kentucky sold assets to its affiliates. The assets transferred were various meters and transformers and two gas circuit breakers. The total dollar value of the assets transferred was $294,832. The smallest dollar value transferred was one meter at a value of $26. The largest dollar value transferred was the two gas circuit breakers at a value of $216,898.

WITNESS: Errol K. Wagner

9

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file a quarterly report of the number of employees of AEP and each subsidiary on the basis of payroll assignment. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 1 (Special Reports)]

RESPONSE:

Please see attached page for the 3rd Quarter 2002.

WITNESS: Errol K. Wagner

EMPLOYEE COUNT BY LEGAL ENTITY EFFECTIVE: 9/30/2002		
Co	Descr	Employee Count
E01	Kingsport Power Company	57
E02	Appalachian Power Company	2,566
E03	Kentucky Power Company	421
E04	Indiana Michigan Power Company	2,518
E06	Wheeling Power Company	67
E07	Ohio Power Company	2,247
E10	Columbus Southern Power Co	1,159
E36	Louisiana Intrastate Gas Co	65
E39	Lig Liquids Company L.L.C.	33
E48	River Transportation Div I&MP	356
E54	Conesville Coal Prep Co	37
E59	AEP Energy Services	262
E61	AEP Service Corporation	7,060
E69	AEP Pro Serv	51
ECC	Central Power & Light	1,360
EEE	CSW Energy, Inc.	90
EEL	AEP Elmwood LLC	140
EHH	Enershop, Inc.	1
EMO	AEP MEMCO	360
ENW	C3 Networks GP, LLC	21
EPP	Public Service Co. of OK	997
ESS	SouthWestern Electric Power Co	1,193
ETD	AEP T&D Services, LLC	1
EWW	West Texas Utilities	662
	TOTAL	21,724

7

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report containing the years of service at Kentucky Power and the salaries of professional employees transferred from Kentucky Power to AEP or its subsidiaries filed in conjunction with the annual transfer of employees report. [Reference: Merger Agt., Ky. PSC Order 6/14/99, Reporting Requirements, Pg. 12, Item 2]

RESPONSE:

Please see the Company's response to Item No. 7 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

8

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report of cost allocation factors in use, supplemented upon significant change. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12 Item 3]

RESPONSE:

Please see the Company's response to Item No. 8 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

6

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file summaries of any cost allocation studies when conducted and the basis for the methods used to determine the cost allocation in effect. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 4]

RESPONSE:

3rd Quarter 2002:

Kentucky Power Company did not perform any cost allocation studies during the quarter ended September 30, 2002. The methods used by Kentucky Power Company for cost allocation are documented in the AEP Cost Allocation Manual.

WITNESS: Errol K. Wagner

10

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report of the methods used to update or revise the cost allocation factors in use supplemented upon significant change. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 5]

RESPONSE:

Please see the Company's response to Item No. 10 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file the current Articles of Incorporation and bylaws of affiliated companies in businesses related to the electric industry or that would be doing business with AEP. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 6]

RESPONSE:

Please see the Company's response to Item 11 in the December 8, 2000 filing.

WITNESS: Errol K. Wagner

12

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file the current Articles of Incorporation of affiliated companies involved in non-related business. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 7]

RESPONSE:

See the Company's response to Item 11 in the December 8, 2000 filing.

WITNESS: Errol K. Wagner

13

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

To the extent that the merger is subject to conditions or changes not reviewed in this case, the Joint Applicants should amend their filing to allow the Commission and all parties an opportunity to review the revisions to ensure that Kentucky Power and its customers are not adversely affected and that any additional benefits flow through the favored nations clause. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pgs. 12-13]

RESPONSE:

Please see the Company's response to Item No. 13 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

14

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

The Joint Applicants should submit copies of final approval received from the FERC, SEC, FTC, DOJ, and all state regulatory commissions to the extent that these documents have not been provided. With each submittal, the Joint Applicants shall further state whether Paragraph 10 of the Settlement Agreement requires changes to the regulatory plan approved herein. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Pg. 14 Item 7]

RESPONSE:

See the Company's response to Item 14 in the December 8, 2000 filing.

WITNESS: Errol K. Wagner

15

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Provide annual Service Reliability Report addressing the duration and frequency of customer disruptions (CAIDI and SAIFI), including storms for calendar 2001. [Reference: Merger Agt., Attachment C, Pg. 1 Item l]

RESPONSE:

Please see the Company's response to Item No. 15 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

16

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Provide annual Call Center Performance Measures for those centers that handle Kentucky customer calls (Call Center Average Speed of Answer (ASA) Abandonment Rate, and Call Blockage), for calendar year 2000. [Reference: Merger Agt., Attachment C, Pg. 1, Item 2]

RESPONSE:

Please see the Company's response to Item No. 16 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

17

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Will continue to completely inspect its Kentucky electric facilities every two years and perform tree trimming, lightning arrestor replacement, animal guarding and pole and cross arm replacements. Provide data for calendar year 2001. [Reference: Merger Agt., Case 99-149, Attachment C, Page l, Item 3]

RESPONSE:

Please see the Company's response to Item No. 17 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

18

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

**AEP/Kentucky Power management will compile outage data detailing each circuit's reliability performance. In addition, by monitoring repeated outages on a regular basis, the Company will identify and resolve reliability problems, which may go unnoticed by using CAIDI and SAIFI results. This data will be coupled with feedback from district field personnel and supervision and management concerning other locations and situations where the impacts of outages are quantified. This process will be used to develop a comprehensive work plan each year, which focuses efforts to improve service reliability. The Company will undertake all reasonable expenditures to achieve the goal of limiting customer outages.
[Reference: Merger Agt., Attachment C, Pg. 1, Item 4]**

RESPONSE:

Please see the Company's response to Item No. 18 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

19

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Plans to continue to maintain a high quality workforce to meet customers' needs. [Reference: Merger Agt, Attachment C, Pg. 2, Item 5]

RESPONSE:

Please see the Company's response to Item No. 19 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

20

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall designate an employee who will act as a contact for State Commissions and consumer advocates seeking data and information regarding affiliate transactions and personnel transfers. Such employee shall be responsible for providing data and information requested by a State Commission for any and all transactions between the jurisdictional operating company and its affiliates, regardless of which affiliate(s) subsidiary(ies) or associate(s) of an AEP operating company from which the information is sought. [Reference: Merger Agt., Stipulation and Settlement, Pg. 11, Item Q]

RESPONSE:

Mr. Errol K. Wagner, AEP-Kentucky Regulatory Services Director, is the contact designee for the Kentucky Public Service Commissioners and Staff and the Kentucky Attorney General's Office regarding affiliate transactions and personnel transfers.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Please provide designated employee or agent within Kentucky who will act as a contact for retail customers regarding service and reliability concerns and provide a contact for retail consumers for information, questions and assistance. Such AEP/Kentucky Power representative shall be able to deal with billing, maintenance and service reliability issues. [Merger Agt., Stipulation and Settlement, Pg. 11, Item R]

RESPONSE:

The Company would prefer customers to initially call the Customer Solution Centers, whose representatives are capable of answering questions concerning service, reliability concerns and billing issues. However, the AEP-Kentucky Regulatory Services Department, specifically the Regulatory Services Director, are also capable of dealing with billing, maintenance and service reliability issues.

WITNESS: Errol K. Wagner

22

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall provide each signatory state a current list of employees or agents that are designated to work with each State Commission and consumer advocate concerning state regulatory matters, including, but not limited to, rate cases, consumer complaints, billing and retail competition issues. [Reference: Merger Agt., Stipulation and Settlement, Pg. 11, Item 5.]

RESPONSE:

Mr. Errol K. Wagner, AEP-Kentucky Regulatory Services Director, and the AEP-Kentucky Regulatory Services Department staff are the designated employees to work with Kentucky Public Service Commission and the Kentucky Attorney General's Office concerning state regulatory matters, including, but not limited to rate cases, consumer complaints, billing and retail competition issues.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

**The Company further commits to maintain in Kentucky a sufficient management team to ensure that safe, reliable and efficient electric service is provided and to respond to the needs and inquiries of its Kentucky customers.
[Reference: Merger Agt., Attachment C, Pg. 2, Item 6a]**

RESPONSE:

Please see the Company's response to Item No. 23 filed with the Commission on May 15, 2002.

WITNESS: **Errol K. Wagner**

24

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall contract with an independent auditor who shall conduct biennial audits for ten years after merger consummation of affiliated transactions to determine compliance with the affiliate standards outlined in the Stipulation and Settlement Agreement. The results of such audits shall be filed with the State Commissions. Prior to the initial audit, AEP will conduct an informational meeting with State Commissions regarding how its affiliates and affiliate transactions will or have changed as a result of the proposed merger. [Reference: Stipulation and Settlement Agreement, Page 11, Section 8(V)]

RESPONSE:

Please see the Company's response to Item No. 24 filed with the Commission on May 15, 2002.

WITNESS: Errol K. Wagner

STITES & HARBISON PLLC

ATTORNEYS

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March 28, 2003

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MAY 1 6 2003

PUBLIC SERVICE COMMISSION

Mark R. Overstreet
(502) 209-1219
moverstreet@stites.com

Thomas M. Dorman
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RE: ***P.S.C. Case No. 99-149*** (Merger of American Electric Power Company and Central and South West Corporation)

Dear Mr. Dorman:

Please find enclosed and accept for filing the supplementary Responses of Kentucky Power Company d/b/a American Electric Power to the Data Requests set forth in the Commission's Order dated June 14, 1999 in the above-styled action. The Responses are for the period ended December 31, 2002.

Copies of this letter and the supplementary Responses have been served this day on the persons listed below.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Mark R. Overstreet

cc: David F. Boehm
Elizabeth E. Blackford
William H. Jones, Jr.

KE057:KE132:8977:FRANKFORT

RECEIVED

MAY 1 6 2003

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

JOINT APPLICATION OF KENTUCKY POWER	)
COMPANY, AMERICAN ELECTRIC POWER	)
COMPANY, INC. AND CENTRAL AND SOUTH	) **CASE NO. 99-149**
WEST CORPORATION REGARDING A	)
PROPOSED MERGER	)

****

RESPONSE OF KENTUCKY POWER COMPANY
d/b/a/
AMERICAN ELECTRIC POWER

Reporting Period: Year Ending December 31, 2002
And
Quarter Ending March 31, 2003

Filing Date: 16 May 2003

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Furnish annual financial statements of AEP, including consolidating adjustments of AEP and its subsidiaries with a brief explanation of each adjustment and all periodic reports filed with the SEC. Including but not limited to the U5S and U-13-60 reports. All subsidiaries should prepare and have available monthly and annual financial information required to compile financial statements and to comply with other reporting requirements. The financial statements for any non-consolidated subsidiaries of AEP should be furnished to the Commission. [Reference: Merger Agt., Ky. PSC Order dated 6-14-99, pg 10 (Periodic Reports)]

RESPONSE:

Attached you will find a copy of AEP's 2002 combined SEC Form 10-K (Attachment 1), Form U5S (Attachment 2A) and the combined annual reports (Attachment 2B). Form U-13-60 will not be available until after May 30, 2003, at which time, copies will be filed with the Commission.

WITNESS: Errol K. Wagner

2

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

On an annual basis file a general description of the nature of inter-company transactions with specific identification of major transactions and a description of the basis upon which cost allocations and transfer pricing have been established. This report should discuss the use of the cost or market standard for the sale or transfer of assets, the allocation factors used, and the procedures used to determine these factors if they are different from the procedures used in prior years. [Reference: Merger Agt., Ky. PSC Order dated 6-14-99, pg. 11, Item 1]

RESPONSE:

A general description of the nature of inter-company transactions is contained in the Cost Allocation Manual (CAM) filed May 2001 as Attachment 1. There have been no changes to the procedures used to price inter-company transactions from those used in the prior year. Unless exempted, inter-company transactions conducted by or with Kentucky Power Company are priced at fully-allocated cost in accordance with Rules 90 and 91 prescribed by the Securities and Exchange Commission under the Public Utility Holiday Company Act of 1935.

WITNESS: **Errol K. Wagner**

3

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

On an annual basis file a report that identifies professional personnel transferred from Kentucky Power to AEP or any of the non-utility subsidiaries and describes the duties performed by each employee while employed by Kentucky Power and to be performed subsequent to transfer. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 2.]

RESPONSE:

Attached is a list of Kentucky Power Company employees transferred from Kentucky Power during the twelve months ending December 31, 2002.

WITNESS: Errol K. Wagner

Kentucky Power Transferees - 12 months ending 12/31/2002 (Request 3)

NAME	Eff Date	Job Title-New	Job Title-Old
Appalachian Power Company			
Bostic,Michael N	2002-04-27	Meter Reader	Meter Reader
Carroll Jr.,Henry C	2002-04-27	Meter Reader	Meter Reader
Chaffin,Orvis D	2002-04-27	Meter Reader	Meter Reader
Dotson,Burnett	2002-04-27	Customer Services Specialist	Customer Services Specialist
Dotson,Jeffrey L	2002-04-27	Meter Reader	Meter Reader
Ooten,Kenneth L	2002-04-27	Customer Services Specialist	Customer Services Specialist
Dye,Michael C	2002-04-27	Customer Services Specialist	Customer Services Specialist
Hatfield,Michael T	2002-04-27	Meter Reader	Meter Reader
Hatfield,Toby L	2002-04-27	Meter Reader	Meter Reader
Irvine,David M	2002-03/02	Station Mechanic-A	Station Servicer
Jenkins,David S	2002-06-08	Meter Reader	Meter Reader
Tate,Robbie A	2002-01/05	Fleet Technician B	Fleet Technician B
Ohio Power Company			
Fraley,Thomas M	2002-06-22	Meter Reader	Meter Reader
AEP Service Corporation			
Cerimele,Guy L	2002-12-07	Mgr State Govt Affairs	Mgr-State Environmntal Affairs
Hall,Shelia S	2002-03/02	Distribution Line Coordinator	Distribution Line Coordinator
McHenry,Melissa A	2002-10-26	Mgr Corp Media Relations	Mgr-State Corp Comms
Ohlinger,Timothy L	2002-04-13	Human Resources Manager	Human Resources Manager
Shepherd,Raleigh,,Jr	2002-03/02	Supv Distribution System	Supv Distribution System

4

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file on a quarterly basis a report detailing Kentucky Power's proportionate share of AEP's total operating revenues, operating and maintenance expenses, and number of employees. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 2]

RESPONSE:

For 1st Quarter 2003:

Kentucky Power Company
Report Proportionate Share of AEP
(in millions, except number of employees)

Three Months
March 31, 2003

	AEP	KPCO	SHARE
Revenues	4.080	104	2.5%
Operating/Maint. Exp.	2,977	37	1.2%
Number of Employees as of 3/31/03	20,409	402	2.0%

* See Response to Item No. 6

WITNESS: Errol K. Wagner

5

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file any contracts or other agreements concerning the transfer of such assets or the pricing of inter-company transactions with the Commission at the time the transfer occurs. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11 (Special Reports)]

RESPONSE:

1st Quarter 2003:

During the three month period ending March 31, 2003 there were seven different transactions in which AEP/Kentucky sold assets to its affiliates. The assets transferred were various meters and transformers. The total dollar value of the assets transferred was $371,541.77. The smallest dollar value transferred was three meters at a value of $136.46. The largest dollar value transferred was one transformer at a value of $297,667.

WITNESS: Errol K. Wagner

9

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file a quarterly report of the number of employees of AEP and each subsidiary on the basis of payroll assignment. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 1 (Special Reports)]

RESPONSE:

1st Quarter 2003:

Attached is the quarterly report of the number of employees of AEP and each subsidiary on the basis of payroll assignment for period ending 1st Quarter 2003.

WITNESS: Errol K. Wagner

EMPLOYEE COUNT AS OF 03/31/2003

Co	Descr	Employee Count
E01	Kingsport Power Company	56
E02	Appalachian Power Company	2434
E03	Kentucky Power Company	402
E04	Indiana Michigan Power Company	2336
E06	Wheeling Power Company	57
E07	Ohio Power Company	2194
E10	Columbus Southern Power Co	1110
E16	Houston Pipe Line Company LP	252
E36	Louisiana Intrastate Gas Co	62
E39	Lig Liquids Company L.L.C.	31
E48	River Transportation Div I&MP	359
E54	Conesville Coal Prep Co	35
E59	AEP Energy Services	4
E61	AEP Service Corporation	6503
E69	AEP Pro Serv	1
ECC	Central Power & Light	1215
EEE	CSW Energy, Inc.	66
EEL	AEP Elmwood LLC	155
EMO	AEP MEMCO	370
ENW	C3 Networks GP, LLC	14
EPP	Public Service Co. of OK	976
ESS	SouthWestern Electric Power Co	1193
EWW	West Texas Utilities	584
	TOTAL	20409

7

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report containing the years of service at Kentucky Power and the salaries of professional employees transferred from Kentucky Power to AEP or its subsidiaries filed in conjunction with the annual transfer of employees report. [Reference: Merger Agt., Ky. PSC Order 6/14/99, Reporting Requirements, Pg. 12, Item 2]

RESPONSE:

Attached is the annual report for twelve months ending December 31, 2002 listing the years of service and the salaries of the professional employees transferred from Kentucky Power Company to AEP or its subsidiaries filed in conjunction with Item No. 3.

WITNESS: Errol K. Wagner

Kentucky Power Transferees - 12 months ending 12/31/2002 (Request 7)

NAME	Eff Date	Total Years of Service	Annual Salary
Appalachian Power Company			
Bostic,Michael N	2002-04-27	22	35547.20
Carroll Jr.,Henry C	2002-04-27	18	35547.20
Chaffin,Orvis D	2002-04-27	28	35547.20
Dotson,Burnett	2002-04-27	29	39603.20
Dotson,Jeffrey L	2002-04-27	1	24336.00
Ooten,Kenneth L	2002-04-27	19	39603.20
Dye,Michael C	2002-04-27	22	39998.40
Hatfield,Michael T	2002-04-27	14	35547.20
Hatfield,Toby L	2002-04-27	20	35547.20
Irvine,David M	2002-03/02	12	50772.80
Jenkins,David S	2002-06-08	1	24336.00
Tate,Robbie A	2002-01/05	1	36608.00
Ohio Power Company			
Fraley,Thomas M	2002-06-22	1	24336.00
AEP Service Corporation			
Cerimele,Guy L	2002-12-07	17	101100.00
Hall,Shelia S	2002-03/02	16	55200.00
McHenry,Melissa A	2002-10-26	7	98000.00
Ohlinger,Timothy L	2002-04-13	26	83000.06
Shepherd,Raleigh,,Jr	2002-03/02	26	69200.00

8

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report of cost allocation factors in use, supplemented upon significant change. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12 Item 3]

RESPONSE:

The cost allocation factors used by Kentucky Power Company and other AEP System companies are described in the Cost Allocation Manual (CAM) filed May 2001 as Attachment 1, Item No. 2. AEP received approval from the Securities and Exchange Commission on September 18, 2001 for eleven new cost allocation factors that are incorporated in the CAM. This information was filed with the Kentucky Commission in memo form on January 30, 2001 (Case No. 99-149).

WITNESS: Errol K. Wagner

6

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file summaries of any cost allocation studies when conducted and the basis for the methods used to determine the cost allocation in effect. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 4]

RESPONSE:

1st Quarter 2003:

Kentucky Power Company did not perform any cost allocation studies during the quarter ended March 31, 2003. The methods used by Kentucky Power Company for cost allocations are documented in the AEP Cost Allocation Manual.

WITNESS: Errol K. Wagner

10

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report of the methods used to update or revise the cost allocation factors in use supplemented upon significant change. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 5]

RESPONSE:

The methods used to update or revise the cost allocation factors used by Kentucky Power Company and other AEP System companies were not significantly changed during the year ended December 31, 2002. Allocation factors are revised periodically each year (e.g., monthly, quarterly, semi-annually and annually) based on the most current statistics available for each factor. The allocation factors in use are documented in the Cost Allocation Manual (CAM) filed May 2001 as Attachment 1, Item No. 2.

AEP received approval from the Securities and Exchange Commission on September 18, 2001 for eleven new cost allocation factors that are incorporated in the CAM. This information was filed with the Kentucky Commission in memo form on January 30, 2001 (Case No. 99-149).

WITNESS: Errol K. Wagner

11

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file the current Articles of Incorporation and bylaws of affiliated companies in businesses related to the electric industry or that would be doing business with AEP. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 6]

RESPONSE:

Please see the Company's response to Item No. 11 filed with the Commission on December 8, 2000.

WITNESS: Errol K. Wagner

12

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file the current Articles of Incorporation of affiliated companies involved in non-related business. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 7]

RESPONSE:

See the Company's response to Item No. 11 filed with the Commission on December 8, 2000.

WITNESS: Errol K. Wagner

13

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

To the extent that the merger is subject to conditions or changes not reviewed in this case, the Joint Applicants should amend their filing to allow the Commission and all parties an opportunity to review the revisions to ensure that Kentucky Power and its customers are not adversely affected and that any additional benefits flow through the favored nations clause. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pgs. 12-13]

RESPONSE:

There were no changes during the period ending December 31, 2002 to the terms and conditions of the settlements in any jurisdiction that would adversely affect the settlement reached in the Commonwealth of Kentucky or cause additional benefits to flow through the favored nation clause.

WITNESS: Errol K. Wagner

14

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

The Joint Applicants should submit copies of final approval received from the FERC, SEC, FTC, DOJ, and all state regulatory commissions to the extent that these documents have not been provided. With each submittal, the Joint Applicants shall further state whether Paragraph 10 of the Settlement Agreement requires changes to the regulatory plan approved herein. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Pg. 14 Item 7]

RESPONSE:

See the Company's response to Item No. 14 filed with the Commission on December 8, 2000.

WITNESS: Errol K. Wagner

15

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Provide annual Service Reliability Report addressing the duration and frequency of customer disruptions (CAIDI and SAIFI), including storms for calendar 2002. [Reference: Merger Agt., Attachment C, Pg. 1 Item l]

RESPONSE:

The overall Customer Average Interruption Duration Index (CAIDI), including major events, for Kentucky Power Company (KPCo) customers during calendar 2002 was 4.10 hours per customer interrupted. The overall System Average Interruption Frequency Index (SAIFI), including major events, for KPCo customers during calendar 2002 was 2.69 interruptions per customer served.

KPCo has previously reported on its changes in outage recording systems. Making comparisons to the 1995-1998 values is very difficult because of the numerous advancements in outage recording technology. The ultimate results are more accurate outage customer count and outage duration values. Any possible worsening of reliability indices is greatly exaggerated because of the refinements in the recording process.

WITNESS: Errol K. Wagner

16

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Provide annual Call Center Performance Measures for those centers that handle Kentucky customer calls (Call Center Average Speed of Answer (ASA) Abandonment Rate, and Call Blockage), for calendar year 2002. [Reference: Merger Agt., Attachment C, Pg. 1, Item 2]

RESPONSE:

A summary of AEP's Call Center Performance Measures for Kentucky customer calls in calendar year 2002:

Measure	Value
Average Speed of Answer	38.3 seconds
Abandonment	3.99%
Network Blockage	0.37%

WITNESS: Errol K. Wagner

17

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Will continue to completely inspect its Kentucky electric facilities every two years and perform tree trimming, lightning arrestor replacement, animal guarding and pole and cross arm replacements. Provide data for calendar year 2001. [Reference: Merger Agt., Case 99-149, Attachment C, Page l, Item 3]

RESPONSE:

In calendar year 2002, American Electric Power performed the work necessary to completely inspect its Kentucky electric facilities over the two-year period 2001-2002. AEP continues to perform tree trimming, lightning arrester replacement, animal guarding, and pole and cross arm replacements as needed.

AEP provides the following statistics for work done in its Kentucky service territory in 2002.

- AEP sought and obtained approval from Mike Nantz to use circuit miles instead of poles as the measure for the two-year cycle inspection. The total circuit miles of conductor in Kentucky are 9,292 miles. These miles are contained in 169 distribution circuits. There were 122 complete circuits consisting of approximately 5,359 circuit miles inspected in 2002. As a result, all circuit miles were inspected in the two-year period 2001-2002.
- Inspected 13,204 poles as part of the ground-line treatment program. Poles were replaced or refurbished as necessary.
- Completed right-of-way maintenance work on 1,550 miles of distribution line.

AEP continues its asset management programs to review the performance of its facilities and to make prudent improvements to continue providing reliable and cost-effective electric service to its Kentucky customers.

WITNESS: Errol K. Wagner

18

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP/Kentucky Power management will compile outage data detailing each circuit's reliability performance. In addition, by monitoring repeated outages on a regular basis, the Company will identify and resolve reliability problems, which may go unnoticed by using CAIDI and SAIFI results. This data will be coupled with feedback from district field personnel and supervision and management concerning other locations and situations where the impacts of outages are quantified. This process will be used to develop a comprehensive work plan each year, which focuses efforts to improve service reliability. The Company will undertake all reasonable expenditures to achieve the goal of limiting customer outages.
[Reference: Merger Agt., Attachment C, Pg. 1, Item 4]

RESPONSE:

AEP/Kentucky continues to compile outage data detailing each circuit's reliability performance. Worst performing circuits are identified considering CAIDI, SAIFI, and repeat outages, as well as those with outage causes that can be addressed through existing asset improvement programs targeting animal, lightning, small conductor failure, and tree caused outages. This allows for the identification of areas needing reliability improvements and for the development of work plans to optimize system performance where within utility control.

Work plans are developed by combining reliability performance with input from field personnel to identify areas that do not satisfy ranking criteria alone. Work plans include ground line treatment of poles; improved fault isolation by installing additional sectionalizing devices; recloser maintenance; and system improvements required due to facility loading, voltage control, and reliability performance.

WITNESS: Errol K. Wagner

19

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Plans to continue to maintain a high quality workforce to meet customers' needs. [Reference: Merger Agt, Attachment C, Pg. 2, Item 5]

RESPONSE:

The Company has maintained a high quality workforce which met the customers needs in providing electrical service.

WITNESS: Errol K. Wagner

20

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall designate an employee who will act as a contact for State Commissions and consumer advocates seeking data and information regarding affiliate transactions and personnel transfers. Such employee shall be responsible for providing data and information requested by a State Commission for any and all transactions between the jurisdictional operating company and its affiliates, regardless of which affiliate(s) subsidiary(ies) or associate(s) of an AEP operating company from which the information is sought. [Reference: Merger Agt., Stipulation and Settlement, Pg. 11, Item Q]

RESPONSE:

Mr. Errol K. Wagner, AEP-Kentucky Regulatory Services Director, is the contact designee for the Kentucky Public Service Commissioners and Staff and the Kentucky Attorney General's Office regarding affiliate transactions and personnel transfers.

WITNESS: Errol K. Wagner

21

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Please provide designated employee or agent within Kentucky who will act as a contact for retail customers regarding service and reliability concerns and provide a contact for retail consumers for information, questions and assistance. Such AEP/Kentucky Power representative shall be able to deal with billing, maintenance and service reliability issues. [Merger Agt., Stipulation and Settlement, Pg. 11, Item R]

RESPONSE:

The Company would prefer customers to initially call the Customer Solution Centers, whose representatives are capable of answering questions concerning service, reliability concerns and billing issues. However, the AEP-Kentucky Regulatory Services Department, specifically the Regulatory Services Director, are also capable of dealing with billing, maintenance and service reliability issues.

WITNESS: Errol K. Wagner

22

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall provide each signatory state a current list of employees or agents that are designated to work with each State Commission and consumer advocate concerning state regulatory matters, including, but not limited to, rate cases, consumer complaints, billing and retail competition issues. [Reference: Merger Agt., Stipulation and Settlement, Pg. 11, Item 5.]

RESPONSE:

Mr. Errol K. Wagner, AEP-Kentucky Regulatory Services Director, and the AEP-Kentucky Regulatory Services Department staff are the designated employees to work with Kentucky Public Service Commission and the Kentucky Attorney General's Office concerning state regulatory matters, including, but not limited to rate cases, consumer complaints, billing and retail competition issues.

WITNESS: Errol K. Wagner

23

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

The Company further commits to maintain in Kentucky a sufficient management team to ensure that safe, reliable and efficient electric service is provided and to respond to the needs and inquiries of its Kentucky customers.
[Reference: Merger Agt., Attachment C, Pg. 2, Item 6a]

RESPONSE:

The Company has maintained a sufficient management team in Kentucky to ensure that safe, reliable and efficient electric service is provided and the Company has responded to the needs and inquiries of its customers.

WITNESS: Errol K. Wagner

24

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall contract with an independent auditor who shall conduct biennial audits for ten years after merger consummation of affiliated transactions to determine compliance with the affiliate standards outlined in the Stipulation and Settlement Agreement. The results of such audits shall be filed with the State Commissions. Prior to the initial audit, AEP will conduct an informational meeting with State Commissions regarding how its affiliates and affiliate transactions will or have changed as a result of the proposed merger. [Reference: Stipulation and Settlement Agreement, Page 11, Section 8(V)]

RESPONSE:

Kentucky Power Company continues to adhere to all applicable affiliate standards. In light of the General Assembly's enactment of HB 897 (KRS 278.2201 et seq.) in 2000, and the express terms of the Merger Settlement Agreement and the Order approving the agreement, the affiliate standards and requirements contained in the Merger Settlement Agreement have been superseded by statute. *See, Order, Joint Application of Kentucky Power Company, American Electric Power Company, Inc., and Central and South West Corporation Regarding a Proposed Merger, P.S.C. Case No. 99-149 at 8 (affiliate standards and guidelines set out in Merger Settlement Agreement to "remain in effect 'until new affiliate standards imposed by either the Commission or by the General Assembly.'".)* Accordingly, Kentucky Power Company will not be conducting a biennial audit of affiliated transactions as contemplated by the now superseded standards.

WITNESS: Errol K. Wagner

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2002

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

Commission File Number	Registrants; States of Incorporation; Address and Telephone Number	I.R.S. Employer Identification Nos.
1-3525	AMERICAN ELECTRIC POWER COMPANY, INC. (A New York Corporation)	13-4922640
0-18135	AEP GENERATING COMPANY (An Ohio Corporation)	31-1033833
0-346	AEP TEXAS CENTRAL COMPANY (A Texas Corporation)	74-0550600
0-340	AEP TEXAS NORTH COMPANY (A Texas Corporation)	75-0646790
1-3457	APPALACHIAN POWER COMPANY (A Virginia Corporation)	54-0124790
1-2680	COLUMBUS SOUTHERN POWER COMPANY (An Ohio Corporation)	31-4154203
1-3570	INDIANA MICHIGAN POWER COMPANY (An Indiana Corporation)	35-0410455
1-6858	KENTUCKY POWER COMPANY (A Kentucky Corporation)	61-0247775
1-6543	OHIO POWER COMPANY (An Ohio Corporation)	31-4271000
0-343	PUBLIC SERVICE COMPANY OF OKLAHOMA (An Oklahoma Corporation)	73-0410895
1-3146	SOUTHWESTERN ELECTRIC POWER COMPANY (A Delaware Corporation)	72-0323455
	1 Riverside Plaza, Columbus, Ohio 43215	
	Telephone (614) 223-1000	

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ✓. No.

Indicate by check mark if disclosure of delinquent filers with respect to American Electric Power Company, Inc. pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark if disclosure of delinquent filers with respect to Appalachian Power Company, Indiana Michigan Power Company or Ohio Power Company pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements of Appalachian Power Company or Ohio Power Company incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ✓

Indicate by check mark whether American Electric Power Company, Inc. is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ✓ No __

Indicate by check mark whether AEP Generating Company, AEP Texas Central Company, AEP Texas North Company, Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company are accelerated filers (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes __ No ✓

AEP Generating Company, AEP Texas North Company, Columbus Southern Power Company, Kentucky Power Company and Public Service Company of Oklahoma meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and are therefore filing this Form 10-K with the reduced disclosure format specified in General Instruction I(2) to such Form 10-K.

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of each class	Name of each exchange on which registered
AEP Generating Company	None	
AEP Texas Central Company	None	
AEP Texas North Company	None	
American Electric Power Company, Inc.	Common Stock, $6.50 par value	New York Stock Exchange
	9.25% Equity Units	New York Stock Exchange
Appalachian Power Company	7.20% Senior Notes, Series A, Due 2038	New York Stock Exchange
	7.30% Senior Notes, Series B, Due 2038	New York Stock Exchange
Columbus Southern Power Company	None	
CPL Capital I	8.00% Cumulative Quarterly Income Preferred Securities, Series A, Liquidation Preference $25 per Preferred Security	New York Stock Exchange
Indiana Michigan Power Company	8% Junior Subordinated Debentures, Series A, Due 2026	New York Stock Exchange
	7.60% Junior Subordinated Deferrable Interest Debentures, Series B, Due 2038	New York Stock Exchange
	6% Senior Notes, Series D, Due 2032	New York Stock Exchange
Kentucky Power Company	8.72% Junior Subordinated Deferrable Interest Debentures, Series A, Due 2025	New York Stock Exchange
Ohio Power Company	7 3/8% Senior Notes, Series A, Due 2038	New York Stock Exchange
Public Service Company of Oklahoma	6% Senior Notes, Series B, Due 2032	New York Stock Exchange
PSO Capital I	8.00% Trust Originated Preferred Securities, Series A, Liquidation Preference $25 per Preferred Security	New York Stock Exchange
SWEPCo Capital I	7.875% Trust Preferred Securities, Series A, Liquidation amount $25 per Preferred Security	New York Stock Exchange
Southwestern Electric Power Company	None	

Securities registered pursuant to Section 12(g) of the Act:

Registrant	Title of each class
AEP Generating Company	None
AEP Texas Central Company	4.00% Cumulative Preferred Stock, Non-Voting, $100 par value
	4.20% Cumulative Preferred Stock, Non-Voting, $100 par value
AEP Texas North Company	None
American Electric Power Company, Inc.	None
Appalachian Power Company	4.50% Cumulative Preferred Stock, Voting, no par value
Columbus Southern Power Company	None
Indiana Michigan Power Company	4.125% Cumulative Preferred Stock, Non-Voting, $100 par value
Kentucky Power Company	None
Ohio Power Company	4.50% Cumulative Preferred Stock, Voting, $100 par value
Public Service Company of Oklahoma	None
Southwestern Electric Power Company	4.28% Cumulative Preferred Stock, Non-Voting, $100 par value
	4.65% Cumulative Preferred Stock, Non-Voting, $100 par value
	5.00% Cumulative Preferred Stock, Non-Voting, $100 par value

	Aggregate market value of voting and non-voting common equity held by non-affiliates of the registrants at June 28, 2002	Number of shares of common stock outstanding of the registrants at June 28, 2002
AEP Generating Company	None	1,000 ($1,000 par value)
AEP Texas Central Company	None	2,211,678 ($25 par value)
AEP Texas North Company	None	5,488,560 ($25 par value)
American Electric Power Company, Inc.	$13,560,125,474	338,833,720 ($6.50 par value)
Appalachian Power Company	None	13,499,500 (no par value)
Columbus Southern Power Company	None	16,410,426 (no par value)
Indiana Michigan Power Company	None	1,400,000 (no par value)
Kentucky Power Company	None	1,009,000 ($50 par value)
Ohio Power Company	None	27,952,473 (no par value)
Public Service Company of Oklahoma	None	9,013,000 ($15 par value)
Southwestern Electric Power Company	None	7,536,640 ($18 par value)

NOTE ON MARKET VALUE OF COMMON EQUITY HELD BY NON-AFFILIATES

American Electric Power Company, Inc. owns, directly or indirectly, all of the common stock of AEP Generating Company, AEP Texas Central Company, AEP Texas North Company, Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company (see Item 12 herein).

DOCUMENTS INCORPORATED BY REFERENCE

Description	Part of Form 10-K Into Which Document Is Incorporated
Portions of Annual Reports of the following companies for the fiscal year ended December 31, 2002: AEP Generating Company AEP Texas Central Company AEP Texas North Company American Electric Power Company, Inc. Appalachian Power Company Columbus Southern Power Company Indiana Michigan Power Company Kentucky Power Company Ohio Power Company Public Service Company of Oklahoma Southwestern Electric Power Company	Part II
Portions of Proxy Statement of American Electric Power Company, Inc. for 2003 Annual Meeting of Shareholders, to be filed within 120 days after December 31, 2002	Part III
Portions of Information Statements of the following companies for 2003 Annual Meeting of Shareholders, to be filed within 120 days after December 31, 2002: Appalachian Power Company Ohio Power Company	Part III

This combined Form 10-K is separately filed by AEP Generating Company, AEP Texas Central Company, AEP Texas North Company, American Electric Power Company, Inc., Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Except for American Electric Power Company, Inc., each registrant makes no representation as to information relating to the other registrants.

You can access financial and other information at AEP's website. The address is www.aep.com. AEP makes available, free of charge on its website, copies of its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC.

TABLE OF CONTENTS

GLOSSARY OF TERMS

The following abbreviations or acronyms used in this Form 10-K are defined below:

Abbreviation or Acronym	Definition
AEGCo.	AEP Generating Company, an electric utility subsidiary of AEP
AEP	American Electric Power Company, Inc.
AEPES	AEP Energy Services, Inc., a subsidiary of AEP
AEP Power Pool	APCo, CSPCo, I&M, KPCo and OPCo, as parties to the Interconnection Agreement
AEPR	AEP Resources, Inc., a subsidiary of AEP
AEPSC or Service Corporation	American Electric Power Service Corporation, a service subsidiary of AEP
AEP System or the System	The American Electric Power System, an integrated electric utility system, owned and operated by AEP's electric utility subsidiaries
AEP Utilities	AEP Utilities, Inc., subsidiary of AEP, formerly, Central and South West Corporation
AFUDC	Allowance for funds used during construction. Defined in regulatory systems of accounts as the net cost of borrowed funds used for construction and a reasonable rate of return on other funds when so used.
APCo.	Appalachian Power Company, an electric utility subsidiary of AEP
Btu	British thermal unit
Buckeye	Buckeye Power, Inc., an unaffiliated corporation
CAA	Clean Air Act
CAAA	Clean Air Act Amendments of 1990
Cardinal Station	Generating facility co-owned by Buckeye and OPCo
Centrica	Centrica U.S. Holdings, Inc., and its affiliates collectively, unaffiliated companies
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980
CG&E	The Cincinnati Gas & Electric Company, an unaffiliated utility company
Cook Plant	The Donald C. Cook Nuclear Plant, owned by I&M, located near Bridgman, Michigan
CSPCo.	Columbus Southern Power Company, a public utility subsidiary of AEP
CSW Operating Agreement	Agreement, dated January 1, 1997, by and among PSO, SWEPCo, TCC and TNC governing generating capacity allocation
DOE	United States Department of Energy
DP&L	The Dayton Power and Light Company, an unaffiliated utility company
East Zone Companies of AEP	APCo, CSPCo, I&M, KPCo and OPCo
ECOM	Excess cost over market
EMF	Electric and Magnetic Fields
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
EWG	Exempt wholesale generator, as defined under PUHCA
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings, Inc.
FPA	Federal Power Act
FUCO	Foreign utility company as defined under PUHCA
I&M	Indiana Michigan Power Company, a public utility subsidiary of AEP
I&M Power Agreement	Unit Power Agreement Between AEGCo and I&M, dated March 31, 1982
Interconnection Agreement	Agreement, dated July 6, 1951, by and among APCo, CSPCo, I&M, KPCo and OPCo, defining the sharing of costs and benefits associated with their respective generating plants
IURC	Indiana Utility Regulatory Commission
KPCo.	Kentucky Power Company, a public utility subsidiary of AEP
LLWPA	Low-Level Waste Policy Act of 1980
LPSC	Louisiana Public Service Commission
MECPL	Mutual Energy CPL, L.P., a Texas REP and former AEP affiliate
MEWTU	Mutual Energy WTU, L.P., a Texas REP and former AEP affiliate
MISO	Midwest Independent Transmission System Operator
Moody's	Moody's Investors Service, Inc.

Abbreviation or Acronym	Definition
MTM	Marked-to-market
MW	Megawatt
NOx	Nitrogen oxide
NPC	National Power Cooperatives, Inc., an unaffiliated corporation
NRC	Nuclear Regulatory Commission
OASIS	Open Access Same-time Information System
OATT	Open Access Transmission Tariff, filed with FERC
OCC	Corporation Commission of the State of Oklahoma
Ohio Act	Ohio electric restructuring legislation
OPCo.	Ohio Power Company, a public utility subsidiary of AEP
OVEC	Ohio Valley Electric Corporation, an electric utility company in which AEP and CSPCo together own a 44.2% equity interest
PJM	PJM Interconnection, L.L.C.
Pro Serv	AEP Pro Serv, Inc., a subsidiary of AEP
PSO	Public Service Company of Oklahoma, a public utility subsidiary of AEP
PTB	Price to beat, as defined by the Texas Act
PUCO	The Public Utilities Commission of Ohio
PUCT	Public Utility Commission of Texas
PUHCA	Public Utility Holding Company Act of 1935, as amended
QF	Qualifying facility, as defined under the Public Utility Regulatory Policies Act of 1978
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REP	Retail electricity provider
Rockport Plant	A generating plant, consisting of two 1,300,000-kilowatt coal-fired generating units, near Rockport, Indiana
RTO	Regional Transmission Organization
SEC	Securities and Exchange Commission
S&P	Standard & Poor's Ratings Service
SO_2	Sulfur dioxide
SO_2 Allowance	An allowance to emit one ton of sulfur dioxide granted under the Clean Air Act Amendments of 1990
SPP	Southwest Power Pool
STPNOC	STP Nuclear Operating Company, a non-profit Texas corporation which operates STP on behalf of its joint owners, including TCC
SWEPCo.	Southwestern Electric Power Company, a public utility subsidiary of AEP
TCA	Transmission Coordination Agreement dated January 1, 1997 by and among, PSO, SWEPCo, TCC, TNC and AEPSC, which allocates costs and benefits in connection with the operation of the transmission assets of the four public utility subsidiaries
TCC	AEP Texas Central Company, formerly Central Power and Light Company, a public utility subsidiary of AEP
TEA	Transmission Equalization Agreement dated April 1, 1984 by and among APCo, CSPCo, I&M, KPCo and OPCo, which allocates costs and benefits in connection with the operation of transmission assets
Texas Act	Texas electric restructuring legislation
TNC	AEP Texas North Company, formerly West Texas Utilities Company, a public utility subsidiary of AEP
TVA	Tennessee Valley Authority
UCOS	Unbundled cost of service
Virginia Act	Virginia electric restructuring legislation
VSCC	Virginia State Corporation Commission
WVPSC	West Virginia Public Service Commission
West Zone Companies of AEP	PSO, SWEPCo, TCC and TNC

FORWARD-LOOKING INFORMATION

This report made by AEP and certain of its subsidiaries contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its 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:

- Electric load and customer growth.
- Abnormal weather conditions
- Available sources and costs of fuels.
- Availability of generating capacity.
- The speed and degree to which competition is introduced to AEP's power generation business.
- The ability to recover stranded costs in connection with possible/proposed deregulation of generation.
- New legislation and government regulation
- Oversight and/or investigation of the energy sector or its participants.
- The ability of AEP to successfully control its costs.
- The success of acquiring new business ventures and disposing of existing investments that no longer match AEP's corporate profile.
- International and country-specific developments affecting AEP's foreign investments, including the disposition of any current foreign investments and potential additional foreign investments.
- The economic climate and growth in AEP's service territory and changes in market demand and demographic patterns.
- Inflationary trends.
- Electricity and gas market prices.
- Interest rates.
- Liquidity in the banking, capital and wholesale power markets.
- Actions of rating agencies.
- Changes in technology, including the increased use of distributed generation within AEP's transmission and distribution service territory.
- Other risks and unforeseen events, including wars, the effects of terrorism, embargoes and other catastrophic events.

PART I

Item 1. **Business**

General

Overview and Description of Subsidiaries

AEP was incorporated under the laws of the State of New York in 1906 and reorganized in 1925. It is a registered public utility holding company under PUHCA that owns, directly or indirectly, all of the outstanding common stock of its public utility subsidiaries and varying percentages of other subsidiaries.

The service areas of AEP's public utility subsidiaries cover portions of the states of Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia. The generating and transmission facilities of AEP's public utility subsidiaries are interconnected, and their operations are coordinated, as a single integrated electric utility system. Transmission networks are interconnected with extensive distribution facilities in the territories served. The public utility subsidiaries of AEP, which do business as "American Electric Power," have traditionally provided electric service, consisting of generation, transmission and distribution, on an integrated basis to their retail customers. Restructuring legislation in Michigan, Ohio, Texas and Virginia has caused or will cause AEP public utility subsidiaries in those states to unbundle previously integrated regulated rates for their retail customers.

The AEP System is an integrated electric utility system and, as a result, the member companies of the AEP System have contractual, financial and other business relationships with the other member companies, such as participation in the AEP System savings and retirement plans and tax returns, sales of electricity and transportation and handling of fuel. The member companies of the AEP System also obtain certain accounting, administrative, information systems, engineering, financial, legal, maintenance and other services at cost from a common provider, AEPSC.

At December 31, 2002, the subsidiaries of AEP had a total of 22,083 employees. AEP, because it is a holding company rather than an operating company, has no employees. The public utility subsidiaries of AEP are:

APCo (organized in Virginia in 1926) is engaged in the generation, transmission and distribution of electric power to approximately 925,000 retail customers in the southwestern portion of Virginia and southern West Virginia, and in supplying and marketing electric power at wholesale to other electric utility companies, municipalities and other market participants. At December 31, 2002, APCo and its wholly owned subsidiaries had 2,520 employees. Among the principal industries served by APCo are coal mining, primary metals, chemicals and textile mill products. In addition to its AEP System interconnections, APCo also is interconnected with the following unaffiliated utility companies: Carolina Power & Light Company, Duke Energy Corporation and Virginia Electric and Power Company. APCo has several points of interconnection with TVA and has entered into agreements with TVA under which APCo and TVA interchange and transfer electric power over portions of their respective systems.

CSPCo (organized in Ohio in 1937, the earliest direct predecessor company having been organized in 1883) is engaged in the generation, transmission and distribution of electric power to approximately 689,000 retail customers in Ohio, and in supplying and marketing electric power at wholesale to other electric utilities, municipalities and other market participants. At December 31, 2002, CSPCo had 1,171 employees. CSPCo's service area is comprised of two areas in Ohio, which include portions of twenty-five counties. One area includes the City of Columbus and the other is a predominantly rural area in south central Ohio. Among the principal industries served are food processing, chemicals, primary metals, electronic machinery and paper products. In addition to its AEP System interconnections, CSPCo also is interconnected with the following unaffiliated utility companies: CG&E, DP&L and Ohio Edison Company.

I&M (organized in Indiana in 1925) is engaged in the generation, transmission and distribution of electric power to approximately 571,000 retail customers in northern and eastern Indiana and southwestern Michigan, and in supplying and marketing electric power at wholesale to other electric utility companies, rural electric cooperatives, municipalities and other market participants. At December 31, 2002, I&M had 2,667 employees. Among the principal industries served are primary metals, transportation equipment, electrical and electronic machinery, fabricated metal products, rubber and miscellaneous plastic products and chemicals and allied products. Since 1975, I&M has leased and operated the assets of the municipal system of the City of Fort Wayne, Indiana. In addition to its AEP System interconnections, I&M also is interconnected with the following unaffiliated utility companies: Central Illinois Public Service Company, CG&E, Commonwealth Edison Company, Consumers Energy Company, Illinois Power Company, Indianapolis Power & Light Company, Louisville Gas and Electric Company, Northern Indiana Public Service Company, PSI Energy Inc. and Richmond Power & Light Company.

KPCo (organized in Kentucky in 1919) is engaged in the generation, transmission and distribution of electric power to approximately 174,000 retail customers in an area in eastern Kentucky, and in supplying and marketing electric power at wholesale to other electric utility companies, municipalities and other market participants. At December 31, 2002, KPCo had 412 employees. In addition to its AEP System interconnections, KPCo also is interconnected with the following unaffiliated utility companies: Kentucky Utilities Company and East Kentucky Power Cooperative Inc. KPCo is also interconnected with TVA.

Kingsport Power Company (organized in Virginia in 1917) provides electric service to approximately 46,000 retail customers in Kingsport and eight neighboring communities in northeastern Tennessee. Kingsport Power Company does not own any generating facilities. It purchases electric power from APCo for distribution to its customers. At December 31, 2002, Kingsport Power Company had 57 employees.

OPCo (organized in Ohio in 1907 and reincorporated in 1924) is engaged in the generation, transmission and distribution of electric power to approximately 702,000 retail customers in the northwestern, east central, eastern and southern sections of Ohio, and in supplying and marketing electric power at wholesale to other electric utility companies, municipalities and other market participants. At December 31, 2002, OPCo had 1,988 employees. Among the principal industries served by OPCo are primary metals, rubber and plastic products, stone, clay, glass and concrete products, petroleum refining and chemicals. In addition to its AEP System interconnections, OPCo also is interconnected with the following unaffiliated utility companies: CG&E, The Cleveland Electric Illuminating Company, DP&L, Duquesne Light Company, Kentucky Utilities Company, Monongahela Power Company, Ohio Edison Company, The Toledo Edison Company and West Penn Power Company.

PSO (organized in Oklahoma in 1913) is engaged in the generation, transmission and distribution of electric power to approximately 505,000 retail customers in eastern and southwestern Oklahoma, and in supplying and marketing electric power at wholesale to other electric utility companies, municipalities, rural electric cooperatives and other market participants. At December 31, 2002, PSO had 998 employees. Among the principal industries served by PSO are natural gas and oil production, oil refining, steel processing, aircraft maintenance, paper manufacturing and timber products, glass, chemicals, cement, plastics, aerospace manufacturing, telecommunications, and rubber goods. In addition to its AEP System interconnections, PSO also is interconnected with Ameren Corporation, Empire District Electric Co., Oklahoma Gas & Electric Co., Southwestern Public Service Co. and Westar Energy Inc.

SWEPCo (organized in Delaware in 1912) is engaged in the generation, transmission and distribution of electric power to approximately 437,000 retail customers in northeastern Texas, northwestern Louisiana and western Arkansas, and in supplying and marketing electric power at wholesale to other electric utility companies, municipalities, rural electric cooperatives and other market participants. At December 31, 2002, SWEPCo had 1,372 employees. Among the principal industries served by SWEPCo are natural gas and oil production, petroleum refining, manufacturing of pulp and paper, chemicals, food processing, and metal refining. The territory served by SWEPCo also includes several military installations, colleges, and universities. In addition to its AEP System interconnections, SWEPCo is also interconnected with CLECO Corp., Empire District Electric Co., Entergy Corp. and Oklahoma Gas & Electric Co.

TCC (organized in Texas in 1945) is engaged in the generation, transmission and sale of power to affiliated and non-affiliated entities and the distribution of electric power to approximately 689,000 retail customers through REPs in southern Texas, and in supplying and marketing electric power at wholesale to other electric utility companies, municipalities, rural electric cooperatives and other market participants. At December 31, 2002, TCC had 1,248 employees. Among the principal industries served by TCC are oil and gas extraction, food processing, apparel, metal refining, chemical and petroleum refining, plastics, and machinery equipment. In addition to its AEP System interconnections, TCC is a member of ERCOT.

TNC (organized in Texas in 1927) is engaged in the generation, transmission and sale of power to affiliated and non-affiliated entities and the distribution of electric power to approximately 189,000 retail customers through REPs in west and central Texas, and in supplying and marketing electric power at wholesale to other electric utility companies, municipalities, rural electric cooperatives and other market participants. At December 31, 2002, TNC had 595 employees. The principal industry served by TNC is agriculture. The territory served by TNC also includes several military installations and correctional facilities. In addition to its AEP System interconnections, TNC is a member of ERCOT.

Wheeling Power Company (organized in West Virginia in 1883 and reincorporated in 1911) provides electric service to approximately 41,000 retail customers in northern West Virginia. Wheeling Power Company does not own any generating facilities. It purchases electric power from OPCo for distribution to its customers. At December 31, 2002, Wheeling Power Company had 59 employees.

AEGCo (organized in Ohio in 1982) is an electric generating company. AEGCo sells power at wholesale to I&M and KPCo. AEGCo has no employees.

Service Company Subsidiary

AEP also owns a service company subsidiary, AEPSC. AEPSC provides accounting, administrative, information systems, engineering, financial, legal, maintenance and other services at cost to the AEP System companies. The executive officers of AEP and its public utility subsidiaries are all employees of AEPSC. At December 31, 2002, AEPSC had 6,548 employees.

Classes of Service

The principal classes of service from which the public utility subsidiaries of AEP derive revenues and the amount of such revenues during the year ended December 31, 2002 are as follows:

	AEP System(a)	APCo	CSPCo	I&M	KPCo
		(in thousands)			
Wholesale Business:					
Residential	$ 3,713,000	$ 616,509	$ 533,061	$ 371,329	$ 118,654
Commercial	2,156,000	276,238	442,847	224,843	50,075
Industrial	1,903,000	353,841	138,174	330,428	96,716
Other Retail Customers	385,000	80,429	38,018	61,450	16,911
Energy Delivery	(3,551,000)	(594,089)	(492,278)	(321,721)	(132,054)
Total Retail	4,606,000	732,928	659,822	666,329	150,302
Marketing and Trading-Electricity	2,227,000	204,878	134,836	279,705	50,056
Marketing and Trading-Gas	3,021,000	0	0	0	0
Unrealized MTM Income:					
Electric	136,000	18,089	13,388	0	0
Gas	(399,000)	0	0	0	0
Other	1,397,000	264,486	99,836	259,009	46,271
Total Wholesale Business	10,988,000	1,220,381	907,882	1,205,043	246,629
Energy Delivery Business:					
Transmission	922,000	186,960	107,673	118,812	50,381
Distribution	2,629,000	407,129	384,605	202,909	81,673
Total Energy Delivery	3,551,000	594,089	492,278	321,721	132,054
Total Other Investments	16,000	0	0	0	0
Total Revenues	$14,555,000	$1,814,470	$1,400,160	$1,526,764	$ 378,683

	OPCo	PSO	SWEPCo (in thousands)	TCC	TNC
Wholesale Business:					
Residential	$ 475,210	$ 315,711	$ 313,023	$ 49,210	$ 8,651
Commercial	244,943	218,718	212,626	32,518	4,098
Industrial	531,085	162,386	214,622	12,395	2,134
Other Retail Customers	71,737	38,998	33,104	3,594	1,638
Energy Delivery	(589,673)	(275,547)	(348,236)	(554,547)	(73,353)
Total Retail	733,302	460,266	425,139	(456,830)	(56,832)
Marketing and Trading-Electricity	219,488	17,394	157,159	811,800	283,883
Marketing and Trading-Gas	0	0	0	0	0
Unrealized MTM Income:					
Electric	25,574	0	(3,686)	(8,490)	(1,473)
Gas	0	0	0	0	0
Other	545,088	40,440	157,872	789,466	151,809
Total Wholesale Business	1,523,452	518,100	736,484	1,135,946	377,387
Energy Delivery Business:					
Transmission	162,660	63,178	92,076	68,003	25,273
Distribution	427,013	212,369	256,160	486,544	48,080
Total Energy Delivery	589,673	275,547	348,236	554,547	73,353
Total Other Investments	0	0	0	0	0
Total Revenues	$2,113,125	$ 793,647	$1,084,720	$1,690,493	$450,740

(a) Includes revenues of other subsidiaries not shown. Intercompany transactions have been eliminated, including AEGCo's total revenues of $213,281,000 for the year ended December 31, 2002, all of which resulted from its wholesale business, including its marketing and trading of power.

Regulation

Except for retail generation sales in Ohio, Virginia and the ERCOT area of Texas, AEP's public utility subsidiaries' retail rates and certain other matters are subject to traditional regulation by the state utility commissions. Retail sales in Michigan, while still regulated, are now made at unbundled rates. Other states in AEP's service territory have also passed restructuring legislation that has not been implemented or has been repealed. See *Electric Restructuring and Customer Choice Legislation* and *Energy Delivery—Regulation—Rates*. AEP's subsidiaries are also subject to regulation by the FERC under the FPA. I&M and TCC are subject to regulation by the NRC under the Atomic Energy Act of 1954, as amended, with respect to the operation of the Cook Plant and STP, respectively. AEP and its subsidiaries are also subject to the broad regulatory provisions of PUHCA administered by the SEC.

FERC

Under the FPA, FERC regulates rates for interstate sales at wholesale, transmission of electric power, accounting and other matters, including construction and operation of hydroelectric projects. FERC regulations require AEP to provide open access transmission service at FERC-approved rates. The transmission service regulated by FERC is predominantly wholesale transmission service, which is service not associated with bundled electricity sales to retail customers. FERC also regulates unbundled transmission service to retail customers.

Under the FPA, the FERC regulates the sale of power for resale in interstate commerce by (i) approving contracts for wholesale sales to municipal and cooperative utilities and (ii) granting authority to public utilities to sell power at wholesale at market-based rates upon a showing that the seller lacks the ability to improperly influence market prices. AEP has market-rate authority from FERC, under which most of its wholesale marketing activity takes place. In November 2001, the FERC issued an order in connection with its triennial review of AEP's market based pricing authority requiring (i) certain actions by AEP in connection with its sales and purchases within its control area and (ii) posting of information related to generation facility status on AEP's website. AEP has appealed this order, and the FERC has issued an order delaying the effective date of the order. See Note 9 to the consolidated financial statements, entitled *Commitments and Contingencies*, incorporated by reference in Item 8, for more information on the current status of this proceeding.

SEC

The provisions of PUHCA, administered by the SEC, regulate many aspects of a registered holding company system, such as the AEP System. PUHCA limits the operations of a registered holding company system to a single integrated public utility system and such other businesses as are incidental or necessary to the operations of the system. In addition, PUHCA governs, among other things, financings, sales or acquisitions of assets and intra-system transactions.

PUHCA and the rules and orders of the SEC currently require that transactions between associated companies in a registered holding company system be performed at cost with limited exceptions. Over the years, the AEP System has developed numerous affiliated service, sales and construction relationships and, in some cases, invested significant capital and developed significant operations in reliance upon the ability to recover its full costs under these provisions.

The Division of Investment Management of the SEC has recommended the conditional repeal of PUHCA. Under its recommendation, certain oversight authority would be transferred to the FERC. Legislation has since been introduced in numerous sessions of Congress that would repeal PUHCA, but such legislation has not passed.

AEP-CSW Merger

On June 15, 2000, CSW (now known as AEP Utilities, Inc.) merged with and into a wholly-owned merger subsidiary of AEP. As a result, CSW became a wholly owned subsidiary of AEP. The four wholly owned public utility subsidiaries of CSW—PSO, SWEPCo, TCC and TNC—became indirect wholly owned public utility subsidiaries of AEP as a result of the merger. The merger was approved by the FERC and the SEC (with respect to PUHCA).

On January 18, 2002, the U.S. Court of Appeals for the District of Columbia ruled that the SEC failed to properly explain how the merger met the requirements of PUHCA and remanded the case to the SEC for further review. The court held that the SEC had not adequately explained its conclusions that the merger met PUHCA requirements that the merging entities be "physically interconnected" and that the combined entity was confined to a "single area or region."

Management believes that the merger meets the requirements of PUHCA and expects the matter to be resolved favorably.

Electric Restructuring and Customer Choice Legislation

Certain states in AEP's service area have adopted restructuring or customer choice legislation. In general, this legislation provides for a transition from bundled cost-based rate regulated electric service to unbundled cost-based rates for transmission and distribution service and market pricing for the supply of electricity with customer choice of supplier. At a minimum, this legislation allows retail customers to select alternative generation suppliers. Electric restructuring and/or customer choice began on January 1, 2001 in Ohio and on January 1, 2002 in Michigan, Virginia and the ERCOT area of Texas. Electric restructuring in the SPP area of Texas, also scheduled to begin on January 1, 2002, has been delayed by the PUCT. AEP's public utility subsidiaries operate in both the ERCOT and SPP areas of Texas.

Implementation of legislation enacted in Oklahoma and West Virginia to allow retail customers to choose their electricity supplier is on hold. In 2001 Oklahoma delayed implementation of customer choice indefinitely. Before West Virginia's choice plan can be effective, tax legislation must be passed to preserve pre-legislation levels of funding for state and local governments. No further legislation has been passed related to restructuring in West Virginia. In February 2003, Arkansas repealed its restructuring legislation.

See Note 7 to the consolidated financial statements, entitled *Effects of Regulation*, incorporated by reference in Item 8, for a discussion of the effect of restructuring and customer choice legislation on accounting procedures. See *Management's Discussion* *and Analysis of Results of Operations and Financial Condition*, under the headings entitled *Industry Restructuring* and *Corporate Separation* for a discussion of AEP's corporate separation plan filed with the FERC and related settlement agreements with state commissions and other intervenors.

Michigan Customer Choice

Customer choice commenced for I&M's Michigan customers on January 1, 2002. Rates for retail electric service for I&M's Michigan customers were unbundled (though they continue to be regulated) to allow customers the ability to evaluate the cost of generation service for comparison with other suppliers. At December 31, 2002, none of I&M's Michigan customers had elected to change suppliers and no alternative electric suppliers are registered to compete in I&M's Michigan service territory.

Ohio Restructuring

The Ohio Act requires vertically integrated electric utility companies that offer competitive retail electric service in Ohio to separate their generating functions from their transmission and distribution functions. Following the market development period (which will terminate no later than December 31, 2005), retail customers will receive distribution and, where applicable, transmission service from the incumbent utility whose distribution rates will be approved by the PUCO and whose transmission rates will be approved by the FERC. See *General—Regulation—FERC* for a discussion of FERC regulation of transmission rates and *Energy Delivery—Regulation—Rates—Ohio* for a discussion of the impact of restructuring on distribution rates.

CSPCo and OPCo are each presently operating as functionally separated electric utility companies and no longer charge bundled rates for retail electric service. Each has sought and, from certain regulatory authorities, obtained regulatory approval to legally separate its transmission and distribution assets from its generation assets. CSPCo and OPCo are, however, currently determining the regulatory feasibility of complying with restructuring legislation through continued functional separation. Assuming regulatory compliance, it is currently their intention to remain functionally separated.

Texas Restructuring

The Texas Act substantially amends the regulatory structure governing electric utilities in Texas in order to allow retail electric competition for all customers and requires each utility to separate into (i) a REP, (ii) a power generation company and (iii) a transmission and distribution utility. Upon separation, neither the REP nor the power generation company will be subject to traditional cost of service rate regulation. See *Energy Delivery—Regulation—Rates—Texas* for a discussion of the impact of restructuring on rates.

SWEPCo, TCC and TNC initially filed a restructuring plan in January 2000 (which they subsequently updated) that the PUCT approved in February 2002. The updated restructuring plan provided for the legal separation of TCC's and TNC's assets in accordance with the Texas Act into (i) an affiliate power generation company, (ii) a transmission and distribution utility and (iii) various REPs, including those subsequently purchased by Centrica (see below). TCC and TNC continue to pursue legal separation as required by the Texas Act. The PUCT has delayed the implementation of the plan for SWEPCo operations within the SPP area of Texas.

Under the Texas Act, a REP, which itself cannot own any generation assets, obtains its electricity from power generation companies, EWGs and other generating entities and provides services at generally unregulated rates, except that the prices that may be charged to residential and small commercial customers by REPs affiliated with a utility within the affiliated utility's service area are set by the PUCT until January 1, 2007. This set price is referred to as the "price to beat" rate (PTB). Affiliate REPs are required to offer the PTB rate to all residential and small commercial customers (with a peak usage of less than 1,000 KW) effective January 1, 2002. As described below, AEP sold its affiliate REPs that must provide PTB service. The PTB rate is still relevant to AEP, however, in determining (i) the contingent portion of the sales price of the affiliate REPs AEP sold and (ii) certain of AEP's obligations in the 2004 true-up proceedings.

Prior to the start of retail competition in January 2002, AEP formed MECPL and MEWTU to act as affiliate REPs for TCC and TNC respectively. MECPL and MEWTU were sold in December 2002 to Centrica, which assumed all of the rights and obligations of an affiliated REP, including the provision of PTB service and the obligation to provide data necessary for TCC's and TNC's 2004 true-up proceeding. In connection with the sale, TCC and TNC have contracted to supply approximately 90% of MECPL's and

MEWTU's respective power requirements relating to former TCC and TNC PTB customers for a two-year period. See Note 12 to the consolidated financial statements, entitled *Acquisitions, Distributions and Discontinued Operations*, incorporated by reference in Item 8, for more information on the sale of these REPs and AEP's contractual rights and obligations in connection with the sale.

The Texas Act also allows certain transmission and distribution utilities whose generation assets were unbundled to recover certain regulatory assets and stranded costs related to their generation assets. For a discussion of (i) regulatory assets and stranded costs subject to recovery by TCC and (ii) rate adjustments made after implementation of restructuring to allow recovery of certain costs by or with respect to TCC and TNC, see *Energy Delivery—Regulatory Assets, Stranded Cost Recovery and Certain Post-Restructuring Rate Adjustments.*

Virginia Restructuring

The Virginia Act was enacted in 1999 providing for retail choice of generation suppliers to be phased in over the January 1, 2002 to January 1, 2004 period. The Virginia Act required jurisdictional utilities to unbundle their power supply and energy delivery rates and to file functional separation plans by January 1, 2002. APCo filed its plan and, following VSCC approval of a settlement agreement, now operates in Virginia as a functionally separated electric utility charging unbundled rates for its retail sales of electricity. The settlement agreement addressed functional separation, leaving decisions related to legal separation for later VSCC consideration.

Financing

General

AEP's goal is to use cash from operations to fund capital expenditures, dividends and working capital. Short-term debt is used as an interim bridge for timing differences in the need for cash or to fund debt maturities until permanent financing is arranged.

It has been the practice of AEP's operating subsidiaries to finance current construction expenditures in excess of available cash from operations by initially incurring short-term debt, up to levels authorized by regulatory agencies, and then to reduce the short-term debt with the proceeds of subsequent sales by such subsidiaries of long-term debt securities and cash capital contributions by AEP. In the past, short-term debt has come from AEP's commercial paper program and revolving credit facilities. Proceeds were loaned to the subsidiaries through intercompany notes under the AEP money pool. The recent downgrade of AEP's commercial paper rating by Moody's, described below, may limit AEP's access to commercial paper on terms as favorable as those of recent years. Therefore, AEP may establish commercial paper programs for certain of its public utility subsidiaries and AEP Utilities. Certain public utility subsidiaries of AEP also sell accounts receivable to provide liquidity.

AEP's revolving credit agreements (which backstop the commercial paper program) include covenants and events of default typical for this type of facility, including a maximum debt/capital test and a $50 million cross-acceleration provision. At December 31, 2002, AEP was in compliance with its debt covenants. With the exception of a voluntary bankruptcy or insolvency, any event of default has either or both a cure period or notice requirement before termination of the agreements. A voluntary bankruptcy or insolvency would be considered an immediate termination event.

AEP's subsidiaries have also utilized, and expect to continue to utilize, additional financing arrangements, such as leasing arrangements, including the leasing of utility assets and coal mining and transportation equipment and facilities.

Credit Ratings

The rating agencies have been conducting credit reviews of AEP and its registrant subsidiaries. The agencies are also reviewing many companies in the energy sector due to issues that impact the entire industry.

In February 2003 Moody's completed its review of AEP and its rated subsidiaries. The results of that review were downgrades of the following ratings for unsecured debt: AEP from Baa2 to Baa3, APCo from Baa1 to Baa2, TCC from Baa1 to Baa2, PSO from A2 to Baa1, SWEPCo from A2 to Baa1. TNC, which had no senior unsecured notes outstanding at the time of the ratings action, had its mortgage bond debt downgraded from A2 to A3. AEP's commercial paper was also concurrently downgraded from P-2 to P-3. The completion of this review was a culmination of earlier ratings action in 2002 that had included a downgrade of AEP from Baa1 to Baa2. With the completion of the reviews, Moody's has placed AEP and its rated subsidiaries on stable outlook.

In March 2003 S&P completed its review of AEP and its rated subsidiaries. The results of that review were downgrades of the ratings for unsecured debt for AEP and its rated subsidiaries from BBB+ to BBB. AEP's commercial paper rating was affirmed at A-2. With the completion of the reviews, S&P has placed AEP and its rated subsidiaries on stable outlook.

In March 2003 Fitch completed its review of AEP. The result of that review was a downgrade of AEP's unsecured debt rating from BBB+ to BBB. AEP's commercial paper rating was affirmed at F-2. With the completion of the reviews, Fitch has placed AEP and its rated subsidiaries on stable outlook.

See *Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters*, incorporated by reference in Item 7, under the heading entitled *Financial Condition* for additional information with respect to AEP's credit ratings, liquidity and specific financing activities.

Environmental and Other Matters

General

AEP's subsidiaries are currently subject to regulation by federal, state and local authorities with regard to air and water-quality control and other environmental matters, and are subject to zoning and other regulation by local authorities. The environmental issues that are potentially material to the AEP system include:

- The CAA and CAAA and state laws and regulations (including State Implementation Plans) that require compliance, obtaining permits and reporting as to air emissions.
- Litigation with the federal and certain state governments and certain special interest groups regarding whether modifications to or maintenance of certain coal-fired generating plants required additional permitting or pollution control technology. See *Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters* under the heading entitled *Federal EPA Complaint and Notice of Violation* and Note 9 to the consolidated financial statements entitled *Commitments and Contingencies*, incorporated by reference in Items 7 and 8 respectively for further information.
- Rules issued by the EPA and certain states that require substantial reductions in NOx emissions. The compliance dates for these rules range from 2003 to 2005. AEP is installing (or has installed) emission control technology and is taking other measures to comply with required reductions. See *Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters* and Note 9 to the consolidated financial statements entitled *Commitments and Contingencies*, incorporated by reference in Items 7 and 8 respectively, under the heading entitled *NOx Reductions* for further information.
- CERCLA, which imposes upon owners and previous owners of sites, as well as transporters and generators of hazardous material disposed of at such sites, costs for environmental remediation. AEP does not, however, anticipate that any of its currently identified CERCLA-related issues will result in material costs or penalties to the AEP System. See *Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters*, incorporated by reference in Item 7, under the heading entitled *Superfund* for further information.
- The Federal Clean Water Act, which prohibits the discharge of pollutants into waters of the United States except pursuant to appropriate permits. There are, however, no matters material to the AEP System currently pending under the Clean Water Act.
- Solid and hazardous waste laws and regulations, which govern the management and disposal of certain wastes. The majority of solid waste created from the combustion of coal and fossil fuels is fly ash and other coal combustion byproducts, which the EPA has determined are not hazardous waste governed subject to RCRA.

In addition to imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for noncompliance, including fines, injunctive relief and other sanctions.

AEP's subsidiaries will confront several new environmental policies and regulations over the next decade with the potential for substantial control costs and premature retirement of some generating plants. These could include (i) new or additional controls on sulfur dioxide, NOx and mercury emissions from future laws or regulations, or the possibility of an adverse decision in the new source review litigation; (ii) a new Clean Water Act rule to reduce fish and other aquatic organisms killed at once-through cooled power plants; (iii) finalization and implementation of more stringent water quality-based permit limits; and (iv) a possible future requirement to reduce carbon dioxide emissions. See *Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters,* incorporated by reference in Item 7, under the heading entitled *Environmental Concerns and Issues* for information on current environmental issues.

AEP expects costs related to environmental controls to eventually be reflected in some jurisdictions in the rates of AEP's public utility subsidiaries. In Michigan, Ohio, Texas and Virginia, those costs may not be recoverable if future market prices for electricity generated by plants in those jurisdictions are insufficient to permit AEP to recover such costs. Moreover, legislation adopted by certain states and proposed at the state and federal level governing restructuring of the electric utility industry may also affect the recovery of certain of these costs. There can be no assurance that these costs will be recovered.

AEP's international operations are subject to environmental regulation by various authorities within the host countries. Under certain circumstances, these authorities may require modifications to these facilities and operations or impose fines and other costs for violations of applicable statutes and regulations. From time to time, these operations are named as parties to various legal claims, actions, complaints or other proceedings related to environmental matters. AEP's UK generation facilities will be subject to additional environmental constraints in 2008 (which become more stringent after 2015) because they are subject to regulation governing large combustion plants. In the fourth quarter of 2002, AEP decided not to install certain emission control technology on its Fiddler's Ferry and Ferrybridge generation facilities in 2008. This decision and its legal and regulatory consequences will result in a significant reduction in the estimated economic life of those facilities.

The cost of complying with applicable environmental laws, regulations and rules is expected to be material to the AEP System.

See *Management's Discussion and Analysis of Results of Operations* and *Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters* and Note 9 to the consolidated financial statements entitled *Commitments and Contingencies,* incorporated by reference in Items 7 and 8, respectively, for further information with respect to environmental matters.

Environmental Expenditures

Expenditures related to generation facility compliance with air and water quality standards during 2001 and 2002 and the current estimate for 2003 are shown below. Substantial expenditures in addition to the amounts set forth below may be required by the System in future years in connection with the modification and addition of facilities at generating plants for environmental quality controls in order to comply with air and water quality standards which have been or may be adopted. Future expenditures could be significantly greater if litigation regarding whether AEP properly installed emission control equipment on its plants is resolved against AEP. See Note 9 to the consolidated financial statements, entitled *Commitments and Contingencies,* incorporated by reference in Item 8, for more information regarding this litigation and environmental expenditures in general.

	2001 Actual	2002 Actual	2003 Estimate
		(in thousands)	
AEGCo	$ 3,500	$ 1,200	$ 11,200
APCo	99,200	108,400	65,700
CSPCo	22,500	25,400	39,300
I&M	700	1,200	18,500
KPCo	11,200	110,600	39,900
OPCo	125,300	110,300	53,100
PSO	400	1,200	100
SWEPCo	9,200	3,400	9,000
TCC	2,500	600	0
TNC	800	1,900	0
AEP System	$275,300	$364,200	$236,800

Electric and Magnetic Fields

EMF are found everywhere there is electricity. Electric fields are created by the presence of electric charges. Magnetic fields are produced by the flow of those charges. This means that EMF is created by electricity flowing in transmission and distribution lines, electrical equipment, household wiring, and appliances.

A number of studies in the past several years have examined the possibility of adverse health effects from EMF. While some of the epidemiological studies have indicated some association between exposure to

EMF and health effects, none has produced any conclusive evidence that EMF does or does not cause adverse health effects.

Management cannot predict the ultimate impact of the question of EMF exposure and adverse health effects. If further research shows that EMF exposure contributes to increased risk of cancer or other health problems, or if the courts conclude that EMF exposure harms individuals and that utilities are liable for damages, or if states limit the strength of magnetic fields to such a level that the current electricity delivery system must be significantly changed, then the results of operations and financial condition of AEP and its operating subsidiaries could be materially adversely affected unless these costs can be recovered from customers.

Wholesale Operations

General

AEP conducts its wholesale business operations through its public utility subsidiaries (through which AEP also conducts its energy delivery operations), AEPES, AEPR and Pro Serv. Wholesale operations use and manage the following assets:

- Power generation facilities (or interests therein) owned by AEP's public utility and other subsidiaries;
- Natural gas pipeline, storage and processing facilities;
- Coal mines and related facilities; and
- Barge, rail and other fuel transportation related assets.

Wholesale operations include the following activities:

- Through AEP's public utility subsidiaries, the generation and sale of power (i) to retail customers at unbundled or bundled rates regulated at least in part by state public utility commissions and (ii) at wholesale at rates regulated, in certain instances, by the FERC.
- Trading and marketing energy commodities in transactions predominantly limited to risk management around assets used or managed by AEP's wholesale operations, including electric power, natural gas, natural gas liquids, oil, coal, and SO_2 allowances in North America and, where applicable, Europe. Electric power transactions in the United States are conducted principally through AEP's public utility subsidiaries. Other energy commodity and allowances transactions are conducted through AEPES and AEPR.
- Entering into long-term transactions to buy or sell capacity, energy, and ancillary services of electric generating facilities, either existing or to be constructed, at various locations in North America and Europe.
- Through Pro Serv, providing engineering, construction, project management and other consulting services for energy-related projects.

In October 2002 AEP announced its plans to reduce the exposure to energy trading markets and to downsize the trading and wholesale marketing operations. It is expected that in the future power trading and marketing operations will be smaller in scope and size, will generally be limited to risk management around AEP's assets and, accordingly, focused in those regions in which AEP owns assets.

Power Generation

General

Power generation accounts for the majority of wholesale operations revenue. In 2002, on an as-reported basis, power generation revenue included the following components: (i) 63% from retail sales at predominantly regulated rates; (ii) 33% from power marketing transactions of a type AEP intends to continue and which are regulated in certain instances by the FERC; (iii) 3% from retail sales at rates not regulated by states; and (iv) 1% attributable to power marketing transactions of a type that management has stated are transitional. This final category of transactions will be reduced consistent with AEP's decision to scale back certain trading and marketing operations as described in the preceding paragraph.

AEP's public utility subsidiaries own approximately 38,000 MW of domestic generation. See *Deactivation and Planned Disposition of Generating Facilities* for a discussion of planned reductions in AEP's generating fleet. Other AEP subsidiaries hold interests in entities owning 1,879 MW of domestic power facilities and 5,235 MW of international power facilities. The AEP public utility subsidiaries operate their generating plants as a single interconnected and coordinated electric utility system. See *Item 2 – Properties* for more information regarding generation facilities.

AEP Power Pool and CSW Operating Agreement

APCo, CSPCo, I&M, KPCo and OPCo are parties to the Interconnection Agreement, dated July 6, 1951, as amended (Interconnection Agreement), defining how they share the costs and benefits associated with their generating plants. This sharing is based upon each company's "member-load-ratio."

The member-load ratio is calculated monthly by dividing such company's highest monthly peak demand for the last twelve months by the aggregate of the highest monthly peak demand for the last twelve months for all east zone operating companies. As of December 31, 2002, the member-load ratios were as follows:

	Peak Demand (kw)	Member-Load Ratio (%)
APCo	6,010	28.2
CSPCo	4,040	19.0
I&M	4,323	20.3
KPCo	1,551	7.3
OPCo	5,360	25.2

Although the FERC has approved the right of withdrawal of CSPCo and OPCo from the AEP Power Pool as part of its order approving the settlement agreements and AEP's FERC restructuring application, CSPCo and OPCo have remained a party to the AEP Power Pool. If CSPCo and OPCo continue to remain in the AEP Power Pool, notification to or approval by the FERC may be required. See *Management's Discussion and Analysis of Results of Operations and Financial Condition,* under the headings entitled *Industry Restructuring* and *Corporate Separation* for a discussion of AEP's corporate separation plan filed with the FERC and related settlement agreements with state commissions and other intervenors.

The following table shows the net credits or (charges) allocated among the parties under the Interconnection Agreement and AEP System Interim Allowance Agreement during the years ended December 31, 2000, 2001 and 2002:

	2000	2001 (in thousands)	2002
APCo	$(274,000)	$(256,700)	$(127,000)
CSPCo	(250,400)	(251,200)	(267,000)
I&M	93,900	166,200	113,600
KPCo	(21,500)	(27,600)	(46,500)
OPCo	452,000	369,300	326,900

PSO, SWEPCo, TCC and TNC, and AEPSC are parties to a Restated and Amended Operating Agreement originally dated as of January 1, 1997 (CSW Operating Agreement). The CSW Operating Agreement requires the west zone public utility subsidiaries to maintain specified annual planning reserve margins and requires the subsidiaries that have capacity in excess of the required margins to make such capacity available for sale to other AEP west zone subsidiaries as capacity commitments. The CSW Operating Agreement also delegates to AEP Service Corporation the authority to coordinate the acquisition, disposition, planning, design and construction of generating units and to supervise the operation and maintenance of a central control center.

The following table shows the net credits or (charges) allocated among the parties under the CSW Operating Agreement during the years ended December 31, 2000, 2001 and 2002:

	2000	2001 (in thousands)	2002
PSO	$(9,000)	$(6,500)	$(53,700)
SWEPCo	55,400	62,300	67,800
TCC	3,600	(13,500)	15,400
TNC	(50,000)	(42,300)	(29,500)

Power generated by or allocated or provided under the Interconnection Agreement or CSW Operating Agreement to any public utility subsidiary is often sold to customers (or in the case of the ERCOT area of Texas, REPs) by such public utility subsidiary at rates approved (other than in the ERCOT area of Texas) by the public utility commission in the jurisdiction of sale. In Ohio, Virginia and the ERCOT area of Texas, such rates are based on a statutory formula as those jurisdictions transition to the use of market rates for generation. See *Energy Delivery — Regulation — Rates.*

Under the Interconnection Agreement, power allocated to a public utility subsidiary that is not required to serve its native load is sold at wholesale on behalf of such subsidiary. Under the CSW Operating Agreement, power generated that is not needed to serve the native load of any public utility subsidiary is sold at wholesale by the generating subsidiary. See *Trading and Marketing of Energy Commodities* for a discussion of the trading and marketing of such power.

AEP's System Integration Agreement provides for the integration and coordination of AEP's east and west zone operating subsidiaries, joint dispatch of generation within the AEP System, and the distribution, between the two operating zones, of costs and benefits associated with the System's generating plants. It is designed to function as an umbrella agreement in addition to the Interconnection Agreement and the CSW Operating Agreement, each of which controls the distribution of costs and benefits within each zone.

Competition and Regulation

Retail Sales: AEP's public utility subsidiaries have the right (which in some cases is exclusive) to sell electric power at retail within their respective service areas in the states of Arkansas, Indiana, Kentucky, Louisiana, Oklahoma, Tennessee, West Virginia and the SPP area of Texas. In Michigan, Ohio and Virginia, AEP's public utility subsidiaries continue to provide service to customers who have not been offered or have not selected alternate service from competing suppliers. In those states, service is currently being provided according to prescribed rules and rates. In the ERCOT area of Texas, TCC and TNC sell power to Centrica, which provides PTB service to certain former customers of TCC and TNC and must compete for customers.

AEP's public utility subsidiaries also compete with self-generation and with distributors of other energy sources, such as natural gas, fuel oil and coal, within their service areas. The primary factors in such competition are price, reliability of service and the capability of customers to utilize sources of energy other than electric power. With respect to competing generators and self-generation, the public utility subsidiaries of AEP believe that they generally maintain a favorable competitive position. With respect to alternative sources of energy, the public utility subsidiaries of AEP believe that the reliability of their service and the limited ability of customers to substitute other cost-effective sources for electric power place them in a favorable competitive position, even though their prices may be higher than the costs of some other sources of energy.

Significant changes in the global economy in recent years have led to increased price competition for industrial customers in the United States, including those served by the AEP System. Some of these industrial customers have requested price reductions from their suppliers of electric power. In addition, industrial customers that are downsizing or reorganizing often close a facility based upon its costs, which may include, among other things, the cost of electric power. The public utility subsidiaries of AEP cooperate with such customers to meet their business needs through, for example, providing various off-peak or interruptible supply options pursuant to tariffs filed with the various state commissions. Occasionally, these rates are first negotiated, and then filed with the state commissions. The public utility subsidiaries believe that they are unlikely to be materially adversely affected by this competition.

See *Energy Delivery — Regulation — Rates* for a description of the setting of rates for power sold at bundled or unbundled state-regulated rates.

Wholesale Sales: The public utility subsidiaries of AEP, like the electric industry generally, face increasing competition in the sale of available power on a wholesale basis, primarily to other public utilities and power marketers. The Energy Policy Act of 1992 was designed, among other things, to foster competition in the wholesale market by creating a generation market with fewer barriers to entry and mandating that all generators have equal access to transmission services. As a result, there are more generators able to participate in this market. The principal factors in competing for wholesale sales are price (including fuel costs), availability of capacity and power and reliability of service.

The public utility subsidiaries of AEP are subject to regulation by the FERC under the Federal Power Act in respect of rates for interstate sales at wholesale. See *General — Regulation — FERC.*

Seasonality

Sale of electric power is generally a seasonal business. In many parts of the country, demand for power peaks during the hot summer months, with market prices also peaking at that time. In other areas, power demand peaks during the winter. The pattern of this fluctuation may change due to the nature and location of AEP's facilities and the terms of power sale contracts AEP enters into. In addition, AEP has historically sold less power, and consequently earned less income, when weather conditions are milder. Unusually mild weather in the future could diminish AEP's results of operations and may impact its financial condition.

Fuel Supply

The following table shows the sources of power generated by the AEP System:

	2000	2001	2002
Coal	78%	74%	78%
Natural Gas	13%	12%	8%
Nuclear	5%	11%	11%
Hydroelectric and other	4%	3%	3%

Variations in the generation of nuclear power are primarily related to refueling outages and, in a portion of 2000, the shutdown of the Cook Plant to respond to issues raised by the NRC. Variations in the generation of natural gas power are primarily related to the availability of cheaper alternatives to fulfill certain power requirements and to deactivate certain of its gas-fired plants.

Coal and Lignite: AEP System generating companies procure coal and lignite under a combination of purchasing arrangements including long-term contracts, affiliate operations, short-term, and spot agreements with various producers and coal trading firms. AEP believes, but cannot provide assurances that, it will be able to secure coal and lignite of adequate quality and in adequate quantities to operate its coal and lignite-fired units.

The following table shows the amount of coal delivered to the AEP System during the past three years and the average delivered price of spot coal purchased by System companies:

	2000	2001	2002
Total coal delivered to AEP operated plants (thousands of tons)	73,259	73,889	76,442
Average price per ton of spot-purchased coal	$ 24.03	$ 27.30	$ 27.06

The coal supplies at AEP System plants vary from time to time depending on various factors, including customers' usage of electric power, space limitations, the rate of consumption at particular plants, labor unrest and weather conditions which may interrupt deliveries. At December 31, 2002, the System's coal inventory was roughly 56 days of normal usage. This estimate assumes that the total supply would be utilized through the operation of plants that use coal most efficiently.

In cases of emergency or shortage, system companies have developed programs to conserve coal supplies at their plants. Such programs have been filed and reviewed with officials of federal and state agencies and, in some cases, the state regulatory agency has prescribed actions to be taken under specified circumstances by System companies, subject to the jurisdiction of such agencies.

The FERC has adopted regulations relating, among other things, to the circumstances under which, in the event of fuel emergencies or shortages, it might order electric utilities to generate and transmit electric power to other regions or systems experiencing fuel shortages, and to ratemaking principles by which such electric utilities would be compensated. In addition, the federal government is authorized, under prescribed conditions, to allocate coal and to require the transportation thereof, for the use of power plants or major fuel-burning installations.

Natural Gas: AEP, through its public utility subsidiaries, consumed over 163 billion cubic feet of natural gas during 2002 for generating power. A majority of the gas fired electric generation plants are connected to at least two natural gas pipelines, which provides greater access to competitive supplies and improves reliability. A portfolio of long-term and short-term purchase and transportation agreements (that are acquired on a competitive basis and based on market prices) supplies natural gas requirements for each plant.

Nuclear: I&M and STPNOC have made commitments to meet certain of the nuclear fuel requirements of the Cook Plant and STP, respectively. Steps currently are being taken, based upon the planned fuel cycles for the Cook Plant, to review and evaluate I&M's requirements for the supply of nuclear fuel. I&M has made and will make purchases of uranium in various forms in the spot, short-term, and mid-term markets until it decides that deliveries under long-term supply contracts are warranted. TCC and the other STP participants have entered into contracts with suppliers for (i) 100% of the uranium concentrate sufficient for the operation of both STP units through spring 2006 and (ii) 50% of the uranium concentrate needed for STP through spring 2007.

For purposes of the storage of high-level radioactive waste in the form of spent nuclear fuel, I&M has completed modifications to its spent nuclear fuel storage pool. AEP anticipates that the Cook Plant has storage capacity to permit normal operations through 2012. STP has on-site storage facilities with the capability to store the spent nuclear fuel generated by the STP units over their licensed lives.

Nuclear Waste and Decommissioning

I&M, as the owner of the Cook Plant, and TCC, as a partial owner of STP, have a significant future financial commitment to safely dispose of SNF and decommission and decontaminate the plants. The ultimate cost of retiring the Cook Plant and STP may be materially different from estimates and funding targets as a result of the:

- Type of decommissioning plan selected;
- Escalation of various cost elements (including, but not limited to, general inflation);
- Further development of regulatory requirements governing decommissioning;
- Limited availability to date of significant experience in decommissioning such facilities;
- Technology available at the time of decommissioning differing significantly from that assumed in these studies; and
- Availability of nuclear waste disposal facilities.

Accordingly, management is unable to provide assurance that the ultimate cost of decommissioning the Cook Plant and STP will not be significantly different than current projections.

See *Management's Discussion and Analysis of Results of Operations* and *Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters* and Note 9 to the consolidated financial statements, entitled *Commitments and Contingencies*, which are incorporated by reference in Items 7 and 8, respectively, for information with respect to nuclear waste and decommissioning and related litigation.

Low-Level Radioactive Waste: The LLWPA mandates that the responsibility for the disposal of low-level radioactive waste rests with the individual states. Low-level radioactive waste consists largely of ordinary refuse and other items that have come in contact with radioactive materials. Michigan and Texas do not currently have disposal sites for such waste available. AEP cannot predict when such sites may be available, but South Carolina and Utah operate low-level radioactive waste disposal sites and accept low-level radioactive waste from Michigan and Texas. AEP's access to the South Carolina facility is currently allowed through the end of fiscal year 2008.

Deactivation and Planned Disposition of Generation Facilities

In September 2002, AEP indicated to ERCOT its intent to deactivate 16 gas-fired power plants (8 TCC plants and 8 TNC plants). ERCOT subsequently conducted reliability studies that determined that seven plants (4 TCC plants and 3 TNC plants) would be required to ensure reliability of the electricity grid. As a result of these studies, ERCOT and AEP agreed to enter into reliability must run agreements (which expired in December 2002, but have been renewed for all but two units of these plants) to continue operation of these plants. With ERCOT's approval, AEP proceeded with its planned deactivation of the remaining nine plants.

TCC has also filed a plan of divestiture with the PUCT proposing to sell all of its power generation assets in an effort to determine its level of stranded costs in accordance with the Texas Act. The PUCT has dismissed its proceeding relating to TCC's plan of divestiture in anticipation of promulgating rules of general application regarding stranded cost determination for nuclear facilities. See *Energy Delivery-Regulatory Assets and Stranded Cost Recovery and Post-Restructuring Wires Charges.*

The assets to be sold have a generating capacity of 4,497 MW and include eight gas-fired generating plants, one coal-fired plant, TCC's interest in another coal-fired plant, a hydroelectric facility and TCC's interest in STP. See Note 8 to the consolidated financial statements entitled *Customer Choice and Industry Restructuring*, incorporated by reference in Item 8, for more information on the planned disposition of TCC generation facilities.

Trading and Marketing of Energy Commodities

AEP enters into transactions for the purchase and sale of electricity and natural gas as part of wholesale trading operations. Electric and gas transactions are executed over-the-counter with counterparties or through brokers. Gas transactions are also executed through brokerage accounts with brokers who are registered with the Commodity Futures Trading Commission. Brokers and counterparties may require cash or cash related instruments to be deposited on these transactions as margin against open positions.

AEP trades electricity and gas contracts with numerous counterparties. Since AEP's open energy trading contracts are valued based on changes in market prices of the related commodities, our exposures change daily.

In October 2002, AEP announced its plans to reduce its exposure to energy trading markets and to downsize the trading and wholesale marketing operations. It is expected that in the future power trading and marketing operations will be smaller in scope, will generally be limited to risk management around AEP assets and, accordingly, focused in regions in which AEP owns assets.

Energy Market Investigations

During 2002, several governmental entities launched investigations of participants in energy trading markets, including AEP. A number of those investigations resulted in data requests of AEP. See *Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters,* incorporated by reference in Item 7, under the heading *Energy Market Investigations.*

Natural Gas Pipeline, Storage and Processing Facilities

AEP, through certain subsidiaries, operates and owns an interest in a significant amount of gas-related assets, including:

- 6,400 miles of natural gas pipelines between two systems;
- 128 billion cubic feet of storage among two facilities;
- Five natural gas processing plants; and
- Certain gas marketing contracts.

Coal Mines and Related Facilities

AEP, through certain subsidiaries, holds various properties, coal reserves, mining operations and royalty interests in Colorado, Kentucky, Louisiana, Ohio, Pennsylvania and West Virginia.

Barge, Rail and Other Fuel Transportation Related Assets

AEP, through MEMCO Barge Line Inc., is engaged in the transportation of coal and dry bulk commodities, primarily on the Ohio, Illinois, and Lower Mississippi rivers for AEP, as well as unaffiliated customers. AEP, through certain subsidiaries, owns or leases 7,000 railcars, 1,800 barges, 37 tug boats and two coal handling terminals with 20 million tons of annual capacity.

Structured Arrangements Involving Capacity, Energy, and Ancillary Services

Dow

AEP has entered into an agreement with The Dow Chemical Company to construct a 900 MW cogeneration facility at Dow's chemical facility in Plaquemine, Louisiana. Commercial operation is expected in November 2003. AEP is entitled to 100% of the facility's capacity and energy over The Dow Chemical Company's requirements and has contracted to sell the power from this facility to an unaffiliated party.

Buckeye

In January 2000, OPCo and NPC, an affiliate of Buckeye, entered into an agreement relating to the construction and operation of a 510 MW gas-fired electric generating peaking facility to be owned by NPC. From the commercial operation date (which occurred in 2002) until the end of 2005, OPCo will be entitled to 100% of the power generated by the facility, and responsible for the fuel and other costs of the facility. After 2005, NPC and OPCo will be entitled to 80% and 20%, respectively, of the power of the facility, and both parties will generally be responsible for the fuel and other costs of the facility. OPCo will also provide certain back-up power to NPC.

Certain Power Agreements

AEGCo

Since its formation in 1982, AEGCo's business has consisted of the ownership and financing of its 50% interest in Unit 1 of the Rockport Plant and, since 1989, leasing of its 50% interest in Unit 2 of the Rockport Plant. The operating revenues of AEGCo are derived from the sale of capacity and energy associated with its interest in the Rockport Plant to I&M and KPCo pursuant to unit power agreements.

The I&M Power Agreement provides for the sale by AEGCo to I&M of all the power (and the energy associated therewith) available to AEGCo at the Rockport Plant. I&M is obligated, whether or not power is available from AEGCo, to pay as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by I&M). Such amounts, when added to amounts received by AEGCo from any other sources, will be at least sufficient to enable AEGCo to pay all its operating and other expenses, including a rate of return on the common equity of AEGCo as approved by FERC, currently 12.16%. The I&M Power Agreement will continue in effect until the date that the last of the lease terms of Unit 2 of the Rockport Plant has expired unless extended in specified circumstances.

Pursuant to an assignment between I&M and KPCo, and a unit power agreement between KPCo and AEGCo, AEGCo sells KPCo 30% of the power (and the energy associated therewith) available to AEGCo from both units of the Rockport Plant. KPCo has agreed to pay to AEGCo the same amounts which I&M would have paid AEGCo under the terms of the I&M Power Agreement for such entitlement. The KPCo unit power agreement expires on December 31, 2004. The agreement will be extended until December 31, 2009 for Unit 1 and December 31, 2022 for Unit 2 if AEP's restructuring settlement agreement filed with the FERC becomes effective.

AEGCo and AEP have entered into a capital funds agreement pursuant to which, among other things, AEP has unconditionally agreed to make cash capital contributions, or in certain circumstances subordinated loans, to AEGCo to the extent necessary to enable AEGCo to (i) maintain such an equity component of capitalization as required by governmental regulatory authorities; (ii) provide its proportionate share of the funds required to permit commercial operation of the Rockport Plant; (iii) enable AEGCo to perform all of its obligations, covenants and agreements under, among other things, all loan agreements, leases and related documents to which AEGCo is or becomes a party (AEGCo Agreements); and (iv) pay all indebtedness, obligations and liabilities of AEGCo (AEGCo Obligations) under the AEGCo Agreements, other than indebtedness, obligations or liabilities owing to AEP. The capital funds agreement will terminate after all AEGCo Obligations have been paid in full.

OVEC

AEP, CSPCo and several unaffiliated utility companies jointly own OVEC. The aggregate equity participation of AEP and CSPCo in OVEC is 44.2%. Until September 1, 2001, OVEC supplied the power requirements of a uranium enrichment plant near Portsmouth, Ohio owned by the DOE. The sponsoring companies are now entitled to receive and pay for all OVEC capacity (approximately 2,200 MW) in proportion to their power participation ratios. The aggregate power participation ratio of APCo, CSPCo, I&M and OPCo is 42.1%. The proceeds from the sale of power by OVEC are designed to be sufficient for OVEC to meet its operating expenses and fixed costs and to provide a return on its equity capital. The Inter-Company Power Agreement, which defines the rights of the owners and sets the power participation ratio of each, will expire by its terms on March 12, 2006.

Buckeye

Contractual arrangements among OPCo, Buckeye and other investor-owned electric utility companies in Ohio provide for the transmission and delivery, over facilities of OPCo and of other investor-owned utility companies, of power generated by the two units at the Cardinal Station owned by Buckeye and back-up power to which Buckeye is entitled from OPCo under such contractual arrangements, to facilities owned by 25 of the rural electric cooperatives which operate in the State of Ohio at 342 delivery points. Buckeye is entitled under such arrangements to receive, and is obligated to pay for, the excess of its maximum one-hour coincident peak demand plus a 15% reserve margin over the 1,226,500 kilowatts of capacity of the generating units which Buckeye currently owns in the Cardinal Station. Such demand, which occurred on August 1, 2002, was recorded at 1,398,559 kilowatts.

Energy Delivery

General

AEP's public utility subsidiaries own and operate transmission and distribution lines and other facilities to deliver electric power. See *Item 2—Properties* for more information regarding the transmission and distribution lines. Most of the transmission and distribution services are sold, in combination with electric power, to retail customers of AEP's public utility subsidiaries in their service territories. These sales are made at rates established by the state utility commissions of the states in which they operate, and in some instances, the FERC as well. See *Regulation— Rates.* The FERC regulates and approves the rates for wholesale transmission transactions. See *General—Regulation— FERC.* As discussed below, some transmission services also are separately sold to non-affiliated companies.

AEP's public utility subsidiaries hold franchises or other rights to provide electric service in various municipalities and regions in their service areas. In some cases, these franchises provide the utility with the exclusive right to provide electric service. These franchises have varying provisions and expiration dates. In general, the operating companies consider their franchises to be adequate for the conduct of their business. For a discussion of competition in the sale of power, see *Wholesale Operations— Generation— Competition and Regulation.*

Regulation

AEP is in the business of providing generation, transmission and distribution services. The transmission and distribution functions are part of AEP's energy delivery segment. The generation function is part of AEP's wholesale operations segment. This discussion covers the regulation of transmission and distribution, but also generation sold at retail (which would otherwise be included in the wholesale operations segment discussion).

Rates

Historically, state utility commissions have established electric service rates on a cost-of-service basis, which is designed to allow a utility an opportunity to recover its cost of providing service and to earn a reasonable return on its investment used in providing that service. A utility's cost of service is generally comprised of its operating expenses, including operation and maintenance expense, depreciation expense and taxes. State utility commissions periodically adjust rates pursuant to a review of (i) a utility's revenues and expenses during a defined test period and (ii) such utility's level of investment. Absent a legal limitation, such as a law limiting the frequency of rate changes or capping rates for a period of time as part of a transition to customer choice of generation suppliers, a state utility commission can review and change rates on its own initiative. Some states may initiate reviews at the request of a utility, customer, governmental or other representative of a group of customers. Such parties may, however, agree with one another not to request reviews of or changes to rates for a specified period of time.

The rates of AEP's public utility subsidiaries are generally based on the cost of providing traditional bundled electric service (i.e., generation, transmission and distribution service). In Ohio, Virginia and the ERCOT area of Texas, rates are transitioning from bundled cost-based rates for electric service to unbundled cost-based rates for transmission and distribution service on the one hand, and market pricing for and/or customer choice of generation on the other.

Historically, the state regulatory frameworks in the service area of the AEP System reflected specified fuel costs as part of bundled (or, more recently, unbundled) rates or incorporated fuel adjustment clauses in a utility's rates and tariffs. Fuel adjustment clauses permit periodic adjustments to fuel cost recovery from customers and therefore provide protection against exposure to fuel cost changes. While the historical framework remains in a portion of AEP's service territory, recovery of increased fuel costs (i) is no longer provided for in Ohio and (ii) may be limited in Indiana and Michigan, which have capped rates. Fuel recovery is also limited in the ERCOT area of Texas, but because AEP sold MECPL and MEWTU, there is little impact on AEP of fuel recovery procedures related to service in ERCOT.

The following state-by-state analysis summarizes the regulatory environment of each jurisdiction in which AEP operates. Several public utility subsidiaries operate in more than one jurisdiction.

Indiana: I&M provides retail electric service in Indiana at a bundled rate approved by the IURC. While rates are set on a cost-of-service basis, utilities may also generally seek to adjust fuel clause rates quarterly. I&M's base rate is capped through December 31, 2004 and its fuel recovery rate is capped through February 29, 2004.

Ohio: CSPCo and OPCo operate as functionally separated utilities and provide "default" retail electric service to customers at unbundled rates established by the Ohio Act through December 31, 2005. Thereafter, CSPCo and OPCo will continue to provide distribution services to retail customers at rates approved by the PUCO. These rates will be frozen from December 31, 2005 to (i) December 31, 2008 for CSPCo and (ii) December 31, 2007 for OPCo. Transmission services will continue to be provided at rates established by the FERC. Default retail generation service rates will be based on market prices pursuant to rules currently under consideration by the PUCO.

Oklahoma: PSO provides retail electric service in Oklahoma at a bundled rate approved by the OCC. PSO's rates are set on a cost-of-service basis. Fuel and purchased power costs above the amount included in base rates are recovered by applying a fuel adjustment factor to retail kilowatt-hour sales. The factor is adjusted quarterly and is based upon forecasted fuel and purchased power costs. Over or under collections of fuel costs for prior periods can be recovered when new quarterly factors are established.

Texas: The Texas Act requires the legal separation of generation-related assets from transmission and distribution assets. TCC and TNC currently operate on a functionally separated basis. In January 2002, TCC and TNC transferred all their retail customers in the ERCOT area of Texas to MECPL, MEWTU and AEP Commercial and Industrial REP (an AEP affiliate). TNC's retail SPP customers were ultimately transferred to Mutual Energy SWEPCo L.P. (an AEP affiliate). TCC and TNC provide retail transmission and distribution service on a cost-of-service basis at rates approved by the PUCT and wholesale transmission service under tariffs approved by the FERC consistent with PUCT rules.

The implementation of the business separation plan for SWEPCo operations in the SPP area of Texas was delayed by the PUCT. As such, SWEPCo's Texas operations continue to operate and to be regulated as a traditional bundled utility with both base and fuel rates.

Virginia: APCo provides unbundled retail electric service in Virginia. APCo's unbundled generation, transmission (which reflect FERC approved transmission rates) and distribution rates as well as its functional separation plan were approved by the VSCC in December 2001.

The Virginia Act capped base rates at their mid-1999 levels until the end of the transition period (July 1, 2007), or sooner if the VSCC finds that a competitive market for generation exists in Virginia. The Virginia Act permits APCo to seek a one-time change to its capped non-generation rates after January 1, 2004. The Virginia Act allows adjustments to fuel rates during the transition period and continues to permit utilities to recover their actual fuel costs, the fuel component of their purchased power costs and certain capacity charges. APCo recovers its generation capacity charges through capped base rates.

West Virginia: APCo and Wheeling Power Company provide retail electric service at bundled rates approved by the WVPSC. A plan to introduce customer choice was approved by the West Virginia Legislature in its 2000 legislative session. However, implementation of that plan was placed on hold pending necessary changes to the state's tax laws in a subsequent session. Those changes have not been made.

While West Virginia generally allows recovery of fuel costs, the most recent proceeding resulted in the suspension of an active fuel clause for APCo and WPCo (though they continue to recover fuel costs through fixed bundled rates). APCo and Wheeling Power Company are currently unable to change the current level of fuel cost recovery, though this ability could be reinstated in a future proceeding.

Other Jurisdictions: The public utility subsidiaries of AEP also provide service at regulated bundled rates in Arkansas, Kentucky, Louisiana and Tennessee and regulated unbundled rates in Michigan.

The table below illustrates the current rate regulation status of the states in which the public utility subsidiaries of AEP operate:

Jurisdiction	Status of Base Rates for: Power Supply	Status of Base Rates for: Energy Delivery	Fuel Clause Rates: Status	Fuel Clause Rates: Includes	Fuel Clause Rates: System Sales Profits Shared w/Ratepayers	Percentage Of AEP System Retail Revenues[1]
Ohio	Frozen through 2005	Distribution frozen through 2007 for OPCo and 2008 for CSP; Transmission frozen through 2005	None	Not applicable	Not applicable	30%
Texas (TCC, TNC)	See footnote 2	Not capped or frozen	Not applicable	Not applicable	Not applicable	17%[2]
Texas (SWEPCo)	Capped until 6/15/03		Active	Fuel and fuel portion of purchased power	Yes, above base levels	3%
Indiana	Capped until 1/1/05[3]		Capped until 3/1/04[3]	Fuel and fuel portion of purchased power	No	10%
Virginia	Capped until as late as 7/1/07[4]	Capped until as late as 7/1/07[4]	Active	Fuel and fuel portion of purchased power	No	9%
West Virginia	Fixed[5]		Suspended[5]	Fuel and fuel portion of purchased power	Yes, but suspended	9%
Oklahoma	Cap expired 1/1/03		Active	Fuel and fuel portion of purchased power	Yes	9%
Louisiana	Capped until 6/15/05		Active	Fuel and fuel portion of purchased power	Yes, above base levels	5%
Kentucky	Frozen until 6/15/03[6]		Active	Fuel and fuel portion of purchased power	Yes, above base levels	3%
Arkansas	Capped until 6/15/03		Active	Fuel and fuel portion of purchased power	Yes, above base levels	2%
Michigan	Capped until 1/1/05[7]	Capped until 1/1/05[7]	Capped until 1/1/04[8]	Fuel and fuel portion of purchased power	Yes, in some areas, but suspended	2%
Tennessee	Not capped or frozen		Active	Fuel and fuel portion of purchased power	No	1%

[1] Represents the percentage of revenues from sales to retail customers from AEP utility companies operating in each state to the total AEP System revenues from sales to retail customers for the year ended December 31, 2002.

[2] Retail electric service in the ERCOT area of Texas is provided to most customers through unaffiliated REPs which must offer PTB rates until January 1, 2007. The percentage of revenues shown includes revenues from power sales contracts between MECPL and TCC and MEWTU and TNC.

[3] Capped base and fuel rates pursuant to a 1999 settlement with base rate freeze extended pursuant to merger stipulation.

[4] Base rates are capped until the earlier of 7/1/07 or a finding by the VSCC that a competitive market for generation exists. One-time change in non-generation rates is allowed in Virginia after 1/1/04.

[5] Rates fixed and expanded net energy clause suspended in West Virginia pursuant to a 1999 rate case stipulation, but subject to change in a future proceeding.

[6] Utilities may request that an environmental surcharge be imposed to recover costs associated with the installation of emission control equipment.

[7] Capped base and fuel rates pursuant to a 1999 settlement and base rates extended pursuant to merger stipulation.

[8] Michigan fuel rates capped until 1/1/04 pursuant to a 1999 fuel settlement.

AEP Transmission Pool

Transmission Equalization Agreement

APCo, CSPCo, I&M, KPCo and OPCo operate their transmission lines as a single interconnected and coordinated system and are parties to the Transmission Equalization Agreement, dated April 1, 1984, as amended (TEA), defining how they share the costs and benefits associated with their relative ownership of the extra-high-voltage transmission system (facilities rated 345 KV and above) and certain facilities operated at lower voltages (138 KV and above). This sharing is based upon each company's "member-load ratio." The member-load ratio is calculated monthly by dividing such company's highest monthly peak demand for the last twelve months by the aggregate of the highest monthly peak demand for the last twelve months for all east zone operating companies. As of December 31, 2002, the member-load ratios were as follows:

	Peak Demand (kw)	Member-Load Ratio (%)
APCo	6,010	28.2
CSPCo	4,040	19.0
I&M	4,323	20.3
KPCo	1,551	7.3
OPCo	5,360	25.2

The following table shows the net credits or (charges) allocated among the parties to the TEA during the years ended December 31, 2000, 2001 and 2002:

	2000	2001	2002
		(in thousands)	
APCo	$ 3,400	$ 3,100	$13,400
CSPCo	(38,300)	(40,200)	(42,200)
I&M	43,800	41,300	36,100
KPCo	6,000	4,600	5,400
OPCo	(14,900)	(8,800)	(12,700)

Transmission Coordination Agreement

PSO, SWEPCo, TCC, TNC and AEPSC are parties to a Transmission Coordination Agreement originally dated as of January 1, 1997 (TCA). The TCA establishes a coordinating committee, which is charged with the responsibility of overseeing the coordinated planning of the transmission facilities of the west zone public utility subsidiaries, including the performance of transmission planning studies, the interaction of such subsidiaries with independent system operators and other regional bodies interested in transmission planning and compliance with the terms of the OATT filed with the FERC and the rules of the FERC relating to such tariff.

Under the TCA, the west zone public utility subsidiaries have delegated to AEPSC the responsibility of monitoring the reliability of their transmission systems and administering the AEP OATT on their behalf. The TCA also provides for the allocation among the west zone public utility subsidiaries of revenues collected for transmission and ancillary services provided under the AEP OATT.

The following table shows the net credits or (charges) allocated among the parties to the TCA during the years ended December 31, 2000, 2001 and 2002:

	2000	2001	2002
		(in thousands)	
PSO	$3,300	$4,000	$4,200
SWEPCo	5,900	5,400	5,000
TCC	(3,400)	(3,900)	(3,600)
TNC	(5,800)	(5,500)	(5,600)

Transmission Services for Non-Affiliates

In addition to providing transmission services in connection with their own power sales, AEP's public utility subsidiaries and other System companies also provide transmission services for non-affiliated companies. See *Regulation—Regional Transmission Organizations.* AEP's public utility subsidiaries are subject to regulation by the FERC under the FPA in respect of transmission of electric power.

Coordination of East and West Zone Transmission

AEP's System Transmission Integration Agreement provides for the integration and coordination of the planning, operation and maintenance of the transmission facilities of AEP's east and west zone public utility subsidiaries. The System Transmission Integration Agreement functions as an umbrella agreement in addition to the TEA and the TCA. The System Transmission Integration Agreement contains two service schedules that govern:

- The allocation of transmission costs and revenues and
- The allocation of third-party transmission costs and revenues and System dispatch costs.

The System Transmission Integration Agreement contemplates that additional service schedules may be added as circumstances warrant.

Competition

The public utility subsidiaries of AEP, like many other electric utilities, have traditionally provided electric generation and energy delivery, consisting of transmission and distribution services, as a single product to their retail customers. Legislation has been enacted in Michigan, Ohio, Texas and Virginia that allows for customer choice of generation supplier. Although restructuring legislation has been passed in Oklahoma and West Virginia, it has been delayed indefinitely in Oklahoma and not implemented in West Virginia. In addition, restructuring legislation in Arkansas has been repealed. See *General—Electric Restructuring Legislation.* Customer choice legislation generally allows competition in the generation and sale of electric power, but not in its transmission and distribution.

See *Management's Discussion and Analysis of Results of Operations* and *Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters* and Note 8 to the consolidated financial statements entitled *Customer Choice and Industry Restructuring* incorporated by reference in Items 7 and 8, respectively, for further information with respect to restructuring legislation affecting AEP subsidiaries.

Seasonality

Sale of electric power is generally a seasonal business. In many parts of the country, demand for power peaks during the hot summer months, with market prices also peaking at that time. In other areas, power demand peaks during the winter. The pattern of this fluctuation may change due to the nature and location of AEP's facilities and the terms of power sale contracts AEP enters into. In addition, AEP has historically sold less power, and consequently earned less income, when weather conditions are milder. Unusually mild weather in the future could diminish AEP's results of operations and may impact its financial condition.

Regional Transmission Organizations

On April 24, 1996, the FERC issued orders 888 and 889. These orders require each public utility that owns or controls interstate transmission facilities to file an open access network and point-to-point transmission tariff that offers services comparable to the utility's own uses of its transmission system. The orders also require utilities to functionally unbundle their services, by requiring them to use their own tariffs in making off-system and third-party sales. As part of the orders, the FERC issued a *pro-forma* tariff that reflects the Commission's views on the minimum non-price terms and conditions for non-discriminatory transmission service. In addition, the orders require all transmitting utilities to establish an Open Access Same-time Information System (OASIS), which electronically posts transmission information such as available capacity and prices, and require utilities to comply with Standards of Conduct that prohibit utilities' system operators from providing non-public transmission information to the utility's merchant employees. The orders also allow a utility to seek recovery of certain prudently incurred stranded costs that result from unbundled transmission service.

In December 1999, FERC issued Order 2000, which provides for the voluntary formation of RTOs, entities created to operate, plan and control utility transmission assets. Order 2000 also prescribes certain characteristics and functions of acceptable RTO proposals.

AEP is required, as a condition of FERC's approval in 2000 of AEP's merger with CSW, to transfer functional control of its transmission facilities to one or more RTOs. In May 2002, AEP announced an agreement with PJM to pursue terms for its east zone public utility subsidiaries to participate in PJM, a

FERC approved RTO. In July 2002, the FERC tentatively approved AEP subsidiaries' decision to join PJM, subject to certain conditions being met. The satisfaction of these conditions is only partially within AEP's control. AEP's public utility subsidiaries have filed applications with the state utility commissions of Indiana, Kentucky, Ohio and Virginia requesting approval of the transfer of functional control of transmission assets in those states to PJM. Those applications are pending. In February 2003, the Virginia legislature enacted legislation that would prohibit the transfer of functional control of transmission assets to an RTO until at least July 2004.

In July 2002, FERC conditionally accepted filings related to a proposed consolidation of MISO and the SPP. In that order the FERC required AEP's west zone subsidiaries in SPP to file reasons why those subsidiaries should not be required to join MISO. SWEPCo has filed an application with the LPSC requesting approval of the transfer of functional control of its Louisiana transmission assets to MISO and intends to make a similar filing in Arkansas with respect to its Arkansas transmission assets. AEP presently plans to transfer functional control of its transmission facilities in SPP to MISO or the merged MISO/SPP.

Texas Regulatory Assets and Stranded Cost Recovery and Post-Restructuring Wires Charges

Certain transmission and distribution utilities in Texas whose generation assets were unbundled pursuant to the Texas Act may recover generation-related regulatory assets and generation-related stranded costs. Regulatory assets consist of the Texas jurisdictional amount of generation-related regulatory assets and liabilities in the audited financial statements as of December 31, 1998. Stranded costs consist of the positive excess of the net regulated book value of generation assets over the market value of those assets, taking specified factors into account. The Texas Act allows alternative methods of valuation to determine the fair market value of generation assets, including outright sale, full and partial stock valuation and asset exchanges, and also, for nuclear generation assets, the ECOM model.

The Texas Act further permits utilities to establish a special purpose entity to issue securitization bonds for the recovery of regulatory assets and, after the 2004 true-up proceeding, the amount of stranded costs and remaining regulatory assets not previously securitized. Securitization bonds allow for regulatory assets and stranded costs to be refinanced with recovery of the bond principal and financing costs ensured through a non-bypassable rate surcharge by the regulated transmission and distribution utility over the life of the securitization bonds. Any stranded costs not recovered through the sale of securitization bonds may be recovered through a separate non-bypassable competitive transition charge to transmission and distribution customers.

Regulatory Assets

In 1999, TCC filed an application with the PUCT to securitize approximately $1.27 billion of its retail generation-related regulatory assets and approximately $47 million in other qualified restructuring costs. On March 27, 2000, the PUCT issued an order authorizing issuance of up to $797 million of securitization bonds including $764 million for recovery of net generation-related regulatory assets and $33 million for other qualified refinancing costs. The securitization bonds were issued in February 2002. TCC has included a transition charge in its distribution rates to repay the bonds over a 14-year period. In addition, another $185 million of generation-related regulatory assets are being recovered through distribution rates beginning in January 2002. Remaining generation-related regulatory assets of approximately $214 million originally included by TCC in its 1999 securitization request along with certain other regulatory assets will be included in TCC's request to recover stranded costs in the 2004 true-up proceeding.

Stranded Costs

In a March 2000 filing with the PUCT to determine unbundled transmission and distribution charges and initial stranded cost recovery, TCC requested recovery of an additional $1.1 billion of stranded costs and regulatory assets that were not securitized. In October 2001, the PUCT issued an order in the UCOS proceeding determining an initial amount of TCC ECOM or stranded costs of approximately negative $615 million based upon the PUCT's ECOM model. The ruling indicated that TCC costs were below market after securitization of regulatory assets. TCC disagrees with the ruling and believes it has positive stranded costs in addition to the securitized regulatory assets.

As a result of this stranded cost determination, the PUCT ordered TCC to refund $55 million of estimated excess earnings for the period 1999 through 2001 to customers through a credit applied to distribution rates over a five-year period. TCC appealed the PUCT's estimate of stranded costs and refund of excess earnings, among other issues, to the Travis County District Court. This estimate may be superseded by a final determination made as part of the 2004 true-up proceedings.

The final amount of TCC's stranded costs including regulatory assets and ECOM will be established by the PUCT in the 2004 true-up proceeding. Pursuant to PUCT rules, if TCC's total stranded costs determined in the 2004 true-up proceeding are less than the amount of securitized regulatory assets, the PUCT can implement an offsetting credit to transmission and distribution rates. The Texas Third Circuit Court of Appeals ruled in February 2003 that the Texas Act does not contemplate the refunding to customers of negative stranded costs. In addition, the Court ruled that negative stranded costs cannot be offset against other true-up adjustments, including under-recovered fuel amounts. This ruling may be appealed to the Texas Supreme Court, which has discretion as to whether to accept and consider the appeal.

2004 True-Up Proceedings

Beginning as early as January 2004, the PUCT will conduct true-up proceedings (with respect to the ERCOT area of Texas) for each investor-owned utility, its affiliated REP and affiliated power generation company. The purpose of the true-up proceeding is to (i) quantify and reconcile the amount of stranded costs and generation-related regulatory assets that have not yet been securitized, (ii) conduct a true-up of the PUCT ECOM model for 2002 and 2003 to reflect market prices determined in required capacity auctions, (iii) establish final fuel recovery balances and (iv) determine the price to beat clawback component. The true-up proceeding will generally result in either additional charges or credits to retail customers through transmission and distribution rates collected by their REPs and remitted to the utility.

Stranded Cost and Generation-Related Regulatory Asset Determination: The Texas Act authorized the use of several valuation methodologies to quantify stranded costs and generation-related regulatory assets in the 2004 true-up proceeding, including by the sale of assets. TCC filed a plan of divestiture with the PUCT in December 2002 seeking approval to sell its generation assets to determine their market value. The PUCT has dismissed its proceeding relating to TCC's plan of divestiture in anticipation of promulgating rules of general application regarding stranded cost determination. If the PUCT determines the sale of assets methodology cannot be used to determine the market value of STP, TCC intends to pursue the use of one or more market valuation methods. Divestiture of TCC's interest in STP to a nonaffiliate will also require NRC approval. TNC does not have any recoverable stranded costs or generation-related regulatory assets that can be considered as part of the 2004 true-up.

ECOM/Capacity Auction Component: The PUCT used a computer model or projection, called an ECOM model, to estimate stranded costs related to generation plant assets in the UCOS proceeding. In connection with using the ECOM model to calculate the stranded cost estimate, the PUCT estimated the market power prices that will be received in the competitive wholesale generation market. Any difference between the ECOM model market prices and actual market power prices as measured by generation capacity auctions required by the Texas Act during the period of January 1, 2002 through December 31, 2003 will be a component of the 2004 true-up proceeding, either increasing or decreasing the amount of recovery for TCC. Auctions to date have generally indicated that market prices have been lower than the PUCT's ECOM estimates. Unless this is reversed, TCC's recovery in the 2004 true-up proceeding would be increased. In the event TCC has transferred its generation assets to an affiliate, the Texas Act would require TCC to remit to its affiliate the recovery amount accruing after the transfer. See Note 8 to the consolidated financial statements, entitled *Customer Choice and Industry Restructuring*, incorporated by reference in Item 8, for a discussion of the current calculation of the difference between the market price and ECOM estimate.

Fuel Recovery Balance Determination: The amount TCC or TNC recovers in the 2004 true-up proceeding could be increased or reduced (or the amount TCC must refund could be increased) by any under or over-recovery of fuel. The fuel component will be determined by the amount of fuel costs and expenses the PUCT approves based on a final fuel reconciliation that TCC filed on December 2, 2002 and that TNC filed on June 3, 2002. TCC's fuel reconciliation covers its fuel costs from the period beginning July 1, 1998 and ending December 31, 2001. TCC's fuel reconciliation filing seeks approval for $1.6 billion in fuel expense collected from retail customers during that period. TCC's fuel reconciliation filing reflects a fuel over-recovery balance, as of December 31, 2001, of $63.5 million, including interest. A procedural schedule has been set with a hearing scheduled to begin May 7, 2003. TNC's fuel reconciliation requests approval of $292 million in fuel costs associated with serving both ERCOT and SPP retail customers from July 1, 2000 through December 31, 2001. It reflects a fuel under-recovery balance, as of December 31, 2001, of $26.9 million, including interest. The amounts in this paragraph may periodically be adjusted as filings are updated or adjusted. A final order from the PUCT is expected in the first half of 2003. Any under or over-recovery, plus interest thereon, will be recovered from or returned to customers as a component of the 2004 true-up proceeding.

Price to Beat Clawback Component: The amount TCC or TNC recovers in the 2004 true-up proceeding could be reduced (or the amount TCC or TNC must refund could be increased) by the PTB clawback component. If MECPL and MEWTU (which are no longer affiliated with TCC or TNC) continue to serve 60% or more of TCC's and TNC's respective PTB load as of January 1, 2004 and the PTB (reduced by non-bypassable wires charges) exceeds the market price of electricity, any such excess must be credited to customers of TCC and TNC in the 2004 true-up proceeding, by up to $150 per customer, subject to certain adjustments. The Texas Act provides that MECPL and MEWTU effectively indemnify TCC and TNC, respectively, for any PTB clawback amounts assessed them. The MECPL and MEWTU sale agreements provide that Centrica (as purchaser of MECPL and MEWTU) and AEP Utilities (the parent of TCC and TNC, as seller of MECPL and MEWTU) will share responsibility for this indemnity.

Further Securitization Bonds and Wires Charges: After final determination of its stranded costs and other true-up adjustments by the PUCT, TCC expects to issue securitization bonds in the amount of its non-securitized stranded costs and generation-related regulatory assets determined in the 2004 true-up proceeding. The bonds can have a maximum term of 15 years. If securitization bonds are not issued to finance all non-securitized stranded costs and generation-related regulatory assets, TCC will seek recovery of these amounts as well as its other true-up adjustments, through a non-bypassable competition transition charge in transmission and distribution rates.

For a discussion of recovery of regulatory assets and stranded costs in Ohio and Virginia, see Note 8 to the consolidated financial statements entitled *Customer Choice and Industry Restructuring*, incorporated by reference in Item 8.

Other Investments

AEP has made certain investments in telecommunications, international energy and other concerns. In 2002, AEP wrote down the value of certain of those investments. See *Management's Discussion and Analysis of Results of Operations* and *Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters* and Note 13 to the consolidated financial statements entitled *Asset Impairment and Investment Value Losses,* incorporated by reference in Items 7 and 8, respectively.

AEP also sold the following foreign investments in 2002:

- SEEBOARD, an electricity supply and distribution company in the United Kingdom serving 2,000,000 customers and covering 3,000 square miles of service territory.
- CitiPower, a retail electricity and gas supply and distribution subsidiary in Australia serving 240,000 customers.

Item 2. **Properties**

Generation Facilities

General

At December 31, 2002, the AEP System owned (or leased where indicated) generating plants with net power capabilities (east zone public utility subsidiaries-winter rating; west zone public utility subsidiaries-summer rating) shown in the following table:

Company	Stations	Coal MW	Natural Gas MW	Hydro MW	Nuclear MW	Lignite MW	Other MW	Total MW
AEGCo	1(a)	1,300						1,300
APCo	17(b)	5,073		777				5,850
CSPCo	6(e)	2,595						2,595
I&M	10(a)	2,295		11	2,110			4,416
KPCo	1	1,060						1,060
OPCo	8(b)(f)	8,472		48				8,520
PSO	8(c)	1,043	3,169				25(g)	4,237
SWEPCo	9	1,848	1,797			842		4,487
TCC	12(c)(d)(h)	686	3,175	6	630			4,497
TNC	12(c)	377	999				16(g)	1,392
Totals:	84	24,749	9,140	842	2,740	842	41	38,354

(a) Unit 1 of the Rockport Plant is owned one-half by AEGCo and one-half by I&M. Unit 2 of the Rockport Plant is leased one-half by AEGCo and one-half by I&M. The leases terminate in 2022 unless extended.

(b) Unit 3 of the John E. Amos Plant is owned one-third by APCo and two-thirds by OPCo.

(c) PSO, TCC and TNC jointly own the Oklaunion power station. Their respective ownership interests are reflected in this table.

(d) Reflects TCC's interest in STP.

(e) CSPCo owns generating units in common with CG&E and DP&L. Its ownership interest of 1,330 MW is reflected in this table.

(f) The scrubber facilities at the General James M. Gavin Plant are leased. The lease terminates in 2010 unless extended.

(g) PSO and TNC have 25 MW and 10 MW respectively of facilities designed primarily to burn oil. TNC has one 6 MW wind farm facility.

(h) See *Item 1 — Wholesale Operations — Power Generation — Planned Deactivation and Planned Disposition of Generation Facilities* for a discussion of TCC's planned disposition of its generation facilities.

In addition to the generating facilities described above, AEP has ownership interests in other electrical generating facilities, both foreign and domestic. Information concerning these facilities at December 31, 2002 is listed below.

Facility	Fuel	Location	Capacity Total MW	Ownership Interest	Status
Brush II	Natural gas	Colorado	68	47.75%	QF
Eastex	Natural gas	Texas	440	50%	QF
Indian Mesa	Wind	Texas	161	100%	EWG
Mulberry	Natural gas	Florida	120	46.25%	QF
Newgulf	Natural gas	Texas	85	100%	EWG
Orange Cogen	Natural gas	Florida	103	50%	QF
Sweeny	Natural gas	Texas	480	50%	QF
Thermo Cogeneration	Natural gas	Colorado	272	50%	QF
Trent Wind Farm	Wind	Texas	150	100%	EWG
Total U.S.			1,879		

Facility	Fuel	Location	Capacity Total MW	Ownership Interest	Status
Bajio	Natural gas	Mexico	605	50%	FUCO
Ferrybridge	Coal	United Kingdom	2,000	100%	FUCO
Fiddler's Ferry	Coal	United Kingdom	2,000	100%	FUCO
Nanyang	Coal	China	250	70%	FUCO
Southcoast	Natural gas	United Kingdom	380	50%	FUCO
Total International			5,235		

See *Item 1 — Wholesale Operations* for information concerning natural gas pipelines, storage and processing facilities, transportation related assets and coal operations and reserves owned or controlled by AEP subsidiaries.

Cook Nuclear Plant and STP

The following table provides operating information relating to the Cook Plant and STP.

	Cook Plant		STP(a)	
	Unit 1	Unit 2	Unit 1	Unit 2
Year Placed in Operation	1975	1978	1988	1989
Year of Expiration of NRC License (b)	2014	2017	2027	2028
Nominal Net Electrical Rating in Kilowatts	1,020,000	1,090,000	1,250,600	1,250,600
Net Capacity Factors				
2002	86.6%	80.5%	99.2%	75.0%
2001 (c)	87.3%	83.4%	94.4%	87.1%
2000 (d)	1.4%	50.0%	78.2%	96.1%

(a) Reflects total plant.

(b) For economic or other reasons, operation of the Cook Plant and STP for the full term of their operating licenses cannot be assured.

(c) The capacity factor for both units of the Cook Plant was significantly reduced in 2001 due to an unplanned dual maintenance outage in September 2001 to implement design changes that improved the performance of the essential service water system.

(d) The Cook Plant was shut down in September 1997 to respond to issues raised regarding the operability of certain safety systems. The restart of both units of the Cook Plant was completed with Unit 2 reaching 100% power on July 5, 2000 and Unit 1 achieving 100% power on January 3, 2001.

Costs associated with the operation (excluding fuel), maintenance and retirement of nuclear plants continue to be of greater significance and less predictable than costs associated with other sources of generation, in large part due to changing regulatory requirements and safety standards, availability of nuclear waste disposal facilities and experience gained in the construction and operation of nuclear facilities. I&M and TCC may also incur costs and experience reduced output at Cook Plant and STP, respectively, because of the design criteria prevailing at the time of construction and the age of the plant's systems and equipment. Nuclear industry-wide and Cook Plant and STP initiatives have contributed to slowing the growth of operating and maintenance costs at these plants. However, the ability of I&M and TCC to obtain adequate and timely recovery of costs associated with the Cook Plant and STP, respectively, including replacement power, any unamortized investment at the end of the useful life of the Cook Plant and STP (whether scheduled or premature), the carrying costs of that investment and retirement costs, is not assured. See *Item 1 — Wholesale Operations — Power Generation — Planned Deactivation and Planned Disposition of Generation Facilities* for a discussion of TCC's planned disposition of its interest in STP.

Potential Uninsured Losses

Some potential losses or liabilities may not be insurable or the amount of insurance carried may not be sufficient to meet potential losses and liabilities, including liabilities relating to damage to the Cook Plant or STP and costs of replacement power in the event of a nuclear incident at the Cook Plant or STP. Future losses or liabilities which are not completely insured, unless allowed to be recovered through rates, could have a material adverse effect on results of operations and the financial condition of AEP, I&M, TCC and other AEP System companies. See Note 9 to the consolidated financial statements entitled *Commitments and Contingencies,* incorporated by reference in Item 8, for information with respect to nuclear incident liability insurance.

Transmission and Distribution Facilities

The following table sets forth the total overhead circuit miles of transmission and distribution lines of the AEP System and its operating companies and that portion of the total representing 765,000-volt lines:

	Total Overhead Circuit Miles of Transmission and Distribution Lines	Circuit Miles of 765,000-volt Lines
AEP System (a) . .	226,330(b)	2,023
APCo.	50,756	642
CSPCo (a)	12,255	—
I&M	25,128	615
Kingsport Power Company	1,335	—
KPCo.	10,555	258
OPCo.	35,551	509
PSO	21,539	—
SWEPCo	20,075	—
TCC	33,515	—
TNC	13,637	—
Wheeling Power Company	1,941	—

(a) Includes 766 miles of 345,000-volt jointly owned lines.

(b) Includes 73 miles of transmission lines not identified with an operating company.

Titles

The AEP System's electric generating stations are generally located on lands owned in fee simple. The greater portion of the transmission and distribution lines of the System has been constructed over lands of private owners pursuant to easements or along public highways and streets pursuant to appropriate statutory authority. The rights of the System in the realty on which its facilities are located are considered by it to be adequate for its use in the conduct of its business. Minor defects and irregularities customarily found in title to properties of like size and character may exist, but such defects and irregularities do not materially impair the use of the properties affected thereby. System companies generally have the right of eminent domain whereby they may, if necessary, acquire, perfect or secure titles to or easements on privately held lands used or to be used in their utility operations.

Substantially all the fixed physical properties and franchises of the AEP System operating companies, except for limited exceptions, are subject to the lien of the mortgage and deed of trust securing the first mortgage bonds of each such company.

System Transmission Lines and Facility Siting

Legislation in the states of Arkansas, Indiana, Kentucky, Michigan, Ohio, Texas, Virginia, and West Virginia requires prior approval of sites of generating facilities and/or routes of high-voltage transmission lines. Delays and additional costs in constructing facilities have been experienced as a result of proceedings conducted pursuant to such statutes, as well as in proceedings in which operating companies have sought to acquire rights-of-way through condemnation, and such proceedings may result in additional delays and costs in future years.

Construction Program

General

The AEP System is continuously involved in assessing the adequacy of its generation, transmission, distribution and other facilities to plan and provide for the reliable supply of electric power and energy to its customers. In this assessment process, assumptions are continually being reviewed as new information becomes available, and assessments and plans are modified, as appropriate. Thus, System reinforcement plans are subject to change, particularly with the restructuring of the electric utility industry.

Proposed Transmission Facilities

APCo is proceeding with its plan to build the Wyoming-Jacksons Ferry 765,000-volt transmission line. The WVPSC and the VSCC have issued certificates authorizing construction and operation of the line. On December 31, 2002, the U.S. Forest Service issued a final environmental impact statement and record of decision to allow the use of federal lands in the Jefferson National Forest for construction of a portion of the line. Additional state and federal permits are expected to be issued in the first half of 2003. Through December 31, 2002 APCo had invested approximately $51 million in this project. The line is estimated to cost $287 million with completion scheduled in 2006.

Construction Expenditures

The following table shows construction expenditures during 2000, 2001 and 2002 and current estimates of 2003 construction expenditures, in each case including AFUDC but excluding assets acquired under leases.

	2000 Actual	2001 Actual	2002 Actual	2003 Estimate
		(in thousands)		
AEP System (a)	$1,773,400	$1,832,000	$1,709,800	$1,458,100
AEGCo.	5,200	6,900	5,300	21,400
APCo.	199,300	306,000	276,500	247,900
CSPCo.	128,000	132,500	136,800	142,300
I&M........	171,100	91,100	159,400	188,000
KPCo.	36,200	37,200	178,700	72,300
OPCo.	254,000	344,600	354,800	241,000
PSO	176,900	124,900	89,400	81,500
SWEPCo. ...	120,200	112,100	111,800	104,900
TCC........	199,500	194,100	151,500	126,800
TNC........	64,500	39,800	43,600	46,500

(a) Includes expenditures of other subsidiaries not shown.

See Note 9 to the consolidated financial statements entitled *Commitments and Contingencies,* incorporated by reference in Item 8, for further information with respect to the construction plans of AEP and its operating subsidiaries for the next three years.

The System construction program is reviewed continuously and is revised from time to time in response to changes in estimates of customer demand, business and economic conditions, the cost and availability of capital, environmental requirements and other factors. Changes in construction schedules and costs, and in estimates and projections of needs for additional facilities, as well as variations from currently anticipated levels of net earnings, Federal income and other taxes, and other factors affecting cash requirements, may increase or decrease the estimated capital requirements for the System's construction program.

Item 3. **Legal Proceedings**

For a discussion of material legal proceedings, see Note 9 to the consolidated financial statements, entitled *Commitments and Contingencies*, incorporated by reference in Item 8.

Item 4. Submission of Matters to a Vote of Security Holders

AEP, APCo, I&M, OPCo, SWEPCo and TCC. None.

AEGCo, CSPCo, KPCo, PSO and TNC. Omitted pursuant to Instruction I(2)(c).

Executive Officers of the Registrants

AEP. The following persons are, or may be deemed, executive officers of AEP. Their ages are given as of March 1, 2003.

Name	Age	Office (a)
E. Linn Draper, Jr.	61	Chairman of the Board, President and Chief Executive Officer of AEP and of the Service Corporation
Thomas V. Shockley, III ...	57	Vice Chairman of AEP and Vice Chairman and Chief Operating Officer of the Service Corporation
Henry W. Fayne	56	Vice President of AEP, Executive Vice President of the Service Corporation
Thomas M. Hagan	58	Executive Vice President-Shared Services of the Service Corporation
Holly K. Koeppel	44	Executive Vice President of the Service Corporation
Robert P. Powers	49	Executive Vice President-Nuclear Generation and Technical Services of the Service Corporation
Susan Tomasky	49	Vice President of AEP, Executive Vice President-Policy, Finance and Strategic Planning of the Service Corporation

(a) Dr. Draper and Mr. Fayne have been employed by the Service Corporation or System companies in various capacities (AEP, as such, has no employees) for the past five years. Prior to joining the Service Corporation in July 1998 as Senior Vice President-Generation, Mr. Powers was Vice President of Pacific Gas & Electric and plant manager of its Diablo Canyon Nuclear Generating Station (1996-1998). Prior to joining the Service Corporation in July 1998 as Senior Vice President, Ms. Tomasky was a partner with the law firm of Hogan & Hartson (August 1997-July 1998) and General Counsel of the Federal Energy Regulatory Commission (May 1993-August 1997). Prior to joining the Service Corporation in June 2000 as Senior Vice President-Governmental Affairs, Mr. Hagan was Senior Vice President-External Affairs of CSW. Prior to joining the Service Corporation in July 2000 as Vice President-New Ventures, Ms. Koeppel was Regional Vice President of Asia-Pacific Operations for Consolidated Natural Gas International (1996-2000). Messrs. Hagan and Powers, Ms. Koeppel and Ms. Tomasky became executive officers of AEP effective with their promotions to Executive Vice President on September 9, 2002, October 24, 2001, November 18, 2002 and January 26, 2000, respectively. Prior to joining the Service Corporation in his current position upon the merger with CSW, Mr. Shockley was President and Chief Operating Officer of CSW (1997-2000) and Executive Vice President of CSW (1990-1997). All of the above officers are appointed annually for a one-year term by the board of directors of AEP, the board of directors of the Service Corporation, or both, as the case may be.

APCo, I&M, OPCo, SWEPCo and TCC. The names of the executive officers of APCo, I&M, OPCo, SWEPCo and TCC, the positions they hold with these companies, their ages as of March 1, 2003, and a brief account of their business experience during the past five years appear below. The directors and executive officers of APCo, I&M, OPCo, SWEPCo and TCC are elected annually to serve a one-year term.

Name	Age	Position (a)(b)	Period
E. Linn Draper, Jr.	61	Director of SWEPCo and TCC	2000-Present
		Chairman of the Board and Chief Executive Officer of SWEPCo and TCC	2000-Present
		Director of APCo, I&M and OPCo	1992-Present
		Chairman of the Board and Chief Executive Officer of APCo, I&M and OPCo	1993-Present
		Chairman of the Board, President and Chief Executive Officer of AEP and the Service Corporation	1993-Present
Thomas V. Shockley, III ...	57	Director and Vice President of APCo, I&M, OPCo, SWEPCo and TCC	2000-Present
		Chief Operating Officer of the Service Corporation	2001-Present
		Vice Chairman of AEP and the Service Corporation	2000-Present
		President and Chief Operating Officer of CSW	1997-2000
		Executive Vice President of CSW	1990-1997
Henry W. Fayne	56	President of APCo, I&M, OPCo, SWEPCo and TCC	2001-Present
		Director of SWEPCo and TCC	2000-Present
		Director of APCo	1995-Present
		Director of OPCo	1993-Present
		Director of I&M	1998-Present
		Vice President of SWEPCo and TCC	2000-2001
		Vice President of APCo, I&M and OPCo	1998-2001
		Vice President of AEP	1998-Present
		Chief Financial Officer of AEP	1998-2001
		Executive Vice President of the Service Corporation	2001-Present
		Executive Vice President-Finance and Analysis of the Service Corporation	2000-2001
		Executive Vice President-Financial Services of the Service Corporation	1998-2000
		Senior Vice President-Corporate Planning & Budgeting of the Service Corporation	1995-1998
Thomas M. Hagan	58	Director and Vice President of APCo, I&M, OPCo, SWEPCo and TCC	2002-Present
		Executive Vice President-Shared Services of the Service Corporation	2002-Present
		Senior Vice President-Governmental Affairs of the Service Corporation	2000-2002
		Senior Vice President-External Affairs of CSW	1996-2000
Holly K. Koeppel	44	Executive Vice President of the Service Corporation	2002-Present
		Vice President-New Ventures	2000-2002
		Regional Vice President of Asia-Pacific Operations for Consolidated Natural Gas International	1996-2000

Name	Age	Position (a)(b)	Period
Robert P. Powers	49	Director and Vice President of APCo, I&M, OPCo, SWEPCo and TCC	2001-Present
		Director of I&M	2001-Present
		Vice President of I&M	1998-Present
		Executive Vice President- Generation	2003-Present
		Executive Vice President-Nuclear Generation and Technical Services of the Service Corporation	2001-2003
		Senior Vice President-Nuclear Operations of the Service Corporation	2000-2001
		Senior Vice President-Nuclear Generation of the Service Corporation	1998-2000
		Vice President of Pacific Gas & Electric and Plant Manager of its Diablo Canyon Nuclear Generating Station	1996-1998
Susan Tomasky	49	Director and Vice President of APCo, I&M, OPCo, SWEPCo and TCC	2000-Present
		Executive Vice President-Policy, Finance and Strategic Planning of the Service Corporation	2001-Present
		Executive Vice President-Legal, Policy and Corporate Communications and General Counsel of the Service Corporation	2000-2001
		Senior Vice President and General Counsel of the Service Corporation	1998-2000
		Hogan & Hartson (law firm)	1997-1998
		General Counsel of the FERC	1993-1997

(a) Dr. Draper is a director of BCP Management, Inc., which is the general partner of Borden Chemicals and Plastics L.P.

(b) Dr. Draper, Messrs. Fayne, Hagan, Powers and Shockley and Ms. Tomasky are directors of AEGCo, CSPCo, KPCo, PSO and TNC. Dr. Draper and Mr. Shockley are also directors of AEP.

PART II

Item 5. Market for Registrants' Common Equity and Related Stockholder Matters

AEP. The information required by this item is incorporated herein by reference to the material under *Common Stock and Dividend Information* in the 2002 Annual Report.

AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC. The common stock of these companies is held solely by AEP. The amounts of cash dividends on common stock paid by these companies to AEP during 2002 and 2001 are incorporated by reference to the material under *Statement of Retained Earnings*in the 2002 Annual Reports.

Item 6. Selected Financial Data

AEGCo, CSPCo, KPCo, PSO and TNC. Omitted pursuant to Instruction I(2)(a).

AEP, APCo, I&M, OPCo, SWEPCo and TCC. The information required by this item is incorporated herein by reference to the material under *Selected Consolidated Financial Data* in the 2002 Annual Reports.

Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition

AEGCo, CSPCo, KPCo, PSO and TNC. Omitted pursuant to Instruction I(2)(a). Management's narrative analysis of the results of operations and other information required by Instruction I(2)(a) is incorporated herein by reference to the material under *Management's Narrative Analysis of Results of Operations* in the 2002 Annual Reports.

AEP, APCo, I&M, OPCo, SWEPCo and TCC. The information required by this item is incorporated herein by reference to the material under *Management's Discussion and Analysis of Results of Operations* and *Management's Discussion and Analysis of Financial Condition, Contingencies and Other Matters* in the 2002 Annual Reports.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

AEGCo, AEP, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC. The information required by this item is incorporated herein by reference to the material under *Management's Discussion and Analysis of Financial Condition, Contingencies and Other Matters* in the 2002 Annual Reports.

Item 8. Financial Statements and Supplementary Data

AEGCo, AEP, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC. The information required by this item is incorporated herein by reference to the financial statements and financial statement schedules described under Item 15 herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

AEGCo, AEP, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC. None.

PART III

Item 10. Directors and Executive Officers of the Registrants

AEGCo, CSPCo, KPCo, PSO and TNC. Omitted pursuant to Instruction I(2)(c).

AEP. The information required by this item is incorporated herein by reference to the material under *Nominees for Director* and *Section 16(a) Beneficial Ownership Reporting Compliance* of the definitive proxy statement of AEP for the 2003 annual meeting of shareholders, to be filed within 120 days after December 31, 2002. Reference also is made to the information under the caption *Executive Officers of the Registrants* in Part I of this report.

APCo and OPCo. The information required by this item is incorporated herein by reference to the material under *Election of Directors* of the definitive information statement of each company for the 2003 annual meeting of stockholders, to be filed within 120 days after December 31, 2002. Reference also is made to the information under the caption *Executive Officers of the Registrants* in Part I of this report.

SWEPCo and TCC. The information required by this item is incorporated herein by reference to the material under *Election of Directors* of the definitive information statement of APCo for the 2003 annual meeting of stockholders, to be filed within 120 days after December 31, 2002. Reference also is made to the information under the caption *Executive Officers of the Registrants* in Part I of this report.

I&M. The names of the directors and executive officers of I&M, the positions they hold with I&M, their ages as of March 12, 2003, and a brief account of their business experience during the past five years appear below and under the caption *Executive Officers of the Registrants* in Part I of this report.

Name	Age	Position (a)	Period
K. G. Boyd	51	Director	1997-Present
		Vice President (Appointed) – Fort Wayne Region Distribution Operations	2000-Present
		Indiana Region Manager	1997-2000
John E. Ehler	46	Director	2001-Present
		Manager of Distribution Systems-Fort Wayne District	2000-Present
		Region Operations Manager	1997-2000
David L. Lahrman	51	Director and Manager, Region Support	2001-Present
		Fort Wayne District Manager	1997-2001
Marc E. Lewis	48	Director	2001-Present
		Assistant General Counsel of the Service Corporation	2001-Present
		Senior Counsel of the Service Corporation	2000-2001
		Senior Attorney of the Service Corporation	1994-2000
Susanne M. Moorman	53	Director and General Manager, Community Services	2000-Present
		Manager, Customer Services Operations	1997-2000
John R. Sampson	50	Director and Vice President	1999-Present
		Indiana State President	2000-Present
		Indiana & Michigan State President	1999-2000
		Site Vice President, Cook Nuclear Plant	1998-1999
		Plant Manager, Cook Nuclear Plant	1996-1998
D. B. Synowiec	59	Director	1995-Present
		Plant Manager, Rockport Plant	1990-Present

(a) Positions are with I&M unless otherwise indicated.

Item 11. Executive Compensation

AEGCo, CSPCo, KPCo, PSO and TNC. Omitted pursuant to Instruction I(2)(c).

AEP. The information required by this item is incorporated herein by reference to the material under *Directors Compensation and Stock Ownership Guidelines, Executive Compensation* and the performance graph of the definitive proxy statement of AEP for the 2003 annual meeting of shareholders to be filed within 120 days after December 31, 2002.

APCo and OPCo. The information required by this item is incorporated herein by reference to the material under *Executive Compensation* of the definitive information statement of each company for the 2003 annual meeting of stockholders, to be filed within 120 days after December 31, 2002.

I&M, SWEPCo and TCC. The information required by this item is incorporated herein by reference to the material under *Executive Compensation*of the definitive information statement of APCo for the 2003 annual meeting of stockholders, to be filed within 120 days after December 31, 2002.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

AEGCo, CSPCo, KPCo, PSO and TNC. Omitted pursuant to Instruction I(2)(c).

AEP. The information required by this item is incorporated herein by reference to the material under *Share Ownership of Directors and Executive Officers* of the definitive proxy statement of AEP for the 2003 annual meeting of shareholders to be filed within 120 days after December 31, 2002.

APCo and OPCo. The information required by this item is incorporated herein by reference to the material under *Share Ownership of Directors and Executive Officers* in the definitive information statement of each company for the 2003 annual meeting of stockholders, to be filed within 120 days after December 31, 2002.

I&M. All 1,400,000 outstanding shares of Common Stock, no par value, of I&M are directly and beneficially held by AEP. Holders of the Cumulative Preferred Stock of I&M generally have no voting rights, except with respect to certain corporate actions and in the event of certain defaults in the payment of dividends on such shares.

SWEPCo and TCC. The information required by this item is incorporated herein by reference to the material under *Share Ownership of Directors and Executive Officers* in the definitive information statement of APCo for the 2003 annual meeting of stockholders, to be filed within 120 days after December 31, 2002.

The table below shows the number of shares of AEP Common Stock and stock-based units that were beneficially owned, directly or indirectly, as of January 1, 2003, by each director and nominee of I&M and each of the executive officers of I&M named in the summary compensation table, and by all directors and executive officers of I&M as a group. It is based on information provided to I&M by such persons. No such person owns any shares of any series of the Cumulative Preferred Stock of I&M. Unless otherwise noted, each person has sole voting power and investment power over the number of shares of AEP Common Stock and stock-based units set forth opposite his or her name. Fractions of shares and units have been rounded to the nearest whole number.

Name	Shares (a)	Stock Units (b)	Total
Karl G. Boyd	10,675	607	11,282
E. Linn Draper, Jr.	472,034(c)	117,803	589,837
John E. Ehler	11	—	11
Henry W. Fayne	139,787(d)	12,362	152,149
Thomas M. Hagan	54,392	140	54,532
David L. Lahrman	430	—	430
Marc E. Lewis	3,290	—	3,290
Susanne M. Moorman	908	—	908
Robert P. Powers	65,862	1,293	67,155
John R. Sampson	10,643	173	10,816
Thomas V. Shockley, III	211,067(d)(e)	—	211,067
David B. Synowiec	7,645	182	7,827
Susan Tomasky	134,449(d)	6,126	140,575
All Directors and Executive Officers	1,196,424(d)(f)	138,686	1,335,110

(a) Includes share equivalents held in the AEP Retirement Savings Plan in the amounts listed below:

Name	AEP Retirement Savings Plan (Share Equivalents)	Name	AEP Retirement Savings Plan (Share Equivalents)
Mr. Boyd	675	Ms. Moorman	908
Dr. Draper	4,659	Mr. Powers	596
Mr. Ehler	11	Mr. Sampson	643
Mr. Fayne	5,804	Mr. Shockley	7,104
Mr. Hagan	2,515	Mr. Synowiec	4,312
Mr. Lahrman	430	Ms. Tomasky	1,116
Mr. Lewis	1,207	All Directors and Executive Officers	29,980

With respect to the share equivalents held in the AEP Retirement Savings Plan, such persons have sole voting power, but the investment/disposition power is subject to the terms of the Plan. Also, includes the following numbers of shares attributable to options exercisable within 60 days: Mr. Boyd, 10,000; Dr. Draper, 466,666;

Mr. Hagan, 41,666; Mr. Lewis, 2,083; Mr. Powers, 65,266; Mr. Sampson, 10,000; Mr. Shockley, 166,666; Mr. Synowiec, 3,333; and Mr. Fayne and Ms. Tomasky, 133,333.

(b) This column includes amounts deferred in stock units and held under AEP's officer benefit plans.

(c) Includes 661 shares held by Dr. Draper in joint tenancy with a family member.

(d) Does not include, for Messrs. Fayne, and Shockley and Ms. Tomasky, 85,231 shares in the American Electric Power System Educational Trust Fund over which Messrs. Fayne and Shockley and Ms. Tomasky share voting and investment power as trustees (they disclaim beneficial ownership). The amount of shares shown for all directors and executive officers as a group includes these shares.

(e) Includes 496 shares held by family members of Mr. Shockley over which he disclaimed beneficial ownership.

(f) Represents less than 1% of the total number of shares outstanding.

Equity Compensation Plan Information

The following table summarizes the ability of AEP to issue common stock pursuant to equity compensation plans as of December 31, 2002:

Plan Category	Number of securities to be issued upon exercise of outstanding options warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders(1)	8,779,217	$33.5767	6,901,693(2)
Equity compensation plans not approved by security holders	0	N/A	0
Total	8,779,217	$33.5767	6,901,693

(1) Consists of shares to be issued upon exercise of outstanding options granted under the American Electric Power System 2000 Long-Term Incentive Plan, the CSW 1992 Long-Term Incentive Plan (CSW Plan) and the AEP Deferred Compensation and Stock Plan for Non-Employee Directors. The CSW Plan was in effect prior to the consummation of the AEP-CSW merger. All unexercised options granted under the CSW Plan were converted into 0.6 options to purchase AEP common shares, vested on the merger date and will expire ten years after their grant date. No additional options will be issued under the CSW Plan.

(2) Excludes shares available for further issuance under the AEP Deferred Compensation and Stock Plan for Non-Employee Directors, which does not have a limit on the number of shares which may be issued. The amount of shares is capped, however, by the annual retainer amount paid to the Non-Employee Directors.

Item 13. **Certain Relationships and Related Transactions**

AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC: None.

PART IV

Item 14. **Controls and Procedures**

AEP maintains disclosure controls and procedures designed to ensure that the information AEP must disclose in its filings with the Securities and Exchange Commission is recorded, processed, summarized and reported on a timely basis. AEP's principal executive officer and principal financial officer have reviewed and evaluated AEP's disclosure controls and procedures as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended (the Exchange Act) as of a date within 90 days prior to the filing date of this report (the Evaluation Date). Such officers have concluded that, as of the Evaluation Date, AEP's disclosure controls and procedures are effective in accumulating and communicating to management on a timely basis information required to be disclosed in AEP's periodic filings under the Exchange Act.

Since the Evaluation Date, there have not been any significant changes in AEP's internal controls, or in other factors that could significantly affect these controls.

Item 15. **Exhibits, Financial Statement Schedules, and Reports on Form 8-K**

(a) The following documents are filed as a part of this report:

1. FINANCIAL STATEMENTS:

The following financial statements have been incorporated herein by reference pursuant to Item 8.

Page

AEGCo:
Statements of Income for the years ended December 31, 2002, 2001, and 2000; Statements of Retained Earnings for the years ended December 31, 2002, 2001, and 2000; Balance Sheets as of December 31, 2002 and 2001; Statements of Cash Flows for the years ended December 31, 2002, 2001, and 2000; Statements of Capitalization as of December 31, 2002 and 2001; Combined Notes to Financial Statements; Independent Auditors' Report.

AEP and Subsidiary Companies:
Consolidated Statements of Operations for the years ended December 31, 2002, 2001, and 2000; Consolidated Balance Sheets as of December 31, 2002 and 2001; Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001, and 2000; Consolidated Statements of Common Shareholders' Equity and Comprehensive Income for the years ended December 31, 2002, 2001, and 2000; Schedule of Consolidated Cumulative Preferred Stocks of Subsidiaries at December 31, 2002 and 2001; Schedule of Consolidated Long-term Debt of Subsidiaries at December 31, 2002 and 2001; Combined Notes to Consolidated Financial Statements; Independent Auditors' Report.

APCo, CSPCo, I&M, PSO, SWEPCo and TCC:
Consolidated Statements of Income for the years ended December 31, 2002, 2001, and 2000; Consolidated Statements of Comprehensive Income for the years ended December 31, 2002, 2001, and 2000; Consolidated Statements of Retained Earnings for the years ended December 31, 2002, 2001, and 2000; Consolidated Balance Sheets as of December 31, 2002 and 2001; Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001, and 2000; Consolidated Statements of Capitalization as of December 31, 2002 and 2001; Schedule of Long-term Debt as of December 31, 2002 and 2001; Combined Notes to Consolidated Financial Statements; Independent Auditors' Report.

	Page
KPCo, OPCo and TNC:	
Statements of Income (or Statements of Operations) for the years ended December 31, 2002, 2001, and 2000; Statements of Comprehensive Income for the years ended December 31, 2002, 2001, and 2000; Statements of Retained Earnings for the years ended December 31, 2002, 2001, and 2000; Balance Sheets as of December 31, 2002 and 2001; Statements of Cash Flows for the years ended December 31, 2002, 2001, and 2000; Statements of Capitalization as of December 31, 2002 and 2001; Schedule of Long-term Debt as of December 31, 2002 and 2001; Combined Notes to Financial Statements; Independent Auditors' Report.	
2. FINANCIAL STATEMENT SCHEDULES:	
Financial Statement Schedules are listed in the Index to Financial Statement Schedules (Certain schedules have been omitted because the required information is contained in the notes to financial statements or because such schedules are not required or are not applicable). Independent Auditors' Report	S-1
3. EXHIBITS:	
Exhibits for AEGCo, AEP, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC are listed in the Exhibit Index and are incorporated herein by reference	E-1

(b) Reports on Forms 8-K:

Company Reporting	Date of Report	Item Reported
APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC	November 18, 2002	Item 5. Other Events
I&M	November 22, 2002	Item 5. Other Events Item 7. Financial Statements and Exhibits
I&M	November 25, 2002	Item 5. Other Events Item 7. Financial Statements and Exhibits
PSO	November 26, 2002	Item 5. Other Events Item 7. Financial Statements and Exhibits

Reports on Forms 8-K/A:

Company Reporting	Date of Report	Item Reported
PSO, SWEPCo, TCC and TNC	November 26, 2002	Item 7. Financial Statements and Exhibits

(c) Exhibits: See Exhibit Index beginning on page E-1.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN ELECTRIC POWER COMPANY, INC.

By: /s/ SUSAN TOMASKY

(Susan Tomasky, Vice President, Secretary and Chief Financial Officer)

Date: March 20, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
(i) Principal Executive Officer:		
*E. LINN DRAPER, JR.	Chairman of the Board, President, Chief Executive Officer And Director	March 20, 2003
(ii) Principal Financial Officer:		
/s/ SUSAN TOMASKY **(Susan Tomasky)**	Vice President, Secretary and Chief Financial Officer	March 20, 2003
(iii) Principal Accounting Officer:		
/s/ JOSEPH M. BUONAIUTO **(Joseph M. Buonaiuto)**	Controller and Chief Accounting Officer	March 20, 2003
(iv) A Majority of the Directors:		
*E. R. BROOKS *DONALD M. CARLTON *JOHN P. DESBARRES *ROBERT W. FRI *WILLIAM R. HOWELL *LESTER A. HUDSON, JR. *LEONARD J. KUJAWA *RICHARD L. SANDOR *THOMAS V. SHOCKLEY, III *DONALD G. SMITH *LINDA GILLESPIE STUNTZ *KATHRYN D. SULLIVAN		March 20, 2003

*By: /s/ SUSAN TOMASKY

(Susan Tomasky, Attorney-in-Fact)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

AEP GENERATING COMPANY
AEP TEXAS CENTRAL COMPANY
AEP TEXAS NORTH COMPANY
APPALACHIAN POWER COMPANY
COLUMBUS SOUTHERN POWER COMPANY
KENTUCKY POWER COMPANY
OHIO POWER COMPANY
PUBLIC SERVICE COMPANY OF OKLAHOMA
SOUTHWESTERN ELECTRIC POWER COMPANY

By: /s/ SUSAN TOMASKY
(Susan Tomasky, Vice President)

Date: March 20, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Signature	Title	Date
(i) **Principal Executive Officer:**		
*E. LINN DRAPER, JR.	Chairman of the Board, President, Chief Executive Officer And Director	March 20, 2003
(ii) **Principal Financial Officer:**		
/s/ SUSAN TOMASKY **(Susan Tomasky)**	Vice President, Secretary, Chief Financial Officer and Director	March 20, 2003
(iii) **Principal Accounting Officer:**		
/s/ JOSEPH M. BUONAIUTO **(Joseph M. Buonaiuto)**	Controller and Chief Accounting Officer	March 20, 2003
(iv) **A Majority of the Directors:**		
*HENRY W. FAYNE *THOMAS M. HAGAN *A. A. PENA *ROBERT P. POWERS *THOMAS V. SHOCKLEY, III		March 20, 2003

*By: /s/ SUSAN TOMASKY
(Susan Tomasky, Attorney-in-Fact)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

INDIANA MICHIGAN POWER COMPANY

By: /s/ SUSAN TOMASKY

(Susan Tomasky, Vice President)

Date: March 20, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Signature	Title	Date
(i) **Principal Executive Officer:**		
*E. LINN DRAPER, JR.	Chairman of the Board, President, Chief Executive Officer and Director	March 20, 2003
(ii) **Principal Financial Officer:**		
/s/ SUSAN TOMASKY **(Susan Tomasky)**	Vice President, Secretary, Chief Financial Officer and Director	March 20, 2003
(iii) **Principal Accounting Officer:**		
/s/ JOSEPH M. BUONAIUTO **(Joseph M. Buonaiuto)**	Controller and Chief Accounting Officer	March 20, 2003
(iv) **A Majority of the Directors:**		
*K. G. BOYD *JOHN E. EHLER *HENRY W. FAYNE *THOMAS M. HAGAN *DAVID L. LAHRMAN *MARC E. LEWIS *SUSANNE M. MOORMAN *ROBERT P. POWERS *JOHN R. SAMPSON *THOMAS V. SHOCKLEY, III *D. B. SYNOWIEC		March 20, 2003

*By: /s/ SUSAN TOMASKY

(Susan Tomasky, Attorney-in-Fact)

CERTIFICATIONS

I, E. Linn Draper, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of:

American Electric Power Company, Inc.
AEP Generating Company
AEP Texas Central Company
AEP Texas North Company
Appalachian Power Company
Columbus Southern Power Company
Indiana Michigan Power Company
Kentucky Power Company
Ohio Power Company
Public Service Company of Oklahoma
Southwestern Electric Power Company

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 20, 2003

By: /s/ E. LINN DRAPER, JR.

E. Linn Draper, Jr.
Chief Executive Officer

I, Susan Tomasky, certify that:

1. I have reviewed this annual report on Form 10-K of:

American Electric Power Company, Inc.
AEP Generating Company
AEP Texas Central Company
AEP Texas North Company
Appalachian Power Company
Columbus Southern Power Company
Indiana Michigan Power Company
Kentucky Power Company
Ohio Power Company
Public Service Company of Oklahoma
Southwestern Electric Power Company

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 20, 2003

By: /s/ SUSAN TOMASKY

Susan Tomasky
Chief Financial Officer

INDEX TO FINANCIAL STATEMENT SCHEDULES

INDEPENDENT AUDITORS' REPORT

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARIES:

We have audited the consolidated financial statements of American Electric Power Company, Inc. and subsidiaries and the financial statements of certain of its subsidiaries, listed in Item 15 herein, as of December 31, 2002 and 2001, and for each of the three years in the period ended December 31, 2002, and have issued our reports thereon dated February 21, 2003; such financial statements and reports are included in the 2002 Annual Reports and are incorporated herein by reference. Our audits also included the financial statement schedules of American Electric Power Company, Inc. and subsidiaries and of certain of its subsidiaries, listed in Item 15. These financial statement schedules are the responsibility of the respective company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the corresponding basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2002	$69,416	$ 97,772	$11,766	$59,723	$119,231
Year Ended December 31, 2001(c)	$31,905	$109,635	$20,763	$92,887	$ 69,416
Year Ended December 31, 2000(c)	$27,091	$ 51,457	$11,729	$58,372	$ 31,905

(a) Recoveries on accounts previously written off.
(b) Uncollectible accounts written off.
(c) 2001 and 2000 amounts have been adjusted to reflect the treatment of SEEBOARD and CitiPower as discontinued operations in AEP's Consolidated Statements of Operations.

AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2002	$ 186	$ 162	$ 1	$ 3	$ 346
Year Ended December 31, 2001	$1,675	$ 186	$ —	$1,675	$ 186
Year Ended December 31, 2000	$ —	$1,675	$ —	$ —	$1,675

(a) Recoveries on accounts previously written off.
(b) Uncollectible accounts written off.

AEP TEXAS NORTH COMPANY
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2002	$ 196	$4,846	$ 17	$ 18	$5,041
Year Ended December 31, 2001	$ 288	$ 13	$ 35	$ 140	$ 196
Year Ended December 31, 2000	$ 186	$1,499	$ 46	$1,443	$ 288

(a) Recoveries on accounts previously written off.
(b) Uncollectible accounts written off.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2002	$1,877	$3,937	$12,367	$4,742	$13,439
Year Ended December 31, 2001	$2,588	$2,644	$ 1,017	$4,372	$ 1,877
Year Ended December 31, 2000	$2,609	$6,592	$ 1,526	$8,139	$ 2,588

(a) Recoveries on accounts previously written off.
(b) Uncollectible accounts written off.

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2002	$ 745	$ (100)	$ —	$ 11	$ 634
Year Ended December 31, 2001	$ 659	$ 331	$ —	$ 245	$ 745
Year Ended December 31, 2000	$3,045	$2,082	$1,405	$5,873	$ 659

(a) Recoveries on accounts previously written off.
(b) Uncollectible accounts written off.

INDIANA MICHIGAN POWER COMPANY AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2002	$ 741	$ (161)	$ —	$ 2	$ 578
Year Ended December 31, 2001	$ 759	$ 65	$ 3	$ 86	$ 741
Year Ended December 31, 2000	$1,848	$ (235)	$ 907	$1,761	$ 759

(a) Recoveries on accounts previously written off.
(b) Uncollectible accounts written off.

KENTUCKY POWER COMPANY
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
		(in thousands)			
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2002	$ 264	$ (68)	$ —	$ 4	$ 192
Year Ended December 31, 2001	$ 282	$ —	$ (24)	$ (6)	$ 264
Year Ended December 31, 2000	$ 637	$ 187	$ 9	$ 551	$ 282

(a) Recoveries on accounts previously written off.
(b) Uncollectible accounts written off.

OHIO POWER COMPANY
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
		(in thousands)			
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2002	$1,379	$ (457)	$ —	$ 13	$ 909
Year Ended December 31, 2001	$1,054	$ 554	$ —	$ 229	$1,379
Year Ended December 31, 2000	$2,223	$ 472	$ 778	$2,419	$1,054

(a) Recoveries on accounts previously written off.
(b) Uncollectible accounts written off.

PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARY
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
		(in thousands)			
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2002	$ 44	$ 7	$ 33	$ —	$ 84
Year Ended December 31, 2001	$ 467	$ 44	$ —	$ 467	$ 44
Year Ended December 31, 2000	$ —	$ 467	$ —	$ —	$ 467

(a) Recoveries on accounts previously written off.
(b) Uncollectible accounts written off.

SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2002	$ 89	$2,036	$ 4	$ 1	$2,128
Year Ended December 31, 2001	$ 911	$ 89	$ —	$ 911	$ 89
Year Ended December 31, 2000	$4,428	$ 911	$(4,428)	$ —	$ 911

(a) Recoveries on accounts previously written off.
(b) Uncollectible accounts written off.

EXHIBIT INDEX

Certain of the following exhibits, designated with an asterisk (*), are filed herewith. The exhibits not so designated have heretofore been filed with the Commission and, pursuant to 17 C.F.R. 229.10(d) and 240.12b-32, are incorporated herein by reference to the documents indicated in brackets following the descriptions of such exhibits. Exhibits, designated with a dagger (†), are management contracts or compensatory plans or arrangements required to be filed as an Exhibit to this Form pursuant to Item 14(c) of this report.

Exhibit Number		Description
AEGCo		
3(a)	—	Copy of Articles of Incorporation of AEGCo [Registration Statement on Form 10 for the Common Shares of AEGCo, File No. 0-18135, Exhibit 3(a)].
3(b)	—	Copy of the Code of Regulations of AEGCo (amended as of June 15, 2000) [Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 2000, File No. 0-18135, Exhibit 3(b)].
10(a)	—	Copy of Capital Funds Agreement dated as of December 30, 1988 between AEGCo and AEP [Registration Statement No. 33-32752, Exhibit 28(a)].
10(b)(1)	—	Copy of Unit Power Agreement dated as of March 31, 1982 between AEGCo and I&M, as amended [Registration Statement No. 33-32752, Exhibits 28(b)(1)(A) and 28(b)(1)(B)].
10(b)(2)	—	Copy of Unit Power Agreement, dated as of August 1, 1984, among AEGCo, I&M and KPCo [Registration Statement No. 33-32752, Exhibit 28(b)(2)].
10(c)	—	Copy of Lease Agreements, dated as of December 1, 1989, between AEGCo and Wilmington Trust Company, as amended [Registration Statement No. 33-32752, Exhibits 28(c)(1)(C), 28(c)(2)(C), 28(c)(3)(C), 28(c)(4)(C), 28(c)(5)(C) and 28(c)(6)(C); Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 1993, File No. 0-18135, Exhibits 10(c)(1)(B), 10(c)(2)(B), 10(c)(3)(B), 10(c)(4)(B), 10(c)(5)(B) and 10(c)(6)(B)].
*13	—	Copy of those portions of the AEGCo 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
AEP‡		
3(a)	—	Copy of Restated Certificate of Incorporation of AEP, dated October 29, 1997 [Quarterly Report on Form 10-Q of AEP for the quarter ended September 30, 1997, File No. 1-3525, Exhibit 3(a)].
3(b)	—	Copy of Certificate of Amendment of the Restated Certificate of Incorporation of AEP, dated January 13, 1999 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1998, File No. 1-3525, Exhibit 3(b)].
3(c)	—	Composite copy of the Restated Certificate of Incorporation of AEP, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1998, File No. 1-3525, Exhibit 3(c)].
3(d)	—	Copy of By-Laws of AEP, as amended through January 28, 1998 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 3(b)].
4(a)	—	Indenture (for unsecured debt securities), dated as of May 1, 2001, between AEP and The Bank of New York, as Trustee [Registration Statement No. 333-86050, Exhibits 4(a), 4(b) and 4(c)].
*4(b)	—	Third Supplemental Indenture, dated as of June 11, 2002, between AEP and The Bank of New York, as Trustee, for 5.75% Senior Notes, Series C, due August 16, 2007.

Exhibit Number		Description
*4(c)	—	Forward Purchase Contract Agreement, dated as of June 11, 2002, between AEP and The Bank of New York, as Forward Purchase Contract Agent.
10(a)	—	Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KPCo, OPCo and I&M and with the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a); Registration Statement No. 2-61009, Exhibit 5(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(a)(3)].
*10(b)	—	Restated and Amended Operating Agreement, dated as of January 1, 1998, among PSO, TCC, TNC, SWEPCo and AEPSC.
10(c)	—	Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KPCo, OPCo and with the Service Corporation as agent, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
*10(d)	—	Transmission Coordination Agreement, dated October 29, 1998, among PSO, TCC, TNC, SWEPCo and AEPSC.
10(e)	—	Lease Agreements, dated as of December 1, 1989, between AEGCo or I&M and Wilmington Trust Company, as amended [Registration Statement No. 33-32752, Exhibits 28(c)(1)(C), 28(c)(2)(C), 28(c)(3)(C), 28(c)(4)(C), 28(c)(5)(C) and 28(c)(6)(C); Registration Statement No. 33-32753, Exhibits 28(a)(1)(C), 28(a)(2)(C), 28(a)(3)(C), 28(a)(4)(C), 28(a)(5)(C) and 28(a)(6)(C); and Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 1993, File No. 0-18135, Exhibits 10(c)(1)(B), 10(c)(2)(B), 10(c)(3)(B), 10(c)(4)(B), 10(c)(5)(B) and 10(c)(6)(B); Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1993, File No. 1-3570, Exhibits 10(e)(1)(B), 10(e)(2)(B), 10(e)(3)(B), 10(e)(4)(B), 10(e)(5)(B) and 10(e)(6)(B)].
10(f)	—	Lease Agreement dated January 20, 1995 between OPCo and JMG Funding, Limited Partnership, and amendment thereto (confidential treatment requested) [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1994, File No. 1-6543, Exhibit 10(l)(2)].
10(g)	—	Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(l)].
10(h)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, By and Among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(h)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of AEP dated December 15, 1999, File No. 1-3525, Exhibit 10].
†10(i)(1)	—	AEP Deferred Compensation Agreement for certain executive officers [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(e)].
†10(i)(2)	—	Amendment to AEP Deferred Compensation Agreement for certain executive officers [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1986, File No. 1-3525, Exhibit 10(d)(2)].
†10(j)	—	AEP Accident Coverage Insurance Plan for directors [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(g)].
†10(k)(1)	—	AEP Deferred Compensation and Stock Plan for Non-Employee Directors, as amended June 1, 2000 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(i)(1)].

Exhibit Number		Description
†10(k)(2)	—	AEP Stock Unit Accumulation Plan for Non-Employee Directors, as amended January 1, 2002[Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(i)(2)].
†10(l)(1)(A)	—	AEP System Excess Benefit Plan, Amended and Restated as of January 1, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(j)(1)(A)].
†10(l)(1)(B)	—	Guaranty by AEP of the Service Corporation Excess Benefits Plan [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(h)(1)(B)].
*†10(l)(1)(C)	—	First Amendment to AEP System Excess Benefit Plan, dated as of March 5, 2003.
†10(l)(2)	—	AEP System Supplemental Retirement Savings Plan, Amended and Restated as of June 1, 2001 (Non-Qualified) [Registration Statement No. 333-66048, Exhibit 4].
†10(l)(3)	—	Service Corporation Umbrella Trust for Executives [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1993, File No. 1-3525, Exhibit 10(g)(3)].
†10(m)(1)	—	Employment Agreement between E. Linn Draper, Jr. and AEP and the Service Corporation [Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 1991, File No. 0-18135, Exhibit 10(g)(3)].
†10(m)(2)	—	Memorandum of agreement between Susan Tomasky and the Service Corporation dated January 3, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(s)].
*†10(m)(3)(A)	—	Letter Agreement dated June 23, 2000 between AEPSC and Holly K. Koeppel.
*†10(m)(3)(B)	—	Letter Agreement dated April 19, 2001 between AEPR and Holly K. Koeppel.
*†10(m)(4)	—	Employment Agreement dated July 29, 1998 between AEPSC and Robert P. Powers.
†10(n)	—	AEP System Senior Officer Annual Incentive Compensation Plan [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(i)(1)].
†10(o)(1)	—	AEP System Survivor Benefit Plan, effective January 27, 1998 [Quarterly Report on Form 10-Q of AEP for the quarter ended September 30, 1998, File No. 1-3525, Exhibit 10].
*†10(o)(2)	—	First Amendment to AEP System Survivor Benefit Plan, as amended and restated effective January 31, 2000.
†10(p)	—	AEP Senior Executive Severance Plan for Merger with Central and South West Corporation, effective March 1, 1999 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1998, File No. 1-3525, Exhibit 10(o)].
*†10(q)(1)	—	AEP System Incentive Compensation Deferral Plan dated January 1, 2001.
*†10(q)(2)	—	First Amendment to AEP System Incentive Compensation Deferral Plan dated December 6, 2002.
*†10(r)	—	AEP System Nuclear Performance Long Term Incentive Compensation Plan dated August 1, 1998.
*†10(s)	—	Nuclear Key Contributor Retention Plan dated May 1, 2000.
†10(t)	—	AEP Change In Control Agreement [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(o)].
†10(u)	—	AEP System 2000 Long-Term Incentive Plan [Proxy Statement of AEP, March 10, 2000].
†10(v)(1)	—	Central and South West System Special Executive Retirement Plan as amended and restated effective July 1, 1997 [Annual Report on Form 10-K of CSW for the fiscal year ended December 31, 1998, File No. 1-1443, Exhibit 18].
†10(v)(2)	—	Certified CSW Board Resolution of April 18, 1991 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(r)(2)].
†10(v)(3)	—	CSW 1992 Long-Term Incentive Plan [Proxy Statement of CSW, March 13, 1992].

Exhibit Number		Description
†10(v)(4)	—	Central and South West Corporation Executive Deferred Savings Plan as amended and restated effective as of January 1, 1997 [Annual Report on Form 10-K of CSW for the fiscal year ended December 31, 1998, File No. 1-1443, Exhibit 24].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the AEP 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
*21	—	List of subsidiaries of AEP.
*23	—	Consent of Deloitte & Touche LLP.
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
APCo‡		
3(a)	—	Copy of Restated Articles of Incorporation of APCo, and amendments thereto to November 4, 1993 [Registration Statement No. 33-50163, Exhibit 4(a); Registration Statement No. 33-53805, Exhibits 4(b) and 4(c)].
3(b)	—	Copy of Articles of Amendment to the Restated Articles of Incorporation of APCo, dated June 6, 1994 [Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1994, File No. 1-3457, Exhibit 3(b)].
3(c)	—	Copy of Articles of Amendment to the Restated Articles of Incorporation of APCo, dated March 6, 1997 [Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1996, File No. 1-3457, Exhibit 3(c)].
3(d)	—	Composite copy of the Restated Articles of Incorporation of APCo (amended as of March 7, 1997) [Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1996, File No. 1-3457, Exhibit 3(d)].
3(e)	—	Copy of By-Laws of APCo (amended as of October 24, 2001) [Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 2001, File No. 1-3457, Exhibit 3(e)].
4(a)	—	Copy of Mortgage and Deed of Trust, dated as of December 1, 1940, between APCo and Bankers Trust Company and R. Gregory Page, as Trustees, as amended and supplemented [Registration Statement No. 2-7289, Exhibit 7(b); Registration Statement No. 2-19884, Exhibit 2(1); Registration Statement No. 2-24453, Exhibit 2(n); Registration Statement No. 2-60015, Exhibits 2(b)(2), 2(b)(3), 2(b)(4), 2(b)(5), 2(b)(6), 2(b)(7), 2(b)(8), 2(b)(9), 2(b)(10), 2(b)(12), 2(b)(14), 2(b)(15), 2(b)(16), 2(b)(17), 2(b)(18), 2(b)(19), 2(b)(20), 2(b)(21), 2(b)(22), 2(b)(23), 2(b)(24), 2(b)(25), 2(b)(26), 2(b)(27) and 2(b)(28); Registration Statement No. 2-64102, Exhibit 2(b)(29); Registration Statement No. 2-66457, Exhibits (2)(b)(30) and 2(b)(31); Registration Statement No. 2-69217, Exhibit 2(b)(32); Registration Statement No. 2-86237, Exhibit 4(b); Registration Statement No. 33-11723, Exhibit 4(b); Registration Statement No. 33-17003, Exhibit 4(a)(ii), Registration Statement No. 33-30964, Exhibit 4(b); Registration Statement No. 33-40720, Exhibit 4(b); Registration Statement No. 33-45219, Exhibit 4(b); Registration Statement No. 33-46128, Exhibits 4(b) and 4(c); Registration Statement No. 33-53410, Exhibit 4(b); Registration Statement No. 33-59834, Exhibit 4(b); Registration Statement No. 33-50229, Exhibits 4(b) and 4(c); Registration Statement No. 33-58431, Exhibits 4(b), 4(c), 4(d) and 4(e); Registration Statement No. 333-01049, Exhibits 4(b) and 4(c); Registration Statement No. 333-20305, Exhibits 4(b) and 4(c); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1996, File No. 1-3457, Exhibit 4(b); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1998, File No. 1-3457, Exhibit 4(b)].

Exhibit Number		Description
4(b)	—	Indenture (for unsecured debt securities), dated as of January 1, 1998, between APCo and The Bank of New York, As Trustee [Registration Statement No. 333-45927, Exhibit 4(a); Registration Statement No. 333-49071, Exhibit 4(b); Registration Statement No. 333-84061, Exhibits 4(b) and 4(c); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1999, File No. 1-3457, Exhibit 4(c); Registration Statement No. 333-81402, Exhibits 4(b), 4(c) and 4(d); Registration Statement No. 333-100451, Exhibit 4(b)].
*4(c)	—	Copy of Company Order and Officer's Certificate, dated November 6, 2002, establishing terms of 4.3148% Senior Notes, Series F, due 2007.
10(a)(1)	—	Copy of Power Agreement, dated October 15, 1952, between OVEC and United States of America, acting by and through the United States Atomic Energy Commission, and, subsequent to January 18, 1975, the Administrator of the Energy Research and Development Administration, as amended [Registration Statement No. 2-60015, Exhibit 5(a); Registration Statement No. 2-63234, Exhibit 5(a)(1)(B); Registration Statement No 2-66301, Exhibit 5(a)(1)(C); Registration Statement No. 2-67728, Exhibit 5(a)(1)(D); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1989, File No. 1-3457, Exhibit 10(a)(1)(F); and Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(1)(B)].
10(a)(2)	—	Copy of Inter-Company Power Agreement, dated as of July 10, 1953, among OVEC and the Sponsoring Companies, as amended [Registration Statement No. 2-60015, Exhibit 5(c); Registration Statement No. 2-67728, Exhibit 5(a)(3)(B); and Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(2)(B)].
10(a)(3)	—	Copy of Power Agreement, dated July 10, 1953, between OVEC and Indiana-Kentucky Electric Corporation, as amended [Registration Statement No. 2-60015, Exhibit 5(e)].
10(b)	—	Copy of Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KPCo, OPCo and I&M and with the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a); Registration Statement No. 2-61009, Exhibit 5(b); Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(a)(3)].
10(c)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KPCo, OPCo and with the Service Corporation as agent, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(d)	—	Copy of Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(l)].
10(e)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, By and Among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(e)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of APCo dated December 15, 1999, File No. 1-3457, Exhibit 10].
†10(f)(1)	—	AEP Deferred Compensation Agreement for certain executive officers [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(e)].
†10(f)(2)	—	Amendment to AEP Deferred Compensation Agreement for certain executive officers [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1986, File No. 1-3525, Exhibit 10(d)(2)].

Exhibit Number		Description
†10(g)	—	AEP System Senior Officer Annual Incentive Compensation Plan [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(i)(1)].
†10(h)(1)(A)	—	AEP System Excess Benefit Plan, Amended and Restated as of January 1, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(j)(1)(A)].
*†10(h)(1)(B)	—	First Amendment to AEP System Excess Benefit Plan, dated as of March 5, 2003.
†10(h)(2)	—	AEP System Supplemental Retirement Savings Plan, Amended and Restated as of January 1, 2001 (Non-Qualified) [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(j)(2)].
†10(h)(3)	—	Umbrella Trust for Executives [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1993, File No. 1-3525, Exhibit 10(g)(3)].
†10(i)(1)	—	Employment Agreement between E. Linn Draper, Jr. and AEP and the Service Corporation [Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 1991, File No. 0-18135, Exhibit 10(g)(3)].
†10(i)(2)	—	Memorandum of agreement between Susan Tomasky and the Service Corporation dated January 3, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(s)].
*†10(i)(3)	—	Employment Agreement dated July 29, 1998 between AEPSC and Robert P. Powers.
†10(j)(1)	—	AEP System Survivor Benefit Plan, effective January 27, 1998 [Quarterly Report on Form 10-Q of AEP for the quarter ended September 30, 1998, File No. 1-3525, Exhibit 10].
*†10(j)(2)	—	First Amendment to AEP System Survivor Benefit Plan, as amended and restated effective January 31, 2000.
†10(k)	—	AEP Senior Executive Severance Plan for Merger with Central and South West Corporation, effective March 1, 1999[Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1998, File No. 1-3525, Exhibit 10(o)].
†10(l)	—	AEP Change In Control Agreement [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(o)].
†10(m)	—	AEP System 2000 Long-Term Incentive Plan [Proxy Statement of AEP, March 10, 2000].
†10(n)(1)	—	Central and South West System Special Executive Retirement Plan as amended and restated effective July 1, 1997 [Annual Report on Form 10-K of CSW for the fiscal year ended December 31, 1998, File No. 1-1443, Exhibit 18].
†10(n)(2)	—	Certified CSW Board Resolution of April 18, 1991 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(r)(2)].
†10(n)(3)	—	CSW 1992 Long-Term Incentive Plan [Proxy Statement of CSW, March 13, 1992].
*†10(o)(1)	—	AEP System Incentive Compensation Deferral Plan dated January 1, 2001.
*†10(o)(2)	—	First Amendment to AEP System Incentive Compensation Deferral Plan dated December 6, 2002.
*†10(p)	—	AEP System Nuclear Performance Long Term Incentive Compensation Plan dated August 1, 1998.
*†10(q)	—	Nuclear Key Contributor Retention Plan dated May 1, 2000.
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the APCo 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
21	—	List of subsidiaries of APCo [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2002, File No. 1-3525, Exhibit 21].
*23	—	Consent of Deloitte & Touche LLP

Exhibit Number		Description
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
CSPCo‡		
3(a)	—	Copy of Amended Articles of Incorporation of CSPCo, as amended to March 6, 1992 [Registration Statement No. 33-53377, Exhibit 4(a)].
3(b)	—	Copy of Certificate of Amendment to Amended Articles of Incorporation of CSPCo, dated May 19, 1994 [Annual Report on Form 10-K of CSPCo for the fiscal year ended December 31, 1994, File No. 1-2680, Exhibit 3(b)].
3(c)	—	Composite copy of Amended Articles of Incorporation of CSPCo, as amended [Annual Report on Form 10-K of CSPCo for the fiscal year ended December 31, 1994, File No. 1-2680, Exhibit 3(c)].
3(d)	—	Copy of Code of Regulations and By-Laws of CSPCo [Annual Report on Form 10-K of CSPCo for the fiscal year ended December 31, 1987, File No. 1-2680, Exhibit 3(d)].
4(a)	—	Copy of Indenture of Mortgage and Deed of Trust, dated September 1, 1940, between CSPCo and City Bank Farmers Trust Company (now Citibank, N.A.), as trustee, as supplemented and amended [Registration Statement No. 2-59411, Exhibits 2(B) and 2(C); Registration Statement No. 2-80535, Exhibit 4(b); Registration Statement No. 2-87091, Exhibit 4(b); Registration Statement No. 2-93208, Exhibit 4(b); Registration Statement No. 2-97652, Exhibit 4(b); Registration Statement No. 33-7081, Exhibit 4(b); Registration Statement No. 33-12389, Exhibit 4(b); Registration Statement No. 33-19227, Exhibits 4(b), 4(e), 4(f), 4(g) and 4(h); Registration Statement No. 33-35651, Exhibit 4(b); Registration Statement No. 33-46859, Exhibits 4(b) and 4(c); Registration Statement No. 33-50316, Exhibits 4(b) and 4(c); Registration Statement No. 33-60336, Exhibits 4(b), 4(c) and 4(d); Registration Statement No. 33-50447, Exhibits 4(b) and 4(c); Annual Report on Form 10-K of CSPCo for the fiscal year ended December 31, 1993, File No. 1-2680, Exhibit 4(b)].
4(b)	—	Copy of Indenture (for unsecured debt securities), dated as of September 1, 1997, between CSPCo and Bankers Trust Company, as Trustee [Registration Statement No. 333-54025, Exhibits 4(a), 4(b), 4(c) and 4(d); Annual Report on Form 10-K of CSPCo for the fiscal year ended December 31, 1998, File No. 1-2680, Exhibits 4(c) and 4(d)].
10(a)(1)	—	Copy of Power Agreement, dated October 15, 1952, between OVEC and United States of America, acting by and through the United States Atomic Energy Commission, and, subsequent to January 18, 1975, the Administrator of the Energy Research and Development Administration, as amended [Registration Statement No. 2-60015, Exhibit 5(a); Registration Statement No. 2-63234, Exhibit 5(a)(1)(B); Registration Statement No. 2-66301, Exhibit 5(a)(1)(C); Registration Statement No. 2-67728, Exhibit 5(a)(1)(B); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1989, File No. 1-3457, Exhibit 10(a)(1)(F); and Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(1)(B)].
10(a)(2)	—	Copy of Inter-Company Power Agreement, dated July 10, 1953, among OVEC and the Sponsoring Companies, as amended [Registration Statement No. 2-60015, Exhibit 5(c); Registration Statement No. 2-67728, Exhibit 5(a)(3)(B); and Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(2)(B)].
10(a)(3)	—	Copy of Power Agreement, dated July 10, 1953, between OVEC and Indiana-Kentucky Electric Corporation, as amended [Registration Statement No. 2-60015, Exhibit 5(e)].

Exhibit Number		Description
10(b)	—	Copy of Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KPCo, OPCo and I&M and the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a); Registration Statement No. 2-61009, Exhibit 5(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(a)(3)].
10(c)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KPCo, OPCo, and with the Service Corporation as agent, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(d)	—	Copy of Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(l)].
10(e)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, By and Among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(e)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of CSPCo dated December 15, 1999, File No. 1-2680, Exhibit 10].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the CSPCo 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
21	—	List of subsidiaries of CSPCo [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2002, File No. 1-3525, Exhibit 21]
*23	—	Consent of Deloitte & Touche LLP.
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
I&M‡		
3(a)	—	Copy of the Amended Articles of Acceptance of I&M and amendments thereto [Annual Report on Form 10-K of I&M for fiscal year ended December 31, 1993, File No. 1-3570, Exhibit 3(a)].
3(b)	—	Copy of Articles of Amendment to the Amended Articles of Acceptance of I&M, dated March 6, 1997 [Annual Report on Form 10-K of I&M for fiscal year ended December 31, 1996, File No. 1-3570, Exhibit 3(b)].
3(c)	—	Composite Copy of the Amended Articles of Acceptance of I&M (amended as of March 7, 1997) [Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1996, File No. 1-3570, Exhibit 3(c)].
3(d)	—	Copy of the By-Laws of I&M (amended as of November 28, 2001) [Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 2001, File No. 1-3570, Exhibit 3(d)].

Exhibit Number		Description
4(a)	—	Copy of Mortgage and Deed of Trust, dated as of June 1, 1939, between I&M and Irving Trust Company (now The Bank of New York) and various individuals, as Trustees, as amended and supplemented [Registration Statement No. 2-7597, Exhibit 7(a); Registration Statement No. 2-60665, Exhibits 2(c)(2), 2(c)(3), 2(c)(4), 2(c)(5), 2(c)(6), 2(c)(7), 2(c)(8), 2(c)(9), 2(c)(10), 2(c)(11), 2(c)(12), 2(c)(13), 2(c)(14), 2(c)(15), (2)(c)(16), and 2(c)(17); Registration Statement No. 2-63234, Exhibit 2(b)(18); Registration Statement No. 2-65389, Exhibit 2(a)(19); Registration Statement No. 2-67728, Exhibit 2(b)(20); Registration Statement No. 2-85016, Exhibit 4(b); Registration Statement No. 33-5728, Exhibit 4(c); Registration Statement No. 33-9280, Exhibit 4(b); Registration Statement No. 33-11230, Exhibit 4(b); Registration Statement No. 33-19620, Exhibits 4(a)(ii), 4(a)(iii), 4(a)(iv) and 4(a)(v); Registration Statement No. 33-46851, Exhibits 4(b)(i), 4(b)(ii) and 4(b)(iii); Registration Statement No. 33-54480, Exhibits 4(b)(I) and 4(b)(ii); Registration Statement No. 33-60886, Exhibit 4(b)(I); Registration Statement No. 33-50521, Exhibits 4(b)(I), 4(b)(ii) and 4(b)(iii); Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1993, File No. 1-3570, Exhibit 4(b); Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1994, File No. 1-3570, Exhibit 4(b); Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1996, File No. 1-3570, Exhibit 4(b)].
4(b)	—	Copy of Indenture (for unsecured debt securities), dated as of October 1, 1998, between I&M and The Bank of New York, as Trustee [Registration Statement No. 333-88523, Exhibits 4(a), 4(b) and 4(c); Registration Statement No. 333-58656, Exhibits 4(b) and 4(c); Annual Report of Form 10-K of I&M for fiscal year ended December 31, 2001, File No. 1-3570, Exhibit 4(c)].
*4(c)	—	Copy of Company Order and Officer's Certificate, dated November 22, 2002 establishing certain terms of the 6% Senior Notes, Series D, due 2032.
4(d)	—	Copy of Company Order and Officers' Certificate, dated December 12, 2001, establishing certain terms of the 6.125% Notes, Series C, due 2006. [Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 2001, File No. 1-3570, Exhibit 4(c)].
10(a)(1)	—	Copy of Power Agreement, dated October 15, 1952, between OVEC and United States of America, acting by and through the United States Atomic Energy Commission, and, subsequent to January 18, 1975, the Administrator of the Energy Research and Development Administration, as amended [Registration Statement No. 2-60015, Exhibit 5(a); Registration Statement No. 2-63234, Exhibit 5(a)(1)(B); Registration Statement No. 2-66301, Exhibit 5(a)(1)(C); Registration Statement No. 2-67728, Exhibit 5(a)(1)(D); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1989, File No. 1-3457, Exhibit 10(a)(1)(F); and Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(1)(B)].
10(a)(2)	—	Copy of Inter-Company Power Agreement, dated as of July 10, 1953, among OVEC and the Sponsoring Companies, as amended [Registration Statement No. 2-60015, Exhibit 5(c); Registration Statement No. 2-67728, Exhibit 5(a)(3)(B); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(2)(B)].
10(a)(3)	—	Copy of Power Agreement, dated July 10, 1953, between OVEC and Indiana-Kentucky Electric Corporation, as amended [Registration Statement No. 2-60015, Exhibit 5(e)].
10(a)(4)	—	Copy of Inter-Company Power Agreement, dated as of July 10, 1953, among OVEC and the Sponsoring Companies, as amended [Registration Statement No. 2-60015, Exhibit 5(c); Registration Statement No. 2-67728, Exhibit 5(a)(3)(B); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(2)(B)].
10(b)	—	Copy of Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KPCo, I&M, and OPCo and with the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a); Registration Statement No. 2-61009, Exhibit 5(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(a)(3)].

Exhibit Number		Description
10(c)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KPCo, OPCo and with the Service Corporation as agent, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(d)	—	Copy of Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 1, 1996, File No. 1-3525, Exhibit 10(l)].
10(e)	—	Copy of Nuclear Material Lease Agreement, dated as of December 1, 1990, between I&M and DCC Fuel Corporation [Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1993, File No. 1-3570, Exhibit 10(d)].
10(f)	—	Copy of Lease Agreements, dated as of December 1, 1989, between I&M and Wilmington Trust Company, as amended [Registration Statement No. 33-32753, Exhibits 28(a)(1)(C), 28(a)(2)(C), 28(a)(3)(C), 28(a)(4)(C), 28(a)(5)(C) and 28(a)(6)(C); Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1993, File No. 1-3570, Exhibits 10(e)(1)(B), 10(e)(2)(B), 10(e)(3)(B), 10(e)(4)(B), 10(e)(5)(B) and 10(e)(6)(B)].
10(g)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, By and Among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(g)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of I&M dated December 15, 1999, File No. 1-3570, Exhibit 10].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the I&M 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
21	—	List of subsidiaries of I&M [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2002, File No. 1-3525, Exhibit 21].
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
KPCo‡		
3(a)	—	Copy of Restated Articles of Incorporation of KPCo [Annual Report on Form 10-K of KPCo for the fiscal year ended December 31, 1991, File No. 1-6858, Exhibit 3(a)].
3(b)	—	Copy of By-Laws of KPCo (amended as of June 15, 2000) [Annual Report on Form 10-K of KPCo for the fiscal year ended December 31, 2000, File No. 1-6858, Exhibit 3(b)].
4(a)	—	Copy of Mortgage and Deed of Trust, dated May 1, 1949, between KPCo and Bankers Trust Company (now Deutsche Bank Trust Company Americas, as supplemented and amended [Registration Statement No. 2-65820, Exhibits 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), 2(b)(5), and 2(b)(6); Registration Statement No. 33-39394, Exhibits 4(b) and 4(c); Registration Statement No. 33-53226, Exhibits 4(b) and 4(c); Registration Statement No. 33-61808, Exhibits 4(b) and 4(c), Registration Statement No. 33-53007, Exhibits 4(b), 4(c) and 4(d)].
4(b)	—	Copy of Indenture (for unsecured debt securities), dated as of September 1, 1997, between KPCo and Bankers Trust Company, as Trustee [Registration Statement No. 333-75785, Exhibits 4(a), 4(b), 4(c) and 4(d); Registration Statement No. 333-87216, Exhibits 4E) and 4(f).
*4(c)	—	Copy of Company Order and Officer's Certificate, dated June 28, 2002 establishing certain terms of the 5.50% Senior Notes, Series A, due 2007.

Exhibit Number		Description
*4(d)	—	Copy of Company Order and Officer's Certificate, dated November 6, 2002 establishing certain terms of the 4.3148% Senior Notes, Series B, due 2007.
*4(e)	—	Copy of Company Order and Officer's Certificate, dated December 12, 2002 establishing certain terms of the 4.368% Senior Notes, Series C, due 2007.
10(a)	—	Copy of Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KPCo, I&M and OPCo and with the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a);Registration Statement No. 2-61009, Exhibit 5(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(a)(3)].
10(b)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KPCo, OPCo and with the Service Corporation as agent, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(c)	—	Copy of Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(l)].
10(d)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, By and Among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(d)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of KPCo dated December 15, 1999, File No. 1-6858, Exhibit 10].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the KPCo 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
*23	—	Consent of Deloitte & Touche LLP
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
OPCo‡		
3(a)	—	Copy of Amended Articles of Incorporation of OPCo, and amendments thereto to December 31, 1993 [Registration Statement No. 33-50139, Exhibit 4(a); Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1993, File No. 1-6543, Exhibit 3(b)].
3(b)	—	Copy of Certificate of Amendment to Amended Articles of Incorporation of OPCo, dated May 3, 1994 [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1994, File No. 1-6543, Exhibit 3(b)].
3(c)	—	Copy of Certificate of Amendment to Amended Articles of Incorporation of OPCo, dated March 6, 1997 [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1996, File No. 1-6543, Exhibit 3(c)].
3(d)	—	Copy of Certificate of Amendment to Amended Articles of Incorporation of OPCo, dated June 3, 2002 [Quarterly Report on Form 10-Q of OPCo for the quarter ended June 30, 2002, File No. 1-6543, Exhibit 3(d)].
3(e)	—	Composite copy of the Amended Articles of Incorporation of OPCo (amended as of June 3, 2002) [[Quarterly Report on Form 10-Q of OPCo for the quarter ended June 30, 2002, File No. 1-6543, Exhibit 3(e)].

Exhibit Number		Description
3(f)	—	Copy of Code of Regulations of OPCo [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1990, File No. 1-6543, Exhibit 3(d)].
4(a)	—	Copy of Mortgage and Deed of Trust, dated as of October 1, 1938, between OPCo and Manufacturers Hanover Trust Company (now Chemical Bank), as Trustee, as amended and supplemented [Registration Statement No. 2-3828, Exhibit B-4; Registration Statement No. 2-60721, Exhibits 2(c)(2), 2(c)(3), 2(c)(4), 2(c)(5), 2(c)(6), 2(c)(7), 2(c)(8), 2(c)(9), 2(c)(10), 2(c)(11), 2(c)(12), 2(c)(13), 2(c)(14), 2(c)(15), 2(c)(16), 2(c)(17), 2(c)(18), 2(c)(19), 2(c)(20), 2(c)(21), 2(c)(22), 2(c)(23), 2(c)(24), 2(c)(25), 2(c)(26), 2(c)(27), 2(c)(28), 2(c)(29), 2(c)(30), and 2(c)(31); Registration Statement No. 2-83591, Exhibit 4(b); Registration Statement No. 33-21208, Exhibits 4(a)(ii), 4(a)(iii) and 4(a)(iv); Registration Statement No. 33-31069, Exhibit 4(a)(ii); Registration Statement No. 33-44995, Exhibit 4(a)(ii); Registration Statement No. 33-59006, Exhibits 4(a)(ii), 4(a)(iii) and 4(a)(iv); Registration Statement No. 33-50373, Exhibits 4(a)(ii), 4(a)(iii) and 4(a)(iv); Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1993, File No. 1-6543, Exhibit 4(b)].
4(b)	—	Copy of Indenture (for unsecured debt securities), dated as of September 1, 1997, between OPCo and Bankers Trust Company (now Deutsche Bank Trust Company Americas), as Trustee [Registration Statement No. 333-49595, Exhibits 4(a), 4(b) and 4(c); Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1998, File No. 1-6543, Exhibits 4(c) and 4(d); Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1999, File No. 1-6543, Exhibits 4(c) and 4(d); Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 2000, File No. 1-6543, Exhibit 4(c)].
10(a)(1)	—	Copy of Power Agreement, dated October 15, 1952, between OVEC and United States of America, acting by and through the United States Atomic Energy Commission, and, subsequent to January 18, 1975, the Administrator of the Energy Research and Development Administration, as amended [Registration Statement No. 2-60015, Exhibit 5(a); Registration Statement No. 2-63234, Exhibit 5(a)(1)(B); Registration Statement No. 2-66301, Exhibit 5(a)(1)(C); Registration Statement No. 2-67728, Exhibit 5(a)(1)(D); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1989, File No. 1-3457, Exhibit 10(a)(1)(F); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(1)(B)].
10(a)(2)	—	Copy of Inter-Company Power Agreement, dated July 10, 1953, among OVEC and the Sponsoring Companies, as amended [Registration Statement No. 2-60015, Exhibit 5(c); Registration Statement No. 2-67728, Exhibit 5(a)(3)(B); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(2)(B)].
10(a)(3)	—	Copy of Power Agreement, dated July 10, 1953, between OVEC and Indiana-Kentucky Electric Corporation, as amended [Registration Statement No. 2-60015, Exhibit 5(e)].
10(b)	—	Copy of Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KPCo, I&M and OPCo and with the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a); Registration Statement No. 2-61009, Exhibit 5(b); Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File 1-3525, Exhibit 10(a)(3)].
10(c)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KPCo, OPCo and with the Service Corporation as agent [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(d)	—	Copy of Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(l)].

Exhibit Number		Description
10(e)	—	Copy of Amendment No. 1, dated October 1, 1973, to Station Agreement dated January 1, 1968, among OPCo, Buckeye and Cardinal Operating Company, and amendments thereto [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1993, File No. 1-6543, Exhibit 10(f)].
10(f)	—	Lease Agreement dated January 20, 1995 between OPCo and JMG Funding, Limited Partnership, and amendment thereto (confidential treatment requested) [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1994, File No. 1-6543, Exhibit 10(l)(2)].
10(g)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, by and among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(g)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of OPCo dated December 15, 1999, File No. 1-6543, Exhibit 10].
†10(h)	—	AEP System Senior Officer Annual Incentive Compensation Plan [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(i)(1)].
†10(i)(1)(A)	—	AEP System Excess Benefit Plan, Amended and Restated as of January 1, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(j)(1)(A)].
*†10(i)(1)(B)	—	First Amendment to AEP System Excess Benefit Plan, dated as of March 5, 2003.
†10(i)(2)	—	AEP System Supplemental Retirement Savings Plan, Amended and Restated as of January 1, 2001 (Non-Qualified) [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(j)(2)].
†10(i)(3)	—	Umbrella Trust for Executives [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1993, File No. 1-3525, Exhibit 10(g)(3)].
†10(j)(1)	—	Employment Agreement between E. Linn Draper, Jr. and AEP and the Service Corporation [Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 1991, File No. 0-18135, Exhibit 10(g)(3)].
†10(j)(2)	—	Memorandum of agreement between Susan Tomasky and the Service Corporation dated January 3, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(s)].
*†10(j)(3)	—	Employment Agreement dated July 29, 1998 between AEPSC and Robert P. Powers.
†10(k)(1)	—	AEP System Survivor Benefit Plan, effective January 27, 1998 [Quarterly Report on Form 10-Q of AEP for the quarter ended September 30, 1998, File No. 1-3525, Exhibit 10].
*†10(k)(2)	—	First Amendment to AEP System Survivor Benefit Plan, as amended and restated effective January 31, 2000.
†10(l)	—	AEP Senior Executive Severance Plan for Merger with Central and South West Corporation, effective March 1, 1999[Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1998, File No. 1-3525, Exhibit 10(o)].
†10(m)	—	AEP Change In Control Agreement [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(o)].
†10(n)	—	AEP System 2000 Long-Term Incentive Plan [Proxy Statement of AEP, March 10, 2000].
†10(o)(1)	—	Central and South West System Special Executive Retirement Plan as amended and restated effective July 1, 1997 [Annual Report on Form 10-K of CSW for the fiscal year ended December 31, 1998, File No. 1-1443, Exhibit 18].
†10(o)(2)	—	Certified CSW Board Resolution of April 18, 1991 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(r)(2)].
†10(o)(3)	—	CSW 1992 Long-Term Incentive Plan [Proxy Statement of CSW, March 13, 1992].
*†10(p)(1)	—	AEP System Incentive Compensation Deferral Plan dated January 1, 2001.

Exhibit Number		Description
*†10(p)(2)	—	First Amendment to AEP System Incentive Compensation Deferral Plan dated December 6, 2002.
*†10(q)	—	AEP System Nuclear Performance Long Term Incentive Compensation Plan dated August 1, 1998.
*†10(r)	—	Nuclear Key Contributor Retention Plan dated May 1, 2000.
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the OPCo 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
21	—	List of subsidiaries of OPCo [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2002, File No. 1-3525, Exhibit 21].
*23	—	Consent of Deloitte & Touche LLP.
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
PSO‡		
3(a)	—	Restated Certificate of Incorporation of PSO [Annual Report on Form U5S of Central and South West Corporation for the fiscal year ended December 31, 1996, File No. 1-1443, Exhibit B-3.1].
3(b)	—	By-Laws of PSO (amended as of June 28, 2000) [Annual Report on Form 10-K of PSO for the fiscal year ended December 31, 2000, File No. 0-343, Exhibit 3(b)].
4(a)	—	Indenture, dated July 1, 1945, between and Liberty Bank and Trust Company of Tulsa, National Association, as Trustee, as amended and supplemented [Registration Statement No. 2-60712, Exhibit 5.03; Registration Statement No. 2-64432, Exhibit 2.02; Registration Statement No. 2-65871, Exhibit 2.02; Form U-1 No. 70-6822, Exhibit 2; Form U-1 No. 70-7234, Exhibit 3; Registration Statement No. 33-48650, Exhibit 4(b); Registration Statement No. 33-49143, Exhibit 4(c); Registration Statement No. 33-49575, Exhibit 4(b); Annual Report on Form 10-K of PSO for the fiscal year ended December 31, 1993, File No. 0-343, Exhibit 4(b); Current Report on Form 8-K of PSO dated March 4, 1996, No. 0-343, Exhibit 4.01; Current Report on Form 8-K of PSO dated March 4, 1996, No. 0-343, Exhibit 4.02; Current Report on Form 8-K of PSO dated March 4, 1996, No. 0-343, Exhibit 4.03].
4(b)	—	PSO-obligated, mandatorily redeemable preferred securities of subsidiary trust holding solely Junior Subordinated Debentures of PSO: (1) Indenture, dated as of May 1, 1997, between PSO and The Bank of New York, as Trustee [Quarterly Report on Form 10-Q of PSO dated March 31, 1997, File No. 0-343, Exhibits 4.6 and 4.7]. (2) Amended and Restated Trust Agreement of PSO Capital I, dated as of May 1, 1997, among PSO, as Depositor, The Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustee [Quarterly Report on Form 10-Q of PSO dated March 31, 1997, File No. 0-343, Exhibit 4.8].

Exhibit Number		Description
		(3) Guarantee Agreement, dated as of May 1, 1997, delivered by PSO for the benefit of the holders of PSO Capital I's Preferred Securities [Quarterly Report on Form 10-Q of PSO dated March 31, 1997, File No. 0-343, Exhibits 4.9].
		(4) Agreement as to Expenses and Liabilities, dated as of May 1, 1997, between PSO and PSO Capital I [Quarterly Report on Form 10-Q of PSO dated March 31, 1997, File No. 0-343, Exhibits 4.10].
4(c)	—	Indenture (for unsecured debt securities), dated as of November 1, 2000, between PSO and The Bank of New York, as Trustee [Registration Statement No. 333-100623, Exhibits 4(a) and 4(b)].
*4(d)	—	Second Supplemental Indenture, dated as of November 26, 2002 establishing certain terms of the 6% Senior Notes, Series B, due 2032.
*10(a)	—	Copy of Restated and Amended Operating Agreement, dated as of January 1, 1998, among PSO, TCC, TNC, SWEPCo and AEPSC.
*10(b)	—	Transmission Coordination Agreement, dated October 29, 1998, among PSO, TCC, TNC, SWEPCo and AEPSC.
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the PSO 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
21	—	List of subsidiaries of PSO [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2002, File No. 1-3525, Exhibit 21]
*23	—	Consent of Deloitte & Touche LLP.
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
SWEPCo‡		
3(a)	—	Restated Certificate of Incorporation, as amended through May 6, 1997, including Certificate of Amendment of Restated Certificate of Incorporation [Quarterly Report on Form 10-Q of SWEPCo for the quarter ended March 31, 1997, File No. 1-3146, Exhibit 3.4].
3(b)	—	By-Laws of SWEPCo (amended as of April 27, 2000) [Quarterly Report on Form 10-Q of SWEPCo for the quarter ended March 31, 2000, File No. 1-3146, Exhibit 3.3].
4(a)	—	Indenture, dated February 1, 1940, between SWEPCo and Continental Bank, National Association and M. J. Kruger, as Trustees, as amended and supplemented [Registration Statement No. 2-60712, Exhibit 5.04; Registration Statement No. 2-61943, Exhibit 2.02; Registration Statement No. 2-66033, Exhibit 2.02; Registration Statement No. 2-71126, Exhibit 2.02; Registration Statement No. 2-77165, Exhibit 2.02; Form U-1 No. 70-7121, Exhibit 4; Form U-1 No. 70-7233, Exhibit 3; Form U-1 No. 70-7676, Exhibit 3; Form U-1 No. 70-7934, Exhibit 10; Form U-1 No. 72-8041, Exhibit 10(b); Form U-1 No. 70-8041, Exhibit 10(c); Form U-1 No. 70-8239, Exhibit 10(a)].
4(b)	—	SWEPCO-obligated, mandatorily redeemable preferred securities of subsidiary trust holding solely Junior Subordinated Debentures of SWEPCo:
		(1) Indenture, dated as of May 1, 1997, between SWEPCo and the Bank of New York, as Trustee [Quarterly Report on Form 10-Q of SWEPCo dated March 31, 1997, File No. 1-3146, Exhibits 4.11 and 4.12].
		(2) Amended and Restated Trust Agreement of SWEPCo Capital I, dated as of May 1, 1997, among SWEPCo, as Depositor, the Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustee [Quarterly Report on Form 10-Q of SWEPCo dated March 31, 1997, File No. 1-3146, Exhibit 4.13].

Exhibit Number		Description
		(3) Guarantee Agreement, dated as of May 1, 1997, delivered by SWEPCo for the benefit of the holders of SWEPCo Capital I's Preferred Securities [Quarterly Report on Form 10-Q of SWEPCo dated March 31, 1997, File No. 1-3146, Exhibit 4.14].
		(4) Agreement as to Expenses and Liabilities, dated as of May 1, 1997 between SWEPCo and SWEPCo Capital I [Quarterly Report on Form 10-Q of SWEPCo dated March 31, 1997, File No. 1-3146, Exhibits 4.15].
4(c)	—	Indenture (for unsecured debt securities), dated as of February 4, 2000, between SWEPCo and The Bank of New York, as Trustee [Registration Statement No. 333-87834, Exhibits 4(a) and 4(b); Form 8-K of SWEPCo filed on June 26, 2002, File No. 1-3146, Exhibit 4(b)].
*10(a)	—	Copy of Restated and Amended Operating Agreement, dated as of January 1, 1998, among PSO, TCC, TNC, SWEPCo and AEPSC.
*10(b)	—	Transmission Coordination Agreement, dated October 29, 1998, among PSO, TCC, TNC, SWEPCo and AEPSC.
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the SWEPCo 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
21	—	List of subsidiaries of SWEPCo [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2002, File No. 1-3525, Exhibit 21]
*23	—	Consent of Deloitte & Touche LLP.
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
TCC‡		
3(a)	—	Restated Articles of Incorporation Without Amendment, Articles of Correction to Restated Articles of Incorporation Without Amendment, Articles of Amendment to Restated Articles of Incorporation, Statements of Registered Office and/or Agent, and Articles of Amendment to the Articles of Incorporation [Quarterly Report on Form 10-Q of TCC for the quarter ended March 31, 1997, File No. 0-346, Exhibit 3.1].
*3(b)	—	Articles of Amendment to Restated Articles of Incorporation of TCC dated December 18, 2002.
3(c)	—	By-Laws of TCC (amended as of April 19, 2000) [Annual Report on Form 10-K of TCC for the fiscal year ended December 31, 2000, File No. 0-346, Exhibit 3(b)].
4(a)	—	Indenture of Mortgage or Deed of Trust, dated November 1, 1943, between TCC and The First National Bank of Chicago and R. D. Manella, as Trustees, as amended and supplemented [Registration Statement No. 2-60712, Exhibit 5.01; Registration Statement No. 2-62271, Exhibit 2.02; Form U-1 No. 70-7003, Exhibit 17; Registration Statement No. 2-98944, Exhibit 4 (b); Form U-1 No. 70-7236, Exhibit 4; Form U-1 No. 70-7249, Exhibit 4; Form U-1 No. 70-7520, Exhibit 2; Form U-1 No. 70-7721, Exhibit 3; Form U-1 No. 70-7725, Exhibit 10; Form U-1 No. 70-8053, Exhibit 10 (a); Form U-1 No. 70-8053, Exhibit 10 (b); Form U-1 No. 70-8053, Exhibit 10 (c); Form U-1 No. 70-8053, Exhibit 10 (d); Form U-1 No. 70-8053, Exhibit 10 (e); Form U-1 No. 70-8053, Exhibit 10 (f)].
4(b)	—	TCC-obligated, mandatorily redeemable preferred securities of subsidiary trust holding solely Junior Subordinated Debentures of TCC:
		(1) Indenture, dated as of May 1, 1997, between TCC and the Bank of New York, as Trustee [Quarterly Report on Form 10-Q of TCC dated March 31, 1997, File No. 0-346, Exhibits 4.1 and 4.2].

Exhibit Number		Description
		(2) Amended and Restated Trust Agreement of TCC Capital I, dated as of May 1, 1997, among TCC, as Depositor, the Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustee [Quarterly Report on Form 10-Q of TCC dated March 31, 1997, File No. 0-346, Exhibit 4.3].
		(3) Guarantee Agreement, dated as of May 1, 1997, delivered by TCC for the benefit of the holders of TCC Capital I's Preferred Securities [Quarterly Report on Form 10-Q of TCC dated March 31, 1997, File No. 0-346, Exhibit 4.4].
		(4) Agreement as to Expenses and Liabilities dated as of May 1, 1997, between TCC and TCC Capital I [Quarterly Report on Form 10-Q of TCC dated March 31, 1997, File No. 0-346, Exhibit 4.5].
4(c)	—	Indenture (for unsecured debt securities), dated as of November 15, 1999, between TCC and The Bank of New York, as Trustee, as amended and supplemented [Annual Report on Form 10-K of TCC for the fiscal year ended December 31, 2000, File No. 0-346, Exhibits 4(c), 4(d) and 4(e)].
*10(a)	—	Copy of Restated and Amended Operating Agreement, dated as of January 1, 1998, among PSO, TCC, TNC, SWEPCo and AEPSC.
*10(b)	—	Transmission Coordination Agreement, dated October 29, 1998, among PSO, TCC, TNC, SWEPCo and AEPSC.
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the TCC 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
21	—	List of subsidiaries of TCC [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2002, File No. 1-3525, Exhibit 21]
*23	—	Consent of Deloitte & Touche LLP.
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
TNC‡		
3(a)	—	Restated Articles of Incorporation, as amended, and Articles of Amendment to the Articles of Incorporation [Annual Report on Form 10-K of TNC for the fiscal year ended December 31, 1996, File No. 0-340, Exhibit 3.5].
*3(b)	—	Articles of Amendment to Restated Articles of Incorporation of TNC dated December 17, 2002.
3(c)	—	By-Laws of TNC (amended as of May 1, 2000) [Quarterly Report on Form 10-Q of TNC for the quarter ended March 31, 2000, File No. 0-340, Exhibit 3.4].
4(a)	—	Indenture, dated August 1, 1943, between TNC and Harris Trust and Savings Bank and J. Bartolini, as Trustees, as amended and supplemented [Registration Statement No. 2-60712, Exhibit 5.05; Registration Statement No. 2-63931, Exhibit 2.02; Registration Statement No. 2-74408, Exhibit 4.02; Form U-1 No. 70-6820, Exhibit 12; Form U-1 No. 70-6925, Exhibit 13; Registration Statement No. 2-98843, Exhibit 4(b); Form U-1 No. 70-7237, Exhibit 4; Form U-1 No. 70-7719, Exhibit 3; Form U-1 No. 70-7936, Exhibit 10; Form U-1 No. 70-8057, Exhibit 10; Form U-1 No. 70-8265, Exhibit 10; Form U-1 No. 70-8057, Exhibit 10(b); Form U-1 No. 70-8057, Exhibit 10(c)].
*10(a)	—	Copy of Restated and Amended Operating Agreement, dated as of January 1, 1998, among PSO, TCC, TNC, SWEPCo and AEPSC.
*10(b)	—	Transmission Coordination Agreement, dated October 29, 1998, among PSO, TCC, TNC, SWEPCo and AEPSC.
*12	—	Statement re: Computation of Ratios.

Exhibit Number		Description
*13	—	Copy of those portions of the TNC 2002 Annual Report (for the fiscal year ended December 31, 2002) which are incorporated by reference in this filing.
*24	—	Power of Attorney.
*99(a)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
*99(b)	—	Certification of Chief Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.

‡ Certain instruments defining the rights of holders of long-term debt of the registrants included in the financial statements of registrants filed herewith have been omitted because the total amount of securities authorized thereunder does not exceed 10% of the total assets of registrants. The registrants hereby agree to furnish a copy of any such omitted instrument to the SEC upon request.

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File No. 30-150

KPSC Case No. 99-149
Item No. 1
Attachment 2A

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

FORM U5S
ANNUAL REPORT

For the year ended December 31, 2002

Filed Pursuant to the Public Utility Holding Company Act of 1935
by

AMERICAN ELECTRIC POWER COMPANY, INC.
1 Riverside Plaza, Columbus, Ohio 43215

AMERICAN ELECTRIC POWER COMPANY, INC.

FORM U5S – ANNUAL REPORT
For the Year Ended December 31, 2002

TABLE OF CONTENTS

Item 1. System Companies and Investment Therein As of December 31, 2002 COMPANY NAME	Number of Common Shares Owned	Owned By Immediate Parent	Owned By Other Entity	Issuer Book Value (in 000'S)	Owner's Book Value (in 000'S)
00. American Electric Power Company, Inc. [Note A]				0	0
01. American Electric Power Service Corporation [Note B]	23,500	100%		1,450	1,450
01. AEP C&I Company, LLC [Note W]	Uncertified	100%		19,399	19,399
02. AEP Ohio Commercial & Industrial Retail Company, LLC [Note W]	Uncertified	100%		4,207	4,207
02. AEP Texas Commercial & Industrial Retail GP, LLC [Note W]	Uncertified	100%		6,882	6,882
03. AEP Texas Commercial & Industrial Retail Limited Partnership [Note W]	Partnership	0.50%	99.50%	54,592	273
02. AEP Texas Commercial & Industrial Retail Limited Partnership [Note W]	Partnership	99.50%	0.50%	54,592	54,319
02. AEP Gas Power GP, LLC [Note G]	Uncertified	100%		4,650	4,650
03. AEP Gas Power Systems, LLC [Note G]	100	75%	25%	2,619	2,619
01. AEP Coal, Inc. [Note L]	Uncertified	100%		(38,013)	(38,013)
02. Snowcap Coal Company, Inc. [Note L]	Uncertified	100%		(263)	(263)
02. AEP Kentucky Coal, LLC [Note L]	Uncertified	100%		(29,344)	(29,344)
02. AEP Ohio Coal, LLC [Note L]	Uncertified	100%		(8,348)	(8,348)
02. AEP West Virginia Coal, Inc. [Note L]	Uncertified	100%		(58)	(58)
01. AEP Communications, Inc. [Note C]	100	100%		(165,078)	(165,078)
02. AEP Communications, LLC [Note C]	Uncertified	100%		(169,791)	(169,791)
03. C3 Networks Limited Partnership [Note C]	Partnership	49.75%	49.75%	-	-
04. C3 Networks & Communications Limited Partnership [Note C]	Partnership	99.50%	0.50%	(34)	(34)
03. American Fiber Touch, LLC [Note C]	Uncertified	50%	50%	23,045	23,045
03. AEP Fiber Venture, LLC [Note C]	Uncertified	100%		30,206	30,206
04. AFN Communications, LLC [Note C]	5,008	49%	51%	5	-
01. AEP Energy Services, Inc. [Note D]	200	100%		(47,334)	(47,334)
02. Energy Trading Platform Holding Company, Inc. [Note W]	Uncertified	16.7%	83.30%	-	-
03 Intercontinental Exchange Inc.	Uncertified	0.5%	95.00%	-	-
01. AEP Generating Company [Note J]	1,000	100%		42,957	42,597
01. AEP Desert Sky LP, LLC [Note X]	Uncertified	100%		8,095	8,095
02. AEP Desert Sky GP, LLC [Note X]	Uncertified	100%		4,648	4,648
03. Desert Sky Wind Farm LP [Note X]	Partnership	1%	99%	1,392	1,392
01. AEP Desert LP II, LLC [Note X]	Partnership	100%		(11,147)	(11,147)
02. Desert Sky Wind Farm LP [Note X]	Partnership	99%	1%	-	-
01. Golden Prairie Holding Company LLC [Note X]	Uncertified	100%		-	-
02. Golden Prairie Wind Farm LLC [Note X]	Uncertified	100%		-	-
01. AEP Investments, Inc. [Note F]	100	100%		1,771	1,761
02. AEP EmTech, LLC [Note DD]	Uncertified	100%		(2,610)	(2,610)
03. Altra Energy Technologies, Inc. [Note DD]	N/A	5%	95%	-	300
03. Amperion, Inc. [Note DD]	N/A	38.30%	61.70%	-	-
03. Universal Supercapacitors, LLC [Note DD]	Uncertified	50.00%	50.00%	-	732
03. Integrated Fuel Cell Technologies, Inc. [DD]	Uncertified	0.10%	99.90%	-	-
03. Distribution Vision 2010, LLC [Note DD]	Uncertified	20.00%	80.00%	-	-
02. Active Power Inc. [Note DD]	118,843	100%		211,541	211,541
02. Pantellos Corporation [Note DD]	28,883	5.40%	94.60%	-	5,289
02. PowerSpan Corp [Note DD]	N/A	9.80%	90.20%	-	5,000
02. PHPK Technologies, Inc. [Note DD]	N/A	29.00%	71.00%	-	1,303
01. Mutual Energy L.L.C. [Note W]	Uncertified	100%		(6,260)	(6,260)
02. Mutual Energy Service Company, L.L.C. [Note W]	Uncertified	100%		33,617	33,617
02. AEP Ohio Retail Energy, LLC [Note W]	Uncertified	100%		5,456	5,456
01. AEP Power Marketing, Inc. [Note N]	100	100%		-	-
01. AEP T&D Services, LLC [Note BB]	Uncertified	100%		(127)	(127)
01. AEP Pro Serv, Inc. [Note I]	110	100%		8,586	8,586
01. AEP Retail Energy LLC [Note W]	Uncertified	100%		325	325
01. AEP Texas POLR, LLC [Note W]	Uncertified	100%		(199)	(199)
02. AEP Texas POLR GP, LLC [Note W]	Uncertified	100%		(1)	(1)
03. POLR Power, L.P. [Note W]	Partnership	0.50%	99.50%	7,784	39
02. POLR Power, L.P. [Note W]	Partnership	99.50%	0.50%	7,784	7,745
01. AEP Resources, Inc. [Note H]	100	100%		105,194	99,946
02. AEP Delaware Investment Company [Note H]	100	100%		132,777	132,777
03. AEP Holdings I CV [Note H]	10	15%	85%	(288,341)	(43,252)
04. AEPR Global Investments B.V. [Note H]	N/A	85%	15%	(399,319)	(288,426)
05. AEPR Global Holland Holding B.V. [Note H]	Uncertified	100%		(159,355)	(178,408)
04. AEP Funding Limited [Note H]	Uncertified	100%		N/A	N/A
03. AEP Holdings II CV [Note H]	Partnership	85%	15%	221,122	176,111

Item 1. System Companies and Investment Therein As of December 31, 2002	Number of Common Shares Owned	Owned By Immediate Parent	Owned By Other Entity	Issuer Book Value (in 000'S)	Owner's Book Value (in 000'S)
COMPANY NAME					
04. AEP Energy Services Limited [Note H]	Uncertified	100%		34,711	38,087
05. AEP Energy Services Trading Limited [Note H]	Uncertified	100%		N/A	N/A
04. AEPR Global Ventures B.V. [Note H]	Uncertified	100%		(8,938)	(10,150)
05. AEP Energy Services (Norway) AS [Note H]	Uncertified	100%		-	-
05. Operaciones Azteca VIII, S. de R.L. de C.V. [Note H]	Uncertified	50%	50%	N/A	N/A
05. Servicios Azteca VIII, S. de R.L. de C.V. [Note H]	Uncertified	50%	50%	N/A	N/A
05. AEPR Global Energy B.V.	Uncertified	100%		-	-
05. AEPR Energy Ventures B.V.	Uncertified	100%		-	-
05. AEP Energy Services (Australia) Pty Ltd	Uncertified	100%		-	-
05. AEP Energy Services (Switzerland) GmbH [Note H]	Uncertified	100%		-	-
05. AEP Energy Services (Austria) GmbH [Note H]	Uncertified	100%		-	-
05. AEP Energy Services GmbH [Note H]	Uncertified	100%		-	-
04. Intergen Denmark, Aps [Note H]	Partnership	50%	50%	N/A	N/A
05. Intergen Denmark Finance Aps [Note H]	Partnership	100%		N/A	N/A
05. Intergen Mexico, B.V. [Note H]	Partnership	100%		N/A	N/A
06. Intergen Aztec Energy VIII B.V. [Note H]	Partnership	100%		N/A	N/A
07. Intergen Aztec Energy VI B.V. [Note H]	Partnership	100%		N/A	N/A
07. Energia Azteca VIII S. de R.L. de C.V. [Note H]	Partnership	100%		N/A	N/A
04. AEP Energy Services UK Generation Limited [Note H]	Uncertified	100%		(168,316)	(160,970)
04. Compresion Bajio S de R.L. de C.V. [Note H]	Uncertified	50%	50%	N/A	N/A
02. AEP Delaware Investment Company II [Note H]	1,000	100%		73,108	73,108
03. AEP Resources do Brazil Ltda [Note H]	Uncertified	1%	99%	-	-
03. AEP Holdings II CV [Note H]	Uncertified	15%	85%	221,122	176,111
04. AEP Energy Services Limited [Note H]	Uncertified	100%		34,711	38,087
05. AEP Energy Services (Austria) GmbH [Note H]	Uncertified	100%		-	-
05. AEP Energy Services GmbH [Note H]	Uncertified	100%		-	-
06. AEP Energy Services Trading Limited [Note H]	Uncertified	100%		-	-
04. AEPR Global Ventures B.V. [Note H]	Uncertified	99.97%	0.03%	(8,938)	(10,150)
05. AEP Energy Services (Norway) AS [Note H]	Uncertified	100%		(11,734)	(11,837)
05. Operaciones Azteca VIII, S. de R.L. de C.V. [Note H]	Uncertified	50%	50%	N/A	N/A
05. Servicios Azteca VIII, S. de R.L. de C.V. [Note H]	Uncertified	50%	50%	N/A	N/A
05. AEPR Global Energy B.V.	Uncertified	100%		-	-
05. AEPR Energy Ventures B.V.	Uncertified	100%		-	-
05. AEP Energy Services (Australia) Pty Ltd	Uncertified	100%		-	-
04. Intergen Denmark, Aps [Note H]	Partnership	50%	50%	-	-
05. Intergen Denmark Finance Aps [Note H]	Partnership	50%	50%	-	-
05. Intergen Mexico, B.V. [Note H]	Partnership	100%		-	-
06. Intergen Aztec Energy VIII B.V. [Note H]	Partnership	100%		N/A	N/A
07. Intergen Aztec Energy VI B.V. [Note H]	Partnership	100%		N/A	N/A
07. Energia Azteca VIII S. de R.L. de C.V. [Note H]	Partnership	100%		N/A	N/A
04. AEP Energy Services UK Generation Limited [Note H]	Uncertified	100%		N/A	N/A
04. Compresion Bajio S de R.L. de C.V. [Note H]	Uncertified	50%	50%	N/A	N/A
02. AEP Memco LLC [Note Y]	Uncertified	100%		52,798	52,798
03. AEP Elmwood LLC [Note Y]	Uncertified	100%		-	-
04. Conlease, Inc. [Note Y]	Uncertified	100%		-	-
04. International Marine Terminals [Note Y]	Uncertified	33-1/3%	66-2/3%	-	-
02. AEP Resources Australia Holdings Pty Ltd [Note H]	1	100%		(55,046)	(55,046)
02. AEP Resources Australia Pty., Ltd. [Note H]	3,753,752	100%		20,912	20,912
03. Pacific Hydro Limited [Note H]	23,960,963	20%	80%	-	23,976
02. AEP Resources Limited [Note H]	1	100%		1,034	1,034
02. AEP Energy Services Gas Holding Company [Note CC]	10	100%		324,831	324,831
03. AEP Energy Services Gas Holding Company II, LLC [Note CC]	Uncertified	100%		660,428	660,428
04. Caddis Partners, LLC [Note CC]	Uncertified	100%		761,217	761,217
04. AEP Energy Services Ventures III, Inc. [Note CC]	10	100%		164,894	164,894
04. HPL Holdings Inc. [Note CC]	100	100%		758,708	758,708
05. AEP Gas Marketing, LP [Note CC]	Uncertified	99.50%	0.50%	(5,687)	(30)
05. HPL GP, LLC [Note CC]	5	100%		144,988	144,988
06. HPL Resources Company LP [Note CC]	Uncertified	0.50%	99.50%	(2)	(2)
06. AEP Gas Marketing, LP [Note CC]	Uncertified	0.50%	99.50%	(5,687)	(5,657)
06. Houston Pipe Line Company LP [Note CC]	Uncertified	0.50%	99.50%	764,396	764,218
07. Mid-Texas Pipeline Company [Note CC]	Uncertified	50%	50%	68,773	34,386
05. HPL Resources Company LP [Note CC]	Uncertified	99.50%	0.50%	(2)	(2)
05. Houston Pipe Line Company LP [Note CC]	995	99.50%	0.50%	764,396	764,218
06. Mid-Texas Pipeline Company [Note CC]	Uncertified	50%	50%	68,773	34,386
04. AEP Energy Services Investments, Inc. [Note CC]	100	100%		115,313	115,313
05. LIG Pipeline Company [Note CC]	100	100%		115,260	115,260
06. LIG, Inc. [Note CC]	100	100%		11,502	11,502

Item 1. System Companies and Investment Therein As of December 31, 2002 COMPANY NAME	Number of Common Shares Owned	Owned By Immediate Parent	Owned By Other Entity	Issuer Book Value (in 000'S)	Owner's Book Value (in 000'S)
07. Louisiana Intrastate Gas Company, L.L.C. [Note CC]	100	10%	90%	115,326	11,533
08. LIG Chemical Company [Note CC]	100	100%		(15,969)	(15,359)
09. LIG Liquids Company, L.L.C. [Note CC]	10	10%	90%	15,407	1,541
08. LIG Liquids Company, L.L.C. [Note CC]	90	90%	10%	15,407	13,866
08. Tuscaloosa Pipeline Company [Note CC]	100	100%		667	667
06. Louisiana Intrastate Gas Company, L.L.C. [[Note CC]	900	90%	10%	115,326	103,793
07. LIG Chemical Company [Note CC]	900	100%		(15,936)	(15,369)
08. LIG Liquids Company, L.L.C. [Note CC]	90	10%	90%	15,407	1,541
07. LIG Liquids Company, L.L.C. [Note CC]	810	90%	10%	15,407	13,866
07. Tuscaloosa Pipeline Company [Note CC]	900	100%		667	667
04. AEP Energy Services Ventures, Inc. [Note CC]	100	100%		16,367	16,367
05. AEP Acquisition, LLC [Note CC]	Uncertified	50%	50%	22,925	11,462
06. Jefferson Island Storage & Hub L.L.C. [Note CC]	50	100%		220,076	220,076
04. AEP Energy Services Ventures II, Inc. [Note CC]	10	100%		16,418	16,418
05. AEP Acquisition, LLC [Note CC]	Uncertified	50%	50%	22,925	11,462
06. Jefferson Island Storage & Hub L.L.C. [Note CC]	50	100%		220,076	220,076
02. AEP Resources International, Limited [Note H]	2	100%		27,791	27,791
03. NGLE Pushan Power, LDC [Note H]	99	99%	1%	27,927	27,647
04. Nanyang General Light Electric Co., Ltd. [Note H]	Uncertified	70%	30%	74,393	52,079
03. AEP Resources Project Management Company, Ltd. [Note H]	Uncertified	100%		275	275
04. NGLE Pushan Power, LDC [Note H]	99	1%	99%	N/A	N/A
05. Nanyang General Light Electric Co., Ltd. [Note H]	Uncertified	70%	30%	N/A	N/A
02. AEP Resources do Brazil Ltda [Note H]	Uncertified	99%	1%	N/A	N/A
02. Ventures Lease Co., LLC [Note H]	Uncertified	100%		(17)	(17)
02. United Sciences Testing, Inc.	Uncertified	100%		4,342	4,342
02. AEPR Ohio, LLC	Uncertified	100%		19,436	19,436
03. AEP Delaware Investment Company III [Note H]	Uncertified	100%		508,544	438,280
04. AEP Holdings I CV [Note H]	Uncertified	85%	15%	(288,341)	(43,252)
05. AEPR Global Investments BV [Note H]	Uncertified	85%	15%	(399,319)	(288,426)
06. AEPR Global Holland Holding BV [Note H]	Uncertified	100%		(159,355)	(178,408)
06. AEP Energy Services UK Generation Limited [Note H]	Uncertified	100%		N/A	N/A
04. AEPR Global Investments BV [Note H]	Uncertified	15%	85%	(288,341)	(43,252)
05. AEPR Global Holland Holding BV [Note H]	Uncertified	100%		-	-
05. AEP Energy Services UK Generation Limited [Note H]	Uncertified	100%		-	-
01. Appalachian Power Company [Note J]	13,499,500	98.7% Com	1.3% Prf	1,166,057	1,166,057
02. Cedar Coal Co. [Note K]	2,000	100%		4,941	4,941
02. Central Appalachian Coal Company [Note K]	3,000	100%		766	766
02. Central Coal Company [Note K]	1,500	50%	50%	604	604
02. Southern Appalachian Coal Company [Note K]	6,950	100%		10,327	10,327
01. Columbus Southern Power Company [Note J]	16,410,426	100%		847,664	847,664
02. Colomet, Inc. [Note T]	1,500	100%		3,616	3,616
02. Conesville Coal Preparation Company [Note M]	100	100%		1,670	1,670
02. Simco Inc. [Note N]	90,000	100%		422	422
02. Ohio Valley Electric Corporation [Note J]	4,300	4.30%	39.90%	430	430
03. Indiana-Kentucky Electric Corporation [Note J]	17,000	100%		-	-
01. Franklin Real Estate Company [Note T]	100	100%		30	30
02. Indiana Franklin Realty, Inc. [Note T]	10	100%		-	-
01. Indiana Michigan Power Company [Note J]	1,400,000	100%		1,018,654	1,020,299
02. Blackhawk Coal Company [Note K]	39,521	100%		50,154	50,154
02. Price River Coal Company [Note K]	1,091	100%		27	27
01. Kentucky Power Company [Note J]	1,009,000	100%		298,018	304,244
01. Kingsport Power Company [Note J]	410,000	100%		24,213	24,213
01. Ohio Power Company [Note J]	27,952,473	99.2% Com	0.8% Prf	1,233,114	1,233,114
02. Cardinal Operating Company [Note E]	250	50%	50%	43,145	21,573
02. Central Coal Company [Note K]	1,500	50%	50%	604	604
01. Ohio Valley Electric Corporation [Note J]	39,900	39.90%	4.30%	3,990	3,990
02. Indiana-Kentucky Electric Corporation [Note J]	17,000	100%		-	-
01. Wheeling Power Company [Note J]	150,000	100%		26,859	26,859
01. Central and South West Corporation [Note O]	100	100%		2,185,829	2,185,829
02. AEP Texas Central Company [Note J]	2,211,678	100%		1,101,134	1,101,134
03. CPL Transition Funding LLC (DE) [Note AA]	Uncertified	100%		3,987	3,987
02. Public Service Company of Oklahoma [Note J]	9,013,000	100%		399	399
03. AEMT, Inc. [Note DD]	383,904	27%	0.63	-	-
03. Powerware Solutions, Inc. [Note DD]	Uncertified	4%	0.96	-	-
03. RIKA Management Company, LLC	Uncertified	50%	0.5	-	-
04. Universal Power Products Company, LLC	Uncertified	48%		-	-
04. Automated Substation Development Company, LLC	Uncertified	71%		-	-
04. RC Training, LLC	Uncertified	48%		-	-

Item 1. System Companies and Investment Therein As of December 31, 2002 COMPANY NAME	Number of Common Shares Owned	Owned By Immediate Parent	Owned By Other Entity	Issuer Book Value (in 000'S)	Owner's Book Value (in 000'S)
02. Southwestern Electric Power Company [Note J]	7,536,640	100%		662	662
03. The Arklahoma Corporation [Note P]	238	44.20%	55.80%	363	184
03. Southwest Arkansas Utilities Corporation [Note T]	100	100%		10	10
03. Dolet Hills Lignite Company, LLC [Note L]	Uncertified	100%		23	23
02. AEP Texas North Company [Note J]	5,488,560	100%		180,744	180,744
02. CSW Leasing, Inc. [Note Q]	800	80%	20%	15,638	15,638
02. AEP Credit, Inc. [Note R]	246	100%		28,227	28,227
02. C3 Communications, Inc. [Note C]	1,000	100%		(177,581)	(177,581)
03. C3 Networks GP, L.L.C. [Note C]	Partnership	100%		-	-
04. C3 Networks & Communications Limited Partnership [Note C]	Partnership	0.50%	99.50%	-	-
04. C3 Networks Limited Partnership [Note C]	Partnership	0.50%	49.75%	-	-
05. C3 Networks & Communications Limited Partnership [Note C]	Partnership	99.50%	0.50%	-	-
03. C3 Networks Limited Partnership [Note C]	Partnership	49.75%	49.75%	-	-
04. C3 Networks & Communications Limited Partnership [Note C]	Partnership	99.50%	0.50%	-	-
03. CSWC Southwest Holdings, Inc. [Note C]	Uncertified	100%		1	1
04. CSWC TeleChoice Management, Inc. [Note C]	Uncertified	100%		1	1
04. CSWC License, Inc. [Note C]	Uncertified	100%		1	1
04. INFINITEC Networks, Inc. [Note C]	Uncertified	11.90%	88.10%	N/A	N/A
02. CSW Energy, Inc. [Note S]	1,000	100%		50,469	50,469
03. AEP Wind GP, LLC [Note X]	Uncertified	100%		1,307	1,307
04. Trent Wind Farm, LP [Note X]	Partnership	1.00%	99.00%	1,307	1,307
03. AEP Wind LP II, LLC [Note X]	Uncertified	100%		-	-
04. Trent Wind Farm, LP [Note X]	Partnership	99%	1%	129,428	129,428
03. AEP Wind LP, LLC [Note X]	Uncertified	100%		129,428	129,428
03. CSW Development-I, Inc. [Note S]	1,000	100%		58,088	58,088
04. Polk Power GP II, Inc. [Note S]	500	50%	50%	691	691
05. Polk Power GP, Inc. [Note S]	1,000	100%		372	372
06. Polk Power Partners, LP [Note S]	Partnership	1%	49.50%	577	577
07. Mulberry Holdings, Inc. [Note N]	1,000	100%		-	-
04. CSW Mulberry II, Inc. [[Note S]	1,000	100%		27,653	27,653
05. CSW Mulberry, Inc. [Note S]	1,000	100%		27,654	27,654
04. Polk Power Partners, LP [Note S]	Partnership	49.50%	1%	26,387	26,387
05. Mulberry Holdings, Inc. [Note N]	1,000	100%		-	-
04. Noah I Power GP, Inc. [Note S]	1,000	100%		5	5
05. Noah I Power Partners, LP [Note S]	Partnership	1%	95%	175	175
06. Brush Cogeneration Partners [Note S]	Partnership	50%	50%	-	-
04. Noah I Power Partners, LP [Note S]	Partnership	95%	1%	16,588	16,588
05. Brush Cogeneration Partners [Note S]	Partnership	50%	50%	17,879	17,879
04. Orange Cogeneration GP II, Inc. [Note S]	500	50%	50%	41	41
05. Orange Cogeneration G.P., Inc. [Note S]	1,000	100%		81	81
06. Orange Cogeneration Limited Partnership [Note S]	Partnership	1.00%	49.50%	61	61
07. Orange Cogen Funding Corp. [Note S]	1,000	100%		1	1
08. Orange Holdings, Inc. [Note N]	1,000	100%		-	-
04. CSW Orange II, Inc. [Note S]	1,000	100%		7,366	7,366
05. CSW Orange, Inc. [Note S]	1,000	100%		7,366	7,366
06. Orange Cogeneration Limited Partnership [Note S]	Partnership	49.50%	1%	3,025	3,025
07. Orange Cogen Funding Corp. [Note S]	1,000	100%		-	-
08. Orange Holdings, Inc. [Note N]	1,000	100%		-	-
03. CSW Development-II, Inc. [Note S]	1,000	100%		(3,999)	(3,999)
03. CSW Ft. Lupton, Inc. [Note S]	1,000	100%		98,714	98,714
04. Thermo Cogeneration Partnership, L.P. [Note S]	Partnership	50%	49.50%	10,716	10,716
03. Newgulf Power Venture, Inc. [Note S]	1,000	100%		3,098	3,098
03. CSW Sweeny GP I, Inc. [Note S]	1,000	100%		632	632
04. CSW Sweeny GP II, Inc. [Note S]	1,000	100%		959	959
05. Sweeny Cogeneration Limited Partnership [Note S]	Partnership	1%	49%	522	522
03. CSW Sweeny LP I, Inc. [Note S]	Partnership	100%		25,333	25,333
04. CSW Sweeny LP II, Inc. [Note S]	Partnership	100%		37,909	37,909
05. Sweeney Cogeneration Limited Partnership [Note S]	Partnership	49%	1%	25,582	25,582
03. CSW Development-3, Inc. [Note N]	Uncertified	100%		N/A	N/A
03. CSW Northwest GP, Inc. [Note N]	Partnership	100%		N/A	N/A
03. CSW Northwest LP, Inc. [Note N]	Partnership	100%		N/A	N/A

Item 1. System Companies and Investment Therein As of December 31, 2002	Number of				
	Common	Owned By	Owned By	Issuer	Owner's
	Shares	Immediate	Other	Book Value	Book Value
COMPANY NAME	Owned	Parent	Entity	(in 000'S)	(in 000'S)
03. CSW Power Marketing, Inc. [Note N]	Uncertified	100%		N/A	N/A
03. CSW Nevada, Inc. [Note N]	Uncertified	100%		N/A	N/A
03. CSW Services International, Inc. [Note I]	1,000	100%		2,731	2,731
03. Diversified Energy Contractors Company, LLC [Note I]	1,000	100%		12,638	12,638
04. DECCO II LLC [Note I]	1,000	100%		-	-
05. Diversified Energy Contractors, LP [Note I]	Partnership	0.99%	99.01%	(52)	(52)
04. Diversified Energy Contractors, LP [Note I]	Partnership	99%	0.99%	(5,141)	(5,141)
04. Industry and Energy Associates, L.L.C. [Note I]	1,000	100%		1,328	1,328
03. CSW Eastex GP I, Inc. [Note S]	1,000	100%		(1,125)	(1,125)
04. CSW Eastex GP II, Inc. [Note S]	1,000	100%		(1,125)	(1,125)
05. Eastex Cogeneration Limited Partnership [Note S]	Partnership	1%	49%	(1,966)	(1,966)
03. CSW Eastex LP I, Inc. [Note S]	1,000	100%		(55,309)	(55,309)
04. CSW Eastex LP II, Inc. [Note S]	1,000	100%		(53,189)	(53,189)
05. Eastex Cogeneration Limited Partnership [Note S]	Partnership	49%	1%	(96,324)	(96,324)
03. Southwestern Wholesale Electric Company [Note N]	Uncertified	100%		N/A	N/A
02. CSW International, Inc. [Note H]	1,000	100%		(43,468)	(43,468)
03 CSWI Netherlands, Inc. [Note H]	N/A	100%		-	-
03. CSW International Two, Inc. [Note H]	1,000	100%		-	-
04. CSW UK Holdings [Note H]	427,275,004	100%		819	819
05. CSWI Europe Limited [Note H]	1,000	100%		(31,655)	(31,655)
06. South Coast Power Limited [Note H]	1	50%	50%	-	-
06. Shoreham Operations Company Limited [Note H]	2	50%	50%	-	-
05. CSW UK Finance Company [Note H]	427,275,002	90%	10	-	-
04. CSW UK Finance Company	N/A	10%	90%	-	-
04. CSW UK Investments Limited [Note H]	Uncertified	100%		-	-
03. CSW International (U.K.), Inc. [Note N]	Uncertified	100%		-	-
03. CSW International, Inc. (a Cayman Island Company) [Note H]	1,000	100%		181,167	181,167
04. CSW Vale L.L.C. [Note H]	Partnership	99%	1%	173,091	173,091
05. Caiua-Servicos de Electricidade S/A [Note H]	8,724,909	20.02%	61.48%	-	-
05. Empresa de Electricidade Vale de Paranapanema S.A. [Note	214,498,445	43.84%	56.16%	-	-
06. Caiua-Servicos de Electricidade S/A [Note H]	N/A	61.48%	20.02%	-	-
04. CSW Power do Brazil, Ltda [Note H]	Uncertified	0.10%	99.90%	-	-
03. CSW Vale L.L.C. [Note H]	Partnership	1%	99%	1,748	1,748
04. CSW Power do Brazil, Ltda [Note H]	Uncertified	99.90%	0.10%	-	-
04. Caiua-Servicos de Electricidade S/A [Note H]	N/A	20.02%	61.48%	-	-
04. Empresa de Electricidade Vale de Paranapanema S.A. [Note H]	N/A	43.84%	56.16%	-	-
05. Caiua-Servicos de Electricidade S/A [Note H]	N/A	20.02%	61.48%	-	-
03. CSW International Energy Development Ltd. [Note H]	Uncertified	100%		-	-
04. Tenaska CSW International Ltd. [Note H]	1,000	50%	50%	-	-
02. EnerShop Inc. [Note I]	N/A	100%		(19,852)	(19,852)
03. Envirotherm, Inc. [Note I]	N/A	100%		N/A	N/A
02. CSW Energy Services, Inc. [Note I]	N/A	100%		N/A	N/A
03. AEP Properties, LLC [Note X]	N/A	100%		N/A	N/A
03. Nuvest, L.L.C. [Note U]	N/A	92.90%	7.10%	N/A	N/A
04. National Temporary Services, Inc. [Note U]	N/A	100%		N/A	N/A
05. Octagon, Inc. [Note U]	N/A	100%		N/A	N/A
04. Numanco, L.L.C. [Note U]	N/A	100%		N/A	N/A
05. NuSun, Inc. [Note U]	N/A	100%		N/A	N/A
06. Sun Technical Services, Inc. [Note U]	N/A	100%		N/A	N/A
06. Calibration and Testing Corporation [Note U]	N/A	100%		N/A	N/A
05. ESG, L.L.C. [Note U]	N/A	50%	50%	N/A	N/A
05. Numanco Services, LLC [U]	N/A	100%		N/A	N/A
02. REP Holdco, LLC [Note W]	3,000	100%	100%	115,456	115,456
03. Mutual Energy SWEPCO L.P. [Note W]	Uncertified	99.50%	0.50%	2,153	2,142
03. REP General Partner LLC [Note W]	Uncertified	100.00%		7,672	7,672
04. Mutual Energy SWEPCO L.P. [Note W]	Uncertified	0.50%	99.50%	2,153	11
Notes:					
A. Public utility holding company.					
B. Management, professional and technical services.					
C. Telecommunications.					
D. Broker and market energy commodities.					
E. Generation.					
F. Investor in companies developing energy-related ideas, products and technologies.					
G. Distributed generation products.					
H. International energy-related investments.					
I. Non-regulated energy-related services and products.					

Item 1. System Companies and Investment Therein As of December 31, 2002	Number of Common Shares Owned	Owned By Immediate Parent	Owned By Other Entity	Issuer Book Value (in 000'S)	Owner's Book Value (in 000'S)
COMPANY NAME					
J. Domestic electric utility.					
K. Coal mining (inactive).					
L. Coal mining (active).					
M. Coal preparation.					
N. Inactive.					
O. Subsidiary public utility holding company.					
P. Electric transmission.					
Q. Leasing.					
R. Accounts receivable factoring.					
S. Independent power.					
T. Real estate.					
U. Staff augmentation to power plants.					
V. Retail energy sales.					
W. Marketing of natural gas, electricity or energy-related products.					
X. Wind Power Generation.					
Y. Barging Services					
AA. Finance Subsidiary					
BB. Energy services including operations, supply chain, transmission and distribution					
CC. Gas pipeline and processing					
DD. Domestic energy-related investments, trading and other projects					
CHANGES from 1/1/2002 through 12/31/2002					
1. Formations	**Jurisdiction**	**Date**	**Business**		
a. AEP Desert Sky LP II, LLC, Delaware, 8/1/2002, Wind Power Generation	Delaware	8/1/02	Wind Power Generation		
b. AEP Energy Services (Australia) Pty Lt	Australia	1/24/02	International energy-related investments, trading and other projects		
c. AEP Wind LP II, LLC	Delaware	8/1/02	Wind Power Generation		
d. AEP Energy Ventures B.V.	Amsterdam	4/23/02	International energy-related investments, trading and other projects		
e. Golden Prairie Holding Company LLC	Delaware	7/26/02	Wind Power Generation		
f. Golden Prairie Wind Farm LLC	Delaware	7/26/02	Wind Power Generation		
g. Universal Supercapacitors, LLC	Delaware	4/16/02	Domestic energy-related investments, trading and other projects		
h. AEPR Global Energy B.V.	Amsterdam	4/23/02	International energy-related investments, trading and other projects		
2. Changes in Status	**Type of change**	**Date**	**Notes Regarding Change**		
a. AEP Resources Services, LLC	Dissolved	6/10/02			
b. AEP Resources Gas I Pty., Ltd.	Dissolved	6/10/02			
c. AEP Resources Gas II Pty., Ltd.	Dissolved	6/10/02			
d. AEP Resources Management Pty. Ltd.	Dissolved	6/10/02			
e. Appliance Protect Limited	Sold	7/29/02	Sale of SEEBOARD		
f. Ash Creek Mining Company	Dissolved	8/5/02			
g. Australia's Energy Partner	Sold	8/30/02	Sale of CitiPower		
h. Chile Energy Holdings, L.L.C.	Dissolved	6/28/02			
I. CitiPower I Pty. Ltd. (Australian Co. No. 085 166 589)	Sold	8/30/02	Sale of CitiPower		
j. CitiPower II Pty. Ltd. (Australian Co. No. 085 166 409)	Sold	8/30/02	Sale of CitiPower		
k. CitiPower Pty. (Australian Co. No. 064 651 056)	Sold	8/30/02	Sale of CitiPower		
l. CitiPower Trust	Sold	8/30/02	Sale of CitiPower		
m. CSW Frontera GP I, Inc.	Dissolved	10/31/02			
n. CSW Frontera GP II, Inc.	Dissolved	10/18/02			
o. CSW Frontera LP I, Inc.	Dissolved	10/31/02			
p. CSW Frontera LP II, Inc.	Dissolved	10/18/02			
q. CSW International Three, Inc.	Merged	11/1/02	Merged into CSW International Two, Inc.		
r. CSW Investments	Sold	7/29/02	Sale of SEEBOARD		
s. CSW Leasing, Inc.	Dissolved	12/13/02			
t. CSW UK Limited	Sold	7/29/02	Sale of SEEBOARD		
u. Direct Power Limited	Sold	7/29/02	Sale of SEEBOARD		
v. Energia de Mexicali S. de R.L. de C.V.	Dissolved	11/11/02			
w. Energy Express Limited	Sold	7/29/02	Sale of SEEBOARD		
x. ESG Indonesia, L.L.C.	Dissolved	1/1/02			
y. ESG Technical Services, L.L.C.	Dissolved	1/1/02			
z. First Electricity Limited	Sold	7/29/02	Sale of SEEBOARD		
aa. First Gas Limited	Sold	7/29/02	Sale of SEEBOARD		
bb. Home Electricity Company Limited	Sold	7/29/02	Sale of SEEBOARD		
cc. Home Energy Company Limited	Sold	7/29/02	Sale of SEEBOARD		
dd. Horizon Natural Gas Limited	Sold	7/29/02	Sale of SEEBOARD		
ee. Indian Mesa Power Partners I LP	Merged	4/26/02	Merged into Desert Sky Wind Farm, L.P.		
ff. Latin American Energy Holdings, Inc.	Dissolved	8/30/02			
gg. Light & Power (UK) Limited	Sold	7/29/02	Sale of SEEBOARD		
hh. Longfield Insurance Company Limited	Sold	7/29/02	Sale of SEEBOARD		

Item 1. System Companies and Investment Therein As of December 31, 2002 COMPANY NAME	Number of Common Shares Owned	Owned By Immediate Parent	Owned By Other Entity	Issuer Book Value (in 000'S)	Owner's Book Value (in 000'S)
ii. Marregon (No. 2) Pty. Limited (Australian Co. No. 083 953 575)	Sold	8/30/02	Sale of CitiPower		
jj. Marregon Pty Limited (Australian Co. No. 085 210 117)	Sold	8/30/02	Sale of CitiPower		
kk. Medway Power Limited	Sold	7/29/02	Sale of SEEBOARD		
ll. Mutual Energy CPL L.P.	Sold	12/23/02	Sale to Centrica		
mm. Mutual Energy WTU L.P.	Sold	12/23/02	Sale to Centrica		
nn. National Environmental Services Technology, L.L.C.	Dissolved				
oo. Power Asset Development Company Limited	Sold	7/29/02	Sale of SEEBOARD		
pp. Power Networks Limited	Sold	7/29/02	Sale of SEEBOARD		
qq. Powercare Limited	Sold	7/29/02	Sale of SEEBOARD		
rr. Premier Utilities Limited	Sold	7/29/02	Sale of SEEBOARD		
ss. SEEB Limited	Sold	7/29/02	Sale of SEEBOARD		
tt. SEEBOARD (Generation) Limited	Sold	7/29/02	Sale of SEEBOARD		
uu. SEEBOARD Asset Management Limited	Sold	7/29/02	Sale of SEEBOARD		
vv. SEEBOARD Contracting Services Limited	Sold	7/29/02	Sale of SEEBOARD		
ww. SEEBOARD Employment Services Limited	Sold	7/29/02	Sale of SEEBOARD		
xx. SEEBOARD Energy Gas Limited	Sold	7/29/02	Sale of SEEBOARD		
yy. ESG Technical Services, L.L.C.	Dissolved	7/29/02			
zz. SEEBOARD Final Salary Pension Plan Trustee Company Ltd.	Sold	7/29/02	Sale of SEEBOARD		
aaa. SEEBOARD Group P.L.C.	Sold	7/29/02	Sale of SEEBOARD		
bbb. SEEBOARD Highway Services Limited	Sold	7/29/02	Sale of SEEBOARD		
ccc. SEEBOARD Insurance Company Limited	Sold	7/29/02	Sale of SEEBOARD		
ddd. SEEBOARD International Limited	Sold	7/29/02	Sale of SEEBOARD		
eee. SEEBOARD Metering Limited	Sold	7/29/02	Sale of SEEBOARD		
fff. SEEBOARD Metro Holdings Limited	Sold	7/29/02	Sale of SEEBOARD		
ggg. SEEBOARD Natural Gas Limited	Sold	7/29/02	Sale of SEEBOARD		
hhh. SEEBOARD P.L.C.	Sold	7/29/02	Sale of SEEBOARD		
iii. SEEBOARD Pension Investment Plan Trustee Company Limited	Sold	7/29/02	Sale of SEEBOARD		
jjj. SEEBOARD Power Networks Plc	Sold	7/29/02	Sale of SEEBOARD		
kkk. SEEBOARD Powerlink Holdings Limited	Sold	7/29/02	Sale of SEEBOARD		
lll. SEEBOARD Powerlink Ltd.	Sold	7/29/02	Sale of SEEBOARD		
mmm. SEEBOARD Projects Limited	Sold	7/29/02	Sale of SEEBOARD		
nnn. SEEBOARD Share Scheme Trustees Ltd.	Sold	7/29/02	Sale of SEEBOARD		
ooo. SEEBOARD Trading Limited	Sold	7/29/02	Sale of SEEBOARD		
ppp. Selectricity Limited	Sold	7/29/02	Sale of SEEBOARD		
qqq. South Eastern Electricity Board Limited	Sold	7/29/02	Sale of SEEBOARD		
rrr. South Eastern Electricity Limited	Sold	7/29/02	Sale of SEEBOARD		
sss. South Eastern Services Limited	Sold	7/29/02	Sale of SEEBOARD		
ttt. South Eastern Utilities Limited	Sold	7/29/02	Sale of SEEBOARD		
uuu. Southern Gas Limited	Sold	7/29/02	Sale of SEEBOARD		
vvv. Torch Natural Gas Limited	Sold	7/29/02	Sale of SEEBOARD		
www. UK Electricity Limited	Sold	7/29/02	Sale of SEEBOARD		
xxx. UK Light & Power Limited	Sold	7/29/02	Sale of SEEBOARD		
yyy. West Virginia Power Company	Dissolved	3/25/02			
3. Name Changes	**Date**				
a. AEP Indian Mesa GP, LLC to AEP Desert Sky GP, LLC	6/3/02				
b. AEP Energy Services Gas Holding Company LP, LLC to AEP Desert Sky LP II, LLC	12/31/02				
c. AEP Indian Mesa LP, LLC to AEP Desert Sky LP, LLC	6/3/02				
d. Central Power and Light Company to AEP Texas Central Company	12/23/02				
e. West Texas Utilities Company to AEP Texas North Company	12/23/02				
d. AEP Energy Services Gas Holding Company GP, LLC to AEP Wind LP II, LLC	12/31/02				
e. C3 Communications, LLC to AEPR Ohio, LLC	1/14/02				
f. AEP Resources CitiPower II Pty. Ltd. to Citipower I Pty. Ltd.	4/12/02				
g. AEP Resources CitiPower I Pty. Ltd. To CitiPower I Pty. Ltd.	4/12/02				
h. CSWC TeleChoice, Inc. to CSWC License, Inc.	8/29/02				
I. Indian Mesa Power Partners II LP to Desert Sky Wind Farm LP	4/26/02				
j. REP Holdco, Inc. to REP Holdco, LLC through Conversion of entity	12/31/02				
k. Universal Supercaps, LLC to Universal Supercapacitors, LLC	4/17/02				
4. Ownership Changes	**Date**				
a. *Transferred ownership of PowerSpan Corp. from AEP Pro Serv, Inc. to AEP Investments, Inc.*	7/12/02				
b. Transferred ownership of AEP Energy Services (Austria) Gmbh from AEP Energy Services Limited to AEPR Global Ventures B.V.	7/11/02				
c. Transferred ownership of AEP Energy Services Gmbh from AEP Energy Services Limited to AEPR Global Ventures B.V.	7/12/02				
d. Transferred ownership of AEP Energy Services (Switzerland) Gmbh from AEP Energy Services Limited to AEPR Global Ventures B.V.	6/19/02				
e. Transferred AEP Delaware Investment Company III from AEP Resources, Inc. to AEPR Ohio, LLC	1/15/02				
f. Transferred C3 Networks GP, LLC from AEP Communications, LLC to C3 Communications, Inc.	5/1/02				

Item 1. System Companies and Investment Therein As of December 31, 2002	Number of				
	Common	Owned By	Owned By	Issuer	Owner's
	Shares	Immediate	Other	Book Value	Book Value
COMPANY NAME	Owned	Parent	Entity	(in 000'S)	(in 000'S)
g. Tranferred AEP Holdings II C.V from AEP Holdings I C.V. to AEP Delaware Investment Company	6/19/02				

ITEM 2. ACQUISITIONS OR SALES OF UTILITY ASSETS

Name of Company	Consideration	Brief Description of Transaction	Location	Exemption

None

ITEM 3. ISSUE, SALE, PLEDGE, GUARANTEE OR ASSUMPTION OF SYSTEM SECURITIES

Name of Issuer and Description of Issues (1)	Date and Form of Transactions (2)	Consideration (in thousands) (3)	Authorization or Exemption (4)
Appalachian Power Company:			
Senior Unsecured Notes,			
4.80% Series, Due 2005	06/18/02 - Public Offering	$444,110	Rule 52
4.3148% Series, Due 2007	11/12/02 - Private Offering	197,203	Rule 52
Indiana Michigan Power Company:			
Senior Unsecured Notes,			
6.375% Series, Due 2012	11/22/02 - Public Offering	98,981	Rule 52
6.00% Series, Due 2032	11/22/02 - Public Offering	144,875	Rule 52
Kentucky Power Company:			
Senior Unsecured Notes,			
5.50% Series, Due 2007	06/28/02 - Public Offering	123,843	Rule 52
4.3148% Series, Due 2007	11/12/02 - Private Offering	79,776	Rule 52
4.368% Series, Due 2007	12/12/02 - Private Offering	67,391	Rule 52
Public Service of Oklahoma:			
Senior Unsecured Notes,			
6.00% Series, Due 2032	11/26/02 - Public Offering	193,300	Rule 52
AEP Desert Sky, LP:			
Notes Payable,			
6.225% to 6.60% Due 2017	08/29/02 - Private Sale to Banks	117,182	Rule 52

GUARANTEE:

At December 31, 2002, American Electric Power Company, Inc. had outstanding parental guaranties of approximately $3.4 billion.

Note: We have not reported transactions previously reported on form U-6B2.

ITEM 4. ACQUISITION, REDEMPTION OR RETIREMENT OF SYSTEM SECURITIES

Name of Issuer and Title of Issue (1)	Name of Company Acquiring, Redeeming or Retiring Securities (2)	Consideration (in thousands) (3)	Extinguished (EXT) or Held (H) for Further Disposition (4)	Authorization or Exemption (5)
AEP Texas Central Company (TCC):				
Cumulative Preferred Stock				
$100 Par Value				
4.00% Series	TCC	$ 6,000	EXT	Rule 42
First Mortgage Bonds				
7.50% Series Due 2002	TCC	116,329	EXT	Rule 42
6.875% Series Due 2003	TCC	33,677	EXT	Rule 42
7.25% Series Due 2004	TCC	78,392	EXT	Rule 42
6.625% Series Due 2005	TCC	137,912	EXT	Rule 42
7.125% Series Due 2008	TCC	62,164	EXT	Rule 42
7.50% Series Due 2023	TCC	61,018	EXT	Rule 42
Senior Unsecured Notes Payable				
Variable - Due 2002	TCC	150,000	EXT	Rule 42
AEP Texas North Company (TNC):				
First Mortgage Bonds				
6.875% Series Due 2002	TNC	35,000	EXT	Rule 42
6.125% Series Due 2004	TNC	16,729	EXT	Rule 42
7.00% Series Due 2004	TNC	23,124	EXT	Rule 42
6.375% Series Due 2005	TNC	36,762	EXT	Rule 42
7.75% Series Due 2007	TNC	19,183	EXT	Rule 42
AEP Resources, Inc.(AEPR):				
Senior Unsecured Notes Payable				
6-1/2% Series Due 2003	AEPR	50,000	EXT	Rule 42
American Electric Power Service Corp (AEPSC):				
Mortgage Notes				
9.60% Series Due 2008	AEPSC	2,000	EXT	Rule 42

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ITEM 4. ACQUISITION, REDEMPTION OR RETIREMENT OF SYSTEM SECURITIES (CONTINUED)

Name of Issuer and Title of Issue (1)	Name of Company Acquiring, Redeeming or Retiring Securities (2)	Consideration (in thousands) (3)	Extinguished (EXT) or Held (H) for Further Disposition (4)	Authorization or Exemption (5)
Appalachian Power Company (APCo):				
Cumulative Preferred Stock				
No Par Value				
4-1/2% Series	APCo	$ 1,000	EXT	Rule 42
First Mortgage Bonds				
7.38% Series Due 2002	APCo	50,000	EXT	Rule 42
7.40% Series Due 2002	APCo	30,000	EXT	Rule 42
6.65% Series Due 2003	APCo	40,000	EXT	Rule 42
6.85% Series Due 2003	APCo	30,000	EXT	Rule 42
Junior Debentures				
8-1/4% Series Due 2026	APCo	75,000	EXT	Rule 42
8.00% Series Due 2027	APCo	90,000	EXT	Rule 42
Columbus Southern Power Company (CSPCo):				
Cumulative Preferred Stock				
$100 Par Value				
7.00% Series	CSPCo	10,000	EXT	Rule 42
Junior Debentures				
8.375% Due 2025	CSPCo	72,843	EXT	Rule 42
7.92% Due 2027	CSPCo	40,000	EXT	Rule 42
First Mortgage Bonds				
7.25% Series Due 2002	CSPCo	14,000	EXT	Rule 42
7.15% Series Due 2002	CSPCo	6,500	EXT	Rule 42

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ITEM 4. ACQUISITION, REDEMPTION OR RETIREMENT OF SYSTEM SECURITIES (CONTINUED)

Name of Issuer and Title of Issue (1)	Name of Company Acquiring, Redeeming or Retiring Securities (2)	Consideration (in thousands) (3)	Extinguished (EXT) or Held (H) for Further Disposition (4)	Authorization or Exemption (5)
Indiana Michigan Power Company (I&M):				
Cumulative Preferred Stock				
$100 Par Value				
4-1/8% Series	I&M	$ 2	EXT	Rule 42
4.12% Series	I&M	424	EXT	Rule 42
First Mortgage Bonds				
7.60% Series Due 2002	I&M	50,000	EXT	Rule 42
7.70% Series Due 2002	I&M	40,000	EXT	Rule 42
Senior Unsecured Notes Payable				
Variable - Due 2002	I&M	200,000	EXT	Rule 42
Kentucky Power Company (KPCo):				
First Mortgage Bonds				
6.65% Series Due 2003	KPCo	15,000	EXT	Rule 42
6.70% Series Due 2003	KPCo	15,000	EXT	Rule 42
6.70% Series Due 2003	KPCo	15,000	EXT	Rule 42
7.90% Series Due 2023	KPCo	14,500	EXT	Rule 42
Senior Unsecured Notes Payable				
Variable - Due 2002	KPCo	70,000	EXT	Rule 42
Notes Payable				
7.445% Series Due 2002	KPCo	25,000	EXT	Rule 42

ITEM 4. ACQUISITION, REDEMPTION OR RETIREMENT OF SYSTEM SECURITIES (CONTINUED)

Name of Issuer and Title of Issue (1)	Name of Company Acquiring, Redeeming or Retiring Securities (2)	Consideration (in thousands) (3)	Extinguished (EXT) or Held (H) for Further Disposition (4)	Authorization or Exemption (5)
Ohio Power Company (OPCo):				
First Mortgage Bonds 8.80% Series Due 2022	OPCo	$ 5,000	EXT	Rule 42
Junior Debentures				
8.16% Series Due 2025	OPCo	85,000	EXT	Rule 42
7.92% Series Due 2027	OPCo	50,000	EXT	Rule 42
Public Service Company of Oklahoma (PSO):				
Senior Unsecured Notes Payable Variable - Due 2002	PSO	106,000	EXT	Rule 42
Southwestern Electric Power Company (SWEPCo):				
First Mortgage Bonds 6-1/5% Series Due 2006	SWEPCo	145	EXT	Rule 42
Senior Unsecured Notes Payable Variable - Due 2002	SWEPCo	150,000	EXT	Rule 42

Note: We have not reported transactions previously reported on form U-6B2.

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ITEM 5. INVESTMENTS IN SECURITIES OF NONSYSTEM COMPANIES AS OF DECEMBER 31, 2002.

1. Aggregate amount of investments in persons operating in the retail service area of AEP or of its subsidiaries.

Name of Company (1)	Aggregate Amount of Investments in Persons (Entities), Operating in Retail Service Area of Owner (2) (in thousands)	Number of Persons (Entities) (3)	Description of Persons (Entities) (4)
APCo	$1,247	10	Industrial Development Corporations
AEPINV	1,237	1	Economic Development Company
WPCo	13	1	Industrial Development Corporation

2. Securities owned not included in 1 above.

Name of Company (1)	Name of Issuer (2)	Nature of Issuer's Business (3)	Description of Securities (4)	Number of Shares (5)	Percent of Voting Power (6)	Owner's Book Value (7) (in thousands)
AEPINV	EnviroTech Investment Fund I	Research & Technology Development	Limited Partner	*	9.8	$2,617
AEPINV	Altra Energy Technologies, Inc.	Internet-based Energy Trading	Convertible Preferred Stock	952,381	**	-
			Redeemable Preferred	300,000		300
AEPINV	Powerspan Corp.	Research & Technology Development	Convertible Preferred Stock	5,369,851	9.8	5,000
AEPES	Intercontinental Exchange LLC	Trading platform for Electric Utilities	Limited Liability Company	***	5.3	5,057
AEP	Integrated Communications System, Inc.	Development of Demand Side Management	Common Stock	80,000	8.4	-
AEPINV	Pantellos Corporation	Internet-based Supply Chain	Common Stock	538,935	4.9	5,289

ITEM 5. (CONTINUED)
2. Securities owned not included in ITEM 1 (Continued).

Name of Company (1)	Name of Issuer (2)	Nature of Issuer's Business (3)	Description of Securities (4)	Number of Shares (5)	Percent of Voting Power (6)	Owner's Book Value (7) (in thousands)
AEPINV	Active Power, Inc.	Research & Technology Development	Common Stock	118,843	0.3	$212
PSO	AEMT, Inc	Manufactures and sells residential surge protectors and power quality devices for industrial customers	Preferred Stock Series 1,			
			Class A Non-voting	133,000	N/A	0
			Class B Non-voting	417,000	N/A	550
PSO	The RIKA Companies	Engaged in the development and commercialization of computer automation technology for the electric power industry	Membership Units	217	4.0	-
	RIKA Management Company, LLC					
	Universal Power Products Company, LLC					
	Automated Substation Development Co, LLC					
	RC Training, LLC					
AEPES	Energy Trading Platform Holding Inc.	Trading platform for Electric Utilities	Common Stock	250,000	5.0	1,500

* Limited Partnership Interests
** Less than 3%
*** One-third Membership Interest

ITEM 6. OFFICERS AND DIRECTORS
PART I as of December 31, 2002

The following are the abbreviations to be used for principal business address and positions.

Principal Business Address	Code
1 Riverside Plaza Columbus, OH 43215	(a)
155 W. Nationwide Blvd, Ste 500 Columbus, OH 43215	(b)
700 Morrison Road Gahanna, OH 43230	(c)
P.O. Box 60 Fort Wayne, IN 46801	(d)
40 Franklin Road Roanoke, VA 24022	(e)
Pushan Power Plant, Admin. Bldg. Nanyang City, Henan Province China 473000	(f)
Walker House P.O. Box 908GT George Town, Grand Cayman Cayman Islands	(g)
400 W. 15th Street Austin, TX 78701	(h)
1105 North Market Street Wilmington, DE 19801	(i)
Level 2, 215 Spring Street Melbourne, Victoria 3000 Australia	(j)
29/30 St. James's Street, London SW1A 1HB, Great Britain	(k)
P.O. Box B Brilliant, OH 43913	(l)
225 South 15th Street Philadelphia, PA 19102	(n)
222 Bayou Road Belle Chasse, LA 70037	(o)
P.O. Box 127, Convent, LA 70723	(p)
Herengracht 548 1017 CG Amsterdam The Netherlands	(q)
Suite 400, Deseret Building Salt Lake City, UT 84111	(r)
Ste 5B,Level 66,MLC Cntr,Martin Plc, Sydney NSW 2000, Australia	(s)
5475 William Flynn Highway Gibsonia, PA 15044	(u)
16090 Swingley Ridge Rd.#600 Chesterfield, MO 63017	(v)
P.O. Box 468 Piketon, Ohio 45661	(w)
2600 Via Fortuna, Ste 500 Austin, TX 78746	(x)
Basin Road S.,Portslade,Brighton East Sussex BN41 1WF GB	(y)
Hoffsveien 1D 0275 Oslo, Norway	(z)
474 Flinders Street Melbourne, Victoria 3000 Australia	(aa)
1201 Louisiana St., Suite 1200 Houston, TX 77002	(bb)
Av Dr. Churcrizaldan, 920-8E 13 Andares, Market Place Tower 04583-404-Sao Paulo-SP-Brazil	(cc)
Bahnstrasse 16, 40212 Dusseldorf, Germany	(ee)
50 Berkeley Street, 6th Fl. Mayfair, London W1J8AP GB	(ff)
Dr Karl Lueger-Ring 12 1010 Wien, Austria	(gg)
Wadsack Treuhandgesellschaft Bahnhofstrasse 11 CH - 6301 Zug, Switzerland	(hh)
1616 Woodall Rodgers Freeway Dallas, TX 75202	(ll)
Torre Chapultepec Piso 13 Ruben Dario, No.281, Bosques de Chapultepec 11580 Mexico, D.F.	(pp)
Williams Tower 2, W. 2nd Street Tulsa, OK 74121	(qq)
428 Travis Street Shreveport, LA 71156	(rr)

Code	Position
AC	Assistant Controller
AGC	Associate General Counsel
AS	Assistant Secretary
AT	Assistant Treasurer
B	Board of Managers
C	Controller
CAO	Chief Accounting Officer
CB	Chairman of the Board
CCO	Chief Credit Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CISO	Chief Information Security Officer
COO	Chief Operating Officer
CRO	Chief Risk Officer
D	Director
DC	Deputy Controller
DM	Delegate Manager
EVP	Executive Vice President
GC	General Counsel
GM	General Manager
MD	Managing Director
P	President
S	Secretary
SVP	Senior Vice President
T	Treasurer
VCB	Vice Chairman of the Board
VP	Vice President

The officer's or director's principal business address is the same as indicated in the Company heading unless another address is provided with the individual's name.

American Electric Power Company, Inc.

Name and Principal Address(a)	Position
E. R. Brooks 3919 Crescent Drive Granbury, TX 76049	D
Donald M. Carlton 8501 Mo-Pac Blvd. Austin, TX 78720	D
John P. DesBarres P.O. Box 189 Park City, UT 84060	D
E. Linn Draper, Jr.	D,CB,P,CEO
Robert W. Fri 6001 Overlea Road Bethesda, MD 20816	D
William R. Howell 4 Saint Andrews Court Frisco, TX 75034	D
Lester A Hudson, Jr. P.O. Box 8583 Greenville, SC 29604	D
Leonard J. Kujawa 2660 Peachtree Rd. N.W Atlanta, GA 30305	D
Richard L. Sandor 111 W. Jackson Blvd., 14th FL. Chicago, IL 60604	D
Thomas V. Shockley, III	D,VCB
Donald G. Smith P.O. Box 13948 Roanoke, VA 24038	D
Linda Gillespie Stuntz 555 Eleventh St. N.W. Washington, DC 20004	D
Kathryn D. Sullivan 795 Old Oak Trace Columbus, OH 43235	D
Henry W. Fayne	VP
Susan Tomasky	VP,S,CFO
Armando A. Pena	T
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
William L. Scott	AC
Thomas G. Berkemeyer	AS
Jeffrey D. Cross	AS
Geoffrey S. Chatas	AT
Wendy G. Hargus (11)	AT

AEP Acquisition, L.L.C.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	P
Thomas V. Shockley,III	CB
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Armando A. Pena	VP,T
Joseph M. Buonaiuto	C
Timothy A. King	S

AEP Coal, Inc.

Name and Principal Address(a)	Position
Michael J. Beyer (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP,T
Susan Tomasky	D,VP
Nelson L. Kidder P.O. BOX 270 Prestonsburg, KY 41653	VP
David G. Zatezalo P.O. BOX 270 Prestonsburg, KY 41653	VP
Timothy A. King	S

AEP Communications, Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley, III	D,VP
Susan Tomasky	D,P
Gregory S. Campbell	VP
Holly Keller Koeppel (b)	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

AEP Communications, LLC

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,T
Susan Tomasky	B,P
Timothy A. King	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

AEP Credit, Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO,P
Henry W. Fayne	D,VP
Thomas M. Hagan	D
L. T. McDowell 13303 Peyton Drive, Dallas, TX 75240	D
Armando A. Pena	D,T
Thomas V. Shockley, III	D
Susan Tomasky	D,VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

AEP C&I Company, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,VP,T
Thomas V. Shockley,III	B,CB,P
Geoffrey S. Chatas	VP
Timothy A. King	S

AEP Delaware Investment Company

Name and Principal Address(i)	Position
Sean Breiner	D
Geoffrey S. Chatas (a)	D,VP
Jeffrey D. Cross (a)	D,VP
Timothy A. King (a)	D,S
John A. Oscar,Jr.	D
Armando A. Pena (a)	D,P,T
Mark A. Pyle (a)	D
Joseph M. Buonaiuto (a)	C

AEP Delaware Investment Company II

Name and Principal Address(i)	Position
Sean Breiner	D
Geoffrey S. Chatas (a)	D,VP
Jeffrey D. Cross (a)	D,VP
Timothy A. King (a)	D,S
John A. Oscar,Jr.	D
Armando A. Pena (a)	D,P,T
Mark A. Pyle (a)	D
Joseph M. Buonaiuto(a)	C

AEP Delaware Investment Company III

Name and Principal Address(i)	Position
Sean Breiner	D
Geoffrey S. Chatas (a)	D,VP
Jeffrey D. Cross (a)	D,VP
John A. Oscar,Jr.	D
Timothy A. King (a)	D,S
Armando A. Pena (a)	D,P,T
Mark A. Pyle (a)	D
Joseph M. Buonaiuto(a)	C

AEP Desert Sky GP, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,VP,T
Thomas V. Shockley,III	B,CB,P
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

AEP Desert Sky LP, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,VP,T
Thomas V. Shockley,III	B,CB,P
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

AEP Desert SKY LP II, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,VP,T
Thomas V. Shockley,III	B,CB,P
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

AEP Elmwood LLC

Name and Principal Address(o)	Position
Holly Keller Koeppel(b)	B,VP
Armando A. Pena (a)	B,T
Mark K. Knoy (v)	P
Michael J. Beyer (b)	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

AEP EmTech, LLC

Name and Principal Address(a)	Position
Henry W. Fayne	B
Thomas V. Shockley,III	B
Susan Tomasky	B
John D. Harper	P
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Thomas L. Jones	VP
Holly Keller Koeppel (b)	VP
John H. Provanzana	VP
Timothy A. King	S
Armando A. Pena	T

AEP Energy Services Gas Holding Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Holly Keller Koeppel (b)	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley,III	D,P
Susan Tomasky	D
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

AEP Energy Services Gas Holding Company II

Name and Principal Address(a)	Position

None

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

AEP Energy Services GmbH

Name and Principal Address(ee)	Position
Armando A. Pena (a)	MD,T
Thomas V. Shockley,III(a)	MD

AEP Energy Services Investments, Inc.

Name and Principal Address(i)	Position
Sean Breiner	D
Geoffrey S. Chatas (a)	D,VP
Jeffrey D. Cross (a)	D,VP
Timothy A. King (a)	D,S
John A. Oscar,Jr.	D
Armando A. Pena (a)	D,VP,T
Mark A. Pyle (a)	D
Thomas V. Shockley,III(a)	P
Joseph M. Buonaiuto (a)	C

AEP Energy Services Limited

Name and Principal Address(ff)	Position
Geoffrey S. Chatas (a)	D
Jeffrey D. Cross (a)	D
Stuart W. Staley	MD
John David Young	D
Armando A. Pena (a)	T
Linda M. Pszon	S

AEP Energy Services Norway AS

Name and Principal Address(z)	Position
Vasant Dattani (ff)	D
Thor Lien	D
Stuart W. Staley (ff)	D
Armando A. Pena (a)	T

AEP Energy Services Trading Limited

Name and Principal Address(ff)	Position
Stuart W. Staley	D
John David Young	D
Armando A. Pena (a)	T
Linda M. Pszon	S

AEP Energy Services(Australia)Pty Ltd

Name and Principal Address(s)	Position
Geoffrey S Chatas (a)	D
Jeffrey D. Cross (a)	D
Stuart W. Staley (ff)	D
John D. Young (ff)	D
Paul Robert Rainey (j)	D,S
Armando A. Pena (a)	T
Linda M. Pszon (ff)	S

AEP Energy Services (Austria) GmbH

Name and Principal Address(gg)	Position
Armando A. Pena (a)	MD,T
Thomas V. Shockley,III(a)	MD

AEP Energy Services, Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
Holly Keller Koeppel	D,P
Armando A. Pena	D,VP,T
Thomas V. Shockley, III	D,VP
Susan Tomasky	D,VP
Brent A. Price (b)	SVP
William C. Reed, II (b)	SVP
Brian X. Tierney (b)	SVP
Charles E. Zebula (b)	SVP
Thomas A. Barry (b)	VP
Robert W. DeLarm (b)	VP
Dale K. Furrow (b)	VP
Robert Goumaz 2488 East 81 Street Tulsa, OK 74137	VP
Nelson L. Kidder P.O. BOX 270 Prestonsburg, KY 41653	VP
Paul S. Mason (b)	VP
Kevin McGowan (b)	VP
Jason Sandmaier (b)	VP
Donald B. Simpson (b)	VP
David G Zatezalo P.O. BOX 270 Prestonsburg, KY 41653	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

AEP Energy Services (Switzerland) GmbH

Name and Principal Address(hh)	Position
Armando A. Pena (a)	MD,T
Thomas V. Shockley,III(a)	MD
Hans Wadsack	MD

AEP Energy Services UK Generation Limited

Name and Principal Address(ff)	Position
Geoffrey S. Chatas (a)	D
Jeffrey D. Cross (a)	D
Vasant Dattani	D
Jeffrey D. Lafleur	D
Armando A. Pena (a)	D,T
Linda M. Pszon	S

AEP Energy Services Ventures, Inc.

Name and Principal Address(i)	Position
Sean Breiner	D
Geoffrey S. Chatas (a)	D,VP
Jeffrey D. Cross (a)	D,VP
John A. Oscar,Jr.	D
Timothy A. King (a)	D,S
Armando A. Pena (a)	D,VP,T
Mark A. Pyle (a)	D
Thomas V. Shockley,III(a)	P
Joseph M. Buonaiuto (a)	C

AEP Energy Services Ventures II, Inc.

Name and Principal Address(i)	Position
Sean Breiner	D
Geoffrey S. Chatas (a)	D,VP
Jeffrey D. Cross (a)	D,VP
John A. Oscar,Jr.	D
Timothy A. King (a)	D,S
Armando A. Pena (a)	D,VP,T
Mark A. Pyle (a)	D
Thomas V. Shockley,III(a)	P
Joseph M. Buonaiuto (a)	C

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

AEP Energy Services Ventures III, Inc.

Name and Principal Address(i)	Position
Sean Breiner	D
Geoffrey S. Chatas (a)	D,VP
Jeffrey D. Cross (a)	D,VP
John A. Oscar,Jr.	D
Timothy A. King (a)	D,S
Armando A. Pena (a)	D,VP,T
Mark A. Pyle (a)	D
Thomas V. Shockley,III(a)	P
Joseph M. Buonaiuto (a)	C

AEP Fiber Venture, LLC

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,VP,T
Susan Tomasky	B,P
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Timothy A. King	S

AEP Funding Limited

Name and Principal Address(g)	Position
Jeffrey D. Cross (a)	D,VP,S
Armando A. Pena (a)	D,P,T

AEP Gas Marketing LP

Name and Principal Address(bb)	Position
Holly Keller Koeppel (b)	P
William C. Reed, II (b)	SVP
Jim Deidiker	VP
Geoffrey S. Chatas (a)	VP
Jeffrey D. Cross (a)	VP
Edward D. Gottlob	VP
Armando A. Pena (a)	VP,T
Brent A. Price (b)	VP
Stephen Schneider	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

AEP Gas Power GP, LLC

Name and Principal Address(a)	Position
Steven A. Appelt (b)	B,VP
Jeffrey D. Cross	B,VP
Armando A. Pena	B,T
Thomas V. Shockley,III	B,CB,P
Timothy A. King	S

AEP Gas Power Systems, LLC

Name and Principal Address(a)	Position
A.Christopher Bakken,III One Cook Place Bridgman, MI 49106	B
Charles C. Cooper 430 Telser Road Lake Zurich, IL 60047-1588	B
Daniel O. Dickinson 430 Telser Road Lake Zurich, IL 60047-1588	B
Robert P. Powers	B
Mark W. Marano	P,CEO
Armando A. Pena	T
Timothy A. King	S

AEP Generating Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagen	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D
Thomas V. Shockley, III	D,VP
Susan Tomasky	D,VP
John F. Norris, Jr.	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

AEP Investments, Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley, III	D,VP
Susan Tomasky	D,P
Michelle S. Kalnas (c)	VP
Holly Keller Koeppel (b)	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

AEP Kentucky Coal, L.L.C.

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Armando A. Pena	B,VP,T
David G. Zatezalo P.O. BOX 270 Prestonsburg, KY 41653	B,P
Nelson L. Kidder P.O. BOX 270 Prestonsburg, KY 41653	VP
Susan Tomasky	VP
Timothy A. King	S

AEP MEMCo LLC

Name and Principal Address(v)	Position
Holly Keller Koeppel(b)	B,VP
Armando A. Pena (a)	B,T
Mark K. Knoy	P
Michael J. Beyer (b)	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

AEP Ohio Coal, L.L.C.

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Armando A. Pena	B,VP,T
David G. Zatezalo P.O. BOX 270 Prestonsburg, KY 41653	B,P
Nelson L. Kidder P.O. BOX 270 Prestonsburg, KY 41653	VP
Susan Tomasky	VP
Timothy A. King	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

AEP Ohio Commercial & Industrial Retail Company, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,VP,T
Thomas V. Shockley,III	B,CB,P
Geoffrey S. Chatas	VP
Timothy A. King	S

AEP Ohio Retail Energy, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,T
Thomas V. Shockley,III	B,CB,P
Geoffrey S. Chatas	VP
Timothy A. King	S

AEP Power Marketing, Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
Armando A. Pena	D,VP,T
Susan Tomasky	D,VP
Thomas V. Shockley,III	P
Joseph M. Buonaiuto	C,CAO
Timothy A. King	S

AEP Pro Serv, Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
John F. Norris, Jr.	D
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley, III	D,VP
Susan Tomasky	D,VP
Michael W. Rencheck	P
Mark W. Marano	SVP
Robert T. Burns	VP
Mark A. Gray	VP
Dennis A. Lantzy	VP
John A. Mazzone	VP
Kenneth B. Rogers 119 Gannett Drive South Portland, ME 04106	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

AEP Resources Australia Holdings Pty Ltd

Name and Principal Address(j)	Position
Herbert L. Hogue (a)	D
Holly Keller Koeppel (b)	D
Armando A. Pena (a)	D,T
Paul Robert Rainey	D,S
Jeffrey D. Cross (a)	S

AEP Resources Australia Pty., Ltd.

Name and Principal Address(j)	Position
Jeffrey D. Cross (a)	D,S
Armando A. Pena (a)	D,T
Paul Robert Rainey	D,S
Timothy A. King (a)	S

AEP Resources do Brasil Ltda.

Name and Principal Address(cc)	Position
Hercules Celescuekci	DM

AEP Resources, Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley, III	D,VP
Susan Tomasky	D,P
Holly Keller Koeppel (b)	VP
James H. Sweeney (b)	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

AEP Resources International, Limited

Name and Principal Address(g)	Position
Geoffrey S. Chatas (a)	D,VP
Jeffrey D. Cross (a)	D,VP
Armando A. Pena (a)	D,VP,T
Susan Tomasky (a)	D,P
Timothy A. King (a)	S

AEP Resources Limited

Name and Principal Address(k)	Position
Geoffrey S. Chatas (a)	D
Jeffrey D. Cross (a)	D
Holly Keller Koeppel (b)	D
Armando A. Pena (a)	D,T
Timothy A. King (a)	S

AEP Resources Project Management Company, Ltd.

Name and Principal Address(g)	Position
Jeffrey D. Cross (a)	D
Armando A. Pena (a)	D,T
Walkers SPV Limited	S

AEP Retail Energy, LLC

Name and Principal Address(a)	Position
Henry W. Fayne	B,VP
Susan Tomasky	B,S
Armando A. Pena	T

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

AEP Texas Central Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
Charles H. Adami (11)	VP
A. Christopher Bakken, III One Cook Place Bridgmen MI 49106	VP
Glenn M. Files	VP
Michelle S. Kalnas (c)	VP
Charles R. Patton (h)	VP
Julio C. Reyes (h)	VP
Marsha P. Ryan	VP
William L. Sigmon,Jr.(b)	VP
Richard P. Verret 825 Tech Center Drive Gahanna, Ohio 43230	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

AEP Texas Commercial & Industrial Retail GP, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,T
Thomas V. Shockley,III	B,CB,P
Geoffrey S. Chatas	VP
Timothy A. King	S

AEP Texas Commercial & Industrial Retail Limited Partnership

Name and Principal Address(h)	Position
Thomas V. Shockley,III(a)	P
Geoffrey S. Chatas (a)	VP
Jeffrey D. Cross (a)	VP
Holly Keller Koeppel(b)	VP
Armando A. Pena (a)	VP,T
Brian X. Tierney (b)	VP
Charles E. Zebula (b)	VP
Timothy A. King (a)	S

AEP Texas North Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
Glenn M. Files	VP
Michelle S. Kalnas (c)	VP
Charles R. Patton (h)	VP
William L. Sigmon,Jr. (b)	VP
Julio C. Reyes (h)	VP
Marsha P. Ryan (c)	VP
Rickey R. Stanaland (11)	VP
Richard P. Verret 825 Tech Center Drive Gahanna, Ohio 43230	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

AEP Texas POLR GP, LLC

Name and Principal Address(h)	Position
Jeffrey D. Cross (a)	B,VP
Holly Keller Koeppel(b)	B,VP
Armando A. Pena (a)	B,T
Thomas V. Shockley,III(a)	B,CB,P
Geoffrey S. Chatas (a)	VP
Timothy A. King (a)	S

AEP Texas POLR, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,T
Thomas V. Shockley,III	B,CB,P
Geoffrey S. Chatas	VP
Timothy A. King	S

AEP T&D Services, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Glenn M. Files	B,VP
Thomas L. Kirkpatrick	B
Armando A. Pena	B,T
Richard P. Verret 825 Tech Center Drive Gahanna, OH 43230	B,VP
Timothy A. King	S

AEP West Virginia Coal, Inc.

Name and Principal Address(a)	Position
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP,T
Susan Tomasky	D,VP
David G. Zatezalo P.O. BOX 270 Prestonsburg, KY 41653	D,P
Nelson L. Kidder P.O. BOX 270 Prestonsburg, KY 41653	VP
Timothy A. King	S

AEP Wind GP, LLC

Name and Principal Address(a)	Position
Thomas V. Shockley,III	P
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Holly Keller Koeppel (b)	VP
Armando A. Pena	VP,T
Joseph M. Buonaiuto	C
Timothy A. King	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

AEP Wind LP, LLC

Name and Principal Address(a)	Position
Thomas V. Shockley,III	P
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Holly Keller Koeppel (b)	VP
Armando A. Pena	VP,T
Joseph M. Buonaiuto	C
Timothy A. King	S

AEP Wind LP II, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,VP,T
Thomas V. Shockley,III	B,CB,P
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

AEPR Energy Ventures B.V.

Name and Principal Address(q)	Position
Geoffrey S. Chatas (a)	MD
Jeffrey D. Cross (a)	MD
Armando A. Pena (a)	MD

AEPR Global Energy B.V.

Name and Principal Address(q)	Position
Geoffrey S. Chatas (a)	MD
Jeffrey D. Cross (a)	MD
Armando A. Pena (a)	MD

AEPR Global Holland Holding B.V.

Name and Principal Address(q)	Position
AEP Resources, Inc. (a)	MD
Geoffrey S. Chatas (a)	MD
Jeffrey D. Cross (a)	MD
Armando A. Pena (a)	MD
John David Young (ff)	MD

AEPR Global Investments B.V.

Name and Principal Address(q)	Position
Geoffrey S. Chatas (a)	MD
Jeffrey D. Cross (a)	MD
Armando A. Pena (a)	MD
Stuart W. Staley (ff)	MD
John David Young (ff)	MD

AEPR Global Ventures B.V.

Name and Principal Address(q)	Position
Geoffrey S. Chatas (a)	MD
Jeffrey D. Cross (a)	MD
Stuart W. Staley (ff)	MD
Armando A. Pena (a)	MD
John David Young (ff)	MD

AEPR Ohio, LLC

Name and Principal Address(a)	Position
Geoffrey S. Chatas	B,VP
Jeffrey D. Cross	B,VP
Armando A. Pena	B,VP,T
Thomas V. Shockley, III	B,CB,P
Timothy A. King	S

American Electric Power Service Corporation

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,P,CEO
Henry W. Fayne	D,EVP
Thomas M. Hagen	D,EVP
Robert P. Powers	D,EVP
Thomas V. Shockley, III	D,VCB,COO
Susan Tomasky	D,EVP,AS
Holly Keller Koeppel (b)	EVP
Melinda S. Ackerman	SVP
Nicholas J. Ashooh	SVP
J. C. Baker	SVP
A. Christopher Bakken,III One Cook Place Bridgman, MI 49106	SVP
Joseph M. Buonaiuto	SVP,C,CAO
Jeffrey D. Cross	D,SVP,GC,AS
Joseph Hamrock (c)	SVP
Dale E. Heydlauff	SVP
Michelle S. Kalnas (c)	SVP
R. E. Munczinski	SVP
John F. Norris, Jr.	SVP
Armando A. Pena	SVP,T
Michael W. Rencheck	SVP
William L. Sigmon,Jr.(b)	SVP
Scott N. Smith	SVP,CRO
Leonard V. Assante	VP,DC
Michael J. Assante	VP,CISO
Edward C. Bradley	VP
Edward J. Brady	VP
Bruce H. Braine	VP
Geoffrey S. Chatas	VP,AT
G. A. Clark 110 W. Michigan Ave, Lansing, MI 48933	VP
Robert G. Cohn (b)	VP
W. N. D'Onofrio	VP
Diane M. Fitzgerald 1367 Silverbrook Lane St.Joseph, MI 49085	VP
Wendy G. Hargus (ll)	VP,AT
John D. Harper	VP
Timothy G. Harshbarger	VP
Joseph R. Hartsoe 801 Pennsylvania Ave.NW Washington, DC 20004	VP
Stephan T. Haynes (b)	VP
Frank Hilton (b)	VP,CCO
Anthony P. Kavanagh 801 Pennsylvania Ave.NW Washington, DC 20004	VP
Michael D. Martin	VP
Mark W. Menezes 801 Pennsylvania Ave. Washington, DC 20004	VP
D. Michael Miller	VP
Richard A. Mueller	VP
Gary M. Prescott	VP
Daniel J. Rogier	VP
William L. Scott	VP
O. J. Sever	VP
Stuart Solomon	VP
Mark A. Welch	VP
Waldo Zerger	VP
Timothy A. King	S
Thomas G. Berkemeyer	AS,AGC

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

Appalachian Power Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
Stephen W. Burge	VP
R. D. Carson, Jr. 1051 East Cary Street Richmond, VA 23219	VP
Mark E. Dempsey 301 Virginia Street, East Charleston, WV 25327	VP
Glenn M. Files	VP
Michelle S. Kalnas (c)	VP
John F. Norris, Jr.	VP
Marsha P. Ryan	VP
Richard P. Verret 825 Tech Center Drive Gahanna, OH 43230	VP
William F. Vineyard	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

Blackhawk Coal Company

Name and Principal Address(r)	Position
E. Linn Draper, Jr. (a)	D,CB,CEO
Henry W. Fayne (a)	D,VP
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,VP
Susan Tomasky (a)	D,VP
Gerald M. Dimmerling 377 Highway 522 Mansfield, LA 71052	P
Joseph M. Buonaiuto (a)	C,CAO
Leonard V. Assante (a)	DC
Timothy A. King(a)	S

C3 Communications, Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley, III	D,VP
Susan Tomasky	D,P
Holly Keller Koeppel (b)	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

C3 Networks & Communications Limited Partnership

Name and Principal Address(x)	Position
Susan Tomasky (a)	P
Geoffrey S. Chatas (a)	VP
Jeffrey D. Cross (a)	VP
Holly Keller Koeppel (b)	VP
Armando A. Pena (a)	VP,T
Timothy A. King (a)	S

C3 Networks GP, L.L.C.

Name and Principal Address(x)	Position
Jeffrey D. Cross (a)	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena (a)	B,VP,T
Susan Tomasky (a)	B,P
Geoffrey S. Chatas (a)	VP
Timothy A. King (a)	S

C3 Networks Limited Partnership

Name and Principal Address(x)	Position
Susan Tomasky (a)	P
Geoffrey S. Chatas (a)	VP
Jeffrey D. Cross (a)	VP
Holly Keller Koeppel (b)	VP
Armando A. Pena (a)	VP,T
Timothy A. King (a)	S

Cardinal Operating Company

Name and Principal Address(l)	Position
Anthony J. Ahern 6677 Busch Blvd. Columbus, OH 43226	D,VP
J. C. Baker (a)	D
E. Linn Draper, Jr. (a)	D,P
Henry W. Fayne (a)	D,VP
Ralph E. Luffler P.O. Box 250 Lancaster, OH 43130-0250	D,VP
Steven K. Nelson P.O. Box 280 Coshocton, OH 43812	D,VP
Patrick W. O'Loughlin 6677 Busch Blvd. Columbus, OH 43226	D,VP
Michael L. Rencheck (a)	D,VP
William L. Sigmon, Jr.(b)	D,VP
Michael L. Sims 3888 Stillwell Beckett Rd. Oxford, OH 45056	D
Joseph M. Buonaiuto (a)	C
Armando A. Pena (a)	T
Timothy A. King (a)	S

Cedar Coal Co.

Name and Principal Address(e)	Position
E. Linn Draper, Jr. (a)	D,CB,CEO
Henry W. Fayne (a)	D,VP
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,VP
Susan Tomasky (a)	D,VP
Gerald M. Dimmerling 377 Highway 522 Mansfield, LA 71052	P
Joseph M. Buonaiuto (a)	C,CAO
Leonard V. Assante (a)	DC
Timothy A. King (a)	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

Central and South West Corporation

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO,P
Henry W. Fayne	D,VP
Thomas M. Hagan	D
Armando A. Pena	D,T
Robert P. Powers	D
Thomas V. Shockley,III	D,VCB,COO
Susan Tomasky	D
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

Central Appalachian Coal Company

Name and Principal Address(e)	Position
E. Linn Draper, Jr. (a)	D,CB,CEO
Henry W. Fayne (a)	D,VP
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,VP
Susan Tomasky (a)	D,VP
Gerald M. Dimmerling 377 Highway 522 Mansfield, LA 71052	P
Joseph M. Buonaiuto (a)	C,CAO
Leonard V. Assante (a)	DC
Timothy A. King (a)	S

Central Coal Company

Name and Principal Address(e)	Position
E. Linn Draper, Jr. (a)	D,CB,CEO
Henry W. Fayne (a)	D,VP
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,VP
Susan Tomasky (a)	D,VP
David G. Zatezalo 270 P.O. BOX Prestonsburg, KY 41653	P
Nelson L. Kidder 270 P.O. BOX Prestonsburg, KY 41653	VP
Joseph M. Buonaiuto (a)	C,CAO
Leonard V. Assante (a)	DC
Timothy A. King (a)	S

Colomet, Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,P,CEO
Henry W. Fayne	D,VP
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley, III	D,VP
Susan Tomasky	D,VP
Glenn M. Files	VP
Richard P. Verret 825 Tech Center Drive Gahanna, OH 43230	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

Columbus Southern Power Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
Glenn M. Files	VP
Jane A. Harf 88 East Broad Street,8th Fl. Columbus, OH 43215	VP
Michelle S. Kalnas (c)	VP
Mark C. McCullough (b)	VP
William L. Sigmon,Jr. (b)	VP
Marsha P. Ryan	VP
Richard P. Verret 825 Tech Center Drive Gahanna, OH 43230	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

Conesville Coal Preparation Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
Mark C. McCullough (b)	P
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

Conlease, Inc.

Name and Principal Address (p)	Position
Holly Keller Koeppel (b)	D,VP
Armando A. Pena (a)	D,VP,T
Mark K. Knoy (v)	P
Michael J. Beyer (b)	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

CSW Development-3, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Development-II, Inc.

Name and Principal Address(a)	Position
Jeffrey D. Cross	D,VP
Holly Keller Koeppel (b)	D,P
Armando A. Pena	D,VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

CSW Development-I, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Eastex GP II, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Eastex GP I, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Eastex LP II, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Eastex LP I, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Energy Services, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel	D,P
Armando A. Pena	D,VP,T
Thomas V. Shockley, III	D
Joseph M. Buonaiuto	C,CAO
Timothy A. King	S

CSW Energy, Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley, III	D,P
Susan Tomasky	D,VP
Holly Keller Koeppel (b)	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

CSW Ft. Lupton, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW International Two, Inc.

Name and Principal Address(a)	Position
Geoffrey S. Chatas	D
Jeffrey D. Cross	D,VP
Timothy A. King	D,S
Armando A. Pena	D,P,T
Mark A. Pyle	D
Holy Keller Koeppel (b)	VP
Bradford R. Signet	VP
Joseph M. Buonaiuto	C

CSW International (U.K.), Inc.

Name and Principal Address(a)	Position
Geoffrey S. Chatas	D
Jeffrey D. Cross	D,VP
Joseph M. Buonaiuto	C

CSW International, Inc.(a Delaware Corp.)

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley, III	D,P
Susan Tomasky	D,VP
Holly Keller Koeppel (b)	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

CSW International, Inc.(a Cayman Corp.)

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Susan Tomasky	D
Geoffrey S. Chatas	VP
Timothy A. King	S
Wendy G. Hargus (11)	T

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

CSW Mulberry II, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Mulberry, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Nevada, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Northwest GP, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Northwest LP, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Orange II, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Orange, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Power Marketing, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Services International, Inc.

Name and Principal Address(a)	Position
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Sandra S. Bennett (b)	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Sweeny GP II, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Sweeny GP I, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW Sweeny LP II, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

CSW Sweeny LP I, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSW UK Finance Company

Name and Principal Address(ff)	Position
E. Linn Draper,Jr.(a)	D
Holly Keller Koeppel (b)	D
Armando A. Pena (a)	D,T
Thomas V. Shockley,III(a)	D
Bradford R. Signet (a)	D
Susan Tomasky (a)	D
Jeffrey D. Cross (a)	S

CSW UK Holdings

Name and Principal Address(ff)	Position
E. Linn Draper,Jr.(a)	D
Holly Keller Koeppel (b)	D
Armando A. Pena (a)	D,T
Thomas V. Shockley,III(a)	D
Bradford R. Signet (a)	D
Susan Tomasky (a)	D
Jeffrey D. Cross (a)	S

CSW UK Investments Limited

Name and Principal Address(ff)	Position
E. Linn Draper,Jr.(a)	D
Holly Keller Koeppel (b)	D
Armando A. Pena (a)	D,T
Thomas V. Shockley,III(a)	D
Bradford R. Signet (a)	D
Susan Tomasky (a)	D
Jeffrey D. Cross (a)	S

CSW Vale L.L.C.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,P
Jeffrey D. Cross	D,VP
Armando A. Pena	D,VP
Susan Tomasky	D
Geoffrey S. Chatas	VP
Sandra S. Bennett (b)	C
Timothy A. King	S
Wendy G. Hargus (11)	T

CSWC License, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley,III	D
Susan Tomasky	P
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

CSWC Southwest Holdings, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley,III	D
Susan Tomasky	P
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

CSWC TeleChoice Management, Inc.

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley,III	D
Susan Tomasky	P
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

CSWI Europe Limited

Name and Principal Address(ff)	Position
Holly Keller Koeppel(b)	D
Jeffrey D. Lafleur	D
Armando A. Pena (a)	T
Timothy A. King (a)	S

CSWI Netherlands, Inc.

Name and Principal Address(a)	Position
Geoffrey S. Chatas	D,VP
Jeffrey D. Cross	D,VP
Timothy A. King	D,S
Armando A. Pena	D,P,T
Mark A. Pyle	D
Joseph M. Buonaiuto	C

DECCO II, LLC

Name and Principal Address(a)	Position
Michael W. Rencheck	CEO
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Armando A. Pena	VP,T
Joseph M. Buonaiuto	C
Timothy A. King	S

Diversified Energy Contractors Company, LLC

Name and Principal Address(a)	Position
Michael W. Rencheck	CEO
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
John A. Mazzone (c)	VP
Armando A. Pena	VP,T
Joseph M. Buonaiuto	C
Timothy A. King	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

Dolet Hills Lignite Company, LLC

Name and Principal Address(rr)	Position
Jeffrey D. Cross (a)	B,VP
E. Linn Draper, Jr. (a)	B,CB,CEO
Armando A. Pena (a)	B,VP,T
Thomas V. Shockley,III(a)	B
Gerald M. Dimmerling 377 Highway 522 Mansfield, LA 71052	P
Timothy A. King (a)	S

EnerShop Inc.

Name and Principal Address(a)	Position
Jeffrey D. Cross	D,VP
Holly Keller Koeppel (b)	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley,III	D,CB,P
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

Envirotherm, Inc.

Name and Principal Address(ll)	Position
Jeffrey D. Cross (a)	D,VP
Holly Keller Koeppel (b)	D,VP
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,CB,P
Geoffrey S. Chatas (a)	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

Franklin Real Estate Company

Name and Principal Address(n)	Position
E. Linn Draper, Jr. (a)	D,CEO,P
Henry W. Fayne (a)	D,VP
Thomas M. Hagan (a)	D,VP
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,VP
Susan Tomasky (a)	D,VP
Glenn M. Files (a)	VP
Richard P. Verret 825 Tech Center Drive Gahanna, Ohio 43230	VP
Joseph M. Buonaiuto (a)	C,CAO
Leonard V. Assante (a)	DC
Timothy A. King (a)	S

Golden Prairie Holding Company LLC

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	B,CB,P
Michael J. Kelley	B,T
Timothy K. Light (b)	B,VP
David T. Musselman (b)	B,S
Ward C. Marshall (b)	VP

Golden Prairie Wind Farm LLC

Name and Principal Address(a)	Position
Holly Keller Koeppel (b)	B,CB,P
Michael J. Kelley	B,T
Timothy K. Light (b)	B,VP
David T. Musselman (b)	B,S
Ward C. Marshall (b)	VP

Houston Pipe Line Company LP

Name and Principal Address(bb)	Position
Holly Keller Koeppel (b)	P
William C. Reed II (b)	SVP
Geoffrey S. Chatas (a)	VP
Jeffrey D. Cross (a)	VP
Jim Deidiker	VP
Edward D. Gottlob	VP
Armando A. Pena (a)	VP,T
Brent A. Price (b)	VP
Stephen Schneider	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

HPL GP, LLC

Name and Principal Address(a)	Position
Geoffrey S. Chatas	B,VP
Jeffrey D. Cross	B,VP
Armando A. Pena	B,VP,T
Holly Keller Koeppel (b)	B,P
Thomas V. Shockley, III	B
William C. Reed, II (b)	SVP
Jim Deidiker (bb)	VP
Brent A. Price (b)	VP
Stephen Schneider (bb)	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

HPL Holdings, Inc.

Name and Principal Address(i)	Position
Sean Breiner	D
Geoffrey S. Chatas (a)	D,VP
Jeffrey D. Cross (a)	D,VP
John A. Oscar,Jr.	D
Timothy A. King (a)	D,S
Armando A. Pena (a)	D,VP,T
Mark A. Pyle (a)	D
Thomas V. Shockley,III(a)	P
Holley Keller Koeppel (b)	VP
Joseph M. Buonaiuto (a)	C

HPL Resources Company LP

Name and Principal Address(bb)	Position
Thomas V. Shockley,III(a)	P
Geoffrey S. Chatas (a)	VP
Jeffrey D. Cross (a)	VP
Edward D. Gottlob	VP
Holly Keller Koeppel (b)	VP
Armando A. Pena (a)	VP,T
Stephen Schneider	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

Indiana-Kentucky Electric Corporation

Name and Principal Address(w)	Position
E. Linn Draper, Jr. (a)	D,P
Arthur R. Garfield 76 South Main Street Akron, OH 44308	D
Andrew E. Goebel 20 NW Fourth Street Evansville, IN 47741	D
Ronald G. Jochum 20 NW Fourth Street Evansville, IN 47741	D
Michael P. Morrell 10435 Downsville Pike Hagerstown, MD 21740	D
Albert H. Potter (d)	D
John R. Sampson 101 W. Ohio Street, Ste 1320 Indianapolis, IN 46204	D
David L. Hart (a)	VP
David E. Jones	VP
Armando A. Pena (a)	VP
John D. Brodt	S,T

Indiana Franklin Realty, Inc.

Name and Principal Address(d)	Position
E. Linn Draper, Jr. (a)	D,CEO,P
Henry W. Fayne (a)	D,VP
Thomas M. Hagan (a)	D,VP
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,VP
Susan Tomasky (a)	D,VP
Glenn M. Files (a)	VP
Richard P. Verret 825 Tech Center Drive Gahanna, OH 43230	VP
Joseph M. Buonaiuto (a)	C,CAO
Leonard V. Assante (a)	DC
Timothy A. King (a)	S

Indiana Michigan Power Company

Name and Principal Address(a)	Position
Karl G. Boyd (d)	D
E. Linn Draper, Jr.	D,CB,CEO
John E. Ehler 3514 Landin Rd. New Haven, IN 46774	D
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
David L. Lahrman (d)	D
Marc E. Lewis (d)	D
Susanne M. Moorman (d)	D
Robert P. Powers	D,VP
John R. Sampson 101 W. Ohio Street, Ste 1320 Indianapolis, IN 46204	D,VP
Thomas V. Shockley,III	D,VP
D. B. Synowiec 2791 N. U.S. Highway 231 Rockport, IN 47635	D
Susan Tomasky	D,VP
A. Christopher Bakken III One Cook Place Bridgman, MI 49106	VP
Stephen W. Burge	VP
Glenn M. Files	VP
Michelle S. Kalnas (c)	VP
John F. Norris, Jr.	VP
Armando A. Pena	VP,T
Joseph E. Pollock One Cook Place Bridgman, MI 49106	VP
Marsha P. Ryan	VP
Richard P. Verret 825 Tech Center Drive Gahanna, OH 43230	VP
William F. Vineyard	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

Industry and Energy Associates,L.L.C.

Name and Principal Address(a)	Position
Michael W. Rencheck	CEO
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Armando A. Pena	VP,T
Kenneth B. Rogers 119 Gannett Drive South Portland, ME 04106	VP
Joseph M. Buonaiuto	C
Timothy A. King	S

Jefferson Island Storage & Hub L.L.C.

Name and Principal Address(bb)	Position
Jeffrey D. Cross (a)	B,VP
Holly Keller Koeppel(b)	B,P
Armando A. Pena (a)	B,VP,T
Thomas V. Shockley,III(a)	B,CB
William C. Reed,II (b)	SVP
Geoffrey S. Chatas(a)	VP
Jim Deidiker	VP
Edward D. Gottlob	VP
Brent A. Price (b)	VP
Stephen Schneider	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

Kentucky Power Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
Stephen W. Burge	VP
Glenn M. Files	VP
Michelle S. Kalnas	VP
T. C. Mosher 101 Enterprise Drive Frankfort, KY 40601	VP
John F. Norris, Jr.	VP
Marsha P. Ryan	VP
Richard P. Verret 825 Tech Center Drive Gahanna, OH 43230	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

Kingsport Power Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
R. D. Carson, Jr.	VP
1051 East Cary Street, 7th Fl. Richmond, VA 23219	
Glenn M. Files	VP
Michelle S. Kalnas (c)	VP
John F. Norris, Jr.	VP
Marsha P. Ryan	VP
Richard P. Verret	VP
825 Tech Center Drive Gahanna, OH 43230	
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

LIG Chemical Company

Name and Principal Address(bb)	Position
Jeffrey D. Cross (a)	D,VP
Holly Keller Koeppel (b)	D,P
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,CB
William C. Reed, II (b)	SVP
Geoffrey S. Chatas (a)	VP
Jim Deidiker	VP
Edward D. Gottlob	VP
Brent A. Price (b)	VP
Stephen Schneider	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

LIG Liquids Company, L.L.C.

Name and Principal Address(bb)	Position
Jeffrey D. Cross (a)	B,VP
Holly Keller Koeppel(b)	B,P
Armando A. Pena (a)	B,VP,T
Thomas V. Shockley,III(a)	B,CB
William C. Reed, II (b)	SVP
Geoffrey S. Chatas (a)	VP
Jim Deidiker	VP
Edward D. Gottlob	VP
Brent A. Price (b)	VP
Stephen Schneider	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

LIG Pipeline Company

Name and Principal Address(bb)	Position
Jeffrey D. Cross (a)	D,VP
Holly Keller Koeppel(b)	D,P
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,CB
Geoffrey S. Chatas (a)	VP
Stephen Schneider	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

LIG, Inc.

Name and Principal Address(bb)	Position
Jeffrey D. Cross (a)	D,VP
Holly Keller Koeppel(b)	D,P
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,CB
Geoffrey S. Chatas (a)	VP
Stephen Schneider	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

Louisiana Intrastate Gas Company, L.L.C.

Name and Principal Address(bb)	Position
Jeffrey D. Cross (a)	B,VP
Holly Keller Koeppel(b)	B,P
Armando A. Pena (a)	B,VP,T
Thomas V. Shockley,III(a)	B,CB
William C. Reed, II (b)	SVP
Geoffrey S. Chatas (a)	VP
Jim Deidiker	VP
Edward D. Gottlob	VP
Brent A. Price (b)	VP
Stephen Schneider	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

Mulberry Holdings, Inc.

Name and Principal Address(a)	Position
Jeffrey D. Cross	D,VP
Holly Keller Koeppel (b)	D,P
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

Mutual Energy L.L.C.

Name and Principal Address(a)	Position
Thomas V. Shockley,III	CB,P
Geoffrey S. Chatas	VP
Jeffrey D. Cross	VP
Holly Keller Koeppel (b)	VP
Timothy A. King	S
Armando A. Pena	T

Mutual Energy Service Company, LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Holly Keller Koeppel (b)	B,VP
Armando A. Pena	B,T
Thomas V. Shockley,III	B,CB,P
Geoffrey S. Chatas	VP
Timothy A. King	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

Nanyang General Light Electric Co., Ltd.

Name and Principal Address(f)	Position
Qin Qigen	D,VCB
Jeffrey D. Cross (a)	D,S
Bernard Hu 2648 Durfee Ave., #B El Monte, CA 91732	D
Holly Keller Koeppel (b)	D
Dennis A. Lantzy (a)	D
Ralph E. Life	D
Armando A. Pena (a)	D,CB
Lu Ming Tao	D
Hao Zhengshan	D

Newgulf Power Venture, Inc.

Name and Principal Address(a)	Position
Jeffrey D. Cross	D,VP
Holly Keller Koeppel (b)	D,P
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

NGLE Pushan Power, LDC

Name and Principal Address(g)	Position
Jeffrey D. Cross (a)	D
Armando A. Pena (a)	D,VP,T
Walkers SPV Limited	S

Noah I Power GP, Inc.

Name and Principal Address(a)	Position
Jeffrey D. Cross	D,VP
Holly Keller Koeppel (b)	D,P
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

Ohio Power Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
Glenn M. Files	VP
Jane A. Harf 88 East Broad Steet 8th Fl. Columbus, OH 43215	VP
Michelle S. Kalnas (c)	VP
Mark C. McCullough (b)	VP
Marsha P. Ryan (c)	VP
William L. Sigmon,Jr.(b)	VP
Richard P. Verret 825 Tech Center Drive Gahanna, OH 43230	VP
William F. Vineyard	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

Ohio Valley Electric Corporation

Name and Principal Address(w)	Position
David C. Benson 4350 Northern Pike Monroeville, PA 15146	D
H. Peter Burg 76 South Main Street Akron, OH 44308	D
E. Linn Draper, Jr. (a)	D,P
Henry W. Fayne (a)	D
Arthur R. Garfield 76 South Main Street Akron, OH 44308	D
Andrew E. Goebel 20 NW Fourth Street Evansville, IN 47741	D
Holly Keller Koeppel (b)	D
Michael P. Morrell 10435 Downsville Pike Hagerstown, MD 21740	D
Alan J. Noia 10435 Downsville Pike Hagerstown, MD 21740	D
Guy L. Pipitone 76 South Main Street Akron, OH 44308	D
John C. Procario 139 East Fourth Street Cincinnati, OH 45202	D
Thomas V. Shockley,III(a)	D
A. Roger Smith 220 West Main Street Louisville, KY 40202	D
Paul W. Thompson 220 West Main Street Louisville, KY 40202	D
W. Steven Wolff 1065 Woodman Drive Dayton, OH 45432	D
David L. Hart (a)	VP
David E. Jones	VP
Armando A. Pena (a)	VP
John D. Brodt	S,T

Operaciones Azteca VIII, S. de R.L. de C.V.

Name and Principal Address(pp)	Position
Philip Cantner Two Alhambra Plaza, Suite 1100 Coral Gables, FL 33134	D
James H. Sweeney (b)	D
J. Christopher Terajewicz One Bowdoin Square Boston, MA 02114	D
Robert H. Warburton 15 Wayside Rd. Burlington, MA 01803	D
Jorge Young Two Alhambra Plaza, Ste 1100 Coral Gables, FL 33134	D
Carlos de Maria y Campos Segura Torre del Bosqu Blvd. Manuel Avila Camacho 24, Piso 7, Col. Lomas de Chapultepec 11000 Mexico, D.F.	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

Orange Cogen Funding Corp.

Name and Principal Address(a)	Position
Clifford D. Evans 1001 Louisiana Street Houston, TX 77002	D,P
Holly Keller Koeppel (b)	D,CEO
John O'Rourke 1001 Louisiana Street Houston, TX 77002	D
A Wade Smith (b)	D
Timothy A. King	S

Orange Cogeneration GP II, Inc.

Name and Principal Address(a)	Position
Clifford D. Evans 1001 Louisiana Street Houston, TX 77002	D,P
Holly Keller Koeppel (b)	D,CEO
John O'Rourke 1001 Louisiana Street Houston, TX 77002	D
A. Wade Smith (b)	D,GM
David L. Siddall 1001 Louisiana Street Houston, TX 77002	S

Orange Cogeneration GP, Inc.

Name and Principal Address(a)	Position
Clifford D. Evans 1001 Louisiana Street Houston, TX 77002	D,P
Holly Keller Koeppel (b)	D,CEO
John O'Rourke 1001 Louisiana Street Houston, TX 77002	D
A. Wade Smith (b)	D,GM
David L. Siddall 1001 Louisiana Street Houston, TX 77002	S

Orange Holdings, Inc.

Name and Principal Address(a)	Position
Jeffrey D. Cross	D,VP
Holly Keller Koeppel (b)	D,P
Armando A. Pena	D,VP
Joseph M. Buonaiuto	C
Timothy A. King	S
Wendy G. Hargus (11)	T

Pacific Hydro Limited

Name and Principal Address(aa)	Position
Peter L. Downie	D
Michael C. Fitzpatrick	D
Jeffrey Harding	D
Holly Keller Koeppel(b)	D
John L. C. McInnes	D
Philip van der Riet	D
Peter F. Westaway	D
Matthew G. C. Williams	D
Kingsley G. Culley	D,CB
Anthony G. Evans	S

Polk Power GP II, Inc.

Name and Principal Address(a)	Position
Clifford D. Evans 1001 Louisiana Street Houston, TX 77002	D,CEO
Holly Keller Koeppel (b)	D,P
John O'Rourke 1001 Louisiana Street Houston, TX 77002	D
A. Wade Smith (b)	D,GM
Timothy A. King	S

Polk Power GP, Inc.

Name and Principal Address(a)	Position
Clifford D. Evans 1001 Louisiana Street Houston, TX 77002	D,CEO
Holly Keller Koeppel (b)	D,P
John O'Rourke 1001 Louisiana Street Houston, TX 77002	D
A. Wade Smith (b)	D,GM
Timothy A. King	S

POLR Power, L.P.

Name and Principal Address(h)	Position
Thomas V. Shockley,III(a)	P
Jeffrey D. Cross (a)	VP
Holly Keller Koeppel (b)	VP
Timothy A. King (a)	S
Armando A. Pena (a)	T

Price River Coal Company, Inc.

Name and Principal Address(d)	Position
E. Linn Draper, Jr. (a)	D,CB,CEO
Henry W. Fayne (a)	D,VP
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,VP
Susan Tomasky (a)	D,VP
Gerald M. Dimmerling 377 Highway 522 Mansfield, LA 71052	P
Joseph M. Buonaiuto (a)	C,CAO
Leonard V. Assante (a)	DC
Timothy A. King (a)	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

Public Service Company of Oklahoma

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
T. D. Churchwell 1601 N.W. Expressway,Ste 1400 Oklahoma City, OK 73118	VP
Glenn M. Files	VP
Michelle S. Kalnas (c)	VP
Gary C. Knight 3600 S. Elwood Ave. Tulsa, OK 74102	VP
John F. Norris, Jr.	VP
Marsha P. Ryan	VP
Richard P. Verret 825 Tech Center Drive Gahanna, Ohio 43230	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

REP General Partner L.L.C.

Name and Principal Address(h)	Position
Jeffrey D. Cross (a)	B,VP
Holly Keller Koeppel(b)	B,VP
Armando A. Pena (a)	B,VP,T
Thomas V. Shockley,III(a)	B,P
Geoffrey S. Chatas (a)	VP
Timothy A. King (a)	S

REP Holdco, LLC

Name and Principal Address(qq)	Position
Jeffrey D. Cross (a)	D,VP
Holly Keller Koeppel(b)	D,VP
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,CB,P
Geoffrey S. Chatas (a)	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

Servicios Azteca VIII,S.de R.L. de C.V.

Name and Principal Address(pp)	Position
Philip Cantner 15 Wayside Road Burlington, MA 01803	D
John H. Foster Two Alhambra Plaza, Ste 1100 Coral Gables, FL 33134	D,CB
Carlos Riva 15 Wayside Road Burlington, MA 01803	D
James H. Sweeney (b)	D
Enrique Tabora 15 Wayside Road Burlington, MA 01803	D
Carlos de Maria y Campos Segura Torre del Bosqu Blvd. Manuel Avila Camacho 24, Piso 7, Col. Lomas de Chapultepec 11000 Mexico, D.F.	S

Shoreham Operations Company Limited

Name and Principal Address(y)	Position
E. S. Golland	D
Jeffrey D. Lafleur (ff)	D
Holly Keller Koeppel (b)	D
Stuart W. Staley (ff)	D
C. D. MacKendrick	S

Simco Inc.

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,VP
Armando A. Pena	D,VP,T
Thomas V. Shockley, III	D,VP
Susan Tomasky	D,VP
David G. Zatezalo P.O. BOX 270 Prestonsburg, KY 41653	P
Nelson L. Kidder P.O. BOX 270 Prestonsburg, KY 41653	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

Snowcap Coal Company, Inc.

Name and Principal Address(a)	Position
David M. Cohen (b)	D,VP,S
Scott H. Finch	D,T
David G. Zatezalo P.O. BOX 270 Prestonsburg, KY 41653	D,P
Nelson L. Kidder P.O. BOX 270 Prestonsburg, KY 41653	VP

South Coast Power Limited

Name and Principal Address(y)	Position
E. S. Golland	D
Holly Keller Koeppel (b)	D
Jeffrey D. Lafleur (ff)	D
B. J. McNaught	D
Stuart W. Staley (ff)	D

Southern Appalachian Coal Company

Name and Principal Address(e)	Position
E. Linn Draper, Jr. (a)	D,CB,CEO
Henry W. Fayne (a)	D,VP
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,VP
Susan Tomasky (a)	D,VP
Gerald M. Dimmerling 377 Highway 522 Mansfield, LA 71052	P
Joseph M. Buonaiuto (a)	C,CAO
Leonard V. Assante (a)	DC
Timothy A. King (a)	S

ITEM 6. OFFICERS AND DIRECTORS
PART I (Continued)

Southwestern Electric Power Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
Gary M. Dimmerling 377 Hwy 522 Mansfield, LA 71052	VP
Glenn M. Files	VP
Paul W. Franklin (ll)	VP
Michelle S. Kalnas (c)	VP
Michael H. Madison (rr)	VP
John F. Norris, Jr.	VP
Charles R. Patton (h)	VP
Julio C. Reyes (h)	VP
Marsha P. Ryan	VP
Richard P. Verret 825 Tech Center Drive Gahanna, Ohio 43230	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

Southwestern Wholesale Electric Company

Name and Principal Address(a)	Position
Jeffrey D. Cross	D,VP
Holly Keller Koeppel (b)	D,P
Armando A. Pena	D,VP
Geoffrey S. Chatas	VP
Leonard V. Assante	C
Timothy A. King	S

Tuscaloosa Pipeline Company

Name and Principal Address(bb)	Position
Jeffrey D. Cross (a)	D,VP
Holly Keller Koeppel(b)	D,P
Armando A. Pena (a)	D,VP,T
Thomas V. Shockley,III(a)	D,CB
William C. Reed,II (b)	SVP
Geoffrey S. Chatas (a)	VP
Jim Deidiker	VP
Brent A. Price (b)	VP
Stephen Schneider	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S

United Sciences Testing, Inc.

Name and Principal Address(u)	Position
Mark A. Gray (a)	D,VP
John D. Harper (a)	D
Mark W. Marano (a)	D,P
Robert P. Powers (a)	D,CB
Michael W. Rencheck (a)	D,CEO
Geoffrey S. Chatas (a)	VP
Jeffrey D. Cross (a)	VP
Joseph M. Buonaiuto (a)	C
Timothy A. King (a)	S
Armando A. Pena (a)	T

Universal Supercapacitors, LLC

Name and Principal Address(a)	Position
John D. Harper	B
Holly Keller Koeppel (b)	B
Sergey V. Litvinenko 53 Leninsky Prospect 117927 Moscow, Russia	B
Alexander V. Novikov 53 Leninsky Prospect 117927 Moscow, Russia	B
John H. Provanzana	B
Sergey N. Razumov Fischergasse 1 6362 Stansstad, Switzerland	B

Ventures Lease Co., LLC

Name and Principal Address(a)	Position
Jeffrey D. Cross	B,VP
Armando A. Pena	B,P,T
Geoffrey S. Chatas	VP
Timothy A. King	S

Wheeling Power Company

Name and Principal Address(a)	Position
E. Linn Draper, Jr.	D,CB,CEO
Henry W. Fayne	D,P
Thomas M. Hagan	D,VP
Armando A. Pena	D,VP,T
Robert P. Powers	D,VP
Thomas V. Shockley,III	D,VP
Susan Tomasky	D,VP
Mark E. Dempsey 707 Virginia Street, East Charleston, WV 25301	VP
Glenn M. Files	VP
Michelle S. Kalnas (c)	VP
John F. Norris, Jr.	VP
Marsha P. Ryan	VP
Richard P. Verret 825 Tech Center Drive Gahanna, OH 43230	VP
Joseph M. Buonaiuto	C,CAO
Leonard V. Assante	DC
Timothy A. King	S

ITEM 6. (CONTINUED)

Part II. Each officer and director with a financial connection within the provisions of Section 17(c) of the Act is as follows:

Name of Officer or Director (1)	Name and Location of Financial Institution (2)	Position Held in Financial Institution (3)	Applicable Exemption Rule (4)
A.E. Goebel	Old National Bank Evansville, IN	Director	70(c)
William R. Howell	Deutsche Trust Bank America New York, N.Y.	Director	70(b)
L.A. Hudson, Jr.	American National Bankshares, Inc. Danville, Virginia	Director	70(a)
	American National Bank & Trust Co. Danville, Virginia	Director	70(a)
M.P. Ryan	Firstar Columbus, Ohio	Advisory Director	70(f)
Richard L. Sandor	Bear, Stearns Financial Products, Inc. Chicago, Illinois	Director	70(b)
	Bear, Stearns Trading Risk Management Inc. Chicago, Illinois	Director	70(b)

ITEM 6. (continued)

Part III. The disclosures made in the System companies' most recent proxy statement and annual report on Form 10-K with respect to items (a) through (f) follow:

(a) COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS OF SYSTEM COMPANIES

Executive Compensation

The following table shows for 2002, 2001 and 2000 the compensation earned by the chief executive officer, the four other most highly compensated executive officers (as defined by regulations of the Securities and Exchange Commission) of AEP at December 31, 2002.

Summary Compensation Table

		Annual Compensation		Long-Term Compensation		
				Awards	Payouts	
Name	Year	Salary ($)(1)	Bonus ($)(2)	Securities Underlying Options (#)	LTIP Payouts ($)(3)	All Other Compensation ($)(4)
E. Linn Draper, Jr.	2002	1,054,038	-0-	350,000	-0-	135,417
	2001	913,500	682,090	-0-	311,253	123,217
	2000	850,000	485,775	700,000	-0-	106,699
Thomas V. Shockley, III (5)	2002	642,461	49,116	150,000	-0-	122,141
	2001	592,269	353,788	-0-	79,781	145,400
	2000	304,417	140,500	250,000	824,399	9,195,374
Henry W. Fayne	2002	481,846	49,116	88,000	-0-	80,830
	2001	421,615	305,861	-0-	83,697	75,955
	2000	365,000	152,972	200,000	-0-	47,074
Holly K. Koeppel (6)	2002	267,279	250,000	88,000	-0-	109,751
Susan Tomasky	2002	451,731	49,116	88,000	-0-	79,373
	2001	411,577	300,365	-0-	54,455	73,853
	2000	355,000	148,780	200,000	-0-	47,946

Notes to Summary Compensation Table

(1) Amounts in the *Salary* column reflect an additional day of pay earned in 2001 and 2002 related to the number of calendar workdays and holidays in each year and AEP's conversion to bi-weekly pay periods.

(2) Amounts in the *Bonus* column reflect awards under the Senior Officer Annual Incentive Compensation Plan (SOIP) for 2000 and 2001, except for Mr. Shockley as disclosed in footnote 5 and Ms. Koeppel as disclosed in footnote 6. No SOIP awards were made for 2002. Payments pursuant to the SOIP are made in the first quarter of the succeeding fiscal year for performance in the year indicated. In addition, Messrs. Fayne and Shockley and Ms. Tomasky received payments of $49,116 each in February 2002 in recognition of their efforts in connection with a management reorganization.

(3) Amounts in the *Long-Term Compensation — Payouts* column reflect performance share units earned under the AEP 2000 Long-Term Incentive Plan for three-year performance periods concluding at the end of the year shown, except for Mr. Shockley as disclosed in footnote 5. See below under *Long-Term Incentive Plans — Awards in 2002* for additional information.

(4) Amounts in the *All Other Compensation* column, except for the additional compensation to Mr. Shockley and Ms. Koeppel as disclosed in footnotes (5) and (6), respectively, include (i) AEP's matching contributions under the AEP Retirement Savings Plan and the AEP Supplemental Retirement Savings Plan, a non-qualified plan designed to supplement the AEP Savings Plan; (ii) subsidiary companies director fees; (iii) vehicle allowance; (iv) split-dollar insurance; (v) above market earnings on deferred compensation; and (vi) imputed interest on a pay advance provided to employees impacted by a change in payroll schedule that shifted pay one week in arrears. Split-dollar insurance represents the present value of the interest projected to accrue for the employee's benefit on the insurance premium paid by AEP. Cumulative net life insurance premiums paid are recovered by AEP at the later of retirement or 15 years. Detail of the 2002 amounts in the *All Other Compensation* column is shown below.

Item	Dr. Draper	Mr. Shockley	Mr. Fayne	Ms. Koeppel	Ms. Tomasky
Savings Plan Matching Contributions	$ 5,307	$ 9,000	$ 6,076	$ 7,212	$ 6,201
Supplemental Savings Plan Matching Contributions	42,540	35,668	25,850	10,441	24,149
Subsidiaries Directors Fees	17,450	17,450	16,200	200	16,500
Vehicle Allowance	14,400	12,000	12,000	10,800	12,000
Split-Dollar Insurance	54,573	45,726	20,174	7,799	20,006
Above Market Earnings on Deferred Compensation	—	2,296	—	—	—
Imputed Interest on Pay Advance	1,147	—	529	252	517

(5) Mr. Shockley joined AEP from Central and South West Corporation and became an executive officer when the merger with CSW was consummated on June 15, 2000. The *Salary* column for Mr. Shockley shows the amount earned for his AEP service after the date of the merger. The amounts in the *Bonus* and *LTIP Payouts* columns for 2000 represent his prorated payment under the CSW Annual Incentive Plan and the value of Common Stock

awarded under the CSW 1992 Long-Term Incentive Plan, respectively. He also received a payment of $9,154,924 under his change in control agreement with CSW that is included in the *All Other Compensation* column for 2000.

(6) No 2001 and 2000 compensation information is reported for Ms. Koeppel because she was not an executive officer in these years. The amount in the *Bonus* column represents a payment of $250,000 for successfully completing the sale of certain international investments. She also earned a retention payment of $68,750 under an agreement entered into with AEP in June 2001 and a $4,297 payment for tax preparation services required due to extended overseas business travel, both of which are included in the *All Other Compensation* column.

Compensation of Directors

Annual Retainers and Meeting Fees. Directors who are officers of AEP or employees of any of its subsidiaries do not receive any compensation, other than their regular salaries and the accident insurance coverage described below, for attending meetings of AEP's Board of Directors. The other members of the Board receive an annual retainer of $35,000 for their services, an additional annual retainer of $5,000 for each Committee that they chair (except for the Chairman of the Audit Committee, who receives an annual retainer of $15,000), a fee of $1,200 for each meeting of the Board and of any Committee that they attend (except a meeting of the Executive Committee held on the same day as a Board meeting), and a fee of $1,200 per day for any inspection trip or conference. Members of the Audit Committee (other than the Chairman) also receive an annual retainer of $10,000.

Deferred Compensation and Stock Plan. The Deferred Compensation and Stock Plan for Non-Employee Directors permits non-employee directors to choose to receive up to 100 percent of their annual Board retainer in shares of AEP Common Stock and/or units that are equivalent in value to shares of Common Stock ("Stock Units"), deferring receipt by the non-employee director until termination of service or for a period that results in payment commencing not later than five years thereafter. AEP Common Stock is distributed and/or Stock Units are credited to directors, as the case may be, when the retainer is payable, and are based on the closing price of the Common Stock on the payment date. Amounts equivalent to cash dividends on the Stock Units accrue as additional Stock Units. Payment of Stock Units to a director from deferrals of the retainer and dividend credits is made in cash or AEP Common Stock, or a combination of both, as elected by the director.

Stock Unit Accumulation Plan. The Stock Unit Accumulation Plan for Non-Employee Directors annually awards 1,200 Stock Units to each non-employee director as of the first day of the month in which the non-employee director becomes a member of the Board. Amounts equivalent to cash dividends on the Stock Units accrue as additional Stock Units. Stock Units are paid to the director in cash upon termination of service unless the director has elected to defer payment for a period that results in payment commencing not later than five years thereafter.

Insurance. AEP maintains a group 24-hour accident insurance policy to provide a $1,000,000 accidental death benefit for each director. The current policy, effective September 1, 2001 through September 1, 2004, has a premium of $31,050. In addition, AEP pays each director (excluding officers of AEP or employees of any of its subsidiaries) an amount to provide for the federal and state income taxes incurred in connection with the maintenance of this coverage ($622 for 2002).

(b) INTEREST IN THE SECURITIES OF SYSTEM COMPANIES INCLUDING OPTIONS OR OTHER RIGHTS TO ACQUIRE SECURITIES (OWNERSHIP OF SECURITIES)

The following table sets forth the beneficial ownership of AEP Common Stock and stock-based units as of January 1, 2003 for all directors as of the date of this proxy statement, all nominees to the Board of Directors, each of the persons named in the Summary Compensation Table and all directors and executive officers as a group. Unless otherwise noted, each person had sole voting and investment power over the number of shares of AEP Common Stock and stock-based units of AEP set forth across from his or her name. Fractions of shares and units have been rounded to the nearest whole number.

Name	Shares	Note Reference	Stock Units(a)	Options Exercisable Within 60 Days	Total
E. R. Brooks	68,515	(b)	2,992	47,947	119,454
D. M. Carlton	7,432		2,992	—	10,424
J. P. DesBarres	5,000	(c)	4,199	—	9,199
E. L. Draper, Jr.	5,368	(b)(c)	117,803	466,666	589,837
H. W. Fayne	6,454	(b)(d)	12,362	133,333	152,149
R. W. Fri	3,000		4,934	—	7,934
W. R. Howell	1,692		4,663	—	6,355
L. A. Hudson, Jr.	1,853	(e)	7,199	—	9,052
H.K. Koeppel	223		342	16,666	17,231
L. J. Kujawa	2,328	(e)	8,665	—	10,993
R. L. Sandor	1,092		3,828	—	4,920
T. V. Shockley, III	44,401	(b)(d)(e)	—	166,666	211,067
D. G. Smith	2,500		5,428	—	7,928
L. G. Stuntz	1,500	(c)	8,184	—	9,684
K. D. Sullivan	—		7,640	—	7,640
S. Tomasky	1,116	(b)	6,126	133,333	140,575
All directors, nominees and executive officers as a group					
(18 persons)	251,027	(d)(f)	198,790	1,139,610	1,589,427

Notes on Stock Ownership

(a) This column includes amounts deferred in stock units and held under AEP's various director and officer benefit plans.

(b) Includes the following numbers of share equivalents held in the AEP Retirement Savings Plan: Mr. Brooks, 47,669; Dr. Draper, 4,659; Mr. Fayne, 5,804; Mr. Shockley, 7,104; Ms. Tomasky, 1,116; Ms. Koeppel, 223; and all directors and executive officers, 69,686.

(c) Includes the following numbers of shares held in joint tenancy with a family member: Mr. DesBarres, 5,000; Dr. Draper, 661; and Ms. Stuntz, 300.

(d) Does not include, for Messrs. Fayne and Shockley and Ms. Tomasky, 85,231 shares in the American Electric Power System Educational Trust Fund over which Messrs. Fayne and Shockley and Ms. Tomasky share voting and investment power as trustees (they disclaim beneficial ownership). The amount of shares shown for all directors and executive officers as a group includes these shares.

(e) Includes the following numbers of shares held by family members over which beneficial ownership is disclaimed: Dr. Hudson, 750; Mr. Kujawa, 28; and Mr. Shockley, 496.

(f) Represents less than 1% of the total number of shares outstanding.

(c) CONTRACTS AND TRANSACTIONS WITH SYSTEM COMPANIES

None

(d) INDEBTEDNESS TO SYSTEM COMPANIES

None

(e) PARTICIPATION IN BONUS AND PROFIT-SHARING ARRANGEMENTS AND OTHER BENEFITS

Long-Term Incentive Plans - Awards In 2002

The performance share units set forth in the table below were awarded in 2002 pursuant to the Company's 2000 Long-Term Incentive Plan. Performance share units are equivalent to shares of AEP Common Stock. Dividends are reinvested at the closing price of the AEP Common Stock on the dividend payment date and produce additional performance share units for the same performance period. The value of performance share unit awards is dependent on the Company's total shareholder return for the 3-year performance period relative to the S&P electric utilities, the market price of AEP Common Stock at the end of the performance period, the value of dividends paid during the performance period and the AEP Common Stock price on each dividend payment date. The number of performance share units earned can vary between 0% and 200% of the initial award plus reinvested dividends.

The number of common stock equivalent units that may be earned at threshold, target and maximum performance levels, excluding any reinvested dividends, is shown in the table below. The Human Resources Committee may, at its discretion, reduce the number of performance share unit targets otherwise earned. In accordance with the performance goals established for the periods set forth below, the threshold, target and maximum awards are equal to 20%, 100% and 200%, respectively, of the performance share unit awards. No payment will be made for performance below the threshold.

Deferral of earned performance share units into phantom stock units (equivalent to shares of AEP Common Stock) is mandatory until the officer has met his or her stock ownership target discussed in the Human Resources Committee Report. Once this target is met, officers may elect to continue to defer earned performance share units or to receive subsequently earned awards in cash and/or Common Stock.

Name	Number of Performance Share Units	Performance Period Until Maturation or Payout	Estimated Future Payouts of Performance Share Units Under Non-Stock Price-Based Plan		
			Threshold (#)	Target (#)	Maximum (#)
E. L. Draper, Jr.	18,590	2002-2004	3,718	18,590	37,180
T.V. Shockley, III	9,820	2002-2004	1,964	9,820	19,640
H. W. Fayne	6,799	2002-2004	1,360	6,799	13,598
H.K. Koeppel	1,593	2002-2004	319	1,593	3,186
S. Tomasky	6,380	2002-2004	1,276	6,380	12,760

Retirement Benefits

AEP maintains qualified and nonqualified defined benefit ERISA pension plans for eligible employees. The tax-qualified plans are the American Electric Power System Retirement Plan (AEP Retirement Plan) and the Central and South West Corporation Cash Balance Retirement Plan (CSW Cash Balance Plan). The nonqualified plans are the American Electric Power System Excess Benefit Plan (AEP Excess Benefit Plan) (together with the AEP Retirement Plan, the AEP Plans) and the Central and South West Corporation Special Executive Retirement Plan (CSW SERP) (together with the CSW Cash Balance Plan, the CSW Plans), each of which provides (i) benefits that cannot be payable under the respective tax-qualified plans because of maximum limitations imposed on such plans by the Internal Revenue Code and (ii) benefits pursuant to individual agreements with certain AEP employees. The CSW Plans continue as separate plans for those AEP System employees who were participants in the CSW Cash Balance Plan as of December 31, 2000. Each of the executive officers named in the Summary Compensation Table (other than Mr. Shockley) participates in the AEP Plans. Mr. Shockley participates in the CSW Plans.

The benefit formula generally used for all plan participants (including the executive officers named in the Summary Compensation Table) to calculate benefit additions under the pension plans is a cash balance formula. When the cash balance formula was added to each plan, an opening balance was established for employees then participating under each plan's prior benefit formula (as further described below), using a number of factors as set forth in the appropriate plan. Under the cash balance formula, each participant has an account established (for record keeping purposes only) to which dollar amount credits are allocated each year based on a percentage of the participant's eligible pay not in excess of $1,000,000. The applicable percentage is determined by the participant's age and years of vesting service as of December 31 of each year (or as of the participant's termination date, if earlier). The following table shows the applicable percentage used to determine the annual dollar amount credits based on the sum of age and years of service indicated:

Sum of Age Plus Years of Service	Applicable Percentage
Less than 30	3.0%
30-39	3.5%
40-49	4.5%
50-59	5.5%
60-69	7.0%
70 or more	8.5%

All dollar amount balances in the cash balance accounts of participants earn a fixed rate of interest that is also credited annually. The interest rate for a particular year is the average rate of return of the 30-year Treasury Rate for November of the prior year. For 2002, the interest rate was 5.12%. Interest continues to be credited as long as the participant's balance remains in the plan.

Under the cash balance formula, an amount equal to the vested balance (including tax-qualified and nonqualified benefits) then credited to the account is payable to the participant in the form of an immediate or deferred lump-sum or an annuity or, with respect to the nonqualified benefits, in installments. Benefits (both from the tax-qualified plans and the nonqualified plans) under the cash balance formula are not subject to reduction for Social Security benefits or other offset amounts. The estimated annual benefit that would be payable under the cash balance formula to each of the executive officers named in the Summary Compensation Table as a single life annuity at age 65 is:

Name	Annual Benefit
E. L. Draper, Jr.	$666,100
T. V. Shockley, III	213,700
H. W. Fayne	255,400
H. K. Koeppel	188,400
S. Tomasky	281,600

These amounts are based on the following assumptions:

- Salary amounts shown in the *Salary* column for calendar year 2002 are used for the period from 2003 through the participant's age 65, with no subsequent adjustments in future years (other than Ms. Koeppel, whose eligible pay was projected at $425,000, which reflects her pay rate that was in effect as of December 31, 2002), plus annual incentive awards at the 2002 target level.

- Conversion of the lump-sum cash balance to a single life annuity at age 65, based on an interest rate of 4.96% and the 1994 Group Annuity Reserving Table.

- Dr. Draper, Ms. Tomasky, Ms. Koeppel and Mr. Shockley have individual agreements with AEP that credit them with years of service in addition to their years of service with AEP as follows: Dr. Draper, 24 years; Ms. Tomasky, 20 years; and Ms. Koeppel, 15.25 years. Mr. Shockley has an agreement entered into with CSW prior to the merger with AEP under which he is entitled to a retirement benefit that will bring his credited years of service to 30 if he remains employed with AEP until age 60 or thereafter. The agreements for Dr. Draper and Ms. Koeppel each provide that their supplemental retirement benefits are reduced by pension entitlements, if any, from plans sponsored by prior employers.

In addition, certain employees who met certain defined criteria conditions continue to earn a benefit using the pension formula that had been maintained under their plans before the cash balance formula was implemented. Under the AEP Plans, the pension formula had been based upon a participant's final average pay. That final average pay benefit accrual formula will terminate on December 31, 2010. Only employees who have continuously participated in the AEP Plans since December 31, 2000 accrue retirement benefits under both the cash balance and final average pay formulas. Employees accruing benefits under both formulas whose employment has terminated may choose to receive their benefits in any of the forms permitted under the AEP Plans, and their benefits will be provided under the formula that provides the greater amount for the chosen form. The accrued benefit earned by an employee under the final average pay formula as of December 31, 2010 (the date the final average pay formula will be discontinued) is the minimum benefit an employee can receive from the AEP Plans after that time.

The final average pay formula under the AEP Plans uses compensation for the executive officers named in the Summary Compensation Table above (other than Mr. Shockley) consisting of the average of the 36 consecutive months of the officer's highest aggregate salary and Senior Officer Annual Incentive Compensation Plan awards, shown in the *Salary* and *Bonus* columns, respectively, of the Summary Compensation Table, out of the officer's most recent 10 years of service.

The following table shows the approximate annual annuities that would be payable to employees in certain higher salary classifications under the final average pay formula provided through the AEP Plans, assuming termination of employment on December 31, 2002 after various periods of service and with benefits commencing at age 65.

Pension Plan Table

Highest Average Annual Earnings	15	20	Years of Accredited Service 25	30	35	40
$ 300,000	$ 69,030	$ 92,040	$115,050	$138,060	$ 161,070	$ 181,020
400,000	93,030	124,040	155,050	186,060	217,070	243,670
500,000	117,030	156,040	195,050	234,060	273,070	306,320
600,000	141,030	188,040	235,050	282,060	329,070	368,970
700,000	165,030	220,040	275,050	330,060	385,070	431,620
1,000,000	237,030	316,040	395,050	474,060	553,070	619,570
1,200,000	285,030	380,040	475,050	570,060	665,070	744,870
2,000,000	447,030	636,040	795,050	954,060	1,113,070	1,246,020

The amounts shown in the table are the straight life annuities payable under the AEP Plans' final average pay formula without reduction for the joint and survivor annuity. Retirement benefits listed in the table are not subject to any further deduction for Social Security or other offset amounts. The retirement annuity is reduced 3% per year in the case of a termination of employment if an employee commences benefits between ages 55 and 62. If an employee terminates employment and commences benefits at or after age 62, there is no reduction in the retirement annuity.

As of December 31, 2002, for the executive officers named in the Summary Compensation Table (except for Mr. Shockley as discussed below in connection with the CSW Plans), the number of years of service applicable for the final average pay formula were as follows: Dr. Draper, 34.9 years; Mr. Fayne, 28.1 years; Ms. Tomasky, 24.5 years; and Ms. Koeppel, 17.8 years. The years of service for Dr. Draper, Ms. Tomasky and Ms. Koeppel include years of service provided by their respective agreements with AEP as described above in connection with the cash balance formula. The agreements for Dr. Draper and Ms. Koeppel each provide that their supplemental retirement benefits are reduced by pension entitlements, if any, from plans sponsored by prior employers.

Under the CSW Plans, certain employees who were 50 or over and had completed at least 10 years of service as of July, 1997, continued to earn a benefit under prior benefit formulas that are based on career average pay and final average pay. Of the executive officers named in the Summary Compensation Table, only Mr. Shockley is an eligible participant under the CSW Plans and has a choice following the termination of his employment to elect his benefit based on the cash balance formula or the prior pension formulas.

Under the CSW Plans, the estimated annual annuity payable to Mr. Shockley at age 65 under the final average pay formula computed as of December 31, 2002, is $183,600. The annual normal retirement benefit payable to Mr. Shockley under the final average pay formula is based on 1.67% of "Average Compensation" times the number of years of credited service (reduced by no more than 50 percent of his age 62 or later Social Security benefit), provided that the annual benefit would be increased annually based upon percentage increases in the consumer price index. "Average Compensation" equals the average annual compensation, reported as *Salary* in the Summary Compensation Table, during the 36 consecutive months of highest pay during the 120 months prior to retirement. Mr. Shockley has an agreement entered into with CSW prior to the merger with AEP under which he is entitled to a retirement benefit that will bring his credited years of service to 30 if he remains employed with AEP until age 60 or thereafter. Mr. Shockley's years of credited service and age, as of December 31, 2002, are 19 and 57.

In addition to the benefits described above, Mr. Fayne is the only executive officer named in the Summary Compensation Table who is eligible for certain supplemental retirement benefits if his pension benefits are adversely affected by amendments to the AEP Retirement Plan made as a result of the Tax Reform Act of 1986. Such benefits, if any, will be equal to any reduction occurring because of such amendments. If Mr. Fayne's employment would have terminated by December 31, 2002, he would not be eligible for any additional annual supplemental benefit.

AEP also made available a voluntary deferred-compensation program in 1986, which permitted certain members of AEP System management to defer receipt of a portion of their salaries. Under this program, a participant was able to annually defer up to 10% of his or her salary over a four-year period, and receive supplemental retirement or survivor benefit payments over a 15-year period. The amount of supplemental retirement payments received is dependent upon the amount deferred, age at the time the deferral election was made, and number of years until the participant retires. Mr. Fayne was the only executive officer named in the Summary Compensation Table who participated in this program. He deferred $9,000 of his salary annually over a four-year period and therefore qualified for supplemental retirement payments of $95,400 per year for fifteen years assuming he would retire at age 65.

Severance Plan

In connection with the merger with Central and South West Corporation, AEP's Board of Directors adopted a severance plan on February 24, 1999, effective March 1, 1999, that included Mr. Fayne and Ms. Tomasky. The severance plan provided for payments and other benefits if, at any time before June 15, 2002 (the second anniversary of the merger consummation date), the officer's employment is terminated (i) by AEP without "cause" or (ii) by the officer because of a detrimental change in responsibilities or a reduction in salary or benefits. Both Mr. Fayne and Ms. Tomasky remained employed with AEP after June 15, 2002, such that the severance plan did not take effect for them. Under the severance plan, the officer would have received:

- A lump sum payment equal to three times the officer's annual base salary plus his or her target annual incentive under the Senior Officer Annual Incentive Compensation Plan.
- Maintenance for a period of three additional years of all medical and dental insurance benefits substantially similar to those benefits to which the officer was entitled immediately prior to termination, reduced to the extent comparable benefits are otherwise received.
- Outplacement services not to exceed a cost of $30,000 or use of an office and secretarial services for up to one year.

AEP's obligation for the payments and benefits under the severance plan was subject to the waiver by the officer of any other severance benefits that may have been provided by AEP. In addition, the officer would have agreed to refrain from the disclosure of confidential information relating to AEP.

Change-In-Control Agreements

AEP has change-in-control agreements with its executives, including all of the executive officers named in the Summary Compensation Table. If there is a "change-in-control" of AEP and the executive officer's employment is terminated (i) by AEP without "cause" or (ii) by the officer because of a detrimental change in responsibilities, a required relocation or a reduction in salary or benefits, these agreements provide for substantially the same payments and benefits as the severance plan with the following additions:

- Three years of service credited for purposes of determining non-qualified retirement benefits, with such credited service proportionately reduced to zero if termination occurs between ages 62 and 65.
- Payment, if required, to make the officer whole for any excise tax imposed by Section 4999 of the Internal Revenue Code.

Under these agreements, "change-in-control" means:

- The acquisition by any person of the beneficial ownership of securities representing 25% or more of AEP's voting stock;
- A change in the composition of a majority of the Board of Directors under certain circumstances within any two-year period; or
- Approval by the shareholders of the liquidation of AEP, disposition of all or substantially all of the assets of AEP or, under certain circumstances, a merger of AEP with another corporation.

(f) RIGHTS TO INDEMNITY

The directors and officers of AEP and its subsidiaries are insured, subject to certain exclusions, against losses resulting from any claim or claims made against them while acting in their capacities as directors and officers. The American Electric Power System companies are also insured, subject to certain exclusions and deductibles, to the extent that they have indemnified their directors and officers for any such losses. Such insurance, effective January 1, 2003 through December 31, 2003, is provided by: Associated Electric & Gas Insurance Services, Energy Insurance Mutual, Zurich American Insurance Company, Zurich Specialties London (UK) Ltd., National Union Fire Insurance Company of Pittsburgh, PA, Federal Insurance Company, Starr Excess International and Oil Casualty Insurance Limited. The total cost of this insurance is $18,327,168.

Fiduciary liability insurance provides coverage for AEP System companies, their directors and officers, and any employee deemed to be a fiduciary or trustee, for breach of fiduciary responsibility, obligation, or duties as imposed under the Employee Retirement Income Security Act of 1974. This coverage, provided by Associated Electric & Gas Insurance Services, Federal Insurance Company and Zurich American Insurance Company, was renewed, effective July 1, 2000 through June 30, 2003, for a cost of $355,350.

ITEM 7. CONTRIBUTIONS AND PUBLIC RELATIONS

Expenditures, disbursements or payments during the year, in money, goods or services directly or indirectly to or for the account of:

(1) Any political party, candidate for public office or holder of such office, or any committee or agent thereof.
- NONE

(2) Any citizens group or public relations counsel.

Calendar Year 2002

Name of Company	Name or Number of Recipients or Beneficiaries	Primary Purpose of Entity	Purpose of Contribution	Accounts Charged	Amounts
I&M	Access Indiana Information Network	Legislative Affairs	Registration Fees	426.4	$957
KPCo	Kentuckians for Employment & Economic Progress	Constitution Amendment	Endorsement	426.4	$1,000

ITEM 8. SERVICE, SALES AND CONSTRUCTION CONTRACTS

Part I. Contracts for services, including engineering or construction services, or goods supplied or sold between System companies are as follows:

Calendar Year 2002

Nature of Transactions (1)	Company Performing Service (2)	Company Receiving Service (3)	Compensation (4) (in thousands)	Date of Contract (5)	In Effect On Dec. 31st (Yes or No) (6)
Communication Services	AEPCLLC	APCo	$ 3,202	3/04/98	Yes
Communication Services	AEPCLLC	KPCo	212	11/18/97	Yes
Communication Services	AEPCLLC	I&M	1,758	10/24/98	Yes
Communication Services	AEPCLLC	WPCo	956	11/18/97	Yes
Communication Services	AEPCLLC	OPCo	1,156	2/12/98	Yes
Communication Services	AEPCLLC	CSPCo	1,073	2/12/98	Yes
Communication Services	C3Comm	TNC	1		
Communication Services	C3Comm	TCC	362	3/24/00	Yes
Project & Administrative Svcs.	KGPCo	AEPCLLC	200		
Project & Administrative Svcs.	APCO	AEPCLLC	2,648	3/04/98	Yes
Project & Administrative Svcs.	KPCo	AEPCLLC	127	3/04/98	Yes
Project & Administrative Svcs.	I&M	AEPCLLC	574	10/24/98	Yes
Project & Administrative Svcs.	WPCo	AEPCLLC	(894)	11/18/97	Yes
Project & Administrative Svcs.	OPCo	AEPCLLC	1,310	2/12/98	Yes
Project & Administrative Svcs.	CSPCo	AEPCLLC	399	2/12/98	Yes
Machine Shop Services	APCo	System Operating Companies	10,461	12/08/78	Yes
Racine Hydro Service	APCo	OPCo	4	12/08/78	Yes
Simulator Training Services	APCo	System Operating Companies	786	12/12/87	Yes
Coal Conveyance	Simco, Inc.	CCPC	182	05/01/91	Yes
Coal Washing	CCPC	CSPCo	10,959	11/05/84	Yes
A/R Factoring	AEP Credit	APCo	4,788	12/31/01	Yes
A/R Factoring	AEP Credit	CSPCo	15,769	12/31/01	Yes
A/R Factoring	AEP Credit	I&M	7,447	12/31/01	Yes
A/R Factoring	AEP Credit	KPCo	2,676	12/31/01	Yes
A/R Factoring	AEP Credit	KGPCo	589	12/31/01	Yes
A/R Factoring	AEP Credit	OPCo	11,364	12/31/01	Yes
A/R Factoring	AEP Credit	PSO	7,230	12/31/01	Yes
A/R Factoring	AEP Credit	SWEPCo	5,433	12/31/01	Yes
A/R Factoring	AEP Credit	TCC	957	12/31/01**	No
A/R Factoring	AEP Credit	TNC	280	12/31/01**	No

** - Agreements Terminated on March 31, 2002

ITEM 8. (CONTINUED)

Barging	I&M	OPCo	7,860	5/1/86	Yes
Barging	I&M	APCo	12,771	5/1/86	Yes
Barging	I&M	AEG	7,781	5/1/86	Yes
Barging/Towing	I&M	MEMCo	5,696		Yes
Barging	I&M	AEP Pro Serv	9		Yes
Barging	I&M	AEP Energy Services	153		Yes
Technical and Administrative Svc.	AEPSC	OVEC	3,474	12/27/56	Yes
Technical and Administrative Svc.	AEPSC	IKEC	3,517	12/27/56	Yes
Maintenance Services	APCo	OVEC	320	1/1/79	Yes
Maintenance Services	APCo	IKEC	131	1/1/79	Yes

Transactions between AEP System companies pursuant to the Affiliated Transactions Agreement dated December 31, 1996 are reported in Exhibit F of this U5S.

Part II. Contracts to purchase services or goods between any System company and (1) any affiliate company (other than a System company) or (2) any other company in which any officer or director of the System company, receiving service under the contract, is a partner or owns 5 percent or more of any class of equity securities. - NONE.

Part III. Employment of any other person, by any System company, for the performance on a continuing basis, of management, supervisory or financial advisory services. - NONE.

ITEM 9. WHOLESALE GENERATORS AND FOREIGN UTILITY COMPANIES

Part I.

The following table shows the required information for investment in wholesale generation and foreign utility companies as of December 31, 2002:

(a) Company name, business address, facilities and interest held;
(b) Capital invested, recourse debt, guarantees and transfer of assets between affiliates;
(c) Debt to equity ratio and earnings;
(d) Contracts for service, sales or construction with affiliates.

Foreign Utility Companies:

(a) AEPR Global Holland Holding B.V
Herengracht 548
1017 CG Amsterdam, The Netherlands
(b) Capital Invested - $870 million. Recourse debt - NONE. Guarantees - NONE.
Asset Transfers - NONE.
(c) Earnings - $(434.7) million,
(d) NONE

(a) AEP Energy Services UK Generation Limited
50 Berkeley Street
Mayfair London W1J89AP, Great Britain
(b) Capital invested - $73 million. Recourse debt - NONE. Guarantees - NONE.
Asset transfers - NONE.
(c) Earnings - $(161.0) million.
(d) NONE

(a) CitiPower Pty.
600 Bourke Street
Melbourne Victoria
3000 Australia
(b) Capital invested - $202 million. Recourse debt - NONE. Guarantees - NONE.
Asset transfers - NONE.
(c) Earnings - $(150.6) million.
(d) NONE

ITEM 9. (Continued)

Part I. (Continued)

(a) Nanyang General Light Electric Co., Ltd.
Dayuan Zhuan Village
Pushan Town, Nanyang City
People's Republic of China
Owns and operates a two unit electric generating plant in China. AEP owns 70%.

(b) Capital invested $62 million. Recourse debt - NONE. Guarantees - NONE. Asset transfers - NONE.

(c) Debt to equity ratio - 0.9:1. Earnings - $(14.0) million.

(d) Nanyang has contracts with AEP Pro Serv, Inc. for consulting and administrative service which resulted in a fee of $358,000.

(a) Empresa de Eletricidade Vale Paranapanema S.A. ("Vale")
Avenida Paulista, No. 2439, 5th floor
Sao Paulo, Sao Paulo
Brazil
Owns a majority interest in five electric operating companies in Brazil. AEP owns a 44% share of Vale and a 20% share of a Vale subsidiary.

(b) Capital invested - NONE. Recourse debt - NONE. Convertible debt - NONE. Guarantees - NONE. Asset transfers - NONE.

(c) Debt to equity ratio - 0.2:1. Earnings - $(147.5) million.

(d) NONE

(a) AEP Energy Services Nordic SA
Herengracht 548
NL-1017 GC Amsterdam, The Netherlands

(b) Capital invested - NONE. Recourse debt - NONE. Convertible debt - NONE. Guarantees - NONE. Asset transfers - NONE.

(c) Earnings - $(14.0) million.

(d) NONE

ITEM 9. (Continued)

Part I. (Continued)

(a) Pacific Hydro Limited
Level 8
474 Flinders Street
Melbourne, Victoria
3000 Australia
Develops and owns hydroelectric facilities in the Asia Pacific region.
AEP owns 20%.
(b) Capital invested - $16.8 million. Recourse Debt - NONE. Guarantees - NONE.
Assets transferred - NONE.
(c) Noncurrent liabilities to equity ratio - 0.2:1.
Earnings - $20.6 million.
(d) NONE

(a) AEP Energy Services Limited
29/30 St. James's Street
London SW1A 1HB
Great Britain
AEP owns 100%.
(b) Capital invested - $73.4 million. Recourse debt - NONE. Guarantees - NONE.
Assets transferred - NONE.
(c) Debt to equity ratio - 12.8:1. Earnings - $(6.2) million.
(d) NONE

(a) InterGen Denmark, Aps
Torre Chapultepec,
Piso 13,
Ruben Dario 281, Col.
Bosques de
Chapultepec, Mexico, D.F. 11520.
Construction and operation of a 600 megawatt natural gas-fired, combined cycle plant. AEP owns 50%.
(b) Capital invested - $61.5 million. Recourse debt - NONE. Guarantees - NONE.
Asset transfers - NONE.
(c) Debt to equity ratio - 5.6:1. Earnings - ($3.3 million).
(d) NONE

ITEM 9. (Continued)

Part I. (Continued)

Exempt Wholesale Generators:

(a) Newgulf Power Venture, Inc.
1 Riverside Plaza
Columbus, Ohio
Operation of 85 megawatt plant in Texas.
(b) Capital invested - $7.8 million. Recourse debt - NONE. Guarantees - NONE.
Asset transfers - NONE
(c) Debt to equity ratio - 1.5:1. Earnings - $(8.4) million.
(d) NONE

(a) Desert Sky Wind Farm L.P.
1 Riverside Plaza
Columbus, Ohio
Operation of Windfarm in Texas.
(b) Capital invested - $15.9 million. Recourse debt - NONE. Guarantees - NONE.
Asset transfer - NONE.
(c) Debt to equity ratio - 2.1:1. Earnings - $1.4 million.
(d) NONE

(a) Trent Windfarm L.P.
1 Riverside Plaza
Columbus, Ohio
Operation of Windfarm in Texas.
(b) Capital invested - $130.7 million. Recourse debt - NONE. Guarantees - NONE.
Asset transfer - NONE.
(c) Earnings - $3.8 million.
(d) NONE

(a) South Coast Power Limited
Shoreham, East Sussex
United Kingdom
(b) Capital invested - NONE. Recourse debt - NONE. Guarantees - NONE.
Asset transfers - NONE.
(c) Earnings - $(61.6) million.
(d) NONE

ITEM 9. (Continued)

Part II.

See Exhibit's G and H

Part III.

American Electric Power Company, Inc.'s aggregate investment in foreign utility companies is $1.4 billion and in exempt wholesale generators is $154 million which is 22.3% of its investment in domestic public utility subsidiary companies.

ITEM 10. FINANCIAL STATEMENTS AND EXHIBITS

FINANCIAL STATEMENTS	Section and Page No.
Consent of Independent Public Accountants	A
Consolidating Statements of Income	B-1 to B-19
Consolidating Balance Sheets	B-20 to B-57
Consolidating Statements of Cash Flows	B-58 to B-69
Consolidating Statements of Retained Earnings	B-70 to B-80
Notes to Consolidating Financial Statements	C
Financial Statements of Subsidiaries Not Consolidated:	
OVEC	D-1 to D-4
EXHIBITS	
Exhibit A	E
Exhibit B & C	**
Exhibit D	**
Exhibit E	**
Exhibit F	**
Exhibit G	**
Exhibit H	***

** These Exhibits are included only the in copy filed with the Securities and Exchange Commission.
*** Filed confidentially pursuant to Rule 104(b) of the PUHCA.

SIGNATURE

The undersigned system company has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, pursuant to the requirements of the Public Utility Holding Company Act of 1935.

AMERICAN ELECTRIC POWER COMPANY, INC.

By /s/ Geoffrey S. Chatas

Geoffrey S. Chatas
Treasurer

April 30, 2003

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this American Electric Power Company, Inc. Annual Report on Form U5S to the Securities and Exchange Commission, filed pursuant to the Public Utility Holding Company Act of 1935, for the year ended December 31, 2002, of our reports dated February 21, 2003, included in or incorporated by reference in the combined Annual Report on Form 10-K to the Securities and Exchange Commission of American Electric Power Company, Inc. and subsidiaries (which expresses an unqualified opinion and includes explanatory paragraphs referring to the Company's change in 2002 in its method of accounting for goodwill and to certain impairments of goodwill, long-lived assets and other investments in the fourth quarter of 2002), AEP Generating Company, AEP Texas Central Company and subsidiaries, AEP Texas North Company, Appalachian Power Company and subsidiaries, Columbus Southern Power Company and subsidiaries, Indiana Michigan Power Company and subsidiaries, Kentucky Power Company, Ohio Power Company, Public Service Company of Oklahoma and subsidiary, and Southwestern Electric Power Company and subsidiaries for the year ended December 31, 2002.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
April 30, 2003

<PAGE>
AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP CONSOLIDATED	AEP ADJUSTMENTS AND ELIMINATIONS	AEP	AEPSC
OPERATING REVENUES				
GROSS OPERATING REVENUES	14,620,540,231.06	(4,376,396,146.48)	0.00	1,011,725,218.43
PROVISION FOR RATE REFUND	(65,384,224.65)	0.00	0.00	0.00
TOTAL OPERATING REVENUES, NET	14,555,156,006.41	(4,376,396,146.48)	0.00	1,011,725,218.43
OPERATING EXPENSES				
OPERATIONS				
FUEL	2,622,126,493.80	(159,017,533.90)	0.00	3,042,925.43
PURCHASED POWER NON AFFIL	3,684,673,902.74	(1,273,279,249.42)	0.00	149,038.61
PURCHASE POWER AFFILIATED	0.00	(1,327,099,614.61)	0.00	0.00
OTHER OPERATION	3,223,540,961.34	(1,413,969,322.34)	44,759,520.35	817,044,121.49
MAINTENANCE	789,466,945.04	(106,767,257.74)	(14,061.47)	92,701,257.74
TOTAL OPER/MAINT EXPENSES	10,319,808,302.92	(4,280,132,978.01)	44,745,458.89	912,937,343.28
NON-RECOVERABLE MERGER COSTS	10,000,000.00	10,000,000.00	0.00	0.00
ASSET IMPAIRMENTS	866,737,000.00	866,737,000.00	0.00	0.00
DEPRECIATION AND AMORTIZATION	1,376,555,898.66	(95,667,632.80)	0.00	30,462,743.88
TAXES OTHER THAN INCOME TAXES	718,237,327.84	(54,462,713.12)	0.00	50,076,713.12
STATE, LOCAL & FOREIGN INCOME TAXES	(0.00)	(66,498,109.39)	(10,656.00)	(6,404,116.45)
FEDERAL INCOME TAXES	0.00	(379,435,401.34)	(3,647,104.00)	7,831,395.60
TOTAL OPERATING EXPENSES	13,291,338,529.42	(3,999,459,834.66)	41,087,698.89	994,904,079.43
NET OPERATING INCOME	1,263,817,476.99	(376,936,311.82)	(41,087,698.89)	16,821,139.00
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	445,160,580.76	1,372,842,072.86	(278,486,007.49)	115,124.72
OTHER INCOME DEDUCTIONS	(321,878,243.24)	279,004,440.91	(13,045.38)	(9,784,449.68)
INVESTMENT VALUE AND OTHER IMPAIRMENT LOSSES	(321,162,000.00)	(321,162,000.00)	0.00	0.00
INC TAXES APPL TO OTH INC&DED	0.00	(313,477,778.43)	(6,000.00)	0.00
NET OTHR INCOME AND DEDUCTIONS	(197,879,662.49)	1,017,206,735.34	(278,505,052.87)	(9,669,324.97)
INCOME BEFORE INTEREST CHARGES	1,065,937,814.50	640,270,423.52	(319,592,751.75)	7,151,814.03
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	639,232,207.15	(206,266,442.42)	92,462,234.38	5,044,000.34
INT SHORT TERM DEBT - AFFIL	10.52	(69,894,244.89)	301,557.05	3,753,401.22
INT SHORT TERM DEBT - NON-AFFL	66,993,633.52	0.00	56,319,049.29	0.00
AMORT OF DEBT DISC, PREM & EXP	16,056,988.59	0.00	395,883.74	5,213.64
AMORT LOSS ON REACQUIRED DEBT	14,837,403.69	0.00	0.00	421,825.08
AMORT GAIN ON REACQUIRED DEBT	(847,849.51)	0.00	0.00	0.00
OTHER INTEREST EXPENSE	78,283,222.31	0.00	46,805,798.26	911,819.37
TOTAL INTEREST CHARGES	814,555,616.26	(276,160,687.31)	196,284,522.72	10,136,259.64
AFUDC BORROWED FUNDS - CR	(29,667,985.01)	0.00	0.00	(2,984,445.60)
NET INTEREST CHARGES	784,887,631.26	(276,160,687.31)	196,284,522.72	7,151,814.04
PREFERRED STOCK DIVIDEND REQUIREMENT OF SUBSIDARIES	10,872,699.14	10,872,699.14	0.00	0.00
MINORITY INTEREST IN FINANCE SUBSIDIARY	35,495,000.00	35,495,000.00	0.00	0.00
NET INCOME BEFORE INCOME TAXES	234,682,484.10	870,063,411.69	(515,877,274.47)	(0.01)
INCOME TAXES	213,707,000.00	213,707,000.00	0.00	0.00
NET INCOME BEFORE DISCONTINUED OPERATIONS, EXTRAORDINARY ITEMS CUMULATIVE EFFECT	20,975,484.10	656,356,411.69	(515,877,274.47)	(0.01)
NET EXTRAORDINARY ITEMS	0.00	350,300,000.00	0.00	0.00
DISCONTINUED OPERATIONS	(189,895,000.00)	(189,895,000.00)	0.00	0.00
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(350,300,000.00)	(350,300,000.00)	0.00	0.00
NET INCOME	(519,219,515.90)	466,461,411.69	(515,877,274.47)	(0.01)
PREF STK DIVIDEND REQUIREMENT	0.00	(10,872,699.14)	0.00	0.00
NET INCOME APPLICABLE TO COMMON STOCK	(519,219,515.90)	477,334,110.83	(515,877,274.47)	(0.01)

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	PL	POLR CONSOLIDATED	AEPPOOL	AEPPRO
OPERATING REVENUES				
GROSS OPERATING REVENUES	0.00	11,687,635.95	0.00	361,389,159.86
PROVISION FOR RATE REFUND	0.00	0.00	0.00	0.00
TOTAL OPERATING REVENUES, NET	0.00	11,687,635.95	0.00	361,389,159.86
OPERATING EXPENSES				
OPERATIONS				
FUEL	0.00	0.00	0.00	0.00
PURCHASED POWER NON AFFIL	0.00	0.00	0.00	0.00
PURCHASE POWER AFFILIATED	0.00	5,441,641.21	0.00	0.00
OTHER OPERATION	(0.02)	6,256,813.57	(0.01)	348,128,949.44
MAINTENANCE	0.00	6.21	0.00	2,238.01
TOTAL OPER/MAINT EXPENSES	(0.02)	11,698,460.99	(0.01)	348,131,187.46
NON-RECOVERABLE MERGER COSTS	0.00	0.00	0.00	0.00
ASSET IMPAIRMENTS	0.00	0.00	0.00	0.00
DEPRECIATION AND AMORTIZATION	0.00	0.00	0.00	76,238.09
TAXES OTHER THAN INCOME TAXES	0.00	97,860.25	0.00	0.00
STATE, LOCAL & FOREIGN INCOME TAXES	0.00	0.00	0.00	0.00
FEDERAL INCOME TAXES	0.00	0.00	0.00	0.00
TOTAL OPERATING EXPENSES	(0.02)	11,796,321.24	(0.01)	348,207,425.55
NET OPERATING INCOME	0.02	(108,685.29)	0.01	13,181,734.31
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	0.00	1,524.45	0.00	1,678,233.47
OTHER INCOME DEDUCTIONS	0.00	(10.78)	0.00	(235,255.38)
INVESTMENT VALUE AND OTHER IMPAIRMENT LOSSES	0.00	0.00	0.00	0.00
INC TAXES APPL TO OTH INC&DED	0.00	95,120.00	0.00	(5,201,992.58)
NET OTHR INCOME AND DEDUCTIONS	0.00	96,633.67	0.00	(3,759,014.49)
INCOME BEFORE INTEREST CHARGES	0.02	(12,051.62)	0.01	9,422,719.83
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	0.00	0.00	0.00	0.00
INT SHORT TERM DEBT - AFFIL	0.00	21,541.81	0.00	(1,181.46)
INT SHORT TERM DEBT - NON-AFFL	0.00	0.00	0.00	0.00
AMORT OF DEBT DISC, PREM & EXP	0.00	0.00	0.00	0.00
AMORT LOSS ON REACQUIRED DEBT	0.00	0.00	0.00	0.00
AMORT GAIN ON REACQUIRED DEBT	0.00	0.00	0.00	0.00
OTHER INTEREST EXPENSE	0.00	143,056.04	0.00	38,068.53
TOTAL INTEREST CHARGES	0.00	164,597.85	0.00	36,887.07
AFUDC BORROWED FUNDS - CR	0.00	0.00	0.00	0.00
NET INTEREST CHARGES	0.00	164,597.85	0.00	36,887.07
PREFERRED STOCK DIVIDEND REQUIREMENT OF SUBSIDARIES	0.00	0.00	0.00	0.00
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
NET INCOME BEFORE INCOME TAXES	0.02	(176,649.47)	0.01	9,385,832.76
INCOME TAXES	0.00	0.00	0.00	0.00
NET INCOME BEFORE DISCONTINUED OPERATIONS, EXTRAORDINARY ITEMS CUMULATIVE EFFECT	0.02	(176,649.47)	0.01	9,385,832.76
NET EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00
DISCONTINUED OPERATIONS	0.00	0.00	0.00	0.00
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	0.00	0.00	0.00	0.00
NET INCOME	0.02	(176,649.47)	0.01	9,385,832.76
PREF STK DIVIDEND REQUIREMENT	0.00	0.00	0.00	0.00
NET INCOME APPLICABLE TO COMMON STOCK	0.02	(176,649.47)	0.01	9,385,832.76

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPPM	AEGCO	AEPES CORP CONSOLIDATED	CCCO
OPERATING REVENUES				
GROSS OPERATING REVENUES	0.00	213,281,199.00	646,139,910.58	0.00
PROVISION FOR RATE REFUND	0.00	0.00	0.00	0.00
TOTAL OPERATING REVENUES, NET	0.00	213,281,199.00	646,139,910.58	0.00
OPERATING EXPENSES				
OPERATIONS				
FUEL	0.00	89,105,002.31	0.00	0.00
PURCHASED POWER NON AFFIL	0.00	0.00	736,115,012.31	0.00
PURCHASE POWER AFFILIATED	0.00	0.00	0.00	0.00
OTHER OPERATION	197.73	81,206,844.42	105,864,040.61	0.00
MAINTENANCE	6.21	9,418,084.64	23,217.63	0.00
TOTAL OPER/MAINT EXPENSES	203.93	179,729,931.37	842,002,270.55	0.00
NON-RECOVERABLE MERGER COSTS	0.00	0.00	0.00	0.00
ASSET IMPAIRMENTS	0.00	0.00	0.00	0.00
DEPRECIATION AND AMORTIZATION	0.00	22,560,463.14	1,305,315.32	0.00
TAXES OTHER THAN INCOME TAXES	0.00	3,280,473.27	24,930.92	0.00
STATE, LOCAL & FOREIGN INCOME TAXES	0.00	515,170.00	0.00	0.00
FEDERAL INCOME TAXES	0.00	1,065,701.00	0.00	0.00
TOTAL OPERATING EXPENSES	203.93	207,151,738.78	843,332,516.79	0.00
NET OPERATING INCOME	(203.93)	6,129,460.22	(197,192,606.21)	0.00
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	0.00	343,508.45	4,916,466.60	244,194.70
OTHER INCOME DEDUCTIONS	(50.00)	(198,242.48)	(1,924,895.36)	(240,783.37)
INVESTMENT VALUE AND OTHER IMPAIRMENT LOSSES	0.00	0.00	0.00	0.00
INC TAXES APPL TO OTH INC&DED	88.00	3,535,886.00	72,579,715.51	(4,003.00)
NET OTHR INCOME AND DEDUCTIONS	38.00	3,681,151.97	75,571,286.75	(591.67)
INCOME BEFORE INTEREST CHARGES	(165.93)	9,810,612.19	(121,621,319.47)	(591.67)
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	0.00	1,817,637.50	222,855.17	0.00
INT SHORT TERM DEBT - AFFIL	0.00	379,215.95	2,507,795.27	(5,777.69)
INT SHORT TERM DEBT - NON-AFFL	0.00	0.00	0.00	0.00
AMORT OF DEBT DISC, PREM & EXP	0.00	29,366.17	0.00	0.00
AMORT LOSS ON REACQUIRED DEBT	0.00	237,172.21	0.00	0.00
AMORT GAIN ON REACQUIRED DEBT	0.00	0.00	0.00	0.00
OTHER INTEREST EXPENSE	0.00	0.00	1,450,800.64	5,186.00
TOTAL INTEREST CHARGES	0.00	2,463,391.83	4,181,451.08	(591.69)
AFUDC BORROWED FUNDS - CR	0.00	(204,968.01)	(84,610.69)	0.00
NET INTEREST CHARGES	0.00	2,258,423.82	4,096,840.39	(591.69)
PREFERRED STOCK DIVIDEND REQUIREMENT OF SUBSIDARIES	0.00	0.00	0.00	0.00
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
NET INCOME BEFORE INCOME TAXES	(165.93)	7,552,188.38	(125,718,159.86)	0.02
INCOME TAXES	0.00	0.00	0.00	0.00
NET INCOME BEFORE DISCONTINUED OPERATIONS, EXTRAORDINARY ITEMS CUMULATIVE EFFECT	(165.93)	7,552,188.38	(125,718,159.86)	0.02
NET EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00
DISCONTINUED OPERATIONS	0.00	0.00	0.00	0.00
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	0.00	0.00	0.00	0.00
NET INCOME	(165.93)	7,552,188.38	(125,718,159.86)	0.02
PREF STK DIVIDEND REQUIREMENT	0.00	0.00	0.00	0.00
NET INCOME APPLICABLE TO COMMON STOCK	(165.93)	7,552,188.38	(125,718,159.86)	0.02

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPT&DSVC	IFRI	FRECO	AEPRELLC
OPERATING REVENUES				
GROSS OPERATING REVENUES	941,328.41	0.00	0.00	0.00
PROVISION FOR RATE REFUND	0.00	0.00	0.00	0.00
TOTAL OPERATING REVENUES, NET	941,328.41	0.00	0.00	0.00
OPERATING EXPENSES				
OPERATIONS				
FUEL	0.00	0.00	0.00	0.00
PURCHASED POWER NON AFFIL	0.00	0.00	0.00	(7,299.68)
PURCHASE POWER AFFILIATED	0.00	0.00	0.00	0.00
OTHER OPERATION	998,457.95	(0.00)	(0.02)	65,029.07
MAINTENANCE	10,024.43	0.00	0.00	6.21
TOTAL OPER/MAINT EXPENSES	1,008,482.38	(0.00)	(0.02)	57,735.60
NON-RECOVERABLE MERGER COSTS	0.00	0.00	0.00	0.00
ASSET IMPAIRMENTS	0.00	0.00	0.00	0.00
DEPRECIATION AND AMORTIZATION	0.00	0.00	0.00	0.00
TAXES OTHER THAN INCOME TAXES	115.00	0.00	0.00	0.00
STATE, LOCAL & FOREIGN INCOME TAXES	0.00	0.00	0.00	0.00
FEDERAL INCOME TAXES	0.00	0.00	0.00	0.00
TOTAL OPERATING EXPENSES	1,008,597.38	(0.00)	(0.02)	57,735.60
NET OPERATING INCOME	(67,268.97)	0.00	0.02	(57,735.60)
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	0.07	0.00	0.00	11,822.00
OTHER INCOME DEDUCTIONS	(2,243.55)	0.00	0.00	(220.02)
INVESTMENT VALUE AND OTHER IMPAIRMENT LOSSES	0.00	0.00	0.00	0.00
INC TAXES APPL TO OTH INC&DED	26,642.00	0.00	0.00	16,728.00
NET OTHR INCOME AND DEDUCTIONS	24,398.52	0.00	0.00	28,329.98
INCOME BEFORE INTEREST CHARGES	(42,870.45)	0.00	0.02	(29,405.62)
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	0.00	0.00	0.00	0.00
INT SHORT TERM DEBT - AFFIL	6,989.59	0.00	0.00	1,659.28
INT SHORT TERM DEBT - NON-AFFL	0.00	0.00	0.00	0.00
AMORT OF DEBT DISC, PREM & EXP	0.00	0.00	0.00	0.00
AMORT LOSS ON REACQUIRED DEBT	0.00	0.00	0.00	0.00
AMORT GAIN ON REACQUIRED DEBT	0.00	0.00	0.00	0.00
OTHER INTEREST EXPENSE	0.00	0.00	0.00	0.00
TOTAL INTEREST CHARGES	6,989.59	0.00	0.00	1,659.28
AFUDC BORROWED FUNDS - CR	0.00	0.00	0.00	0.00
NET INTEREST CHARGES	6,989.59	0.00	0.00	1,659.28
PREFERRED STOCK DIVIDEND REQUIREMENT OF SUBSIDARIES	0.00	0.00	0.00	0.00
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
NET INCOME BEFORE INCOME TAXES	(49,860.04)	0.00	0.02	(31,064.90)
INCOME TAXES	0.00	0.00	0.00	0.00
NET INCOME BEFORE DISCONTINUED OPERATIONS, EXTRAORDINARY ITEMS CUMULATIVE EFFECT	(49,860.04)	0.00	0.02	(31,064.90)
NET EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00
DISCONTINUED OPERATIONS	0.00	0.00	0.00	0.00
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	0.00	0.00	0.00	0.00
NET INCOME	(49,860.04)	0.00	0.02	(31,064.90)
PREF STK DIVIDEND REQUIREMENT	0.00	0.00	0.00	0.00
NET INCOME APPLICABLE TO COMMON STOCK	(49,860.04)	0.00	0.02	(31,064.90)

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPCOAL	APCO CONSOLIDATED	CSPCO CONSOLIDATED	I&M CONSOLIDATED
OPERATING REVENUES				
GROSS OPERATING REVENUES	175,513,876.86	1,814,545,733.14	1,400,159,790.66	1,526,764,298.30
PROVISION FOR RATE REFUND	0.00	(75,669.90)	0.00	0.00
TOTAL OPERATING REVENUES, NET	175,513,876.86	1,814,470,063.24	1,400,159,790.66	1,526,764,298.30
OPERATING EXPENSES				
OPERATIONS				
FUEL	0.00	430,963,333.21	185,086,159.43	239,455,530.13
PURCHASED POWER NON AFFIL	0.00	56,789,694.96	15,023,128.84	23,442,916.33
PURCHASE POWER AFFILIATED	0.00	234,898,301.50	310,605,117.07	233,723,553.81
OTHER OPERATION	158,061,399.37	269,426,035.01	237,802,014.61	462,707,070.08
MAINTENANCE	0.00	122,209,111.73	60,002,904.50	151,602,042.09
TOTAL OPER/MAINT EXPENSES	158,061,399.38	1,114,286,476.41	808,519,324.45	1,110,931,112.44
NON-RECOVERABLE MERGER COSTS	0.00	0.00	0.00	0.00
ASSET IMPAIRMENTS	0.00	0.00	0.00	0.00
DEPRECIATION AND AMORTIZATION	13,533,368.39	189,334,689.75	131,623,511.93	168,070,188.38
TAXES OTHER THAN INCOME TAXES	1,129,498.00	95,248,434.99	136,023,991.14	57,721,494.98
STATE, LOCAL & FOREIGN INCOME TAXES	39,328.00	13,202,656.00	17,555,301.67	(480,600.10)
FEDERAL INCOME TAXES	(20,806,103.07)	100,334,841.00	86,659,159.00	39,332,986.00
TOTAL OPERATING EXPENSES	151,957,490.70	1,512,407,098.15	1,180,381,288.20	1,375,575,181.70
NET OPERATING INCOME	23,556,386.16	302,062,965.09	219,778,502.46	151,189,116.60
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	(59,905,468.76)	29,278,266.29	26,360,209.22	93,738,634.13
OTHER INCOME DEDUCTIONS	0.00	(11,783,065.05)	(4,307,724.66)	(71,028,717.13)
INVESTMENT VALUE AND OTHER IMPAIRMENT LOSSES	0.00	0.00	0.00	0.00
INC TAXES APPL TO OTH INC&DED	0.00	2,610,804.00	(6,788,652.33)	(5,984,095.00)
NET OTHR INCOME AND DEDUCTIONS	(59,905,468.76)	20,106,005.24	15,263,832.24	16,725,822.00
INCOME BEFORE INTEREST CHARGES	(36,349,082.60)	322,168,970.32	235,042,334.70	167,914,938.59
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	0.00	110,954,927.62	50,518,110.69	91,295,594.45
INT SHORT TERM DEBT - AFFIL	2,297,028.23	4,889,649.69	3,243,937.22	439,246.20
INT SHORT TERM DEBT - NON-AFFL	989.19	0.00	0.00	0.00
AMORT OF DEBT DISC, PREM & EXP	0.00	1,968,396.74	430,486.10	1,889,295.25
AMORT LOSS ON REACQUIRED DEBT	0.00	2,553,659.50	1,032,696.70	1,261,269.70
AMORT GAIN ON REACQUIRED DEBT	0.00	(39,501.17)	0.00	(1,712.11)
OTHER INTEREST EXPENSE	0.00	1,970,020.62	1,122,061.02	1,811,664.44
TOTAL INTEREST CHARGES	2,298,017.42	122,297,152.99	56,347,291.73	96,695,357.93
AFUDC BORROWED FUNDS - CR	0.00	(5,620,295.46)	(2,478,512.07)	(2,772,886.19)
NET INTEREST CHARGES	2,298,017.42	116,676,857.53	53,868,779.66	93,922,471.74
PREFERRED STOCK DIVIDEND REQUIREMENT OF SUBSIDARIES	0.00	0.00	0.00	0.00
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
NET INCOME BEFORE INCOME TAXES	(38,647,100.02)	205,492,112.79	181,173,555.04	73,992,466.85
INCOME TAXES	0.00	0.00	0.00	0.00
NET INCOME BEFORE DISCONTINUED OPERATIONS, EXTRAORDINARY ITEMS CUMULATIVE EFFECT	(38,647,100.02)	205,492,112.79	181,173,555.04	73,992,466.85
NET EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00
DISCONTINUED OPERATIONS	0.00	0.00	0.00	0.00
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	0.00	0.00	0.00	0.00
NET INCOME	(38,647,100.02)	205,492,112.79	181,173,555.04	73,992,466.85
PREF STK DIVIDEND REQUIREMENT	0.00	2,897,225.92	1,332,324.81	4,601,570.07
NET INCOME APPLICABLE TO COMMON STOCK	(38,647,100.02)	202,594,886.87	179,841,230.23	69,390,896.78

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	KEPCO	KGPCO	OPCO	WPCO
OPERATING REVENUES				
GROSS OPERATING REVENUES	378,682,527.76	83,396,692.97	2,113,124,711.31	86,350,465.95
PROVISION FOR RATE REFUND	0.00	0.00	0.00	0.00
TOTAL OPERATING REVENUES, NET	378,682,527.76	83,396,692.97	2,113,124,711.31	86,350,465.95
OPERATING EXPENSES				
OPERATIONS				
FUEL	65,043,135.97	(0.00)	584,730,479.14	0.00
PURCHASED POWER NON AFFIL	28,559.82	0.00	67,384,563.35	6,318,494.66
PURCHASE POWER AFFILIATED	133,002,263.25	58,212,601.70	71,153,465.92	50,598,841.16
OTHER OPERATION	52,891,859.50	7,396,722.71	416,533,101.09	7,926,533.17
MAINTENANCE	35,088,783.73	2,520,425.34	136,609,321.16	2,787,392.95
TOTAL OPER/MAINT EXPENSES	286,054,602.27	68,129,749.75	1,276,410,930.66	67,631,261.93
NON-RECOVERABLE MERGER COSTS	0.00	0.00	0.00	0.00
ASSET IMPAIRMENTS	0.00	0.00	0.00	0.00
DEPRECIATION AND AMORTIZATION	33,233,072.67	3,372,108.33	248,557,189.09	4,171,434.16
TAXES OTHER THAN INCOME TAXES	8,239,972.33	3,369,732.27	176,246,877.57	5,215,709.47
STATE, LOCAL & FOREIGN INCOME TAXES	1,817,199.00	166,000.00	27,715,569.30	833,600.00
FEDERAL INCOME TAXES	7,140,999.00	2,219,374.00	85,865,482.74	2,679,244.00
TOTAL OPERATING EXPENSES	336,485,845.27	77,256,964.35	1,814,796,049.36	80,531,249.57
NET OPERATING INCOME	42,196,682.49	6,139,728.61	298,328,661.95	5,819,216.38
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	7,863,232.12	(13,715.85)	51,953,085.63	(49,209.34)
OTHER INCOME DEDUCTIONS	(752,400.61)	(96,456.25)	(28,567,021.11)	(353,581.60)
INVESTMENT VALUE AND OTHER IMPAIRMENT LOSSES	0.00	0.00	0.00	0.00
INC TAXES APPL TO OTH INC&DED	(1,904,218.00)	58,065.00	(18,009,853.00)	406,391.00
NET OTHR INCOME AND DEDUCTIONS	5,206,613.52	(52,107.10)	5,376,211.51	3,600.06
INCOME BEFORE INTEREST CHARGES	47,403,296.01	6,087,621.52	303,704,873.46	5,822,816.44
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	25,635,326.25	1,346,007.26	78,315,908.45	1,346,007.33
INT SHORT TERM DEBT - AFFIL	1,751,406.48	146,257.91	6,942,133.55	58,711.26
INT SHORT TERM DEBT - NON-AFFL	(180.00)	0.00	0.00	0.00
AMORT OF DEBT DISC, PREM & EXP	422,689.85	33,333.36	906,573.84	33,333.35
AMORT LOSS ON REACQUIRED DEBT	34,837.98	243.00	603,694.69	510.42
AMORT GAIN ON REACQUIRED DEBT	0.00	0.00	0.00	0.00
OTHER INTEREST EXPENSE	626,213.56	110,150.66	3,604,505.29	14,576.64
TOTAL INTEREST CHARGES	28,470,294.12	1,635,992.19	90,372,815.82	1,453,139.00
AFUDC BORROWED FUNDS - CR	(1,634,362.54)	(8,348.32)	(6,691,367.85)	(17,423.22)
NET INTEREST CHARGES	26,835,931.58	1,627,643.87	83,681,447.97	1,435,715.78
PREFERRED STOCK DIVIDEND REQUIREMENT OF SUBSIDARIES	0.00	0.00	0.00	0.00
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
NET INCOME BEFORE INCOME TAXES	20,567,364.43	4,459,977.65	220,023,425.49	4,387,100.66
INCOME TAXES	0.00	0.00	0.00	0.00
NET INCOME BEFORE DISCONTINUED OPERATIONS, EXTRAORDINARY ITEMS CUMULATIVE EFFECT	20,567,364.43	4,459,977.65	220,023,425.49	4,387,100.66
NET EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00
DISCONTINUED OPERATIONS	0.00	0.00	0.00	0.00
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	0.00	0.00	0.00	0.00
NET INCOME	20,567,364.43	4,459,977.65	220,023,425.49	4,387,100.66
PREF STK DIVIDEND REQUIREMENT	0.00	0.00	1,258,738.20	0.00
NET INCOME APPLICABLE TO COMMON STOCK	20,567,364.43	4,459,977.65	218,764,687.29	4,387,100.66

<PAGE>
AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP C&I CONSOLIDATED	DESERT SKY CONSOLIDATED	DESERT SKY 2 CONSOLIDATED	MUTUAL CONSOLIDATED
OPERATING REVENUES				
GROSS OPERATING REVENUES	94,829,383.44	0.00	13,452,258.81	53,057,254.06
PROVISION FOR RATE REFUND	0.00	0.00	0.00	0.00
TOTAL OPERATING REVENUES, NET	94,829,383.44	0.00	13,452,258.81	53,057,254.06
OPERATING EXPENSES				
OPERATIONS				
FUEL	0.00	0.00	0.00	0.00
PURCHASED POWER NON AFFIL	0.00	0.00	0.00	1,655,242.50
PURCHASE POWER AFFILIATED	42,398,819.09	0.00	0.00	6,252,104.60
OTHER OPERATION	22,751,866.61	507,190.90	2,548,485.34	40,581,794.28
MAINTENANCE	18.62	94.73	1,818,999.98	18.63
TOTAL OPER/MAINT EXPENSES	65,150,704.32	507,285.64	4,367,485.32	48,489,160.01
NON-RECOVERABLE MERGER COSTS	0.00	0.00	0.00	0.00
ASSET IMPAIRMENTS	0.00	0.00	0.00	0.00
DEPRECIATION AND AMORTIZATION	22,223.88	0.00	8,851,992.45	2,089,014.53
TAXES OTHER THAN INCOME TAXES	646,550.59	0.00	1,946,587.50	100.00
STATE, LOCAL & FOREIGN INCOME TAXES	0.00	0.00	0.00	0.00
FEDERAL INCOME TAXES	(1.00)	(8,968,897.00)	0.00	0.00
TOTAL OPERATING EXPENSES	65,819,477.79	(8,461,611.37)	15,166,065.27	50,578,274.54
NET OPERATING INCOME	29,009,905.66	8,461,611.37	(1,713,806.46)	2,478,979.52
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	180,479.74	2,279,185.63	21,698.06	1,453.96
OTHER INCOME DEDUCTIONS	(15,257,192.31)	0.00	0.00	(79,648.46)
INVESTMENT VALUE AND OTHER IMPAIRMENT LOSSES	0.00	0.00	0.00	0.00
INC TAXES APPL TO OTH INC&DED	(4,557,325.00)	2,710.00	0.00	(652,695.00)
NET OTHR INCOME AND DEDUCTIONS	(19,634,037.57)	2,281,895.63	21,698.06	(730,889.50)
INCOME BEFORE INTEREST CHARGES	9,375,868.09	10,743,507.00	(1,692,108.40)	1,748,090.02
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	0.00	2,279,185.63	4,830,091.33	0.00
INT SHORT TERM DEBT - AFFIL	716,938.20	324,550.39	(44.83)	550,874.83
INT SHORT TERM DEBT - NON-AFFL	0.00	0.00	0.00	0.00
AMORT OF DEBT DISC, PREM & EXP	0.00	0.00	0.00	0.00
AMORT LOSS ON REACQUIRED DEBT	0.00	0.00	0.00	0.00
AMORT GAIN ON REACQUIRED DEBT	0.00	0.00	0.00	0.00
OTHER INTEREST EXPENSE	8,718.68	0.00	181,110.70	7.00
TOTAL INTEREST CHARGES	725,656.88	2,603,736.02	5,011,157.20	550,881.83
AFUDC BORROWED FUNDS - CR	0.00	0.00	0.00	0.00
NET INTEREST CHARGES	725,656.88	2,603,736.02	5,011,157.20	550,881.83
PREFERRED STOCK DIVIDEND REQUIREMENT OF SUBSIDARIES	0.00	0.00	0.00	0.00
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
NET INCOME BEFORE INCOME TAXES	8,650,211.20	8,139,770.98	(6,703,265.60)	1,197,208.19
INCOME TAXES	0.00	0.00	0.00	0.00
NET INCOME BEFORE DISCONTINUED OPERATIONS, EXTRAORDINARY ITEMS CUMULATIVE EFFECT	8,650,211.20	8,139,770.98	(6,703,265.60)	1,197,208.19
NET EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00
DISCONTINUED OPERATIONS	0.00	0.00	0.00	0.00
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	0.00	0.00	0.00	0.00
NET INCOME	8,650,211.20	8,139,770.98	(6,703,265.60)	1,197,208.19
PREF STK DIVIDEND REQUIREMENT	0.00	0.00	0.00	0.00
NET INCOME APPLICABLE TO COMMON STOCK	8,650,211.20	8,139,770.98	(6,703,265.60)	1,197,208.19

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP CREDIT	ENERSHOP	CSWL	AEP TX CENTRAL CONSOLIDATED
OPERATING REVENUES				
SALES TO NON AFFILIATES	2,440,953.48	(484,242.30)	0.00	1,294,026,464.45
SALES TO AFFILIATES	56,672,738.05	0.00	0.00	395,038,078.77
GROSS OPERATING REVENUES	59,113,691.53	(484,242.30)	0.00	1,689,064,543.22
PROVISION FOR RATE REFUND	0.00	0.00	0.00	1,428,000.00
TOTAL OPERATING REVENUES, NET	59,113,691.53	(484,242.30)	0.00	1,690,492,543.22
OPERATING EXPENSES				
OPERATIONS				
FUEL	0.00	0.00	0.00	245,834,168.81
PURCHASED POWER NON AFFIL	0.00	0.00	0.00	211,358,078.85
PURCHASE POWER AFFILIATED	0.00	0.00	0.00	23,405,829.84
OTHER OPERATION	41,363,151.54	1,248,974.51	438,570.99	304,093,924.14
MAINTENANCE	0.00	6.20	(0.01)	63,392,564.96
TOTAL OPER/MAINT EXPENSES	41,363,151.54	1,248,980.72	438,570.99	848,084,566.60
DEPRECIATION AND AMORTIZATION	0.00	113,649.54	0.00	214,162,038.98
TAXES OTHER THAN INCOME TAXES	0.00	459.96	0.00	95,499,863.65
STATE, LOCAL & FOREIGN INCOME TAXES	0.00	0.00	0.00	3,616,342.00
FEDERAL INCOME TAXES	4,380,246.00	0.00	(696,200.68)	135,397,950.00
TOTAL OPERATING EXPENSES	45,743,397.54	1,363,090.22	(257,629.69)	1,296,760,761.23
NET OPERATING INCOME	13,370,293.99	(1,847,332.52)	257,629.69	393,731,782.00
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	9,230.79	11,735.33	737,374.23	53,141,298.65
OTHER INCOME DEDUCTIONS	(345,908.26)	8,038.41	0.00	(41,910,282.08)
INC TAXES APPL TO OTH INC&DED	(960,623.83)	985,186.00	(796,733.00)	(3,151,881.00)
NET OTHR INCOME AND DEDUCTIONS	(1,297,301.30)	1,004,959.74	(59,358.77)	8,079,135.57
INCOME BEFORE INTEREST CHARGES	12,072,992.69	(842,372.77)	198,270.92	401,810,917.56
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	0.00	910,200.00	0.00	106,824,449.59
INT SHORT TERM DEBT - AFFIL	947,762.72	134,266.54	0.00	11,112,591.22
INT SHORT TERM DEBT - NON-AFFL	2,763,413.31	0.00	0.00	91,729.23
AMORT OF DEBT DISC, PREM & EXP	0.00	5,921.04	0.00	2,774,399.73
AMORT LOSS ON REACQUIRED DEBT	0.00	0.00	0.00	1,450,244.74
AMORT GAIN ON REACQUIRED DEBT	0.00	0.00	0.00	(448.08)
OTHER INTEREST EXPENSE	54,087.11	0.00	0.00	8,237,268.41
TOTAL INTEREST CHARGES	3,765,263.14	1,050,387.58	0.00	130,490,234.84
AFUDC BORROWED FUNDS - CR	0.00	0.00	0.00	(4,619,972.31)
NET INTEREST CHARGES	3,765,263.14	1,050,387.58	0.00	125,870,262.53
NET EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00
NET INCOME BEFORE PREF DIV	8,307,729.55	(1,892,760.35)	198,270.92	275,940,655.03
PREF STK DIVIDEND REQUIREMENT	0.00	0.00	0.00	237,269.55
NET INCOME - EARN FOR CMMN STK	8,307,729.55	(1,892,760.35)	198,270.92	275,703,385.48

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	PSO CORPORATION	AEP TX NORTH CORP	CSW ENERGY CONSOLIDATED	SWEPCO INT CONSOLIDATED
OPERATING REVENUES				
SALES TO NON AFFILIATES	784,128,768.64	350,731,304.98	101,348,386.18	1,013,021,178.90
SALES TO AFFILIATES	9,439,235.00	100,610,611.99	13,931,101.01	71,608,285.10
GROSS OPERATING REVENUES	793,568,003.64	451,341,916.97	115,279,487.19	1,084,629,464.01
PROVISION FOR RATE REFUND	80,000.00	(601,624.00)	0.00	91,000.00
TOTAL OPERATING REVENUES, NET	793,648,003.64	450,740,292.97	115,279,487.19	1,084,720,464.01
OPERATING EXPENSES				
OPERATIONS				
FUEL	246,199,021.34	100,465,519.67	80,923,889.53	388,334,250.21
PURCHASED POWER NON AFFIL	47,507,541.27	80,391,271.02	0.00	44,119,049.11
PURCHASE POWER AFFILIATED	89,453,588.40	37,581,901.23	3,492,643.38	42,021,945.28
OTHER OPERATION	133,537,831.83	147,858,286.39	41,074,547.06	189,023,916.92
MAINTENANCE	48,060,108.45	22,295,319.03	5,817,254.69	66,854,968.15
TOTAL OPER/MAINT EXPENSES	564,758,091.28	388,592,297.33	131,308,334.66	730,354,129.67
DEPRECIATION AND AMORTIZATION	85,896,232.27	43,619,979.73	22,127,049.36	122,969,355.15
TAXES OTHER THAN INCOME TAXES	34,076,957.23	22,470,650.89	5,894,842.56	55,232,039.25
STATE, LOCAL & FOREIGN INCOME TAXES	4,447,986.66	(1,362,932.00)	580,106.29	5,577,619.34
FEDERAL INCOME TAXES	19,747,341.00	(10,450,867.00)	(106,143,620.25)	28,118,216.00
TOTAL OPERATING EXPENSES	708,926,608.45	442,869,128.95	53,766,712.62	942,251,359.41
NET OPERATING INCOME	84,721,395.20	7,871,164.02	61,512,774.57	142,469,104.59
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	1,919,909.95	53,762,954.01	(216,023,328.23)	3,259,549.62
OTHER INCOME DEDUCTIONS	(6,971,339.38)	(54,754,760.18)	(353,393.37)	(1,796,906.02)
INC TAXES APPL TO OTH INC&DED	1,813,784.00	289,010.00	444,616.08	(1,771,550.00)
NET OTHR INCOME AND DEDUCTIONS	(3,237,645.43)	(702,796.18)	(215,932,105.52)	(308,906.40)
INCOME BEFORE INTEREST CHARGES	81,483,749.76	7,168,367.84	(154,419,330.96)	142,160,198.20
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	32,594,922.15	13,994,305.24	4,849,090.33	48,359,082.94
INT SHORT TERM DEBT - AFFIL	5,374,965.51	3,777,913.71	4,898,071.63	4,588,042.70
INT SHORT TERM DEBT - NON-AFFL	950.17	390.30	587,793.04	1,096,109.93
AMORT OF DEBT DISC, PREM & EXP	778,009.32	300,481.87	19,737.00	827,876.54
AMORT LOSS ON REACQUIRED DEBT	1,243,881.49	2,898,277.70	0.00	3,099,090.48
AMORT GAIN ON REACQUIRED DEBT	(30,087.84)	(19,181.43)	0.00	(344,713.68)
OTHER INTEREST EXPENSE	1,132,287.75	272,266.67	2,219,825.88	2,091,974.68
TOTAL INTEREST CHARGES	41,094,928.55	21,224,454.06	12,574,517.88	59,717,463.59
AFUDC BORROWED FUNDS - CR	(673,419.85)	(379,145.75)	0.00	(549,038.58)
NET INTEREST CHARGES	40,421,508.70	20,845,308.31	12,574,517.88	59,168,425.01
NET EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00
NET INCOME BEFORE PREF DIV	41,062,241.06	(13,676,940.47)	(166,993,848.84)	82,991,773.19
PREF STK DIVIDEND REQUIREMENT	212,359.27	104,156.76	0.00	229,054.56
NET INCOME - EARN FOR CMMN STK	40,849,881.79	(13,781,097.23)	(166,993,848.84)	82,762,718.63

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSW INTERNATIONAL CONSOLIDATED	C3 COMMUNICATIONS	CSW ENERGY SVCS CONSOLIDATED	REP HOLDCO CONSOLIDATED
OPERATING REVENUES				
SALES TO NON AFFILIATES	135,345.00	6,693,068.46	3,720,990.97	1,270,400,410.87
SALES TO AFFILIATES	0.00	359,590.06	0.00	101,486.21
GROSS OPERATING REVENUES	135,345.00	7,052,658.52	3,720,990.97	1,270,501,897.08
PROVISION FOR RATE REFUND	0.00	0.00	0.00	(66,305,930.75)
TOTAL OPERATING REVENUES, NET	135,345.00	7,052,658.52	3,720,990.97	1,204,195,966.33
OPERATING EXPENSES				
OPERATIONS				
FUEL	0.00	0.00	0.00	0.00
PURCHASED POWER NON AFFIL	0.00	0.00	0.00	1,807,089.08
PURCHASE POWER AFFILIATED	0.00	0.00	0.00	706,070,466.37
OTHER OPERATION	1,326,246.39	12,319,800.16	122,532,744.70	492,599,087.02
MAINTENANCE	5,386.79	1,929,209.85	6.21	6.21
TOTAL OPER/MAINT EXPENSES	1,331,633.18	14,249,010.01	122,532,750.90	1,200,476,648.67
DEPRECIATION AND AMORTIZATION	141,534.76	9,425,474.59	1,150,429.02	0.00
TAXES OTHER THAN INCOME TAXES	716.20	35,336.30	17.75	15,321,130.64
STATE, LOCAL & FOREIGN INCOME TAXES	0.00	0.00	0.00	0.00
FEDERAL INCOME TAXES	(302,553.00)	(3,340.00)	0.00	0.00
TOTAL OPERATING EXPENSES	1,171,331.14	23,706,480.90	123,683,197.67	1,215,797,779.31
NET OPERATING INCOME	(1,035,986.14)	(16,653,822.38)	(119,962,206.70)	(11,601,812.98)
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	(276,654,298.28)	(22,204.62)	109,144,281.47	130,778,441.09
OTHER INCOME DEDUCTIONS	(1,724.25)	(107,361,172.89)	(15,478.72)	(33,450.56)
INC TAXES APPL TO OTH INC&DED	85,318,583.00	47,698,722.00	3,760,128.90	(40,435,404.00)
NET OTHR INCOME AND DEDUCTIONS	(191,337,439.53)	(59,684,655.51)	112,888,931.65	90,309,586.53
INCOME BEFORE INTEREST CHARGES	(192,373,425.67)	(76,338,477.89)	(7,073,275.05)	78,707,773.55
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	962,810.09	10,619,000.00	3,640,800.00	0.00
INT SHORT TERM DEBT - AFFIL	601,778.96	957,054.05	(224,734.08)	1,444,153.69
INT SHORT TERM DEBT - NON-AFFL	12,211.81	0.00	1,219,926.92	0.00
AMORT OF DEBT DISC, PREM & EXP	0.00	69,079.44	23,684.40	0.00
AMORT LOSS ON REACQUIRED DEBT	0.00	0.00	0.00	0.00
AMORT GAIN ON REACQUIRED DEBT	0.00	0.00	0.00	0.00
OTHER INTEREST EXPENSE	0.00	342.00	5,078.00	1,896,806.49
TOTAL INTEREST CHARGES	1,576,800.86	11,645,475.49	4,664,755.24	3,340,960.18
AFUDC BORROWED FUNDS - CR	0.00	(66,054.64)	0.00	0.00
NET INTEREST CHARGES	1,576,800.86	11,579,420.85	4,664,755.24	3,340,960.18
NET EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00
NET INCOME BEFORE PREF DIV	(193,950,226.53)	(87,917,898.74)	(11,738,030.29)	75,366,813.37
PREF STK DIVIDEND REQUIREMENT	0.00	0.00	0.00	0.00
NET INCOME - EARN FOR CMMN STK	(193,950,226.53)	(87,917,898.74)	(11,738,030.29)	75,366,813.37

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AEP TEXAS CENTRAL COMPANY
AND SUBSIDIARY COMPANY
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	TEXAS CENTRAL CONSOLIDATED	TEXAS CENTRAL ELIMINATIONS	TEXAS CENTRAL SEC	AEP TEXAS CORP CONSOLIDATED
OPERATING REVENUES				
SALES TO NON AFFILIATES	1,294,026,464.45	0.00	32,267,298.23	1,261,759,166.22
SALES TO AFFILIATES	395,038,078.77	(298,998.00)	58,376,172.59	336,960,904.18
GROSS OPERATING REVENUES	1,689,064,543.22	(298,998.00)	90,643,470.82	1,598,720,070.40
PROVISION FOR RATE REFUND	1,428,000.00	0.00	0.00	1,428,000.00
TOTAL OPERATING REVENUES, NET	1,690,492,543.22	(298,998.00)	90,643,470.82	1,600,148,070.40
OPERATING EXPENSES				
OPERATIONS				
FUEL	245,834,168.81	0.00	0.00	245,834,168.81
PURCHASED POWER NON AFFIL	211,358,078.85	0.00	0.00	211,358,078.85
PURCHASE POWER AFFILIATED	23,405,829.84	0.00	0.00	23,405,829.84
OTHER OPERATION	304,093,924.14	(298,998.00)	600,267.85	303,792,654.29
MAINTENANCE	63,392,564.96	0.00	0.00	63,392,564.96
TOTAL OPER/MAINT EXPENSES	848,084,566.60	(298,998.00)	600,267.85	847,783,296.75
DEPRECIATION AND AMORTIZATION	214,162,038.98	0.00	50,013,046.61	164,148,992.37
TAXES OTHER THAN INCOME TAXES	95,499,863.65	0.00	0.00	95,499,863.65
STATE, LOCAL & FOREIGN INCOME TAXES	3,616,342.00	0.00	0.00	3,616,342.00
FEDERAL INCOME TAXES	135,397,950.00	0.00	0.00	135,397,950.00
TOTAL OPERATING EXPENSES	1,296,760,761.23	(298,998.00)	50,613,314.46	1,246,446,444.77
NET OPERATING INCOME	393,731,782.00	0.00	40,030,156.36	353,701,625.64
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	53,141,298.65	0.00	483,917.64	52,657,381.01
OTHER INCOME DEDUCTIONS	(41,910,282.08)	0.00	0.00	(41,910,282.08)
INC TAXES APPL TO OTH INC&DED	(3,151,881.00)	0.00	0.00	(3,151,881.00)
NET OTHR INCOME AND DEDUCTIONS	8,079,135.57	0.00	483,917.64	7,595,217.93
INCOME BEFORE INTEREST CHARGES	401,810,917.56	0.00	40,514,074.00	361,296,843.56
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	106,824,449.59	0.00	38,661,221.00	68,163,228.59
INT SHORT TERM DEBT - AFFIL	11,112,591.22	0.00	0.00	11,112,591.22
INT SHORT TERM DEBT - NON-AFFL	91,729.23	0.00	0.00	91,729.23
AMORT OF DEBT DISC, PREM & EXP	2,774,399.73	0.00	1,852,853.00	921,546.73
AMORT LOSS ON REACQUIRED DEBT	1,450,244.74	0.00	0.00	1,450,244.74
AMORT GAIN ON REACQUIRED DEBT	(448.08)	0.00	0.00	(448.08)
OTHER INTEREST EXPENSE	8,237,268.41	0.00	0.00	8,237,268.41
TOTAL INTEREST CHARGES	130,490,234.84	0.00	40,514,074.00	89,976,160.84
AFUDC BORROWED FUNDS - CR	(4,619,972.31)	0.00	0.00	(4,619,972.31)
NET INTEREST CHARGES	125,870,262.53	0.00	40,514,074.00	85,356,188.53
NET EXTRAORDINARY ITEMS				
NET INCOME BEFORE PREF DIV	275,940,655.03	0.00	0.00	275,940,655.03
PREF STK DIVIDEND REQUIREMENT	237,269.55	0.00	0.00	237,269.55
NET INCOME - EARN FOR CMMN STK	275,703,385.48	0.00	0.00	275,703,385.48

<PAGE>
APPALACHIAN POWER COMPANY
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	APCO CONSOLIDATED	APCO ELIMINATIONS	APCO	CACCO
OPERATING REVENUES				
SALES TO NON AFFILIATES	1,628,069,020.28	0.00	1,628,069,020.28	0.00
SALES TO AFFILIATES	186,476,712.86	(173,777.30)	186,650,490.16	0.00
GROSS OPERATING REVENUES	1,814,545,733.14	(173,777.30)	1,814,719,510.44	0.00
PROVISION FOR RATE REFUND	(75,669.90)	0.00	(75,669.90)	0.00
TOTAL OPERATING REVENUES, NET	1,814,470,063.24	(173,777.30)	1,814,643,840.54	0.00
OPERATING EXPENSES				
OPERATIONS				
FUEL	430,963,333.21	0.00	430,963,333.21	0.00
PURCHASED POWER NON AFFIL	56,789,694.96	0.00	56,789,694.96	0.00
PURCHASE POWER AFFILIATED	234,898,301.50	0.00	234,898,301.50	0.00
OTHER OPERATION	269,426,035.01	(1,212,885.74)	270,638,920.74	0.00
MAINTENANCE	122,209,111.73	0.00	122,209,111.73	0.00
TOTAL OPER/MAINT EXPENSES	1,114,286,476.41	(1,212,885.74)	1,115,499,362.14	0.00
DEPRECIATION AND AMORTIZATION	189,334,689.75	0.00	189,334,689.75	0.00
TAXES OTHER THAN INCOME TAXES	95,248,434.99	0.00	95,248,434.99	0.00
STATE, LOCAL & FOREIGN INCOME TAXES	13,202,656.00	0.00	13,202,656.00	0.00
FEDERAL INCOME TAXES	100,334,841.00	0.00	100,334,841.00	0.00
TOTAL OPERATING EXPENSES	1,512,407,098.15	(1,212,885.74)	1,513,619,983.89	0.00
NET OPERATING INCOME	302,062,965.09	1,039,108.44	301,023,856.65	(0.00)
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	29,278,266.29	(7,858,947.19)	28,528,901.98	(7,929.16)
OTHER INCOME DEDUCTIONS	(11,783,065.05)	6,285,047.32	(10,312,922.41)	(8,569.30)
INC TAXES APPL TO OTH INC&DED	2,610,804.00	0.00	3,200,201.00	(10,143.00)
NET OTHR INCOME AND DEDUCTIONS	20,106,005.24	(1,573,899.87)	21,416,180.57	(26,641.46)
INCOME BEFORE INTEREST CHARGES	322,168,970.32	(534,791.43)	322,440,037.22	(26,641.47)
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	110,954,927.62	0.00	110,954,927.62	0.00
INT SHORT TERM DEBT - AFFIL	4,889,649.69	(37.26)	5,162,012.59	(32,806.46)
AMORT OF DEBT DISC, PREM & EXP	1,968,396.74	0.00	1,968,396.74	0.00
AMORT LOSS ON REACQUIRED DEBT	2,553,659.50	0.00	2,553,659.50	0.00
AMORT GAIN ON REACQUIRED DEBT	(39,501.17)	0.00	(39,501.17)	0.00
OTHER INTEREST EXPENSE	1,970,020.62	0.00	1,968,724.62	99.00
TOTAL INTEREST CHARGES	122,297,152.99	(37.26)	122,568,219.89	(32,707.46)
AFUDC BORROWED FUNDS - CR	(5,620,295.46)	0.00	(5,620,295.46)	0.00
NET INTEREST CHARGES	116,676,857.53	(37.26)	116,947,924.43	(32,707.46)
NET EXTRAORDINARY ITEMS				
NET INCOME BEFORE PREF DIV	205,492,112.79	(534,754.17)	205,492,112.79	6,065.99
PREF STK DIVIDEND REQUIREMENT	2,897,225.92	0.00	2,897,225.92	0.00
NET INCOME - EARN FOR CMMN STK	202,594,886.87	(534,754.17)	202,594,886.87	6,065.99

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APPALACHIAN POWER COMPANY
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SACCO	CECCO	WVPCO
OPERATING REVENUES			
SALES TO NON AFFILIATES	0.00	0.00	0.00
SALES TO AFFILIATES	0.00	0.00	0.00
GROSS OPERATING REVENUES	0.00	0.00	0.00
PROVISION FOR RATE REFUND	0.00	0.00	0.00
TOTAL OPERATING REVENUES, NET	0.00	0.00	0.00
OPERATING EXPENSES			
OPERATIONS			
FUEL	0.00	0.00	0.00
PURCHASED POWER NON AFFIL	0.00	0.00	0.00
PURCHASE POWER AFFILIATED	0.00	0.00	0.00
OTHER OPERATION	0.00	0.00	0.00
MAINTENANCE	0.00	0.00	0.00
TOTAL OPER/MAINT EXPENSES	0.00	0.00	0.00
DEPRECIATION AND AMORTIZATION	0.00	0.00	0.00
TAXES OTHER THAN INCOME TAXES	0.00	0.00	0.00
STATE, LOCAL & FOREIGN INCOME TAXES	0.00	0.00	0.00
FEDERAL INCOME TAXES	0.00	0.00	0.00
TOTAL OPERATING EXPENSES	0.00	0.00	0.00
NET OPERATING INCOME	0.00	0.00	0.00
OTHER INCOME AND DEDUCTIONS			
OTHER INCOME	871,139.02	7,743,259.98	1,841.65
OTHER INCOME DEDUCTIONS	(50,575.38)	(7,695,445.28)	(600.00)
INC TAXES APPL TO OTH INC&DED	(357,282.00)	(221,538.00)	(434.00)
NET OTHR INCOME AND DEDUCTIONS	463,281.64	(173,723.30)	807.65
INCOME BEFORE INTEREST CHARGES	463,281.64	(173,723.30)	807.65
INTEREST CHARGES			
INTEREST ON LONG-TERM DEBT	0.00	0.00	0.00
INT SHORT TERM DEBT - AFFIL	(78,178.36)	(161,340.82)	0.00
AMORT OF DEBT DISC, PREM & EXP	0.00	0.00	0.00
AMORT LOSS ON REACQUIRED DEBT	0.00	0.00	0.00
AMORT GAIN ON REACQUIRED DEBT	0.00	0.00	0.00
OTHER INTEREST EXPENSE	1,097.00	100.00	0.00
TOTAL INTEREST CHARGES	(77,081.36)	(161,240.82)	0.00
AFUDC BORROWED FUNDS - CR	0.00	0.00	0.00
NET INTEREST CHARGES	(77,081.36)	(161,240.82)	0.00
NET EXTRAORDINARY ITEMS			
NET INCOME BEFORE PREF DIV	540,363.00	(12,482.48)	807.65
PREF STK DIVIDEND REQUIREMENT	0.00	0.00	0.00
NET INCOME - EARN FOR CMMN STK	540,363.00	(12,482.48)	807.65

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COLUMBUS SOUTHERN POWER COMPANY
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSP CONSOLIDATED	CSP ELIMINATIONS	CSP	SIMCO
OPERATING REVENUES				
SALES TO NON AFFILIATES	1,342,958,387.74	(11,008,145.12)	1,342,958,387.74	48,900.00
SALES TO AFFILIATES	57,201,402.92	(133,200.00)	57,201,402.92	133,200.00
GROSS OPERATING REVENUES	1,400,159,790.66	(11,141,345.12)	1,400,159,790.66	182,100.00
TOTAL OPERATING REVENUES, NET	1,400,159,790.66	(11,141,345.12)	1,400,159,790.66	182,100.00
OPERATING EXPENSES				
OPERATIONS				
FUEL	185,086,159.43	(1,943,520.05)	187,029,679.48	0.00
PURCHASED POWER NON AFFIL	15,023,128.84	0.00	15,023,128.84	0.00
PURCHASE POWER AFFILIATED	310,605,117.07	0.00	310,605,117.07	0.00
OTHER OPERATION	237,802,014.61	(7,604,978.04)	236,040,366.61	4,656.96
MAINTENANCE	60,002,904.50	(1,204,034.23)	60,002,904.49	41.17
TOTAL OPER/MAINT EXPENSES	808,519,324.45	(10,752,532.31)	808,701,196.49	4,698.12
DEPRECIATION AND AMORTIZATION	131,623,511.93	(102,048.67)	131,558,389.41	69,096.00
TAXES OTHER THAN INCOME TAXES	136,023,991.14	(275,396.66)	136,023,991.14	0.29
STATE, LOCAL & FOREIGN INCOME TAXES	17,555,301.67	0.00	17,555,301.67	0.00
FEDERAL INCOME TAXES	86,659,159.00	0.00	86,537,425.00	30,651.00
TOTAL OPERATING EXPENSES	1,180,381,288.20	(11,129,977.64)	1,180,376,303.71	104,445.41
NET OPERATING INCOME	219,778,502.46	(11,367.48)	219,783,486.95	77,654.59
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	26,360,209.22	(1,473,267.70)	25,539,096.23	506.60
OTHER INCOME DEDUCTIONS	(4,307,724.66)	16,951.47	(4,190,220.43)	(8,298.79)
INC TAXES APPL TO OTH INC&DED	(6,788,652.33)	0.00	(6,104,818.33)	(15,954.00)
NET OTHR INCOME AND DEDUCTIONS	15,263,832.24	(1,456,316.23)	15,244,057.47	(23,746.19)
INCOME BEFORE INTEREST CHARGES	235,042,334.70	(1,467,683.71)	235,027,544.42	53,908.40
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	50,518,110.69	0.00	50,518,110.69	0.00
INT SHORT TERM DEBT - AFFIL	3,243,937.22	(37.27)	3,242,440.24	(5,030.65)
AMORT OF DEBT DISC, PREM & EXP	430,486.10	0.00	430,486.10	0.00
AMORT LOSS ON REACQUIRED DEBT	1,032,696.70	0.00	1,032,696.70	0.00
OTHER INTEREST EXPENSE	1,122,061.02	0.00	1,108,021.02	40.00
TOTAL INTEREST CHARGES	56,347,291.73	(37.27)	56,331,754.75	(4,990.65)
AFUDC BORROWED FUNDS - CR	(2,478,512.07)	0.00	(2,477,765.38)	(9.09)
NET INTEREST CHARGES	53,868,779.66	(37.27)	53,853,989.37	(4,999.74)
NET EXTRAORDINARY ITEMS				
NET INCOME BEFORE PREF DIV	181,173,555.04	(1,467,646.44)	181,173,555.05	58,908.13
PREF STK DIVIDEND REQUIREMENT	1,332,324.81	0.00	1,332,324.81	0.00
NET INCOME - EARN FOR CMMN STK	179,841,230.23	(1,467,646.44)	179,841,230.24	58,908.13

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COLUMBUS SOUTHERN POWER COMPANY
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	COLM	CCPC
OPERATING REVENUES		
SALES TO NON AFFILIATES	0.00	10,959,245.12
SALES TO AFFILIATES	0.00	0.00
GROSS OPERATING REVENUES	0.00	10,959,245.12
TOTAL OPERATING REVENUES, NET	0.00	10,959,245.12
OPERATING EXPENSES		
OPERATIONS		
FUEL	0.00	0.00
PURCHASED POWER NON AFFIL	0.00	0.00
PURCHASE POWER AFFILIATED	0.00	0.00
OTHER OPERATION	44,417.71	9,317,551.37
MAINTENANCE	0.00	1,203,993.08
TOTAL OPER/MAINT EXPENSES	44,417.71	10,521,544.44
DEPRECIATION AND AMORTIZATION	65,122.52	32,952.67
TAXES OTHER THAN INCOME TAXES	0.00	275,396.37
STATE, LOCAL & FOREIGN INCOME TAXES	0.00	0.00
FEDERAL INCOME TAXES	0.00	91,083.00
TOTAL OPERATING EXPENSES	109,540.23	10,920,976.48
NET OPERATING INCOME	(109,540.23)	38,268.64
OTHER INCOME AND DEDUCTIONS		
OTHER INCOME	2,279,347.91	14,526.18
OTHER INCOME DEDUCTIONS	(117,504.23)	(8,652.68)
INC TAXES APPL TO OTH INC&DED	(667,880.00)	0.00
NET OTHR INCOME AND DEDUCTIONS	1,493,963.68	5,873.50
INCOME BEFORE INTEREST CHARGES	1,384,423.45	44,142.14
INTEREST CHARGES		
INTEREST ON LONG-TERM DEBT	0.00	0.00
INT SHORT TERM DEBT - AFFIL	45,685.15	(39,120.25)
AMORT OF DEBT DISC, PREM & EXP	0.00	0.00
AMORT LOSS ON REACQUIRED DEBT	0.00	0.00
OTHER INTEREST EXPENSE	0.00	14,000.00
TOTAL INTEREST CHARGES	45,685.15	(25,120.25)
AFUDC BORROWED FUNDS - CR	0.00	(737.61)
NET INTEREST CHARGES	45,685.15	(25,857.86)
NET EXTRAORDINARY ITEMS		
NET INCOME BEFORE PREF DIV	1,338,738.30	70,000.00
PREF STK DIVIDEND REQUIREMENT	0.00	0.00
NET INCOME - EARN FOR CMMN STK	1,338,738.30	70,000.00

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INDIANA MICHIGAN POWER COMPANY
AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	I&M CONSOLIDATED	I&M ELIMINATIONS	I&M	PRCCO	BHCCO
OPERATING REVENUES					
SALES TO NON AFFILIATES	1,312,625,974.63	0.00	1,312,625,974.63	0.00	0.00
SALES TO AFFILIATES	214,138,323.67	0.00	214,138,323.67	0.00	0.00
GROSS OPERATING REVENUES	1,526,764,298.30	0.00	1,526,764,298.30	0.00	0.00
TOTAL OPERATING REVENUES, NET	1,526,764,298.30	0.00	1,526,764,298.30	0.00	0.00
OPERATING EXPENSES					
OPERATIONS					
FUEL	239,455,530.13	0.00	239,455,530.13	0.00	0.00
PURCHASED POWER NON AFFIL	23,442,916.33	0.00	23,442,916.33	0.00	0.00
PURCHASE POWER AFFILIATED	233,723,553.81	0.00	233,723,553.81	0.00	0.00
OTHER OPERATION	462,707,070.08	0.00	462,707,070.08	0.00	0.00
MAINTENANCE	151,602,042.09	0.00	151,602,042.09	0.00	0.00
TOTAL OPER/MAINT EXPENSES	1,110,931,112.44	0.00	1,110,931,112.44	0.00	0.00
DEPRECIATION AND AMORTIZATION	168,070,188.38	0.00	168,070,188.38	0.00	0.00
TAXES OTHER THAN INCOME TAXES	57,721,494.98	0.00	57,721,494.98	0.00	0.00
STATE, LOCAL & FOREIGN INCOME TAXES	(480,600.10)	0.00	(480,600.10)	0.00	0.00
FEDERAL INCOME TAXES	39,332,986.00	0.00	39,332,986.00	0.00	0.00
TOTAL OPERATING EXPENSES	1,375,575,181.70	0.00	1,375,575,181.70	0.00	0.00
NET OPERATING INCOME	151,189,116.60	0.00	151,189,116.60	0.00	0.00
OTHER INCOME AND DEDUCTIONS					
OTHER INCOME	93,738,634.13	(263,849.03)	93,051,863.77	0.00	950,619.39
OTHER INCOME DEDUCTIONS	(71,028,717.13)	770,997.03	(70,553,237.81)	0.00	(1,246,476.36)
INC TAXES APPL TO OTH INC&DED	(5,984,095.00)	0.00	(5,582,749.00)	0.00	(401,346.00)
NET OTHR INCOME AND DEDUCTIONS	16,725,822.00	507,148.00	16,915,876.96	0.00	(697,202.97)
INCOME BEFORE INTEREST CHARGES	167,914,938.59	507,148.00	168,104,993.56	0.00	(697,202.97)
INTEREST CHARGES					
INTEREST ON LONG-TERM DEBT	91,295,594.45	0.00	91,295,594.45	0.00	0.00
INT SHORT TERM DEBT - AFFIL	439,246.20	0.00	629,301.18	0.00	(190,054.98)
AMORT OF DEBT DISC, PREM & EXP	1,889,295.25	0.00	1,889,295.25	0.00	0.00
AMORT LOSS ON REACQUIRED DEBT	1,261,269.70	0.00	1,261,269.70	0.00	0.00
AMORT GAIN ON REACQUIRED DEBT	(1,712.11)	0.00	(1,712.11)	0.00	0.00
OTHER INTEREST EXPENSE	1,811,664.44	0.00	1,811,664.44	0.00	0.00
TOTAL INTEREST CHARGES	96,695,357.93	0.00	96,885,412.91	0.00	(190,054.98)
AFUDC BORROWED FUNDS - CR	(2,772,886.19)	0.00	(2,772,886.19)	0.00	0.00
NET INTEREST CHARGES	93,922,471.74	0.00	94,112,526.72	0.00	(190,054.98)
NET EXTRAORDINARY ITEMS					
NET INCOME BEFORE PREF DIV	73,992,466.85	507,148.00	73,992,466.84	0.00	(507,147.99)
PREF STK DIVIDEND REQUIREMENT	4,601,570.07	0.00	4,601,570.07	0.00	0.00
NET INCOME - EARN FOR CMMN STK	69,390,896.78	507,148.00	69,390,896.77	0.00	(507,147.99)

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SOUTHWESTERN ELECTRIC POWER COMPANY
AND SUBSIDIARY COMPANY
CONSOLIDATING STATEMENT OF INCOME
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SWEPCO CONSOLIDATED	SWEPCO ELIMINATIONS	SWEPCO	DOLETHILLS
OPERATING REVENUES				
SALES TO NON AFFILIATES	1,013,021,178.90	(34,869,138.64)	978,152,040.26	69,738,277.28
SALES TO AFFILIATES	71,608,285.10	42,177.58	71,566,107.52	0.00
GROSS OPERATING REVENUES	1,084,629,464.01	(34,826,961.06)	1,049,718,147.79	69,738,277.28
PROVISION FOR RATE REFUND	91,000.00	0.00	91,000.00	0.00
TOTAL OPERATING REVENUES, NET	1,084,720,464.01	(34,826,961.06)	1,049,809,147.79	69,738,277.28
OPERATING EXPENSES				
OPERATIONS				
FUEL	388,334,250.21	(9,791,845.27)	398,126,095.48	0.00
PURCHASED POWER NON AFFIL	44,119,049.11	0.00	44,119,049.11	0.00
PURCHASE POWER AFFILIATED	42,021,945.28	0.00	42,021,945.28	0.00
OTHER OPERATION	189,023,916.92	(19,959,983.55)	158,978,497.72	50,005,402.75
MAINTENANCE	66,854,968.15	63.35	66,855,063.18	(158.38)
TOTAL OPER/MAINT EXPENSES	730,354,129.67	(29,751,765.47)	710,100,650.78	50,005,244.37
DEPRECIATION AND AMORTIZATION	122,969,355.15	(4,294,719.26)	116,527,276.28	10,736,798.13
TAXES OTHER THAN INCOME TAXES	55,232,039.25	(780,476.33)	54,061,324.72	1,951,190.86
STATE, LOCAL & FOREIGN INCOME TAXES	5,577,619.34	0.00	5,449,255.34	128,364.00
FEDERAL INCOME TAXES	28,118,216.00	0.00	26,660,643.00	1,457,573.00
TOTAL OPERATING EXPENSES	942,251,359.41	(34,826,961.06)	912,799,150.12	64,279,170.36
NET OPERATING INCOME	142,469,104.59	(0.00)	137,009,997.67	5,459,106.92
OTHER INCOME AND DEDUCTIONS				
OTHER INCOME	3,259,549.62	(5,666,385.95)	8,708,840.98	217,094.60
OTHER INCOME DEDUCTIONS	(1,796,906.02)	0.00	(1,796,906.02)	0.00
INC TAXES APPL TO OTH INC&DED	(1,771,550.00)	0.00	(1,771,550.00)	0.00
NET OTHR INCOME AND DEDUCTIONS	(308,906.40)	(5,666,385.95)	5,140,384.96	217,094.60
INCOME BEFORE INTEREST CHARGES	142,160,198.20	(5,666,385.95)	142,150,382.63	5,676,201.52
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT	48,359,082.94	(2,950,461.95)	48,359,082.94	2,950,461.95
INT SHORT TERM DEBT - AFFIL	4,588,042.70	0.00	4,578,227.12	9,815.58
INT SHORT TERM DEBT - NON-AFFL	1,096,109.93	0.00	1,096,109.93	0.00
AMORT OF DEBT DISC, PREM & EXP	827,876.54	0.00	827,876.54	0.00
AMORT LOSS ON REACQUIRED DEBT	3,099,090.48	0.00	3,099,090.48	0.00
AMORT GAIN ON REACQUIRED DEBT	(344,713.68)	0.00	(344,713.68)	0.00
OTHER INTEREST EXPENSE	2,091,974.68	0.00	2,091,974.68	0.00
TOTAL INTEREST CHARGES	59,717,463.59	(2,950,461.95)	59,707,648.01	2,960,277.53
AFUDC BORROWED FUNDS - CR	(549,038.58)	0.00	(549,038.58)	0.00
NET INTEREST CHARGES	59,168,425.01	(2,950,461.95)	59,158,609.43	2,960,277.53
NET EXTRAORDINARY ITEMS				
NET INCOME BEFORE PREF DIV	82,991,773.19	(2,715,924.00)	82,991,773.20	2,715,923.99
PREF STK DIVIDEND REQUIREMENT	229,054.56	0.00	229,054.56	0.00
NET INCOME - EARN FOR CMMN STK	82,762,718.63	(2,715,924.00)	82,762,718.64	2,715,923.99

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP CONSOLIDATED	AEP ADJUSTMENTS AND ELIMINATIONS	AEP	AEPSC
ASSETS:				
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	1,212,704,776.60	(10,000,000.00)	1,006,665,326.94	2,998,381.44
ADVANCES TO AFFILIATES	60,110,204.68	(5,124,473,834.28)	4,264,521,025.81	0.00
ACCOUNTS RECEIVABLE-CUSTOMERS	465,990,281.33	257,751,667.07	0.00	71,926.18
ACCOUNTS RECEIVABLE - MISC	1,310,960,555.71	(23,328,073.31)	9,498,408.04	13,095,026.67
A/P FOR UNCOLLECTIBLE ACCOUNTS	(119,231,350.67)	11,103,523.00	(11.18)	(408,245.37)
ACCOUNTS RECEIVABLE- ASSOC COS	22,904,809.37	(2,250,863,834.55)	53,029,900.38	483,095,228.69
FUEL	710,595,404.85	(2,000,000.00)	0.00	(0.00)
MATERIALS & SUPPLIES	455,465,201.16	6,789,001.53	0.00	13,094.20
ACCRUED UTILITY REVENUES	600,440,085.75	164,766,807.96	0.00	0.00
PREPAYMENTS	156,430,959.08	(552,252.35)	3,966,982.13	4,781,214.75
ENERGY TRADING CONT CURR ASSET	1,046,147,315.65	(139,011,465.71)	0.00	0.00
OTHER CURRENT ASSETS	178,381,797.49	1,000,000.00	0.00	14,144,243.78
TOTAL CURRENT ASSETS	6,100,900,041.01	(7,108,818,460.64)	5,337,681,632.12	517,790,870.34
ELECTRIC UTILITY PLANT				
PRODUCTION	17,030,556,023.54	(194,000,000.00)	0.00	0.00
TRANSMISSION	5,882,206,637.25	0.00	0.00	0.00
DISTRIBUTION	9,573,310,039.06	0.00	0.00	(0.00)
NONUTILITY PROPERTY	258,199,431.30	(52,000,000.00)	0.00	0.00
GENERAL	3,706,925,472.73	31,888.92	736,024.14	349,558,983.86
CONSTRUCTION WORK IN PROGRESS	1,405,999,801.34	(1,000,000.00)	(0.00)	52,828,871.85
TOTAL ELECTRIC UTILITY PLANT	37,857,197,405.22	(246,968,111.08)	736,024.14	402,387,855.70
LESS ACCUM PRV-DEPR,DEPL,AMORT	(16,173,087,199.49)	40,000,000.00	0.00	(183,936,157.35)
NET ELECTRIC UTILITY PLANT	21,684,110,205.73	(206,968,111.08)	736,024.14	218,451,698.35
INVESTMENTS IN PROJECTS				
TOTAL INVEST IN PROJECTS	282,804,912.57	(6,507,699,733.48)	6,585,234,363.48	0.00
REGULATORY ASSETS				
REGULATORY ASSETS	3,031,381,767.22	3,078,514.00	0.00	2,909,569.47
FAS109 DFIT RECLASS (A/C 254)	(343,352,418.00)	4,418,240.00	(3,762,766.00)	(5,863,739.00)
NET REGULATORY ASSETS	2,688,029,349.22	7,496,754.00	(3,762,766.00)	(2,954,169.53)
GOODWILL				
TOTAL GOODWILL	395,958,986.95	(66,881,000.00)	37,060,693.00	0.00
SECURITIZED TRANSITION ASSETS	734,591,000.00	734,591,000.00	0.00	0.00
ASSETS HELD FOR SALE	247,000,000.00	247,000,000.00	0.00	0.00
INTANGIBLE ASSETS				
TOTAL INTANGIBLE ASSETS	0.00	(36,697,717.20)	0.00	0.00
LONG-TERM TRADING CONTRACTS				
TOTAL LONG-TERM TRADING CONTRACTS	823,783,638.93	(68,114,839.00)	0.00	0.00
OTHER ASSETS				
TOTAL OTHER INVESTMENTS	994,595,464.85	(2,237,013,491.17)	2,215,904,593.63	101,462,016.41
TOTAL OTHER SPECIAL FUNDS	234,857,203.93	(734,371,000.00)	0.00	0.00
CLEARING ACCOUNTS	9,242,533.59	5,912,974.74	52,328.13	952,398.99
UNAMORTIZED DEBT EXPENSE	130,898,163.06	0.00	7,183,139.63	31,281.53
PREFERRED STOCK DIVIDEND REQ OF SUBSIDIARIES	(10,872,699.14)	(10,089,859.00)		
OTHER DEF DEBITS (less PSDR)	424,861,658.87	29,156,857.05	28,282,797.15	3,163,431.76
TOTAL OTHER DEFERRED DEBITS	413,988,959.73	19,066,998.05	28,282,797.15	3,163,431.76
TOTAL OTHER ASSETS	1,783,582,325.16	(2,946,404,518.38)	2,251,422,858.54	105,609,128.69
TOTAL ASSETS	34,740,760,459.57	(15,952,496,625.77)	14,208,372,805.28	838,897,527.85

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP CONSOLIDATED	AEP ADJUSTMENTS AND ELIMINATIONS	AEP	AEPSC
CAPITALIZATION AND LIABILITIES:				
CURRENT LIABILITIES				
PREFERRED STOCK DUE W/IN 1 YR	0.00	0.00	0.00	0.00
LONG-TERM DEBT DUE WITHIN 1 YR	1,632,946,035.61	(140,000,000.00)	256,123,314.40	12,000,000.00
SHORT-TERM DEBT	3,164,109,624.02	(1,353,000,000.00)	2,716,680,500.00	0.00
A/P - GENERAL	2,023,053,628.87	(979,659.00)	551,401.89	19,397,155.28
A/P- ASSOC. COS.	19,166,068.48	(1,812,693,358.78)	41,297,794.31	147,481,783.09
ADVANCES FROM AFFILIATES	4,255.01	(4,939,366,311.29)	2,699,787,805.55	272,785,405.85
CUSTOMER DEPOSITS	185,764,378.06	0.00	(100.00)	0.00
TAXES ACCRUED	557,506,098.49	(311,168.00)	11,349,095.00	(24,726,038.24)
INTEREST ACCRUED	181,749,367.79	(11,279,211.91)	19,387,001.83	3,744,066.66
DIVIDENDS DECLARED	1,670,529.61	0.00	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	57,487,266.46	0.00	0.00	15,700,934.47
ENERGY TRADING CONT CURR LIAB	1,147,292,042.61	(136,471,009.00)	0.00	0.00
OTHR CURR & ACCRUED LIAB	818,985,433.04	4,300,000.00	14,055,132.88	199,504,320.52
TOTAL CURRENT LIABILITIES	9,789,734,728.05	(8,389,800,717.98)	5,759,231,945.86	645,887,627.63
DERIVATIVE CONTRACTS	483,725,417.68	(67,810,220.00)	0.00	0.00
DEFERRED INCOME TAXES	6,105,110,729.54	805,668.00	260,818.00	106,126,954.00
DFIT & DSIT RECLASS (A/C 190)	(2,188,953,496.45)	9,233,103.00	(2,059,707.83)	(156,092,290.00)
NET DEFERRED INCOME TAXES	3,916,157,233.09	10,038,771.00	(1,798,889.83)	(49,965,336.00)
DEF INVESTMENT TAX CREDITS	455,361,155.00	(8,205,138.00)	0.00	800,278.00
LONG-TERM DEBT LESS AMT DUE 1 YR	8,486,731,007.79	(1,326,920,449.63)	1,383,358,973.20	43,100,000.00
EQUITY UNIT SENIOR NOTES	376,000,000.00	376,000,000.00	0.00	0.00
DEF CREDITS & REGULATORY LIAB				
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	90,857,096.85	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	392,863,850.86	0.00	0.00	0.00
UNAMORT GAIN REACQUIRED DEBT	372,519.89	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	484,093,467.60	0.00	0.00	0.00
TOTAL OTHER DEFERRED CREDITS	281,307,925.96	(786,318,262.05)	93,549.67	5,245,118.54
TOTAL DEF CREDITS & REG LIAB'S	765,401,393.56	(786,318,262.05)	93,549.67	5,245,118.54
MINORITY INTEREST IN FINANCE SUBSIDIARY	759,217,000.00	759,217,000.00	0.00	0.00
DEFERRED GAIN ON SALE/LEASBACK RKPT	184,931,615.00	0.00	0.00	0.00
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	170,374,208.86	(26,974,274.82)	0.00	22,382,772.02
ACCUM PROVISIONS-RATE REFUND	2,200,000.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	1,730,061,715.57	0.00	0.00	296,760,518.67
TOTAL OTH NONCURRENT LIAB'S	1,902,635,924.42	(26,974,274.82)	0.00	319,143,290.69
LIABILITIES HELD FOR SALE	91,000,000.00	91,000,000.00	0.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	321,250,000.00	0.00	0.00	0.00
CUMULATIVE PREFERRED STOCK				
PS SUBJECT TO MANDATORY REDEMP	83,655,000.00	(1,000,000.00)	0.00	0.00
PS NOT SUBJ MANDATORY REDEMP	60,815,000.00	0.00	0.00	0.00
COMMON STOCK				
COMMON STOCK	2,260,928,878.00	(738,722,214.43)	2,260,928,878.00	1,350,000.00
PREMIUM ON CAPITAL STOCK	2,530,307,478.30	(263,732,080.42)	2,530,307,478.30	0.00
PAID-IN CAPITAL	274,170,595.68	(3,956,066,307.79)	274,170,595.68	(126,663,451.00)
ACCUMULATED OTHER COMPREHNSIVE INCOME	0.00	0.00	0.00	0.00
RETAINED EARNINGS	1,998,738,032.97	(1,623,202,731.65)	2,002,080,274.40	(0.01)
COMMON SHAREHOLDERS' EQUITY	7,064,144,984.95	(6,581,723,334.29)	7,067,487,226.38	(125,313,451.01)
TOTAL CAPITAL & LIABILITIES	34,740,760,459.54	(15,952,496,625.77)	14,208,372,805.28	838,897,527.85

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	PL	POLR CONSOLIDATED	AEPPOOL	AEPPRO
ASSETS:				
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	0.00	(969,435.59)	0.00	895,931.12
ADVANCES TO AFFILIATES	0.00	59,702.49	0.00	36,964,978.18
ACCOUNTS RECEIVABLE-CUSTOMERS	0.00	11,135,461.02	0.00	0.00
ACCOUNTS RECEIVABLE - MISC	0.00	38,143.10	0.00	8,493,276.76
A/P FOR UNCOLLECTIBLE ACCOUNTS	0.00	(3,552,168.35)	0.00	(219,186.67)
ACCOUNTS RECEIVABLE- ASSOC COS	874.99	642,702.94	17,081,957.59	14,998,022.26
FUEL	0.00	0.00	0.00	1,792.74
MATERIALS & SUPPLIES	0.00	0.00	0.00	84,303.01
ACCRUED UTILITY REVENUES	0.00	481,475.60	0.00	0.00
PREPAYMENTS	0.00	0.01	0.00	581,928.47
ENERGY TRADING CONT CURR ASSET	0.00	0.00	0.00	0.00
OTHER CURRENT ASSETS	0.00	0.00	0.00	0.00
TOTAL CURRENT ASSETS	874.99	7,835,881.22	17,081,957.59	61,801,045.87
ELECTRIC UTILITY PLANT				
PRODUCTION	0.00	0.00	0.00	0.00
TRANSMISSION	0.00	0.00	0.00	0.00
DISTRIBUTION	0.00	0.00	0.00	0.00
NONUTILITY PROPERTY	0.00	0.00	0.00	0.00
GENERAL	0.00	7,933.80	0.00	1,387,203.48
CONSTRUCTION WORK IN PROGRESS	0.00	0.00	0.00	0.00
TOTAL ELECTRIC UTILITY PLANT	0.00	7,933.80	0.00	1,387,203.48
LESS ACCUM PRV-DEPR,DEPL,AMORT	0.00	0.00	0.00	(23,676.69)
NET ELECTRIC UTILITY PLANT	0.00	7,933.80	0.00	1,363,526.79
INVESTMENTS IN PROJECTS				
TOTAL INVEST IN PROJECTS	0.00	0.00	0.00	0.00
REGULATORY ASSETS				
REGULATORY ASSETS	0.00	0.00	0.00	0.00
FAS109 DFIT RECLASS (A/C 254)	0.00	0.00	0.00	0.00
NET REGULATORY ASSETS	0.00	0.00	0.00	0.00
GOODWILL				
TOTAL GOODWILL	0.00	0.00	0.00	0.00
SECURITIZED TRANSITION ASSETS	0.00	0.00	0.00	0.00
ASSETS HELD FOR SALE	0.00	0.00	0.00	0.00
INTANGIBLE ASSETS				
TOTAL INTANGIBLE ASSETS	0.00	0.00	0.00	0.00
LONG-TERM TRADING CONTRACTS				
TOTAL LONG-TERM TRADING CONTRACTS	0.00	0.00	0.00	0.00
OTHER ASSETS				
TOTAL OTHER INVESTMENTS	0.00	0.00	0.00	0.00
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	0.00
CLEARING ACCOUNTS	0.00	45.66	0.00	(3,201,249.34)
UNAMORTIZED DEBT EXPENSE	0.00	0.00	0.00	0.00
PREFERRED STOCK DIVIDEND REQ OF SUBSIDIARIES				
OTHER DEF DEBITS (less PSDR)	0.00	(87.00)	0.00	8,604,621.20
TOTAL OTHER DEFERRED DEBITS	0.00	(87.00)	0.00	8,604,621.20
TOTAL OTHER ASSETS	0.00	(41.34)	0.00	5,403,371.86
TOTAL ASSETS	874.99	7,843,773.68	17,081,957.59	68,567,944.52

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	PL	POLR CONSOLIDATED	AEPPOOL	AEPPRO
CAPITALIZATION AND LIABILITIES:				
CURRENT LIABILITIES				
PREFERRED STOCK DUE W/IN 1 YR	0.00	0.00	0.00	0.00
LONG-TERM DEBT DUE WITHIN 1 YR	0.00	0.00	0.00	0.00
SHORT-TERM DEBT	0.00	0.00	0.00	0.00
A/P - GENERAL	0.00	341,772.87	0.00	6,132,350.15
A/P- ASSOC. COS.	3,173.29	268,169.57	17,081,957.60	26,279,547.25
ADVANCES FROM AFFILIATES	0.00	4,847,718.44	0.00	0.00
CUSTOMER DEPOSITS	0.00	2,322,534.60	0.00	0.00
TAXES ACCRUED	0.00	(29,618.00)	0.00	(1,828,503.21)
INTEREST ACCRUED	0.00	145,548.56	0.00	(107,083.71)
DIVIDENDS DECLARED	0.00	0.00	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	0.00	0.00	0.00	0.00
ENERGY TRADING CONT CURR LIAB	0.00	0.00	0.00	0.00
OTHR CURR & ACCRUED LIAB	(2,298.31)	48,850.46	0.00	4,714,868.75
TOTAL CURRENT LIABILITIES	874.98	7,944,976.50	17,081,957.60	35,191,179.22
DERIVATIVE CONTRACTS	0.00	0.00	0.00	0.00
DEFERRED INCOME TAXES	0.00	0.00	0.00	304.00
DFIT & DSIT RECLASS (A/C 190)	0.00	0.00	0.00	(8,215,739.00)
NET DEFERRED INCOME TAXES	0.00	0.00	0.00	(8,215,435.00)
DEF INVESTMENT TAX CREDITS	0.00	0.00	0.00	0.00
LONG-TERM DEBT LESS AMT DUE 1 YR	0.00	0.00	0.00	0.00
EQUITY UNIT SENIOR NOTES	0.00	0.00	0.00	0.00
DEF CREDITS & REGULATORY LIAB				
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	0.00	0.00	0.00	0.00
UNAMORT GAIN REACQUIRED DEBT	0.00	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	0.00	0.00	0.00	0.00
TOTAL OTHER DEFERRED CREDITS	0.00	66,610.40	(0.02)	32,803,239.81
TOTAL DEF CREDITS & REG LIAB'S	0.00	66,610.40	(0.02)	32,803,239.81
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
DEFERRED GAIN ON SALE/LEASBACK RKPT	0.00	0.00	0.00	0.00
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	0.00	0.00	0.00	0.00
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	0.00	10,691.66	0.00	202,781.39
TOTAL OTH NONCURRENT LIAB'S	0.00	10,691.66	0.00	202,781.39
LIABILITIES HELD FOR SALE	0.00	0.00	0.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	0.00	0.00	0.00	0.00
CUMULATIVE PREFERRED STOCK				
PS SUBJECT TO MANDATORY REDEMP	0.00	0.00	0.00	0.00
PS NOT SUBJ MANDATORY REDEMP	0.00	0.00	0.00	0.00
COMMON STOCK				
COMMON STOCK	0.00	0.00	0.00	110,000.00
PREMIUM ON CAPITAL STOCK	0.00	0.00	0.00	0.00
PAID-IN CAPITAL	0.00	0.00	0.00	3,890,000.00
RETAINED EARNINGS	0.02	(178,504.87)	0.01	4,586,179.10
COMMON SHAREHOLDERS' EQUITY	0.02	(178,504.87)	0.01	8,586,179.10
TOTAL CAPITAL & LIABILITIES	874.99	7,843,773.68	17,081,957.59	68,567,944.52

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPPM	AEGCO	AEPES CORP CONSOLIDATED	CCCO
ASSETS:				
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	0.00	0.00	9,494,775.89	0.00
ADVANCES TO AFFILIATES	0.00	0.00	8,111,933.86	376,332.38
ACCOUNTS RECEIVABLE-CUSTOMERS	0.00	0.00	0.00	0.00
ACCOUNTS RECEIVABLE - MISC	0.00	0.00	652,316,922.05	2,574.16
A/P FOR UNCOLLECTIBLE ACCOUNTS	0.00	0.00	(60,720.81)	0.00
ACCOUNTS RECEIVABLE- ASSOC COS	198.80	18,453,725.73	168,184,845.91	17,911.18
FUEL	0.00	20,259,586.89	192,974,256.88	0.00
MATERIALS & SUPPLIES	0.00	4,913,633.17	755,287.38	0.00
ACCRUED UTILITY REVENUES	0.00	0.00	0.00	0.00
PREPAYMENTS	0.00	22.63	98,502.78	0.00
ENERGY TRADING CONT CURR ASSET	0.00	0.00	549,759,901.00	0.00
OTHER CURRENT ASSETS	0.00	0.00	104,584,941.95	3,979.00
TOTAL CURRENT ASSETS	198.80	43,626,968.42	1,686,220,646.89	400,796.72
ELECTRIC UTILITY PLANT				
PRODUCTION	0.00	637,094,907.71	0.00	0.00
TRANSMISSION	0.00	0.00	0.00	0.00
DISTRIBUTION	0.00	0.00	0.00	0.00
NONUTILITY PROPERTY	0.00	119,589.14	0.00	715,282.00
GENERAL	0.00	4,727,581.33	21,190,946.97	0.00
CONSTRUCTION WORK IN PROGRESS	0.00	10,390,087.26	17,111,875.86	0.00
TOTAL ELECTRIC UTILITY PLANT	0.00	652,332,165.44	38,302,822.83	715,282.00
LESS ACCUM PRV-DEPR,DEPL,AMORT	0.00	(358,173,910.26)	(2,066,690.53)	(14,436.00)
NET ELECTRIC UTILITY PLANT	0.00	294,158,255.18	36,236,132.30	700,846.00
INVESTMENTS IN PROJECTS				
TOTAL INVEST IN PROJECTS	0.00	0.00	6,557,257.21	0.00
REGULATORY ASSETS				
REGULATORY ASSETS	0.00	28,470,093.63	0.00	0.00
FAS109 DFIT RECLASS (A/C 254)	0.00	(40,169,976.00)	0.00	(70,000.00)
NET REGULATORY ASSETS	0.00	(11,699,882.37)	0.00	(70,000.00)
GOODWILL				
TOTAL GOODWILL	0.00	0.00	12,139,691.61	0.00
SECURITIZED TRANSITION ASSETS	0.00	0.00	0.00	0.00
ASSETS HELD FOR SALE	0.00	0.00	0.00	0.00
INTANGIBLE ASSETS				
TOTAL INTANGIBLE ASSETS	0.00	0.00	0.00	0.00
LONG-TERM TRADING CONTRACTS				
TOTAL LONG-TERM TRADING CONTRACTS	0.00	0.00	318,850,783.00	0.00
OTHER ASSETS				
TOTAL OTHER INVESTMENTS	0.00	0.00	17,175,700.00	0.00
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	0.00
CLEARING ACCOUNTS	0.00	(3,189.77)	(107,876.92)	0.01
UNAMORTIZED DEBT EXPENSE	0.00	462,932.20	0.00	0.00
PREFERRED STOCK DIVIDEND REQ OF SUBSIDIARIES				
OTHER DEF DEBITS (less PSDR)	(0.00)	6,513,541.23	21,216,817.86	10,997.31
TOTAL OTHER DEFERRED DEBITS	(0.00)	6,513,541.23	21,216,817.86	10,997.31
TOTAL OTHER ASSETS	0.00	6,973,283.65	38,284,640.94	10,997.31
TOTAL ASSETS	198.80	333,058,624.89	2,098,289,151.95	1,042,640.03

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPPM	AEGCO	AEPES CORP CONSOLIDATED	CCCO
CAPITALIZATION AND LIABILITIES:				
CURRENT LIABILITIES				
PREFERRED STOCK DUE W/IN 1 YR	0.00	0.00	0.00	0.00
LONG-TERM DEBT DUE WITHIN 1 YR	0.00	0.00	0.00	0.00
SHORT-TERM DEBT	0.00	0.00	0.00	0.00
A/P - GENERAL	0.00	25,775.42	720,761,721.41	0.00
A/P- ASSOC. COS.	928.07	15,907,153.09	248,810,746.90	19,159.12
ADVANCES FROM AFFILIATES	0.00	28,034,382.07	176,385,105.17	0.00
CUSTOMER DEPOSITS	0.00	0.00	58,587,761.45	0.00
TAXES ACCRUED	(123.00)	2,327,001.89	43,604,447.62	3,500.11
INTEREST ACCRUED	0.00	911,250.00	24,450.45	0.00
DIVIDENDS DECLARED	0.00	0.00	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	0.00	198,199.99	48,708.20	0.00
ENERGY TRADING CONT CURR LIAB	0.00	0.00	781,452,038.35	0.00
OTHR CURR & ACCRUED LIAB	0.00	4,963,305.52	16,479,170.69	6,920.78
TOTAL CURRENT LIABILITIES	805.07	52,367,067.99	2,046,154,150.23	29,580.01
DERIVATIVE CONTRACTS	0.00	0.00	286,977,995.01	0.00
DEFERRED INCOME TAXES	0.00	102,096,235.00	77,707,124.00	25,873.00
DFIT & DSIT RECLASS (A/C 190)	(167.00)	(73,093,943.00)	(271,745,850.00)	(596,883.00)
NET DEFERRED INCOME TAXES	(167.00)	29,002,292.00	(194,038,726.00)	(571,010.00)
DEF INVESTMENT TAX CREDITS	0.00	52,942,639.00	0.00	0.00
LONG-TERM DEBT LESS AMT DUE 1 YR	0.00	44,802,103.06	0.00	0.00
EQUITY UNIT SENIOR NOTES	0.00	0.00	0.00	0.00
DEF CREDITS & REGULATORY LIAB				
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	0.00	0.00	0.00	0.00
UNAMORT GAIN REACQUIRED DEBT	0.00	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	0.00	0.00	0.00	0.00
TOTAL OTHER DEFERRED CREDITS	0.00	0.00	3,917,078.84	0.00
TOTAL DEF CREDITS & REG LIAB'S	0.00	0.00	3,917,078.84	0.00
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
DEFERRED GAIN ON SALE/LEASBACK RKPT	0.00	111,046,374.00	0.00	0.00
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	0.00	300,851.75	42,387.74	0.00
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	0.00	0.00	2,559,791.61	376,334.00
TOTAL OTH NONCURRENT LIAB'S	0.00	300,851.75	2,602,179.35	376,334.00
LIABILITIES HELD FOR SALE	0.00	0.00	0.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	0.00	0.00	0.00	0.00
CUMULATIVE PREFERRED STOCK				
PS SUBJECT TO MANDATORY REDEMP	0.00	0.00	0.00	0.00
PS NOT SUBJ MANDATORY REDEMP	0.00	0.00	0.00	0.00
COMMON STOCK				
COMMON STOCK	100.00	1,000,000.00	200.00	3,000.00
PREMIUM ON CAPITAL STOCK	0.00	0.00	0.00	0.00
PAID-IN CAPITAL	0.00	23,434,000.00	36,607,913.80	1,204,736.00
RETAINED EARNINGS	(539.27)	18,163,297.09	(83,931,639.29)	0.02
COMMON SHAREHOLDERS' EQUITY	(439.27)	42,597,297.09	(47,323,525.49)	1,207,736.02
TOTAL CAPITAL & LIABILITIES	198.80	333,058,624.89	2,098,289,151.95	1,042,640.03

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPT&DSVC	IFRI	FRECO	AEPRELLC
ASSETS:				
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	62.39	120,138.87	662,204.98	0.00
ADVANCES TO AFFILIATES	0.00	13,192.36	46,432.24	0.00
ACCOUNTS RECEIVABLE-CUSTOMERS	0.00	0.00	0.00	0.00
ACCOUNTS RECEIVABLE - MISC	264,444.44	0.00	0.00	0.00
A/P FOR UNCOLLECTIBLE ACCOUNTS	0.00	0.00	0.00	0.00
ACCOUNTS RECEIVABLE- ASSOC COS	3,449.29	110,999.81	100,489.17	304,319.23
FUEL	0.00	0.00	0.00	0.00
MATERIALS & SUPPLIES	0.00	0.00	0.00	0.00
ACCRUED UTILITY REVENUES	0.00	0.00	0.00	0.00
PREPAYMENTS	0.00	0.00	0.00	0.00
ENERGY TRADING CONT CURR ASSET	0.00	0.00	0.00	0.00
OTHER CURRENT ASSETS	0.00	0.00	0.00	0.00
TOTAL CURRENT ASSETS	267,956.12	244,331.04	809,126.39	304,319.23
ELECTRIC UTILITY PLANT				
PRODUCTION	0.00	0.00	0.00	0.00
TRANSMISSION	0.00	0.00	0.00	0.00
DISTRIBUTION	0.00	0.00	0.00	0.00
NONUTILITY PROPERTY	0.00	0.00	0.00	0.00
GENERAL	22,161.10	0.00	0.00	0.00
CONSTRUCTION WORK IN PROGRESS	0.00	0.00	0.00	0.00
TOTAL ELECTRIC UTILITY PLANT	22,161.10	0.00	0.00	0.00
LESS ACCUM PRV-DEPR,DEPL,AMORT	0.00	0.00	0.00	0.00
NET ELECTRIC UTILITY PLANT	22,161.10	0.00	0.00	0.00
INVESTMENTS IN PROJECTS				
TOTAL INVEST IN PROJECTS	0.00	0.00	1,000.00	0.00
REGULATORY ASSETS				
REGULATORY ASSETS	0.00	0.00	0.00	0.00
FAS109 DFIT RECLASS (A/C 254)	0.00	0.00	0.00	0.00
NET REGULATORY ASSETS	0.00	0.00	0.00	0.00
GOODWILL				
TOTAL GOODWILL	0.00	0.00	0.00	0.00
SECURITIZED TRANSITION ASSETS	0.00	0.00	0.00	0.00
ASSETS HELD FOR SALE	0.00	0.00	0.00	0.00
INTANGIBLE ASSETS				
TOTAL INTANGIBLE ASSETS	0.00	0.00	0.00	0.00
LONG-TERM TRADING CONTRACTS				
TOTAL LONG-TERM TRADING CONTRACTS	0.00	0.00	0.00	0.00
OTHER ASSETS				
TOTAL OTHER INVESTMENTS	0.00	11.00	11.00	0.00
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	0.00
CLEARING ACCOUNTS	0.06	0.00	(0.00)	0.01
UNAMORTIZED DEBT EXPENSE	0.00	0.00	0.00	0.00
PREFERRED STOCK DIVIDEND REQ OF SUBSIDIARIES				
OTHER DEF DEBITS (less PSDR)	197.48	0.00	0.00	0.40
TOTAL OTHER DEFERRED DEBITS	197.48	0.00	0.00	0.40
TOTAL OTHER ASSETS	197.54	11.00	11.00	0.41
TOTAL ASSETS	290,314.76	244,342.04	810,137.39	304,319.64

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPT&DSVC	IFRI	FRECO	AEPRELLC
CAPITALIZATION AND LIABILITIES:				
CURRENT LIABILITIES				
PREFERRED STOCK DUE W/IN 1 YR	0.00	0.00	0.00	0.00
LONG-TERM DEBT DUE WITHIN 1 YR	0.00	0.00	0.00	0.00
SHORT-TERM DEBT	0.00	0.00	0.00	0.00
A/P - GENERAL	0.00	0.00	0.00	0.00
A/P- ASSOC. COS.	89,389.36	96,900.16	79,921.81	766.23
ADVANCES FROM AFFILIATES	225,704.06	0.00	0.00	684,917.13
CUSTOMER DEPOSITS	0.00	0.00	0.00	0.00
TAXES ACCRUED	77,974.34	(55.00)	(308.98)	2,490.00
INTEREST ACCRUED	0.00	0.00	0.00	0.00
DIVIDENDS DECLARED	0.00	0.00	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	0.00	0.00	0.00	0.00
ENERGY TRADING CONT CURR LIAB	0.00	0.00	0.00	0.00
OTHR CURR & ACCRUED LIAB	25,266.37	146,482.88	700,541.69	(107,637.96)
TOTAL CURRENT LIABILITIES	418,334.13	243,328.04	780,154.52	580,535.40
DERIVATIVE CONTRACTS	0.00	0.00	0.00	0.00
DEFERRED INCOME TAXES	0.00	0.00	0.00	0.00
DFIT & DSIT RECLASS (A/C 190)	(2,199.00)	0.00	0.00	(20,944.00)
NET DEFERRED INCOME TAXES	(2,199.00)	0.00	0.00	(20,944.00)
DEF INVESTMENT TAX CREDITS	0.00	0.00	0.00	0.00
LONG-TERM DEBT LESS AMT DUE 1 YR	0.00	0.00	0.00	0.00
EQUITY UNIT SENIOR NOTES	0.00	0.00	0.00	0.00
DEF CREDITS & REGULATORY LIAB				
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	0.00	0.00	0.00	0.00
UNAMORT GAIN REACQUIRED DEBT	0.00	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	0.00	0.00	0.00	0.00
TOTAL OTHER DEFERRED CREDITS	0.00	14.00	14.00	0.00
TOTAL DEF CREDITS & REG LIAB'S	0.00	14.00	14.00	0.00
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
DEFERRED GAIN ON SALE/LEASBACK RKPT	0.00	0.00	0.00	0.00
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	0.00	0.00	0.00	0.00
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	855.00	0.00	0.00	0.00
TOTAL OTH NONCURRENT LIAB'S	855.00	0.00	0.00	0.00
LIABILITIES HELD FOR SALE	0.00	0.00	0.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	0.00	0.00	0.00	0.00
CUMULATIVE PREFERRED STOCK				
PS SUBJECT TO MANDATORY REDEMP	0.00	0.00	0.00	0.00
PS NOT SUBJ MANDATORY REDEMP	0.00	0.00	0.00	0.00
COMMON STOCK				
COMMON STOCK	0.00	1,000.00	10,000.00	0.00
PREMIUM ON CAPITAL STOCK	0.00	0.00	0.00	0.00
PAID-IN CAPITAL	0.00	0.00	0.00	0.00
RETAINED EARNINGS	(126,675.37)	0.00	19,968.87	(255,271.76)
COMMON SHAREHOLDERS' EQUITY	(126,675.37)	1,000.00	29,968.87	(255,271.76)
TOTAL CAPITAL & LIABILITIES	290,314.76	244,342.04	810,137.39	304,319.64

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPCOAL	APCO CONSOLIDATED	CSPCO CONSOLIDATED	I&M CONSOLIDATED
ASSETS:				
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	4,225,461.53	4,285,011.30	1,479,362.08	3,237,261.34
ADVANCES TO AFFILIATES	0.00	16,974,280.17	33,612,833.14	191,225,417.37
ACCOUNTS RECEIVABLE-CUSTOMERS	0.00	132,265,094.69	49,566,458.27	67,332,547.24
ACCOUNTS RECEIVABLE - MISC	18,568,084.37	28,628,994.74	22,004,687.37	30,468,364.56
A/P FOR UNCOLLECTIBLE ACCOUNTS	0.00	(13,438,072.98)	(633,464.07)	(578,175.02)
ACCOUNTS RECEIVABLE- ASSOC COS	2,559,278.87	122,665,658.15	54,517,662.33	122,488,472.09
FUEL	4,380,754.01	53,646,529.61	24,844,085.82	32,731,422.62
MATERIALS & SUPPLIES	0.00	59,885,754.80	40,338,900.99	95,552,021.18
ACCRUED UTILITY REVENUES	0.00	30,947,534.88	12,670,929.95	6,511,155.66
PREPAYMENTS	482,424.11	4,895,447.01	1,894,948.42	5,343,054.81
ENERGY TRADING CONT CURR ASSET	0.00	94,238,338.43	63,347,736.14	68,147,961.14
OTHER CURRENT ASSETS	1,668,077.22	8,500,879.32	5,413,146.04	6,556,196.49
TOTAL CURRENT ASSETS	31,884,080.11	543,495,450.11	309,057,286.48	629,015,699.48
ELECTRIC UTILITY PLANT				
PRODUCTION	0.00	2,245,945,333.13	1,582,627,466.74	2,768,463,463.28
TRANSMISSION	0.00	1,218,107,426.89	413,286,067.45	971,599,128.42
DISTRIBUTION	0.00	1,951,804,006.37	1,208,254,722.81	921,835,003.44
NONUTILITY PROPERTY	0.00	33,690,956.60	28,222,330.00	179,093,422.17
GENERAL	63,002,778.49	272,900,835.90	165,024,566.33	220,136,485.39
CONSTRUCTION WORK IN PROGRESS	0.00	206,545,285.87	98,433,081.70	147,924,064.19
TOTAL ELECTRIC UTILITY PLANT	63,002,778.49	5,928,993,844.76	3,495,848,235.04	5,209,051,566.89
LESS ACCUM PRV-DEPR,DEPL,AMORT	(16,125,874.99)	(2,437,747,715.55)	(1,469,716,916.56)	(2,678,445,541.06)
NET ELECTRIC UTILITY PLANT	46,876,903.50	3,491,246,129.20	2,026,131,318.47	2,530,606,025.83
INVESTMENTS IN PROJECTS				
TOTAL INVEST IN PROJECTS	0.00	603,868.00	430,000.00	0.00
REGULATORY ASSETS				
REGULATORY ASSETS	0.00	487,101,599.54	269,788,175.49	429,695,289.70
FAS109 DFIT RECLASS (A/C 254)	0.00	(33,206,169.00)	(12,106,362.00)	(81,483,326.00)
NET REGULATORY ASSETS	0.00	453,895,430.54	257,681,813.49	348,211,963.70
GOODWILL				
TOTAL GOODWILL	0.00	0.00	0.00	0.00
SECURITIZED TRANSITION ASSETS	0.00	0.00	0.00	0.00
ASSETS HELD FOR SALE	0.00	0.00	0.00	0.00
INTANGIBLE ASSETS				
TOTAL INTANGIBLE ASSETS	0.00	0.00	0.00	0.00
LONG-TERM TRADING CONTRACTS				
TOTAL LONG-TERM TRADING CONTRACTS	0.00	115,747,766.58	77,810,111.00	83,265,126.00
OTHER ASSETS				
TOTAL OTHER INVESTMENTS	0.00	33,499,569.23	11,649,643.61	51,689,355.81
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	870,753,993.41
CLEARING ACCOUNTS	(0.00)	1,791,065.25	823,264.18	1,799,983.71
UNAMORTIZED DEBT EXPENSE	0.00	6,388,420.10	1,819,183.16	14,403,446.54
PREFERRED STOCK DIVIDEND REQ OF SUBSIDIARIES				
OTHER DEF DEBITS (less PSDR)	0.00	56,496,969.74	70,193,940.68	57,444,641.14
TOTAL OTHER DEFERRED DEBITS	0.00	56,496,969.74	70,193,940.68	57,444,641.14
TOTAL OTHER ASSETS	(0.00)	98,176,024.32	84,486,031.64	996,091,420.61
TOTAL ASSETS	78,760,983.61	4,703,164,668.75	2,755,596,561.07	4,587,190,235.62

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPCOAL	APCO CONSOLIDATED	CSPCO CONSOLIDATED	I&M CONSOLIDATED
CAPITALIZATION AND LIABILITIES:				
CURRENT LIABILITIES				
PREFERRED STOCK DUE W/IN 1 YR	0.00	0.00	0.00	0.00
LONG-TERM DEBT DUE WITHIN 1 YR	0.00	155,007,317.76	43,000,000.00	30,000,000.00
SHORT-TERM DEBT	0.00	0.00	290,000,000.00	0.00
A/P - GENERAL	5,978,189.41	141,545,041.08	89,735,884.74	125,047,733.64
A/P- ASSOC. COS.	5,002,242.67	98,374,597.74	81,598,687.52	93,607,639.82
ADVANCES FROM AFFILIATES	77,241,937.95	56,179,653.07	2,355,979.20	0.00
CUSTOMER DEPOSITS	0.00	26,185,652.99	14,718,614.04	16,660,429.83
TAXES ACCRUED	3,716,403.23	29,181,482.40	112,171,603.68	71,558,998.79
INTEREST ACCRUED	0.00	22,436,607.85	9,798,665.44	21,481,362.83
DIVIDENDS DECLARED	0.00	360,628.88	0.00	1,133,252.91
OBLIG UNDER CAP LEASES- CURR	0.00	9,598,465.37	5,966,943.95	8,228,537.08
ENERGY TRADING CONT CURR LIAB	0.00	69,001,229.25	46,375,524.08	48,567,703.10
OTHR CURR & ACCRUED LIAB	12,781,958.91	69,872,764.06	16,104,492.60	75,028,342.90
TOTAL CURRENT LIABILITIES	104,720,732.17	677,743,440.45	711,826,395.25	491,314,000.88
DERIVATIVE CONTRACTS	0.00	44,516,822.40	29,925,923.98	32,260,869.00
DEFERRED INCOME TAXES	1,620,460.00	915,773,069.20	510,760,555.00	704,869,210.00
DFIT & DSIT RECLASS (A/C 190)	(21,059,420.07)	(213,971,746.64)	(72,989,545.00)	(348,672,281.00)
NET DEFERRED INCOME TAXES	(19,438,960.07)	701,801,322.56	437,771,010.00	356,196,929.00
DEF INVESTMENT TAX CREDITS	0.00	33,691,342.00	33,906,429.00	97,708,567.00
LONG-TERM DEBT LESS AMT DUE 1 YR	0.00	1,738,853,866.43	578,625,964.67	1,587,062,263.87
EQUITY UNIT SENIOR NOTES	0.00	0.00	0.00	0.00
DEF CREDITS & REGULATORY LIAB				
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	0.00	133,942,555.22	0.00	65,947,882.16
UNAMORT GAIN REACQUIRED DEBT	0.00	72,418.84	0.00	35,379.48
TOTAL REGULATORY LIABILITIES	0.00	134,014,974.06	0.00	65,983,261.64
TOTAL OTHER DEFERRED CREDITS	1,665,769.90	4,398,199.02	20,416,371.38	31,443,034.40
TOTAL DEF CREDITS & REG LIAB'S	1,665,769.90	138,413,173.08	20,416,371.38	97,426,296.04
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
DEFERRED GAIN ON SALE/LEASBACK RKPT	0.00	0.00	0.00	73,885,241.00
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	0.00	23,990,913.42	21,643,104.12	42,619,719.10
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	29,825,993.63	149,446,714.65	73,817,184.05	717,016,707.60
TOTAL OTH NONCURRENT LIAB'S	29,825,993.63	173,437,628.06	95,460,288.17	759,636,426.70
LIABILITIES HELD FOR SALE	0.00	0.00	0.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	0.00	0.00	0.00	0.00
CUMULATIVE PREFERRED STOCK				
PS SUBJECT TO MANDATORY REDEMP	0.00	10,860,000.00	0.00	64,945,000.00
PS NOT SUBJ MANDATORY REDEMP	0.00	17,789,900.00	0.00	8,101,100.00
COMMON STOCK				
COMMON STOCK	0.00	260,457,768.00	41,026,065.00	56,583,866.43
PREMIUM ON CAPITAL STOCK	0.00	762,800.65	257,892,417.79	4,318,031.53
PAID-IN CAPITAL	0.00	644,397,149.11	258,135,116.43	813,755,477.63
RETAINED EARNINGS	(38,012,552.02)	260,439,456.01	290,610,579.41	143,996,166.53
COMMON SHAREHOLDERS' EQUITY	(38,012,552.02)	1,166,057,173.77	847,664,178.63	1,018,653,542.12
TOTAL CAPITAL & LIABILITIES	78,760,983.61	4,703,164,668.75	2,755,596,561.07	4,587,190,235.61

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	KEPCO	KGPCO	OPCO	WPCO
ASSETS:				
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	2,303,654.24	(64,508.98)	5,284,753.16	104,241.85
ADVANCES TO AFFILIATES	0.00	4,787,751.10	0.00	2,394,202.08
ACCOUNTS RECEIVABLE-CUSTOMERS	22,044,491.20	1,665,189.99	95,099,445.02	6,307,587.61
ACCOUNTS RECEIVABLE - MISC	2,888,510.19	212,996.94	19,281,393.41	136,620.64
A/P FOR UNCOLLECTIBLE ACCOUNTS	(191,678.56)	(2,361.80)	(908,688.66)	(111,784.77)
ACCOUNTS RECEIVABLE- ASSOC COS	23,801,765.19	1,570,683.17	124,243,941.17	1,282,233.59
FUEL	10,816,784.76	0.00	87,409,338.64	0.00
MATERIALS & SUPPLIES	16,127,296.07	167,917.53	85,379,390.53	134,114.46
ACCRUED UTILITY REVENUES	5,301,357.96	115,838.67	(3,080,520.08)	1,650,571.00
PREPAYMENTS	681,524.91	1,055,402.44	4,192,531.92	176,339.81
ENERGY TRADING CONT CURR ASSET	24,319,500.55	0.00	92,107,590.89	0.00
OTHER CURRENT ASSETS	1,445,555.26	180,740.00	7,890,093.30	243,633.00
TOTAL CURRENT ASSETS	109,538,761.77	9,689,649.06	516,899,269.30	12,317,759.27
ELECTRIC UTILITY PLANT				
PRODUCTION	275,120,742.88	0.00	3,116,825,556.07	0.00
TRANSMISSION	373,639,468.65	15,182,361.65	905,829,487.07	23,266,745.86
DISTRIBUTION	425,817,159.97	79,472,972.00	1,114,599,826.94	74,798,910.58
NONUTILITY PROPERTY	5,713,393.45	247,442.06	43,693,600.30	3,453,874.84
GENERAL	55,913,154.93	5,980,254.17	260,152,703.69	7,309,003.16
CONSTRUCTION WORK IN PROGRESS	165,129,434.10	972,669.18	288,418,714.21	2,224,681.08
TOTAL ELECTRIC UTILITY PLANT	1,301,333,353.98	101,855,699.06	5,729,519,888.28	111,053,215.52
LESS ACCUM PRV-DEPR,DEPL,AMORT	(397,540,898.92)	(38,225,987.60)	(2,581,484,630.52)	(47,878,032.71)
NET ELECTRIC UTILITY PLANT	903,792,455.07	63,629,711.45	3,148,035,257.76	63,175,182.82
INVESTMENTS IN PROJECTS				
TOTAL INVEST IN PROJECTS	0.00	0.00	673,054.00	0.00
REGULATORY ASSETS				
REGULATORY ASSETS	111,310,571.81	5,804,484.42	588,668,837.65	15,181,669.62
FAS109 DFIT RECLASS (A/C 254)	(9,334,139.00)	(459,436.00)	(20,028,000.00)	(281,619.00)
NET REGULATORY ASSETS	101,976,432.81	5,345,048.42	568,640,837.65	14,900,050.62
GOODWILL				
TOTAL GOODWILL	0.00	0.00	0.00	0.00
SECURITIZED TRANSITION ASSETS	0.00	0.00	0.00	0.00
ASSETS HELD FOR SALE	0.00	0.00	0.00	0.00
INTANGIBLE ASSETS				
TOTAL INTANGIBLE ASSETS	0.00	0.00	0.00	0.00
LONG-TERM TRADING CONTRACTS				
TOTAL LONG-TERM TRADING CONTRACTS	29,870,524.00	0.00	103,229,952.88	0.00
OTHER ASSETS				
TOTAL OTHER INVESTMENTS	1,427,147.45	305,095.34	31,975,761.68	53,151.78
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	0.00
CLEARING ACCOUNTS	223,095.39	41,158.62	1,628,073.79	51,492.98
UNAMORTIZED DEBT EXPENSE	4,401,473.88	36,111.06	3,296,784.67	36,111.07
PREFERRED STOCK DIVIDEND REQ OF SUBSIDIARIES				
OTHER DEF DEBITS (less PSDR)	12,193,181.28	291,031.71	79,571,978.85	2,054,656.04
TOTAL OTHER DEFERRED DEBITS	12,193,181.28	291,031.71	79,571,978.85	2,054,656.04
TOTAL OTHER ASSETS	18,244,898.00	673,396.72	116,472,598.99	2,195,411.88
TOTAL ASSETS	1,163,423,071.64	79,337,805.65	4,453,950,970.57	92,588,404.59

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	KEPCO	KGPCO	OPCO	WPCO
CAPITALIZATION AND LIABILITIES:				
CURRENT LIABILITIES				
PREFERRED STOCK DUE W/IN 1 YR	0.00	0.00	0.00	0.00
LONG-TERM DEBT DUE WITHIN 1 YR	15,000,000.00	0.00	149,665,000.00	0.00
SHORT-TERM DEBT	0.00	0.00	275,000,000.00	0.00
A/P - GENERAL	46,515,255.45	113,640.47	170,562,757.61	101,314.09
A/P- ASSOC. COS.	44,034,914.97	16,522,391.52	145,718,337.55	11,737,409.96
ADVANCES FROM AFFILIATES	23,386,093.77	0.00	129,978,799.77	0.00
CUSTOMER DEPOSITS	8,048,733.35	1,465,321.42	12,968,571.67	716,860.56
TAXES ACCRUED	(1,253,417.96)	339,189.55	111,777,543.69	1,755,792.88
INTEREST ACCRUED	6,470,869.62	861,571.34	18,809,556.32	578,690.82
DIVIDENDS DECLARED	0.00	0.00	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	2,155,131.86	307,284.44	14,360,485.09	602,309.39
ENERGY TRADING CONT CURR LIAB	17,803,098.75	0.00	61,839,429.53	0.00
OTHR CURR & ACCRUED LIAB	12,166,515.97	1,263,658.82	77,526,583.10	1,637,984.72
TOTAL CURRENT LIABILITIES	174,327,195.77	20,873,057.56	1,168,207,064.34	17,130,362.42
DERIVATIVE CONTRACTS	11,488,263.00	0.00	39,702,063.01	0.00
DEFERRED INCOME TAXES	215,261,223.82	13,725,480.00	949,720,829.88	20,678,844.73
DFIT & DSIT RECLASS (A/C 190)	(36,947,902.00)	(3,608,418.00)	(155,334,117.32)	(7,153,282.00)
NET DEFERRED INCOME TAXES	178,313,321.82	10,117,062.00	794,386,712.56	13,525,562.73
DEF INVESTMENT TAX CREDITS	9,164,664.00	642,178.00	18,748,119.00	374,816.00
LONG-TERM DEBT LESS AMT DUE 1 YR	451,631,679.97	20,000,000.00	917,649,305.09	20,000,000.00
EQUITY UNIT SENIOR NOTES	0.00	0.00	0.00	0.00
DEF CREDITS & REGULATORY LIAB				
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	12,152,364.00	0.00	1,236,941.00	5,399,379.00
UNAMORT GAIN REACQUIRED DEBT	0.00	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	12,152,364.00	0.00	1,236,941.00	5,399,379.00
TOTAL OTHER DEFERRED CREDITS	1,008,705.88	298,663.24	27,719,691.41	863,747.44
TOTAL DEF CREDITS & REG LIAB'S	13,161,069.88	298,663.24	28,956,632.41	6,263,126.44
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
DEFERRED GAIN ON SALE/LEASBACK RKPT	0.00	0.00	0.00	0.00
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	5,093,262.43	632,607.29	51,265,508.44	1,995,393.17
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	22,225,597.57	2,561,441.78	176,423,837.01	6,439,932.77
TOTAL OTH NONCURRENT LIAB'S	27,318,860.00	3,194,049.07	227,689,345.45	8,435,325.94
LIABILITIES HELD FOR SALE	0.00	0.00	0.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	0.00	0.00	0.00	0.00
CUMULATIVE PREFERRED STOCK				
PS SUBJECT TO MANDATORY REDEMP	0.00	0.00	8,850,000.00	0.00
PS NOT SUBJ MANDATORY REDEMP	0.00	0.00	16,647,700.00	0.00
COMMON STOCK				
COMMON STOCK	50,450,000.00	4,100,000.00	321,201,454.00	2,428,460.00
PREMIUM ON CAPITAL STOCK	0.00	0.00	729,130.45	0.00
PAID-IN CAPITAL	199,299,420.81	11,733,210.00	388,867,290.33	12,528,066.00
RETAINED EARNINGS	48,268,596.38	8,379,585.78	522,316,153.93	11,902,685.06
COMMON SHAREHOLDERS' EQUITY	298,018,017.19	24,212,795.78	1,233,114,028.71	26,859,211.06
TOTAL CAPITAL & LIABILITIES	1,163,423,071.63	79,337,805.65	4,453,950,970.57	92,588,404.59

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPINV CONSOLIDATED	AEPR CONSOLIDATED	AEP COMM CONSOLIDATED	CSW CONSOLIDATED
ASSETS:				
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	7,000.86	39,353,968.98	(368,044.82)	129,497,800.86
ADVANCES TO AFFILIATES	0.00	335,353,112.72	3,119,334.49	199,978,262.49
ACCOUNTS RECEIVABLE-CUSTOMERS	0.00	8,756,992.72	0.00	(205,748,923.40)
ACCOUNTS RECEIVABLE - MISC	(21,607.64)	289,320,709.61	645,036.80	232,721,627.13
A/P FOR UNCOLLECTIBLE ACCOUNTS	0.00	(58,433,712.56)	(4,321,199.54)	(46,192,147.83)
ACCOUNTS RECEIVABLE- ASSOC COS	126,059.94	154,302,266.01	11,751,090.62	884,836,901.50
FUEL	0.00	155,798,559.40	0.00	126,954,160.98
MATERIALS & SUPPLIES	0.00	4,962,505.52	2,335,017.05	135,497,627.01
ACCRUED UTILITY REVENUES	0.00	302,721,995.07	0.00	63,445,431.33
PREPAYMENTS	8,359.00	99,667,921.46	1,370,656.00	25,838,941.71
ENERGY TRADING CONT CURR ASSET	0.00	257,690,405.21	0.00	34,851,687.00
OTHER CURRENT ASSETS	0.00	22,838,789.50	347,085.04	3,564,437.60
TOTAL CURRENT ASSETS	119,812.16	1,612,333,513.64	14,878,975.63	1,585,245,806.37
ELECTRIC UTILITY PLANT				
PRODUCTION	0.00	634,672,862.48	0.00	5,963,805,691.25
TRANSMISSION	0.00	0.00	0.00	1,961,295,951.26
DISTRIBUTION	0.00	0.00	0.00	3,796,727,436.95
NONUTILITY PROPERTY	0.00	0.00	0.00	15,249,540.74
GENERAL	387,637.04	852,556,152.23	20,356,031.99	1,215,430,626.86
CONSTRUCTION WORK IN PROGRESS	0.00	13,337,052.15	6,235.16	403,632,543.74
TOTAL ELECTRIC UTILITY PLANT	387,637.04	1,500,566,066.86	20,362,267.15	13,356,141,790.80
LESS ACCUM PRV-DEPR,DEPL,AMORT	(28,831.76)	(91,915,983.57)	(4,434,950.70)	(5,894,109,660.02)
NET ELECTRIC UTILITY PLANT	358,805.28	1,408,650,083.29	15,927,316.45	7,462,032,130.78
INVESTMENTS IN PROJECTS				
TOTAL INVEST IN PROJECTS	2,035,005.64	106,307,909.03	56,681,859.99	31,980,328.70
REGULATORY ASSETS				
REGULATORY ASSETS	0.00	0.00	0.00	1,089,372,961.90
FAS109 DFIT RECLASS (A/C 254)	0.00	0.00	0.00	(141,005,126.00)
NET REGULATORY ASSETS	0.00	0.00	0.00	948,367,835.90
GOODWILL				
TOTAL GOODWILL	0.00	344,096,937.31	0.00	69,542,665.03
SECURITIZED TRANSITION ASSETS	0.00	0.00	0.00	0.00
ASSETS HELD FOR SALE	0.00	0.00	0.00	0.00
INTANGIBLE ASSETS				
TOTAL INTANGIBLE ASSETS	0.00	11,997,642.40	0.00	24,700,074.80
LONG-TERM TRADING CONTRACTS				
TOTAL LONG-TERM TRADING CONTRACTS	0.00	146,884,996.46	0.00	16,239,218.01
OTHER ASSETS				
TOTAL OTHER INVESTMENTS	3,218,335.68	(1,037,982.93)	(56,312,000.00)	820,598,546.33
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	98,474,210.52
CLEARING ACCOUNTS	73.85	2,434,104.81	38,671.95	(3,193,920.93)
UNAMORTIZED DEBT EXPENSE	0.00	23,509,641.15	964,080.79	68,365,557.28
PREFERRED STOCK DIVIDEND REQ OF SUBSIDIARIES				(782,840.14)
OTHER DEF DEBITS (less PSDR)	374.00	14,346,463.93	919,502.55	30,579,762.43
TOTAL OTHER DEFERRED DEBITS	374.00	14,346,463.93	919,502.55	29,796,922.29
TOTAL OTHER ASSETS	3,218,783.52	39,252,226.95	(54,389,744.71)	1,014,041,315.49
TOTAL ASSETS	5,732,406.60	3,669,523,309.08	33,098,407.37	11,152,149,375.08

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPINV CONSOLIDATED	AEPR CONSOLIDATED	AEP COMM CONSOLIDATED	CSW CONSOLIDATED
CAPITALIZATION AND LIABILITIES:				
CURRENT LIABILITIES				
PREFERRED STOCK DUE W/IN 1 YR	0.00	0.00	0.00	0.00
LONG-TERM DEBT DUE WITHIN 1 YR	0.00	660,665,290.43	0.00	444,725,778.02
SHORT-TERM DEBT	0.00	438,429,124.02	0.00	797,000,000.00
A/P - GENERAL	25,000.00	385,026,947.67	5,264,145.22	297,412,693.31
A/P- ASSOC. COS.	608,847.80	220,152,832.70	10,133,520.92	586,922,377.79
ADVANCES FROM AFFILIATES	7,979,972.38	562,441,565.34	64,807,355.22	719,036,855.65
CUSTOMER DEPOSITS	0.00	64,910.00	1,300.00	43,315,846.27
TAXES ACCRUED	402,316.77	85,281,334.23	4,087,684.60	104,413,700.11
INTEREST ACCRUED	0.00	10,847,147.32	0.00	76,615,992.17
DIVIDENDS DECLARED	0.00	0.00	0.00	176,647.82
OBLIG UNDER CAP LEASES- CURR	0.00	160,557.23	42,709.39	117,000.00
ENERGY TRADING CONT CURR LIAB	0.00	224,311,430.41	0.00	30,595,880.14
OTHR CURR & ACCRUED LIAB	66,000.00	150,441,176.91	2,462,241.11	150,493,304.87
TOTAL CURRENT LIABILITIES	9,082,136.95	2,737,822,316.26	86,798,956.46	3,250,826,076.15
DERIVATIVE CONTRACTS	0.00	97,917,682.28	0.00	5,657,234.00
DEFERRED INCOME TAXES	(622,753.00)	71,631,890.71	3,104,021.00	2,368,095,169.20
DFIT & DSIT RECLASS (A/C 190)	(4,497,630.78)	(313,111,871.98)	(53,073,316.00)	(448,194,893.83)
NET DEFERRED INCOME TAXES	(5,120,383.78)	(241,479,981.27)	(49,969,295.00)	1,919,900,275.37
DEF INVESTMENT TAX CREDITS	0.00	0.00	0.00	215,587,261.00
LONG-TERM DEBT LESS AMT DUE 1 YR	0.00	124,403,446.54	124,920,800.07	2,665,293,870.66
EQUITY UNIT SENIOR NOTES	0.00	0.00	0.00	0.00
DEF CREDITS & REGULATORY LIAB				
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00	90,857,096.85
OTHER REGULATORY LIABILTIES	0.00	0.00	0.00	174,184,729.48
UNAMORT GAIN REACQUIRED DEBT	0.00	0.00	0.00	264,721.57
TOTAL REGULATORY LIABILITIES	0.00	0.00	0.00	265,306,547.90
TOTAL OTHER DEFERRED CREDITS	0.00	813,278,270.77	9,250,788.99	82,686,003.00
TOTAL DEF CREDITS & REG LIAB'S	0.00	813,278,270.77	9,250,788.99	347,992,550.90
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
DEFERRED GAIN ON SALE/LEASBACK RKPT	0.00	0.00	0.00	0.00
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	0.00	210,012.38	26,974,274.82	197,677.00
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	2,200,000.00
ACCUMULATED PROVISIONS - MISC	0.00	33,052,841.60	201,113.86	219,139,378.72
TOTAL OTH NONCURRENT LIAB'S	0.00	33,262,853.98	27,175,388.68	221,537,055.72
LIABILITIES HELD FOR SALE	0.00	0.00	0.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	0.00	0.00	0.00	321,250,000.00
CUMULATIVE PREFERRED STOCK				
PS SUBJECT TO MANDATORY REDEMP	0.00	0.00	0.00	0.00
PS NOT SUBJ MANDATORY REDEMP	0.00	0.00	0.00	18,276,300.00
COMMON STOCK				
COMMON STOCK	100.00	100.00	100.00	1.00
PREMIUM ON CAPITAL STOCK	9,900.00	9,900.00	9,900.00	(0.00)
PAID-IN CAPITAL	31,214,628.95	885,998,812.15	24,546,670.00	751,301,312.58
RETAINED EARNINGS	(29,453,975.51)	(781,690,091.62)	(189,634,901.83)	1,434,527,437.70
COMMON SHAREHOLDERS' EQUITY	1,770,653.44	104,318,720.53	(165,078,231.83)	2,185,828,751.28
TOTAL CAPITAL & LIABILITIES	5,732,406.60	3,669,523,309.08	33,098,407.37	11,152,149,375.08

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP C&I CONSOLIDATED	DESERT SKY CONSOLIDATED	DESERT SKY II CONSOLIDATED	MUTUAL CONSOLIDATED
ASSETS:				
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	290,246.67	0.00	13,360,171.92	(158,990.42)
ADVANCES TO AFFILIATES	4,581,747.52	60,097,576.36	708,736.18	21,657,188.01
ACCOUNTS RECEIVABLE-CUSTOMERS	19,742,343.73	0.00	0.00	0.00
ACCOUNTS RECEIVABLE - MISC	887.74	0.00	1,245,470.56	4,478,057.39
A/P FOR UNCOLLECTIBLE ACCOUNTS	(1,283,255.50)	0.00	0.00	0.00
ACCOUNTS RECEIVABLE- ASSOC COS	13,122,637.58	100,320.00	0.00	375,047.75
FUEL	0.00	0.00	0.00	2,778,132.49
MATERIALS & SUPPLIES	2,529,336.74	0.00	0.00	0.00
ACCRUED UTILITY REVENUES	14,152,234.75	0.00	0.00	755,273.00
PREPAYMENTS	0.01	0.00	1,947,009.04	0.00
ENERGY TRADING CONT CURR ASSET	0.00	0.00	0.00	695,661.00
OTHER CURRENT ASSETS	0.00	0.00	0.00	0.00
TOTAL CURRENT ASSETS	53,136,179.24	60,197,896.36	17,261,387.70	30,580,369.22
ELECTRIC UTILITY PLANT				
PRODUCTION	0.00	0.00	0.00	0.00
TRANSMISSION	0.00	0.00	0.00	0.00
DISTRIBUTION	0.00	0.00	0.00	0.00
NONUTILITY PROPERTY	0.00	0.00	0.00	0.00
GENERAL	130,500.00	0.00	179,172,505.71	10,809,513.24
CONSTRUCTION WORK IN PROGRESS	31,687.91	13,517.08	0.00	0.00
TOTAL ELECTRIC UTILITY PLANT	162,187.91	13,517.08	179,172,505.71	10,809,513.24
LESS ACCUM PRV-DEPR,DEPL,AMORT	(42,595.77)	0.00	(8,851,992.45)	(2,322,716.48)
NET ELECTRIC UTILITY PLANT	119,592.14	13,517.08	170,320,513.26	8,486,796.76
INVESTMENTS IN PROJECTS				
TOTAL INVEST IN PROJECTS	0.00	0.00	0.00	0.00
REGULATORY ASSETS				
REGULATORY ASSETS	0.00	0.00	0.00	0.00
FAS109 DFIT RECLASS (A/C 254)	0.00	0.00	0.00	0.00
NET REGULATORY ASSETS	0.00	0.00	0.00	0.00
GOODWILL				
TOTAL GOODWILL	0.00	0.00	0.00	0.00
SECURITIZED TRANSITION ASSETS	0.00	0.00	0.00	0.00
ASSETS HELD FOR SALE	0.00	0.00	0.00	0.00
INTANGIBLE ASSETS				
TOTAL INTANGIBLE ASSETS	0.00	0.00	0.00	0.00
LONG-TERM TRADING CONTRACTS				
TOTAL LONG-TERM TRADING CONTRACTS	0.00	0.00	0.00	0.00
OTHER ASSETS				
TOTAL OTHER INVESTMENTS	0.00	0.00	0.00	0.00
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	0.00
CLEARING ACCOUNTS	116.28	0.18	0.00	(78.03)
UNAMORTIZED DEBT EXPENSE	0.00	0.00	0.00	0.00
PREFERRED STOCK DIVIDEND REQ OF SUBSIDIARIES				
OTHER DEF DEBITS (less PSDR)	3,819,982.09	7,268,346.49	(7,268,346.49)	(0.00)
TOTAL OTHER DEFERRED DEBITS	3,819,982.09	7,268,346.49	(7,268,346.49)	(0.00)
TOTAL OTHER ASSETS	3,820,098.37	7,268,346.67	(7,268,346.49)	(78.03)
TOTAL ASSETS	57,075,869.75	67,479,760.11	180,313,554.47	39,067,087.95

<PAGE>
AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP C&I CONSOLIDATED	DESERT SKY CONSOLIDATED	DESERT SKY II CONSOLIDATED	MUTUAL CONSOLIDATED
CAPITALIZATION AND LIABILITIES:				
CURRENT LIABILITIES				
PREFERRED STOCK DUE W/IN 1 YR	0.00	0.00	0.00	0.00
LONG-TERM DEBT DUE WITHIN 1 YR	0.00	0.00	6,759,335.00	0.00
SHORT-TERM DEBT	0.00	0.00	0.00	0.00
A/P - GENERAL	4,102,879.75	0.00	258,281.08	5,133,347.33
A/P- ASSOC. COS.	15,862,253.52	253,692.01	1,143,314.35	2,768,976.58
ADVANCES FROM AFFILIATES	32,039,097.31	18,951,789.89	60,097,576.36	2,122,852.12
CUSTOMER DEPOSITS	707,941.88	0.00	0.00	0.00
TAXES ACCRUED	1,320,188.00	(361,398.00)	0.00	2,645,982.00
INTEREST ACCRUED	208,638.56	0.00	814,243.65	0.00
DIVIDENDS DECLARED	0.00	0.00	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	0.00	0.00	0.00	0.00
ENERGY TRADING CONT CURR LIAB	0.00	0.00	3,816,718.00	0.00
OTHR CURR & ACCRUED LIAB	(21,743.15)	0.00	3,950,000.00	377,227.96
TOTAL CURRENT LIABILITIES	54,219,255.87	18,844,083.90	76,839,468.44	13,048,385.99
DERIVATIVE CONTRACTS	0.00	0.00	3,088,785.00	0.00
DEFERRED INCOME TAXES	0.00	40,540,791.00	0.00	2,928,962.00
DFIT & DSIT RECLASS (A/C 190)	(5,320,399.00)	0.00	(2,416,926.00)	(7,127.00)
NET DEFERRED INCOME TAXES	(5,320,399.00)	40,540,791.00	(2,416,926.00)	2,921,835.00
DEF INVESTMENT TAX CREDITS	0.00	0.00	0.00	0.00
LONG-TERM DEBT LESS AMT DUE 1 YR	0.00	0.00	113,949,183.86	0.00
EQUITY UNIT SENIOR NOTES	0.00	0.00	0.00	0.00
DEF CREDITS & REGULATORY LIAB				
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	0.00	0.00	0.00	0.00
UNAMORT GAIN REACQUIRED DEBT	0.00	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	0.00	0.00	0.00	0.00
TOTAL OTHER DEFERRED CREDITS	2,793,898.33	0.00	0.00	29,677,419.00
TOTAL DEF CREDITS & REG LIAB'S	2,793,898.33	0.00	0.00	29,677,419.00
MINORITY INTEREST IN FINANCE SUBSIDIARY	0.00	0.00	0.00	0.00
DEFERRED GAIN ON SALE/LEASBACK RKPT	0.00	0.00	0.00	0.00
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	0.00	0.00	0.00	0.00
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	0.00	0.00	0.00	0.00
TOTAL OTH NONCURRENT LIAB'S	0.00	0.00	0.00	0.00
LIABILITIES HELD FOR SALE	0.00	0.00	0.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	0.00	0.00	0.00	0.00
CUMULATIVE PREFERRED STOCK				
PS SUBJECT TO MANDATORY REDEMP	0.00	0.00	0.00	0.00
PS NOT SUBJ MANDATORY REDEMP	0.00	0.00	0.00	0.00
COMMON STOCK				
COMMON STOCK	0.00	0.00	0.00	0.00
PREMIUM ON CAPITAL STOCK	0.00	0.00	0.00	0.00
PAID-IN CAPITAL	0.00	(44,885.77)	(4,443,691.23)	304,532.00
RETAINED EARNINGS	5,383,114.56	8,139,770.98	(6,703,265.60)	(6,885,084.04)
COMMON SHAREHOLDERS' EQUITY	5,383,114.56	8,094,885.21	(11,146,956.83)	(6,580,552.04)
TOTAL CAPITAL & LIABILITIES	57,075,869.75	67,479,760.11	180,313,554.47	39,067,087.95

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSW CONSOLIDATED	CSW ELIM & ADJ	CSW	SEEBOARD
ASSETS:				
ELECTRIC UTILITY PLANT				
PRODUCTION	5,963,805,691.25	0.00	0.00	0.00
TRANSMISSION	1,961,295,951.26	0.00	0.00	0.00
DISTRIBUTION	3,796,727,436.95	0.00	0.00	0.00
GENERAL	956,398,740.86	0.00	992,105.06	0.00
CONSTRUCTION WORK IN PROGRESS	403,632,543.75	0.00	0.00	0.00
NUCLEAR FUEL	266,765,742.01	0.00	0.00	0.00
TOTAL ELECTRIC UTILITY PLANT	13,348,626,106.07	0.00	992,105.06	0.00
LESS ACCUM PRV-DEPR,DEPL,AMORT	(5,901,843,516.43)	0.00	0.00	0.00
NET ELECTRIC UTILITY PLANT	7,446,782,589.64	0.00	992,105.06	0.00
OTHER PROPERTY AND INVESTMENT				
NET NONUTILITY PROPERTY	15,249,540.79	0.00	0.00	0.00
INVEST IN SUBSIDIARY & ASSOC	31,980,328.70	(2,179,779,136.18)	2,179,779,136.18	0.00
TOTAL OTHER INVESTMENTS	890,141,211.36	0.00	26,529,120.12	0.00
TOTAL OTHER SPECIAL FUNDS	98,474,210.52	0.00	0.00	0.00
L/T ENERGY TRADING CONTRACTS	16,239,218.01	0.00	0.00	0.00
TOTAL OTHER PROP AND INVSTMNTS	1,052,084,509.38	(2,179,779,136.18)	2,206,308,256.30	0.00
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	129,497,800.86	0.00	4,856.30	2,457.00
ADVANCES TO AFFILIATES	199,978,262.49	(74,665,235.52)	21,595,909.73	74,543,741.95
ACCOUNTS RECEIVABLE-CUSTOMERS	(205,748,923.40)	82,414,798.24	0.00	0.00
ACCOUNTS RECEIVABLE - MISC	232,721,627.13	0.00	952,471.46	405,199.00
A/P FOR UNCOLLECTIBLE ACCOUNTS	(46,192,147.83)	0.00	(1,930.98)	0.00
ACCOUNTS RECEIVABLE- ASSOC COS	884,836,901.50	(41,826,402.63)	(6,151,331.49)	85,559,997.30
FUEL	126,954,160.98	0.00	0.00	0.00
MATERIALS & SUPPLIES	135,497,627.01	0.00	0.00	0.00
ACCRUED UTILITY REVENUES	63,445,431.33	0.00	0.00	0.00
PREPAYMENTS	25,838,941.71	(195,475.39)	836,492.98	0.00
ENERGY TRADING CONT CURR ASSET	34,851,687.00	0.00	0.00	0.00
OTHER CURRENT ASSETS	3,564,437.60	0.00	0.00	0.00
TOTAL CURRENT ASSETS	1,585,245,806.37	(34,272,315.30)	17,236,468.00	160,511,395.25
REGULATORY ASSETS				
REGULATORY ASSETS	1,089,372,961.90	0.00	0.00	0.00
FAS109 DFIT RECLASS (A/C 254)	(141,005,126.00)	0.00	0.00	0.00
NET REGULATORY ASSETS	948,367,835.90	0.00	0.00	0.00
DEFERRED CHARGES				
CLEARING ACCOUNTS	(3,193,920.94)	(167,805.49)	0.08	0.00
UNAMORTIZED DEBT EXPENSE	68,365,557.28	0.00	0.00	0.00
OTHER DEFERRED DEBITS	54,496,997.09	(14,070,093.95)	1,377,346.96	(1,200,039.99)
TOTAL DEFERRED CHARGES	119,668,633.43	(14,237,899.44)	1,377,347.03	(1,200,039.99)
TOTAL ASSETS	11,152,149,374.73	(2,228,289,350.93)	2,225,914,176.39	159,311,355.26

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSW CONSOLIDATED	CSW ELIM & ADJ	CSW	SEEBOARD
CAPITALIZATION AND LIABILITIES:				
CAPITALIZATION				
COMMON STOCK				
COMMON STOCK	1.00	(485,405,564.53)	1.00	1,000.00
PREMIUM ON CAPITAL STOCK	(0.00)	(149,484.64)	0.00	0.00
PAID-IN CAPITAL	751,301,312.58	(684,556,715.76)	751,301,312.58	4,821,759.14
RETAINED EARNINGS	1,434,527,437.69	(1,027,036,253.36)	1,434,527,435.74	60,655,233.49
COMMON SHAREHOLDERS' EQUITY	2,185,828,751.27	(2,197,148,018.29)	2,185,828,749.32	65,477,992.63
CUMULATIVE PREFERRED STOCK				
PS NOT SUBJ MANDATORY REDEMP	18,276,300.00	0.00	0.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	321,250,000.00	0.00	0.00	0.00
LT DEBT (LESS AMT DUE IN 1 YR)				
LONG-TERM DEBT LESS AMT DUE 1 YR	2,665,293,870.66	0.00	0.00	0.00
TOTAL CAPITALIZATION	5,190,648,921.93	(2,197,148,018.29)	2,185,828,749.32	65,477,992.63
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	197,677.00	0.00	0.00	0.00
ACCUM PROVISIONS-RATE REFUND	2,200,000.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	219,139,378.72	0.00	0.00	0.00
TOTAL OTH NONCURRENT LIAB'S	221,537,055.72	0.00	0.00	0.00
CURRENT LIABILITIES				
LONG-TERM DEBT DUE WITHIN 1 YR	444,725,778.02	0.00	0.00	0.00
SHORT-TERM DEBT	797,000,000.00	0.00	0.00	0.00
A/P - GENERAL	297,412,693.31	0.00	134,145.00	20,241,222.63
A/P- ASSOC. COS.	586,922,377.79	43,757,255.09	19,311,332.20	43,738,000.00
ADVANCES FROM AFFILIATES	719,036,855.65	(74,581,733.11)	0.00	0.00
CUSTOMER DEPOSITS	43,315,846.27	0.00	0.00	0.00
TAXES ACCRUED	104,413,700.11	0.00	(3,320,939.10)	29,854,140.00
INTEREST ACCRUED	76,615,992.17	0.00	3,131,968.97	0.00
DIVIDENDS DECLARED	176,647.82	(271,416.33)	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	117,000.00	0.00	0.00	0.00
ENERGY TRADING CONT CURR LIAB	30,595,880.14	0.00	0.00	0.00
OTHR CURR & ACCRUED LIAB	150,493,304.87	0.00	6,722,950.36	0.00
TOTAL CURRENT LIABILITIES	3,250,826,076.16	(31,095,894.36)	25,979,457.43	93,833,362.63
DEF CREDITS & REGULATORY LIAB				
DEFERRED INCOME TAXES	2,368,095,169.20	0.00	(4,895,269.09)	0.00
DFIT & DSIT RECLASS (A/C 190)	(448,194,893.83)	0.00	0.00	0.00
NET DEFERRED INCOME TAXES	1,919,900,275.37	0.00	(4,895,269.09)	0.00
DEF INVESTMENT TAX CREDITS	215,587,261.00	0.00	0.00	0.00
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	90,857,096.85	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	174,184,729.48	0.00	0.00	0.00
UNAMORT GAIN REACQUIRED DEBT	264,721.57	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	265,306,547.90	0.00	0.00	0.00
DEFERRED CREDITS				
LT ENERGY TRADING CONTRACTS	5,657,234.00	0.00	0.00	0.00
CUSTOMER ADVANCES FOR CONSTR	2,353,586.42	0.00	0.00	0.00
DEF GAINS ON SALE/LEASEBACK	0.00	0.00	0.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00	0.00
OTHER DEFERRED CREDITS	80,332,416.58	(45,438.28)	19,001,238.73	0.00
TOTAL OTHER DEFERRED CREDITS	88,343,237.00	(45,438.28)	19,001,238.73	0.00
TOTAL DEF CREDITS & REG LIAB'S	2,489,137,321.27	(45,438.28)	14,105,969.64	0.00
TOTAL CAPITAL & LIABILITIES	11,152,149,375.08	(2,228,289,350.93)	2,225,914,176.39	159,311,355.26

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP CREDIT	ENERSHOP	CSWL	AEP TX CENTRAL CONSOLIDATED
ASSETS:				
ELECTRIC UTILITY PLANT				
PRODUCTION	0.00	0.00	0.00	2,903,942,101.83
TRANSMISSION	0.00	0.00	0.00	698,963,919.62
DISTRIBUTION	0.00	0.00	0.00	1,296,731,134.99
GENERAL	0.00	404,406.84	0.00	258,385,917.08
CONSTRUCTION WORK IN PROGRESS	0.00	0.00	0.00	200,947,370.68
NUCLEAR FUEL	0.00	0.00	0.00	266,765,742.01
TOTAL ELECTRIC UTILITY PLANT	0.00	404,406.84	0.00	5,625,736,186.21
LESS ACCUM PRV-DEPR,DEPL,AMORT	0.00	(373,301.73)	0.00	(2,405,491,553.97)
NET ELECTRIC UTILITY PLANT	0.00	31,105.11	0.00	3,220,244,632.24
OTHER PROPERTY AND INVESTMENT				
NET NONUTILITY PROPERTY	0.00	0.00	0.00	3,623,213.06
INVEST IN SUBSIDIARY & ASSOC	0.00	0.00	0.00	0.00
TOTAL OTHER INVESTMENTS	0.00	0.00	0.00	734,945,429.29
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	98,474,210.52
L/T ENERGY TRADING CONTRACTS	0.00	0.00	0.00	4,392,058
TOTAL OTHER PROP AND INVSTMNTS	0.00	0.00	0.00	841,434,910.87
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	0.00	(31,630.23)	43,966.73	85,420,265.96
ADVANCES TO AFFILIATES	0.00	0.00	0.00	0.00
ACCOUNTS RECEIVABLE-CUSTOMERS	(453,802,233.52)	(612.42)	0.00	56,892,834.71
ACCOUNTS RECEIVABLE - MISC	0.00	723,934.80	0.00	56,649,692.10
A/P FOR UNCOLLECTIBLE ACCOUNTS	(16,966,716.00)	0.00	0.00	(345,928.71)
ACCOUNTS RECEIVABLE- ASSOC COS	581,732,911.23	21,458.75	376.53	121,324,317.04
FUEL	0.00	0.00	0.00	32,563,383.61
MATERIALS & SUPPLIES	0.00	0.01	0.00	51,592,600.17
ACCRUED UTILITY REVENUES	0.00	0.00	0.00	27,149,850.00
PREPAYMENTS	0.00	10,593.27	0.00	2,012,037.45
ENERGY TRADING CONT CURR ASSET	0.00	0.00	0.00	22,491,907.00
OTHER CURRENT ASSETS	0.00	271,068.50	0.00	121,242.50
TOTAL CURRENT ASSETS	110,963,961.71	994,812.68	44,343.26	455,872,201.83
REGULATORY ASSETS				
REGULATORY ASSETS	0.00	0.00	0.00	828,083,551.11
FAS109 DFIT RECLASS (A/C 254)	0.00	0.00	0.00	(33,088,704.00)
NET REGULATORY ASSETS	0.00	0.00	0.00	794,994,847.11
DEFERRED CHARGES				
CLEARING ACCOUNTS	0.00	5,631.48	(0.00)	(550,313.73)
UNAMORTIZED DEBT EXPENSE	0.00	131,572.52	0.00	40,505,725.65
OTHER DEFERRED DEBITS	0.00	8.90	(0.00)	3,935,601.24
TOTAL DEFERRED CHARGES	0.00	137,212.91	(0.00)	43,891,013.15
TOTAL ASSETS	110,963,961.71	1,163,130.70	44,343.26	5,356,437,605.21

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP CREDIT	ENERSHOP	CSWL	AEP TX CENTRAL CONSOLIDATED
CAPITALIZATION AND LIABILITIES:				
CAPITALIZATION				
COMMON STOCK				
COMMON STOCK	1,000.00	100.00	1,000.00	55,291,944.53
PREMIUM ON CAPITAL STOCK	0.00	0.00	0.00	15,053.87
PAID-IN CAPITAL	28,225,760.06	900.00	60,348,086.62	59,431,668.47
RETAINED EARNINGS	0.00	(19,852,749.72)	(44,711,370.12)	986,395,393.85
COMMON SHAREHOLDERS' EQUITY	28,226,760.06	(19,851,749.72)	15,637,716.50	1,101,134,060.72
CUMULATIVE PREFERRED STOCK				
PS NOT SUBJ MANDATORY REDEMP	0.00	0.00	0.00	5,941,400.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	0.00	0.00	0.00	136,250,000.00
LT DEBT (LESS AMT DUE IN 1 YR)				
LONG-TERM DEBT LESS AMT DUE 1 YR	0.00	12,006,378.75	0.00	1,209,433,515.02
TOTAL CAPITALIZATION	28,226,760.06	(7,845,370.97)	15,637,716.50	2,452,758,975.74
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	0.00	0.00	0.00	0.00
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	0.00	2,146.00	0.00	74,572,441.60
TOTAL OTH NONCURRENT LIAB'S	0.00	2,146.00	0.00	74,572,441.60
CURRENT LIABILITIES				
LONG-TERM DEBT DUE WITHIN 1 YR	0.00	3,000,000.00	0.00	229,130,778.02
SHORT-TERM DEBT	0.00	0.00	0.00	650,000,000.00
A/P - GENERAL	29,157,550.30	44,023.55	0.00	72,199,922.55
A/P- ASSOC. COS.	3,539,348.76	137,967.99	6,077.76	36,241,283.08
ADVANCES FROM AFFILIATES	42,422,421.01	6,003,494.01	0.00	126,710,903.55
CUSTOMER DEPOSITS	0.00	0.00	0.00	665,585.12
TAXES ACCRUED	3,303,850.93	(168,342.50)	(15,599,451.00)	24,790,959.18
INTEREST ACCRUED	92,224.99	15,517.34	0.00	49,917,574.28
DIVIDENDS DECLARED	271,416.35	0.00	0.00	40,191.94
OBLIG UNDER CAP LEASES- CURR	0.00	0.00	0.00	0.00
ENERGY TRADING CONT CURR LIAB	0.00	0.00	0.00	19,811,379.00
OTHR CURR & ACCRUED LIAB	0.00	(80,539.72)	0.00	36,658,152.34
TOTAL CURRENT LIABILITIES	78,786,812.34	8,952,120.67	(15,593,373.25)	1,246,166,729.06
DEF CREDITS & REGULATORY LIAB				
DEFERRED INCOME TAXES	(9,392,084.00)	864,080.00	0.00	1,391,461,668.00
DFIT & DSIT RECLASS (A/C 190)	0.00	(809,845.00)	0.00	(130,209,929.00)
NET DEFERRED INCOME TAXES	(9,392,084.00)	54,235.00	0.00	1,261,251,739.00
DEF INVESTMENT TAX CREDITS	0.00	0.00	0.00	117,685,682.00
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00	70,313,954.99
OTHER REGULATORY LIABILTIES	0.00	0.00	0.00	128,466,744.49
UNAMORT GAIN REACQUIRED DEBT	0.00	0.00	0.00	5,706.58
TOTAL REGULATORY LIABILITIES	0.00	0.00	0.00	198,786,406.06
DEFERRED CREDITS				
LT ENERGY TRADING CONTRACTS	0.00	0.00	0.00	1,713,225.00
CUSTOMER ADVANCES FOR CONSTR	0.00	0.00	0.00	2,058,895.00
DEF GAINS ON SALE/LEASEBACK	0.00	0.00	0.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00	0.00
OTHER DEFERRED CREDITS	13,342,473.31	0.00	0.00	1,443,511.73
TOTAL OTHER DEFERRED CREDITS	13,342,473.31	0.00	0.00	5,215,631.73
TOTAL DEF CREDITS & REG LIAB'S	3,950,389.31	54,235.00	0.00	1,582,939,458.79
TOTAL CAPITAL & LIABILITIES	110,963,961.71	1,163,130.70	44,343.26	5,356,437,605.20

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	PSO CORPORATION	AEP TX NORTH CORP	CSW ENERGY CONSOLIDATED	SWEPCO INT CONSOLIDATED
ASSETS:				
ELECTRIC UTILITY PLANT				
PRODUCTION	1,040,520,235.43	353,086,942.81	150,301,688.41	1,503,722,399.77
TRANSMISSION	432,845,528.74	254,483,448.35	0.00	575,003,054.55
DISTRIBUTION	990,946,754.66	445,486,298.94	0.00	1,063,563,248.36
GENERAL	206,747,608.85	111,678,494.82	0.00	378,130,016.79
CONSTRUCTION WORK IN PROGRESS	88,444,217.79	37,012,107.54	1,473,437.34	75,755,410.39
NUCLEAR FUEL	0.00	0.00	0.00	0.00
TOTAL ELECTRIC UTILITY PLANT	2,759,504,345.47	1,201,747,292.46	151,775,125.75	3,596,174,129.85
LESS ACCUM PRV-DEPR,DEPL,AMORT	(1,239,855,433.81)	(521,792,485.83)	(35,263,379.68)	(1,697,337,591.70)
NET ELECTRIC UTILITY PLANT	1,519,648,911.66	679,954,806.63	116,511,746.07	1,898,836,538.16
OTHER PROPERTY AND INVESTMENT				
NET NONUTILITY PROPERTY	4,832,631.33	1,086,133.86	1,503,991.77	4,203,570.77
INVEST IN SUBSIDIARY & ASSOC	0.00	0.00	31,785,901.46	194,427.24
TOTAL OTHER INVESTMENTS	550,003.00	126,969.91	131,526,340.62	1,580,452.46
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	0.00
L/T ENERGY TRADING CONTRACTS	4,480,735	2,247,962	0	5,118,463
TOTAL OTHER PROP AND INVSTMNTS	9,863,369.34	3,461,065.77	164,816,233.85	11,096,913.47
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	16,774,441.20	1,219,084.15	15,932,552.99	2,068,766.28
ADVANCES TO AFFILIATES	0.00	27,088,209.63	65,816,322.30	14,112,270.69
ACCOUNTS RECEIVABLE-CUSTOMERS	27,119,833.12	30,734,760.83	0.00	26,989,859.12
ACCOUNTS RECEIVABLE - MISC	4,566,513.99	31,925,535.51	23,792,696.71	36,985,275.54
A/P FOR UNCOLLECTIBLE ACCOUNTS	(84,494.70)	(5,041,035.64)	0.00	(2,128,289.03)
ACCOUNTS RECEIVABLE- ASSOC COS	14,139,339.93	43,632,397.96	21,406,472.35	19,253,249.39
FUEL	19,973,080.13	12,676,818.07	0.00	61,740,879.17
MATERIALS & SUPPLIES	37,374,684.07	9,573,770.19	(0.01)	33,539,536.02
ACCRUED UTILITY REVENUES	13,128,000.00	6,828,828.00	0.00	15,103,000.00
PREPAYMENTS	2,644,003.83	1,033,014.00	1,619,744.05	17,746,642.78
ENERGY TRADING CONT CURR ASSET	3,841,420.00	4,130,220.00	0.00	4,388,140.00
OTHER CURRENT ASSETS	91,088.04	37,081.30	2,939,602.99	104,354.26
TOTAL CURRENT ASSETS	139,567,909.61	163,838,684.01	131,507,391.37	229,903,684.22
REGULATORY ASSETS				
REGULATORY ASSETS	117,944,638.09	50,148,240.88	0.00	93,196,531.83
FAS109 DFIT RECLASS (A/C 254)	(43,217,645.00)	(21,983,673.00)	0.00	(42,715,104.00)
NET REGULATORY ASSETS	74,726,993.09	28,164,567.88	0.00	50,481,427.83
DEFERRED CHARGES				
CLEARING ACCOUNTS	(5,459,769.59)	269,442.30	55,147.59	2,618,897.35
UNAMORTIZED DEBT EXPENSE	14,961,398.78	972,718.36	3,146,540.00	6,841,440.88
OTHER DEFERRED DEBITS	8,616,639.02	10,669,693.59	878,124.66	38,111,211.75
TOTAL DEFERRED CHARGES	18,118,268.21	11,911,854.25	4,079,812.25	47,571,549.98
TOTAL ASSETS	1,761,925,451.91	887,330,978.54	416,915,183.54	2,237,890,113.66

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	PSO CORPORATION	AEP TX NORTH CORP	CSW ENERGY CONSOLIDATED	SWEPCO INT CONSOLIDATED
CAPITALIZATION AND LIABILITIES:				
CAPITALIZATION				
COMMON STOCK				
COMMON STOCK	157,230,000.00	137,214,000.00	1,000.00	135,659,520.00
PREMIUM ON CAPITAL STOCK	15,879.54	114,930.59	0.00	3,620.64
PAID-IN CAPITAL	125,526,815.00	(28,527,395.00)	101,857,124.84	191,317,094.00
RETAINED EARNINGS	116,476,481.36	71,942,097.47	(51,388,235.11)	334,788,640.33
COMMON SHAREHOLDERS' EQUITY	399,249,175.90	180,743,633.06	50,469,889.74	661,768,874.97
CUMULATIVE PREFERRED STOCK				
PS NOT SUBJ MANDATORY REDEMP	5,266,900.00	2,367,200.00	0.00	4,700,800.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	75,000,000.00	0.00	0.00	110,000,000.00
LT DEBT (LESS AMT DUE IN 1 YR)				
LONG-TERM DEBT LESS AMT DUE 1 YR	445,436,617.78	132,499,863.10	39,968,320.06	637,853,425.13
TOTAL CAPITALIZATION	924,952,693.68	315,610,696.16	90,438,209.80	1,414,323,100.10
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	0.00	0.00	197,677.00	0.00
ACCUM PROVISIONS-RATE REFUND	0.00	2,200,000.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	54,761,284.62	26,661,484.90	618,308.99	62,467,222.11
TOTAL OTH NONCURRENT LIAB'S	54,761,284.62	28,861,484.90	815,985.99	62,467,222.11
CURRENT LIABILITIES				
LONG-TERM DEBT DUE WITHIN 1 YR	100,000,000.00	0.00	10,000,000.00	55,595,000.00
SHORT-TERM DEBT	0.00	125,000,000.00	0.00	0.00
A/P - GENERAL	61,168,991.59	32,714,270.10	6,847,044.31	62,138,900.49
A/P- ASSOC. COS.	91,203,735.33	76,216,875.28	18,758,789.01	73,875,862.54
ADVANCES FROM AFFILIATES	86,104,634.89	107,495,436.60	261,587,882.76	37,351,890.31
CUSTOMER DEPOSITS	21,789,146.45	116,348.51	0.00	20,109,732.07
TAXES ACCRUED	6,853,086.96	3,696,928.90	(3,454,118.24)	19,081,001.22
INTEREST ACCRUED	6,979,247.99	(1,875,995.10)	0.00	18,274,186.87
DIVIDENDS DECLARED	53,153.17	26,039.20	0.00	57,263.49
OBLIG UNDER CAP LEASES- CURR	0.00	0.00	117,000.00	0.00
ENERGY TRADING CONT CURR LIAB	3,259,764.00	3,801,022.00	0.00	3,723,715.14
OTHR CURR & ACCRUED LIAB	24,903,318.71	17,387,610.32	2,991,393.42	50,534,384.67
TOTAL CURRENT LIABILITIES	402,315,079.08	364,578,535.82	296,847,991.26	340,741,936.80
DEF CREDITS & REGULATORY LIAB				
DEFERRED INCOME TAXES	412,044,722.00	153,490,658.00	1,097,015.49	423,177,326.00
DFIT & DSIT RECLASS (A/C 190)	(70,648,706.00)	(35,969,718.00)	6,500,754.00	(82,113,261.00)
NET DEFERRED INCOME TAXES	341,396,016.00	117,520,940.00	7,597,769.49	341,064,065.00
DEF INVESTMENT TAX CREDITS	32,201,440.00	21,510,123.00	0.00	44,190,016.00
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.47	4,540,304.04	0.00	16,002,837.35
OTHER REGULATORY LIABILTIES	4,360,464.00	34,464,486.66	0.00	6,893,034.33
UNAMORT GAIN REACQUIRED DEBT	30,089.16	28,295.44	0.00	200,630.39
TOTAL REGULATORY LIABILITIES	4,390,553.63	39,033,086.14	0.00	23,096,502.07
DEFERRED CREDITS				
LT ENERGY TRADING CONTRACTS	1,581,137.00	556,698.00	0.00	1,806,174.00
CUSTOMER ADVANCES FOR CONSTR	294,691.42	0.00	0.00	0.00
DEF GAINS ON SALE/LEASEBACK	0.00	0.00	0.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00	0.00
OTHER DEFERRED CREDITS	32,556.86	(340,585.49)	21,215,227.00	10,201,097.58
TOTAL OTHER DEFERRED CREDITS	1,908,385.28	216,112.51	21,215,227.00	12,007,271.58
TOTAL DEF CREDITS & REG LIAB'S	379,896,394.91	178,280,261.65	28,812,996.49	420,357,854.65
TOTAL CAPITAL & LIABILITIES	1,761,925,452.30	887,330,978.52	416,915,183.54	2,237,890,113.66

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSW INTERNATIONAL CONSOLIDATED	C3 COMMUNICATIONS	CSW ENERGY SVCS CONSOLIDATED	REP HOLDCO CONSOLIDATED
ASSETS:				
ELECTRIC UTILITY PLANT				
PRODUCTION	0.00	0.00	12,232,323.00	0.00
TRANSMISSION	0.00	0.00	0.00	0.00
DISTRIBUTION	0.00	0.00	0.00	0.00
GENERAL	0.00	0.00	60,191.42	0.00
CONSTRUCTION WORK IN PROGRESS	0.00	(0.00)	0.00	0.00
NUCLEAR FUEL	0.00	0.00	0.00	0.00
TOTAL ELECTRIC UTILITY PLANT	0.00	(0.00)	12,292,514.42	0.00
LESS ACCUM PRV-DEPR,DEPL,AMORT	(1,720,811.19)	0.00	(8,958.52)	0.00
NET ELECTRIC UTILITY PLANT	(1,720,811.19)	(0.00)	12,283,555.90	0.00
OTHER PROPERTY AND INVESTMENT				
NET NONUTILITY PROPERTY	0.00	0.00	0.00	0.00
INVEST IN SUBSIDIARY & ASSOC	0.00	0.00	0.00	0.00
TOTAL OTHER INVESTMENTS	(7,779,604.04)	0.00	2,662,500.00	0.00
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	0.00
L/T ENERGY TRADING CONTRACTS	0	0	0	0
TOTAL OTHER PROP AND INVSTMNTS	(7,779,604.04)	0.00	2,662,500.00	0.00
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	1,827,628.13	504,877.54	901,167.97	4,829,366.84
ADVANCES TO AFFILIATES	0.00	0.00	0.00	71,487,043.71
ACCOUNTS RECEIVABLE-CUSTOMERS	0.00	2,307.85	0.00	23,899,528.67
ACCOUNTS RECEIVABLE - MISC	9,295,309.04	762,957.17	24,709,821.22	41,952,220.59
A/P FOR UNCOLLECTIBLE ACCOUNTS	0.00	(206,781.16)	(148,886.45)	(21,268,085.16)
ACCOUNTS RECEIVABLE- ASSOC COS	44,179,355.38	414,877.68	977,286.34	172,595.73
FUEL	0.00	0.00	0.00	0.00
MATERIALS & SUPPLIES	0.00	0.00	3,417,036.57	0.00
ACCRUED UTILITY REVENUES	0.00	0.00	0.00	1,235,753.33
PREPAYMENTS	17,500.21	21,925.89	92,462.64	0.00
ENERGY TRADING CONT CURR ASSET	0.00	0.00	0.00	0.00
OTHER CURRENT ASSETS	0.00	0.00	0.00	0.00
TOTAL CURRENT ASSETS	55,319,792.76	1,500,164.97	29,948,888.29	122,308,423.71
REGULATORY ASSETS				
REGULATORY ASSETS	0.00	0.00	0.00	0.00
FAS109 DFIT RECLASS (A/C 254)	0.00	0.00	0.00	0.00
NET REGULATORY ASSETS	0.00	0.00	0.00	0.00
DEFERRED CHARGES				
CLEARING ACCOUNTS	13,563.00	7,621.64	11,271.61	2,392.83
UNAMORTIZED DEBT EXPENSE	0.00	1,343,402.38	462,758.71	0.00
OTHER DEFERRED DEBITS	7,497,096.14	681,562.12	442,971.16	(2,443,124.50)
TOTAL DEFERRED CHARGES	7,510,659.14	2,032,586.14	917,001.47	(2,440,731.67)
TOTAL ASSETS	53,330,036.67	3,532,751.11	45,811,945.66	119,867,692.04

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSW INTERNATIONAL CONSOLIDATED	C3 COMMUNICATIONS	CSW ENERGY SVCS CONSOLIDATED	REP HOLDCO CONSOLIDATED
CAPITALIZATION AND LIABILITIES:				
CAPITALIZATION				
COMMON STOCK				
COMMON STOCK	1,000.00	1,000.00	1,000.00	3,000.00
PREMIUM ON CAPITAL STOCK	0.00	0.00	0.00	0.00
PAID-IN CAPITAL	141,254,902.63	0.00	0.00	300,000.00
RETAINED EARNINGS	(184,723,912.22)	(177,582,649.10)	(58,901,742.24)	(6,060,932.68)
COMMON SHAREHOLDERS' EQUITY	(43,468,009.59)	(177,581,649.10)	(58,900,742.24)	(5,757,932.68)
CUMULATIVE PREFERRED STOCK				
PS NOT SUBJ MANDATORY REDEMP	0.00	0.00	0.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	0.00	0.00	0.00	0.00
LT DEBT (LESS AMT DUE IN 1 YR)				
LONG-TERM DEBT LESS AMT DUE 1 YR	0.00	139,883,768.82	48,211,982.00	0.00
TOTAL CAPITALIZATION	(43,468,009.59)	(37,697,880.28)	(10,688,760.24)	(5,757,932.68)
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	0.00	0.00	0.00	0.00
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	0.00	0.00	4,478.00	52,012.50
TOTAL OTH NONCURRENT LIAB'S	0.00	0.00	4,478.00	52,012.50
CURRENT LIABILITIES				
LONG-TERM DEBT DUE WITHIN 1 YR	0.00	35,000,000.00	12,000,000.00	0.00
SHORT-TERM DEBT	0.00	0.00	22,000,000.00	0.00
A/P - GENERAL	25,967.30	2,175,729.11	5,025,153.00	5,539,773.38
A/P- ASSOC. COS.	102,117,548.64	3,182,002.88	758,539.58	74,077,759.65
ADVANCES FROM AFFILIATES	76,279,475.97	31,009,898.49	18,137,253.29	515,297.88
CUSTOMER DEPOSITS	0.00	165,995.13	0.00	469,038.99
TAXES ACCRUED	3,265,690.54	(6,096,951.10)	(955,551.84)	43,163,396.15
INTEREST ACCRUED	(18,832.16)	0.00	20.00	100,078.99
DIVIDENDS DECLARED	0.00	0.00	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	0.00	0.00	0.00	0.00
ENERGY TRADING CONT CURR LIAB	0.00	0.00	0.00	0.00
OTHR CURR & ACCRUED LIAB	(16,938.86)	6,222,078.60	3,924,765.77	1,246,129.27
TOTAL CURRENT LIABILITIES	181,652,911.43	71,658,753.11	60,890,179.80	125,111,474.31
DEF CREDITS & REGULATORY LIAB				
DEFERRED INCOME TAXES	(1,701,603.20)	3,835,375.00	(1,886,719.00)	0.00
DFIT & DSIT RECLASS (A/C 190)	(90,865,170.83)	(36,767,977.00)	(7,311,041.00)	0.00
NET DEFERRED INCOME TAXES	(92,566,774.03)	(32,932,602.00)	(9,197,760.00)	0.00
DEF INVESTMENT TAX CREDITS	0.00	0.00	0.00	0.00
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	0.00	0.00	0.00	0.00
UNAMORT GAIN REACQUIRED DEBT	0.00	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	0.00	0.00	0.00	0.00
DEFERRED CREDITS				
LT ENERGY TRADING CONTRACTS	0.00	0.00	0.00	0.00
CUSTOMER ADVANCES FOR CONSTR	0.00	0.00	0.00	0.00
DEF GAINS ON SALE/LEASEBACK	0.00	0.00	0.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00	0.00
OTHER DEFERRED CREDITS	7,711,908.86	2,504,480.27	4,803,808.10	462,137.91
TOTAL OTHER DEFERRED CREDITS	7,711,908.86	2,504,480.27	4,803,808.10	462,137.91
TOTAL DEF CREDITS & REG LIAB'S	(84,854,865.17)	(30,428,121.73)	(4,393,951.90)	462,137.91
TOTAL CAPITAL & LIABILITIES	53,330,036.67	3,532,751.11	45,811,945.66	119,867,692.04

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AEP TEXAS CENTRAL COMPANY
AND SUBSIDIARY COMPANY
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	TEXAS CENTRAL CONSOLIDATED	TEXAS CENTRAL ELIM & ADJ	AEP TEXAS CORP CONSOLIDATED	TEXAS CENTRAL SEC
CAPITALIZATION AND LIABILITIES:				
CAPITALIZATION				
COMMON STOCK				
COMMON STOCK	55,291,944.53	0.00	55,291,944.53	0.00
PREMIUM ON CAPITAL STOCK	15,053.87	0.00	15,053.87	0.00
PAID-IN CAPITAL	59,431,668.47	(3,986,675.00)	59,431,668.47	3,986,675.00
RETAINED EARNINGS	986,395,393.85	0.00	986,395,393.85	0.00
COMMON SHAREHOLDERS' EQUITY	1,101,134,060.72	(3,986,675.00)	1,101,134,060.72	3,986,675.00
CUMULATIVE PREFERRED STOCK				
PS NOT SUBJ MANDATORY REDEMP	5,941,400.00	0.00	5,941,400.00	0.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	136,250,000.00	0.00	136,250,000.00	0.00
LT DEBT (LESS AMT DUE IN 1 YR)				
LONG-TERM DEBT LESS AMT DUE 1 YR	1,209,433,515.02	0.00	463,811,437.02	745,622,078.00
TOTAL CAPITALIZATION	2,452,758,975.74	(3,986,675.00)	1,707,136,897.74	749,608,753.00
OTHER NONCURRENT LIABILITIES				
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	74,572,441.60	0.00	74,572,441.60	0.00
TOTAL OTH NONCURRENT LIAB'S	74,572,441.60	0.00	74,572,441.60	0.00
CURRENT LIABILITIES				
LONG-TERM DEBT DUE WITHIN 1 YR	229,130,778.02	0.00	178,118,000.02	51,012,778.00
SHORT-TERM DEBT	650,000,000.00	0.00	650,000,000.00	0.00
A/P - GENERAL	72,199,922.55	0.00	72,181,144.12	18,778.43
A/P- ASSOC. COS.	36,241,283.08	(12,774,820.78)	48,658,967.36	357,136.50
ADVANCES FROM AFFILIATES	126,710,903.55	0.00	126,710,903.55	0.00
CUSTOMER DEPOSITS	665,585.12	0.00	665,585.12	0.00
TAXES ACCRUED	24,790,959.18	0.00	24,790,959.18	0.00
INTEREST ACCRUED	49,917,574.28	0.00	11,256,353.28	38,661,221.00
DIVIDENDS DECLARED	40,191.94	0.00	40,191.94	0.00
ENERGY TRADING CONT CURR LIAB	19,811,379.00	0.00	19,811,379.00	0.00
OTHR CURR & ACCRUED LIAB	36,658,152.34	0.00	36,658,152.34	0.00
TOTAL CURRENT LIABILITIES	1,246,166,729.06	(12,774,820.78)	1,168,891,635.91	90,049,913.93
DEF CREDITS & REGULATORY LIAB				
DEFERRED INCOME TAXES	1,391,461,668.00	0.00	1,391,461,668.00	0.00
DFIT & DSIT RECLASS (A/C 190)	(130,209,929.00)	0.00	(130,209,929.00)	0.00
NET DEFERRED INCOME TAXES	1,261,251,739.00	0.00	1,261,251,739.00	0.00
DEF INVESTMENT TAX CREDITS	117,685,682.00	0.00	117,685,682.00	0.00
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	70,313,954.99	0.00	70,313,954.99	0.00
OTHER REGULATORY LIABILTIES	128,466,744.49	0.00	107,596,847.88	20,869,896.61
UNAMORT GAIN REACQUIRED DEBT	5,706.58	0.00	5,706.58	0.00
TOTAL REGULATORY LIABILITIES	198,786,406.06	0.00	177,916,509.45	20,869,896.61
DEFERRED CREDITS				
LT ENERGY TRADING CONTRACTS	1,713,225.00	0.00	1,713,225.00	0.00
CUSTOMER ADVANCES FOR CONSTR	2,058,895.00	0.00	2,058,895.00	0.00
DEF GAINS ON SALE/LEASEBACK	0.00	0.00	0.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00	0.00
OTHER DEFERRED CREDITS	1,443,511.73	0.00	1,443,511.73	0.00
TOTAL OTHER DEFERRED CREDITS	5,215,631.73	0.00	5,215,631.73	0.00
TOTAL DEF CREDITS & REG LIAB'S	1,582,939,458.79	0.00	1,562,069,562.18	20,869,896.61
TOTAL CAPITAL & LIABILITIES	5,356,437,605.20	(16,761,495.78)	4,512,670,537.44	860,528,563.54

<PAGE>
AEP TEXAS CENTRAL COMPANY
AND SUBSIDIARY COMPANY
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	TEXAS CENTRAL CONSOLIDATED	TEXAS CENTRAL ELIM & ADJ	AEP TEXAS CORP CONSOLIDATED	TEXAS CENTRAL SEC
ASSETS:				
ELECTRIC UTILITY PLANT				
PRODUCTION	2,903,942,101.83	(2,254,080,971.69)	5,158,023,073.52	0.00
TRANSMISSION	698,963,919.62	698,963,919.62	0.00	0.00
DISTRIBUTION	1,296,731,134.99	1,296,731,134.99	(0.00)	0.00
GENERAL	258,385,917.08	223,443,668.95	34,942,248.13	0.00
CONSTRUCTION WORK IN PROGRESS	200,947,370.68	0.00	200,947,370.68	0.00
NUCLEAR FUEL	266,765,742.01	266,765,742.01	0.00	0.00
TOTAL ELECTRIC UTILITY PLANT	5,625,736,186.21	231,823,493.88	5,393,912,692.33	0.00
LESS ACCUM PRV-DEPR,DEPL,AMORT	(2,405,491,553.97)	(231,823,493.88)	(2,173,668,060.09)	0.00
NET ELECTRIC UTILITY PLANT	3,220,244,632.24	0.00	3,220,244,632.24	0.00
OTHER PROPERTY AND INVESTMENT				
NET NONUTILITY PROPERTY	3,623,213.06	0.00	3,623,213.06	0.00
INVEST IN SUBSIDIARY & ASSOC	0.00	(3,986,675.00)	3,986,675.00	0.00
TOTAL OTHER INVESTMENTS	734,945,429.29	0.00	354,090.29	734,591,339.00
TOTAL OTHER SPECIAL FUNDS	98,474,210.52	0.00	98,474,210.52	0.00
L/T ENERGY TRADING CONTRACTS	4,392,058.00	0.00	4,392,058.00	0.00
TOTAL OTHER PROP AND INVSTMNTS	841,434,910.87	(3,986,675.00)	110,830,246.87	734,591,339.00
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	85,420,265.96	0.00	2,947,313.61	82,472,952.35
ADVANCES TO AFFILIATES	0.00	0.00	0.00	0.00
ACCOUNTS RECEIVABLE-CUSTOMERS	56,892,834.71	0.00	56,892,834.71	0.00
ACCOUNTS RECEIVABLE - MISC	56,649,692.10	0.00	56,649,692.10	0.00
A/P FOR UNCOLLECTIBLE ACCOUNTS	(345,928.71)	0.00	(345,928.71)	0.00
ACCOUNTS RECEIVABLE- ASSOC COS	121,324,317.04	(12,773,894.69)	121,681,453.54	12,416,758.19
FUEL	32,563,383.61	0.00	32,563,383.61	0.00
MATERIALS & SUPPLIES	51,592,600.17	0.00	51,592,600.17	0.00
ACCRUED UTILITY REVENUES	27,149,850.00	0.00	27,149,850.00	0.00
PREPAYMENTS	2,012,037.45	0.00	2,012,037.45	0.00
ENERGY TRADING CONT CURR ASSET	22,491,907.00	0.00	22,491,907.00	0.00
OTHER CURRENT ASSETS	121,242.50	0.00	121,242.50	0.00
TOTAL CURRENT ASSETS	455,872,201.83	(12,773,894.69)	373,756,385.98	94,889,710.54
REGULATORY ASSETS				
REGULATORY ASSETS	828,083,551.11	0.00	828,083,551.11	0.00
FAS109 DFIT RECLASS (A/C 254)	(33,088,704.00)	0.00	(33,088,704.00)	0.00
NET REGULATORY ASSETS	794,994,847.11	0.00	794,994,847.11	0.00
DEFERRED CHARGES				
CLEARING ACCOUNTS	(550,313.73)	0.00	(550,313.73)	0.00
UNAMORTIZED DEBT EXPENSE	40,505,725.65	0.00	9,458,211.65	31,047,514.00
OTHER DEF DEBITS (less PSDR)	3,935,601.24	(926.09)	3,936,527.33	0.00
TOTAL DEFERRED CHARGES	43,891,013.15	(926.09)	12,844,425.24	31,047,514.00
TOTAL ASSETS	5,356,437,605.21	(16,761,495.78)	4,512,670,537.45	860,528,563.54

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APPALACHIAN POWER COMPANY, INC
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	APCO CONSOLIDATED	AEPCO ELIM & ADJ	APCO	CACCO
CAPITALIZATION AND LIABILITIES:				
CAPITALIZATION				
COMMON STOCK				
COMMON STOCK	260,457,768.00	(209,950.00)	260,457,768.00	3,000.00
PREMIUM ON CAPITAL STOCK	762,800.65	(8,900,000.01)	762,800.65	0.00
PAID-IN CAPITAL	644,397,149.11	(5,318,393.00)	644,397,149.11	449,990.00
RETAINED EARNINGS	260,439,456.01	(1,605,534.20)	260,439,456.01	313,168.99
COMMON SHAREHOLDERS' EQUITY	1,166,057,173.77	(16,033,877.21)	1,166,057,173.77	766,158.99
CUMULATIVE PREFERRED STOCK				
PS SUBJECT TO MANDATORY REDEMP	10,860,000.00	0.00	10,860,000.00	0.00
PS NOT SUBJ MANDATORY REDEMP	17,789,900.00	0.00	17,789,900.00	0.00
TRUST PREFERRED SECURITIES				
LT DEBT (LESS AMT DUE IN 1 YR)				
LONG-TERM DEBT LESS AMT DUE 1 YR	1,738,853,866.43	0.00	1,738,853,866.43	0.00
TOTAL CAPITALIZATION	2,933,560,940.20	(16,033,877.21)	2,933,560,940.20	766,158.99
OTHER NONCURRENT LIABILITIES				
OBLIGATIONS UNDER CAP LEASE	23,990,913.42	0.00	23,990,913.42	0.00
ACCUMULATED PROVISIONS - MISC	149,446,714.65	0.00	131,105,004.88	2,223,234.00
TOTAL OTH NONCURRENT LIAB'S	173,437,628.06	0.00	155,095,918.29	2,223,234.00
CURRENT LIABILITIES				
LONG-TERM DEBT DUE WITHIN 1 YR	155,007,317.76	0.00	155,007,317.76	0.00
A/P - GENERAL	141,545,041.08	0.00	141,532,393.61	0.00
A/P- ASSOC. COS.	98,374,597.74	(621,180.38)	98,783,433.97	24,204.14
ADVANCES FROM AFFILIATES	56,179,653.07	0.00	56,179,653.07	0.00
CUSTOMER DEPOSITS	26,185,652.99	0.00	26,185,652.99	0.00
TAXES ACCRUED	29,181,482.40	0.00	29,552,963.70	(26,536.32)
INTEREST ACCRUED	22,436,607.85	0.00	22,436,607.85	0.00
DIVIDENDS DECLARED	360,628.88	0.00	360,628.88	0.00
OBLIG UNDER CAP LEASES- CURR	9,598,465.37	0.00	9,598,465.37	0.00
ENERGY TRADING CONT CURR LIAB	69,001,229.25	0.00	69,001,229.25	0.00
OTHR CURR & ACCRUED LIAB	69,872,764.06	0.00	69,664,153.32	113,400.00
TOTAL CURRENT LIABILITIES	677,743,440.45	(621,180.38)	678,302,499.77	111,067.82
DEF CREDITS & REGULATORY LIAB				
DEFERRED INCOME TAXES	915,773,069.20	0.00	914,279,748.20	71,050.00
DFIT & DSIT RECLASS (A/C 190)	(213,971,746.64)	0.00	(204,904,852.64)	(1,155,350.00)
NET DEFERRED INCOME TAXES	701,801,322.56	0.00	709,374,895.56	(1,084,300.00)
DEF INVESTMENT TAX CREDITS	33,691,342.00	0.00	33,691,342.00	0.00
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	133,942,555.22	0.00	133,942,555.22	0.00
UNAMORT GAIN REACQUIRED DEBT	72,418.84	0.00	72,418.84	0.00
TOTAL REGULATORY LIABILITIES	134,014,974.06	0.00	134,014,974.06	0.00
DEFERRED CREDITS				
LT ENERGY TRADING CONTRACTS	44,516,822.40	0.00	44,516,822.40	0.00
CUSTOMER ADVANCES FOR CONSTR	0.00	0.00	0.00	0.00
DEF GAINS ON SALE/LEASEBACK	112,468.00	0.00	112,468.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00	0.00
OTHER DEFERRED CREDITS	4,285,731.02	0.00	3,975,731.02	0.00
TOTAL OTHER DEFERRED CREDITS	48,915,021.42	0.00	48,605,021.42	0.00
TOTAL DEF CREDITS & REG LIAB'S	918,422,660.04	0.00	925,686,233.04	(1,084,300.00)
TOTAL CAPITAL & LIABILITIES	4,703,164,668.75	(16,655,057.59)	4,692,645,591.31	2,016,160.81

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APPALACHIAN POWER COMPANY, INC
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	APCO CONSOLIDATED	AEPCO ELIM & ADJ	APCO	CACCO
ASSETS:				
ELECTRIC UTILITY PLANT				
PRODUCTION	2,245,945,333.13	(3,442,630,590.16)	5,688,575,923.29	0.00
TRANSMISSION	1,218,107,426.89	1,218,107,426.89	0.00	0.00
DISTRIBUTION	1,951,804,006.37	1,951,804,006.37	(0.00)	0.00
GENERAL	272,900,835.90	272,719,156.90	181,679.00	0.00
CONSTRUCTION WORK IN PROGRESS	206,545,285.87	0.00	206,545,285.87	0.00
TOTAL ELECTRIC UTILITY PLANT	5,895,302,888.16	(0.00)	5,895,302,888.16	0.00
LESS ACCUM PRV-DEPR,DEPL,AMORT	(2,424,607,196.01)	0.00	(2,424,607,196.01)	0.00
NET ELECTRIC UTILITY PLANT	3,470,695,692.15	(0.00)	3,470,695,692.15	0.00
OTHER PROPERTY AND INVESTMENT				
NET NONUTILITY PROPERTY	20,550,437.06	0.00	20,219,843.06	0.00
INVEST IN SUBSIDIARY & ASSOC	603,868.00	(16,033,877.18)	16,637,745.18	0.00
TOTAL OTHER INVESTMENTS	33,499,569.23	0.00	28,428,997.23	192,684.00
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00	0.00
L/T ENERGY TRADING CONTRACTS	115,747,766.58	0.00	115,747,766.58	0.00
TOTAL OTHER PROP AND INVSTMNTS	170,401,640.87	(16,033,877.18)	181,034,352.05	192,684.00
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	4,285,011.30	0.00	3,677,011.30	0.00
ADVANCES TO AFFILIATES	16,974,280.17	0.00	0.00	1,907,460.81
ACCOUNTS RECEIVABLE-CUSTOMERS	132,265,094.69	0.00	132,265,094.69	0.00
ACCOUNTS RECEIVABLE - MISC	28,628,994.74	0.00	25,545,419.37	119,016.00
A/P FOR UNCOLLECTIBLE ACCOUNTS	(13,438,072.98)	0.00	(13,441,027.93)	0.00
ACCOUNTS RECEIVABLE- ASSOC COS	122,665,658.15	(621,187.06)	122,669,124.67	0.00
FUEL	53,646,529.61	0.00	53,646,529.61	0.00
MATERIALS & SUPPLIES	59,885,754.80	29.11	59,885,725.69	0.00
ACCRUED UTILITY REVENUES	30,947,534.88	0.00	30,947,534.88	0.00
PREPAYMENTS	4,895,447.01	0.00	4,895,447.01	0.00
ENERGY TRADING CONT CURR ASSET	94,238,338.43	0.00	94,238,338.43	0.00
OTHER CURRENT ASSETS	8,500,879.32	0.00	6,969,288.32	0.00
TOTAL CURRENT ASSETS	543,495,450.11	(621,157.95)	521,298,486.03	2,026,476.81
REGULATORY ASSETS				
REGULATORY ASSETS	487,101,599.54	0.00	486,617,675.54	0.00
FAS109 DFIT RECLASS (A/C 254)	(33,206,169.00)	0.00	(31,677,092.00)	(203,000.00)
NET REGULATORY ASSETS	453,895,430.54	0.00	454,940,583.54	(203,000.00)
DEFERRED CHARGES				
CLEARING ACCOUNTS	1,791,065.25	0.00	1,791,065.24	(0.00)
UNAMORTIZED DEBT EXPENSE	6,388,420.10	0.00	6,388,420.10	0.00
OTHER DEF DEBITS (less PSDR)	56,496,969.74	(22.46)	56,496,992.20	0.00
TOTAL DEFERRED CHARGES	64,676,455.09	(22.46)	64,676,477.54	(0.00)
TOTAL ASSETS	4,703,164,668.75	(16,655,057.59)	4,692,645,591.31	2,016,160.81

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APPALACHIAN POWER COMPANY, INC
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SACCO	CECCO	WVPCO
ASSETS:			
ELECTRIC UTILITY PLANT			
PRODUCTION	0.00	0.00	0.00
TRANSMISSION	0.00	0.00	0.00
DISTRIBUTION	0.00	0.00	0.00
GENERAL	0.00	0.00	0.00
CONSTRUCTION WORK IN PROGRESS	0.00	0.00	0.00
TOTAL ELECTRIC UTILITY PLANT	0.00	0.00	0.00
LESS ACCUM PRV-DEPR,DEPL,AMORT	0.00	0.00	0.00
NET ELECTRIC UTILITY PLANT	0.00	0.00	0.00
OTHER PROPERTY AND INVESTMENT			
NET NONUTILITY PROPERTY	330,594.00	0.00	0.00
INVEST IN SUBSIDIARY & ASSOC	0.00	0.00	0.00
TOTAL OTHER INVESTMENTS	2,438,945.00	2,438,943.00	0.00
TOTAL OTHER SPECIAL FUNDS	0.00	0.00	0.00
L/T ENERGY TRADING CONTRACTS	0.00	0.00	0.00
TOTAL OTHER PROP AND INVSTMNTS	2,769,539.00	2,438,943.00	0.00
CURRENT AND ACCRUED ASSETS			
CASH AND CASH EQUIVALENTS	0.00	608,000.00	0.00
ADVANCES TO AFFILIATES	5,515,613.42	9,551,205.94	0.00
ACCOUNTS RECEIVABLE-CUSTOMERS	0.00	0.00	0.00
ACCOUNTS RECEIVABLE - MISC	2,032,643.00	931,916.37	0.00
A/P FOR UNCOLLECTIBLE ACCOUNTS	0.00	2,954.95	0.00
ACCOUNTS RECEIVABLE- ASSOC COS	0.00	617,720.54	0.00
FUEL	0.00	0.00	0.00
MATERIALS & SUPPLIES	0.00	0.00	0.00
ACCRUED UTILITY REVENUES	0.00	0.00	0.00
PREPAYMENTS	0.00	0.00	0.00
ENERGY TRADING CONT CURR ASSET	0.00	0.00	0.00
OTHER CURRENT ASSETS	0.00	1,531,591.00	0.00
TOTAL CURRENT ASSETS	7,548,256.42	13,243,388.80	0.00
REGULATORY ASSETS			
REGULATORY ASSETS	326,108.00	157,816.00	0.00
FAS109 DFIT RECLASS (A/C 254)	(153,077.00)	(1,173,000.00)	0.00
NET REGULATORY ASSETS	173,031.00	(1,015,184.00)	0.00
DEFERRED CHARGES			
CLEARING ACCOUNTS	0.00	0.01	0.00
UNAMORTIZED DEBT EXPENSE	0.00	0.00	0.00
OTHER DEF DEBITS (less PSDR)	0.00	0.00	0.00
TOTAL DEFERRED CHARGES	0.00	0.01	0.00
TOTAL ASSETS	10,490,826.42	14,667,147.81	0.00

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APPALACHIAN POWER COMPANY, INC
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SACCO	CECCO	WVPCO
CAPITALIZATION AND LIABILITIES:			
CAPITALIZATION			
COMMON STOCK			
COMMON STOCK	6,950.00	200,000.00	0.00
PREMIUM ON CAPITAL STOCK	8,900,000.01	0.00	0.00
PAID-IN CAPITAL	0.00	4,868,403.00	0.00
RETAINED EARNINGS	1,419,656.00	(127,290.80)	0.00
COMMON SHAREHOLDERS' EQUITY	10,326,606.01	4,941,112.20	0.00
CUMULATIVE PREFERRED STOCK			
PS SUBJECT TO MANDATORY REDEMP	0.00	0.00	0.00
PS NOT SUBJ MANDATORY REDEMP	0.00	0.00	0.00
TRUST PREFERRED SECURITIES			
LT DEBT (LESS AMT DUE IN 1 YR)			
LONG-TERM DEBT LESS AMT DUE 1 YR	0.00	0.00	0.00
TOTAL CAPITALIZATION	10,326,606.01	4,941,112.20	0.00
OTHER NONCURRENT LIABILITIES			
OBLIGATIONS UNDER CAP LEASE	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	0.00	16,118,475.77	0.00
TOTAL OTH NONCURRENT LIAB'S	0.00	16,118,475.77	0.00
CURRENT LIABILITIES			
LONG-TERM DEBT DUE WITHIN 1 YR	0.00	0.00	0.00
A/P - GENERAL	0.00	12,647.47	0.00
A/P- ASSOC. COS.	65,257.73	122,882.28	0.00
ADVANCES FROM AFFILIATES	0.00	0.00	0.00
CUSTOMER DEPOSITS	0.00	0.00	0.00
TAXES ACCRUED	70,623.68	(415,568.66)	0.00
INTEREST ACCRUED	0.00	0.00	0.00
DIVIDENDS DECLARED	0.00	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	0.00	0.00	0.00
ENERGY TRADING CONT CURR LIAB	0.00	0.00	0.00
OTHR CURR & ACCRUED LIAB	0.00	95,210.74	0.00
TOTAL CURRENT LIABILITIES	135,881.41	(184,828.17)	0.00
DEF CREDITS & REGULATORY LIAB			
DEFERRED INCOME TAXES	273,101.00	1,149,170.00	0.00
DFIT & DSIT RECLASS (A/C 190)	(554,762.00)	(7,356,782.00)	0.00
NET DEFERRED INCOME TAXES	(281,661.00)	(6,207,612.00)	0.00
DEF INVESTMENT TAX CREDITS	0.00	0.00	0.00
REGULATORY LIABILITIES			
OVER-RECOVERY OF FUEL COST	0.00	0.00	0.00
OTHER REGULATORY LIABILTIES	0.00	0.00	0.00
UNAMORT GAIN REACQUIRED DEBT	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	0.00	0.00	0.00
DEFERRED CREDITS			
LT ENERGY TRADING CONTRACTS	0.00	0.00	0.00
CUSTOMER ADVANCES FOR CONSTR	0.00	0.00	0.00
DEF GAINS ON SALE/LEASEBACK	0.00	0.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00
OTHER DEFERRED CREDITS	310,000.00	0.00	0.00
TOTAL OTHER DEFERRED CREDITS	310,000.00	0.00	0.00
TOTAL DEF CREDITS & REG LIAB'S	28,339.00	(6,207,612.00)	0.00
TOTAL CAPITAL & LIABILITIES	10,490,826.42	14,667,147.81	0.00

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COLUMBUS SOUTHERN POWER, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSPCo CONSOLIDATED	CSPCo ELIM & ADJ	CSPCo
ASSETS:			
ELECTRIC UTILITY PLANT			
PRODUCTION	1,582,627,466.74	(1,786,565,356.59)	3,356,619,632.55
TRANSMISSION	413,286,067.45	413,286,067.45	0.00
DISTRIBUTION	1,208,254,722.81	1,208,254,722.81	0.00
GENERAL	165,024,566.33	165,024,566.33	0.00
CONSTRUCTION WORK IN PROGRESS	98,433,081.70	0.00	98,433,080.94
TOTAL ELECTRIC UTILITY PLANT	3,467,625,905.03	0.00	3,455,052,713.49
LESS ACCUM PRV-DEPR,DEPL,AMORT	(1,465,174,296.49)	0.00	(1,462,078,742.68)
NET ELECTRIC UTILITY PLANT	2,002,451,608.54	0.00	1,992,973,970.81
OTHER PROPERTY AND INVESTMENT			
NET NONUTILITY PROPERTY	23,679,709.93	0.00	22,955,852.85
INVEST IN SUBSIDIARY & ASSOC	430,000.00	(8,530,025.49)	8,960,025.49
TOTAL OTHER INVESTMENTS	11,649,643.61	0.00	11,498,314.61
L/T ENERGY TRADING CONTRACTS	77,810,111.00	0.00	77,810,111.00
TOTAL OTHER PROP AND INVSTMNTS	113,569,464.54	(8,530,025.49)	121,224,303.95
CURRENT AND ACCRUED ASSETS			
CASH AND CASH EQUIVALENTS	1,479,362.08	0.00	1,474,702.41
ADVANCES TO AFFILIATES	33,612,833.14	0.00	31,232,339.36
ACCOUNTS RECEIVABLE-CUSTOMERS	49,566,458.27	0.00	49,561,589.33
ACCOUNTS RECEIVABLE - MISC	22,004,687.37	0.00	21,981,033.55
A/P FOR UNCOLLECTIBLE ACCOUNTS	(633,464.07)	0.00	(633,464.07)
ACCOUNTS RECEIVABLE- ASSOC COS	54,517,662.33	(886,952.77)	54,502,589.10
FUEL	24,844,085.82	0.00	24,844,085.84
MATERIALS & SUPPLIES	40,338,900.99	0.00	38,993,124.03
ACCRUED UTILITY REVENUES	12,670,929.95	0.00	12,670,929.95
PREPAYMENTS	1,894,948.42	0.00	1,880,060.43
ENERGY TRADING CONT CURR ASSET	63,347,736.14	0.00	63,347,736.14
OTHER CURRENT ASSETS	5,413,146.04	0.00	5,413,146.04
TOTAL CURRENT ASSETS	309,057,286.48	(886,952.77)	305,267,872.10
REGULATORY ASSETS			
REGULATORY ASSETS	269,788,175.49	0.00	269,785,400.49
FAS109 DFIT RECLASS (A/C 254)	(12,106,362.00)	0.00	(12,106,362.00)
NET REGULATORY ASSETS	257,681,813.49	0.00	257,679,038.49
DEFERRED CHARGES			
CLEARING ACCOUNTS	823,264.18	0.00	796,800.47
UNAMORTIZED DEBT EXPENSE	1,819,183.16	0.00	1,819,183.16
OTHER DEF DEBITS (less PSDR)	70,193,940.68	0.00	70,071,229.10
TOTAL DEFERRED CHARGES	72,836,388.02	0.00	72,687,212.73
TOTAL ASSETS	2,755,596,561.07	(9,416,978.26)	2,749,832,398.07

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COLUMBUS SOUTHERN POWER, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SIMCO	COLM	CCPC
ASSETS:			
ELECTRIC UTILITY PLANT			
PRODUCTION	1,821,376.18	8,948,128.65	1,803,685.95
TRANSMISSION	0.00	0.00	0.00
DISTRIBUTION	0.00	0.00	0.00
GENERAL	0.00	0.00	0.00
CONSTRUCTION WORK IN PROGRESS	0.00	0.73	0.03
TOTAL ELECTRIC UTILITY PLANT	1,821,376.18	8,948,129.38	1,803,685.98
LESS ACCUM PRV-DEPR,DEPL,AMORT	(1,577,001.29)	(65,122.52)	(1,453,430.00)
NET ELECTRIC UTILITY PLANT	244,374.89	8,883,006.86	350,255.98
OTHER PROPERTY AND INVESTMENT			
NET NONUTILITY PROPERTY	0.00	723,857.09	0.00
INVEST IN SUBSIDIARY & ASSOC	0.00	0.00	0.00
TOTAL OTHER INVESTMENTS	0.00	0.00	151,329.00
L/T ENERGY TRADING CONTRACTS	0.00	0.00	0.00
TOTAL OTHER PROP AND INVSTMNTS	0.00	723,857.09	151,329.00
CURRENT AND ACCRUED ASSETS			
CASH AND CASH EQUIVALENTS	0.00	476.65	4,183.02
ADVANCES TO AFFILIATES	385,417.56	0.00	1,995,076.22
ACCOUNTS RECEIVABLE-CUSTOMERS	0.00	0.00	4,868.94
ACCOUNTS RECEIVABLE - MISC	0.00	575.00	23,078.82
A/P FOR UNCOLLECTIBLE ACCOUNTS	0.00	0.00	0.00
ACCOUNTS RECEIVABLE- ASSOC COS	0.00	18.03	902,007.97
FUEL	0.00	0.00	(0.01)
MATERIALS & SUPPLIES	0.00	0.00	1,345,776.95
ACCRUED UTILITY REVENUES	0.00	0.00	0.00
PREPAYMENTS	0.00	0.00	14,887.99
ENERGY TRADING CONT CURR ASSET	0.00	0.00	0.00
OTHER CURRENT ASSETS	0.00	0.00	0.00
TOTAL CURRENT ASSETS	385,417.56	1,069.68	4,289,879.91
REGULATORY ASSETS			
REGULATORY ASSETS	0.00	0.00	2,775.00
FAS109 DFIT RECLASS (A/C 254)	0.00	0.00	0.00
NET REGULATORY ASSETS	0.00	0.00	2,775.00
DEFERRED CHARGES			
CLEARING ACCOUNTS	(0.01)	(0.00)	26,463.72
UNAMORTIZED DEBT EXPENSE	0.00	0.00	0.00
OTHER DEF DEBITS (less PSDR)	0.00	122,382.16	329.42
TOTAL DEFERRED CHARGES	(0.01)	122,382.16	26,793.14
TOTAL ASSETS	629,792.45	9,730,315.79	4,821,033.03

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COLUMBUS SOUTHERN POWER, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSPCo CONSOLIDATED	CSPCo ELIM & ADJ	CSPCo
CAPITALIZATION AND LIABILITIES:			
CAPITALIZATION			
COMMON STOCK			
COMMON STOCK	41,026,065.00	(1,609,000.00)	41,026,065.00
PREMIUM ON CAPITAL STOCK	257,892,417.79	(30,000.00)	257,892,417.79
PAID-IN CAPITAL	258,135,116.43	(668,589.30)	258,135,116.43
RETAINED EARNINGS	290,610,579.41	(3,400,134.19)	290,610,579.42
COMMON SHAREHOLDERS' EQUITY	847,664,178.63	(5,707,723.49)	847,664,178.64
CUMULATIVE PREFERRED STOCK			
PS SUBJECT TO MANDATORY REDEMP	0.00	0.00	0.00
TRUST PREFERRED SECURITIES			
LT DEBT (LESS AMT DUE IN 1 YR)			
LONG-TERM DEBT LESS AMT DUE 1 YR	578,625,964.67	(2,822,302.00)	578,625,964.67
TOTAL CAPITALIZATION	1,426,290,143.30	(8,530,025.49)	1,426,290,143.31
OTHER NONCURRENT LIABILITIES			
OBLIGATIONS UNDER CAP LEASE	21,643,104.12	0.00	21,635,632.27
ACCUMULATED PROVISIONS - MISC	73,817,184.05	0.00	70,884,623.77
TOTAL OTH NONCURRENT LIAB'S	95,460,288.17	0.00	92,520,256.04
CURRENT LIABILITIES			
PREFERRED STOCK DUE W/IN 1 YR	0.00	0.00	0.00
LONG-TERM DEBT DUE WITHIN 1 YR	43,000,000.00	0.00	43,000,000.00
SHORT-TERM DEBT	290,000,000.00	0.00	290,000,000.00
A/P - GENERAL	89,735,884.74	0.00	89,668,713.74
A/P- ASSOC. COS.	81,598,687.52	(886,952.77)	81,835,336.85
ADVANCES FROM AFFILIATES	2,355,979.20	0.00	0.00
CUSTOMER DEPOSITS	14,718,614.04	0.00	14,718,614.04
TAXES ACCRUED	112,171,603.68	0.00	111,222,076.73
INTEREST ACCRUED	9,798,665.44	0.00	9,747,665.44
DIVIDENDS DECLARED	0.00	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	5,966,943.95	0.00	5,941,910.44
ENERGY TRADING CONT CURR LIAB	46,375,524.08	0.00	46,375,524.08
OTHR CURR & ACCRUED LIAB	16,104,492.60	0.00	15,192,051.04
TOTAL CURRENT LIABILITIES	711,826,395.25	(886,952.77)	707,701,892.37
DEF CREDITS & REGULATORY LIAB			
DEFERRED INCOME TAXES	510,760,555.00	0.00	510,849,089.00
DFIT & DSIT RECLASS (A/C 190)	(72,989,545.00)	0.00	(71,543,724.00)
NET DEFERRED INCOME TAXES	437,771,010.00	0.00	439,305,365.00
DEF INVESTMENT TAX CREDITS	33,906,429.00	0.00	33,893,663.00
REGULATORY LIABILITIES			
OTHER REGULATORY LIABILTIES	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	0.00	0.00	0.00
DEFERRED CREDITS			
LT ENERGY TRADING CONTRACTS	29,925,923.98	0.00	29,925,923.98
CUSTOMER ADVANCES FOR CONSTR	270,141.41	0.00	270,141.41
DEF GAINS ON SALE/LEASEBACK	0.00	0.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00
OTHER DEFERRED CREDITS	20,146,229.97	0.00	19,925,012.97
TOTAL OTHER DEFERRED CREDITS	50,342,295.36	0.00	50,121,078.36
TOTAL DEF CREDITS & REG LIAB'S	522,019,734.36	0.00	523,320,106.36
TOTAL CAPITAL & LIABILITIES	2,755,596,561.07	(9,416,978.26)	2,749,832,398.07

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COLUMBUS SOUTHERN POWER, INC.
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SIMCO	COLM	CCPC
CAPITALIZATION AND LIABILITIES:			
CAPITALIZATION			
COMMON STOCK			
COMMON STOCK	9,000.00	1,500,000.00	100,000.00
PREMIUM ON CAPITAL STOCK	0.00	30,000.00	0.00
PAID-IN CAPITAL	268,589.30	0.00	400,000.00
RETAINED EARNINGS	144,231.34	2,085,919.84	1,169,983.00
COMMON SHAREHOLDERS' EQUITY	421,820.64	3,615,919.84	1,669,983.00
CUMULATIVE PREFERRED STOCK			
PS SUBJECT TO MANDATORY REDEMP	0.00	0.00	0.00
TRUST PREFERRED SECURITIES			
LT DEBT (LESS AMT DUE IN 1 YR)			
LONG-TERM DEBT LESS AMT DUE 1 YR	0.00	2,822,302.00	0.00
TOTAL CAPITALIZATION	421,820.64	6,438,221.84	1,669,983.00
OTHER NONCURRENT LIABILITIES			
OBLIGATIONS UNDER CAP LEASE	0.00	0.00	7,471.85
ACCUMULATED PROVISIONS - MISC	0.00	0.00	2,932,560.28
TOTAL OTH NONCURRENT LIAB'S	0.00	0.00	2,940,032.13
CURRENT LIABILITIES			
PREFERRED STOCK DUE W/IN 1 YR	0.00	0.00	0.00
LONG-TERM DEBT DUE WITHIN 1 YR	0.00	0.00	0.00
SHORT-TERM DEBT	0.00	0.00	0.00
A/P - GENERAL	0.00	0.00	67,171.00
A/P- ASSOC. COS.	1,329.35	14,711.57	634,262.52
ADVANCES FROM AFFILIATES	0.00	2,355,979.20	0.00
CUSTOMER DEPOSITS	0.00	0.00	0.00
TAXES ACCRUED	11,174.01	850,092.00	88,260.94
INTEREST ACCRUED	0.00	0.00	51,000.00
DIVIDENDS DECLARED	0.00	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	0.00	0.00	25,033.51
ENERGY TRADING CONT CURR LIAB	0.00	0.00	0.00
OTHR CURR & ACCRUED LIAB	(688.56)	94.18	913,035.93
TOTAL CURRENT LIABILITIES	11,814.80	3,220,876.95	1,778,763.90
DEF CREDITS & REGULATORY LIAB			
DEFERRED INCOME TAXES	90,377.00	0.00	(178,911.00)
DFIT & DSIT RECLASS (A/C 190)	(56,986.00)	0.00	(1,388,835.00)
NET DEFERRED INCOME TAXES	33,391.00	0.00	(1,567,746.00)
DEF INVESTMENT TAX CREDITS	12,766.00	0.00	0.00
REGULATORY LIABILITIES			
OTHER REGULATORY LIABILTIES	0.00	0.00	0.00
TOTAL REGULATORY LIABILITIES	0.00	0.00	0.00
DEFERRED CREDITS			
LT ENERGY TRADING CONTRACTS	0.00	0.00	0.00
CUSTOMER ADVANCES FOR CONSTR	0.00	0.00	0.00
DEF GAINS ON SALE/LEASEBACK	0.00	0.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00
OTHER DEFERRED CREDITS	150,000.00	71,217.00	0.00
TOTAL OTHER DEFERRED CREDITS	150,000.00	71,217.00	0.00
TOTAL DEF CREDITS & REG LIAB'S	196,157.00	71,217.00	(1,567,746.00)
TOTAL CAPITAL & LIABILITIES	629,792.45	9,730,315.79	4,821,033.03

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INDIANA MICHIGAN POWER COMPANY
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	I&M CONSOLIDATED	I&M ELIM & ADJ	I&M	PRCCO	BHCCO
ASSETS:					
ELECTRIC UTILITY PLANT					
PRODUCTION	2,768,463,463.28	(2,046,450,164.99)	4,814,913,628.27	0.00	0.00
TRANSMISSION	971,599,128.42	971,599,128.42	0.00	0.00	0.00
DISTRIBUTION	921,835,003.44	921,835,003.44	0.00	0.00	0.00
GENERAL	220,136,485.39	153,016,033.13	67,120,452.26	0.00	0.00
CONSTRUCTION WORK IN PROGRESS	147,924,064.19	0.00	147,924,064.19	0.00	0.00
TOTAL ELECTRIC UTILITY PLANT	5,029,958,144.72	(0.00)	5,029,958,144.72	0.00	0.00
LESS ACCUM PRV-DEPR,DEPL,AMORT	(2,568,603,884.20)	0.00	(2,568,603,884.20)	0.00	0.00
NET ELECTRIC UTILITY PLANT	2,461,354,260.52	(0.00)	2,461,354,260.52	0.00	0.00
OTHER PROPERTY AND INVESTMENT					
NET NONUTILITY PROPERTY	69,251,765.31	0.00	40,816,312.31	0.00	28,435,453.00
INVEST IN SUBSIDIARY & ASSOC	0.00	(50,180,949.83)	50,180,949.83	0.00	0.00
TOTAL OTHER INVESTMENTS	51,689,355.81	0.00	45,778,025.81	0.00	5,911,330.00
TOTAL OTHER SPECIAL FUNDS	870,753,993.41	0.00	870,753,993.41	0.00	0.00
L/T ENERGY TRADING CONTRACTS	83,265,126.00	0.00	83,265,126.00	0.00	0.00
TOTAL OTHER PROP AND INVSTMNTS	1,074,960,240.53	(50,180,949.83)	1,090,794,407.36	0.00	34,346,783.00
CURRENT AND ACCRUED ASSETS					
CASH AND CASH EQUIVALENTS	3,237,261.34	0.00	3,237,261.34	0.00	0.00
ADVANCES TO AFFILIATES	191,225,417.37	0.00	178,804,845.66	0.00	12,420,571.71
ACCOUNTS RECEIVABLE-CUSTOMERS	67,332,547.24	0.00	67,332,547.24	0.00	0.00
ACCOUNTS RECEIVABLE - MISC	30,468,364.56	0.00	27,378,621.56	0.00	3,089,743.00
A/P FOR UNCOLLECTIBLE ACCOUNTS	(578,175.02)	0.00	(578,175.02)	0.00	0.00
ACCOUNTS RECEIVABLE- ASSOC COS	122,488,472.09	(75,579.33)	122,486,329.09	27,275.00	50,447.33
FUEL	32,731,422.62	0.00	32,729,862.57	0.00	1,560.05
MATERIALS & SUPPLIES	95,552,021.18	0.00	95,552,021.18	0.00	0.00
ACCRUED UTILITY REVENUES	6,511,155.66	0.00	6,511,155.66	0.00	0.00
PREPAYMENTS	5,343,054.81	0.00	5,343,054.81	0.00	0.00
ENERGY TRADING CONT CURR ASSET	68,147,961.14	0.00	68,147,961.14	0.00	0.00
OTHER CURRENT ASSETS	6,556,196.49	0.00	6,400,792.49	0.00	155,404.00
TOTAL CURRENT ASSETS	629,015,699.48	(75,579.33)	613,346,277.73	27,275.00	15,717,726.09
REGULATORY ASSETS					
REGULATORY ASSETS	429,695,289.70	0.00	428,220,599.70	0.00	1,474,690.00
FAS109 DFIT RECLASS (A/C 254)	(81,483,326.00)	0.00	(81,504,262.00)	0.00	20,936.00
NET REGULATORY ASSETS	348,211,963.70	0.00	346,716,337.70	0.00	1,495,626.00
DEFERRED CHARGES					
CLEARING ACCOUNTS	1,799,983.71	0.00	1,799,983.71	0.00	0.00
UNAMORTIZED DEBT EXPENSE	14,403,446.54	0.00	14,403,446.54	0.00	0.00
OTHER DEF DEBITS (less PSDR)	57,444,641.14	0.00	57,444,641.14	0.00	0.00
TOTAL DEFERRED CHARGES	73,648,071.39	0.00	73,648,071.39	0.00	0.00
TOTAL ASSETS	4,587,190,235.62	(50,256,529.16)	4,585,859,354.69	27,275.00	51,560,135.09

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INDIANA MICHIGAN POWER COMPANY
AND SUBSIDIARY COMPANIES
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	I&M CONSOLIDATED	I&M ELIM & ADJ	I&M	PRCCO	BHCCO
CAPITALIZATION AND LIABILITIES:					
CAPITALIZATION					
COMMON STOCK					
COMMON STOCK	56,583,866.43	(39,548,275.00)	56,583,866.43	27,275.00	39,521,000.00
PREMIUM ON CAPITAL STOCK	4,318,031.53	0.00	4,318,031.53	0.00	0.00
PAID-IN CAPITAL	813,755,477.63	(1,303,000.00)	813,755,477.63	0.00	1,303,000.00
RETAINED EARNINGS	143,996,166.53	(9,329,674.83)	143,996,166.52	0.00	9,329,674.85
COMMON SHAREHOLDERS' EQUITY	1,018,653,542.12	(50,180,949.83)	1,018,653,542.11	27,275.00	50,153,674.85
CUMULATIVE PREFERRED STOCK					
PS SUBJECT TO MANDATORY REDEMP	64,945,000.00	0.00	64,945,000.00	0.00	0.00
PS NOT SUBJ MANDATORY REDEMP	8,101,100.00	0.00	8,101,100.00	0.00	0.00
TRUST PREFERRED SECURITIES					
LT DEBT (LESS AMT DUE IN 1 YR)					
LONG-TERM DEBT LESS AMT DUE 1 YR	1,587,062,263.87	0.00	1,587,062,263.87	0.00	0.00
TOTAL CAPITALIZATION	2,678,761,905.99	(50,180,949.83)	2,678,761,905.97	27,275.00	50,153,674.85
OTHER NONCURRENT LIABILITIES					
OBLIGATIONS UNDER CAP LEASE	42,619,719.10	0.00	42,619,719.10	0.00	0.00
ACCUMULATED PROVISIONS - MISC	717,016,707.60	0.00	715,776,573.60	0.00	1,240,134.00
TOTAL OTH NONCURRENT LIAB'S	759,636,426.70	0.00	758,396,292.70	0.00	1,240,134.00
CURRENT LIABILITIES					
LONG-TERM DEBT DUE WITHIN 1 YR	30,000,000.00	0.00	30,000,000.00	0.00	0.00
A/P - GENERAL	125,047,733.64	0.00	125,044,637.96	0.00	3,095.68
A/P- ASSOC. COS.	93,607,639.82	(48,304.33)	93,617,001.72	0.00	38,942.42
ADVANCES FROM AFFILIATES	0.00	0.00	0.00	0.00	0.00
CUSTOMER DEPOSITS	16,660,429.83	0.00	16,660,429.83	0.00	0.00
TAXES ACCRUED	71,558,998.79	0.00	71,627,406.11	0.00	(68,407.32)
INTEREST ACCRUED	21,481,362.83	0.00	21,481,362.83	0.00	0.00
DIVIDENDS DECLARED	1,133,252.91	0.00	1,133,252.91	0.00	0.00
OBLIG UNDER CAP LEASES- CURR	8,228,537.08	0.00	8,228,537.08	0.00	0.00
ENERGY TRADING CONT CURR LIAB	48,567,703.10	0.00	48,567,703.10	0.00	0.00
OTHR CURR & ACCRUED LIAB	75,028,342.90	0.00	74,989,921.44	0.00	38,421.46
TOTAL CURRENT LIABILITIES	491,314,000.88	(48,304.33)	491,350,252.97	0.00	12,052.24
DEF CREDITS & REGULATORY LIAB					
DEFERRED INCOME TAXES	704,869,210.00	0.00	701,417,201.00	0.00	3,452,009.00
DFIT & DSIT RECLASS (A/C 190)	(348,672,281.00)	0.00	(342,396,382.00)	0.00	(6,275,899.00)
NET DEFERRED INCOME TAXES	356,196,929.00	0.00	359,020,819.00	0.00	(2,823,890.00)
DEF INVESTMENT TAX CREDITS	97,708,567.00	0.00	97,708,567.00	0.00	0.00
REGULATORY LIABILITIES					
OTHER REGULATORY LIABILTIES	65,947,882.16	0.00	65,947,882.16	0.00	0.00
UNAMORT GAIN REACQUIRED DEBT	35,379.48	0.00	35,379.48	0.00	0.00
TOTAL REGULATORY LIABILITIES	65,983,261.64	0.00	65,983,261.64	0.00	0.00
DEFERRED CREDITS					
LT ENERGY TRADING CONTRACTS	32,260,869.00	0.00	32,260,869.00	0.00	0.00
CUSTOMER ADVANCES FOR CONSTR	5,659,511.76	0.00	5,659,511.76	0.00	0.00
DEF GAINS ON SALE/LEASEBACK	73,885,241.00	0.00	73,885,241.00	0.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00	0.00	0.00
OTHER DEFERRED CREDITS	25,783,522.64	(27,275.00)	22,832,633.64	0.00	2,978,164.00
TOTAL OTHER DEFERRED CREDITS	137,589,144.41	(27,275.00)	134,638,255.41	0.00	2,978,164.00
TOTAL DEF CREDITS & REG LIAB'S	657,477,902.04	(27,275.00)	657,350,903.04	0.00	154,274.00
TOTAL CAPITAL & LIABILITIES	4,587,190,235.61	(50,256,529.16)	4,585,859,354.68	27,275.00	51,560,135.09

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SOUTHWESTERN ELECTRIC POWER COMPANY
AND SUBSIDIARY COMPANY
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SWEPCO CONSOLIDATED	SWEPCO ELIM & ADJ	DOLETHILLS	SWEPCO
ASSETS:				
ELECTRIC UTILITY PLANT				
PRODUCTION	1,503,722,399.77	(2,001,638,102.48)	55,143,472.86	3,450,217,029.39
TRANSMISSION	575,003,054.55	575,003,054.55	0.00	0.00
DISTRIBUTION	1,063,563,248.36	1,063,563,248.36	0.00	0.00
GENERAL	378,130,016.79	363,071,799.57	0.00	15,058,217.22
CONSTRUCTION WORK IN PROGRESS	75,755,410.39	0.00	0.00	75,755,410.39
TOTAL ELECTRIC UTILITY PLANT	3,596,174,129.85	0.00	55,143,472.86	3,541,030,656.99
LESS ACCUM PRV-DEPR,DEPL,AMORT	(1,697,337,591.70)	0.00	(11,637,958.44)	(1,685,699,633.26)
NET ELECTRIC UTILITY PLANT	1,898,836,538.16	0.00	43,505,514.42	1,855,331,023.74
OTHER PROPERTY AND INVESTMENT				
NET NONUTILITY PROPERTY	4,203,570.77	0.00	0.00	4,203,570.77
INVEST IN SUBSIDIARY & ASSOC	194,427.24	(22,692,094.94)	0.00	22,886,522.18
TOTAL OTHER INVESTMENTS	1,580,452.46	0.00	0.00	1,580,452.46
L/T ENERGY TRADING CONTRACTS	5,118,463.00	0.00	0.00	5,118,463.00
TOTAL OTHER PROP AND INVSTMNTS	11,096,913.47	(22,692,094.94)	0.00	33,789,008.41
CURRENT AND ACCRUED ASSETS				
CASH AND CASH EQUIVALENTS	2,068,766.28	0.00	150,500.00	1,918,266.28
ADVANCES TO AFFILIATES	14,112,270.69	(52,899,062.98)	14,112,270.69	52,899,062.98
ACCOUNTS RECEIVABLE-CUSTOMERS	26,989,859.12	0.00	0.00	26,989,859.12
ACCOUNTS RECEIVABLE - MISC	36,985,275.54	(2,784,741.10)	2,778,725.46	36,991,291.18
A/P FOR UNCOLLECTIBLE ACCOUNTS	(2,128,289.03)	0.00	0.00	(2,128,289.03)
ACCOUNTS RECEIVABLE- ASSOC COS	19,253,249.39	(4,124,641.20)	2,700,226.39	20,677,664.20
FUEL	61,740,879.17	0.00	1,333,917.44	60,406,961.73
MATERIALS & SUPPLIES	33,539,536.02	0.00	3,890,000.00	29,649,536.02
ACCRUED UTILITY REVENUES	15,103,000.00	0.00	0.00	15,103,000.00
PREPAYMENTS	17,746,642.78	0.00	94,781.34	17,651,861.44
ENERGY TRADING CONT CURR ASSET	4,388,140.00	0.00	0.00	4,388,140.00
OTHER CURRENT ASSETS	104,354.26	0.00	0.00	104,354.26
TOTAL CURRENT ASSETS	229,903,684.22	(59,808,445.28)	25,060,421.32	264,651,708.18
REGULATORY ASSETS				
REGULATORY ASSETS	93,196,531.83	0.00	0.00	93,196,531.83
FAS109 DFIT RECLASS (A/C 254)	(42,715,104.00)	0.00	0.00	(42,715,104.00)
NET REGULATORY ASSETS	50,481,427.83	0.00	0.00	50,481,427.83
DEFERRED CHARGES				
CLEARING ACCOUNTS	2,618,897.35	0.00	0.02	2,618,897.34
UNAMORTIZED DEBT EXPENSE	6,841,440.88	0.00	0.00	6,841,440.88
OTHER DEF DEBITS (less PSDR)	38,111,211.75	136,915.10	37,098,303.63	875,993.02
TOTAL DEFERRED CHARGES	47,571,549.98	136,915.10	37,098,303.65	10,336,331.24
TOTAL ASSETS	2,237,890,113.66	(82,363,625.12)	105,664,239.39	2,214,589,499.39

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SOUTHWESTERN ELECTRIC POWER COMPANY
AND SUBSIDIARY COMPANY
CONSOLIDATING BALANCE SHEETS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SWEPCO CONSOLIDATED	SWEPCO ELIM & ADJ	DOLETHILLS	SWEPCO
CAPITALIZATION AND LIABILITIES:				
CAPITALIZATION				
COMMON STOCK				
COMMON STOCK	135,659,520.00	0.00	0.00	135,659,520.00
PREMIUM ON CAPITAL STOCK	3,620.64	0.00	0.00	3,620.64
PAID-IN CAPITAL	191,317,094.00	(21,375,351.94)	21,375,351.94	191,317,094.00
RETAINED EARNINGS	334,788,640.33	(1,316,742.00)	1,316,741.99	334,788,640.34
COMMON SHAREHOLDERS' EQUITY	661,768,874.97	(22,692,093.94)	22,692,093.93	661,768,874.98
CUMULATIVE PREFERRED STOCK				
PS NOT SUBJ MANDATORY REDEMP	4,700,800.00	0.00	0.00	4,700,800.00
TRUST PREFERRED SECURITIES				
TRUST PREFER SECURITIES	110,000,000.00	0.00	0.00	110,000,000.00
LT DEBT (LESS AMT DUE IN 1 YR)				
LONG-TERM DEBT LESS AMT DUE 1 YR	637,853,425.13	0.00	0.00	637,853,425.13
TOTAL CAPITALIZATION	1,414,323,100.10	(22,692,093.94)	22,692,093.93	1,414,323,100.11
OTHER NONCURRENT LIABILITIES				
ACCUM PROVISIONS-RATE REFUND	0.00	0.00	0.00	0.00
ACCUMULATED PROVISIONS - MISC	62,467,222.11	0.00	13,826,220.28	48,641,001.83
TOTAL OTH NONCURRENT LIAB'S	62,467,222.11	0.00	13,826,220.28	48,641,001.83
CURRENT LIABILITIES				
LONG-TERM DEBT DUE WITHIN 1 YR	55,595,000.00	0.00	0.00	55,595,000.00
A/P - GENERAL	62,138,900.49	0.00	5,794,610.06	56,344,290.43
A/P- ASSOC. COS.	73,875,862.54	(4,124,318.91)	1,788,047.06	76,212,134.39
ADVANCES FROM AFFILIATES	37,351,890.31	(52,899,062.98)	52,899,062.98	37,351,890.31
CUSTOMER DEPOSITS	20,109,732.07	0.00	0.00	20,109,732.07
TAXES ACCRUED	19,081,001.22	0.00	982,843.16	18,098,158.06
INTEREST ACCRUED	18,274,186.87	(2,648,149.29)	2,648,149.29	18,274,186.87
DIVIDENDS DECLARED	57,263.49	0.00	0.00	57,263.49
ENERGY TRADING CONT CURR LIAB	3,723,715.14	0.00	0.00	3,723,715.14
OTHR CURR & ACCRUED LIAB	50,534,384.67	0.00	4,617,286.63	45,917,098.04
TOTAL CURRENT LIABILITIES	340,741,936.80	(59,671,531.18)	68,729,999.18	331,683,468.80
DEF CREDITS & REGULATORY LIAB				
DEFERRED INCOME TAXES	423,177,326.00	0.00	464,159.00	422,713,167.00
DFIT & DSIT RECLASS (A/C 190)	(82,113,261.00)	0.00	(48,233.00)	(82,065,028.00)
NET DEFERRED INCOME TAXES	341,064,065.00	0.00	415,926.00	340,648,139.00
DEF INVESTMENT TAX CREDITS	44,190,016.00	0.00	0.00	44,190,016.00
REGULATORY LIABILITIES				
OVER-RECOVERY OF FUEL COST	16,002,837.35	0.00	0.00	16,002,837.35
OTHER REGULATORY LIABILTIES	6,893,034.33	0.00	0.00	6,893,034.33
UNAMORT GAIN REACQUIRED DEBT	200,630.39	0.00	0.00	200,630.39
TOTAL REGULATORY LIABILITIES	23,096,502.07	0.00	0.00	23,096,502.07
DEFERRED CREDITS				
LT ENERGY TRADING CONTRACTS	1,806,174.00	0.00	0.00	1,806,174.00
CUSTOMER ADVANCES FOR CONSTR	0.00	0.00	0.00	0.00
DEF GAINS ON SALE/LEASEBACK	0.00	0.00	0.00	0.00
DEF GAINS-DISP OF UTILITY PLT	0.00	0.00	0.00	0.00
OTHER DEFERRED CREDITS	10,201,097.58	0.00	0.00	10,201,097.58
TOTAL OTHER DEFERRED CREDITS	12,007,271.58	0.00	0.00	12,007,271.58
TOTAL DEF CREDITS & REG LIAB'S	420,357,854.65	0.00	415,926.00	419,941,928.65
TOTAL CAPITAL & LIABILITIES	2,237,890,113.66	(82,363,625.12)	105,664,239.39	2,214,589,499.39

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American Electric Power Co. and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	AEP CONSOLIDATED	ELIM & ADJ	AEP Inc.	AEPSC
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	(519,219,516)	466,461,410	(515,877,274)	
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	1,403,643,073	(65,020,365)		30,462,744
Prov for Def Income Taxes (net)	(65,715,479)	15,142,808		104,703,267
Def Invest Tax Credits (net)	(31,408,915)	0		(50,808)
Transitional Impairment of Goodwill	350,300,000	27,300,000		0
Discontinued Operations	189,895,513	189,895,513		0
Impairment Losses	1,188,000,000	(424,901,051)		10,224,599
Equity/Undist. Subs. Earnings	(11,933,605)	0	50,458,032	
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	(138,006,446)	(236,691,115)	(353,152)	(732,400)
Accounts Receivable - Assoc. Cos.	(14,121,944)	(1,094,744,023)	1,155,476,085	(289,043,525)
Fuel, Materials and Supplies	(126,703,614)	(39,400,011)	0	150
Accrued Utility Revenues	(282,963,524)	(61,072,864)	0	0
Prepayments	129,335,089	141,003,394	9,473,904	(734,459)
Other Current Assets (Ex. Energy Trad.)	(77,351,980)	288,374,441	0	(13,094)
Accounts Payable - General	47,961,596	226,945,920	158,692	(22,312,995)
Accounts Payable - Assoc. Cos.	4,347,521	1,032,185,152	39,431,707	61,486,742
Customer Deposits	23,252,785	72,445,965	(100)	0
Taxes Accrued	(216,375,141)	1,914,391	11,852,468	(47,211,344)
Interest Accrued	72,667,670	46,000,360	9,883,308	902,500
Obligations Under Cap. Leases - Curr.	(18,697,654)	0	0	(6,625,460)
Other Current Liab. (Ex. Energy Trad.)	(66,697,496)	58,719,806	2,522,943	(203,074,427)
Mark-to-Market Energy (Schedule 2)	263,821,393	89,100,553	0	0
Over/Under Fuel Recovery	37,500,425	31,173,992	0	0
Increase in Other Assets (Schedule 1)	87,686,032	35,639,868	80,307,564	111,311,503
Increase in Other Liabilities (Schedule 1)	(552,042,711)	(397,454,053)	(136,241,596)	37,619,244
NET CASH PROVIDED (USED) OPERATING	1,677,173,072	403,020,091	707,092,581	(213,087,763)
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	(1,720,653,196)	30,013,375	(736,024)	(79,796,000)
Other Construction Expenditures	(1,423,863)	0		
Total Construction Expenditures	(1,722,077,059)	30,013,375	(736,024)	(79,796,000)
AFUDC - Equity	0	0		
Cash Used Plant & Prop. Adds	(1,722,077,059)	30,013,375	(736,024)	(79,796,000)
Invest in Subs - Equity & Debt	3,954,568	(118,767,219)	188,974,291	
Proceeds - Sale of CitiPower	176,650,446	(10,095,888)		
Proceeds - Sale of Seeboard	940,578,524	(106,904,116)		
Proceeds - Sale of REPHOLDCOS	145,578,820	7,137,300		
Proceeds - Sales of Property	33,527,792	(61,270,567)		0
Other Investing Activities	(511,445)	0		
NET CASH PROVIDED (USED) INVESTING	(422,298,354)	(259,887,115)	188,238,267	(79,796,000)
CASH FLOWS - FINANCING ACTIVITIES:				
Proceeds from Issuances of:				
Capital Contributions from Parent	(53,848)	58,614,375		
Common Stock	656,233,186	0	656,233,186	
Cumulative Preferred Stock	0	0		
Long-term Debt	3,227,019,798	57,277,257	369,048,650	
Change in Money Pool	18,305,529	220,214,888	995,817,358	295,167,172
Short-term Debt (net)	(847,063,777)	(1,349,645,568)	(1,195,313,079)	
Total Issuances	3,054,440,888	(1,013,539,048)	825,786,115	295,167,172
Cash Paid To Retire:				
Cumulative Preferred Stock	(10,435,949)	0		
Long-term Debt	(2,515,967,552)	19,938,522		(2,000,000)
Long-term Debt - Affiliated Cos.	0	0		
Total Retirements	(2,526,403,501)	19,938,522	0	(2,000,000)
Dividends Paid on Common Stock	(793,716,857)	1,027,793,769	(793,716,857)	
Dividends Paid on Preferred Stock	3,179,174	10,872,699		
NET CASH PROVIDED (USED) FINANCING	(262,500,296)	45,065,942	32,069,258	293,167,172
EFFECT OF EXCHANGE RATE CHANGES	(3,544,809)	(89,835,923)		
NET INCREASE (DECREASE) IN CASH	988,829,613	98,362,995	927,400,106	283,409
CASH AT BEGINNING OF PERIOD	223,875,163	(108,362,988)	79,265,221	2,714,973
CASH AT END OF PERIOD	1,212,704,776	(9,999,993)	1,006,665,327	2,998,382
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	791,976,019	(79,400)	186,401,215	5,822,275
Income Taxes (State & Federal)	336,358,280	0	(15,504,000)	(56,538,000)
NONCASH INVESTING ACTIVITIES:		0		
Utility Assets - Capital Leases	1,218,162	0	0	0
NonUtility Assets - Capital Leases	4,783,604	0	0	4,783,604
Total Capital Leases	6,001,766	0	0	4,783,604

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American Electric Power Co. and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	POLR CONSOL.	AEP POOL	AEPPRO SERV	AEPPM
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	(176,649)	0	9,385,833	(166)
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	0	0	76,238	0
Prov for Def Income Taxes (net)	0	0	(6,749,301)	0
Def Invest Tax Credits (net)	0	0	0	0
Transitional Impairment of Goodwill	0	0	0	0
Discontinued Operations	0	0	0	0
Impairment Losses		0	0	0
Equity/Undist. Subs. Earnings	0	0	0	0
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	(7,621,436)	0	(1,305,626)	0
Accounts Receivable - Assoc. Cos.	(641,703)	0	(7,206,078)	(99)
Fuel, Materials and Supplies	0	0	(86,096)	0
Accrued Utility Revenues	(481,476)	0	0	0
Prepayments	0	0	(317,991)	0
Other Current Assets (Ex. Energy Trad.)	0	0	0	0
Accounts Payable - General	341,773	0	1,224,585	0
Accounts Payable - Assoc. Cos.	265,216	0	8,210,414	353
Customer Deposits	2,322,535	0	0	0
Taxes Accrued	(29,520)	0	(2,074,192)	(4)
Interest Accrued	145,549	0	(107,084)	0
Obligations Under Cap. Leases - Curr.	0	0	0	0
Other Current Liab. (Ex. Energy Trad.)	48,850	0	(2,893,606)	0
Mark-to-Market Energy (Schedule 2)	0	0	0	0
Over/Under Fuel Recovery	0	0	0	0
Increase in Other Assets (Schedule 1)	41	0	101,352,653	(84)
Increase in Other Liabilities (Schedule 1)	77,302	0	(119,412,898)	0
NET CASH PROVIDED (USED) OPERATING	(5,749,518)	0	(19,903,149)	0
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	(7,934)	0	(1,336,995)	0
Other Construction Expenditures		0	0	0
Total Construction Expenditures	(7,934)	0	(1,336,995)	0
AFUDC - Equity		0	0	0
Cash Used Plant & Prop. Adds	(7,934)	0	(1,336,995)	0
Invest in Subs - Equity & Debt				
Proceeds - Sale of CitiPower				
Proceeds - Sale of Seeboard				
Proceeds - Sale of REPHOLDCOS				
Proceeds - Sales of Property	0	0	0	0
Other Investing Activities			5,000,000	
NET CASH PROVIDED (USED) INVESTING	(7,934)	0	3,663,005	0
CASH FLOWS - FINANCING ACTIVITIES:				
Proceeds from Issuances of:				
Capital Contributions from Parent	0			
Common Stock				
Cumulative Preferred Stock	0			0
Long-term Debt				
Change in Money Pool	4,788,016		16,803,714	
Short-term Debt (net)	0	0	0	0
Total Issuances	4,788,016	0	16,803,714	0
Cash Paid To Retire:				
Cumulative Preferred Stock	0			
Long-term Debt				
Long-term Debt - Affiliated Cos.	0	0	0	0
Total Retirements	0	0	0	0
Dividends Paid on Common Stock	0	0	0	0
Dividends Paid on Preferred Stock				
NET CASH PROVIDED (USED) FINANCING	4,788,016	0	16,803,714	0
EFFECT OF EXCHANGE RATE CHANGES				
NET INCREASE (DECREASE) IN CASH	(969,436)	0	563,570	0
CASH AT BEGINNING OF PERIOD	0	0	332,361	0
CASH AT END OF PERIOD	(969,436)	0	895,931	0
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	19,048	0	143,971	0
Income Taxes (State & Federal)	(65,000)	0	13,496,000	50
NONCASH INVESTING ACTIVITIES:				
Utility Assets - Capital Leases	0	0	0	0
NonUtility Assets - Capital Leases	0	0	0	0
Total Capital Leases	0	0	0	0

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American Electric Power Co. and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	AEGCO	AEPES	CCCo	AEPT&DSVC
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	7,552,188	(125,718,160)	0	(49,860)
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	22,560,463	1,305,315	0	0
Prov for Def Income Taxes (net)	(5,027,789)	(147,136,923)	2,043	(654)
Def Invest Tax Credits (net)	(3,361,478)	0	0	
Transitional Impairment of Goodwill	0	0	0	0
Discontinued Operations	0	0	0	0
Impairment Losses	0		0	
Equity/Undist. Subs. Earnings	0	(16,375)	0	0
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	147,442	152,834,581	1,393	39,494
Accounts Receivable - Assoc. Cos.	3,890,058	417,702,189	(11,666)	(2,112)
Fuel, Materials and Supplies	(5,450,219)	(66,131,526)	0	0
Accrued Utility Revenues	0	0	0	0
Prepayments	243,834	(2,514,116)	0	0
Other Current Assets (Ex. Energy Trad.)	0	(98,208,796)	0	0
Accounts Payable - General	(7,556,447)	(154,337,019)	0	(2,265)
Accounts Payable - Assoc. Cos.	14,252,688	(438,402,703)	16,539	23,111
Customer Deposits	0	7,519,062	0	
Taxes Accrued	(2,449,815)	(60,478,167)	16,881	(56,496)
Interest Accrued	(27,347)	24,450	0	(1,022)
Obligations Under Cap. Leases - Curr.	(37,691)	(349,504)	0	0
Other Current Liab. (Ex. Energy Trad.)	0	(4,067,843)	0	(156,813)
Mark-to-Market Energy (Schedule 2)	0	345,592,133	0	0
Over/Under Fuel Recovery	0	0	0	0
Increase in Other Assets (Schedule 1)	(11,520,377)	(13,584,523)	(48,060)	219,865
Increase in Other Liabilities (Schedule 1)	(1,735,865)	(15,432,822)	85,174	855
NET CASH PROVIDED (USED) OPERATING	11,479,645	(201,400,747)	62,304	14,103
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	(5,298,196)	(22,726,765)	0	(22,161)
Other Construction Expenditures	0	(1,423,863)		
Total Construction Expenditures	(5,298,196)	(24,150,628)	0	(22,161)
AFUDC - Equity	0		0	
Cash Used Plant & Prop. Adds	(5,298,196)	(24,150,628)	0	(22,161)
Invest in Subs - Equity & Debt				
Proceeds - Sale of CitiPower				
Proceeds - Sale of Seeboard				
Proceeds - Sale of REPHOLDCOS				
Proceeds - Sales of Property	0		0	
Other Investing Activities				
NET CASH PROVIDED (USED) INVESTING	(5,298,196)	(24,150,628)	0	(22,161)
CASH FLOWS - FINANCING ACTIVITIES:				
Proceeds from Issuances of:				
Capital Contributions from Parent				0
Common Stock				
Cumulative Preferred Stock				
Long-term Debt				
Change in Money Pool	(4,014,669)	234,223,237	(83,250)	8,120
Short-term Debt (net)	0	0	0	
Total Issuances	(4,014,669)	234,223,237	(83,250)	8,120
Cash Paid To Retire:				
Cumulative Preferred Stock				
Long-term Debt				
Long-term Debt - Affiliated Cos.				
Total Retirements	0	0	0	0
Dividends Paid on Common Stock	(3,150,000)	0	0	
Dividends Paid on Preferred Stock				
NET CASH PROVIDED (USED) FINANCING	(7,164,669)	234,223,237	(83,250)	8,120
EFFECT OF EXCHANGE RATE CHANGES		(87,086)		
NET INCREASE (DECREASE) IN CASH	(983,220)	8,584,776	(20,946)	62
CASH AT BEGINNING OF PERIOD	983,220	910,000	20,946	0
CASH AT END OF PERIOD	0	9,494,776	0	62
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	2,019,233	4,406,606	0	8,011
Income Taxes (State & Federal)	7,884,300	146,589,000	29,200	31,000
NONCASH INVESTING ACTIVITIES:				
Utility Assets - Capital Leases	0	0	0	0
NonUtility Assets - Capital Leases	0	0	0	0
Total Capital Leases	0	0	0	0

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American Electric Power Co. and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	IFRI	FRECo	AEPRELLC	AEP COAL
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	0		(31,065)	(38,647,100)
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	0			9,856,895
Prov for Def Income Taxes (net)	0	0	0	1,620,460
Def Invest Tax Credits (net)	0			
Transitional Impairment of Goodwill	0	0	0	0
Discontinued Operations	0	0	0	0
Impairment Losses	0			38,938,555
Equity/Undist. Subs. Earnings	0	0	0	0
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	0	412	129,140	7,469,470
Accounts Receivable - Assoc. Cos.	5	(213,464)	(303,148)	(2,355,357)
Fuel, Materials and Supplies	0	0	0	777,590
Accrued Utility Revenues	0	0	0	0
Prepayments	0	0	0	(255,548)
Other Current Assets (Ex. Energy Trad.)	0	0	0	(742,116)
Accounts Payable - General	0	0	(38,802)	442,061
Accounts Payable - Assoc. Cos.	(11,208)	(21,431)	(7,741)	1,327,721
Customer Deposits	0	0	0	0
Taxes Accrued	(55)	(281)	123,930	(900,832)
Interest Accrued	(92)	0	(611)	(291,367)
Obligations Under Cap. Leases - Curr.	0	0	0	0
Other Current Liab. (Ex. Energy Trad.)	4,676	(28,113)	(97,957)	1,505,949
Mark-to-Market Energy (Schedule 2)	0	0	0	0
Over/Under Fuel Recovery	0	0	0	0
Increase in Other Assets (Schedule 1)	411	6,736	7,392	2,071,460
Increase in Other Liabilities (Schedule 1)	0	(1,684)	0	5,690,761
NET CASH PROVIDED (USED) OPERATING	(6,263)	(257,825)	(218,862)	26,508,602
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	0			(15,280,826)
Other Construction Expenditures				
Total Construction Expenditures	0	0	0	(15,280,826)
AFUDC - Equity	0			
Cash Used Plant & Prop. Adds	0	0	0	(15,280,826)
Invest in Subs - Equity & Debt				
Proceeds - Sale of CitiPower				
Proceeds - Sale of Seeboard				
Proceeds - Sale of REPHOLDCOS				
Proceeds - Sales of Property				
Other Investing Activities				0
NET CASH PROVIDED (USED) INVESTING	0	0	0	(15,280,826)
CASH FLOWS - FINANCING ACTIVITIES:				
Proceeds from Issuances of:				
Capital Contributions from Parent				0
Common Stock				
Cumulative Preferred Stock				
Long-term Debt				
Change in Money Pool	6,263	257,825	218,777	(12,885,554)
Short-term Debt (net)	0			(3,081,179)
Total Issuances	6,263	257,825	218,777	(15,966,733)
Cash Paid To Retire:				
Cumulative Preferred Stock				
Long-term Debt				
Long-term Debt - Affiliated Cos.				
Total Retirements	0	0	0	0
Dividends Paid on Common Stock	0			
Dividends Paid on Preferred Stock				
NET CASH PROVIDED (USED) FINANCING	6,263	257,825	218,777	(15,966,733)
EFFECT OF EXCHANGE RATE CHANGES				
NET INCREASE (DECREASE) IN CASH	0	0	(85)	(4,738,957)
CASH AT BEGINNING OF PERIOD	120,139	662,205	85	8,964,419
CASH AT END OF PERIOD	120,139	662,205	0	4,225,462
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	0	0	0	2,006,650
Income Taxes (State & Federal)	0	0	(148,000)	(3,046,000)
NONCASH INVESTING ACTIVITIES:				
Utility Assets - Capital Leases	0	0	0	0
NonUtility Assets - Capital Leases	0	0	0	0
Total Capital Leases	0	0	0	0

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American Electric Power Co. and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	APCO CONSOL.	CSPCO CONSOL.	I&M CONSOL.	KEPCO
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	205,492,113	181,173,555	73,992,466	20,567,364
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	189,334,690	131,752,937	168,070,188	33,233,073
Prov for Def Income Taxes (net)	16,776,735	23,291,708	(16,921,000)	9,839,000
Def Invest Tax Credits (net)	(4,636,845)	(3,269,987)	(7,739,997)	(1,239,956)
Transitional Impairment of Goodwill	0	0	0	
Discontinued Operations	0			
Impairment Losses	112,018	1,373,509	1,435,463	3,830,153
Equity/Undist. Subs. Earnings	0	0	0	0
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	(6,754,862)	6,142,470	8,789,677	5,674,941
Accounts Receivable - Assoc. Cos.	(76,657,293)	(10,134,780)	(111,072,852)	(15,101,020)
Fuel, Materials and Supplies	3,015,423	(6,179,768)	(7,854,492)	881,335
Accrued Utility Revenues	(40,162)	(5,584,252)	(4,439,650)	93,302
Prepayments	(1,120,723)	(484,079)	(862,813)	(79,913)
Other Current Assets (Ex. Energy Trad.)	(9,268,559)	(7,244,500)	(689,425)	(589,409)
Accounts Payable - General	(19,361,881)	29,047,359	38,282,480	14,847,427
Accounts Payable - Assoc. Cos.	47,167,232	(2,098,519)	49,651,645	29,681,427
Customer Deposits	13,008,420	8,834,893	7,390,747	3,587,895
Taxes Accrued	(26,401,965)	(4,192,242)	1,798,051	(11,558,113)
Interest Accrued	666,700	(1,108,178)	789,871	1,202,116
Obligations Under Cap. Leases - Curr.	(2,758,260)	(1,868,298)	(2,611,416)	(2,334,506)
Other Current Liab. (Ex. Energy Trad.)	6,982,844	(10,176,376)	10,931,851	4,570,896
Mark-to-Market Energy (Schedule 2)	(21,151,334)	(16,666,752)	(9,516,751)	(12,267,371)
Over/Under Fuel Recovery	6,365,241	0	37,501,000	2,998,128
Increase in Other Assets (Schedule 1)	(41,625,738)	(25,145,925)	(15,543,993)	(25,094,113)
Increase in Other Liabilities (Schedule 1)	1,566,292	9,537,961	6,854,015	9,580,024
NET CASH PROVIDED (USED) OPERATING	280,710,086	297,000,736	228,235,065	72,322,680
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	(276,549,399)	(136,799,616)	(167,484,000)	(178,700,453)
Other Construction Expenditures				
Total Construction Expenditures	(276,549,399)	(136,799,616)	(167,484,000)	(178,700,453)
AFUDC - Equity				
Cash Used Plant & Prop. Adds	(276,549,399)	(136,799,616)	(167,484,000)	(178,700,453)
Invest in Subs - Equity & Debt			0	
Proceeds - Sale of CitiPower				
Proceeds - Sale of Seeboard				
Proceeds - Sale of REPHOLDCOS				
Proceeds - Sales of Property	1,073,832	729,762	1,758,907	216,898
Other Investing Activities	0		0	
NET CASH PROVIDED (USED) INVESTING	(275,475,567)	(136,069,854)	(165,725,093)	(178,483,555)
CASH FLOWS - FINANCING ACTIVITIES:				
Proceeds from Issuances of:				
Capital Contributions from Parent	200		125,000,000	50,000,000
Common Stock				
Cumulative Preferred Stock				
Long-term Debt	647,401,000	160,000,000	288,732,300	274,964,000
Change in Money Pool	(252,611,541)	(212,641,000)	(144,917,000)	(42,813,745)
Short-term Debt (net)		290,000,000		
Total Issuances	394,789,659	237,359,000	268,815,300	282,150,255
Cash Paid To Retire:				
Cumulative Preferred Stock	(600)	(10,000,000)	(425,002)	
Long-term Debt	(315,006,878)	(333,342,500)	(340,000,000)	(154,500,000)
Long-term Debt - Affiliated Cos.				
Total Retirements	(315,007,478)	(343,342,500)	(340,425,002)	(154,500,000)
Dividends Paid on Common Stock	(92,952,157)	(65,300,367)		(21,132,092)
Dividends Paid on Preferred Stock	(1,442,528)	(525,000)	(4,467,259)	
NET CASH PROVIDED (USED) FINANCING	(14,612,504)	(171,808,867)	(76,076,961)	106,518,163
EFFECT OF EXCHANGE RATE CHANGES				
NET INCREASE (DECREASE) IN CASH	(9,377,985)	(10,877,985)	(13,566,989)	357,288
CASH AT BEGINNING OF PERIOD	13,662,996	12,357,347	16,804,250	1,946,366
CASH AT END OF PERIOD	4,285,011	1,479,362	3,237,261	2,303,654
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	111,528,000	53,513,775	89,983,748	25,176,288
Income Taxes (State & Federal)	125,119,800	117,591,600	60,523,000	13,040,500
NONCASH INVESTING ACTIVITIES:				
Utility Assets - Capital Leases	0	1	(120)	22,021
NonUtility Assets - Capital Leases	0	0	0	0
Total Capital Leases	0	1	(120)	22,021

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American Electric Power Co. and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	KGPCO	OPCO	WPCO	AEPINV CONSOL.
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	4,459,978	220,023,426	4,387,101	(19,580,427)
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	3,372,108	248,557,189	4,171,434	28,832
Prov for Def Income Taxes (net)	1,029,855	46,010,597	(1,355,010)	(8,440,160)
Def Invest Tax Credits (net)	(72,430)	(3,177,237)	(38,392)	4,971,154
Transitional Impairment of Goodwill				
Discontinued Operations				
Impairment Losses	4,438	1,757,000	277,314	10,288,670
Equity/Undist. Subs. Earnings	0	0	0	4,409,611
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	(1,002,410)	15,633,692	(1,166,426)	82,411
Accounts Receivable - Assoc. Cos.	(1,344,308)	(1,062,529)	(538,171)	38,093
Fuel, Materials and Supplies	26,973	702,912	(36,620)	0
Accrued Utility Revenues	(115,839)	3,080,520	465,088	0
Prepayments	73,962	(594,433)	(7,686)	0
Other Current Assets (Ex. Energy Trad.)	(291,236)	(9,091,997)	(408,142)	0
Accounts Payable - General	(107,211)	9,817,857	(186,908)	25,000
Accounts Payable - Assoc. Cos.	11,417,613	(1,114,263)	2,950,703	113,764
Customer Deposits	631,818	7,516,541	427,191	0
Taxes Accrued	(1,086,462)	(14,992,711)	(761,162)	684,124
Interest Accrued	66,592	1,130,342	(10,755)	(11,138)
Obligations Under Cap. Leases - Curr.	1,843	(2,044,715)	(73,487)	0
Other Current Liab. (Ex. Energy Trad.)	115,290	(9,543,434)	486,499	64,320
Mark-to-Market Energy (Schedule 2)	0	(28,692,712)	0	0
Over/Under Fuel Recovery	0	0	0	0
Increase in Other Assets (Schedule 1)	(884,962)	(12,776,304)	6,195,326	4,152,621
Increase in Other Liabilities (Schedule 1)	(172,420)	7,834,057	458,202	(1,753,211)
NET CASH PROVIDED (USED) OPERATING	16,123,192	478,973,798	15,236,099	(4,926,336)
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	(4,148,432)	(354,796,650)	(5,172,656)	(84,903)
Other Construction Expenditures				
Total Construction Expenditures	(4,148,432)	(354,796,650)	(5,172,656)	(84,903)
AFUDC - Equity				
Cash Used Plant & Prop. Adds	(4,148,432)	(354,796,650)	(5,172,656)	(84,903)
Invest in Subs - Equity & Debt				(5,207,329)
Proceeds - Sale of CitiPower				
Proceeds - Sale of Seeboard				
Proceeds - Sale of REPHOLDCOS				
Proceeds - Sales of Property	153,851	6,498,625		
Other Investing Activities			0	2,579,700
NET CASH PROVIDED (USED) INVESTING	(3,994,581)	(348,298,025)	(5,172,656)	(2,712,532)
CASH FLOWS - FINANCING ACTIVITIES:				
Proceeds from Issuances of:				
Capital Contributions from Parent			0	3,543,330
Common Stock				
Cumulative Preferred Stock				
Long-term Debt				
Change in Money Pool	(10,703,200)	(170,234,075)	(7,963,813)	4,102,539
Short-term Debt (net)		275,000,000		
Total Issuances	(10,703,200)	104,765,925	(7,963,813)	7,645,869
Cash Paid To Retire:				
Cumulative Preferred Stock				
Long-term Debt		(140,000,000)		
Long-term Debt - Affiliated Cos.				
Total Retirements	0	(140,000,000)	0	0
Dividends Paid on Common Stock	(1,961,973)	(97,745,885)	(2,298,015)	
Dividends Paid on Preferred Stock		(1,258,738)		
NET CASH PROVIDED (USED) FINANCING	(12,665,173)	(134,238,698)	(10,261,828)	7,645,869
EFFECT OF EXCHANGE RATE CHANGES				
NET INCREASE (DECREASE) IN CASH	(536,562)	(3,562,925)	(198,385)	7,001
CASH AT BEGINNING OF PERIOD	472,053	8,847,678	302,627	0
CASH AT END OF PERIOD	(64,509)	5,284,753	104,242	7,001
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	1,527,475	81,040,837	1,412,627	160,236
Income Taxes (State & Federal)	2,119,000	105,058,200	5,266,000	(4,790,000)
NONCASH INVESTING ACTIVITIES:				
Utility Assets - Capital Leases	0	105,899	0	0
NonUtility Assets - Capital Leases	0	0	0	0
Total Capital Leases	0	105,899	0	0

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American Electric Power Co. and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	DESERT SKY CONSOL. I	DESERT SKY CONSOL. II	MUTUAL CONSOL.
CASH FLOWS - OPERATING ACTIVITIES:			
Consolidated Net Income	8,139,771	(6,703,266)	1,197,208
Adj. to Recon. N/I to Cash Flow:			
Depreciation & Amortization		8,851,992	2,089,015
Prov for Def Income Taxes (net)	29,550,791	(2,416,926)	2,757,856
Def Invest Tax Credits (net)			
Transitional Impairment of Goodwill			
Discontinued Operations			
Impairment Losses			
Equity/Undist. Subs. Earnings	0	0	0
Changes in Current Items:			
Accounts Receivable - (All but Assoc.)		(1,245,471)	(3,518,977)
Accounts Receivable - Assoc. Cos.	(100,320)		(263,951)
Fuel, Materials and Supplies	0	0	(2,370,858)
Accrued Utility Revenues	0	0	(755,273)
Prepayments	0	(1,947,009)	0
Other Current Assets (Ex. Energy Trad.)	0	0	(468,511)
Accounts Payable - General	0	258,281	5,133,347
Accounts Payable - Assoc. Cos.	253,692	1,143,314	(3,551,996)
Customer Deposits	0	0	0
Taxes Accrued	10,628,602	0	5,193,831
Interest Accrued	0	814,244	(6,174)
Obligations Under Cap. Leases - Curr.	0	0	0
Other Current Liab. (Ex. Energy Trad.)	0	(5,195,013)	501,083
Mark-to-Market Energy (Schedule 2)	0	0	(227,150)
Over/Under Fuel Recovery	0	0	0
Increase in Other Assets (Schedule 1)	(565,081)	(111,918)	7,229,583
Increase in Other Liabilities (Schedule 1)	(6,748,152)	9,165,078	29,841,398
NET CASH PROVIDED (USED) OPERATING	41,159,303	2,613,306	42,780,431
CASH FLOWS - INVESTING ACTIVITIES:			
Plant & Property Additions:			
Construction Expenditures on Utility Plant	(13,517)	(4,172,506)	(7,511,820)
Other Construction Expenditures			
Total Construction Expenditures	(13,517)	(4,172,506)	(7,511,820)
AFUDC - Equity			
Cash Used Plant & Prop. Adds	(13,517)	(4,172,506)	(7,511,820)
Invest in Subs - Equity & Debt			
Proceeds - Sale of CitiPower			
Proceeds - Sale of Seeboard			
Proceeds - Sale of REPHOLDCOS			
Proceeds - Sales of Property			
Other Investing Activities	0	0	
NET CASH PROVIDED (USED) INVESTING	(13,517)	(4,172,506)	(7,511,820)
CASH FLOWS - FINANCING ACTIVITIES:			
Proceeds from Issuances of:			
Capital Contributions from Parent	0	676,999	
Common Stock			
Cumulative Preferred Stock			
Long-term Debt		102,708,519	
Change in Money Pool	(41,145,786)	(88,466,147)	(35,427,600)
Short-term Debt (net)			
Total Issuances	(41,145,786)	14,919,371	(35,427,600)
Cash Paid To Retire:			
Cumulative Preferred Stock			
Long-term Debt			
Long-term Debt - Affiliated Cos.			
Total Retirements	0	0	0
Dividends Paid on Common Stock			
Dividends Paid on Preferred Stock			
NET CASH PROVIDED (USED) FINANCING	(41,145,786)	14,919,371	(35,427,600)
EFFECT OF EXCHANGE RATE CHANGES			
NET INCREASE (DECREASE) IN CASH	0	13,360,171	(158,989)
CASH AT BEGINNING OF PERIOD	0	0	0
CASH AT END OF PERIOD	0	13,360,171	(158,989)
CASH PAID DURING THE PERIOD FOR:			
Interest (net of ABFUDC)	5,011,157	1,920,271	550,874
Income Taxes (State & Federal)	(15,000)	(49,136,000)	(7,299,000)
NONCASH INVESTING ACTIVITIES:			
Utility Assets - Capital Leases	0	0	0
NonUtility Assets - Capital Leases	0	0	0
Total Capital Leases	0	0	0

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American Electric Power Co. and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	AEPR CONSOL.	AEPCOMM CONSOL.	CSW CONSOL.	AEP C&I CONSOL.
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	(686,110,663)	(108,241,634)	(229,565,876)	8,650,211
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	77,357,359	4,824,126	532,736,616	22,224
Prov for Def Income Taxes (net)	(108,664,505)	(42,066,723)	27,658,791	(5,320,399)
Def Invest Tax Credits (net)	0		(12,792,939)	
Transitional Impairment of Goodwill			323,000,000	
Discontinued Operations				
Impairment Losses	794,818,074	141,330,000	605,511,258	3,000,000
Equity/Undist. Subs. Earnings	1,441,743	19,904,008	(88,130,624)	0
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	(71,473,284)	8,123,068	7,250,282	(18,459,760)
Accounts Receivable - Assoc. Cos.	214,404,141	(9,671,263)	(172,158,415)	(13,006,438)
Fuel, Materials and Supplies	(6,358,432)	(1,110,570)	2,880,702	(10,107)
Accrued Utility Revenues	(200,625,102)	0	664,419	(14,152,235)
Prepayments	(32,346,101)	(1,284,891)	21,089,757	0
Other Current Assets (Ex. Energy Trad.)	(13,700,971)	84,832	(225,094,497)	0
Accounts Payable - General	129,293,252	4,022,643	(212,077,538)	4,101,985
Accounts Payable - Assoc. Cos.	(995,277,971)	6,919,378	122,705,108	15,629,834
Customer Deposits	(140,311)	1,300	(101,001,113)	707,942
Taxes Accrued	45,534,492	(1,227,666)	(122,238,007)	1,537,123
Interest Accrued	720,797	(160,117)	11,890,382	154,344
Obligations Under Cap. Leases - Curr.	(29,311)	(83,849)	117,000	0
Other Current Liab. (Ex. Energy Trad.)	71,560,975	(212,638)	10,935,688	(202,946)
Mark-to-Market Energy (Schedule 2)	(12,024,891)	0	(70,324,332)	0
Over/Under Fuel Recovery	0	0	(40,537,936)	0
Increase in Other Assets (Schedule 1)	(49,846,686)	11,536,566	(71,777,811)	(3,819,982)
Increase in Other Liabilities (Schedule 1)	42,391,556	(30,125,140)	(3,493,897)	(172,892)
NET CASH PROVIDED (USED) OPERATING	(799,075,839)	2,561,430	317,247,018	(21,341,096)
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	(65,814,773)	(12,027,292)	(412,153,965)	(31,688)
Other Construction Expenditures				
Total Construction Expenditures	(65,814,773)	(12,027,292)	(412,153,965)	(31,688)
AFUDC - Equity				
Cash Used Plant & Prop. Adds	(65,814,773)	(12,027,292)	(412,153,965)	(31,688)
Invest in Subs - Equity & Debt			(75,810,664)	14,765,489
Proceeds - Sale of CitiPower	186,746,334			
Proceeds - Sale of Seeboard			1,047,482,640	
Proceeds - Sale of REPHOLDCOS			138,441,520	
Proceeds - Sales of Property			84,366,484	
Other Investing Activities	(10,024,627)		4,460,153	(2,526,671)
NET CASH PROVIDED (USED) INVESTING	110,906,934	(12,027,292)	786,786,168	12,207,130
CASH FLOWS - FINANCING ACTIVITIES:				
Proceeds from Issuances of:				
Capital Contributions from Parent	606,502,069	(3,743,330)	(840,647,491)	
Common Stock				
Cumulative Preferred Stock				
Long-term Debt	143,089,175		1,183,798,897	
Change in Money Pool	(270,577,483)	63,020,657	(531,217,178)	9,379,004
Short-term Debt (net)	438,388,624	(50,000,000)	747,587,425	
Total Issuances	917,402,385	9,277,327	559,521,653	9,379,004
Cash Paid To Retire:				
Cumulative Preferred Stock			(10,347)	
Long-term Debt	(250,849,187)	(275,200)	(999,932,309)	
Long-term Debt - Affiliated Cos.				
Total Retirements	(250,849,187)	(275,200)	(999,942,656)	0
Dividends Paid on Common Stock			(743,253,280)	
Dividends Paid on Preferred Stock				
NET CASH PROVIDED (USED) FINANCING	666,553,198	9,002,127	(1,183,674,283)	9,379,004
EFFECT OF EXCHANGE RATE CHANGES			86,378,200	
NET INCREASE (DECREASE) IN CASH	(21,615,707)	(463,735)	6,737,103	245,038
CASH AT BEGINNING OF PERIOD	60,969,676	95,691	122,760,698	45,200
CASH AT END OF PERIOD	39,353,969	(368,044)	129,497,801	290,238
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	121,371,521	12,590,342	297,430,907	517,039
Income Taxes (State & Federal)	(146,754,300)	(11,753,000)	25,232,930	9,426,000
NONCASH INVESTING ACTIVITIES:				
Utility Assets - Capital Leases	0	1,090,361	0	0
NonUtility Assets - Capital Leases	0	0	0	0
Total Capital Leases	0	1,090,361	0	0

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Central & Southwest Corporation and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	CSW CONS.	ELIM & ADJ	CSW CORP.	SEEBOARD
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	(229,565,876)	219,560,010	(230,348,719)	(226,474,946)
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	532,736,616	(13,047)	281,136	32,862,782
Prov for Def Income Taxes (net)	27,658,791	22,882,769	(7,283,082)	0
Def Invest Tax Credits (net)	(12,792,939)	0	0	0
Transitional Impairment of Goodwill	323,000,000		0	323,000,000
Discontinued Operations	(24,000,000)		0	(24,000,000)
Impairment Losses	629,511,258	(3,390,905)	0	0
Equity/Undist. Subs. Earnings	(88,130,624)	(787,768,640)	713,983,879	0
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	7,250,282	118,363,643	(2,056)	194,901,680
Accounts Receivable - Assoc. Cos.	(172,158,415)	(255,777,778)	30,359,582	(11,098,577)
Fuel, Materials & Supplies	2,880,702	9,330,006	0	18,205,006
Accrued Utility Revenues	664,419	35,879,172		0
Prepayments	21,089,757	195,475	(1,418,280)	21,417,734
Other Current Assets(Exc. Energy Trad.)	(225,094,497)			(222,489,474)
Accounts Payable - General	(212,077,538)	66,127,000	(358,756)	(239,558,433)
Accounts Payable - Assoc. Cos.	122,705,108	(4,746,772)	4,209,657	42,486,467
Customer Deposits	(101,001,113)			(72,445,965)
Taxes Accrued	(122,238,007)	1,151,123	15,358,612	(9,181,480)
Interest Accrued	11,890,382	1,308,096	1,590,526	(16,534,163)
Obligations Under Cap. Leases - Curr.	117,000		0	0
Other Current Liab.(Exc. Energy Trad.)	10,935,688		799,575	(33,739,768)
Mark-to-Market Energy (Schedule 2)	(70,324,332)	(65,378,423)	0	0
Over/Under Fuel Recovery	(40,537,936)	(3,685,397)	0	0
Increase in Other Assets (Schedule 1)	(71,777,811)	43,807,500	3,834,222	52,921,290
Increase in Other Liabilities (Schedule 1)	(3,493,897)	142,122,552	(75,084,215)	(77,044,924)
NET CASH PROVIDED (USED) OPERATING	317,247,018	(460,033,616)	455,922,081	(246,772,771)
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	(412,153,965)	143,490	(992,105)	0
Other Construction Expenditures	0			
Total Construction Expenditures	(412,153,965)	143,490	(992,105)	0
AFUDC - Equity	0			0
Cash Used Construction Expenditures	(412,153,965)	143,490	(992,105)	0
Invest in Subs - Equity & Debt	(75,810,664)	(1,279,465,114)	1,199,699,882	
Proceeds - Sales of Property	84,366,484	(651,863,022)		0
Proceeds - Sale of Rep hld. Co.	138,441,520	0		
Proceeds - Sale of Seeboard	1,047,482,640	0		1,047,482,640
Other Investing Activities	4,460,153	0		
NET CASH PROVIDED (USED) INVESTING	786,786,168	(1,931,184,646)	1,198,707,777	1,047,482,640
CASH FLOWS - FINANCING ACTIVITIES:			(137,230,441)	
Proceeds from Issuances of:				
Capital Contributions from Parent	(840,647,491)	1,529,705,752	(840,647,491)	(828,999,000)
Common Stock	0	386,005,000	0	
Cumulative Preferred Stock	0		0	0
Long-term Debt	1,183,798,897	41,000	0	
Change in Money Pool	(531,217,178)	13,785,779	(70,724,231)	(93,578,839)
Short-term Debt (net)	747,587,425		0	0
Total Issuances	559,521,653	1,929,537,531	(911,371,722)	(922,577,839)
CASH FLOWS - FINANCING ACTIVITIES:				
Cash Paid To Retire:				
Cumulative Preferred Stock	(10,347)	(4,000)	0	0
Long-term Debt	(999,932,309)	26,953,870	0	0
Long-term Debt - Affiliated Cos.	0		0	0
Total Retirements	(999,942,656)	26,949,870	0	0
Dividends Paid on Common Stock	(743,253,280)	433,930,577	(743,253,280)	(53,482,776)
Dividends Paid on Preferred Stock	0	786,825	0	0
NET CASH PROVIDED (USED) FINANCING	(1,183,674,283)	2,391,204,803	(1,654,625,002)	(976,060,615)
EFFECT OF EXCHANGE RATE CHANGES	86,378,200		0	86,378,200
NET INCREASE (DECREASE) IN CASH	6,737,103	(13,459)	4,856	(88,972,546)
CASH AT BEGINNING OF PERIOD	122,760,698	13,462	0	88,975,003
CASH AT END OF PERIOD	129,497,801	3	4,856	2,457
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	297,430,907	(783,498)	(1,327,616)	54,224,262
Income Taxes (State & Federal)	25,232,930	(117,108,000)	6,429,930	0
NONCASH INVESTING ACTIVITIES:				
Utility Assets - Capital Leases	0	0	0	0
NonUtility Assets - Capital Leases	0		0	0
Total Capital Leases	0	0	0	0

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Central & Southwest Corporation and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	AEP CREDIT	ENERSHOP	CSW LEASING	AEP TEXAS CENTRAL
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	8,307,730	(1,892,760)	198,271	275,940,655
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	0	113,650	0	214,162,039
Prov for Def Income Taxes (net)	(1,650,857)	3,912	(2,716,273)	113,655,000
Def Invest Tax Credits (net)	0	0	0	(5,206,908)
Transitional Impairment of Goodwill	0	0	0	0
Discontinued Operations	0	0	0	0
Impairment Losses	0	0	0	0
Equity/Undist. Subs. Earnings	0	0	0	
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	17,044,482	(101,669)	0	(163,680,087)
Accounts Receivable - Assoc. Cos.	138,397,667	(21,274)	(377)	(26,319,036)
Fuel, Materials & Supplies	0	0	0	(4,899,000)
Accrued Utility Revenues	0	0		(27,150,000)
Prepayments	662,500	2,989	0	465,437
Other Current Assets(Exc. Energy Trad.)		31,304		(121,243)
Accounts Payable - General	(61,771,878)	(260,483)	0	35,933,631
Accounts Payable - Assoc. Cos.	1,113,115	14,112	(6,124)	(42,100,286)
Customer Deposits	0	0	0	(26,078,744)
Taxes Accrued	(2,136,897)	7,567	(22,805,066)	(58,721,000)
Interest Accrued	(2,388,492)	(13,731)	0	27,490,000
Obligations Under Cap. Leases - Curr.	0	0	0	0
Other Current Liab.(Exc. Energy Trad.)	0	(103,682)	0	8,763,739
Mark-to-Market Energy (Schedule 2)	0	0	0	(1,558,000)
Over/Under Fuel Recovery	0	0	0	16,455,000
Increase in Other Assets (Schedule 1)	0	387,219	0	(228,138,793)
Increase in Other Liabilities (Schedule 1)	(21,558,906)	(34,646)	0	38,600,658
NET CASH PROVIDED (USED) OPERATING	76,018,464	(1,867,492)	(25,329,569)	147,493,062
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	0	0	0	(151,645,000)
Other Construction Expenditures	0	0	0	
Total Construction Expenditures	0	0	0	(151,645,000)
AFUDC - Equity	0	0	0	0
Cash Used Construction Expenditures	0	0	0	(151,645,000)
Invest in Subs - Equity & Debt		0		0
Proceeds - Sales of Property	0	38,022	3,584,583	143,052
Proceeds - Sale of Rep hld. Co.				
Proceeds - Sale of Seeboard				
Other Investing Activities		65,777		0
NET CASH PROVIDED (USED) INVESTING	0	103,799	3,584,583	(151,501,948)
CASH FLOWS - FINANCING ACTIVITIES:				
Proceeds from Issuances of:				
Capital Contributions from Parent	(37,351,227)	0	25,621,871	
Common Stock		0	0	(386,005,000)
Cumulative Preferred Stock		0	0	0
Long-term Debt		0		797,334,897
Change in Money Pool	(21,239,344)	1,732,063	0	(227,566,000)
Short-term Debt (net)	0	0	0	650,000,000
Total Issuances	(58,590,571)	1,732,063	25,621,871	833,763,897
CASH FLOWS - FINANCING ACTIVITIES:				
Cash Paid To Retire:				
Cumulative Preferred Stock	0	0	0	(6,000)
Long-term Debt	0	0	0	(639,492,000)
Long-term Debt - Affiliated Cos.	0	0	0	0
Total Retirements	0	0	0	(639,498,000)
Dividends Paid on Common Stock	(17,427,893)	0	(11,046,000)	(115,505,462)
Dividends Paid on Preferred Stock	0	0		(241,000)
NET CASH PROVIDED (USED) FINANCING	(76,018,464)	1,732,063	14,575,871	78,519,435
EFFECT OF EXCHANGE RATE CHANGES				0
NET INCREASE (DECREASE) IN CASH	0	(31,630)	(7,169,115)	74,510,549
CASH AT BEGINNING OF PERIOD	0	0	7,213,081	10,909,717
CASH AT END OF PERIOD	0	(31,630)	43,966	85,420,266
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	6,153,755	1,058,197	0	93,120,000
Income Taxes (State & Federal)	3,259,000	0	0	95,600,000
NONCASH INVESTING ACTIVITIES:				
Utility Assets - Capital Leases	0	0	0	0
NonUtility Assets - Capital Leases	0	0	0	0
Total Capital Leases	0	0	0	0

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Central & Southwest Corporation and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	PSOCo	AEP TEXAS NORTH	CSW ENERGY	SWEPCo CONSOL.
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	41,062,241	(13,676,940)	(166,993,848)	82,991,773
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	85,896,232	43,619,980	22,127,049	122,969,355
Prov for Def Income Taxes (net)	75,659,245	(12,275,000)	(30,846,430)	(3,134,254)
Def Invest Tax Credits (net)	(1,790,796)	(1,270,803)	0	(4,524,432)
Transitional Impairment of Goodwill	0	0	0	0
Discontinued Operations	0	0	0	0
Impairment Losses	0	42,898,000	238,274,743	0
Equity/Undist. Subs. Earnings			(10,051,970)	0
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	(1,495,781)	(51,287,105)	(3,181,691)	(24,147,723)
Accounts Receivable - Assoc. Cos.	(2,241,147)	(22,784,315)	(21,573,721)	(222,845)
Fuel, Materials & Supplies	995,924	(2,754,000)	0	(10,540,916)
Accrued Utility Revenues		(6,829,000)	0	0
Prepayments	(366,463)	(67,308)	(537,995)	864,177
Other Current Assets(Exc. Energy Trad.)		(37,081)	(2,939,603)	0
Accounts Payable - General	(11,589,910)	13,006,668	(10,853,655)	(6,171,301)
Accounts Payable - Assoc. Cos.	37,219,133	50,754,420	10,055,117	17,804,219
Customer Deposits	747,649	(4,074,539)		229,747
Taxes Accrued	(11,296,000)	(13,660,756)	(19,605,552)	(17,441,248)
Interest Accrued	(319,010)	(3,120,251)	(699,770)	4,643,657
Obligations Under Cap. Leases - Curr.	0		117,000	0
Other Current Liab.(Exc. Energy Trad.)	12,740,445	7,589,841	(1,629,050)	11,790,634
Mark-to-Market Energy (Schedule 2)	(1,110,814)	(1,127,000)	0	(1,150,095)
Over/Under Fuel Recovery	(85,189,539)	14,169,000	0	17,713,000
Increase in Other Assets (Schedule 1)	1,076,514	(15,321,614)	3,260,504	19,300,041
Increase in Other Liabilities (Schedule 1)	(17,903,537)	14,617,513	3,314,002	(411,581)
NET CASH PROVIDED (USED) OPERATING	122,094,386	38,369,710	8,235,130	210,562,208
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	(89,364,762)	(43,562,736)	(14,712,148)	(111,775,352)
Other Construction Expenditures	0	0	0	0
Total Construction Expenditures	(89,364,762)	(43,562,736)	(14,712,148)	(111,775,352)
AFUDC - Equity	0	0	0	0
Cash Used Construction Expenditures	(89,364,762)	(43,562,736)	(14,712,148)	(111,775,352)
Invest in Subs - Equity & Debt	0	0	0	
Proceeds - Sales of Property	963,093	150,000	0	1,134,249
Proceeds - Sale of Rep hld. Co.				
Proceeds - Sale of Seeboard				
Other Investing Activities	0	0	4,394,376	0
NET CASH PROVIDED (USED) INVESTING	(88,401,669)	(43,412,736)	(10,317,772)	(110,641,103)
CASH FLOWS - FINANCING ACTIVITIES:				
Proceeds from Issuances of:				
Capital Contributions from Parent	0	0	0	0
Common Stock	0	0	0	0
Cumulative Preferred Stock	0	0	0	0
Long-term Debt	187,850,000	0	0	198,573,000
Change in Money Pool	(36,982,000)	29,958,999	15,660,976	(94,127,716)
Short-term Debt (net)	0	125,000,000	0	0
Total Issuances	150,868,000	154,958,999	15,660,976	104,445,284
CASH FLOWS - FINANCING ACTIVITIES:				
Cash Paid To Retire:				
Cumulative Preferred Stock	(347)	0	0	0
Long-term Debt	(106,000,000)	(130,799,179)	0	(150,595,000)
Long-term Debt - Affiliated Cos.	0	0	0	0
Total Retirements	(106,000,347)	(130,799,179)	0	(150,595,000)
Dividends Paid on Common Stock	(67,367,939)	(20,247,024)	0	(56,888,820)
Dividends Paid on Preferred Stock	(212,614)	(104,157)	0	(229,054)
NET CASH PROVIDED (USED) FINANCING	(22,712,900)	3,808,639	15,660,976	(103,267,590)
EFFECT OF EXCHANGE RATE CHANGES	0	0	0	0
NET INCREASE (DECREASE) IN CASH	10,979,817	(1,234,387)	13,578,334	(3,346,485)
CASH AT BEGINNING OF PERIOD	5,794,624	2,453,471	2,354,218	5,415,251
CASH AT END OF PERIOD	16,774,441	1,219,084	15,932,552	2,068,766
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	38,620,000	19,934,000	16,254,551	49,008,000
Income Taxes (State & Federal)	(38,943,000)	15,544,000	0	60,451,000
NONCASH INVESTING ACTIVITIES:				
Utility Assets - Capital Leases	0	0	0	0
NonUtility Assets - Capital Leases	0	0	0	0
Total Capital Leases	0	0	0	0

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Central & Southwest Corporation and Subsidiaries
Consolidated Statement of Cash Flows YTD December 31, 2002

	CSW INT'L	3-C COMM	ESI	REP HOLDCO
CASH FLOWS - OPERATING ACTIVITIES:				
Consolidated Net Income	(193,950,227)	(87,917,899)	(11,738,030)	75,366,813
Adj. to Recon. N/I to Cash Flow:				
Depreciation & Amortization	141,536	9,425,475	1,150,429	
Prov for Def Income Taxes (net)	(89,354,741)	(34,090,976)	(3,190,522)	
Def Invest Tax Credits (net)	0	0	0	
Transitional Impairment of Goodwill	0	0	0	
Discontinued Operations	0	0	0	
Impairment Losses	244,660,499	104,176,000	0	2,892,921
Equity/Undist. Subs. Earnings	(1,916,398)		(2,377,495)	
Changes in Current Items:				
Accounts Receivable - (All but Assoc.)	(5,620,993)	175,424	(2,088,670)	(71,629,172)
Accounts Receivable - Assoc. Cos.	(23,811,066)	354,390	22,311,948	268,134
Fuel, Materials & Supplies	0	(8,113,820)	657,502	
Accrued Utility Revenues	0			(1,235,753)
Prepayments	(310,861)	161,324	21,028	0
Other Current Assets(Exc. Energy Trad.)		461,600		
Accounts Payable - General	(342,418)	(1,219,428)	(558,348)	5,539,773
Accounts Payable - Assoc. Cos.	(399,940)	764,880	170,728	5,366,382
Customer Deposits		151,700		469,039
Taxes Accrued	21,759,871	(7,859,544)	3,523,115	(1,330,752)
Interest Accrued	(79,455)	(31,811)	(55,293)	100,079
Obligations Under Cap. Leases - Curr.	0	0	0	0
Other Current Liab.(Exc. Energy Trad.)	3,730	(703,264)	3,568,359	1,855,129
Mark-to-Market Energy (Schedule 2)	0	0	0	0
Over/Under Fuel Recovery	0	0	0	0
Increase in Other Assets (Schedule 1)	31,714,676	(649,220)	16,029,850	0
Increase in Other Liabilities (Schedule 1)	2,595,680	(11,914,929)	(791,564)	0
NET CASH PROVIDED (USED) OPERATING	(14,910,107)	(36,830,098)	26,633,037	17,662,593
CASH FLOWS - INVESTING ACTIVITIES:				
Plant & Property Additions:				
Construction Expenditures on Utility Plant	0	(245,352)	0	
Other Construction Expenditures	0	0	0	
Total Construction Expenditures	0	(245,352)	0	0
AFUDC - Equity	0	0	0	
Cash Used Construction Expenditures	0	(245,352)	0	0
Invest in Subs - Equity & Debt	0	3,954,568	0	0
Proceeds - Sales of Property	713,133,589	16,161,224	921,694	
Proceeds - Sale of Rep hld. Co.				138,441,520
Proceeds - Sale of Seeboard				0
Other Investing Activities	0	0	0	0
NET CASH PROVIDED (USED) INVESTING	713,133,589	19,870,440	921,694	138,441,520
CASH FLOWS - FINANCING ACTIVITIES:				
Proceeds from Issuances of:				
Capital Contributions from Parent	(688,977,396)	0	0	0
Common Stock	0	0	0	
Cumulative Preferred Stock	0	0	0	
Long-term Debt	0	0	0	
Change in Money Pool	3,686,774	17,344,483	1,803,624	(70,971,746)
Short-term Debt (net)	0	0	(27,412,575)	
Total Issuances	(685,290,622)	17,344,483	(25,608,951)	(70,971,746)
CASH FLOWS - FINANCING ACTIVITIES:				
Cash Paid To Retire:				
Cumulative Preferred Stock	0	0	0	
Long-term Debt	0	0	0	
Long-term Debt - Affiliated Cos.	0	0	0	
Total Retirements	0	0	0	0
Dividends Paid on Common Stock	(11,964,663)	0	0	(80,000,000)
Dividends Paid on Preferred Stock	0	0	0	
NET CASH PROVIDED (USED) FINANCING	(697,255,285)	17,344,483	(25,608,951)	(150,971,746)
EFFECT OF EXCHANGE RATE CHANGES	0	0		
NET INCREASE (DECREASE) IN CASH	968,197	384,825	1,945,780	5,132,367
CASH AT BEGINNING OF PERIOD	859,431	120,052	(1,044,612)	(303,000)
CASH AT END OF PERIOD	1,827,628	504,877	901,168	4,829,367
CASH PAID DURING THE PERIOD FOR:				
Interest (net of ABFUDC)	1,656,255	11,575,757	4,696,363	3,240,881
Income Taxes (State & Federal)	0	0	0	0
NONCASH INVESTING ACTIVITIES:				
Utility Assets - Capital Leases	0	0	0	0
NonUtility Assets - Capital Leases	0	0	0	0
Total Capital Leases	0	0	0	0

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP CONSOLIDATED	AEP ELIMINATIONS	AEP	AEPSC
BALANCE AT BEGINNING OF YEAR	3,296,122,079.90	(3,129,150,987.00)	3,296,122,054.43	0.00
Preferred Stock Dividend Req of Subsidiaries	(10,872,699.14)	(10,089,859.00)	0.00	0.00
Net Income (Loss)	(508,346,816.76)	477,334,110.83	(515,877,274.47)	(0.01)
NET INCOME (LOSS)	(519,219,515.90)	467,244,251.83	(515,877,274.47)	(0.01)
TOTAL	2,776,902,564.00	(2,661,906,735.18)	2,780,244,779.96	0.00
DEDUCTIONS:				
Div Declrd - Common Stk - Asso	0.00	(633,449,733.37)	0.00	0.00
Div Declrd - Common - NonAssoc	793,716,857.40	0.00	793,716,857.40	0.00
DIVIDEND DECLARED ON COMMON	793,716,857.40	(633,449,733.37)	793,716,857.40	0.00
Dividends Decl-Preferred Stock	0.00	(7,518,517.97)	0.00	0.00
DIVIDEND DECLARED ON PREFERRED	0.00	(7,518,517.97)	0.00	0.00
ADJUSTMENT RETAINED EARNINGS	(15,552,325.27)	(397,735,751.09)	(15,552,351.84)	0.01
TOTAL DEDUCTIONS	778,164,532.13	(1,038,704,002.43)	778,164,505.56	0.01
BALANCE AT END OF PERIOD	1,998,738,032.97	(1,623,202,731.65)	2,002,080,274.40	(0.01)

AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	PL	POLR CONSOLIDATED	AEPPOOL	AEPPRO
BALANCE AT BEGINNING OF YEAR	0.00	(1,855.40)	0.00	(4,799,653.66)
Preferred Stock Dividend Req of Subsidiaries	0.00	0.00	0.00	0.00
Net Income (Loss)	0.02	(176,649.47)	0.01	9,385,832.76
NET INCOME (LOSS)	0.02	(176,649.47)	0.01	9,385,832.76
TOTAL	0.02	(178,504.87)	0.01	4,586,179.10
DEDUCTIONS:				
Div Declrd - Common Stk - Asso	0.00	0.00	0.00	0.00
Div Declrd - Common - NonAssoc	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON COMMON	0.00	0.00	0.00	0.00
Dividends Decl-Preferred Stock	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	0.00	0.00
ADJUSTMENT RETAINED EARNINGS	0.00	0.00	0.00	0.00
TOTAL DEDUCTIONS	0.00	0.00	0.00	0.00
BALANCE AT END OF PERIOD	0.02	(178,504.87)	0.01	4,586,179.10

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPPM	AEGCO	AEPES CORP CONSOLIDATED	CCCO
BALANCE AT BEGINNING OF YEAR	(373.34)	13,761,108.71	41,786,520.57	0.00
Preferred Stock Dividend Req of Subsidiaries	0.00	0.00	0.00	0.00
Net Income (Loss)	(165.93)	7,552,188.38	(125,718,159.86)	0.02
NET INCOME (LOSS)	(165.93)	7,552,188.38	(125,718,159.86)	0.02
TOTAL	(539.27)	21,313,297.09	(83,931,639.29)	0.02
DEDUCTIONS:				
Div Declrd - Common Stk - Asso	0.00	3,150,000.00	0.00	0.00
Div Declrd - Common - NonAssoc	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON COMMON	0.00	3,150,000.00	0.00	0.00
Dividends Decl-Preferred Stock	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	0.00	0.00
ADJUSTMENT RETAINED EARNINGS	0.00	(0.00)	0.00	0.00
TOTAL DEDUCTIONS	0.00	3,150,000.00	0.00	0.00
BALANCE AT END OF PERIOD	(539.27)	18,163,297.09	(83,931,639.29)	0.02

AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPT&DSVC	IFRI	FRECO	AEPRELLC
BALANCE AT BEGINNING OF YEAR	(76,815.33)	0.00	19,968.85	(224,206.86)
Preferred Stock Dividend Req of Subsidiaries	0.00	0.00	0.00	0.00
Net Income (Loss)	(49,860.04)	0.00	0.02	(31,064.90)
NET INCOME (LOSS)	(49,860.04)	0.00	0.02	(31,064.90)
TOTAL	(126,675.37)	0.00	19,968.87	(255,271.76)
DEDUCTIONS:				
Div Declrd - Common Stk - Asso	0.00	0.00	0.00	0.00
Div Declrd - Common - NonAssoc	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON COMMON	0.00	0.00	0.00	0.00
Dividends Decl-Preferred Stock	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	0.00	0.00
ADJUSTMENT RETAINED EARNINGS	0.00	0.00	0.00	0.00
TOTAL DEDUCTIONS	0.00	0.00	0.00	0.00
BALANCE AT END OF PERIOD	(126,675.37)	0.00	19,968.87	(255,271.76)

<PAGE>
AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPCOAL	APCO CONSOLIDATED	CSPCO CONSOLIDATED	I&M CONSOLIDATED
BALANCE AT BEGINNING OF YEAR	634,548.00	150,796,650.14	176,102,771.88	74,605,269.75
Preferred Stock Dividend Req of Subsidiaries	0.00			
Net Income (Loss)	(38,647,100.02)	205,492,112.79	181,173,555.04	73,992,466.85
NET INCOME (LOSS)	(38,647,100.02)	205,492,112.79	181,173,555.04	73,992,466.85
TOTAL	(38,012,552.02)	356,288,762.93	357,276,326.92	148,597,736.60
DEDUCTIONS:				
Div Declrd - Common Stk - Asso	0.00	92,952,157.20	65,300,367.15	0.00
Div Declrd - Common - NonAssoc	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON COMMON	0.00	92,952,157.20	65,300,367.15	0.00
Dividends Decl-Preferred Stock	0.00	1,442,521.14	350,000.00	4,467,258.63
DIVIDEND DECLARED ON PREFERRED	0.00	1,442,521.14	350,000.00	4,467,258.63
ADJUSTMENT RETAINED EARNINGS	0.00	1,454,628.58	1,015,380.36	134,311.44
TOTAL DEDUCTIONS	0.00	95,849,306.92	66,665,747.51	4,601,570.07
BALANCE AT END OF PERIOD	(38,012,552.02)	260,439,456.01	290,610,579.41	143,996,166.53

AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	KEPCO	KGPCO	OPCO	WPCO
BALANCE AT BEGINNING OF YEAR	48,833,324.35	5,881,581.13	401,297,351.38	9,813,599.40
Preferred Stock Dividend Req of Subsidiaries	0.00	0.00		0.00
Net Income (Loss)	20,567,364.43	4,459,977.65	220,023,425.49	4,387,100.66
NET INCOME (LOSS)	20,567,364.43	4,459,977.65	220,023,425.49	4,387,100.66
TOTAL	69,400,688.78	10,341,558.78	621,320,776.87	14,200,700.06
DEDUCTIONS:				
Div Declrd - Common Stk - Asso	21,132,092.40	1,961,973.00	97,745,884.74	2,298,015.00
Div Declrd - Common - NonAssoc	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON COMMON	21,132,092.40	1,961,973.00	97,745,884.74	2,298,015.00
Dividends Decl-Preferred Stock	0.00	0.00	1,258,738.20	0.00
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	1,258,738.20	0.00
ADJUSTMENT RETAINED EARNINGS	0.00	0.00	0.00	0.00
TOTAL DEDUCTIONS	21,132,092.40	1,961,973.00	99,004,622.94	2,298,015.00
BALANCE AT END OF PERIOD	48,268,596.38	8,379,585.78	522,316,153.93	11,902,685.06

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AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEPINV CONSOLIDATED	AEPR CONSOLIDATED	AEP COMM CONSOLIDATED	CSW CONSOLIDATED
BALANCE AT BEGINNING OF YEAR	(9,873,548.06)	(95,579,409.53)	(75,226,305.13)	2,402,749,873.50
Preferred Stock Dividend Req of Subsidiaries	0.00	0.00	0.00	(782,840.14)
Net Income (Loss)	(19,580,427.45)	(686,110,663.54)	(108,241,634.08)	(229,565,876.68)
NET INCOME (LOSS)	(19,580,427.45)	(686,110,663.54)	(108,241,634.08)	(230,348,716.82)
TOTAL	(29,453,975.51)	(781,690,073.07)	(183,467,939.21)	2,172,401,156.68
DEDUCTIONS:				
Div Declrd - Common Stk - Asso	0.00	0.00	0.00	348,909,243.88
Div Declrd - Common - NonAssoc	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON COMMON	0.00	0.00	0.00	348,909,243.88
Dividends Decl-Preferred Stock	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	0.00	0.00
ADJUSTMENT RETAINED EARNINGS	0.00	18.55	6,166,962.62	388,964,475.10
TOTAL DEDUCTIONS	0.00	18.55	6,166,962.62	737,873,718.98
BALANCE AT END OF PERIOD	(29,453,975.51)	(781,690,091.62)	(189,634,901.83)	1,434,527,437.70

AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP C&I CONSOLIDATED	DESERT SKY CONSOLIDATED	DESERT SKY 2 CONSOLIDATED	MUTUAL CONSOLIDATED
BALANCE AT BEGINNING OF YEAR	(3,267,095.65)	0.00	0.00	(8,082,292.23)
Preferred Stock Dividend Req of Subsidiaries	0.00	0.00	0.00	0.00
Net Income (Loss)	8,650,211.21	8,139,770.98	(6,703,265.60)	1,197,208.19
NET INCOME (LOSS)	8,650,211.21	8,139,770.98	(6,703,265.60)	1,197,208.19
TOTAL	5,383,115.56	8,139,770.98	(6,703,265.60)	(6,885,084.04)
DEDUCTIONS:				
Div Declrd - Common Stk - Asso	0.00	0.00	0.00	0.00
Div Declrd - Common - NonAssoc	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON COMMON	0.00	0.00	0.00	0.00
Dividends Decl-Preferred Stock	0.00	0.00	0.00	0.00
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	0.00	0.00
ADJUSTMENT RETAINED EARNINGS	1.00	0.00	0.00	0.00
TOTAL DEDUCTIONS	1.00	0.00	0.00	0.00
BALANCE AT END OF PERIOD	5,383,114.56	8,139,770.98	(6,703,265.60)	(6,885,084.04)

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSW CONSOLIDATED	CSW ELIMINATIONS	CSW	SEEBOARD
BALANCE AT BEGINNING OF YEAR	2,402,749,873.50	(1,670,619,279.69)	2,408,129,435.40	340,612,956.00
NET INCOME (LOSS)	(229,565,876.68)	219,560,010.64	(230,348,718.78)	(226,474,946.46)
	2,173,183,996.82	(1,451,059,269.05)	2,177,780,716.62	114,138,009.54
DEDUCTIONS:				
DIVIDEND DECLARED ON COMMON	348,909,243.88	(359,345,483.84)	348,909,243.88	8,290,240.00
DIVIDEND DECLARED ON PREFERRED	0.00	(787,210.47)	0.00	0.00
	348,909,243.88	(360,132,694.31)	348,909,243.88	8,290,240.00
ADJUSTMENT RETAINED EARNINGS	389,747,315.24	(63,890,321.38)	394,344,037.00	45,192,536.05
TOTAL DEDUCTIONS	738,656,559.12	(424,023,015.69)	743,253,280.88	53,482,776.05
BALANCE AT END OF PERIOD	1,434,527,437.70	(1,027,036,253.36)	1,434,527,435.74	60,655,233.49

CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	AEP CREDIT	ENERSHOP	CSWL	AEP TX CENTRAL CONSOLIDATED
BALANCE AT BEGINNING OF YEAR	0.00	(17,959,989.37)	(33,863,641.04)	826,197,470.29
NET INCOME (LOSS)	8,307,729.55	(1,892,760.35)	198,270.92	275,940,655.03
	8,307,729.55	(19,852,749.72)	(33,665,370.12)	1,102,138,125.32
DEDUCTIONS:				
DIVIDEND DECLARED ON COMMON	0.00	0.00	11,046,000.00	115,505,461.88
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	0.00	241,384.59
	0.00	0.00	11,046,000.00	115,746,846.47
ADJUSTMENT RETAINED EARNINGS	8,307,729.55	0.00	0.00	(4,115.00)
TOTAL DEDUCTIONS	8,307,729.55	0.00	11,046,000.00	115,742,731.47
BALANCE AT END OF PERIOD	0.00	(19,852,749.72)	(44,711,370.12)	986,395,393.85

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CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSW INTERNATIONAL CONSOLIDATED	C3 COMMUNICATIONS	CSW ENERGY SVCS CONSOLIDATED	REP HOLDCO CONSOLIDATED
BALANCE AT BEGINNING OF YEAR	21,190,977.00	(95,831,707.98)	(47,163,711.95)	(1,427,746.05)
NET INCOME (LOSS)	(193,950,226.53)	(87,917,898.74)	(11,738,030.29)	75,366,813.37
	(172,759,249.53)	(183,749,606.72)	(58,901,742.24)	73,939,067.32
DEDUCTIONS:				
DIVIDEND DECLARED ON COMMON	0.00	0.00	0.00	80,000,000.00
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	80,000,000.00
ADJUSTMENT RETAINED EARNINGS	11,964,662.69	(6,166,957.62)	0.00	0.00
TOTAL DEDUCTIONS	11,964,662.69	(6,166,957.62)	0.00	80,000,000.00
BALANCE AT END OF PERIOD	(184,723,912.22)	(177,582,649.10)	(58,901,742.24)	(6,060,932.68)

CENTRAL AND SOUTH WEST CORPORATION
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	PSO CORPORATION	AEP TX NORTH	CSW ENERGY CONSOLIDATED	SWEPCO INT CONSOLIDATED
BALANCE AT BEGINNING OF YEAR	142,994,538.42	105,970,218.12	115,605,613.73	308,914,741.35
NET INCOME (LOSS)	41,062,241.06	(13,676,940.47)	(166,993,848.84)	82,991,773.19
	184,056,779.48	92,293,277.65	(51,388,235.11)	391,906,514.54
DEDUCTIONS:				
DIVIDEND DECLARED ON COMMON	67,367,938.88	20,247,023.39	0.00	56,888,819.69
DIVIDEND DECLARED ON PREFERRED	212,614.56	104,156.80	0.00	229,054.52
	67,580,553.44	20,351,180.19	0.00	57,117,874.21
ADJUSTMENT RETAINED EARNINGS	(255.32)	0.00	(0.00)	0.00
TOTAL DEDUCTIONS	67,580,298.12	20,351,180.19	(0.00)	57,117,874.21
BALANCE AT END OF PERIOD	116,476,481.36	71,942,097.46	(51,388,235.11)	334,788,640.33

<PAGE>
AEP TEXAS CENTRAL COMPANY
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	TEXAS CENTRAL CONSOLIDATED	TEXAS CENTRAL ELIMINATIONS	TEXAS CENTRAL	TEXAS CENTRAL SEC
BALANCE AT BEGINNING OF YEAR	826,197,470.29	0.00	826,197,470.29	0.00
NET INCOME (LOSS)	275,940,655.03	0.00	275,940,655.03	0.00
	1,102,138,125.32	0.00	1,102,138,125.32	0.00
DEDUCTIONS:				
DIVIDEND DECLARED ON COMMON	115,505,461.88	0.00	115,505,461.88	0.00
DIVIDEND DECLARED ON PREFERRED	241,384.59	0.00	241,384.59	0.00
	115,746,846.47	0.00	115,746,846.47	0.00
ADJUSTMENT RETAINED EARNINGS	(4,115.00)	0.00	(4,115.00)	0.00
TOTAL DEDUCTIONS	115,742,731.47	0.00	115,742,731.47	0.00
BALANCE AT END OF PERIOD	986,395,393.85	0.00	986,395,393.85	0.00

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APPALACHIAN POWER COMPANY
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	APCO CONSOLIDATED	APCO ELIMINATIONS	APCO	CACCO
BALANCE AT BEGINNING OF YEAR	150,796,650.14	(1,143,890.59)	150,796,650.14	307,103.00
NET INCOME (LOSS)	205,492,112.79	(534,754.17)	205,492,112.79	6,065.99
	356,288,762.93	(1,678,644.76)	356,288,762.93	313,168.99
DEDUCTIONS:				
DIVIDEND DECLARED ON COMMON	92,952,157.20	0.00	92,952,157.20	0.00
DIVIDEND DECLARED ON PREFERRED	1,442,521.14	0.00	1,442,521.14	0.00
	94,394,678.34	0.00	94,394,678.34	0.00
ADJUSTMENT RETAINED EARNINGS	1,454,628.58	(73,110.56)	1,454,628.58	0.00
TOTAL DEDUCTIONS	95,849,306.92	(73,110.56)	95,849,306.92	0.00
BALANCE AT END OF PERIOD	260,439,456.01	(1,605,534.20)	260,439,456.01	313,168.99

APPALACHIAN POWER COMPANY
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SACCO	CECCO	WVPCO
BALANCE AT BEGINNING OF YEAR	879,293.00	(114,808.32)	72,302.91
NET INCOME (LOSS)	540,363.00	(12,482.48)	807.65
	1,419,656.00	(127,290.80)	73,110.56
DEDUCTIONS:			
DIVIDEND DECLARED ON COMMON	0.00	0.00	0.00
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	0.00
	0.00	0.00	0.00
ADJUSTMENT RETAINED EARNINGS	0.00	0.00	73,110.56
TOTAL DEDUCTIONS	0.00	0.00	73,110.56
BALANCE AT END OF PERIOD	1,419,656.00	(127,290.80)	0.00

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COLUMBUS SOUTHERN POWER COMPANY
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	CSP CONSOLIDATED	CSP ELIMINATIONS	CSP
BALANCE AT BEGINNING OF YEAR	176,102,771.88	(1,932,487.75)	176,102,771.88
NET INCOME (LOSS)	181,173,555.04	(1,467,646.44)	181,173,555.05
	357,276,326.92	(3,400,134.19)	357,276,326.93
DEDUCTIONS:			
DIVIDEND DECLARED ON COMMON	65,300,367.15	0.00	65,300,367.15
DIVIDEND DECLARED ON PREFERRED	350,000.00	0.00	350,000.00
	65,650,367.15	0.00	65,650,367.15
ADJUSTMENT RETAINED EARNINGS	1,015,380.36	0.00	1,015,380.36
TOTAL DEDUCTIONS	66,665,747.51	0.00	66,665,747.51
BALANCE AT END OF PERIOD	290,610,579.41	(3,400,134.19)	290,610,579.42

COLUMBUS SOUTHERN POWER COMPANY
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SIMCO	COLM	CCPC
BALANCE AT BEGINNING OF YEAR	85,323.21	747,181.54	1,099,983.00
NET INCOME (LOSS)	58,908.13	1,338,738.30	70,000.00
	144,231.34	2,085,919.84	1,169,983.00
DEDUCTIONS:			
DIVIDEND DECLARED ON COMMON	0.00	0.00	0.00
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	0.00
	0.00	0.00	0.00
ADJUSTMENT RETAINED EARNINGS	0.00	0.00	0.00
TOTAL DEDUCTIONS	0.00	0.00	0.00
BALANCE AT END OF PERIOD	144,231.34	2,085,919.84	1,169,983.00

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INDIANA MICHIGAN POWER COMPANY
AND SUBSIDIARY COMPANIES
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	I&M CONSOLIDATED	I&M ELIMINATIONS	I&M	PRCCO	BHCCO
BALANCE AT BEGINNING OF YEAR	74,605,269.75	(9,836,822.83)	74,605,269.75	0.00	9,836,822.83
NET INCOME (LOSS)	73,992,466.85	507,148.00	73,992,466.84	0.00	(507,147.99)
	148,597,736.60	(9,329,674.83)	148,597,736.59	0.00	9,329,674.85
DEDUCTIONS:					
DIVIDEND DECLARED ON COMMON	4,467,258.63	0.00	4,467,258.63	0.00	0.00
DIVIDEND DECLARED ON PREFERRED	0.00	0.00	0.00	0.00	0.00
	4,467,258.63	0.00	4,467,258.63	0.00	0.00
ADJUSTMENT RETAINED EARNINGS	134,311.44	0.00	134,311.44	0.00	0.00
TOTAL DEDUCTIONS	4,601,570.07	0.00	4,601,570.07	0.00	0.00
BALANCE AT END OF PERIOD	143,996,166.53	(9,329,674.83)	143,996,166.52	0.00	9,329,674.85

<PAGE>
SOUTHWESTERN ELECTRIC POWER COMPANY
AND SUBSIDIARY COMPANY
STATEMENT OF RETAINED EARNINGS
YEAR TO DATE THROUGH DECEMBER 31, 2002

DESCRIPTION	SWEPCO CONSOLIDATED	SWEPCO ELIMINATIONS	SWEPCO	DOLETHILLS
BALANCE AT BEGINNING OF YEAR	308,914,741.00	(699,591.00)	308,914,741.00	699,591.00
NET INCOME (LOSS)	82,991,773.19	(2,715,924.00)	82,991,773.20	2,715,923.99
	391,906,514.19	(3,415,515.00)	391,906,514.20	3,415,514.99
DEDUCTIONS:				
DIVIDEND DECLARED ON COMMON	56,888,819.69	(2,098,773.00)	56,888,819.69	2,098,773.00
DIVIDEND DECLARED ON PREFERRED	229,054.52	0.00	229,054.52	0.00
	57,117,874.21	(2,098,773.00)	57,117,874.21	2,098,773.00
ADJUSTMENT RETAINED EARNINGS	(0.35)	0.00	(0.35)	0.00
TOTAL DEDUCTIONS	57,117,873.86	(2,098,773.00)	57,117,873.86	2,098,773.00
BALANCE AT END OF PERIOD	334,788,640.33	(1,316,742.00)	334,788,640.34	1,316,741.99

Notes to Consolidating Financial Statements.

Notes to financial statements are incorporated herein by reference to the 2002 Annual Report on Form 10-K filed by the respective companies reporting to the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

OHIO VALLEY ELECTRIC CORPORATION
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2002
(in thousands)
(UNAUDITED)

OPERATING REVENUES	$362,381
OPERATING EXPENSES:	
Fuel	81,082
Purchased Power	192,641
Other Operation	29,389
Maintenance	21,721
Depreciation	9,263
Taxes Other Than Federal Income Taxes	2,683
Federal Income Taxes	818
TOTAL OPERATING EXPENSES	337,597
OPERATING INCOME	24,784
NONOPERATING INCOME	1,488
INCOME BEFORE INTEREST CHARGES	26,272
INTEREST CHARGES	24,204
NET INCOME	$ 2,068

OHIO VALLEY ELECTRIC CORPORATION
STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2002
(in thousands)
(UNAUDITED)

RETAINED EARNINGS JANUARY 1	$1,920
NET INCOME	2,068
CASH DIVIDENDS DECLARED	2,100
RETAINED EARNINGS DECEMBER 31	$1,888

OHIO VALLEY ELECTRIC CORPORATION
BALANCE SHEET
DECEMBER 31, 2002
(in thousands)
(UNAUDITED)

ASSETS

ELECTRIC UTILITY PLANT:	
Electric Plant (at cost)	$313,050
Construction Work in Progress	160,284
Total Electric Utility Plant	473,334
Accumulated Depreciation and Amortization	308,367
NET ELECTRIC UTILITY PLANT	164,967
INVESTMENTS AND OTHER	155,204
CURRENT ASSETS:	
Cash and Cash Equivalents	11,085
Accounts Receivable	25,136
Coal in Storage - at average cost	17,343
Materials and Supplies - at average cost	8,813
Prepayments and Other	4,577
TOTAL CURRENT ASSETS	66,954
FUTURE FEDERAL INCOME TAX BENEFITS	9,346
REGULATORY ASSETS	60,852
TOTAL	$457,323

OHIO VALLEY ELECTRIC CORPORATION
BALANCE SHEET
DECEMBER 31, 2002
(in thousands)
(UNAUDITED)

CAPITALIZATION AND LIABILITIES

SHAREHOLDERS' EQUITY:	
Common Stock - Par Value $100:	
Authorized - 300,000 Shares	
Outstanding - 100,000 Shares	$ 10,000
Retained Earnings	1,888
Total Shareowners' Equity	11,888
Long-term Debt - Notes Payable	305,000
TOTAL CAPITALIZATION	316,888
CURRENT LIABILITIES:	
Long-term Debt Due Within One Year	27,734
Short-term Debt	10,000
Accounts Payable	23,980
Taxes Accrued	13,363
Interest Accrued and Other	19,339
TOTAL CURRENT LIABILITIES	94,416
INVESTMENT TAX CREDITS	10,610
POSTRETIREMENT BENEFIT OBLIGATION	29,897
OTHER REGULATORY LIABILITIES AND DEFERRED CREDITS	5,512
TOTAL	$457,323

OHIO VALLEY ELECTRIC CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2002
(in thousands)
(UNAUDITED)

OPERATING ACTIVITIES:	
Net Income	$ 2,068
Adjustments for Noncash Items:	
Depreciation	9,263
Future Federal Income Tax Benefits	(18,584)
Changes in Certain Current Assets and Liabilities:	
Accounts Receivable	503
Coal, Materials and Supplies	(8,414)
Accounts Payable	3,454
Accrued Taxes	7,095
Other (net)	20,398
Net Cash Flows From Operating Activities	15,783
INVESTING ACTIVITIES:	
Construction Expenditures	(127,614)
Sale of Investments	194,735
Advances to Subsidiary	(85,131)
Net Cash Flows Used For Investing Activities	(18,010)
FINANCING ACTIVITIES:	
Retirement of Long-term Debt	(8,382)
Change in Short-term Debt	10,000
Dividends Paid	(2,100)
Net Cash Flows From Financing Activities	(482)
Net Increase in Cash and Cash Equivalents	(2,709)
Cash and Cash Equivalents January 1	13,794
Cash and Cash Equivalents December 31	$ 11,085
Supplemental Disclosure:	
Interest Paid (net of capitalized amounts)	$13,716
Income Taxes Paid	$12,875

EXHIBIT A

Incorporation by Reference
Form 10K
Annual Report

	Year	File Number
AEP	2002	1-3525
AEGCo	2002	0-18135
APCo	2002	1-3457
TCC	2002	0-346
TNC	2002	0-340
CSP	2002	1-2680
I&M	2002	1-3570
KPCo	2002	1-6858
OPCo	2002	1-6543
PSO	2002	0-343
SWEPCo	2002	1-3146

Contents

GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

Term	Meaning
2004 True-up Proceeding	A filing to be made after January 10, 2004 under the Texas Legislation to finalize the amount of stranded costs and the recovery of such costs.
AEGCo	AEP Generating Company, an electric utility subsidiary of AEP.
AEP	American Electric Power Company, Inc.
AEP Consolidated	AEP and its majority owned consolidated subsidiaries.
AEP Credit	AEP Credit, Inc., a subsidiary of AEP which factors accounts receivable and accrued utility revenues for affiliated and non-affiliated domestic electric utility companies.
AEP East companies	APCo, CSPCo, I&M, KPCo and OPCo.
AEPR	AEP Resources, Inc.
AEP System or the System	The American Electric Power System, an integrated electric utility system, owned and operated by AEP's electric utility subsidiaries.
AEPSC	American Electric Power Service Corporation, a service subsidiary providing management and professional services to AEP and its subsidiaries.
AEP Power Pool	AEP System Power Pool. Members are APCo, CSPCo, I&M, KPCo and OPCo. The Pool shares the generation, cost of generation and resultant wholesale system sales of the member companies.
AEP West companies	PSO, SWEPCo, TCC and TNC.
AFUDC	Allowance for funds used during construction, a noncash nonoperating income item that is capitalized and recovered through depreciation over the service life of domestic regulated electric utility plant.
Alliance RTO	Alliance Regional Transmission Organization, an ISO formed by AEP and four unaffiliated utilities (the FERC overturned earlier approvals of this RTO in December 2001).
Amos Plant	John E. Amos Plant, a 2,900 MW generation station jointly owned and operated by APCo and OPCo.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
Arkansas Commission	Arkansas Public Service Commission.
Buckeye	Buckeye Power, Inc., an unaffiliated corporation.
CLECO	Central Louisiana Electric Company, Inc., an unaffiliated corporation.
COLI	Corporate owned life insurance program.
Cook Plant	The Donald C. Cook Nuclear Plant, a two-unit, 2,110 MW nuclear plant owned by I&M.
CPL	Central Power and Light Company [legal name changed to AEP Texas Central Company (TCC) effective December 2002]. See TCC.
CSPCo	Columbus Southern Power Company, an AEP electric utility subsidiary.
CSW	Central and South West Corporation, a subsidiary of AEP (Effective January 21, 2003, the legal name of Central and South West Corporation was changed to AEP Utilities, Inc.).
CSW Energy.	CSW Energy, Inc., an AEP subsidiary which invests in energy projects and builds power plants.
CSW International	CSW International, Inc., an AEP subsidiary which invests in energy projects and entities outside the United States.
D.C. Circuit Court	The United States Court of Appeals for the District of Columbia Circuit.
DHMV	Dolet Hills Mining Venture.
DOE	United States Department of Energy.
ECOM	Excess Cost Over Market.
ENEC	Expanded Net Energy Costs.
EITF	The Financial Accounting Standards Board's Emerging Issues Task Force.
ERCOT	The Electric Reliability Council of Texas.
EWGs	Exempt Wholesale Generators.
FASB	Financial Accounting Standards Board.
Federal EPA	United States Environmental Protection Agency.

FERC	Federal Energy Regulatory Commission.
FMB	First Mortgage Bond.
FUCOs	Foreign Utility Companies.
GAAP	Generally Accepted Accounting Principles.
I&M	Indiana Michigan Power Company, an AEP electric utility subsidiary.
ICR	Interchange Cost Reconstruction.
IPC	Installment Purchase Contract.
IRS	Internal Revenue Service.
IURC	Indiana Utility Regulatory Commission.
ISO	Independent System Operator.
Joint Stipulation	Joint Stipulation and Agreement for Settlement of APCo's WV rate proceeding.
KPCo	Kentucky Power Company, an AEP electric utility subsidiary.
KPSC	Kentucky Public Service Commission.
KWH	Kilowatthour.
LIG	Louisiana Intrastate Gas.
Michigan Legislation	The Customer Choice and Electricity Reliability Act, a Michigan law which provides for customer choice of electricity supplier.
MISO	Midwest Independent System Operator (an independent operator of transmission assets in the Midwest).
MLR	Member Load Ratio, the method used to allocate AEP Power Pool transactions to its members.
Money Pool	AEP System's Money Pool.
MPSC	Michigan Public Service Commission.
MTM	Mark-to-Market.
MTN	Medium Term Notes.
MW	Megawatt.
MWH	Megawatthour.
NEIL	Nuclear Electric Insurance Limited.
NOx	Nitrogen oxide.
NOx Rule	A final rule issued by Federal EPA which requires NOx reductions in 22 eastern states including seven of the states in which AEP companies operate.
NP	Notes Payable.
NRC	Nuclear Regulatory Commission.
Ohio Act	The Ohio Electric Restructuring Act of 1999.
Ohio EPA	Ohio Environmental Protection Agency.
OPCo	Ohio Power Company, an AEP electric utility subsidiary.
OVEC	Ohio Valley Electric Corporation, an electric utility company in which AEP and CSPCo own a 44.2% equity interest.
PCBs	Polychlorinated Biphenyls.
PJM	Pennsylvania – New Jersey – Maryland regional transmission organization.
PRP	Potentially Responsible Party.
PSO	Public Service Company of Oklahoma, an AEP electric utility subsidiary.
PUCO	The Public Utilities Commission of Ohio.
PUCT	The Public Utility Commission of Texas.
PUHCA	Public Utility Holding Company Act of 1935, as amended.
PURPA	The Public Utility Regulatory Policies Act of 1978.
RCRA	Resource Conservation and Recovery Act of 1976, as amended.
Registrant Subsidiaries	AEP subsidiaries who are SEC registrants; AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC.
REP	Retail Electric Provider.
Rockport Plant	A generating plant, consisting of two 1,300 MW coal-fired generating units near Rockport, Indiana owned by AEGCo and I&M.
RTO	Regional Transmission Organization.

SEC ....Securities and Exchange Commission.
SFAS ....Statement of Financial Accounting Standards issued by the Financial Accounting Standards Board.
SFAS 71 ....Statement of Financial Accounting Standards No. 71, <u>Accounting for the Effects of Certain Types of Regulation</u>.
SFAS 101 ....Statement of Financial Accounting Standards No. 101, <u>Accounting for the Discontinuance of Application of Statement 71</u>.
SFAS 133 ....Statement of Financial Accounting Standards No. 133, <u>Accounting for Derivative Instruments and Hedging Activities</u>.
SNF ....Spent Nuclear Fuel.
SPP ....Southwest Power Pool.
STP ....South Texas Project Nuclear Generating Plant, owned 25.2% by AEP Texas Central Company, an AEP electric utility subsidiary.
STPNOC ....STP Nuclear Operating Company, a non-profit Texas corporation which operates STP on behalf of its joint owners including TCC.
Superfund..................................The Comprehensive Environmental, Response, Compensation and Liability Act.
SWEPCo...................................Southwestern Electric Power Company, an AEP electric utility subsidiary.
TCC..AEP Texas Central Company, an AEP electric utility subsidiary [formerly known as Central Power and Light Company (CPL)].
Texas Appeals Court.................The Third District of Texas Court of Appeals.
Texas Legislation ....Legislation enacted in 1999 to restructure the electric utility industry in Texas.
TNC..AEP Texas North Company, an AEP electric utility subsidiary [formerly known as West Texas Utilities Company (WTU)].
Travis District Court..................State District Court of Travis County, Texas.
TVA ....Tennessee Valley Authority.
U.K. ....The United Kingdom.
UN ....Unsecured Note.
VaR ....Value at Risk, a method to quantify risk exposure.
Virginia SCC.............................Virginia State Corporation Commission.
WV ....West Virginia.
WVPSC ....Public Service Commission of West Virginia.
WPCo.......................................Wheeling Power Company, an AEP electric distribution subsidiary.
WTU ....West Texas Utilities Company [legal name changed to AEP Texas North Company (TNC) effective December 2002]. See TNC.
Yorkshire ....Yorkshire Electricity Group plc, a U.K. regional electricity company owned jointly by AEP and New Century Energies until April 2001.
Zimmer Plant.............................William H. Zimmer Generating Station, a 1,300 MW coal-fired unit owned 25.4% by Columbus Southern Power Company, an AEP subsidiary.

FORWARD LOOKING INFORMATION

These reports made by AEP and its registrant subsidiaries contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and 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:

- Electric load and customer growth.
- Abnormal weather conditions.
- Available sources and costs of fuels.
- Availability of generating capacity.
- The speed and degree to which competition is introduced to our service territories.
- The ability to recover stranded costs in connection with possible/proposed deregulation.
- New legislation and government regulation.
- Oversight and/or investigation of the energy sector or its participants.
- The ability of AEP to successfully control its costs.
- The success of acquiring new business ventures and disposing of existing investments that no longer match our corporate profile.
- International and country-specific developments affecting AEP's foreign investments including the disposition of any current foreign investments and potential additional foreign investments.
- The economic climate and growth in AEP's service territory and changes in market demand and demographic patterns.
- Inflationary trends.
- Electricity and gas market prices.
- Interest rates.
- Liquidity in the banking, capital and wholesale power markets.
- Actions of rating agencies.
- Changes in technology, including the increased use of distributed generation within our transmission and distribution service territory.
- Other risks and unforeseen events, including wars, the effects of terrorism, embargoes and other catastrophic events.

AEP Common Stock and Dividend Information

The quarterly high and low sales prices and the quarter-end closing price for AEP common stock and the cash dividends paid per share are shown in the following table:

Quarter Ended	High	Low	Quarter-end Closing Price	Dividend
March 2002	$47.08	$39.70	$46.09	$0.60
June 2002	48.80	39.00	40.02	0.60
September 2002	40.37	22.74	28.51	0.60
December 2002	30.55	15.10	27.33	0.60
March 2001	$48.10	$39.25	$47.00	$0.60
June 2001	51.20	45.10	46.17	0.60
September 2001	48.90	41.50	43.23	0.60
December 2001	46.95	39.70	43.53	0.60

AEP common stock is traded principally on the New York Stock Exchange. At December 31, 2002, AEP had approximately 144,000 shareholders of record. In 2003 management recommended that the Company reduce dividends by approximately 40% after payment of the March 2003 dividend which was approved by the Company's Board of Directors at the current level of $0.60 per share.

AMERICAN ELECTRIC POWER COMPANY, INC.
AND SUBSIDIARY COMPANIES

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AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES

Selected Consolidated Financial Data

Year Ended December 31,	2002	2001	2000	1999	1998
OPERATIONS STATEMENTS DATA (in millions):					
Total Revenues	$14,555	$12,767	$11,113	$10,019	$14,080
Operating Income	1,263	2,182	1,774	2,061	2,046
Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect	21	917	180	869	859
Discontinued Operations Income (Loss)	(190)	86	122	117	116
Extraordinary Losses	-	(50)	(35)	(14)	-
Cumulative Effect of Accounting Change Gain (Loss)	(350)	18	-	-	-
Net Income (Loss)	(519)	971	267	972	975

December 31,	2002	2001	2000	1999	1998
BALANCE SHEET DATA (in millions):					
Property, Plant and Equipment	$37,857	$37,414	$34,895	$33,930	$32,400
Accumulated Depreciation and Amortization	16,173	15,310	14,899	14,266	13,374
Net Property, Plant and Equipment	$21,684	$22,104	$19,996	$19,664	$19,026
Total Assets	$34,741	$39,297	$46,633	$35,296	$33,418
Common Shareholders' Equity	7,064	8,229	8,054	8,673	8,452
Cumulative Preferred Stocks of Subsidiaries*	145	156	161	182	350
Trust Preferred Securities	321	321	334	335	335
Long-term Debt*	10,496	9,505	8,980	9,471	9,215
Obligations Under Capital Leases*	228	451	614	610	539

Year Ended December 31,	2002	2001	2000	1999	1998
COMMON STOCK DATA:					
Earnings per Common Share:					
Before Discontinued Operations, Extraordinary Items and Cumulative Effect	$ 0.06	$ 2.85	$ 0.56	$ 2.71	$2.70
Discontinued Operations	(0.57)	0.26	0.38	0.36	0.36
Extraordinary Losses	-	(0.16)	(0.11)	(0.04)	-
Cumulative Effect of Accounting Change	(1.06)	0.06	-	-	-
Earnings (Loss) Per Share	$ (1.57)	$ 3.01	$ 0.83	$ 3.03	$3.06
Average Number of Shares Outstanding (in millions)	332	322	322	321	318
Market Price Range:					
High	$ 48.80	$51.20	$48-15/16	$48-3/16	$53-5/16
Low	15.10	39.25	25-15/16	30-9/16	42-1/16
Year-end Market Price	27.33	43.53	46-1/2	32-1/8	47-1/16
Cash Dividends on Common**	$ 2.40	$2.40	$2.40	$2.40	$2.40
Dividend Payout Ratio**	(152.9)%	79.7%	289.2%	79.2%	78.4%
Book Value per Share	$20.85	$25.54	$25.01	$26.96	$26.46

*Including portion due within one year. Long-term Debt includes Equity Unit Senior Notes.

**Based on AEP historical dividend rate. See "Common Stock and Dividend Information" (on page V) regarding the potential reduction of future dividends.

American Electric Power Company, Inc. (AEP or the Company) is one of the largest investor owned electric public utility holding companies in the U.S. We provide generation, transmission and distribution service to almost five million retail customers in eleven states (Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia) through our electric utility operating companies.

We have a vast portfolio of assets including:

- 38,000 megawatts of generating capacity, the largest complement of generation in the U.S., the majority of which has a significant cost advantage in our market areas
- 4,000 megawatts of generating capacity in the U.K., a country which is currently experiencing excess generation capacity
- 38,000 miles of transmission lines, the backbone of the electric interconnection grid in the Eastern U.S.
- 186,000 miles of distribution lines that support delivery of electricity to our customers' premises
- Substantial coal transportation assets (7,000 railcars, 1,800 barges, 37 tug boats and two coal handling terminals with 20 million tons of annual capacity)
- 6,400 miles of gas pipelines in Louisiana and Texas with 128 Bcf of gas storage facilities

Business Strategy

We plan to focus on utility operations in the U.S. We continue to participate in wholesale electricity and natural gas markets. Weakness in these markets after the collapse of Enron and other companies caused us to re-examine and realign our strategy to direct our attention to our utility markets. We have reduced trading to focus predominantly in markets where we have assets. We plan to obtain maximum value for our assets by selling excess output and procuring economical energy using commercial expertise gained from our extensive experience in the wholesale business.

Through our utility operations focus, we intend to be the energy and low cost generation provider of choice. We have ample generation to meet our customers' needs. We have a cost advantage resulting from AEP's long tradition of designing, building and operating efficient power plants and delivery networks. Our customers continue to show top quartile level of satisfaction. We provide safe and reliable sources of energy.

Our business provides a vital requirement of our economy and affords an opportunity for a fair return to our shareholders. Our business provides the opportunity for a predictable stream of cash flows and earnings, allowing us to pay a competitive dividend to investors.

We are addressing many challenges in our unregulated business. We have already substantially reduced our trading activities. We have written down the value of several investments to reflect deterioration in market conditions. We are evaluating our portfolio and plan to sell assets that are no longer core to our business strategy. We are also in discussion with our regulators to determine if the legal separation of certain operating company subsidiaries into regulated and unregulated segments can be avoided. We believe that the expected benefits from legal separation are no longer compelling. Transition rules for Michigan and Virginia do not require legal separation. Deregulation is no longer an expectation in the foreseeable future in the other states where we operate.

Our strategy for the core business of utility operations is to:

- Maintain moderate but steady earnings growth
- Maximize value of transmission assets and protect our revenue stream in an RTO membership environment
- Continue process improvement to maintain distribution service quality while, at the same time, further enhancing financial performance
- Optimize generation assets through increased availability and sale of

excess capacity

- Manage the regulatory process to maximize retention of earnings improvement while providing fair and reasonable rates to our customers

We remain very focused on credit quality and liquidity as discussed in greater detail later in this report.

We are committed to continually evaluating the need to reallocate resources to areas with greater potential, to match investments with our strategy and to pare investments that do not produce sufficient return and sustainable shareholder value. Any investment dispositions could affect future results of operations, cash flows and possibly financial condition.

2002 Overview

2002 was a year of rapid and dramatic change for the energy industry, including AEP, as the wholesale energy market quickly shrank and many of its participants exited or significantly limited future trading activity. Investors lost confidence in corporate America and the economy stalled. Investors' demand for stability, predictable cash flows, earnings, and financial strength have replaced their demand for rapid growth.

Our wholesale business did not perform well. We had significant losses in options trading in the first half of the year and new investments performed well below our expectations.

We focused on financial strength by:

- Issuing approximately $1 billion in common stock and equity units
- Retiring debt of approximately $3 billion through the sale of two foreign retail utility companies in the U.K. (SEEBOARD) and Australia (CitiPower)
- Establishing a cash liquidity reserve of $1 billion at year-end

See Financing Activity in Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters in section M for an overview of all changes to capital structure.

We also focused on:

- Implementing an enterprise-wide risk management system
- Completing a cost reduction initiative which we expect to result in sustainable net annual savings of more than $200 million beginning in 2003
- Eliminating or reducing future capital requirements associated with non-core assets

We have redirected our business strategy by:

- Scaling back trading activities to focus principally on supporting our core assets
- Selling our Texas retail business
- Proposing the sale of a significant portion of the Texas unregulated generation assets

Outlook for 2003

We remain focused on the fundamental earnings power of our utility operations, and we are committed to strengthening our balance sheet. Our strategy for achieving these goals is well planned:

- First, we will continue to identify opportunities to reduce our operations and maintenance expense.
- Second, we will find opportunities to reduce capital expenditures.
- Third, management recommended a 40% reduction in the common stock dividend beginning in the second quarter to a quarterly rate of $0.35 per share. This will result in annual cash savings of approximately $340 million and should improve our retained earnings as well as create free cash flow to improve liquidity and pay-down outstanding debt.
- Fourth, we plan to evaluate and, where appropriate, dispose of non-core assets. Proceeds from these sales will be used to reduce debt.
- Fifth, we will continue to evaluate the potential for issuing additional equity to further strengthen our balance sheet and maintain credit quality.

We remain committed to being a low cost provider of electricity, to serving our customers with excellence and to providing an attractive return to investors. We will therefore focus on producing the best possible results from our utility operations enhanced by a commercial group that ensures maximum value from our assets.

Although we aim for excellent results from operations there are challenges and certain risks. We discuss these matters in detail in the Notes to Financial Statements and in Management's Discussion and Analysis of Financial Condition, Accounting Policies and Other Matters. We will work diligently to resolve these matters by finding workable solutions that balance the interests of our customers, our employees and our investors.

Results of Operations

In 2002, AEP's principal operating business segments and their major activities were:

- Wholesale:
  - Generation of electricity for sale to retail and wholesale customers
  - Gas pipeline and storage services
  - Marketing and trading of electricity, gas, coal and other commodities
  - Coal mining, bulk commodity barging operations and other energy supply related businesses
- Energy Delivery
  - Domestic electricity transmission
  - Domestic electricity distribution
- Other Investments
  - Energy Services

Net Income

Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect decreased $896 million or 98% to $21 million in 2002 from $917 million in 2001. The Company recognized impairments on underperforming assets and recorded losses in value of $854 million (net of tax) (see Note 13). The losses in the fourth quarter 2002 were generally caused by the extended decline in domestic and international wholesale energy markets and in telecommunications. In 2002, the Company's Net Loss was $519 million or a loss of $1.57 per share including the fourth quarter losses, losses on sales of SEEBOARD and CitiPower, and a loss for transitional goodwill impairment related to SEEBOARD and CitiPower that resulted from the adoption of SFAS 142 (see Note 3).

Net Income increased in 2001 to $971 million or $3.01 per share from $267 million or $0.83 per share in 2000. The increase of $704 million or $2.18 per share was due to the growth of AEP's wholesale marketing business, increased revenues and the controlling of our operating and maintenance costs in the energy delivery business, and declining capital costs. The effect of 2000 charges for a disallowance of COLI-related tax deductions, expenses of the merger with CSW, write-offs related to non-regulated investments and restart costs of the Cook Nuclear Plant were all contributing factors to the increase in 2001 earnings compared to 2000. The favorable effect on comparative Net Income of these 2000 charges was offset in part in 2001 by losses from Enron's bankruptcy and extraordinary losses for the effects of deregulation and a loss on reacquired debt.

Our wholesale business has been affected by a slowing economy. Wholesale energy margins and energy use by industrial customers declined in 2002 and 2001. Earnings from our wholesale business, which includes generation, increased in 2001 largely as a result of the successful return to service of the Cook Plant in June 2000 and by acquisitions of HPL and MEMCO.

Our energy delivery business, which consists of domestic electricity transmission and distribution services, contributed to the increase in earnings by controlling operating and maintenance expenses and by increasing revenues in 2002 and 2001.

Capital costs decreased due primarily to interest paid to the IRS in 2000 on a COLI deduction disallowance and continuing declines in short-term market interest rate conditions since early 2001.

Volatility in energy commodities markets affects the fair values of all of our open trading and derivative contracts exposing AEP to market risk and causing our results of operations to be more volatile. See "Market Risks" section for a discussion of the policies and procedures AEP uses to manage its exposure to market and other risks from trading activities.

Revenues Increase

AEP's total revenues increased 14% in 2002 and 15% in 2001. The following table shows the components of revenues:

	For The Year Ended December 31		
	2002	2001	2000
	(in millions)		
WHOLESALE:			
Residential	$ 3,713	$ 3,553	$ 3,511
Commercial	2,156	2,328	2,249
Industrial	1,903	2,388	2,444
Other Retail Customers	385	419	414
Electricity Marketing (net)	2,227	802	1,073
Unrealized MTM Income-Electric	136	210	38
Other	1,397	632	837
Less: Transmission and Distribution Revenues Assigned to Energy Delivery*	(3,551)	(3,356)	(3,174)
Wholesale Electric	8,366	6,976	7,392
Gas Marketing (net)	3,021	2,274	310
Unrealized MTM Income (Loss)-Gas	(399)	47	132
Wholesale Gas	2,622	2,321	442
TOTAL WHOLESALE	10,988	9,297	7,834
DOMESTIC ELECTRICITY DELIVERY:			
Transmission	922	1,029	1,009
Distribution	2,629	2,327	2,165
TOTAL DOMESTIC ELECTRICITY DELIVERY	3,551	3,356	3,174
OTHER INVESTMENTS	16	114	105
TOTAL REVENUES	$14,555	$12,767	$11,113

*Certain revenues in the Wholesale business include energy delivery revenues due primarily to bundled tariffs that are assignable to the Energy Delivery business.

The level of electricity transactions tends to fluctuate due to the highly competitive nature of the short-term (spot) energy market and other factors, such as affiliated and unaffiliated generating plant availability, weather conditions and the economy. The FERC's introduction of a greater degree of competition into the wholesale energy market has had a major effect on the volume of wholesale power marketing especially in the short-term market.

The increase in 2002 in wholesale revenues resulted from a 27% increase in trading volume associated with Wholesale Electricity which was offset by a continuing decrease in gross margins which began in the fourth quarter of 2001, and an increase in residential sales as a result of favorable weather conditions in the third quarter 2002. In addition Other Wholesale electric revenues increased due to the mid-year 2001 acquisition of barging and coal mining operations as well as the recognition of revenues for generation projects completed for third parties. The increase in 2002 Wholesale Gas revenues resulted from a full year of HPL operations compared to a partial year from our acquisition date in July 2001, offset by a decrease in the results from financial trading and MTM unrealized losses. Other Investments revenue decreased in 2002 due to the elimination of factoring of accounts receivable of an unaffiliated utility.

Prior to the third quarter of 2002, we recorded and reported upon settlement, sales under forward trading contracts as revenues and purchases under forward trading contracts as purchased energy expenses. Effective July 1, 2002, we reclassified such forward trading revenues and purchases on a net basis, as permitted by EITF 98-10 (see Note 1).

Kilowatthour sales to industrial customers decreased by 10% in 2002 and by 5% in 2001. This decrease was due to the economic slow down which began in late 2001. Sales to residential customers rose 5% due to weather related demand in 2002. The economic slow down reduced demand and wholesale prices especially in the latter part of 2001.

Operating Expenses Increase

Changes in the components of operating expenses were as follows:

	Increase (Decrease) From Previous Year			
	2002		2001	
	(in millions)			
	Amount	%	Amount	%
Fuel and Purchased Energy:				
Electricity	$ 959	43.7	$(1,275)	(36.7)
Gas	404	14.7	2,339	570.5
Maintenance and Other Operation	303	8.2	228	6.5
Non-recoverable Merger Costs	(11)	(52.4)	(182)	(89.7)
Asset Impairments	867	N.M.	-	-
Depreciation and Amortization	134	10.8	152	13.9
Taxes Other Than Income Taxes	51	7.6	(16)	(2.3)
Total	$2,707	25.6	$1,246	13.3

The increase in Fuel and Purchased Energy expense was primarily attributable to an increase in power generation. Net generation increased 6% for Eastern plants due to increased demand for electricity and a reduction in planned power plant maintenance outages for various plants as compared to 2001. The return to service of the Cook Plant's two nuclear generating units in June 2000 and December 2000 accounted for the increase in nuclear generation. The increase in Gas expense was primarily due to a full year of HPL operations compared to a partial year from our acquisition date in July 2001.

The increase in Maintenance and Other Operation expense in 2002 is primarily due to recognizing a full year's expense for the businesses acquired during 2001 including MEMCO (a barging line), Quaker Coal, two power plants in the U.K. and HPL. In addition, increased administrative costs for the implementation of customer choice in Texas contributed to the increase. The increase was offset in part by a reduction in trading incentive compensation and the effect of planned boiler plant maintenance at various plants in 2001 and less refueling outages for STP in 2002 than 2001.

Maintenance and Other Operation expense rose in 2001 mainly as a result of additional traders' incentive compensation and accruals for severance costs related to corporate restructuring.

With the consummation of the merger with CSW, certain deferred merger costs were expensed in 2000. The merger costs charged to expense included transaction and transition costs not allocable to and recoverable from ratepayers under regulatory commission approved settlement agreements to share net merger savings. As expected, merger costs declined in 2001 and 2002 after the merger was consummated.

In 2002 AEP recorded pre-tax impairments of assets (including Goodwill) and investments totaling $1.4 billion (consisting of approximately, $866.6 million related to asset impairments, $321.1 million related to investment value losses, and $238.7 million related to discontinued operations) that reflected downturns in energy trading markets, projected long-term decreases in electricity prices, and other factors. These impairments exclude the transitional impairment loss from adoption of SFAS142 (see Note 2). The categories of impairments included:

	2002 Pre-Tax Estimated Loss (in millions)
Asset Impairments Held for Sale	$ 483.1
Asset Impairments Held and Used	651.4
Investment Value Losses	291.9
Total	$1,426.4

Additional market deterioration associated with our non-core wholesale investments, including our U.K. operations, could have an adverse impact on our future results of operations and cash flows. Significant long-term changes in external market conditions could lead to additional write-offs and potential divestitures of our wholesale investments, including, but not limited to, our U.K. operations.

The rise in Depreciation and Amortization expense in 2002 resulted from the amortization of Texas generation related Regulatory Assets that were securitized in early 2002, businesses acquired in 2001 and additional production plant placed into service.

Depreciation and Amortization expense increased in 2001 primarily as a result of the commencement of amortization of transition generation regulatory assets in the Ohio, Virginia and West Virginia jurisdictions due to passage of restructuring legislation, the new businesses acquired in 2001 and additional investments in Property, Plant and Equipment.

Taxes Other Than Income Taxes increased in 2002 due to a full year of state excise taxes which replaced the state gross receipts tax in Ohio and increased local franchise taxes in Texas partly offset by the effect of Texas one-time 2001 assessments and decreased gross Texas receipts taxes due to deregulation.

Interest, Preferred Stock Dividends, Minority Interest

The decrease in Interest in 2002 was primarily due to a reduction in short-term interest rates and lower outstanding balances of short-term debt and the refinancing of long-term debt at favorable interest rates offset in part by an increased amount of long-term debt outstanding.

Interest expense decreased 15% in 2001 due to the effect of interest paid to the IRS on a COLI deduction disallowance in 2000 and lower average outstanding short-term debt balances and a decrease in average short-term interest rates.

Minority Interest in Finance Subsidiary increased substantially in 2002 because the distributions to minority interest were in effect for the entire year. In 2001 we issued a preferred member interest to finance the acquisition of HPL and paid a preferred return of $13 million to the preferred member interest. The minority interest was only in effect during the last four months of 2001.

Other Income/Other Expenses

Other Income increased by $110 million or 33% in 2002 due to the sale of AEP'S retail electric providers in Texas and due to non-operational revenue (see Note 1). Other Expenses increased $134 million or 72% in 2002 due to non-operational expenses (see Note 1).

Other Income increased $240 million in 2001.

This increase was primarily caused by an increase in equity earnings due to acquisitions of $63 million and a $73 million gain from the sale of a generating plant (see Note 1). Other Expenses increased by $110 million or 143% in 2001 due to costs to exit air transportation, fiber optic and Datapult businesses (see Note 1).

Income Taxes

The decrease in total Income Taxes in 2002 was due to a decrease in pre-tax book income offset by the tax effects of the sale of foreign operations.

Although pre-tax book income increased considerably in 2001, Income Taxes decreased due to the effect of recording in 2000 prior year federal income taxes as a result of the disallowance of COLI interest deductions by the IRS and nondeductible merger related costs in 2000.

Extraordinary Losses and Cumulative Effect

The loss for transitional goodwill impairment related to SEEBOARD and CitiPower resulted from the adoption of SFAS 142 (see Notes 2 and 3) and has been reported as a Cumulative Effect of Accounting Change on January 1, 2002.

In 2001 we recorded an extraordinary loss of $48 million net of tax to write-off prepaid Ohio excise taxes stranded by Ohio deregulation. The application of regulatory accounting for generation was discontinued in 2000 for the Ohio, Virginia and West Virginia jurisdictions which resulted in the after-tax extraordinary loss of $35 million.

New accounting rules that became effective in 2001 regarding accounting for derivatives required us to mark-to-market certain fuel supply contracts that qualify as financial derivatives. The effect of initially adopting the new rules at July 1, 2001 was a favorable earnings effect of $18 million, net of tax, which is reported as a Cumulative Effect of Accounting Change.

Discontinued Operations

The operations shown below were discontinued or held for sale in 2002 (See Note 12). Results of operations including impairment losses, net of tax, of these businesses have been reclassified:

Company	2002	2001 (in millions)	2000
SEEBOARD	$ 96	$ 88	$ 99
CitiPower	(123)	(6)	17
Pushan	(7)	4	7
Eastex	(156)	-	(1)
	$(190)	$ 86	$122

Reclassification

Balance sheet amounts have been restated to reflect our change in accounting policy regarding certain assets and liabilities related to forward physical and financial transactions (see "Reclassification" discussion Note 1.) Based upon AEP's legal rights of offset, physical and financial contracts were netted in 2002 and 2001 amounts and financial contracts were netted in 2000 and 1999 amounts. Related assets and liabilities were not netted in 1998 amounts as the impact is not material.

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES

Consolidated Statements of Operations

(in millions - except per share amounts)

	Year Ended December 31,		
	2002	2001	2000
REVENUES:			
Wholesale Electricity	$ 8,366	$ 6,976	$ 7,392
Wholesale Gas	2,622	2,321	442
Domestic Electricity Delivery	3,551	3,356	3,174
Other Investment	16	114	105
TOTAL REVENUES	14,555	12,767	11,113
EXPENSES:			
Fuel and Purchased Energy:			
Electricity	3,154	2,195	3,470
Gas	3,153	2,749	410
TOTAL FUEL AND PURCHASED ENERGY	6,307	4,944	3,880
Maintenance and Other Operation	4,013	3,710	3,482
Non-recoverable Merger Costs	10	21	203
Asset Impairments	867	-	-
Depreciation and Amortization	1,377	1,243	1,091
Taxes Other Than Income Taxes	718	667	683
TOTAL EXPENSES	13,292	10,585	9,339
OPERATING INCOME	1,263	2,182	1,774
OTHER INCOME	445	335	95
LESS: INVESTMENT VALUE AND OTHER IMPAIRMENT LOSSES	321	-	-
LESS: OTHER EXPENSES	321	187	77
LESS: INTEREST	785	844	999
PREFERRED STOCK DIVIDEND REQUIREMENTS OF SUBSIDIARIES	11	10	11
MINORITY INTEREST IN FINANCE SUBSIDIARY	35	13	-
INCOME BEFORE INCOME TAXES	235	1,463	782
INCOME TAXES	214	546	602
INCOME BEFORE DISCONTINUED OPERATIONS, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT	21	917	180
DISCONTINUED OPERATIONS (LOSS) INCOME (NET OF TAX)	(190)	86	122
EXTRAORDINARY LOSSES (NET OF TAX):			
DISCONTINUANCE OF REGULATORY ACCOUNTING FOR GENERATION	-	(48)	(35)
LOSS ON REACQUIRED DEBT	-	(2)	-
CUMULATIVE EFFECT OF ACCOUNTING CHANGE (NET OF TAX)	(350)	18	-
NET INCOME (LOSS)	$ (519)	$ 971	$ 267
AVERAGE NUMBER OF SHARES OUTSTANDING	332	322	322
EARNINGS (LOSS) PER SHARE:			
Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect of Accounting Change	$ 0.06	$ 2.85	$ 0.56
Discontinued Operations	(0.57)	0.26	0.38
Extraordinary Losses	-	(0.16)	(0.11)
Cumulative Effect of Accounting Change	(1.06)	0.06	-
Earnings (Loss) Per Share (Basic and Diluted)	$(1.57)	$ 3.01	$ 0.83
CASH DIVIDENDS PAID PER SHARE	$2.40	$2.40	$2.40

See Notes to Consolidated Financial Statements beginning on page L-1.

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES
Consolidated Balance Sheets
(in millions - except share data)

	December 31, 2002	December 31, 2001
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 1,213	$ 224
Accounts Receivable:		
Customers	466	343
Miscellaneous	1,394	1,365
Allowance for Uncollectible Accounts	(119)	(69)
Fuel, Materials and Supplies	1,166	1,037
Energy Trading and Derivative Contracts	1,046	2,125
Other	935	639
TOTAL CURRENT ASSETS	6,101	5,664
PROPERTY, PLANT AND EQUIPMENT:		
Electric:		
Production	17,031	17,054
Transmission	5,882	5,764
Distribution	9,573	9,309
Other (including gas and coal mining assets and nuclear fuel)	3,965	4,272
Construction Work in Progress	1,406	1,015
Total Property, Plant and Equipment	37,857	37,414
Accumulated Depreciation and Amortization	16,173	15,310
NET PROPERTY, PLANT AND EQUIPMENT	21,684	22,104
REGULATORY ASSETS	2,688	3,162
SECURITIZED TRANSITION ASSETS	735	-
INVESTMENTS IN POWER AND DISTRIBUTION PROJECTS	283	633
ASSETS HELD FOR SALE	247	721
ASSETS OF DISCONTINUED OPERATIONS	-	3,954
GOODWILL	396	392
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	824	795
OTHER ASSETS	1,783	1,872
TOTAL ASSETS	$34,741	$39,297

See Notes to Consolidated Financial Statements beginning on page L-1.

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES
Consolidated Balance Sheets

	December 31, 2002	December 31, 2001
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts Payable	$ 2,042	$ 1,914
Short-term Debt	3,164	4,011
Long-term Debt Due Within One Year*	1,633	1,095
Energy Trading and Derivative Contracts	1,147	1,877
Other	1,804	1,924
TOTAL CURRENT LIABILITIES	9,790	10,821
LONG-TERM DEBT*	8,487	8,410
EQUITY UNIT SENIOR NOTES	376	-
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	484	603
DEFERRED INCOME TAXES	3,916	4,500
DEFERRED INVESTMENT TAX CREDITS	455	491
DEFERRED CREDITS AND REGULATORY LIABILITIES	765	819
DEFERRED GAIN ON SALE AND LEASEBACK - ROCKPORT PLANT UNIT 2	185	194
OTHER NONCURRENT LIABILITIES	1,903	1,334
LIABILITIES HELD FOR SALE	91	87
LIABILITIES OF DISCONTINUED OPERATIONS	-	2,582
COMMITMENTS AND CONTINGENCIES (Note 9)		
CERTAIN SUBSIDIARY OBLIGATED, MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUSTS HOLDING SOLELY JUNIOR SUBORDINATED DEBENTURES OF SUCH SUBSIDIARIES	321	321
MINORITY INTEREST IN FINANCE SUBSIDIARY	759	750
CUMULATIVE PREFERRED STOCK OF SUBSIDIARIES*	145	156
COMMON SHAREHOLDERS' EQUITY:		
Common Stock-Par Value $6.50: 2002 / 2001; Shares Authorized. .600,000,000 / 600,000,000; Shares Issued. . . .347,835,212 / 331,234,997; (8,999,992 shares were held in treasury at December 31, 2002 and 2001)	2,261	2,153
Paid-in Capital	3,413	2,906
Accumulated Other Comprehensive Income (Loss)	(609)	(126)
Retained Earnings	1,999	3,296
TOTAL COMMON SHAREHOLDERS' EQUITY	7,064	8,229
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$34,741	$39,297

**See Accompanying Schedules.*

See Notes to Consolidated Financial Statements beginning on page L-1.

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES
Consolidated Statements of Cash Flows
(in millions)

	Year Ended December 31,		
	2002	2001	2000
OPERATING ACTIVITIES:			
Net Income (Loss)	$ (519)	$ 971	$ 267
Plus: Discontinued Operations	540	(86)	(122)
Net Income from Continuing Operations	21	885	145
Adjustments for Noncash Items:			
Asset Impairments, Investment Value and Other Impairments	1,188	-	-
Depreciation and Amortization	1,403	1,277	1,152
Deferred Investment Tax Credits	(31)	(29)	(36)
Deferred Income Taxes	(66)	157	(190)
Amortization of Operating Expenses and Carrying Charges	40	40	48
Cumulative Effect of Accounting Change	-	(18)	-
Equity Earnings of Yorkshire Electricity Group plc	-	-	(44)
Extraordinary Loss	-	50	35
Deferred Costs Under Fuel Clause Mechanisms	(31)	340	(449)
Mark-to-Market of Energy Trading Contracts	263	(257)	(170)
Miscellaneous Accrued Expenses	30	(384)	217
Changes in Certain Current Assets and Liabilities:			
Accounts Receivable (net)	(152)	1,766	(1,530)
Fuel, Materials and Supplies	(127)	(78)	149
Accrued Revenues	(283)	35	(71)
Accounts Payable	52	(478)	1,292
Taxes Accrued	(216)	(147)	171
Payment of Disputed Tax and Interest Related to COLI	-	-	319
Change in Other Assets	(177)	(239)	(283)
Change in Other Liabilities	(237)	(161)	386
Net Cash Flows From Operating Activities	1,677	2,759	1,141
INVESTING ACTIVITIES:			
Construction Expenditures	(1,722)	(1,654)	(1,468)
Purchase of Gas Pipe Line	-	(727)	-
Purchase of U.K. Generation	-	(943)	-
Purchase of Coal Company	-	(101)	-
Purchase of Barging Operations	-	(266)	-
Purchase of Wind Generation	-	(175)	-
Proceeds from Sale of Retail Electric Providers	146	-	-
Proceeds from Sale of Foreign Investments	1,117	383	-
Proceeds from Sale of U.S. Generation	-	265	-
Other	37	(42)	(18)
Net Cash Flows Used For Investing Activities	(422)	(3,260)	(1,486)
FINANCING ACTIVITIES:			
Issuance of Common Stock	656	11	14
Issuance of Minority Interest	-	744	-
Issuance of Long-term Debt	2,893	2,863	878
Issuance of Equity Unit Senior Notes	334	-	-
Retirement of Cumulative Preferred Stock	(10)	(5)	(21)
Retirement of Long-term Debt	(2,514)	(1,570)	(1,303)
Change in Short-term Debt (net)	(829)	(790)	1,328
Dividends Paid on Common Stock	(793)	(773)	(805)
Dividends on Minority Interest in Subsidiary	-	(5)	-
Net Cash Flows From (Used for) Financing Activities	(263)	475	91
Effect of Exchange Rate Changes on Cash	(3)	(1)	30
Net Increase (Decrease) in Cash and Cash Equivalents	989	(27)	(224)
Cash and Cash Equivalents from Continuing Operations - Beginning of Period	224	251	475
Cash and Cash Equivalents from Continuing Operations - End of Period	$1,213	$ 224	$ 251
Net Increase (Decrease) in Cash and Cash Equivalents from Discontinued Operations	$ (100)	$ 17	$ (17)
Cash and Cash Equivalents from Discontinued Operations - Beginning of Period	108	91	108
Cash and Cash Equivalents from Discontinued Operations - End of Period	$ 8	$ 108	$ 91

See Notes to Consolidated Financial Statements beginning on page L-1.

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES
Consolidated Statements of Common Shareholders' Equity and Comprehensive Income
(in millions)

	Common Shares	Stock Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
DECEMBER 31, 1999	331	$2,149	$2,898	$3,630	$ (4)	$8,673
Issuances	-	3	11	-	-	14
Cash Dividends Declared	-	-	-	(805)	-	(805)
Other	-	-	6	(2)	-	4
						7,886
Comprehensive Income:						
Other Comprehensive Income, Net of Taxes						
Foreign Currency Translation Adjustment	-	-	-	-	(119)	(119)
Reclassification Adjustment						
For Loss Included in Net Income	-	-	-	-	20	20
Net Income	-	-	-	267	-	267
Total Comprehensive Income						168
DECEMBER 31, 2000	331	$2,152	$2,915	$3,090	$(103)	$8,054
Issuances	-	1	9	-	-	10
Cash Dividends Declared	-	-	-	(773)	-	(773)
Other	-	-	(18)	8	-	(10)
						7,281
Comprehensive Income:						
Other Comprehensive Income, Net of Taxes						
Foreign Currency Translation Adjustment	-	-	-	-	(14)	(14)
Unrealized Gain (Loss) on						
Hedged Derivatives	-	-	-	-	(3)	(3)
Minimum Pension Liability	-	-	-	-	(6)	(6)
Net Income	-	-	-	971	-	971
Total Comprehensive Income						948
DECEMBER 31, 2001	331	$2,153	$2,906	$3,296	$(126)	$8,229
Issuances	17	108	568	-	-	676
Cash Dividends Declared	-	-	-	(793)	-	(793)
Other	-	-	(61)	15	-	(46)
						(163)
Comprehensive Income:						
Other Comprehensive Income, Net of Taxes						
Foreign Currency Translation Adjustment	-	-	-	-	117	117
Unrealized Gain (Loss) on						
Hedged Derivatives	-	-	-	-	(13)	(13)
Minimum Pension Liability	-	-	-	-	(585)	(585)
Unrealized Loss on Securities Available						
For Sale	-	-	-	-	(2)	(2)
Net Income (Loss)	-	-	-	(519)	-	(519)
Total Comprehensive Income						(1,002)
DECEMBER 31, 2002	348	$2,261	$3,413	$1,999	$(609)	$7,064

See Notes to Consolidated Financial Statements beginning on page L-1.

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES
Schedule of Consolidated Cumulative Preferred Stocks of Subsidiaries

	December 31, 2002			
	Call Price per Share(a)	Shares Authorized(b)	Shares Outstanding(f)	Amount (In Millions)
Not Subject to Mandatory Redemption:				
4.00% - 5.00%	$102-$110	1,525,903	608,150	$ 61
Subject to Mandatory Redemption:				
5.90% - 5.92% (c)	(d)	1,950,000	333,100	33
6.02% - 6-7/8% (c)	$100	1,650,000	513,450	51
Total Subject to Mandatory Redemption (c)				84
Total Preferred Stock				$145

	December 31, 2001			
	Call Price per Share(a)	Shares Authorized(b)	Shares Outstanding(f)	Amount (In Millions)
Not Subject to Mandatory Redemption:				
4.00% - 5.00%	$102-$110	1,525,903	614,608	$ 61
Subject to Mandatory Redemption:				
5.90% - 5.92% (c)	(d)	1,950,000	333,100	33
6.02% - 6-7/8% (c)	$100	1,650,000	513,450	52
7% (e)	(e)	250,000	100,000	10
Total Subject to Mandatory Redemption (c)				95
Total Preferred Stock				$156

NOTES TO SCHEDULE OF CONSOLIDATED CUMULATIVE PREFERRED STOCKS OF SUBSIDIARIES

(a) At the option of the subsidiary the shares may be redeemed at the call price plus accrued dividends. The involuntary liquidation preference is $100 per share for all outstanding shares.
(b) As of December 31, 2002 the subsidiaries had 13,749,202, 22,200,000 and 7,713,501 shares of $100, $25 and no par value preferred stock, respectively, that were authorized but unissued.
(c) Shares outstanding and related amounts are stated net of applicable retirements through sinking funds(generally at par) and reacquisitions of shares in anticipation of future requirements. The subsidiaries reacquired enough shares in 1997 to meet all sinking fund requirements on certain series until 2008 and on certain series until 2009 when all remaining outstanding shares must be redeemed.
(d) Not callable prior to 2003, after that the call price is $100 per share plus accrued dividends.
(e) With sinking fund.
(f) The number of shares of preferred stock redeemed is 106,458 shares in 2002, 50,000 shares in 2001 and 209,563 shares in 2000.

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES
Schedule of Consolidated Long-term Debt of Subsidiaries

Maturity	Weighted Average Interest Rate December 31, 2002	Interest Rates at December 31, 2002	2001	December 31, 2002 (in millions)	2001
FIRST MORTGAGE BONDS (a)					
2002-2004	6.87%	6.00%-7.85%	6.00%-7.85%	$ 648	$ 1,246
2005-2008	6.90%	6.20%-8%	6.20%-8%	463	699
2022-2025	7.66%	6.875%-8.7%	6-7/8%-8.80%	773	850
INSTALLMENT PURCHASE CONTRACTS (b)					
2002-2009	4.62%	3.75%-7.70%	1.80%-7.70%	396	446
2011-2030	5.83%	1.35%-8.20%	1.55%-8.20%	1,284	1,234
NOTES PAYABLE (c)					
2002-2021	5.54%	3.732%-9.60%	4.048%-9.60%	520	217
SENIOR UNSECURED NOTES					
2002-2005	5.53%	2.12%-7.45%	2.31%-7.45%	1,834	1,910
2006-2012	5.91%	4.31%-6.91%	6.125%-6.91%	2,295	1,727
2032-2038	6.64%	6.00%-7-3/8%	7.20%-7-3/8%	690	340
JUNIOR DEBENTURES					
2025-2038	7.90%	7.60%-8.72%	7.60%-8.72%	205	618
SECURITIZATION BONDS					
2003-2016	5.40%	3.54%-6.25%	-	797	-
OTHER LONG-TERM DEBT (d)				247	258
Unamortized Discount (net)				(32)	(40)
Total Long-term Debt Outstanding				10,120	9,505
Less Portion Due Within One Year				1,633	1,095
Long-term Portion				$ 8,487	$ 8,410
EQUITY UNIT SENIOR NOTES					
2007	5.75%	5.75%	-	$ 376	$ -

NOTES TO SCHEDULE OF CONSOLIDATED LONG-TERM DEBT OF SUBSIDIARIES

(a) First mortgage bonds are secured by first mortgage liens on electric property, plant and equipment.
(b) For certain series of installment purchase contracts interest rates are subject to periodic adjustment. Certain series will be purchased on demand at periodic interest-adjustment dates. Letters of credit from banks and standby bond purchase agreements support certain series.
(c) Notes payable represent outstanding promissory notes issued under term loan agreements and revolving credit agreements with a number of banks and other financial institutions. At expiration all notes then issued and outstanding are due and payable. Interest rates are both fixed and variable. Variable rates generally relate to specified short-term interest rates.
(d) Other long-term debt consists of a liability along with accrued interest for disposal of spent nuclear fuel (see Note 9 of the Notes to Consolidated Financial Statements) and financing obligation under sale lease back agreements.

Long-term debt outstanding at December 31, 2002 (includes Equity Unit Senior Notes) is payable as follows:

	(in millions)
2003	$ 1,633
2004	824
2005	993
2006	1,611
2007	1,081
Later Years	4,386
	10,528
Unamortized Discount	32
Total	$10,496

AMERICAN ELECTRIC POWER COMPANY INC. AND SUBSIDIARY COMPANIES

Index to Combined Notes to Consolidated Financial Statements

The notes listed below are combined with the notes to financial statements for AEP and its other subsidiary registrants. The combined footnotes begin on page L-1.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors
of American Electric Power Company, Inc.:

We have audited the accompanying consolidated balance sheets of American Electric Power Company, Inc. and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of operations, cash flows and common shareholders' equity and comprehensive income, for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Electric Power Company, Inc. and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the consolidated financial statements, the Company adopted SFAS 142, "Goodwill and Other Intangible Assets," effective January 1, 2002.

As discussed in Note 13 to the consolidated financial statements, the Company recorded certain impairments of goodwill, long-lived assets and other investments in the fourth quarter of 2002.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

MANAGEMENT'S RESPONSIBILITY

The management of American Electric Power Company, Inc. has prepared the financial statements and schedules herein and is responsible for the integrity and objectivity of the information and representations in this annual report, including the consolidated financial statements. These statements have been prepared in conformity with accounting principles generally accepted in the United States of America, using informed estimates where appropriate, to reflect the Company's financial condition and results of operations. The information in other sections of the annual report is consistent with these statements.

The Company's Board of Directors has oversight responsibilities for determining that management has fulfilled its obligation in the preparation of the financial statements and in the ongoing examination of the Company's established internal control structure over financial reporting. The Audit Committee, which consists solely of outside directors and which reports directly to the Board of Directors, meets regularly with management, Deloitte & Touche LLP - independent auditors and the Company's internal audit staff to discuss accounting, auditing and reporting matters. To ensure auditor independence, both Deloitte & Touche LLP and the internal audit staff have unrestricted access to the Audit Committee.

The financial statements have been audited by Deloitte & Touche LLP, whose report appears on the previous page. The auditors provide an objective, independent review as to management's discharge of its responsibilities insofar as they relate to the fairness of the Company's reported financial condition and results of operations. Their audit includes procedures believed by them to provide reasonable assurance that the financial statements are free of material misstatement and includes an evaluation of the Company's internal control structure over financial reporting.

AEP GENERATING COMPANY

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AEP GENERATING COMPANY
Selected Financial Data

	Year Ended December 31,				
	2002	2001	2000	1999	1998
			(in thousands)		
INCOME STATEMENTS DATA:					
Operating Revenues	$213,281	$227,548	$228,516	$217,189	$224,146
Operating Expenses	207,152	220,571	220,092	211,849	215,415
Operating Income	6,129	6,977	8,424	5,340	8,731
Nonoperating Items, Net	3,681	3,484	3,429	3,659	3,364
Interest Charges	2,258	2,586	3,869	2,804	3,149
Net Income	$ 7,552	$ 7,875	$ 7,984	$ 6,195	$ 8,946

	December 31,				
	2002	2001	2000	1999	1998
			(in thousands)		
BALANCE SHEETS DATA:					
Electric Utility Plant	$652,213	$648,254	$642,302	$640,093	$636,460
Accumulated Depreciation	358,174	337,151	315,566	295,065	277,855
Net Electric Utility Plant	$294,039	$311,103	$326,736	$345,028	$358,605
Total Assets	$349,729	$361,341	$374,602	$398,640	$403,892
Common Stock and Paid-in Capital	$ 24,434	$ 24,434	$ 24,434	$ 30,235	$ 36,235
Retained Earnings	18,163	13,761	9,722	3,673	2,770
Total Common Shareholder's Equity	$ 42,597	$ 38,195	$ 34,156	$ 33,908	$ 39,005
Long-term Debt (a)	$ 44,802	$ 44,793	$ 44,808	$ 44,800	$ 44,792
Total Capitalization And Liabilities	$349,729	$361,341	$374,602	$398,640	$403,892

(a) Including portion due within one year.

AEP GENERATING COMPANY

Management's Narrative Analysis of Results of Operations

AEP Generating Company is engaged in the generation and wholesale sale of electric power to two affiliates under long-term agreements.

Operating Revenues are derived from the sale of Rockport Plant energy and capacity to two affiliated companies, I&M and KPCo, pursuant to FERC approved long-term unit power agreements. Under the terms of its unit power agreement, I&M will purchase all of AEGCo's Rockport capacity unless it is sold to other utilities. A unit power agreement between AEGCo and KPCo expires in 2004. The KPCo unit power agreement extends until December 31, 2009 for Rockport Plant Unit 1 and until December 7, 2022 for Rockport Plant Unit 2 if AEP's restructuring settlement agreement filed with the FERC becomes operative. The unit power agreements provide for recovery of costs including a FERC approved rate of return on common equity and a return on other capital net of temporary cash investments. Under terms of the unit power agreements, AEGCo accumulates all expenses monthly and prepares the bills for its affiliates. In the month the expenses are incurred, AEGCo recognizes the billing revenues and establishes a receivable from the affiliated companies.

Results of Operations

Net Income decreased $323,000 or 4% as a result of limits on recovery of return on capital related to operating and in-service ratios of the Rockport Plant.

Operating Revenues Decrease

The decrease in Operating Revenues of $14,267,000 or 6% reflects a decrease in recoverable expenses, primarily fuel.

Operating Expenses Decrease

Operating Expenses decreased 6% as follows:

(dollars in thousands)	Increase (Decrease) From Previous Year Amount	%
Fuel	$(13,723)	(13)
Other Operation	1,899	17
Maintenance	565	6
Depreciation	137	1
Taxes Other Than Income Taxes	(976)	(23)
Income Taxes	(1,321)	(46)
Total	$(13,419)	(6)

The decrease in Fuel expense reflects a decrease in generation and lower average fuel costs.

Other Operation expense increased due to increased costs for employee benefits and property insurance.

The increase in Maintenance expense can be attributed to shorter duration of maintenance outages for boiler inspection and repair in 2001.

Taxes Other Than Income Taxes decreased due to a decrease in Indiana real and personal property taxes reflecting a favorable change in the law which lowered the tax for Rockport Plant.

The decrease in Income Taxes attributable to operations is primarily due to a decrease in pre-tax operating income and a change in estimate for state income tax accruals.

AEP GENERATING COMPANY
Statements of Income

	Year Ended December 31, 2002	2001	2000
	(in thousands)		
OPERATING REVENUES	$213,281	$227,548	$228,516
OPERATING EXPENSES:			
Fuel	89,105	102,828	102,978
Rent - Rockport Plant Unit 2	68,283	68,283	68,283
Other Operation	12,924	11,025	10,295
Maintenance	9,418	8,853	9,616
Depreciation	22,560	22,423	22,162
Taxes Other Than Income Taxes	3,281	4,257	3,854
Income Taxes	1,581	2,902	2,904
TOTAL OPERATING EXPENSES	207,152	220,571	220,092
OPERATING INCOME	6,129	6,977	8,424
NONOPERATING INCOME	343	30	6
NONOPERATING EXPENSES	198	16	17
NONOPERATING INCOME TAX CREDITS	3,536	3,470	3,440
INTEREST CHARGES	2,258	2,586	3,869
NET INCOME	$ 7,552	$ 7,875	$ 7,984

Statements of Retained Earnings

	Year Ended December 31, 2002	2001	2000
	(in thousands)		
RETAINED EARNINGS JANUARY 1	$13,761	$ 9,722	$3,673
NET INCOME	7,552	7,875	7,984
CASH DIVIDENDS DECLARED	3,150	3,836	1,935
RETAINED EARNINGS DECEMBER 31	$18,163	$13,761	$9,722

See Notes to Financial Statements beginning on page L-1.

AEP GENERATING COMPANY
Balance Sheets

	December 31, 2002	December 31, 2001
	(in thousands)	
ASSETS		
ELECTRIC UTILITY PLANT:		
Production	$637,095	$638,297
General	4,728	3,012
Construction Work in Progress	10,390	6,945
Total Electric Utility Plant	652,213	648,254
Accumulated Depreciation	358,174	337,151
NET ELECTRIC UTILITY PLANT	294,039	311,103
OTHER PROPERTY AND INVESTMENTS	119	119
CURRENT ASSETS:		
Cash and Cash Equivalents	-	983
Accounts Receivable:		
Affiliated Companies	18,454	22,344
Miscellaneous	-	147
Fuel	20,260	15,243
Materials and Supplies	4,913	4,480
Prepayments	-	244
TOTAL CURRENT ASSETS	43,627	43,441
REGULATORY ASSETS	4,970	5,207
DEFERRED CHARGES	6,974	1,471
TOTAL ASSETS	$349,729	$361,341

See Notes to Financial Statements beginning on page L-1.

AEP GENERATING COMPANY

	December 31, 2002	December 31, 2001
	(in thousands)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common Stock - Par Value $1,000:		
Authorized and Outstanding - 1,000 Shares	$ 1,000	$ 1,000
Paid-in Capital	23,434	23,434
Retained Earnings	18,163	13,761
Total Common Shareholder's Equity	42,597	38,195
Long-term Debt	44,802	44,793
TOTAL CAPITALIZATION	87,399	82,988
OTHER NONCURRENT LIABILITIES	301	76
CURRENT LIABILITIES:		
Advances from Affiliates	28,034	32,049
Accounts Payable:		
General	26	7,582
Affiliated Companies	15,907	1,654
Taxes Accrued	2,327	4,777
Rent Accrued - Rockport Plant Unit 2	4,963	4,963
Other	1,111	3,481
TOTAL CURRENT LIABILITIES	52,368	54,506
DEFERRED GAIN ON SALE AND LEASEBACK - ROCKPORT PLANT UNIT 2	111,046	116,617
REGULATORY LIABILITIES:		
Deferred Investment Tax Credits	52,943	56,304
Amounts Due to Customers for Income Taxes	16,670	22,725
TOTAL REGULATORY LIABILITIES	69,613	79,029
DEFERRED INCOME TAXES	29,002	27,975
DEFERRED CREDITS	-	150
COMMITMENTS AND CONTINGENCIES (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$349,729	$361,341

See Notes to Financial Statements beginning on page L-1.

AEP GENERATING COMPANY

Statements of Cash Flows

	Year Ended December 31, 2002	2001	2000
	(in thousands)		
OPERATING ACTIVITIES:			
Net Income	$ 7,552	$ 7,875	$ 7,984
Adjustments for Noncash Items:			
Depreciation	22,560	22,423	22,162
Deferred Income Taxes	(5,028)	(6,224)	(5,842)
Deferred Investment Tax Credits	(3,361)	(3,414)	(3,396)
Amortization of Deferred Gain on Sale and Leaseback - Rockport Plant Unit 2	(5,571)	(5,571)	(5,571)
Change in Certain Current Assets and Liabilities:			
Accounts Receivable	4,037	1,224	1,392
Fuel, Materials and Supplies	(5,450)	(4,738)	6,486
Accounts Payable	6,697	(4,597)	(13,157)
Taxes Accrued	(2,450)	(216)	708
Other Assets	(5,211)	(569)	1,636
Other Liabilities	(2,295)	(1,244)	(404)
Net Cash Flows From Operating Activities	11,480	4,949	11,998
INVESTING ACTIVITIES - Construction Expenditures	(5,298)	(6,868)	(5,190)
FINANCING ACTIVITIES:			
Return of Capital to Parent Company	-	-	(5,801)
Change in Short-term Debt (net)	-	-	(24,700)
Change in Advances From Affiliates (net)	(4,015)	3,981	28,068
Dividends Paid	(3,150)	(3,836)	(1,935)
Net Cash Flows From (Used For) Financing Activities	(7,165)	145	(4,368)
Net Increase (Decrease) in Cash and Cash Equivalents	(983)	(1,774)	2,440
Cash and Cash Equivalents January 1	983	2,757	317
Cash and Cash Equivalents December 31	$ -	$ 983	$ 2,757

Supplemental Disclosure:
Cash paid for interest net of capitalized amounts was $2,019,000, $1,509,000 and $3,531,000 and for income taxes was $7,884,000, $8,597,000 and $6,820,000 in 2002, 2001 and 2000, respectively.

See Notes to Financial Statements beginning on page L-1.

AEP GENERATING COMPANY
Statements of Capitalization

	December 31, 2002	December 31, 2001
	(in thousands)	
COMMON STOCK EQUITY (a)	$42,597	$38,195
LONG-TERM DEBT		
Installment Purchase Contracts - City of Rockport (b)		
Series / Due Date		
1995 A, 2025 (c)	22,500	22,500
1995 B, 2025 (c)	22,500	22,500
Unamortized Discount	(198)	(207)
TOTAL LONG-TERM DEBT	44,802	44,793
TOTAL CAPITALIZATION	$87,399	$82,988

(a) In 2000, AEGCo returned capital to AEP in the amounts of $5.8 million. There were no other material transactions affecting Common Stock and Paid-in Capital in 2002, 2001 and 2000.
(b) Installment purchase contracts were entered into in connection with the issuance of pollution control revenue bonds by the City of Rockport, Indiana. The terms of the installment purchase contracts require AEGCo to pay amounts sufficient to enable the payment of interest and principal on the related pollution control revenue bonds issued to refinance the construction costs of pollution control facilities at the Rockport Plant.
(c) These series have an adjustable interest rate that can be a daily, weekly, commercial paper or term rate as designated by AEGCo. Prior to July 13, 2001, AEGCo had selected a daily rate which ranged from 0.9% to 5.6% during 2001 and averaged 2.8% in 2001. Effective July 13, 2001, AEGCo selected a term rate of 4.05% for five years ending July 12, 2006.

See Notes to Financial Statements beginning on page L-1.

AEP GENERATING COMPANY
Index to Combined Notes to Financial Statements

The notes to AEGCo's financial statements are combined with the notes to financial statements for AEP and its other subsidiary registrants. Listed below are the combined notes that apply to AEGCo. The combined footnotes begin on page L-1.

INDEPENDENT AUDITORS' REPORT

To the Shareholder and Board of Directors
of AEP Generating Company:

We have audited the accompanying balance sheets and statements of capitalization of AEP Generating Company as of December 31, 2002 and 2001, and the related statements of income, retained earnings, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of AEP Generating Company as of December 31, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

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AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES

AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES

Selected Consolidated Financial Data

	2002	2001	2000	1999	1998
	Year Ended December 31, (in thousands)				
INCOME STATEMENTS DATA:					
Operating Revenues	$1,690,493	$1,738,837	$1,770,402	$1,482,475	$1,406,117
Operating Expenses	1,296,760	1,443,106	1,463,304	1,188,490	1,123,330
Operating Income	393,733	295,731	307,098	293,985	282,787
Nonoperating Items, Net	8,079	5,324	7,235	8,113	760
Interest Charges	125,871	116,268	124,766	114,380	122,036
Income Before Extraordinary Item	275,941	184,787	189,567	187,718	161,511
Extraordinary Loss	-	(2,509)	-	(5,517)	-
Net Income	275,941	182,278	189,567	182,201	161,511
Preferred Stock Dividend Requirements	241	242	241	6,931	6,901
Gain (Loss) on Reacquired Preferred Stock	4	-	-	(2,763)	-
Earnings Applicable To Common Stock	$ 275,704	$ 182,036	$ 189,326	$ 172,507	$ 154,610

	2002	2001	2000	1999	1998
	Year Ended December 31, (in thousands)				
BALANCE SHEETS DATA:					
Electric Utility Plant	$5,625,736	$5,769,707	$5,592,444	$5,511,894	$5,336,191
Accumulated Depreciation And Amortization	2,405,492	2,446,027	2,297,189	2,247,225	2,072,686
Net Electric Utility Plant	$3,220,244	$3,323,680	$3,295,255	$3,264,669	$3,263,505
Total Assets	$5,356,438	$4,893,030	$5,467,701	$4,847,857	$4,735,656
Common Stock and Paid-in Capital	$ 187,898	$ 573,903	$ 573,904	$ 573,904	$ 573,904
Accumulated Other Comprehensive Income (Loss)	(73,160)	-	-	-	-
Retained Earnings	986,396	826,197	792,219	758,894	734,387
Total Common Shareholder's Equity	$1,101,134	$1,400,100	$1,366,123	$1,332,798	$1,308,291
Preferred Stock	$ 5,942	$ 5,952	$ 5,951	$ 5,951	$ 163,188
CPL - Obligated, Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of CPL	$ 136,250	$ 136,250	$ 148,500	$ 150,000	$ 150,000
Long-term Debt (a)	$1,438,565	$1,253,768	$1,454,559	$1,454,541	$1,350,706
Total Capitalization And Liabilities	$5,356,438	$4,893,030	$5,467,701	$4,847,857	$4,735,656

(a) Including portion due within one year.

AEP Texas Central Company (TCC), formerly known as Central Power and Light Company (CPL), is a public utility engaged in the generation, purchase, sale, transmission and distribution of electric power in southern Texas. TCC also sells electric power at wholesale to other utilities, municipalities, rural electric cooperatives and beginning in 2002 to its affiliated retail electric provider (REP) in Texas.

Wholesale power marketing activities are conducted on TCC's behalf by AEPSC. TCC, along with the other AEP electric operating subsidiaries, shares in AEP's electric power transactions with other utility systems and power marketers.

On January 1, 2002, customer choice of electricity supplier began in the Electric Reliability Council of Texas (ERCOT) area of Texas where TCC operates.

Under the Texas Restructuring Legislation, each electric utility was required to submit a plan to structurally unbundle its business into an affiliated REP, a power generator, and a transmission and distribution utility. During the year 2000, TCC submitted a plan for separation that was subsequently approved by the PUCT. TCC has functionally separated its generation from its transmission and distribution operations and AEP formed a separate affiliated REP. Pending regulatory approval, TCC anticipates legally separating its generation from its transmission and distribution operations (see Note 8). The affiliated REP, a separate legal entity that was an AEP subsidiary (not owned by or consolidated with TCC) was sold in December 2002 (see Note 12).

Since the affiliated REP is the electricity supplier to retail customers in the ERCOT area, TCC sells its generation to the affiliated REP and other market participants and provides transmission and distribution services to retail customers of the REPs in the TCC service territory. As a result of the formation of the affiliated REP, effective January 1, 2002, TCC no longer supplies electricity directly to retail customers. The implementation of REPs as suppliers to retail customers has caused a significant shift in TCC's sales as described below under "Results of Operations."

In December 2002, AEP sold the affiliated REP to an unrelated third party who assumed the obligations of the affiliated REP under the Texas Restructuring Legislation (see Note 12). Prior to the sale during 2002 sales to the affiliated REP were classified as Sales to AEP Affiliates. Subsequent to the sale, transactions with the REP were classified as Wholesale Electricity or Energy Delivery.

Results of Operations

In 2002, Net Income increased $94 million or 51% primarily due to $262 million of revenues associated with recognition of stranded costs in Texas offset in part by losses associated with the commencement of customer choice in Texas which resulted in the loss of customers and reduced prices (see Note 8). In 2001, Income Before Extraordinary Item decreased $5 million or 3%, primarily resulting from a settlement of Texas municipal franchise fees and increased Maintenance expenses.

Changes in Operating Revenues

	Increase (Decrease) From Previous Year (dollars in millions) 2002 Amount	%	2001 Amount	%
Wholesale Electricity*	$(1,096.4)	(90)	$(29.9)	(2)
Energy Delivery*	81.4	17	(5.6)	(1)
Sales to AEP Affiliates	966.7	N.M.	4.0	11
Total	$ (48.3)	(3)	$(31.5)	(2)

*Reflects the allocation of certain transmission and distribution revenues included in bundled retail rates to energy delivery.

N.M. = Not Meaningful

In 2002, Wholesale Electricity revenues decreased as a result of the elimination of TCC's retail electricity sales in the ERCOT region as of January 1, 2002 and a decrease in wholesale power marketing margins offset in part by the interchange cost reconstruction

(ICR) adjustments (see Note 6). In 2001, the decrease in Wholesale Electricity revenues was primarily attributable to unfavorable wholesale power marketing and trading conditions.

In 2002, Sales to AEP Affiliates revenue increased primarily due to increased revenues from the newly created affiliated REP. Although TCC sold electricity to the affiliated REP instead of directly to retail customers, total revenues decreased due to lower prices for power sold to the affiliated REP.

Additionally, delivery charges provided to the affiliated REP in 2002 are classified as Sales to AEP Affiliates in 2002, whereas in 2001 they were classified as Energy Delivery revenue. Revenues for 2002 included $262 million of revenues, associated with recognition of stranded costs in Texas (see Note 8). Energy Delivery revenue also included revenues received for securitized assets beginning in 2002 (see Note 8).

Changes in Operating Expenses

Increase (Decrease)
From Previous Year
(dollars in millions)

	2002 Amount	2002 %	2001 Amount	2001 %
Fuel	$(246.2)	(50)	$(58.8)	(11)
Purchased Power:				
Wholesale Electricity	83.5	65	(16.2)	(11)
AEP Affiliates	(35.3)	(60)	26.0	80
Other Operation	(17.1)	(5)	1.7	1
Maintenance	(7.8)	(11)	10.7	18
Depreciation And Amortization	45.8	27	(10.4)	(6)
Taxes Other Than Income Taxes	4.6	5	14.4	19
Income Taxes	26.1	23	12.4	12
Total	$(146.4)	(10)	$(20.2)	(1)

In 2002, the decrease in Fuel expense was due to a decrease in the average unit cost of fuel and decreased generation. The decrease in Fuel expense in 2001 was primarily due to a reduction in the average cost of fuel primarily from a decline in natural gas prices. TCC used natural gas as fuel for 32% of its generation in 2002. The nature of the natural gas market is such that both long-term and short-term contracts are generally based on the current spot market price. Changes in natural gas prices affect TCC's fuel expense; however, they generally did not impact results of operations in 2001 and 2000 due to fuel recovery mechanisms, which are no longer in place beginning with deregulation in 2002.

In 2002, the increase in Wholesale Electricity Purchased Power expense is due to higher MWH purchases from the market where we could purchase power at prices lower than our cost to produce. ICR adjustments also had the effect of increasing Wholesale Electricity Purchased Power expense and decreasing AEP Affiliates Purchased Power expense in 2002 (see Note 6).

In 2001, Purchased Power increased overall largely due to higher natural gas prices. Although gas prices declined in 2001, they were higher during the first half of 2001 when TCC was making most of its purchases.

In 2002, Other Operation expense decreased due primarily to the elimination of factoring of accounts receivable and lower ERCOT transmission related expenses.

In 2002, Maintenance expense decreased due to two scheduled "18 month interval" refueling outages for STP during 2001 that increased Maintenance expense above the 2002 and 2000 levels. Also contributing to the decrease in 2002, and the increase in 2001, was an increase in Maintenance expense for scheduled major overhauls of four power plants in 2001.

In 2002, the increase in Depreciation and Amortization is attributable to the amortization of regulatory assets that were securitized in the first quarter of 2002, offset by the elimination of excess earnings expense in 2002 under Texas Restructuring Legislation (see Note 8).

In 2002, the increase in Taxes Other Than Income Taxes resulted primarily from higher local franchise taxes, offset by one-time 2001 assessments and decreased gross receipts tax, due to deregulation. In 2001, Taxes Other Than Income Taxes increased due primarily to an increase in franchise related taxes, including a settlement of disputed franchise fees, and a new tax levied by the

PUCT, the Texas System Benefit Fund Assessment.

In 2002, the increase in Income Taxes is due to an increase in pre-tax income offset by changes in timing between book/tax accounting differences in state income taxes. In 2001 the increase in Income Tax expense is primarily due to adjustments associated with prior year tax returns and an increase in pre-tax book income.

Other Changes

In 2002, Nonoperating Income and Nonoperating Expenses increased significantly as a result of increased non-utility revenue and expenses associated with energy related construction projects for third parties, offset in part by decreased interest income. The revenues associated with the energy related construction projects included in Nonoperating Income increased $34 million and $15 million in 2002 and 2001. The expenses associated with these projects included in Nonoperating Expenses increased $32 million and $14 million in 2002 and 2001.

In 2002, Nonoperating Income Tax Expense increased due to increases in pre-tax non-operating income.

In 2002, Interest Charges increased primarily due to higher levels of outstanding debt (see TCC's schedule of Long-term Debt and Consolidated Statements of Capitalization for further information). In 2001, the decrease in interest charges was attributable to lower average interest rates associated with short-term and long-term debt.

Extraordinary Loss

The extraordinary loss on reacquired debt recorded in 2001 was the result of reacquisition of installment purchase contracts for Matagorda County, Navigation District, Texas.

Impairment

As a result of TCC's recent ability to purchase electricity at a significantly lower price than its current cost to generate electricity, TCC proposed in September 2002 to "inactivate" various, high-cost gas fired generating facilities. In the third quarter 2002, TCC recorded an impairment charge of approximately $95.6 million (pre-tax) related to these plants and recorded approximately $4.0 million (pre-tax) for severance charges. Both of these charges were deferred and recorded in Regulatory Assets Designated for or Subject to Securitization, to be included as a stranded cost in the Texas 2004 true-up proceeding (see Note 8). In the fourth quarter 2002 an additional pre-tax charge of $21.6 million was recorded related to additional plant impairments, fuel inventory and materials and supplies, and an additional $1.5 million pre-tax charge was recorded related to severance charges (see Note 13) related to the "inactivated" plants. The entire $23.1 million was also deferred and recorded in Regulatory Assets Designated for or Subject to Securitization.

AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Income

	Year Ended December 31, 2002	2001	2000
		(in thousands)	
OPERATING REVENUES:			
Wholesale Electricity	$ 127,502	$1,223,893	$1,253,836
Energy Delivery	554,547	473,182	478,814
Sales to AEP Affiliates	1,008,444	41,762	37,752
TOTAL OPERATING REVENUES	1,690,493	1,738,837	1,770,402
OPERATING EXPENSES:			
Fuel	245,834	492,057	550,903
Purchased Power:			
Wholesale Electricity	211,358	127,816	144,021
AEP Affiliates	23,406	58,641	32,591
Other Operation	304,094	321,227	319,539
Maintenance	63,392	71,212	60,528
Depreciation and Amortization	214,162	168,341	178,786
Taxes Other Than Income Taxes	95,500	90,916	76,477
Income Taxes	139,014	112,896	100,459
TOTAL OPERATING EXPENSES	1,296,760	1,443,106	1,463,304
OPERATING INCOME	393,733	295,731	307,098
NONOPERATING INCOME	53,141	22,552	5,830
NONOPERATING EXPENSES	41,910	17,626	3,668
NONOPERATING INCOME TAX EXPENSE (CREDIT)	3,152	(398)	(5,073)
INTEREST CHARGES	125,871	116,268	124,766
INCOME BEFORE EXTRAORDINARY ITEM	275,941	184,787	189,567
EXTRAORDINARY LOSS ON REACQUIRED DEBT (Net of Tax of $1,351,000 for 2001)	-	(2,509)	-
NET INCOME	275,941	182,278	189,567
PREFERRED STOCK DIVIDEND REQUIREMENTS	241	242	241
GAIN ON REACQUIRED PREFERRED STOCK	4	-	-
EARNINGS APPLICABLE TO COMMON STOCK	$ 275,704	$ 182,036	$ 189,326

Consolidated Statements of Comprehensive Income

	Year Ended December 31, 2002	2001	2000
		(in thousands)	
NET INCOME	$275,941	$182,278	$189,567
OTHER COMPREHENSIVE INCOME (LOSS):			
Cash Flow Power Hedges	(36)	-	-
Minimum Pension Liability	(73,124)	-	-
COMPREHENSIVE INCOME	$202,781	$182,278	$189,567

The common stock of TCC is owned by a wholly owned subsidiary of AEP.
See Notes to Financial Statements beginning on page L-1.

AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES
Consolidated Statements of Retained Earnings

	Year Ended December 31, 2002	2001 (in thousands)	2000
BEGINNING OF PERIOD	$826,197	$792,219	$758,894
NET INCOME	275,941	182,278	189,567
DEDUCTIONS (ADDITIONS):			
Capital Stock Gains	(4)	-	-
Cash Dividends Declared:			
Common Stock	115,505	148,057	156,000
Preferred Stock	241	242	241
Other	-	1	1
BALANCE AT END OF PERIOD	$986,396	$826,197	$792,219

The common stock of TCC is owned by a wholly owned subsidiary of AEP.
See Notes to Financial Statements beginning on page L-1.

AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31, 2002	December 31, 2001
	(in thousands)	
ASSETS		
ELECTRIC UTILITY PLANT:		
Production	$2,903,942	$3,169,421
Transmission	698,964	663,655
Distribution	1,296,731	1,279,037
General	258,386	241,137
Construction Work in Progress	200,947	169,075
Nuclear Fuel	266,766	247,382
Total Electric Utility Plant	5,625,736	5,769,707
Accumulated Depreciation and Amortization	2,405,492	2,446,027
NET ELECTRIC UTILITY PLANT	3,220,244	3,323,680
OTHER PROPERTY AND INVESTMENTS	3,977	47,950
SECURITIZED TRANSITION ASSETS	734,591	-
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	4,392	28,039
CURRENT ASSETS:		
Cash and Cash Equivalents	85,420	10,909
Accounts Receivable:		
General	113,543	38,459
Affiliated Companies	121,324	6,249
Allowance for Uncollectible Accounts	(346)	(186)
Fuel Inventory	32,563	38,690
Materials and Supplies	51,593	55,475
Accrued Utility Revenues	27,150	-
Energy Trading and Derivative Contracts	22,493	34,480
Prepayments and Other Current Assets	2,133	2,742
TOTAL CURRENT ASSETS	455,873	186,818
REGULATORY ASSETS	458,552	226,812
REGULATORY ASSETS DESIGNATED FOR OR SUBJECT TO SECURITIZATION	336,444	959,294
NUCLEAR DECOMMISSIONING TRUST FUND	98,474	98,600
DEFERRED CHARGES	43,891	21,837
TOTAL ASSETS	$5,356,438	$4,893,030

See Notes to Financial Statements beginning on page L-1.

AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES

CAPITALIZATION AND LIABILITIES	December 31, 2002	December 31, 2001
	(in thousands)	
CAPITALIZATION:		
Common Stock - $25 Par Value:		
Authorized - 12,000,000 Shares		
Outstanding - 2,211,678 Shares at December 31, 2002		
6,755,535 Shares at December 31, 2001	$ 55,292	$ 168,888
Paid-in Capital	132,606	405,015
Accumulated Other Comprehensive Income (Loss)	(73,160)	-
Retained Earnings	986,396	826,197
Total Common Shareholder's Equity	1,101,134	1,400,100
Preferred Stock	5,942	5,952
CPL - Obligated, Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of CPL	136,250	136,250
Long-term Debt	1,209,434	988,768
TOTAL CAPITALIZATION	2,452,760	2,531,070
OTHER NONCURRENT LIABILITIES	74,572	10,905
CURRENT LIABILITIES:		
Short-term Debt - Affiliates	650,000	-
Long-term Debt Due Within One Year	229,131	265,000
Advances from Affiliates (net)	126,711	354,277
Accounts Payable - General	72,199	65,307
Accounts Payable - Affiliated Companies	36,242	49,301
Customer Deposits	666	26,744
Taxes Accrued	24,791	83,512
Interest Accrued	51,205	23,715
Energy Trading and Derivative Contracts	19,811	40,987
Other	36,698	18,076
TOTAL CURRENT LIABILITIES	1,247,454	926,919
DEFERRED INCOME TAXES	1,261,252	1,163,795
DEFERRED INVESTMENT TAX CREDITS	117,686	122,892
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	1,713	17,675
REGULATORY LIABILITIES AND DEFERRED CREDITS	201,001	119,774
COMMITMENTS AND CONTINGENCIES (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$5,356,438	$4,893,030

See Notes to Financial Statements beginning on page L-1.

AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2002	2001 (in thousands)	2000
OPERATING ACTIVITIES:			
Net Income	$275,941	$182,278	$189,567
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:			
Depreciation and Amortization	214,162	168,341	178,786
Extraordinary Loss on Reacquired Debt	-	2,509	-
Deferred Income Taxes	113,655	(72,568)	16,263
Deferred Investment Tax Credits	(5,206)	(5,208)	(5,207)
Mark-toMarket Energy Trading and Derivative Contracts	(1,558)	(12,048)	8,191
Change in Certain Current Assets and Liabilities:			
Accounts Receivable (net)	(189,999)	52,862	(32,902)
Fuel, Materials and Supplies	(4,899)	(18,215)	8,680
Interest Accrued	27,490	(2,502)	11,494
Accrued Utility Revenues	(27,150)	-	-
Accounts Payable	(6,167)	(55,311)	45,873
Taxes Accrued	(58,721)	27,986	14,405
Fuel Recovery	16,455	179,866	(96,872)
Transmission Coordination Agreement Settlement	-	-	15,519
Texas Wholesale Clawback (see Note 7)	(262,000)	-	-
Change in Other Assets	(534)	10,767	589
Change in Other Liabilities	56,024	11,163	12,243
Net Cash Flows From Operating Activities	147,493	469,920	366,629
INVESTING ACTIVITIES:			
Construction Expenditures	(151,645)	(193,732)	(199,484)
Proceeds From Sales of Property and Other	143	(354)	-
Net Cash Flows Used For Investing Activities	(151,502)	(194,086)	(199,484)
FINANCING ACTIVITIES:			
Issuance of Long-term Debt	797,335	260,162	149,248
Change in Short-term Debt Affiliate (Net)	650,000	-	-
Retirement of Common Stock	(386,005)	-	-
Retirement of Preferred Stock	(6)	-	-
Retirement of Long-term Debt	(639,492)	(475,606)	(151,440)
Change in Advances from Affiliates (net)	(227,566)	84,565	(52,446)
Special Deposit for Reacquisition of Long-term Debt	-	-	50,000
Dividends Paid on Common Stock	(115,505)	(148,057)	(156,000)
Dividends Paid on Cumulative Preferred Stock	(241)	(242)	(249)
Net Cash Flows From (Used For) Financing Activities	78,520	(279,178)	(160,887)
Net Increase (Decrease) in Cash and Cash Equivalents	74,511	(3,344)	6,258
Cash and Cash Equivalents January 1	10,909	14,253	7,995
Cash and Cash Equivalents December 31	$ 85,420	$ 10,909	$ 14,253

Supplemental Disclosure:
Cash paid for interest net of capitalized amounts (including distributions on Trust Preferred Securities) was $93,120,000, $109,835,000 and $110,010,000 and for income taxes was $95,600,000, $161,529,000 and $48,141,000 in 2002, 2001 and 2000,respectively.

See Notes to Financial Statements beginning on page L-1.

AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES
Consolidated Statements of Capitalization

Series	Call Price December 31, 2002	Number of Shares Redeemed Year Ended December 31, 2002	2001	2000	Shares Outstanding December 31, 2002	December 31, 2002 (in thousands)	2001
COMMON SHAREHOLDER'S EQUITY (a)						$1,101,134	$1,400,100
PREFERRED STOCK - 3,035,000 authorized shares, $100 par value							
Not Subject to Mandatory Redemption:							
4.00%	$105.75	100	-	-	41,938	4,194	4,204
4.20%	103.75	-	-	-	17,476	1,748	1,748
Total Preferred Stock						5,942	5,952
TRUST PREFERRED SECURITIES:							
TCC-obligated, mandatorily redeemable preferred securities of subsidiary trust holding solely Junior Subordinated Debentures of TCC, 8.00%, due April 30, 2037						136,250	136,250
LONG-TERM (See Schedule of Long-term Debt):							
First Mortgage Bonds						152,353	614,200
Securitization Bonds (a)						796,635	-
Installment Purchase Contracts						489,577	489,568
Senior Unsecured Notes						-	150,000
Less Portion Due Within One year						(229,131)	(265,000)
Long-term Debt Excluding Portion Due Within One Year						1,209,434	988,768
TOTAL CAPITALIZATION						$2,452,760	$2,531,070

(a) In February 2002, TCC issued securitization bonds. $386 million of the proceeds was used to retire 4,543,857 shares of common stock.

See Notes to Financial Statements beginning on page L-1.

AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES
Schedule of Long-term Debt

First mortgage bonds outstanding were as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
7.25	2004 - October 1	$ 27,400	$100,000
7.50	2002 - December 1	-	115,000
6-7/8	2003 - February 1	16,418	49,200
7-1/8	2008 - February 1	18,581	75,000
7.50	2023 - April 1	17,996	75,000
6-5/8	2005 - July 1	71,958	200,000
Total		$152,353	$614,200

First mortgage bonds are secured by a first mortgage lien on electric utility plant. The indenture, as supplemented, relating to the first mortgage bonds contains maintenance and replacement provisions requiring the deposit of cash or bonds with the trustee, or in lieu thereof, certification of unfunded property additions.

Securitization Bonds outstanding were as follows:

Rate	Final Payment Date	Maturity Date	December 31, 2002	2001
			(in thousands)	
3.54	1/15/2005	1/15/2007	$128,950	$ -
5.01	1/15/2008	1/15/2010	154,507	-
5.56	1/15/2010	1/15/2012	107,094	-
5.96	7/15/2013	7/15/2015	214,927	-
6.25	1/15/2016	1/15/2017	191,857	-
Unamortized Discount			(700)	-
Total			$796,635	$ -

In February 2002, CPL Transition Funding LLC, a special purpose subsidiary of TCC, issued $797 million of Securitization Bonds, Series 2002-1. The Securitization Bonds mature at different times through 2017 and have a weighted average interest rate of 5.4 percent.

Installment purchase contracts have been entered into in connection with the issuance of pollution control revenue bonds by governmental authorities as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
Matagorda County Navigation District, Texas:			
6.00	2028 - July 1	$120,265	$120,265
6-1/8	2030 - May 1	60,000	60,000
3.75	2030(a) - May 1	111,700	111,700
4.00	2030(a) - May 1	50,000	50,000
4.55	2029(a) - Nov 1	100,635	100,635
Guadalupe-Blanco River Authority District, Texas:			
(b)	2015 - November 1	40,890	40,890
Red River Authority District, Texas:			
6.00	2020 - June 1	6,330	6,330
Unamortized Discount		(243)	(252)
Total		$489,577	$489,568

(a)Installment Purchase Contract provides for bonds to be tendered in 2003 for 3.75% and 4.00% series and in 2006 for 4.55% series. Therefore, these installment purchase contracts have been classified for payments in those years.
(b) A floating interest rate is determined monthly. The rate on December 31, 2002 was 1.7%.

Under the terms of the installment purchase contracts, TCC is required to pay amounts sufficient to enable the payment of interest on and the principal (at stated maturities and upon mandatory redemptions) of related pollution control revenue bonds issued to finance the construction of pollution control facilities at certain plants.

Senior unsecured notes outstanding were as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
	2002 - February 22 (c)	$ -	$150,000
Total		$ -	$150,000

(c) A floating interest rate is determined monthly. The rate on December 31, 2001 was 2.56%.

At December 31, 2002, future annual long-term debt payments are as follows:

	Amount (in thousands)
2003	$ 229,131
2004	75,951
2005	121,937
2006	152,900
2007	52,729
Later Years	806,860
Total Principal Amount	1,439,508
Unamortized Discount	(943)
Total	$1,438,565

See Note 25 for discussion of the Trust Preferred Securities issued by a wholly owned statutory business trust of TCC.

AEP TEXAS CENTRAL COMPANY AND SUBSIDIARIES
Index to Combined Notes to Consolidated Financial Statements

The notes to TCC's consolidated financial statements are combined with the notes to financial statements for AEP and its other subsidiary registrants. Listed below are the combined notes that apply to TCC. The combined footnotes begin on page L-1.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors
of AEP Texas Central Company:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of AEP Texas Central Company and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, comprehensive income, retained earnings, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of AEP Texas Central Company and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

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AEP TEXAS NORTH COMPANY

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AEP TEXAS NORTH COMPANY
Selected Financial Data

	Year Ended December 31,				
	2002	2001	2000	1999	1998
			(in thousands)		
INCOME STATEMENTS DATA:					
Operating Revenues	$ 450,740	$556,458	$571,064	$445,709	$424,953
Operating Expenses	442,869	523,068	518,723	391,910	365,677
Operating Income	7,871	33,390	52,341	53,799	59,276
Nonoperating Items, Net	(703)	2,195	(1,675)	2,488	2,712
Interest Charges	20,845	23,275	23,216	24,420	24,263
Income (Loss) Before Extraordinary Item	(13,677)	12,310	27,450	31,867	37,725
Extraordinary Loss	-	-	-	(5,461)	-
Net Income (Loss)	(13,677)	12,310	27,450	26,406	37,725
Preferred Stock Dividend Requirements	104	104	104	104	104
Earnings (Loss) Applicable to Common Stock	$ (13,781)	$ 12,206	$ 27,346	$ 26,302	$ 37,621

	December 31,				
	2002	2001	2000	1999	1998
			(in thousands)		
BALANCE SHEETS DATA:					
Electric Utility Plant	$1,201,747	$1,260,872	$1,229,339	$1,182,544	$1,146,582
Accumulated Depreciation and Amortization	521,792	546,162	515,041	495,847	473,503
Net Electric Utility Plant	$ 679,955	$ 714,710	$ 714,298	$ 686,697	$ 673,079
Total Assets	$ 877,175	$ 864,875	$1,087,504	$ 861,205	$ 819,446
Common Stock and Paid-in Capital	$ 139,565	$ 139,565	$ 139,565	$ 139,565	$ 139,565
Accumulated Other Comprehensive Income (Loss)	(30,763)	-	-	-	-
Retained Earnings	71,942	105,970	122,588	113,242	114,940
Total Common Shareholder's Equity	$ 180,744	$ 245,535	$ 262,153	$ 252,807	$ 254,505
Cumulative Preferred Stock: Not Subject to Mandatory Redemption	$ 2,367	$ 2,367	$ 2,367	$ 2,367	$ 2,368
Long-term Debt *(a)*	$ 132,500	$ 255,967	$ 255,843	$ 303,686	$ 303,518
Total Capitalization And Liabilities	$ 877,175	$ 864,875	$1,087,504	$ 861,205	$ 819,446

(a) Including portion due within one year.

AEP Texas North Company (TNC), formerly known as West Texas Utilities Company (WTU), is a public utility engaged in the generation, purchase, sale, transmission and distribution of electric power in west and central Texas. TNC also sells electric power at wholesale to other utilities, municipalities, rural electric cooperatives and beginning in 2002 to its affiliated retail electric provider (REP) in Texas.

Wholesale power marketing activities are conducted on TNC's behalf by AEPSC. TNC, along with the other AEP electric operating subsidiaries, shares in AEP's electric power transactions with other utility systems and power marketers.

On January 1, 2002, customer choice of electricity supplier began in the Electric Reliability Council of Texas (ERCOT) area of Texas. TNC operates in both the ERCOT and Southwest Power Pool (SPP) regions of Texas, with the majority of its operations being in the ERCOT territory.

Under the Texas Restructuring Legislation, each electric utility was required to submit a plan to structurally unbundle its business into an affiliated REP, a power generator, and a transmission and distribution utility. During the year 2000, TNC submitted a plan for separation that was subsequently approved by the PUCT. TNC has functionally separated its generation from its transmission and distribution operations and AEP formed a separate affiliated REP. Pending regulatory approval, TNC anticipates legally separating its generation from its transmission and distribution operations (see Note 8). The affiliated REP, a separate legal entity that was an AEP subsidiary (not owned by or consolidated with TNC) was sold in December 2002 (see Note 12).

Since the affiliated REP is the electricity supplier to retail customers in the ERCOT area, TNC sells its generation to the affiliated REP and other market participants and provides transmission and distribution services to retail customers of the REPs in the TNC service territory. As a result of the formation of the affiliated REP, effective January 1, 2002, TNC no longer supplies electricity directly to retail customers. The implementation of REPs as suppliers to retail customers has caused a significant shift in TNC's sales as described below under "Results of Operations."

In December 2002, AEP sold the affiliated REP to an unrelated third party, who assumed the obligations of the affiliated REP under the Texas Restructuring Legislation (see Note 12). Prior to the sale, during 2002, sales to the affiliated REP were classified as Sales to AEP Affiliates. Subsequent to the sale, transactions with the REP will be classified as Wholesale Electricity or Energy Delivery.

Results of Operations

In 2002, Net Income decreased $26.0 million or 211% primarily due to a $38.1 million long-lived asset impairment charge ($24.8 million net of tax) related to the inactivation of inefficient gas fired plants (see Note 13) and a $4.7 million impairment charge ($3.1 million net of tax) related to the abandonment of a wind-powered generation facility (see Note 13).

Changes in Operating Revenues

	Increase (Decrease) From Previous Year	
	(in millions)	%
Wholesale Electricity*	$(231.7)	(63)
Energy Delivery*	(95.7)	(57)
Sales to AEP Affiliates	221.7	N.M.
Total	$(105.7)	(19)

*Reflects the allocation of certain transmission and distribution revenues included in bundled retail rates to energy delivery.

N.M. = Not Meaningful

Wholesale Electricity revenues decreased as a result of the elimination of TNC's retail electricity sales in the ERCOT region as of January 1, 2002 and a decrease in wholesale power marketing margins, partially offset by the ICR adjustments (see Note 6).

Sales to AEP Affiliates increased primarily due to increased revenues from the newly created affiliated REP. Although TNC sold electricity to the affiliated REP instead of directly to retail customers in the ERCOT region, total revenues decreased due to lower prices for power sold to the affiliated REP.

Additionally, delivery charges provided to the affiliated REP in 2002 are classified as Sales to AEP Affiliates in 2002, whereas in 2001 they were classified as Energy Delivery revenue.

Changes in Operating Expenses

	Increase (Decrease) From Previous Year	
	(in millions)	%
Fuel	$(76.7)	(43)
Purchased Power:		
Wholesale Electricity	10.0	14
AEP Affiliates	(19.1)	(34)
Other Operation	(6.3)	(6)
Asset Impairments	42.9	N.M.
Maintenance	-	-
Depreciation and Amortization	(7.1)	(14)
Taxes Other Than Income Taxes	(5.8)	(21)
Income Taxes	(18.1)	N.M.
Total	$(80.2)	(15)

N.M. = Not Meaningful

Fuel expense decreased due to a decrease in the average unit cost of fuel and decreased generation required due to decreased energy sales. TNC used natural gas as fuel for 42% of its generation in 2002. The nature of the natural gas market is such that both long-term and short-term contracts are generally based on the current spot market price. Changes in natural gas prices affect TNC's fuel expense; however, they generally did not impact results of operations in 2001 due to fuel recovery mechanisms, which are no longer in place beginning with deregulation in 2002.

The net decline in total Purchased Power expense in 2002 was mainly due to both reduced MWHs purchased and reduced prices, partially offset by ICR adjustments (see Note 6).

Other Operation expense decreased slightly in 2002 due to lower factoring and transmission expenses, offset in part by a $1.4 million write-down of material and supply inventory associated with the impaired plants. As a result of TNC's recent ability to purchase electricity at a significantly lower price than its current cost to generate electricity, TNC proposed in September 2002 to "inactivate" various, high-cost gas fired generating facilities. TNC recorded an impairment charge in the third quarter 2002 of approximately $34.2 million related to these plants, which was recorded in Asset Impairments expense. In the fourth quarter 2002, an additional asset impairments charge of $3.9 million was also recorded in connection with these plants, along with a $4.7 million charge for a wind-powered generation facility (see Note 13). Additionally, a $1.2 million charge associated with fuel inventory (recorded in Fuel) and a $1.4 million charge associated with materials and supplies (recorded in Other Operations) was recorded in the fourth quarter of 2002 related to the "inactivated" plants.

Depreciation and Amortization expense decreased due to the elimination in 2002 of excess earnings expense under Texas Restructuring Legislation and the elimination of regulatory asset amortization that ended in 2001.

The decrease in Taxes Other Than Income Taxes is primarily a result of one time 2001 assessments and a decrease in the gross receipts tax due to deregulation.

The decrease in Income Taxes is primarily a result of a decrease in pre-tax income resulting from the impairment of various generating facilities.

Other Changes

Nonoperating Income and Nonoperating Expenses increased significantly as a result of increased non-utility revenue and expenses associated with energy related construction projects for third parties, offset in part by decreased interest income. The revenues associated with the aforementioned energy related construction projects included in Nonoperating Income increased $45.5 million in 2002. The expenses associated with these projects included in Nonoperating Expenses increased $43.0 million in 2002.

Interest Charges declined primarily due to lower interest rates.

AEP TEXAS NORTH COMPANY
Statements of Operations

	Year Ended December 31, 2002	2001	2000
		(in thousands)	
OPERATING REVENUES:			
Wholesale Electricity	$136,962	$368,741	$376,206
Energy Delivery	73,353	169,036	176,204
Sales to AEP Affiliates	240,425	18,681	18,654
TOTAL OPERATING REVENUES	450,740	556,458	571,064
OPERATING EXPENSES:			
Fuel	100,466	177,140	183,154
Purchased Power:			
Wholesale Electricity	80,391	70,395	68,080
AEP Affiliates	37,582	56,656	57,773
Other Operation	104,960	111,248	93,078
Asset Impairments	42,898	-	-
Maintenance	22,295	22,343	21,241
Depreciation and Amortization	43,620	50,705	55,172
Taxes Other Than Income Taxes	22,471	28,319	25,321
Income Tax Expense (Credit)	(11,814)	6,262	14,904
TOTAL OPERATING EXPENSES	442,869	523,068	518,723
OPERATING INCOME	7,871	33,390	52,341
NONOPERATING INCOME	53,763	12,199	9,530
NONOPERATING EXPENSES	54,755	10,695	12,664
NONOPERATING INCOME TAX CREDIT	(289)	(691)	(1,459)
INTEREST CHARGES	20,845	23,275	23,216
NET INCOME (LOSS)	(13,677)	12,310	27,450
PREFERRED STOCK DIVIDEND REQUIREMENTS	104	104	104
EARNINGS (LOSS) APPLICABLE TO COMMON STOCK	$(13,781)	$ 12,206	$ 27,346

Statements of Comprehensive Income

	Year Ended December 31, 2002	2001	2000
		(in thousands)	
NET INCOME (LOSS)	$(13,677)	$12,310	$27,450
OTHER COMPREHENSIVE INCOME (LOSS):			
Cash Flow Power Hedges	(15)	-	-
Minimum Pension Liability	(30,748)	-	-
COMPREHENSIVE INCOME (LOSS)	$(44,440)	$12,310	$27,450

The common stock of TNC is owned by a wholly owned subsidiary of AEP.
See notes to Financial Statements beginning on page L-1.

AEP TEXAS NORTH COMPANY

Statements of Retained Earnings

	Year Ended December 31,		
	2002	2001	2000
		(in thousands)	
BEGINNING OF PERIOD	$105,970	$122,588	$113,242
NET INCOME (LOSS)	(13,677)	12,310	27,450
DEDUCTIONS:			
Cash Dividends Declared:			
Common Stock	20,247	28,824	18,000
Preferred Stock	104	104	104
BALANCE AT END OF PERIOD	$ 71,942	$105,970	$122,588

The common stock of TNC is owned by a wholly owned subsidiary of AEP.
See notes to Financial Statements beginning on page L-1.

AEP TEXAS NORTH COMPANY
Balance Sheets

	December 31, 2002	December 31, 2001
	(in thousands)	
ASSETS		
ELECTRIC UTILITY PLANT:		
Production	$ 353,087	$ 443,508
Transmission	254,483	250,023
Distribution	445,486	431,969
General	111,679	112,797
Construction Work in Progress	37,012	22,575
Total Electric Utility Plant	1,201,747	1,260,872
Accumulated Depreciation and Amortization	521,792	546,162
NET ELECTRIC UTILITY PLANT	679,955	714,710
OTHER PROPERTY AND INVESTMENTS	1,213	24,933
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	2,248	8,327
CURRENT ASSETS:		
Cash and Cash Equivalents	1,219	2,454
Accounts Receivable:		
Customers	62,660	18,720
Affiliated Companies	43,632	8,656
Allowance for Uncollectible Accounts	(5,041)	(196)
Fuel Inventory	12,677	8,307
Materials and Supplies	9,574	11,190
Accrued Utility Revenues	6,829	-
Energy Trading and Derivative Contracts	4,130	10,240
Prepayments and Other	1,070	966
TOTAL CURRENT ASSETS	136,750	60,337
REGULATORY ASSETS	45,097	54,122
DEFERRED CHARGES	11,912	2,446
TOTAL ASSETS	$ 877,175	$ 864,875

See Notes to Financial Statements beginning on page L-1.

AEP TEXAS NORTH COMPANY

	December 31, 2002	December 31, 2001
	(in thousands)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common Stock - $25 Par Value:		
Authorized - 7,800,000 Shares		
Outstanding - 5,488,560 Shares	$137,214	$137,214
Paid-in Capital	2,351	2,351
Accumulated Other Comprehensive Income (Loss)	(30,763)	-
Retained Earnings	71,942	105,970
Total Common Shareholder's Equity	180,744	245,535
Cumulative Preferred Stock		
Not Subject to Mandatory Redemption	2,367	2,367
Long-term Debt	132,500	220,967
TOTAL CAPITALIZATION	315,611	468,869
OTHER NONCURRENT LIABILITIES	28,861	6,296
CURRENT LIABILITIES:		
Short-term Debt - Affiliates	125,000	-
Long-term Debt Due Within One Year	-	35,000
Advances from Affiliates	80,407	50,448
Accounts Payable - General	32,714	33,782
Accounts Payable - Affiliated Companies	76,217	11,388
Customer Deposits	117	4,191
Taxes Accrued	3,697	17,358
Interest Accrued	2,776	4,762
Energy Trading and Derivative Contracts	3,801	12,402
Other	17,414	9,824
TOTAL CURRENT LIABILITIES	342,143	179,155
DEFERRED INCOME TAXES	117,521	145,049
DEFERRED INVESTMENT TAX CREDITS	21,510	22,781
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	557	5,250
REGULATORY LIABILITIES AND DEFERRED CREDITS	50,972	37,475
COMMITMENTS AND CONTINGENCIES (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$877,175	$864,875

See Notes to Financial Statements beginning on page L-1.

AEP TEXAS NORTH COMPANY

Statements of Cash Flows

	Year Ended December 31, 2002	2001	2000
	(in thousands)		
OPERATING ACTIVITIES:			
Net Income (Loss)	$(13,677)	$ 12,310	$ 27,450
Adjustments to Reconcile Net Income to Net Cash Flows From Operating Activities:			
Depreciation and Amortization	43,620	50,705	55,172
Writedown of Utility Assets	38,154	-	
Writedown of Wind Farm Assets	4,744	-	-
Deferred Income Taxes	(12,275)	(11,891)	8,164
Deferred Investment Tax Credits	(1,271)	(1,271)	(1,271)
Mark-to-Market Energy Trading and Derivative Contracts	(1,127)	(3,506)	2,590
CHANGES IN CERTAIN CURRENT ASSETS AND LIABILITIES:			
Accounts Receivable (net)	(74,071)	24,844	(1,445)
Fuel, Materials and Supplies	(2,754)	3,187	8,478
Accrued Utility Revenues	(6,829)	-	-
Accounts Payable	63,761	(42,604)	28,393
Taxes Accrued	(13,661)	(1,543)	6,443
Fuel Recovery	14,169	32,505	(53,841)
Transmission Coordination Agreement Settlement	-	-	15,465
Change in Other Assets	(16,928)	(1,432)	2,549
Change in Other Liabilities	16,514	11,056	(3,869)
Net Cash Flows From Operating Activities	38,369	72,360	94,278
INVESTING ACTIVITIES:			
Construction Expenditures	(43,563)	(39,662)	(64,477)
Sales Proceeds and Other	150	(127)	-
Net Cash Used For Investing Activities	(43,413)	(39,789)	(64,477)
FINANCING ACTIVITIES:			
Retirement of Long-term Debt	(130,799)	-	(48,000)
Change in Short-term Debt Affiliated (net)	125,000	-	-
Change in Advances from Affiliates (net)	29,959	(8,130)	37,170
Dividends Paid on Common Stock	(20,247)	(28,824)	(18,000)
Dividends Paid on Cumulative Preferred Stock	(104)	(104)	(104)
Net Cash Flows From (Used For) Financing Activities	3,809	(37,058)	(28,934)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,235)	(4,487)	867
Cash and Cash Equivalents at Beginning of Period	2,454	6,941	6,074
Cash and Cash Equivalents at End of Period	$ 1,219	$ 2,454	$ 6,941

Supplemental Disclosure:
Cash paid (received) for interest net of capitalized amounts was $19,934,000 $19,279,000 and $19,088,000 and for income taxes was $15,544,000, $21,997,000 and ($906,000) in 2002, 2001 and 2000 respectively.

See Notes to Financial Statements beginning on page L-1.

AEP TEXAS NORTH COMPANY
Statements of Capitalization

						December 31, 2002	December 31, 2001
						(in thousands)	
COMMON SHAREHOLDER'S EQUITY						$180,744	$245,535
PREFERRED STOCK: $100 par value - authorized shares 810,000							
Series	Call Price December 31, 2002	Number of Shares Redeemed Year Ended December 31, 2002	2001	2000	Shares Outstanding December 31, 2002		
Not Subject to Mandatory Redemption:							
4.40%	$107	-	-	1	23,672	2,367	2,367
LONG-TERM DEBT (See Schedule of Long-term Debt):							
First Mortgage Bonds						88,190	211,657
Installment Purchase Contracts						44,310	44,310
Less Portion Due Within One Year						-	(35,000)
Long-term Debt Excluding Portion Due Within One Year						132,500	220,967
TOTAL CAPITALIZATION						$315,611	$468,869

See Notes to Financial Statements beginning on page L-1.

AEP TEXAS NORTH COMPANY
Schedule of Long-term Debt

First mortgage bonds outstanding were as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
6-7/8	2002 - October 1	$ -	$ 35,000
7	2004 - October 1	18,469	40,000
6-1/8	2004 - February 1	24,036	40,000
6-3/8	2005 - October 1	37,609	72,000
7-3/4	2007 - June 1	8,151	25,000
Unamortized Discount		(75)	(343)
		$88,190	$211,657

First mortgage bonds are secured by a first mortgage lien on electric utility plant. The indenture, as supplemented, relating to the first mortgage bonds contains maintenance and replacement provisions requiring the deposit of cash or bonds with the trustee, or in lieu thereof, certification of unfunded property additions.

Installment purchase contracts have been entered into, in connection with the issuance of pollution control revenue bonds by governmental authorities as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
Red River Authority of Texas:			
6.00	2020 - June 1	$44,310	$44,310

Under the terms of the installment purchase contracts, TNC is required to pay amounts sufficient to enable the payment of interest on and the principal of (at stated maturities and upon mandatory redemptions) related pollution control revenue bonds issued to finance the construction of pollution control facilities at certain plants.

At December 31, 2002, future annual long-term debt payments are as follows:

	Amount (in thousands)
2003	$ -
2004	42,505
2005	37,609
2006	-
2007	8,151
Later Years	44,310
Principal Amount	132,575
Less: Unamortized Discount	(75)
Total	$132,500

AEP TEXAS NORTH COMPANY
Index to Combined Notes to Financial Statements

The notes to TNC's financial statements are combined with the notes to financial statements for AEP and its other subsidiary registrants. Listed below are the combined notes that apply to TNC. The combined footnotes begin on page L-1.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of
Directors of AEP Texas North Company:

We have audited the accompanying balance sheets and statements of capitalization of AEP Texas North Company as of December 31, 2002 and 2001, and the related statements of operations, retained earnings, comprehensive income, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of AEP Texas North Company as of December 31, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

APPALACHIAN POWER COMPANY AND SUBSIDIARIES

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
Selected Consolidated Financial Data

	Year Ended December 31,				
	2002	2001	2000	1999	1998
			(in thousands)		
INCOME STATEMENTS DATA:					
Operating Revenues	$1,814,470	$1,784,259	$1,759,253	$1,586,050	$1,672,244
Operating Expenses	1,512,407	1,509,273	1,558,099	1,344,814	1,443,701
Operating Income	302,063	274,986	201,154	241,236	228,543
Nonoperating Items, Net	20,106	6,868	11,752	8,096	(8,301)
Interest Charges	116,677	120,036	148,000	128,840	126,912
Income Before Extraordinary Item	205,492	161,818	64,906	120,492	93,330
Extraordinary Gain	-	-	8,938	-	-
Net Income	205,492	161,818	73,844	120,492	93,330
Preferred Stock Dividend Requirements	2,897	2,011	2,504	2,706	2,497
Earnings Applicable to Common Stock	$ 202,595	$ 159,807	$ 71,340	$ 117,786	$ 90,833

	December 31,				
	2002	2001	2000	1999	1998
			(in thousands)		
BALANCE SHEETS DATA:					
Electric Utility Plant	$5,895,303	$5,664,657	$5,418,278	$5,262,951	$5,087,359
Accumulated Depreciation and Amortization	2,424,607	2,296,481	2,188,796	2,079,490	1,984,856
Net Electric Utility Plant	$3,470,696	$3,368,176	$3,229,482	$3,183,461	$3,102,503
Total Assets	$4,627,847	$4,482,785	$6,572,595	$4,352,219	$4,047,038
Common Stock and Paid-in Capital	$ 977,700	$ 976,244	$ 975,676	$ 974,717	$ 924,091
Accumulated Other Comprehensive Income (Loss)	(72,082)	(340)	-	-	-
Retained Earnings	260,439	150,797	120,584	175,854	179,461
Total Common Shareholder's Equity	$1,166,057	$1,126,701	$1,096,260	$1,150,571	$1,103,552
Cumulative Preferred Stock:					
Not Subject to Mandatory Redemption	$ 17,790	$ 17,790	$ 17,790	$ 18,491	$ 19,359
Subject to Mandatory Redemption	10,860	10,860	10,860	20,310	22,310
Total Cumulative Preferred Stock	$ 28,650	$ 28,650	$ 28,650	$ 38,801	$ 41,669
Long-term Debt (a)	$1,893,861	$1,556,559	$1,605,818	$1,665,307	$1,552,455
Obligations Under Capital Leases (a)	$ 33,589	$ 46,285	$ 63,160	$ 64,645	$ 65,175
Total Capitalization And Liabilities	$4,627,847	$4,482,785	$6,572,595	$4,352,219	$4,047,038

(a) Including portion due within one year.

APCo is a public utility engaged in the generation, purchase, sale, transmission and distribution of electric power to 925,000 retail customers in southwestern Virginia and southern West Virginia. APCo, as a member of the AEP Power Pool, shares in the revenues and costs of the AEP Power Pool's wholesale sales to neighboring utility systems and power marketers including power trading transactions. APCo also sells wholesale power to municipalities.

The cost of the AEP Power Pool's generating capacity is allocated among the Pool members based on their relative peak demands and generating reserves through the payment of capacity charges and the receipt of capacity credits. AEP Power Pool members are also compensated for their out-of-pocket costs of energy delivered to the AEP Power Pool and charged for energy received from the AEP Power Pool. The AEP Power Pool calculates each company's prior twelve month peak demand relative to the total peak demand of all member companies as a basis for sharing revenues and costs. The result of this calculation is the member load ratio (MLR) which determines each company's percentage share of revenues and costs.

Results of Operations

Net Income increased $44 million or 27% in 2002 due to higher retail sales resulting from increased generation, weather related electricity demands and reductions in Maintenance expense. Most significantly, the Mountainer, Amos and Glen Lyn plants, down for boiler maintenance in 2001, were back online in 2002 resulting in increased availability of generation and decreased maintenance expense. In addition, Nonoperating Income less Nonoperating Expenses increased $10 million as a result of a reduction in trading incentive compensation recorded in Nonoperating Expenses offset in part by decreased power trading gains recorded in Nonoperating Income.

Net Income increased $88 million or 119% in 2001 primarily due to the effect of a court decision related to a corporate owned life insurance (COLI) program recorded in 2000. In February 2001, the U.S. District Court for the Southern District of Ohio ruled against AEP and certain of its subsidiaries, including APCo, in a suit over deductibility of interest claimed in AEP's consolidated tax return related to COLI. In 1998 and 1999 APCo paid the disputed taxes and interest attributable to the COLI interest deductions for taxable years 1991-98. Also contributing to the increase in net income was growth in and strong performance by the wholesale electricity business in the first half of 2001 offset in part by the effect of extremely mild weather in November and December combined with weak economic conditions which reduced retail energy sales.

Operating Revenues

Operating Revenues increased $30 million or 2% in 2002 as a result of weather related demand and increased generation resulting from availablility of plants previously down for maintenance coming back online. An increase of $25 million, or 1%, in 2001 Operating Revenues was attributable to an increase in AEP Power Pool transactions. Changes in components of revenues were as follows:

	Increase (Decrease) From Previous Year (dollars in millions)			
	2002		2001	
	Amount	%	Amount	%
Wholesale Electricity*	$16.0	2	$(11.7)	(1)
Energy Delivery*	(1.0)	-	20.1	3
Sales to AEP Affiliates	15.2	9	16.6	11
Total Revenues	$30.2	2	$ 25.0	1

*Reflects the allocation of certain transmission and distribution revenues included in bundled retail rates to energy delivery.

Operating Revenues for 2002 increased as a result of an increase in generation and availability at the Mountaineer, Amos and Glen Lyn plants; and increases in residential and commercial sales due to warmer weather during July and September. Sales to AEP affiliates increased for the year due to an increase in generation capacity and power available to be delivered to AEP Power Pool. These increases were partially offset by flat industrial sales as recessionary conditions continued into 2002.

The year 2001 saw a decrease in kilowatt hour sales to industrial customers. This decrease was due to the economic recession. In the fourth quarter, sales to residential and commercial customers declined, reflecting recession-related reductions in demand.

The increase in Sales to AEP Affiliates in 2001 is due to an increase in AEP Power Pool transactions. As the quantity of energy sold by the AEP Power Pool rose, APCo's contribution of energy to the Pool rose, accounting for the increase in APCo's revenues from Sales to AEP Affiliates.

Operating Expenses

Operating Expenses for 2002 were comparable to those of 2001. Increases in Fuel and Wholesale Electricity Purchased Power expenses were offset by decreases in power purchases from AEP Affiliates due to increases in APCo generation and availability as plants previously down for maintenance resumed operations. The decrease in operating expenses in 2001 of 3% is due to decreases in income taxes, other operation expense, fuel expense and taxes other than income taxes partially offset by increases in electricity purchased power expense and depreciation and amortization expenses. Changes in the components of Operating Expenses are as follows:

	Increase (Decrease) From Previous Year (dollars in millions)			
	2002		2001	
	Amount	%	Amount	%
Fuel	$ 79.4	23	$ (17.6)	(5)
Wholesale Electricity Purchases	15.0	36	17.4	70
AEP Affiliate Purchases	(112.3)	(32)	(8.9)	(3)
Other Operation	8.9	3	(18.6)	(7)
Maintenance	(10.2)	(8)	7.9	6
Depreciation and Amortization	8.9	5	17.3	11
Taxes Other Than Income Taxes	(4.6)	(5)	(11.8)	(11)
Income Taxes	18.0	19	(34.5)	(27)
Total	$ 3.1	-	$ (48.8)	(3)

Fuel expense increased for 2002 as a result of an increase in APCo generation. Mountaineer, Amos, and Glen Lyn plants had undergone boiler plant maintenance in 2001 which resulted in increased availability in 2002. The decrease in Fuel expense in 2001 is due to a decline in generation as a result of scheduled plant maintenance.

Wholesale Electricity Purchases increased for 2002 as a result of increased purchases from third parties for resale to wholesale customers and to meet internal demand. Electricity purchased power expense increased in 2001 due to increases in wholesale electricity prices and as a result of the previously mentioned plant outages.

The decrease for 2002 in Purchases from AEP Affiliates is a result of increased internal generation due to plant availability. Purchased power from AEP affiliates decreased in 2001 as the result of a decrease in AEP Power Pool capacity charges due to a reduction in APCo's MLR.

Other Operation expense increased in 2002 mainly due to severance expenses related to the sustained earnings initiative plan, a reduction in the gains recorded on the dispositions of SO2 emission allowances, and increased insurance premiums and other employee benefit costs. These increases were offset by reduced trading overhead expenses as a result of reduced staffing and weaker market conditions; a decrease in transmission equalization charges caused by a reduction in APCo's MLR ratio; and energy delivery severance accruals recorded in 2001 for which there was no comparable activity in 2002. Other operation expense decreased in 2001 mainly due to the effect of AEPSC billings in 2000 for the disallowance of the COLI program interest deduction. Additionally, the decrease was the result of a gain recorded on the disposition of SO2 emission allowances offset in part by increased wholesale power trading incentive compensation expense.

The decrease in Maintenance expense in 2002 is primarily due to previously discussed boiler plant maintenance at Amos, Mountaineer and Glen Lyn plants in the year 2001.

Depreciation and Amortization expense increased during 2002 due to increased amortization for the net generation-related regulatory assets related to the Company's West Virginia jurisdiction which were assigned to the distribution portion of the Company's business and are being recovered through regulated rates. Investment in production plant in service, primarily equipment related to emission control, contributed to the increase in depreciation and amortization expense.

Depreciation and Amortization expense increased in 2001 due to accelerated amortization, beginning in July 2000, of the transition regulatory assets in the Virginia and West Virginia jurisdictions. Additional investments in distribution and transmission plant also contributed to the increases in depreciation and amortization expense in 2001. During June 2000 we discontinued the application of SFAS 71 in the Virginia and West Virginia jurisdictions. Consequently net generation-related regulatory assets were assigned to the energy delivery business's regulated distribution business where the Virginia and West Virginia jurisdictions authorized the recovery of these transition regulatory assets through regulated rates.

The decrease in Taxes Other Than Income Taxes for the year 2002 is due primarily to a decrease in municipal license tax. The municipal license tax was replaced by the Virginia consumption tax. The municipal license tax was imposed on APCo and the Virginia consumption tax is imposed on the customer with APCo acting as collector agent. The decrease in Taxes Other Than Income Taxes in 2001 is due to the elimination of the Virginia gross receipts tax as a result of a tax law change due to deregulation in that state.

The increase in Income Taxes for 2002 was due to an increase in pre-tax income. Income taxes attributable to operations decreased in 2001 due to the effect of the disallowance of COLI interest deductions in 2000 offset in part by an increase in pre-tax operating income.

<u>Nonoperating Income and Nonoperating Expenses</u>

The Nonoperating Income decrease for 2002 was due primarily to a decrease in net power trading gains driven by a decline in market prices. Nonoperating Expenses decreased as a result of decreased trading incentives. The increase in Nonoperating Income and Nonoperating Expenses for 2001 is due to considerable increases in the level of activity in the wholesale business's trading transactions outside of the AEP System's traditional marketing area.

<u>Interest Charges</u>

Interest Charges for 2002 decreased primarily as a result of lower AEP money pool balances and interest rates and the retirement of first mortgage bonds in 2001. Interest charges decreased in 2001 primarily due to the effect of recognizing in 2000 previously deferred interest payments to the IRS related to the COLI disallowances and interest on resultant state income tax deficiencies. Additionally, the decrease in 2001 is due to the retirement of first mortgage bonds in 2000.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Income

	Year Ended December 31,		
	2002	2001 (in thousands)	2000
OPERATING REVENUES:			
Wholesale Electricity	$1,033,904	$1,017,938	$1,029,657
Energy Delivery	594,089	595,036	574,918
Sales to AEP Affiliates	186,477	171,285	154,678
Total Operating Revenues	1,814,470	1,784,259	1,759,253
OPERATING EXPENSES:			
Fuel	430,963	351,557	369,161
Purchased Power:			
Wholesale Electricity	57,091	42,092	24,720
AEP Affiliates	234,597	346,878	355,774
Other Operation	269,426	260,518	279,114
Maintenance	122,209	132,373	124,493
Depreciation and Amortization	189,335	180,393	163,089
Taxes Other Than Income Taxes	95,249	99,878	111,692
Income Taxes	113,537	95,584	130,056
Total Operating Expenses	1,512,407	1,509,273	1,558,099
OPERATING INCOME	302,063	274,986	201,154
NONOPERATING INCOME	29,278	49,507	31,204
NONOPERATING EXPENSES	11,783	41,500	16,329
NONOPERATING INCOME TAX EXPENSE (BENEFIT)	(2,611)	1,139	3,123
INTEREST CHARGES	116,677	120,036	148,000
INCOME BEFORE EXTRAORDINARY ITEM	205,492	161,818	64,906
EXTRAORDINARY GAIN - DISCONTINUANCE OF REGULATORY ACCOUNTING FOR GENERATION (Inclusive of Tax Benefit of $7,872,000)	-	-	8,938
NET INCOME	205,492	161,818	73,844
PREFERRED STOCK DIVIDEND REQUIREMENTS	2,897	2,011	2,504
EARNINGS APPLICABLE TO COMMON STOCK	$ 202,595	$ 159,807	$ 71,340

Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2002	2001 (in thousands)	2000
NET INCOME	$205,492	$161,818	$73,844
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign Currency Exchange Rate Hedge	(1,580)	(340)	-
Minimum Pension Liability	(70,162)	-	-
COMPREHENSIVE INCOME	$133,750	$161,478	$73,844

See Notes to Financial Statements beginning on page L-1.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Retained Earnings

	Year Ended December 31, 2002	2001	2000
	(in thousands)		
Retained Earnings January 1	$150,797	$120,584	$175,854
Net Income	205,492	161,818	73,844
	356,289	282,402	249,698
Deductions:			
Cash Dividends Declared:			
Common Stock	92,952	129,594	126,612
Cumulative Preferred Stock:			
4-1/2% Series	801	801	811
5.90% Series	278	278	307
5.92% Series	364	364	364
6.85% Series	-	-	289
Total Cash Dividends Declared	94,395	131,037	128,383
Capital Stock Expense	1,455	568	731
Total Deductions	95,850	131,605	129,114
Retained Earnings December 31	$260,439	$150,797	$120,584

See Notes to Financial Statements beginning on page L-1.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31, 2002	December 31, 2001
	(in thousands)	
ASSETS		
ELECTRIC UTILITY PLANT:		
Production	$2,245,945	$2,093,532
Transmission	1,218,108	1,222,226
Distribution	1,951,804	1,887,020
General	272,901	257,957
Construction Work in Progress	206,545	203,922
Total Electric Utility Plant	5,895,303	5,664,657
Accumulated Depreciation and Amortization	2,424,607	2,296,481
NET ELECTRIC UTILITY PLANT	3,470,696	3,368,176
OTHER PROPERTY AND INVESTMENTS	54,653	53,736
LONG-TERM ENERGY TRADING CONTRACTS	115,748	119,638
CURRENT ASSETS:		
Cash and Cash Equivalents	4,285	13,663
Accounts Receivable:		
Customers	132,266	113,371
Affiliated Companies	122,665	63,368
Miscellaneous	28,629	11,847
Allowance for Uncollectible Accounts	(13,439)	(1,877)
Fuel Inventory	53,646	56,699
Materials and Supplies	59,886	59,849
Accrued Utility Revenues	30,948	30,907
Energy Trading and Derivative Contracts	94,238	137,742
Prepayments and Other	13,396	16,018
TOTAL CURRENT ASSETS	526,520	501,587
REGULATORY ASSETS	395,553	397,383
DEFERRED CHARGES	64,677	42,265
TOTAL ASSETS	$4,627,847	$4,482,785

See Notes to Financial Statements beginning on page L-1.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES

	December 31, 2002	December 31, 2001
	(in thousands)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common Stock - No Par Value:		
Authorized - 30,000,000 Shares		
Outstanding - 13,499,500 Shares	$ 260,458	$ 260,458
Paid-in Capital	717,242	715,786
Accumulated Other Comprehensive Income (Loss)	(72,082)	(340)
Retained Earnings	260,439	150,797
Total Common Shareowner's Equity	1,166,057	1,126,701
Cumulative Preferred Stock:		
Not Subject to Mandatory Redemption	17,790	17,790
Subject to Mandatory Redemption	10,860	10,860
Long-term Debt	1,738,854	1,476,552
TOTAL CAPITALIZATION	2,933,561	2,631,903
OTHER NONCURRENT LIABILITIES	173,438	84,104
CURRENT LIABILITIES:		
Long-term Debt Due Within One Year	155,007	80,007
Advances From Affiliates	39,205	291,817
Accounts Payable - General	141,546	127,597
Accounts Payable - Affiliated Companies	98,374	84,518
Taxes Accrued	29,181	55,583
Customer Deposits	26,186	13,177
Interest Accrued	22,437	21,770
Energy Trading and Derivative Contracts	69,001	121,161
Other	79,832	79,089
Total CURRENT LIABILITIES	660,769	874,719
DEFERRED INCOME TAXES	701,801	703,575
DEFERRED INVESTMENT TAX CREDITS	33,691	38,328
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	44,517	60,518
REGULATORY LIABILITIES AND DEFERRED CREDITS	80,070	89,638
COMMITMENTS AND CONTINGENCIES (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$4,627,847	$4,482,785

See Notes to Financial Statements beginning on page L-1.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2002	2001	2000
		(in thousands)	
OPERATING ACTIVITIES:			
Net Income	$ 205,492	$ 161,818	$ 73,844
Adjustments for Noncash Items:			
Depreciation and Amortization	189,335	180,505	163,202
Deferred Income Taxes	16,777	42,498	8,602
Deferred Investment Tax Credits	(4,637)	(4,765)	(4,915)
Deferred Power Supply Costs (net)	6,365	1,411	(84,408)
Mark-to-Market of Energy Trading Contracts	(21,151)	(68,254)	(1,843)
Provision for Rate Refunds	-	-	(4,818)
Extraordinary Gain	-	-	(8,938)
Change in Certain Current Assets and Liabilities:			
Accounts Receivable (net)	(83,412)	134,099	(166,911)
Fuel, Materials and Supplies	3,016	(19,957)	18,487
Accrued Utility Revenues	(41)	35,592	(13,081)
Accounts Payable	27,805	(45,073)	159,369
Taxes Accrued	(26,402)	(7,675)	14,220
Revenue Refunds Accrued	-	-	181
Incentive Plan Accrued	(858)	(2,451)	10,662
Disputed Tax and Interest Related to COLI	-	-	72,440
Change in Operating Reserves	(3,190)	(5,358)	(19,770)
Rate Stabilization Deferral	-	-	75,601
Change in Other Assets	(43,337)	19,418	(13,021)
Change in Other Liabilities	14,948	(27,954)	9,817
Net Cash Flows From Operating Activities	280,710	393,854	288,720
INVESTING ACTIVITIES:			
Construction Expenditures	(276,549)	(306,046)	(199,285)
Proceeds From Sales of Property and Other	1,074	1,182	159
Net Cost of Removal and Other	-	(8,434)	(7,500)
Net Cash Flows Used For Investing Activities	(275,475)	(313,298)	(206,626)
FINANCING ACTIVITIES:			
Issuance of Long-term Debt	647,401	124,588	74,788
Retirement of Cumulative Preferred Stock	-	-	(9,924)
Retirement of Long-term Debt	(315,007)	(175,000)	(136,166)
Change in Short-term Debt (net)	-	(191,495)	68,015
Change in Advances From Affiliates	(252,612)	300,204	(8,387)
Dividends Paid on Common Stock	(92,952)	(129,594)	(126,612)
Dividends Paid on Cumulative Preferred Stock	(1,443)	(1,443)	(1,938)
Net Cash Flows Used For Financing Activities	(14,613)	(72,740)	(140,224)
Net Increase (Decrease) in Cash and Cash Equivalents	(9,378)	7,816	(58,130)
Cash and Cash Equivalents January 1	13,663	5,847	63,977
Cash and Cash Equivalents December 31	$ 4,285	$ 13,663	$ 5,847

Supplemental Disclosure:
Cash paid for interest net of capitalized amounts was $111,528,000, $117,283,000 and $124,579,000 and for income taxes was $125,120,000, $56,981,000 and $63,682,000 in 2002, 2001 and 2000, respectively. There were no noncash acquisitions under capital leases in 2002. In 2001 and 2000, non cash acquisitions under capital leases were $2,510,000 and $14,116,000, respectively.

See Notes to Financial Statements beginning on page L-1.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Capitalization

						December 31, 2002	December 31, 2001
						(in thousands)	
COMMON SHAREHOLDER'S EQUITY						$1,166,057	$1,126,701
PREFERRED STOCK: No par value - authorized shares 8,000,000							
Series	Call Price December 31, 2002 (a)	Number of Shares Redeemed Year Ended December 31, 2002	2001	2000	Shares Outstanding December 31, 2002		
Not Subject to Mandatory Redemption (b):							
4-1/2%	$110	6	-	7,011	177,899	17,790	17,790
Subject to Mandatory Redemption (b):							
5.90% (c)		-	-	10,000	47,100	4,710	4,710
5.92% (c)		-	-	-	61,500	6,150	6,150
						10,860	10,860
LONG-TERM DEBT (See Schedule of Long-term Debt):							
First Mortgage Bonds						489,697	639,365
Installment Purchase Contracts						235,027	234,904
Senior Unsecured Notes						1,166,609	518,247
Junior Debentures						-	161,507
Other Long-term Debt						2,528	2,536
Less Portion Due Within One Year						(155,007)	(80,007)
Long-term Debt Excluding Portion Due Within One Year						1,738,854	1,476,552
TOTAL CAPITALIZATION						$2,933,561	$2,631,903

(a) The cumulative preferred stock is callable at the price indicated plus accrued dividends. The involuntary liquidation preference is $100 per share. The aggregate involuntary liquidation price for all shares of cumulative preferred stock may not exceed $300 million. The unissued shares of the cumulative preferred stock may or may not possess mandatory redemption characteristics upon issuance.
(b) The sinking fund provisions of each series subject to mandatory redemption have been met by shares purchased in advance of the due date.
(c) Commencing in 2003 and continuing through 2007 APCo may redeem at $100 per share 25,000 shares of the 5.90% series and 30,000 shares of the 5.92% series outstanding under sinking fund provisions at its option and all outstanding shares must be redeemed in 2008. Shares previously redeemed may be applied to meet the sinking fund requirement.

See Notes to Financial Statements beginning on page L-1.

APPALACHIAN POWER COMPANY AND SUBSIDIARIES
Schedule of Long-term Debt

First mortgage bonds outstanding were as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
7.38	2002 - August 15	$ -	$ 50,000
7.40	2002 - December 1	-	30,000
6.65	2003 - May 1	-	40,000
6.85	2003 - June 1	-	30,000
6.00	2003 - November 1	30,000	30,000
7.70	2004 - September 1	21,000	21,000
7.85	2004 - November 1	50,000	50,000
8.00	2005 - May 1	50,000	50,000
6.89	2005 - June 22	30,000	30,000
6.80	2006 - March 1	100,000	100,000
8.50	2022 - December 1	70,000	70,000
7.80	2023 - May 1	30,237	30,237
7.15	2023 - November 1	20,000	20,000
7.125	2024 - May 1	45,000	45,000
8.00	2025 - June 1	45,000	45,000
Unamortized Discount		(1,540)	(1,872)
Total		$489,697	$639,365

First mortgage bonds are secured by a first mortgage lien on electric utility plant. Certain supplemental indentures to the first mortgage lien contain maintenance and replacement provisions requiring the deposit of cash or bonds with the trustee, or in lieu thereof, certification of unfunded property additions.

Installment purchase contracts have been entered into, in connection with the issuance of pollution control revenue bonds, by governmental authorities as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
Industrial Development Authority of Russell County, Virginia:			
7.70	2007 - November 1	$ 17,500	$ 17,500
5.00	2021 - November 1	19,500	19,500
Putnam County, West Virginia:			
5.45	2019 - June 1	40,000	40,000
6.60	2019 - July 1	30,000	30,000
Mason County, West Virginia:			
7-7/8	2013 - November 1	10,000	10,000
6.85	2022 - June 1	40,000	40,000
6.60	2022 - October 1	50,000	50,000
6.05	2024 - December 1	30,000	30,000
Unamortized Discount		(1,973)	(2,096)
Total		$235,027	$234,904

Under the terms of the installment purchase contracts, APCo is required to pay amounts sufficient to enable the payment of interest on and the principal of (at stated maturities and upon mandatory redemptions) related pollution control revenue bonds issued to finance the construction of pollution control facilities at certain plants.

Senior unsecured notes outstanding were as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
(a)	2003 - August 20	$ 125,000	$125,000
7.45	2004 - November 1	50,000	50,000
4.80	2005 - June 15	450,000	-
4.32	2007 - November 12	200,000	-
6.60	2009 - May 1	150,000	150,000
7.20	2038 - March 31	100,000	100,000
7.30	2038 - June 30	100,000	100,000
Unamortized Discount		(8,391)	(6,753)
Total		$1,166,609	$518,247

(a) A floating interest rate is determined monthly. The rate on December 31, 2002 and 2001 was 2.167% and 2.839%, respectively.

Junior debentures outstanding were as follows:

	December 31, 2002	2001
	(in thousands)	
8-1/4% Series A due 2026 - September 30	$ -	$ 75,000
8% Series B due 2027 - March 31	-	90,000
Unamortized Discount	-	(3,493)
Total	$ -	$161,507

At December 31, 2002, future annual long-term debt payments are as follows:

	Amount (in thousands)
2003	$ 155,007
2004	121,008
2005	530,010
2006	100,011
2007	217,513
Later Years	782,216
Total Principal Amount	1,905,765
Unamortized Discount	(11,904)
Total	$1,893,861

APPALACHIAN POWER COMPANY AND SUBSIDIARIES

Index to Combined Notes to Consolidated Financial Statements

The notes to APCo's consolidated financial statements are combined with the notes to financial statements for AEP and its other subsidiary registrants. Listed below are the combined notes that apply to APCo. The combined footnotes begin on page L-1.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of
Directors of Appalachian Power Company:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of Appalachian Power Company and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, comprehensive income, retained earnings, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Appalachian Power Company and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

COLUMBUS SOUTHERN POWER COMPANY
AND SUBSIDIARIES

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COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES

Selected Consolidated Financial Data

	Year Ended December 31,				
	2002	2001	2000	1999	1998
			(in thousands)		
INCOME STATEMENTS DATA:					
Operating Revenues	$1,400,160	$1,350,319	$1,304,409	$1,190,997	$1,187,745
Operating Expenses	1,180,381	1,098,142	1,108,532	968,207	975,534
Operating Income	219,779	252,177	195,877	222,790	212,211
Nonoperating Items, Net	15,263	7,738	5,153	2,709	(1,343)
Interest Charges	53,869	68,015	80,828	75,229	77,824
Income Before Extraordinary Item	181,173	191,900	120,202	150,270	133,044
Extraordinary Loss	-	(30,024)	(25,236)	-	-
Net Income	181,173	161,876	94,966	150,270	133,044
Preferred Stock Dividend Requirements	1,332	1,095	1,783	2,131	2,131
Earnings Applicable to Common Stock	$ 179,841	$ 160,781	$ 93,183	$ 148,139	$ 130,913

	Year Ended December 31,				
	2002	2001	2000	1999	1998
			(in thousands)		
BALANCE SHEETS DATA:					
Electric Utility Plant	$3,467,626	$3,354,320	$3,266,794	$3,151,619	$3,053,565
Accumulated Depreciation	1,465,174	1,377,032	1,299,697	1,210,994	1,134,348
Net Electric Utility Plant	$2,002,452	$1,977,288	$1,967,097	$1,940,625	$1,919,217
Total Assets	$2,753,240	$2,722,388	$3,877,491	$2,808,623	$2,681,690
Common Stock and Paid-in Capital	$ 616,410	$ 615,395	$ 614,380	$ 613,899	$ 613,518
Accumulated Other Comprehensive Income (Loss)	(59,357)	-	-	-	-
Retained Earnings	290,611	176,103	99,069	246,584	186,441
Total Common Shareholder's Equity	$ 847,664	$ 791,498	$ 713,449	$ 860,483	$ 799,959
Cumulative Preferred Stock - Subject to Mandatory Redemption (a)	$ -	$ 10,000	$ 15,000	$ 25,000	$ 25,000
Long-term Debt (a)	$ 621,626	$ 791,848	$ 899,615	$ 924,545	$ 959,786
Obligations Under Capital Leases (a)	$ 27,610	$ 34,887	$ 42,932	$ 40,270	$ 42,362
Total Capitalization and Liabilities	$2,753,240	$2,722,388	$3,877,491	$2,808,623	$2,681,690

(a) Including portion due within one year.

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES
Management's Narrative Analysis of Results of Operations

Columbus Southern Power Company is a public utility engaged in the generation, purchase, sale, transmission and distribution of electric power to 689,000 retail customers in central and southern Ohio. CSPCo as a member of the AEP Power Pool shares in the revenues and costs of the AEP Power Pool's wholesale sales to neighboring utility systems and power marketers including power trading transactions. CSPCo also sells wholesale power to municipalities.

The cost of the AEP Power Pool's generating capacity is allocated among the Pool members based on their relative peak demands and generating reserves through the payment of capacity charges and receipt of capacity credits. AEP Power Pool members are also compensated for their out-of-pocket costs of energy delivered to the AEP Power Pool and charged for energy received from the AEP Power Pool. The AEP Power Pool calculates each company's prior twelve month peak demand relative to the total peak demand of all member companies as a basis for sharing AEP Power Pool revenues and costs. The result of this calculation is the member load ratio (MLR) which determines each companies percentage share of AEP Power Pool revenues and costs.

Results of Operations

Net Income increased $19 million or 12% in 2002 due to reduced interest charges and a $30 million extraordinary loss recorded in 2001 to recognize prepaid Ohio excise taxes stranded by Ohio deregulation offset by higher operating expenses.

Operating Revenues

Operating Revenues increased in 2002 mainly as a result of increased residential and commercial sales due to demand caused by weather conditions.

Changes in the components of Operating Revenues were:

	Increase (Decrease) From Previous Year (dollars in millions)	
	Amount	%
Retail*	$51	8
Wholesale Marketing	3	2
Unrealized MTM	(4)	(22)
Other	1	3
Wholesale Electricity*	51	6
Energy Delivery*	9	2
Sales to AEP Affiliates	(10)	(15)
Total Revenues	$50	4

* Reflects the allocation of certain transmission and distribution revenues included in bundled retail rates to energy delivery.

During the summer months, cooling degree days increased 35%. For the fall season, heating degree days increased 34%. This reflects a return to more normal weather conditions since the weather experienced in 2001 was abnormally mild.

Operating Expenses

Operating Expenses increased in 2002 mainly as a result of purchased power, operating expenses and state taxes.

Changes in the components of Operating Expenses were:

	Increase (Decrease) From Previous Year (dollars in millions)	
	Amount	%
Fuel	$10	6
Wholesale Purchased Power	4	37
AEP Affiliates Purchased Power	18	6
Other Operation Expenses	18	8
Maintenance Expense	(2)	(4)
Depreciation and Amortization	4	3
Taxes Other Than Income Taxes	25	22
Income Taxes	5	5
Total	$82	7

Fuel cost increased as a result of a 10% increase in generation partially offset by a slight cost decrease per ton of coal consumed.

Wholesale Purchased Power increased in 2002 due to increased purchases from third parties for resale to wholesale customers and to meet internal demand.

Expenses related to AEP Affiliates Purchased Power increased due to greater system pool capacity charges.

The increase in Other Operation expenses was attributable to a number of factors: higher OPEB post retirement costs as a result of higher medical cost and lower investment performance, 2002 Sustained Earnings Initiative Expenses, and the 2001 reversal of a quality of service liability accrual. The increase was partially offset by a reduction in energy trading overheads reflecting reduced marketing activity.

The increase in Taxes Other Than Income Taxes in 2002 is due to an increase in property taxes and a full year of the state excise tax which replaced the state gross receipts tax during 2001.

The increase in Income Taxes is predominately due to an increase in state taxes as a result of the State of Ohio's tax legislation resulting from utility deregulation. This increase was offset in part by a decrease in federal taxes due to a decrease in pre-tax operating income.

Nonoperating Income and Nonoperating Expense

The decrease in Nonoperating Income in 2002 is due to a reduction in net gains from AEP Power Pool trading transactions outside of the AEP System's traditional marketing area. The AEP Power Pool enters into power trading transactions for the purchase and sale of electricity and for options, futures and swaps. CSPCo's share of the AEP Power Pool's gains and losses from forward electricity trading transactions outside of the AEP System traditional marketing area and for speculative financial transactions (options, futures, swaps) is included in Nonoperating Income. The decrease reflects a reduction in electricity prices and margins due to a decrease in demand.

The decrease in Nonoperating Expenses in 2002 was due to a decrease in energy trading incentive compensation.

Nonoperating Income Tax Expense increased in 2002 due to increase in pre-tax nonoperating income.

Interest Charges

Interest Charges decreased in 2002 primarily due to a decrease in the outstanding balance of long-term debt since the first quarter of 2001, the refinancing of debt at favorable interest rates and a reduction in short-term interest rates.

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES

Consolidated Statements of Income

	Year Ended December 31,		
	2002	2001 (in thousands)	2000
OPERATING REVENUES:			
Wholesale Electricity	$ 850,680	$ 799,589	$ 856,998
Energy Delivery	492,278	483,219	398,046
Sales to AEP Affiliates	57,202	67,511	49,365
Total Operating Revenues	1,400,160	1,350,319	1,304,409
OPERATING EXPENSES:			
Fuel	185,086	175,153	189,155
Purchased Power:			
Wholesale Electricity	15,023	10,957	9,879
AEP Affiliates	310,605	292,199	287,750
Other Operation	237,802	219,497	219,840
Maintenance	60,003	62,454	69,676
Depreciation and Amortization	131,624	127,364	99,640
Taxes Other Than Income Taxes	136,024	111,481	123,223
Income Taxes	104,214	99,037	109,369
TOTAL OPERATING EXPENSES	1,180,381	1,098,142	1,108,532
OPERATING INCOME	219,779	252,177	195,877
NONOPERATING INCOME	26,360	32,756	20,580
NONOPERATING EXPENSES	4,308	21,095	8,070
NONOPERATING INCOME TAX EXPENSE	6,789	3,923	7,357
INTEREST CHARGES	53,869	68,015	80,828
INCOME BEFORE EXTRAORDINARY ITEM	181,173	191,900	120,202
EXTRAORDINARY LOSS - DISCONTINUANCE OF REGULATORY ACCOUNTING FOR GENERATION - Net of tax (Note 2)	-	(30,024)	(25,236)
NET INCOME	181,173	161,876	94,966
PREFERRED STOCK DIVIDEND REQUIREMENTS	1,332	1,095	1,783
EARNINGS APPLICABLE TO COMMON STOCK	$ 179,841	$ 160,781	$ 93,183

Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2002	2001 (in thousands)	2000
NET INCOME	$181,173	$161,876	$94,966
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign Currency Exchange Rate Hedge	(267)	-	-
Minimum Pension Liability	(59,090)	-	-
COMPREHENSIVE INCOME	$121,816	$161,876	$94,966

The common stock of the CSPCo is wholly owned by AEP.

See Notes to Financial Statements beginning on page L-1.

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Retained Earnings

	Year Ended December 31,		
	2002	2001	2000
		(in thousands)	
Retained Earnings January 1	$176,103	$ 99,069	$246,584
Net Income	181,173	161,876	94,966
	357,276	260,945	341,550
Deductions:			
Cash Dividends Declared:			
Common Stock	65,300	82,952	240,600
Cumulative Preferred Stock - 7% Series	350	875	1,400
Total Cash Dividends Declared	65,650	83,827	242,000
Capital Stock Expense	1,015	1,015	481
Total Deductions	66,665	84,842	242,481
Retained Earnings December 31	$290,611	$176,103	$ 99,069

See Notes to Financial Statements beginning on page L-1.

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31, 2002	December 31, 2001
	(in thousands)	
ASSETS		
ELECTRIC UTILITY PLANT:		
Production	$1,582,627	$1,574,506
Transmission	413,286	401,405
Distribution	1,208,255	1,159,105
General	165,025	146,732
Construction Work in Progress	98,433	72,572
Total Electric Utility Plant	3,467,626	3,354,320
Accumulated Depreciation	1,465,174	1,377,032
NET ELECTRIC UTILITY PLANT	2,002,452	1,977,288
OTHER PROPERTY AND INVESTMENTS	35,759	40,369
LONG-TERM ENERGY TRADING CONTRACTS	77,810	73,310
CURRENT ASSETS:		
Cash and Cash Equivalents	1,479	12,358
Advances to Affiliates	31,257	-
Accounts Receivable:		
Customers	49,566	41,770
Affiliated Companies	54,518	63,470
Miscellaneous	22,005	16,968
Allowance for Uncollectible Accounts	(634)	(745)
Fuel	24,844	20,019
Materials and Supplies	40,339	38,984
Accrued Utility Revenues	12,671	7,087
Energy Trading Contracts	63,348	84,323
Prepayments and Other Current Assets	7,308	28,733
TOTAL CURRENT ASSETS	306,701	312,967
REGULATORY ASSETS	257,682	262,267
DEFERRED CHARGES	72,836	56,187
TOTAL ASSETS	$2,753,240	$2,722,388

See Notes to Financial Statements beginning on page L-1.

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES

	December 31, 2002	December 31, 2001
	(in thousands)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common Stock - No Par Value:		
Authorized - 24,000,000 Shares		
Outstanding - 16,410,426 Shares	$ 41,026	$ 41,026
Paid-in Capital	575,384	574,369
Accumulated Other Comprehensive Income (Loss)	(59,357)	-
Retained Earnings	290,611	176,103
Total Common Shareholder's Equity	847,664	791,498
Cumulative Preferred Stock - Subject to Mandatory Redemption	-	10,000
Long-term Debt - General	418,626	571,348
Long term Debt - Affiliated Companies	160,000	-
TOTAL CAPITALIZATION	1,426,290	1,372,846
OTHER NONCURRENT LIABILITIES	95,460	36,715
CURRENT LIABILITIES:		
Long-term Debt Due Within One Year - General	43,000	20,500
Long-term Debt Due Within One Year - Affiliated Companies	-	200,000
Short-term Debt - Affiliated Companies	290,000	-
Advances from Affiliates	-	181,384
Accounts Payable - General	89,736	60,689
Accounts Payable - Affiliated Companies	81,599	83,697
Taxes Accrued	112,172	116,364
Interest Accrued	9,798	10,907
Energy Trading Contracts	46,375	72,082
Other	36,790	36,305
TOTAL CURRENT LIABILITIES	709,470	781,928
DEFERRED INCOME TAXES	437,771	443,722
DEFERRED INVESTMENT TAX CREDITS	33,907	37,176
LONG-TERM ENERGY TRADING CONTRACTS	29,926	37,101
DEFERRED CREDITS	20,416	12,900
COMMITMENTS AND CONTINGENCIES (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$2,753,240	$2,722,388

See Notes to Financial Statements beginning on page L-1.

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year Ended December 31, 2002	2001	2000
	(in thousands)		
OPERATING ACTIVITIES:			
Net Income	$ 181,173	$ 161,876	$ 94,966
Adjustments for Noncash Items:			
Depreciation and Amortization	131,753	128,500	100,182
Deferred Income Taxes	23,292	24,108	(4,063)
Deferred Investment Tax Credits	(3,269)	(4,058)	(3,482)
Deferred Fuel Costs (net)	-	-	5,352
Mark to Market of Energy Trading Contracts	(16,667)	(44,680)	(3,393)
Extraordinary Loss	-	30,024	25,236
Change in Certain Current Assets and Liabilities:			
Accounts Receivable (net)	(3,992)	19,987	(29,737)
Fuel, Materials and Supplies	(6,180)	(7,780)	11,957
Accrued Utility Revenues	(5,584)	2,551	38,479
Accounts Payable	26,949	(16,249)	81,284
Disputed Tax and Interest Related to COLI	-	-	39,483
Change in Other Assets	(8,027)	(42,066)	(121,115)
Change in Other Liabilities	(22,448)	(18,769)	132,441
Net Cash Flows From Operating Activities	297,000	233,444	367,590
INVESTING ACTIVITIES:			
Construction Expenditures	(136,800)	(132,532)	(127,987)
Proceeds From Sales and Leaseback Transactions and Other	730	10,841	1,560
Net Cash Flows Used For Investing Activities	(136,070)	(121,691)	(126,427)
FINANCING ACTIVITIES:			
Change in Advances from Affiliates (net)	(212,641)	92,652	88,732
Issuance of Affiliated Long-term Debt	160,000	200,000	-
Retirement of Preferred Stock	(10,000)	(5,000)	(10,000)
Retirement of General Long-term Debt	(133,343)	(314,733)	(25,274)
Retirement of Affiliated Long-term Debt	(200,000)	-	-
Change in Short-term Debt (net)	290,000	-	(45,500)
Dividends Paid on Common Stock	(65,300)	(82,952)	(240,600)
Dividends Paid on Cumulative Preferred Stock	(525)	(962)	(1,575)
Net Cash Flows Used For Financing Activities	(171,809)	(110,995)	(234,217)
Net Increase (Decrease) in Cash and Cash Equivalents	(10,879)	758	6,946
Cash and Cash Equivalents January 1	12,358	11,600	4,654
Cash and Cash Equivalents December 31	$ 1,479	$ 12,358	$ 11,600

Supplemental Disclosure:
Cash paid for interest net of capitalized amounts was $53,514,000, $68,596,000 and $68,506,000 and for income taxes was $117,591,000, 80,485,000 and $81,109,000 in 2002, 2001 and 2000, respectively. Noncash acquisitions under capital leases were $1,019,000 and $10,777,000 in 2001 and 2000, respectively.

See Notes to Financial Statements beginning on page L-1.

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Capitalization

					December 31, 2002	December 31, 2001
					(in thousands)	
COMMON SHAREHOLDER'S EQUITY					$ 847,664	$ 791,498
PREFERRED STOCK: $100 par value - authorized shares 2,500,000						
$25 par value - authorized shares 7,000,000						
Series	Number of Shares Redeemed Year Ended December 31, 2002	2001	2000	Shares Outstanding December 31, 2002		
Subject to Mandatory Redemption:						
7.00%	100,000	50,000	100,000	-	-	10,000
LONG-TERM DEBT (See Schedule of Long-term Debt):						
First Mortgage Bonds					222,797	243,197
Installment Purchase Contracts					91,275	91,220
Senior Unsecured Notes					147,554	147,458
Notes - Affiliated					160,000	200,000
Junior Debentures					-	109,973
Less Portion Due Within One Year					(43,000)	(220,500)
Total Long-term Debt Excluding Portion Due Within One Year					578,626	571,348
TOTAL CAPITALIZATION					$1,426,290	$1,372,846

See Notes to Financial Statements beginning on page L-1.

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES

Schedule of Long-term Debt

First mortgage bonds outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
7.25	2002 - October 1	$ -	$ 14,000
7.15	2002 - November 1	-	6,500
6.80	2003 - May 1	13,000	13,000
6.60	2003 - August 1	25,000	25,000
6.10	2003 - November 1	5,000	5,000
6.55	2004 - March 1	26,500	26,500
6.75	2004 - May 1	26,000	26,000
8.70	2022 - July 1	2,000	2,000
8.55	2022 - August 1	15,000	15,000
8.40	2022 - August 15	14,000	14,000
8.40	2022 - October 15	13,000	13,000
7.90	2023 - May 1	40,000	40,000
7.75	2023 - August 1	33,000	33,000
7.60	2024 - May 1	11,000	11,000
Unamortized Discount		(703)	(803)
Total		$222,797	$243,197

First mortgage bonds are secured by a first mortgage lien on electric utility plant. Certain supplemental indentures to the first mortgage lien contain maintenance and replacement provisions requiring the deposit of cash or bonds with the trustee, or in lieu thereof, certification of unfunded property additions.

Installment purchase contracts have been entered into in connection with the issuance of pollution control revenue bonds by the Ohio Air Quality Development Authority:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
6-3/8	2020 - December 1	$48,550	$48,550
6-1/4	2020 - December 1	43,695	43,695
Unamortized Discount		(970)	(1,025)
Total		$91,275	$91,220

Under the terms of the installment purchase contracts, CSPCo is required to pay amounts sufficient to enable the payment of interest on and the principal of (at stated maturities and upon mandatory redemptions) related pollution control revenue bonds issued to finance the construction of pollution control facilities at the Zimmer Plant.

Senior unsecured notes outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
6.85	2005 - October 3	$ 36,000	$ 36,000
6.51	2008 - February 1	52,000	52,000
6.55	2008 - June 26	60,000	60,000
Unamortized Discount		(446)	(542)
Total		$147,554	$147,458

Notes payable to parent company were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
(a)	2002 - Sept 25	$ -	$200,000
6.501%	2006 - May 15	160,000	-
Total		$160,000	$200,000

(a) Redemed 9/25/02

Junior debentures outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
8-3/8	2025 - Sept 30	$ -	$ 72,843
7.92	2027 - March 31	-	40,000
Unamortized Discount		-	(2,870)
Total		$ -	$109,973

At December 31, 2002, future annual long-term debt payments are as follows:

	Amount (in thousands)
2003	$ 43,000
2004	52,500
2005	36,000
2006	160,000
2007	-
Later Years	332,245
Total Principal Amount	623,745
Unamortized Discount	(2,119)
Total	$621,626

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES

Index to Combined Notes to Consolidated Financial Statements

The notes to CSPCo's consolidated financial statements are combined with the notes to financial statements for AEP and its other subsidiary registrants. Listed below are the combined notes that apply to CSPCo. The combined footnotes begin on page L-1.

INDEPENDENT AUDITORS' REPORT

To the Shareholder and Board of Directors
of Columbus Southern Power Company:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of Columbus Southern Power Company and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, comprehensive income, retained earnings, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Columbus Southern Power Company and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

INDIANA MICHIGAN POWER COMPANY AND SUBSIDIARIES

INDIANA MICHIGAN POWER COMPANY AND SUBSIDIARIES

Selected Consolidated Financial Data

	Year Ended December 31, 2002	2001	2000 (in thousands)	1999	1998
INCOME STATEMENTS DATA:					
Operating Revenues	$1,526,764	$1,526,997	$1,488,209	$1,351,666	$1,405,794
Operating Expenses	1,375,575	1,367,292	1,522,911	1,243,014	1,239,787
Operating Income (Loss)	151,189	159,705	(34,702)	108,652	166,007
Nonoperating Items, Net	16,726	9,730	9,933	4,530	(839)
Interest Charges	93,923	93,647	107,263	80,406	68,540
Net Income (Loss)	73,992	75,788	(132,032)	32,776	96,628
Preferred Stock Dividend Requirements	4,601	4,621	4,624	4,885	4,824
Earnings (Loss) Applicable to Common Stock	$ 69,391	$ 71,167	$(136,656)	$ 27,891	$ 91,804

	December 31, 2002	2001	2000 (in thousands)	1999	1998
BALANCE SHEETS DATA:					
Electric Utility Plant	$5,029,958	$4,923,721	$4,871,473	$4,770,027	$4,631,848
Accumulated Depreciation and Amortization	2,568,604	2,436,972	2,280,521	2,194,397	2,081,355
Net Electric Utility Plant	$2,461,354	$2,486,749	$2,590,952	$2,575,630	$2,550,493
Total Assets	$4,587,191	$4,394,062	$5,774,108	$4,575,210	$4,148,523
Common Stock and Paid-in Capital	$ 915,144	$ 789,800	$ 789,656	$ 789,323	$ 789,189
Accumulated Other Comprehensive Income (Loss)	(40,487)	(3,835)	-	-	-
Retained Earnings	143,996	74,605	3,443	166,389	253,154
Total Common Shareholder's Equity	$1,018,653	$ 860,570	$ 793,099	$ 955,712	$1,042,343
Cumulative Preferred Stock:					
Not Subject to Mandatory Redemption	$ 8,101	$ 8,736	$ 8,736	$ 9,248	$ 9,273
Subject to Mandatory Redemption (a)	64,945	64,945	64,945	64,945	68,445
Total Cumulative Preferred Stock	$ 73,046	$ 73,681	$ 73,681	$ 74,193	$ 77,718
Long-term Debt (a)	$1,617,062	$1,652,082	$1,388,939	$1,324,326	$1,175,789
Obligations Under Capital Leases (a)	$ 50,848	$ 61,933	$ 163,173	$ 187,965	$ 186,427
Total Capitalization And Liabilities	$4,587,191	$4,394,062	$5,774,108	$4,575,210	$4,148,523

(a) Including portion due within one year.

Management's Discussion and Analysis of Results of Operations

I&M is a public utility engaged in the generation, purchase, sale, transmission and distribution of electric power to 571,000 retail customers in its service territory in northern and eastern Indiana and a portion of southwestern Michigan. As a member of the AEP Power Pool, I&M shares the revenues and the costs of the AEP Power Pool's wholesale sales to neighboring utilities and power marketers. I&M also sells wholesale power to municipalities and electric cooperatives.

The cost of the AEP Power Pool's generating capacity is allocated among its members based on their relative peak demands and generating reserves through the payment of capacity charges and the receipt of capacity credits. AEP Power Pool members are also compensated for the out-of-pocket costs of energy delivered to the AEP Power Pool and charged for energy received from the AEP Power Pool. The AEP Power Pool calculates each company's prior twelve month peak demand relative to the total peak demand of all member companies as a basis for sharing revenues and costs. The result of this calculation is each company's member load ratio (MLR) which determines each company's percentage share of revenues and costs.

Under unit power agreements, I&M purchases AEGCo's 50% share of the 2,600 MW Rockport Plant capacity unless it is sold to other utilities. AEGCo is an affiliate that is not a member of the AEP Power Pool. An agreement between AEGCo and KPCo provides for the sale of 390 MW of AEGCo's Rockport Plant capacity to KPCo through 2004. The KPCo agreement extends until December 31, 2009 for Rockport Unit 1 and until December 7, 2022 for Rockport Plant Unit 2 if AEP's restructuring settlement agreement filed with the FERC becomes operative. Therefore, I&M purchases 910 MW of AEGCo's 50% share of Rockport Plant capacity.

Results of Operations

During 2002 Net Income decreased by $2 million due to increased operations and maintenance costs incurred as part of planned and unplanned outages at Cook Plant and Rockport Plant.

During 2000 both of the Cook Plant nuclear units were successfully restarted after being shutdown in September 1997 due to questions regarding the operability of certain safety systems which arose during a NRC architect engineer design inspection (see Note 5).

As a result of costs incurred in 2000 to restart the Cook Plant and a disallowance of interest deductions for a corporate owned life insurance (COLI) program, Net Income increased in 2001 by $208 million. In February 2001 the U.S. District Court for the Southern District of Ohio ruled against AEP and certain of its subsidiaries, including I&M, in a suit over deductibility of interest claimed in AEP's consolidated tax return related to COLI. In 1998 and 1999 I&M paid the disputed taxes and interest attributable to the COLI interest deductions for the taxable years 1991-98 and deferred them. The deferrals were expensed and impacted Net Income in 2000.

Operating Revenues Increase

Operating Revenues were flat in 2002 and increased 3% in 2001. The 2001 increase reflects increased sales to AEP affiliates through the AEP Power Pool. The following analyzes the changes in Operating Revenues:

	Increase (Decrease) From Previous Year (dollars in millions) 2002		2001	
	Amount	%	Amount	%
Retail*	$ 28.2	4	$ (2.3)	N.M
Marketing	2.6	1	(12.0)	(4)
Other	2.6	6	5.0	13
Total Wholesale Electricity	33.4	3	(9.3)	(1)
Energy Delivery*	7.3	2	3.4	1
Sales to AEP Affiliates	(40.9)	(16)	44.7	21
Total	$ (0.2)	N.M.	$ 38.8	3

N.M. = Not Meaningful

*Reflects the allocation of certain transmission and distribution revenues included in bundled retail rates to energy delivery.

The increase in Operating Revenues in 2001 is primarily due to increased sales to AEP affiliates reflecting increased availablility of the Cook Plant. The return to service of the Cook Plant units increased the amount of power I&M could sell to its affiliates in the AEP Power Pool.

Operating Expenses

Total Operating Expenses increased 1% in 2002 and decreased 10% in 2001. The 2001 decrease was primarily due to the unfavorable COLI tax ruling and costs related to the extended Cook Plant outage and restart efforts in 2000. The changes in the components of Operating Expenses were:

	Increase (Decrease) From Previous Year (dollars in millions)			
	2002		2001	
	Amount	%	Amount	%
Fuel	$(10.6)	(4)	$ 39.2	19
Wholesale Electricity Purchases	4.7	25	4.9	36
AEP Affiliate Purchases	(4.5)	(2)	(27.2)	(10)
Other Operation	13.6	3	(147.7)	(25)
Maintenance	24.3	19	(92.6)	(42)
Depreciation and Amortization	3.8	2	9.3	6
Taxes Other Than Income Taxes	(7.8)	(12)	4.9	8
Income Taxes	(15.2)	(28)	53.6	N.M.
Total	$ 8.3	1	$(155.6)	(10)

N.M. = Not Meaningful

Fuel expense decreased in 2002 due to lower average costs of fuel and a decline in nuclear generation. The increase in Fuel expense in 2001 reflects an increase in nuclear generation as the Cook Plant units returned to service following the extended outage.

Wholesale Electricity purchases increased in 2002 and 2001 due to increased purchases from third parties for sales for resale. AEP Affiliates purchases declined in 2002 due to lower purchases from AEGCo at lower costs. The decline in purchased power from AEP affiliates in 2001 reflects generation from the Cook Plant replacing purchases from the AEP Power Pool which declined 21%.

Other Operation expense increased in 2002 primarily due to higher costs for pensions, other benefits and insurance. The decrease in Other Operation and Maintenance expenses in 2001 was primarily due to the cessation of expenditures to prepare the Cook Plant nuclear units for restart with their return to service in 2000. Maintenance expense increased for nuclear maintenance costs incurred during refueling outages in 2002.

The increase in Depreciation and Amortization charges in 2001 reflects increased generation and distribution plant investments and amortization of I&M's share of deferred merger costs.

Due to a change in the Indiana property tax law which lowered the floor percentage for calculating tax liability, Taxes Other Than Income Taxes declined in 2002. Taxes Other than Income Taxes increased in 2001 due to higher real and personal property tax expense from the effect of a favorable accrual adjustment of amounts recorded in December 2000 to actual expenses.

Income Taxes attributable to operations decreased in 2002 due to a decrease in pre-tax operating income. The significant increase in Income Taxes attributable to operations in 2001 is due to an increase in pre-tax operating income.

Nonoperating Income, Nonoperating Expenses and Income Taxes

The decrease in Nonoperating Income in 2002 is primarily due to decreased net gains on forward electricity trading transactions outside AEP's traditional marketing area. The increase in Nonoperating Income in 2001 is primarily due to increased net gains on forward electricity trading transactions outside AEP's traditional marketing area.

Nonoperating Expenses decreased in 2002 due to decreased trading overheads and traders' incentive compensation. Nonoperating Expenses increased in 2001 due to increased trading overheads and traders' incentive compensation.

The increase in Nonoperating Income Taxes in 2001 reflects the increase in nonoperating pre-tax income.

Interest Charges

The decrease in 2001 Interest Charges reflects the recognition in 2000 of deferred interest payments to the IRS on disputed income taxes from the disallowance of tax deductions for COLI interest for the years 1991-1998.

INDIANA MICHIGAN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Income

	Year Ended December 31,		
	2002	2001 (in thousands)	2000
OPERATING REVENUES:			
Wholesale Electricity	$ 990,905	$ 957,548	$ 966,882
Energy Delivery	321,721	314,410	311,019
Sales to AEP Affiliates	214,138	255,039	210,308
TOTAL OPERATING REVENUES	1,526,764	1,526,997	1,488,209
OPERATING EXPENSES:			
Fuel	239,455	250,098	210,870
Purchased Power:			
Wholesale Electricity	23,443	18,707	13,785
AEP Affiliates	233,724	238,237	265,475
Other Operation	462,707	449,115	596,861
Maintenance	151,602	127,263	219,854
Depreciation and Amortization	168,070	164,230	154,920
Taxes Other Than Income Taxes	57,721	65,518	60,622
Income Taxes	38,853	54,124	524
TOTAL OPERATING EXPENSES	1,375,575	1,367,292	1,522,911
OPERATING INCOME (LOSS)	151,189	159,705	(34,702)
NONOPERATING INCOME	93,739	97,810	76,499
NONOPERATING EXPENSES	71,029	83,037	62,377
NONOPERATING INCOME TAXES	5,984	5,043	4,189
INTEREST CHARGES	93,923	93,647	107,263
NET INCOME (LOSS)	73,992	75,788	(132,032)
PREFERRED STOCK DIVIDEND REQUIREMENTS	4,601	4,621	4,624
EARNINGS (LOSS) APPLICABLE TO COMMON STOCK	$ 69,391	$ 71,167	$(136,656)

Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2002	2001 (in thousands)	2000
NET INCOME (LOSS)	$ 73,992	$75,788	$(132,032)
OTHER COMPREHENSIVE INCOME (LOSS)			
Cash Flow Interest Rate Hedge	3,835	(3,835)	-
Cash Flow Power Hedge	(286)	-	-
Minimum Pension Liability	(40,201)	-	-
COMPREHENSIVE INCOME (LOSS)	$ 37,340	$71,953	$(132,032)

See Notes to Financial Statements beginning on page L-1.

INDIANA MICHIGAN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Retained Earnings

	Year Ended December 31,		
	2002	2001	2000
		(in thousands)	
Retained Earnings January 1	$ 74,605	$ 3,443	$ 166,389
Net Income (Loss)	73,992	75,788	(132,032)
	148,597	79,231	34,357
Deductions:			
Cash Dividends Declared:			
Common Stock	-	-	26,290
Cumulative Preferred Stock:			
4-1/8% Series	229	229	230
4.56% Series	66	66	66
4.12% Series	52	72	74
5.90% Series	897	897	897
6-1/4% Series	1,203	1,203	1,203
6.30% Series	834	834	834
6-7/8% Series	1,186	1,186	1,186
Total Cash Dividends Declared	4,467	4,487	30,780
Capital Stock Expense	134	139	134
Total Deductions	4,601	4,626	30,914
Retained Earnings December 31	$143,996	$ 74,605	$ 3,443

See Notes to Financial Statements beginning on page L-1.

INDIANA MICHIGAN POWER COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31, 2002	December 31, 2001
	(in thousands)	
ASSETS		
ELECTRIC UTILITY PLANT:		
Production	$2,768,463	$2,758,160
Transmission	971,599	957,336
Distribution	921,835	900,921
General (including nuclear fuel)	220,137	233,005
Construction Work in Progress	147,924	74,299
Total Electric Utility Plant	5,029,958	4,923,721
Accumulated Depreciation and Amortization	2,568,604	2,436,972
NET ELECTRIC UTILITY PLANT	2,461,354	2,486,749
NUCLEAR DECOMMISSIONING AND SPENT NUCLEAR FUEL DISPOSAL TRUST FUNDS	870,754	834,109
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	83,265	82,898
OTHER PROPERTY AND INVESTMENTS	120,941	127,977
CURRENT ASSETS:		
Cash and Cash Equivalents	3,237	16,804
Advances to Affiliates	191,226	46,309
Accounts Receivable:		
Customers	67,333	60,864
Affiliated Companies	122,489	31,908
Miscellaneous	30,468	25,398
Allowance for Uncollectible Accounts	(578)	(741)
Fuel	32,731	28,989
Materials and Supplies	95,552	91,440
Energy Trading and Derivative Contracts	68,148	108,895
Accrued Utility Revenues	6,511	2,072
Prepayments and Other	11,899	6,497
TOTAL CURRENT ASSETS	629,016	418,435
REGULATORY ASSETS	348,212	408,927
DEFERRED CHARGES	73,649	34,967
TOTAL ASSETS	$4,587,191	$4,394,062

See Notes to Financial Statements beginning on page L-1.

INDIANA MICHIGAN POWER COMPANY AND SUBSIDIARIES

	December 31, 2002	December 31, 2001
	(in thousands)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common Stock - No Par Value:		
Authorized - 2,500,000 Shares		
Outstanding - 1,400,000 Shares	$ 56,584	$ 56,584
Paid-in Capital	858,560	733,216
Accumulated Other Comprehensive Income (Loss)	(40,487)	(3,835)
Retained Earnings	143,996	74,605
Total Common Shareholder's Equity	1,018,653	860,570
Cumulative Preferred Stock:		
Not Subject to Mandatory Redemption	8,101	8,736
Subject to Mandatory Redemption	64,945	64,945
Long-term Debt	1,587,062	1,312,082
TOTAL CAPITALIZATION	2,678,761	2,246,333
OTHER NONCURRENT LIABILITIES:		
Nuclear Decommissioning	620,672	600,244
Other	138,965	87,025
TOTAL OTHER NONCURRENT LIABILITIES	759,637	687,269
CURRENT LIABILITIES:		
Long-term Debt Due Within One Year	30,000	340,000
Accounts Payable - General	125,048	86,766
Accounts Payable - Affiliated Companies	93,608	43,956
Taxes Accrued	71,559	69,761
Interest Accrued	21,481	20,691
Obligations Under Capital Leases	8,229	10,840
Energy Trading and Derivative Contracts	48,568	93,413
Other	92,822	76,486
TOTAL CURRENT LIABILITIES	491,315	741,913
DEFERRED INCOME TAXES	356,197	400,531
DEFERRED INVESTMENT TAX CREDITS	97,709	105,449
DEFERRED GAIN ON SALE AND LEASEBACK - ROCKPORT PLANT UNIT 2	73,885	77,592
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	32,261	42,936
REGULATORY LIABILITIES AND DEFERRED CREDITS	97,426	92,039
COMMITMENTS AND CONTINGENCIES (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$4,587,191	$4,394,062

See Notes to Financial Statements beginning on page L-1.

INDIANA MICHIGAN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year Ended December 31, 2002	2001 (in thousands)	2000
OPERATING ACTIVITIES:			
Net Income (Loss)	$ 73,992	$ 75,788	$(132,032)
Adjustments for Noncash Items:			
Depreciation and Amortization	168,070	166,360	163,391
Amortization (Deferral) of Incremental Nuclear Refueling Outage Expenses (net)	(26,577)	418	5,737
Amortization of Nuclear Outage Costs	40,000	40,000	40,000
Deferred Income Taxes	(16,921)	(29,205)	(125,179)
Deferred Investment Tax Credits	(7,740)	(8,324)	(7,854)
Unrecovered Fuel and Purchased Power Costs	37,501	37,501	37,501
Changes in Certain Current Assets And Liabilities:			
Accounts Receivable (net)	(102,283)	64,841	(25,305)
Fuel, Materials and Supplies	(7,854)	(19,426)	10,743
Accrued Utility Revenues	(4,439)	(2,072)	44,428
Accounts Payable	87,934	(60,185)	85,056
Taxes Accrued	1,798	1,345	19,446
Mark-to-Market of Energy Trading and Derivatives Contracts	(9,517)	(62,647)	14,830
Disputed Tax and Interest Related to COLI	-	-	56,856
Regulatory Asset - Trading Losses	(992)	8,493	(17,914)
Regulatory Liability - Trading Gains	2,494	34,293	(7,416)
Change in Other Assets	(28,233)	(5,871)	(68,160)
Change in Other Liabilities	21,001	(5,102)	37,309
Net Cash Flows From Operating Activities	228,234	236,207	131,437
INVESTING ACTIVITIES:			
Construction Expenditures	(167,484)	(91,052)	(171,071)
Buyout of Nuclear Fuel Leases	-	(92,616)	-
Other	1,759	1,074	587
Net Cash Flows Used For Investing Activities	(165,725)	(182,594)	(170,484)
FINANCING ACTIVITIES:			
Capital Contributions from Parent Company	125,000	-	-
Issuance of Long-term Debt	288,732	297,656	199,220
Retirement of Cumulative Preferred Stock	(424)	-	(314)
Retirement of Long-term Debt	(340,000)	(44,922)	(148,000)
Change in Advances from Affiliates (net)	(144,917)	(299,891)	253,582
Change in Short-term Debt (net)	-	-	(224,262)
Dividends Paid on Common Stock	-	-	(26,290)
Dividends Paid on Cumulative Preferred Stock	(4,467)	(4,487)	(3,368)
Net Cash Flows From (Used For) Financing Activities	(76,076)	(51,644)	50,568
Net Increase (Decrease) in Cash and Cash Equivalents	(13,567)	1,969	11,521
Cash and Cash Equivalents January 1	16,804	14,835	3,314
Cash and Cash Equivalents December 31	$ 3,237	$ 16,804	$ 14,835

Supplemental Disclosure:
Cash paid for interest net of capitalized amounts was $89,984,000, $92,140,000 and $82,511,000 and for income taxes was $60,523,000, $100,470,000 and $73,254,000 in 2002, 2001 and 2000, respectively. Noncash acquisitions under capital leases were $1,023,000 and $22,218,000 in 2001 and 2000, respectively.

See Notes to Financial Statements beginning on page L-1.

INDIANA MICHIGAN POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Capitalization

						December 31, 2002	December 31, 2001
						(in thousands)	
COMMON SHAREHOLDER'S EQUITY						$1,018,653	$ 860,570

PREFERRED STOCK:
$100 Par Value - Authorized 2,250,000 shares
$25 Par Value - Authorized 11,200,000 shares

Series	Call Price December 31, 2002 (a)	Number of Shares Redeemed Year Ended December 31, 2002	2001	2000	Shares Outstanding December 31, 2002	2002	2001
Not Subject to Mandatory Redemption-$100 Par:							
4-1/8%	106.125	20	-	3,750	55,369	5,537	5,539
4.56%	102	-	-	-	14,412	1,441	1,441
4.12%	102.728	6,326	-	1,375	11,230	1,123	1,756
						8,101	8,736
Subject to Mandatory Redemption-$100 Par(b):							
5.90% (c)		-	-	-	152,000	15,200	15,200
6-1/4% (c)		-	-	-	192,500	19,250	19,250
6.30% (c)		-	-	-	132,450	13,245	13,245
6-7/8% (d)		-	-	-	172,500	17,250	17,250
						64,945	64,945

	2002	2001
LONG-TERM DEBT (See Schedule of Long-term Debt):		
First Mortgage Bonds	174,245	264,141
Installment Purchase Contracts	310,336	310,239
Senior Unsecured Notes	747,027	696,144
Other Long-term Debt (e)	223,736	219,947
Junior Debentures	161,718	161,611
Less Portion Due Within One Year	(30,000)	(340,000)
Long-term Debt Excluding Portion Due Within One Year	1,587,062	1,312,082
TOTAL CAPITALIZATION	$2,678,761	$2,246,333

(a) The cumulative preferred stock is callable at the price indicated plus accrued dividends
(b) Sinking fund provisions require the redemption of 15,000 shares in 2003 and 67,500 shares in each of 2004, 2005, 2006 and 2007. The sinking fund provisions of each series subject to mandatory redemption have been met by purchase of shares in advance of these due dates. Shares previously purchased may be applied to meet the sinking fund requirement.
(c) Commencing in 2004 and continuing through 2008 I&M may redeem, at $100 per share, 20,000 shares of the 5.90% series, 15,000 shares of the 6-1/4% series and 17,500 shares of the 6.30% series outstanding under sinking fund provisions at its option and all remaining outstanding shares must be redeemed not later than 2009. The series are callable beginning November 1, 2003 for the 5.90% series, December 1, 2003 for the 6-1/4% series and March 1, 2004 for the 6.30% series at $100 plus accrued dividends.
(d) Commencing in 2003 and continuing through the year 2007, a sinking fund will require the redemption of 15,000 shares each year and the redemption of the remaining shares outstanding on April 1, 2008, in each case at $100 per share. Callable at $100 per share plus accrued dividends beginning February 1, 2003.
(e) Represents a liability for SNF disposal including interest payable to the DOE. See Note 9.

See Notes to Financial Statements beginning on page L-1.

Schedule of Long-term Debt

First mortgage bonds outstanding were as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
7.60	2002 - November 1	$ -	$ 50,000
7.70	2002 - December 15	-	40,000
6.10	2003 - November 1	30,000	30,000
8.50	2022 - December 15	75,000	75,000
7.35	2023 - October 1	15,000	15,000
7.20	2024 - February 1	30,000	30,000
7.50	2024 - March 1	25,000	25,000
Unamortized Discount		(755)	(859)
		$174,245	$264,141

First mortgage bonds are secured by a first mortgage lien on electric utility plant. Certain supplemental indentures to the first mortgage lien contain maintenance and replacement provisions requiring the deposit of cash or bonds with the trustee, or in lieu thereof, certification of unfunded property additions.

Installment purchase contracts have been entered in connection with the issuance of pollution control revenue bonds by governmental authorities as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
City of Lawrenceburg, Indiana:			
7.00	2015 - April 1	$ 25,000	$ 25,000
5.90	2019 - November 1	52,000	52,000
City of Rockport, Indiana:			
(a)	2014 - August 1	-	50,000
7.60	2016 - March 1	40,000	40,000
6.55	2025 - June 1	50,000	50,000
(b)	2025 - June 1	50,000	50,000
4.90(c)	2025 - June 1	50,000	-
City of Sullivan, Indiana:			
5.95	2009 - May 1	45,000	45,000
Unamortized Discount		(1,664)	(1,761)
		$310,336	$310,239

(a) A variable interest rate was determined weekly. The average weighted interest rates were 1.5% in 2002 and 2.4% for 2001.
(b) In June 2001 an auction rate was established. Auction rates are determined by standard procedures every 35 days. The auction rate for 2002 ranged from 1.3% to 1.7% and averaged 1.5%. The auction rate for June through December 2001 ranged from 1.55% to 2.9% and averaged 2.4%. Prior to June 25, 2001, an adjustable interest rate was a daily, weekly, commercial paper or term rate as designated by I&M. A weekly rate was selected which ranged from 1.9% to 4.9% in 2001 and averaged 3.3% during 2001.
(c) Rate is fixed until June 1, 2007 (term rate bonds).

The terms of the installment purchase contracts require I&M to pay amounts sufficient for the cities to pay interest on and the principal of (at stated maturities and upon mandatory redemptions) related pollution control revenue bonds issued to finance the construction of pollution control facilities at certain generating plants. The term rate bonds due 2025 are subject to mandatory tender for purchase on the term maturity date (June 1, 2007). Accordingly, the term rate bonds have been classified for repayment purposes in 2007 (the term end date).

Senior unsecured notes outstanding were as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
(a)	2002 - September 3	$ -	$200,000
6-7/8	2004 - July 1	150,000	150,000
6.125	2006 - December 15	300,000	300,000
6.45	2008 - November 10	50,000	50,000
6.375	2012 - November 1	100,000	-
6	2032 - December 31	150,000	-
Unamortized Discount		(2,973)	(3,856)
		$747,027	$696,144

(a) A floating interest rate was determined quarterly. The rate on December 31, 2001 was 2.71%. The average interest rates were 2.6% in 2002 and 5.1% in 2001.

Junior debentures outstanding were as follows:

% Rate	Due	December 31, 2002	2001
		(in thousands)	
8.00	2026 - March 31	$ 40,000	$ 40,000
7.60	2038 - June 30	125,000	125,000
Unamortized Discount		(3,282)	(3,389)
Total		$161,718	$161,611

Interest may be deferred and payment of principal and interest on the junior debentures is subordinated and subject in right to the prior payment in full of all senior indebtedness of I&M.

At December 31, 2002, future annual long-term debt payments are as follows:

	Amount (in thousands)
2003	$ 30,000
2004	150,000
2005	-
2006	300,000
2007	50,000
Later Years	1,095,736
Total Principal Amount	1,625,736
Unamortized Discount	(8,674)
Total	$1,617,062

INDIANA MICHIGAN POWER COMPANY AND SUBSIDIARIES
Index to Combined Notes to Consolidated Financial Statements

The notes to I&M's consolidated financial statements are combined with the notes to financial statements for AEP and its other subsidiary registrants. Listed below are the combined notes that apply to I&M. The combined footnotes begin on page L-1.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of
Directors of Indiana Michigan Power Company:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of Indiana Michigan Power Company and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, comprehensive income, retained earnings and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Indiana Michigan Power Company and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

KENTUCKY POWER COMPANY

KENTUCKY POWER COMPANY
Selected Financial Data

	Year Ended December 31,				
	2002	2001	2000	1999	1998
	(in thousands)				
INCOME STATEMENTS DATA:					
Operating Revenues	$ 378,683	$ 379,025	$ 389,875	$ 358,757	$ 362,999
Operating Expenses	336,486	331,347	340,137	304,082	311,106
Operating Income	42,197	47,678	49,738	54,675	51,893
Nonoperating Items, Net	5,206	1,248	2,070	(327)	(1,726)
Interest Charges	26,836	27,361	31,045	28,918	28,491
Net Income	$ 20,567	$ 21,565	$ 20,763	$ 25,430	$ 21,676

	Year Ended December 31,				
	2002	2001	2000	1999	1998
	(in thousands)				
BALANCE SHEETS DATA:					
Electric Utility Plant	$1,295,619	$1,128,415	$1,103,064	$1,079,048	$1,043,711
Accumulated Depreciation and Amortization	397,304	384,104	360,648	340,008	315,546
Net Electric Utility Plant	$ 898,315	$ 744,311	$ 742,416	$ 739,040	$ 728,165
Total Assets	$1,164,676	$ 999,048	$1,494,543	$ 986,123	$ 921,847
Common Stock and Paid-in Capital	$ 259,200	$ 209,200	$ 209,200	$ 209,200	$ 199,200
Accumulated Other Comprehensive Income (Loss)	(9,451)	(1,903)	-	-	-
Retained Earnings	48,269	48,833	57,513	67,110	71,452
Total Common Shareholder's Equity	$ 298,018	$ 256,130	$ 266,713	$ 276,310	$ 270,652
Long-term Debt (a)	$ 466,632	$ 346,093	$ 330,880	$ 365,782	$ 368,838
Obligations Under Capital Leases(a)	$ 7,248	$ 9,583	$ 14,184	$ 15,141	$ 18,977
Total Capitalization and Liabilities	$1,164,676	$ 999,048	$1,494,543	$ 986,123	$ 921,847

(a) Including portion due within one year.

KENTUCKY POWER COMPANY
Management's Narrative Analysis of Results of Operations

KPCo is a public utility engaged in the generation, purchase, sale, transmission and distribution of electric power serving 174,000 retail customers in eastern Kentucky. KPCo as a member of the AEP Power Pool shares in the revenues and costs of the AEP Power Pool's wholesale sales to neighboring utility systems and power marketers including power trading transactions. KPCo also sells wholesale power to municipalities.

The cost of the AEP Power Pool's generating capacity is allocated among the Pool members based on their relative peak demands and generating reserves through the payment of capacity charges and the receipt of capacity credits. AEP Power Pool members are also compensated for their out-of-pocket costs of energy delivered to the AEP Power Pool and charged for energy received from the AEP Power Pool. The AEP Power Pool calculates each company's prior twelve month peak demand relative to the total peak demand of all member companies as a basis for sharing revenues and costs. The result of this calculation is the member load ratio (MLR) which determines each company's percentage share of AEP Power Pool revenues and costs.

KPCo has a unit power agreement with AEGCo, an affiliated company, which expires in 2004. The unit power agreement extends until December 31, 2009 for Rockport Plant Unit 1 and until December 7, 2002 for Rockport Plant Unit 2 if AEP's settlement restructuring agreement filed with the FERC becomes operative. The agreement provides for KPCo to purchase 15% of the total output of the two unit 2,600-mw capacity Rockport Plant. Under the unit power agreement, there is a demand charge for the right to receive the power, which is payable even it the power is not taken. The amount of the demand charge is such that when added to other amounts received by AEGCo, it will enable AEGCo to recover all its fixed expenses including a FERC-approved rate of return on common equity.

Results of Operations

Net Income for 2002 decreased $1 million or 5%. Total Revenues were flat while increases in Operating Expenses, driven by expenses related to planned outages at the Big Sandy plant, were offset by comparable gains in net nonoperating income which benefited from decreases in trading incentive compensation.

Changes in Revenues

	Increase (Decrease) Year-to-Date (dollars in millions)	
	Amount	%
Wholesale Electricity*	$13	6
Energy Delivery*	1	1
Sales to AEP Affiliates	(14)	(34)
Total	$ -	-

*Reflects the allocation of certain transmission and distribution revenues included in bundled retail rates to energy delivery.

Revenues in 2002 were comparable to those of last year. Increased sales to retail electricity customers reflecting warmer summer weather, colder days in late 2002, and increased fuel recovery revenues were offset by lower Sales to AEP Affiliates resulting from planned outages in 2002. KPCo's decreased generation was due to scheduled maintenance resulting in lower availability in the fourth quarter.

Changes in Operating Expenses

	Increase (Decrease) Year-to-Date (dollars in millions)	
	Amount	%
Fuel	$(5.6)	(8)
Wholesale Electricity	-	N.M.
Purchases from AEP Affiliates	2.8	2
Other Operation	(5.4)	(9)
Maintenance	12.6	56
Depreciation	.7	2
Taxes Other Than Income Taxes	.4	5
Income Taxes	(.4)	(4)
Total Operating Expenses	$ 5.1	2

N.M. = Not Meaningful

Fuel expense decreased in 2002 as a result of planned fourth quarter outages at the Big Sandy plant for scheduled boiler maintenance. The 800 megawatt Unit 2, representing approximately 75% of the plant's generation capacity, was off-line from mid-September through the end of the year, thereby reducing the demand for fuel in the fourth quarter. Purchases from AEP Affiliates for 2002 increased to meet demand during the planned outages at the Big Sandy plant.

Other Operation expense decreased in 2002 due to reduced consumption of emission allowances due to the planned outage; reduced accruals for trading incentive compensation due to reduced trading activity; and improvements in transmission expense resulting from less wholesale activity and related transmission, and an increase in AEP transmission equalization credits. Under the AEP Transmission Equalization Agreement, KPCo and certain eastern region affiliates share the costs associated with the ownership of their transmission system based upon each company's peak demand and investment. A decrease in KPCo's peak demand relative to its affiliates' peak demand was the main reason for the increase in transmission equalization credits. These developments were offset in part by severance expenses related to a sustained earnings initiative (see Note 11).

Maintenance expense increased in 2002 primarily as a result of planned power plant outages. Big Sandy plant Unit 2 was down for the fourth quarter for planned boiler overhaul and electric plant maintenance. The Company experienced marginal increases in overhead line maintenance expense.

Nonoperating Income Taxes for 2002 have increased as a result of increases in pre-tax income for the year offset in part by prior-year tax return adjustments.

Other Changes

Nonoperating Income for 2002 decreased as a result of AEP's previously announced plan to reduce trading activity, and decreased margins on power trading activity outside of the AEP System's traditional marketing area resulting from soft market demand. Nonoperating Expenses decreased in 2002 as a result of decreases in trading incentive compensation.

KENTUCKY POWER COMPANY
Statements of Income

	Year Ended December 31, 2002	2001 (in thousands)	2000
OPERATING REVENUES:			
Wholesale Electricity	$218,665	$205,476	$226,708
Energy Delivery	132,054	131,183	121,346
Sales to AEP Affiliates	27,964	42,366	41,821
TOTAL OPERATING REVENUES	378,683	379,025	389,875
OPERATING EXPENSES:			
Fuel	65,043	70,635	74,638
Purchased Power:			
Wholesale Electricity	29	86	1,940
AEP Affiliates	133,002	130,204	127,707
Other Operation	52,892	58,275	52,495
Maintenance	35,089	22,444	25,866
Depreciation and Amortization	33,233	32,491	31,028
Taxes Other Than Income Taxes	8,240	7,854	7,251
Income Taxes	8,958	9,358	19,212
TOTAL OPERATING EXPENSES	336,486	331,347	340,137
OPERATING INCOME	42,197	47,678	49,738
NONOPERATING INCOME	7,863	10,881	6,139
NONOPERATING EXPENSES	753	8,949	2,940
NONOPERATING INCOME TAXES	1,904	684	1,129
INTEREST CHARGES	26,836	27,361	31,045
NET INCOME	$ 20,567	$ 21,565	$ 20,763

Statements of Comprehensive Income

	Year Ended December 31, 2002	2001 (in thousands)	2000
NET INCOME	$ 20,567	$21,565	$20,763
OTHER COMPREHENSIVE INCOME (LOSS)			
Cash Flow Interest Rate Hedge	2,225	(1,903)	-
Minimum Pension Liability	(9,773)	-	-
COMPREHENSIVE INCOME	$ 13,019	$19,662	$20,763

Statements of Retained Earnings

	Year Ended December 31, 2002	2001 (in thousands)	2000
RETAINED EARNINGS JANUARY 1	$48,833	$57,513	$67,110
NET INCOME	20,567	21,565	20,763
CASH DIVIDENDS DECLARED	21,131	30,245	30,360
RETAINED EARNINGS DECEMBER 31	$48,269	$48,833	$57,513

See Notes to Financial Statements beginning on page L-1.

KENTUCKY POWER COMPANY
Balance Sheets

	December 31, 2002	December 31, 2001
	(in thousands)	
ASSETS		
ELECTRIC UTILITY PLANT:		
Production	$ 275,121	$ 271,070
Transmission	373,639	374,116
Distribution	425,817	402,537
General	55,913	65,059
Construction Work in Progress	165,129	15,633
Total Electric Utility Plant	1,295,619	1,128,415
Accumulated Depreciation and Amortization	397,304	384,104
NET ELECTRIC UTILITY PLANT	898,315	744,311
OTHER PROPERTY AND INVESTMENTS	6,904	6,492
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	29,871	29,477
CURRENT ASSETS:		
Cash and Cash Equivalents	2,304	1,947
Accounts Receivable:		
Customers	22,044	20,036
Affiliated Companies	23,802	16,012
Miscellaneous	2,889	3,333
Allowance for Uncollectible Accounts	(192)	(264)
Fuel	10,817	12,060
Materials and Supplies	16,127	15,766
Accrued Utility Revenues	5,301	5,395
Accrued Tax Benefit	1,253	-
Energy Trading Contracts	24,320	33,905
Prepayments and other	2,127	1,314
TOTAL CURRENT ASSETS	110,792	109,504
REGULATORY ASSETS	101,976	97,692
DEFERRED CHARGES	16,818	11,572
TOTAL ASSETS	$1,164,676	$ 999,048

See Notes to Financial Statements beginning on page L-1.

KENTUCKY POWER COMPANY

	December 31, 2002	December 31, 2001
	(in thousands)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common Stock - $50 Par Value:		
Authorized - 2,000,000 Shares		
Outstanding - 1,009,000 Shares	$ 50,450	$ 50,450
Paid-in Capital	208,750	158,750
Accumulated Other Comprehensive Income (Loss)	(9,451)	(1,903)
Retained Earnings	48,269	48,833
Total Common Shareowner's Equity	298,018	256,130
Long-term Debt	391,632	176,093
Long-term Debt - Affiliated Companies	60,000	75,000
TOTAL CAPITALIZATION	749,650	507,223
OTHER NONCURRENT LIABILITIES	27,319	11,929
CURRENT LIABILITIES:		
Long-term Debt Due Within One Year - General	-	95,000
Long-term Debt Due Within One Year - Affiliated Companies	15,000	-
Advances from Affiliates	23,386	66,200
Accounts Payable:		
General	46,515	23,464
Affiliated Companies	44,035	22,557
Customer Deposits	8,048	4,461
Taxes Accrued	-	10,305
Interest Accrued	6,471	5,269
Energy Trading and Derivative Contracts	17,803	38,664
Other	14,322	12,882
TOTAL CURRENT LIABILITIES	175,580	278,802
DEFERRED INCOME TAXES	178,313	168,304
DEFERRED INVESTMENT TAX CREDITS	9,165	10,405
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	11,488	14,917
REGULATORY LIABILITIES AND DEFERRED CREDITS	13,161	7,468
COMMITMENTS AND CONTINGENCIES (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$1,164,676	$ 999,048

See Notes to Financial Statements beginning on page L-1.

KENTUCKY POWER COMPANY
Statements of Cash Flows

	Year Ended December 31, 2002	2001 (in thousands)	2000
OPERATING ACTIVITIES:			
Net Income	$ 20,567	$ 21,565	$ 20,763
Adjustments for Noncash Items:			
Depreciation and Amortization	33,233	32,491	31,034
Deferred Income Taxes	9,839	6,293	3,765
Deferred Investment Tax Credits	(1,240)	(1,251)	(1,252)
Deferred Fuel Costs (net)	2,998	(4,707)	2,948
Mark-to-Market of Energy Trading Contracts	(12,267)	(1,454)	(4,376)
Change in Certain Current Assets and Liabilities:			
Accounts Receivable (net)	(9,426)	23,694	(20,930)
Fuel, Materials and Supplies	882	(7,658)	8,386
Accrued Utility Revenues	94	1,105	7,237
Accounts Payable	44,529	(22,942)	39,883
Taxes Accrued	(11,558)	(1,580)	2,025
Disputed Tax and Interest Related to COLI	-	-	5,943
Change in Other Assets	(21,491)	(2,762)	62,653
Change in Other Liabilities	16,161	(9,446)	(62,702)
Net Cash Flows From Operating Activities	72,321	33,348	95,377
INVESTING ACTIVITIES:			
Construction Expenditures	(178,700)	(37,206)	(36,209)
Proceeds From Sales of Property	217	216	266
Net Cash Flows Used For Investing Activities	(178,483)	(36,990)	(35,943)
FINANCING ACTIVITIES:			
Capital Contributions from Parent Company	50,000	-	-
Issuance of Long-term Debt	274,964	75,000	69,685
Retirement of Long-term Debt	(154,500)	(60,000)	(105,000)
Change in Short-term Debt (net)	-	-	(39,665)
Change in Advances From Affiliates (net)	(42,814)	18,564	47,636
Dividends Paid	(21,131)	(30,245)	(30,360)
Net Cash Flows From (Used For) Financing Activities	106,519	3,319	(57,704)
Net Increase (Decrease) in Cash and Cash Equivalents	357	(323)	1,730
Cash and Cash Equivalents January 1	1,947	2,270	540
Cash and Cash Equivalents December 31	$ 2,304	$ 1,947	$ 2,270

Supplemental Disclosure:
Cash paid for interest net of capitalized amounts was $25,176,000, $27,090,000 and $28,619,000 and for income taxes was $13,040,500, $7,549,000 and $7,923,000 in 2002, 2001 and 2000, respectively. Noncash acquisitions under capital leases were $22,021, $817,000 and $2,817,000 and in 2002, 2001 and 2000, respectively.

See Notes to Financial Statements beginning on page L-1.

KENTUCKY POWER COMPANY

Statements of Capitalization

	December 31, 2002	December 31, 2001
	(in thousands)	
COMMON SHAREHOLDER'S EQUITY	$298,018	$256,130
LONG-TERM DEBT (See Schedule of Long-term Debt):		
First Mortgage Bonds	-	59,383
Senior Unsecured Notes	352,508	147,625
Notes Payable	75,000	100,000
Junior Debentures	39,124	39,085
Less Portion Due Within One Year	(15,000)	(95,000)
Long-term Debt Excluding Portion Due Within One Year	451,632	251,093
TOTAL CAPITALIZATION	$749,650	$507,223

See Notes to Financial Statements beginning on page L-1.

KENTUCKY POWER COMPANY
Schedule of Long-term Debt

First mortgage bonds outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
6.65	2003 - May 1	$ -	$ 15,000
6.70	2003 - June 1	-	15,000
6.70	2003 - July 1	-	15,000
7.90	2023 - June 1	-	14,500
Unamortized Discount		-	(117)
		$ -	$ 59,383

First mortgage bonds were secured by a first mortgage lien on electric utility plant.

Senior unsecured notes outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
(a)	2002 - November 19	$ -	$ 70,000
6.91	2007 - October 1	48,000	48,000
6.45	2008 - November 10	30,000	30,000
5.50	2007 - July	125,000	-
4.31	2007 - November 12	80,400	-
4.37	2007 - December 12	69,564	-
Unamortized Discount		(456)	(375)
		$352,508	$147,625

(a) A floating interest rate is determined monthly. The rate December 31, 2001 was 4.3%.

Notes payable to parent company were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
4.336	2003 - May 15	$15,000	$15,000
6.501	2006 - May 15	60,000	60,000
		$75,000	$75,000

Notes payable to banks outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
7.45	2002 - September 20	$ -	$25,000

Junior debentures outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
8.72	2025 - June 30	$40,000	$40,000
Unamortized Discount		(876)	(915)
Total		$39,124	$39,085

Interest may be deferred and payment of principal and interest on the junior debentures is subordinated and subject in right to the prior payment in full of all senior indebtedness of the Company.

At December 31, 2002, future annual long-term debt payments are as follows:

	Amount (in thousands)
2003	$ 15,000
2004	-
2005	-
2006	60,000
2007	322,964
Later Years	70,000
Total Principal Amount	467,964
Unamortized Discount	(1,332)
Total	$466,632

KENTUCKY POWER COMPANY
Index to Combined Notes to Financial Statements

The notes to KPCo's financial statements are combined with the notes to financial statements for AEP and its other subsidiary registrants. Listed below are the combined notes that apply to KPCo. The combined footnotes begin on page L-1.

	Combined Footnote Reference
Significant Accounting Policies	Note 1
Merger	Note 4
Rate Matters	Note 6
Effects of Regulation	Note 7
Commitments and Contingencies	Note 9
Guarantees	Note 10
Sustained Earnings Improvement Initiative	Note 11
Asset Impairments and Investment Value Losses	Note 13
Benefit Plans	Note 14
Business Segments	Note 16
Risk Management, Financial Instruments and Derivatives	Note 17
Income Taxes	Note 18
Leases	Note 22
Lines of Credit and Sale of Receivables	Note 23
Unaudited Quarterly Financial Information	Note 24
Related Party Transactions	Note 29

INDEPENDENT AUDITORS' REPORT

To the Shareholder and Board of
Directors of Kentucky Power Company:

We have audited the accompanying balance sheets and statements of capitalization of Kentucky Power Company as of December 31, 2002 and 2001, and the related statements of income, comprehensive income, retained earnings, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Kentucky Power Company as of December 31, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

OHIO POWER COMPANY

OHIO POWER COMPANY
Selected Financial Data

	2002	2001	2000	1999	1998
			Year Ended December 31, (in thousands)		
INCOME STATEMENTS DATA:					
Operating Revenues	$2,113,125	$2,098,105	$2,140,331	$1,978,826	$2,105,547
Operating Expenses	1,814,796	1,857,395	1,913,504	1,689,997	1,816,175
Operating Income	298,329	240,710	226,827	288,829	289,372
Nonoperating Items, Net	5,376	18,686	(5,004)	7,000	588
Interest Charges	83,682	93,603	119,210	83,672	80,035
Income Before Extraordinary Item	220,023	165,793	102,613	212,157	209,925
Extraordinary Loss	-	(18,348)	(18,876)	-	-
Net Income	220,023	147,445	83,737	212,157	209,925
Preferred Stock Dividend Requirements	1,258	1,258	1,266	1,417	1,474
Earnings Applicable To Common Stock	$ 218,765	$ 146,187	$ 82,471	$ 210,740	$ 208,451

	2002	2001	2000	1999	1998
			December 31, (in thousands)		
BALANCE SHEETS DATA:					
Electric Utility Plant	$5,685,826	$5,390,576	$5,577,631	$5,400,917	$5,257,841
Accumulated Depreciation	2,566,828	2,452,571	2,764,130	2,621,711	2,461,376
Net Electric Utility Plant	$3,118,998	$2,938,005	$2,813,501	$2,779,206	$2,796,465
Total Assets	$4,457,032	$4,394,073	$6,193,975	$4,675,159	$4,344,680
Common Stock and Paid-in Capital	$ 783,684	$ 783,684	$ 783,684	$ 783,577	$ 783,536
Accumulated Other Comprehensive Income (Loss)	(72,886)	(196)	-	-	-
Retained Earnings	522,316	401,297	398,086	587,424	587,500
Total Common Shareholder's Equity	$1,233,114	$1,184,785	$1,181,770	$1,371,001	$1,371,036
Cumulative Preferred Stock:					
Not Subject to Mandatory Redemption	$ 16,648	$ 16,648	$ 16,648	$ 16,937	$ 17,370
Subject to Mandatory Redemption (a)	8,850	8,850	8,850	8,850	11,850
Total Cumulative Preferred Stock	$ 25,498	$ 25,498	$ 25,498	$ 25,787	$ 29,220
Long-term Debt (a)	$1,067,314	$1,203,841	$1,195,493	$1,151,511	$1,084,928
Obligations Under Capital Leases (a)	$ 65,626	$ 80,666	$ 116,581	$ 136,543	$ 142,635
Total Capitalization and Liabilities	$4,457,032	$4,394,073	$6,193,975	$4,675,159	$4,344,680

(a) Including portion due within one year.

OHIO POWER COMPANY
Management's Discussion and Analysis of Results of Operations

Ohio Power Company (OPCo) is a public utility engaged in the generation, purchase, sale, transmission and distribution of electric power to 702,000 retail customers in northwestern, east central, eastern and southern sections of Ohio. OPCo supplies electric power to the AEP Power Pool and shares the revenues and costs of the AEP Power Pool's wholesale sales to neighboring utility systems and power marketers including power trading transactions. OPCo also sells wholesale power to municipalities and cooperatives.

The cost of the AEP Power Pool's generating capacity is allocated among Pool members based on their relative peak demands and generating reserves through the payment of capacity charges or the receipt of capacity credits. AEP Power Pool members are also compensated for their out-of-pocket costs of energy delivered to the AEP Power Pool and charged for energy received from the AEP Power Pool. The AEP Power Pool calculates each company's prior twelve month peak demand relative to the total peak demand of all member companies as a basis for sharing revenues and costs. The result of this calculation is the member load ratio (MLR) which determines each company's percentage share of AEP Power Pool revenues and costs.

Results of Operations

Income Before Extraordinary Item increased $54 million or 33% in 2002 mainly due to reductions in operating expenses, predominantly fuel, and interest charges.

Income Before Extraordinary Item increased $63 million or 62% in 2001 primarily due to the effect of a court decision related to a corporate owned life insurance (COLI) program recorded in 2000. In February 2001 the U.S. District Court for the Southern District of Ohio ruled against AEP and certain of its subsidiaries, including OPCo, in a suit over deductibility of interest claimed in AEP's consolidated tax returns related to COLI. In 1998 and 1999 OPCo paid the disputed taxes and interest attributable to the COLI interest deductions for taxable years 1991-98. The payments were included in Other Property and Investments pending the resolution of this matter. Net Income was also favorably impacted by the growth in and strong performance by the wholesale business. The effects of the COLI decision in 2000 and favorable wholesale business in 2001 were offset in part by the commencement of the amortization of transition regulatory assets in 2001, the effect of mild winter weather and the economic downturn.

Operating Revenues

Operating Revenues increased 1% in 2002 mainly as a result of increased residential and commercial sales due to demand caused by weather conditions. Changes in the components of Operating Revenues were:

	Increase (Decrease) From Previous Year (Dollars in Millions)			
	2002		2001	
	Amount	%	Amount	%
Retail*	$ 11	2	$(66)	(8)
Wholesale				
Marketing	10	5	(19)	(8)
Unrealized MTM	2	8	33	N.M.
Other	1	1	(4)	(5)
Total Wholesale Electricity*	24	2	(56)	(5)
Energy Delivery*	37	7	85	18
Sales to AEP Affiliates	(46)	(9)	(71)	(12)
Total	$ 15	1	$(42)	(2)

* Reflects the allocation of certain transmission and distribution revenues included in bundled retail rates to energy delivery.

During the summer months, cooling degree days increased 39%. For the fall season, heating degree days increased 32%. This reflects a return to more normal weather conditions since 2001 weather was abnormally mild. Sales to AEP Affiliates decreased due to a 15% decrease in price, reflective of lower average fuel cost, while MWH sales rose slightly.

Operating Revenues decreased 2% in 2001 due to decreased sales to the AEP Power Pool. This was the result of an affiliate being able to supply more power to the Power Pool from two nuclear units that returned to service in June and December 2000.

Operating Expenses

Operating Expenses decreased 2% in 2002 mostly due to reductions in Fuel. Operating Expenses in 2001 also decreased 3%. This reduction was the result of lower Fuel and Income Taxes partially offset by amortization of transition regulatory assets.

Changes in the components of Operating Expenses were:

	Increase (Decrease) From Previous Year (dollars in millions)			
	2002 Amount	%	2001 Amount	%
Fuel	$(102)	(15)	$(85)	(11)
Wholesale Electricity Purchased Power	4	6	15	30
AEP Affiliates Purchased Power	8	14	12	23
Other Operation	16	4	(4)	(1)
Maintenance	(6)	(4)	18	15
Depreciation and Amortization	9	4	84	54
Taxes Other Than Income Taxes	16	10	(10)	(6)
Income Taxes	12	12	(86)	(46)
Total Operating Expenses	$ (43)	(2)	$(56)	(3)

The Fuel expense decrease for 2002 reflects a reduction of 19% in average cost of fuel for generation, offset in part by a slight increase in MWH generated. The decrease in fuel costs are the result of purchasing coal at lower prices on the open market in 2002 instead of affiliated company coal.

Fuel expense decreased 11% in 2001 mainly due to a 9% decrease in net generation because of decreased sales to the AEP Power Pool caused by an affiliate's two nuclear units returning to service.

Wholesale Electricity Purchased Power expense increased in 2002. This was the result of a 11% increase of MWH sales, partially offset by a decrease in price. In 2001 the increase was due to increases in MWH purchases from third parties because of the non-availability of associated nuclear power for resale to wholesale customers and to meet internal demand.

AEP Affiliates Purchased Power expense increased in 2002 as a result of an 18% increase of MWH purchased from affiliates with a slight decrease in the average price. The increase for 2001 was also a result of increased purchases through the AEP Power Pool.

Maintenance expense increased in 2001 mainly due to boiler repairs at Amos, Cardinal, Kammer, Mitchell, Muskingum and Sporn plants, and boiler inspections at the Amos and Cardinal Plants.

In 2001, the commencement of amortization of transition regulatory assets in connection with the transition to customer choice and market-based pricing of retail electricity supply under Ohio deregulation accounted for the significant increase in Depreciation and Amortization expense.

The 2002 increase in Taxes Other Than Income Taxes is the result of increases in state excise tax created from a change in the base tax calculation. The decrease in 2001 was due to a decrease in property tax expense reflecting a reduction in rates on generation property under the Ohio Restructuring law partially offset by a new state excise tax.

Income Taxes increased in 2002 due to an increase in both federal and state tax expenses. Federal taxes increased due to higher pre-tax operating income offset in part by changes in certain book/tax timing differences accounted for on a flow-thru basis. State taxes increased predominately as a result of the State of Ohio's tax legislation revision involving utility deregulation.

Income Taxes decreased in 2001 due to an unfavorable ruling in AEP's suit against the government over interest deductions claimed relating to AEP's COLI program which was recorded in 2000 and a decrease in pre-tax book income.

Nonoperating Income and Nonoperating Expense

Nonoperating Expenses decreased during 2002 due to reductions in variable incentive compensation expenses associated with wholesale trading.

Nonoperating Income and Nonoperating Expenses increased in 2001 as a result of an increase in the level of trading activity outside of the AEP System's traditional marketing area.

The 2002 increase in Nonoperating Income Tax Expense is a result of the favorable tax benefit from the sale of the Ohio Coal companies in 2001. This event also caused the decrease for 2001.

Interest Charges

The 2002 decrease in Interest Charges was primarily due to a decrease in the outstanding balances of long-term debt, the refinancing of debt at favorable interest rates and a reduction in short-term interest rates.

The major reason for the decrease in Interest Charges in 2001 was the recognition in 2000 of deferred interest payments to the IRS related to COLI disallowances.

Extraordinary Loss

In the second quarter of 2001 an extraordinary loss of $18 million net of tax was recorded to write-off prepaid Ohio excise taxes stranded by Ohio deregulation. In 2000 the application of regulatory accounting for generation under SFAS 71 was discontinued which resulted in an after tax extraordinary loss of $19 million.

OHIO POWER COMPANY
Statements of Income

	Year Ended December 31, 2002	2001	2000
		(in thousands)	
OPERATING REVENUES:			
Wholesale Electricity	$1,058,250	$1,034,026	$1,090,297
Energy Delivery	589,673	552,713	467,587
Sales to AEP Affiliates	465,202	511,366	582,447
TOTAL OPERATING REVENUES	2,113,125	2,098,105	2,140,331
OPERATING EXPENSES:			
Fuel	584,730	686,568	771,969
Purchased Power:			
Wholesale Electricity	67,385	63,441	48,657
AEP Affiliates	71,154	62,585	50,741
Other Operation	416,533	400,790	404,410
Maintenance	136,609	142,878	124,735
Depreciation and Amortization	248,557	239,982	155,944
Taxes Other Than Income Taxes	176,247	159,778	169,527
Income Taxes	113,581	101,373	187,521
TOTAL OPERATING EXPENSES	1,814,796	1,857,395	1,913,504
OPERATING INCOME	298,329	240,710	226,827
NONOPERATING INCOME	51,953	70,108	57,163
NONOPERATING EXPENSES	28,567	53,802	44,009
NONOPERATING INCOME TAX EXPENSE (CREDIT)	18,010	(2,380)	18,158
INTEREST CHARGES	83,682	93,603	119,210
INCOME BEFORE EXTRAORDINARY ITEM	220,023	165,793	102,613
EXTRAORDINARY LOSS - DISCONTINUANCE OF REGULATORY ACCOUNTING FOR GENERATION - Net of tax (See Note 2)	-	(18,348)	(18,876)
NET INCOME	220,023	147,445	83,737
PREFERRED STOCK DIVIDEND REQUIREMENTS	1,258	1,258	1,266
EARNINGS APPLICABLE TO COMMON STOCK	$ 218,765	$ 146,187	$ 82,471

Statements of Comprehensive Income

	Year Ended December 31, 2002	2001	2000
		(in thousands)	
NET INCOME	$220,023	$147,445	$83,737
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign Currency Exchange Rate Hedge	(542)	(196)	-
Minimum Pension Liability	(72,148)	-	-
COMPREHENSIVE INCOME	$147,333	$147,249	$83,737

The common stock of OPCo is wholly owned by AEP.

See Notes to Financial Statements beginning on page L-1.

OHIO POWER COMPANY

Statement of Retained Earnings

	Year Ended December 31, 2002	2001	2000
	(in thousands)		
Retained Earnings January 1	$401,297	$398,086	$587,424
Net Income	220,023	147,445	83,737
	621,320	545,531	671,161
Deductions:			
Cash Dividends Declared:			
Common Stock	97,746	142,976	271,813
Cumulative Preferred Stock:			
4.08% Series	58	58	59
4.20% Series	96	96	96
4.40% Series	139	139	139
4-1/2% Series	439	439	442
5.90% Series	428	428	428
6.02% Series	66	66	66
6.35% Series	32	32	32
Total Dividends	99,004	144,234	273,075
Retained Earnings December 31	$522,316	$401,297	$398,086

See Notes to Financial Statements beginning on page L-1.

OHIO POWER COMPANY
Balance Sheets

	December 31, 2002	December 31, 2001
	(in thousands)	
ASSETS		
ELECTRIC UTILITY PLANT:		
Production	$3,116,825	$3,007,866
Transmission	905,829	891,283
Distribution	1,114,600	1,081,122
General	260,153	245,232
Construction Work in Progress	288,419	165,073
Total Electric Utility Plant	5,685,826	5,390,576
Accumulated Depreciation and Amortization	2,566,828	2,452,571
NET ELECTRIC UTILITY PLANT	3,118,998	2,938,005
OTHER PROPERTY AND INVESTMENTS	61,686	62,303
LONG-TERM ENERGY TRADING CONTRACTS	103,230	99,706
CURRENT ASSETS:		
Cash and Cash Equivalents	5,285	8,848
Accounts Receivable:		
Customers	95,100	84,694
Affiliated Companies	124,244	148,563
Miscellaneous	19,281	20,409
Allowance for Uncollectible Accounts	(909)	(1,379)
Fuel	87,409	84,724
Materials and Supplies	85,379	88,768
Energy Trading Contracts	92,108	114,280
Prepayments and Other	12,083	20,865
TOTAL CURRENT ASSETS	519,980	569,772
REGULATORY ASSETS	568,641	644,625
DEFERRED CHARGES	84,497	79,662
TOTAL ASSETS	$4,457,032	$4,394,073

See Notes to Financial Statements beginning on page L-1.

OHIO POWER COMPANY

	December 31, 2002	December 31, 2001
	(in thousands)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common Stock - No Par Value:		
Authorized - 40,000,000 Shares		
Outstanding - 27,952,473 Shares	$ 321,201	$ 321,201
Paid-in Capital	462,483	462,483
Accumulated Other Comprehensive Income (Loss)	(72,886)	(196)
Retained Earnings	522,316	401,297
Total Common Shareholder's Equity	1,233,114	1,184,785
Cumulative Preferred Stock:		
Not Subject to Mandatory Redemption	16,648	16,648
Subject to Mandatory Redemption	8,850	8,850
Long-term Debt	917,649	1,203,841
TOTAL CAPITALIZATION	2,176,261	2,414,124
OTHER NONCURRENT LIABILITIES	227,689	130,386
CURRENT LIABILITIES:		
Long-term Debt Due Within One Year - General	89,665	-
Long-term Debt Due Within One Year - Affiliated Companies	60,000	-
Short-term Debt - Affiliated Companies	275,000	-
Advances From Affiliates	129,979	300,213
Accounts Payable - General	170,563	131,057
Accounts Payable - Affiliated Companies	145,718	176,520
Customer Deposits	12,969	5,452
Taxes Accrued	111,778	126,770
Interest Accrued	18,809	17,679
Obligations Under Capital Leases	14,360	16,405
Energy Trading Contracts	61,839	98,081
Other	80,608	90,431
Total CURRENT LIABILITIES	1,171,288	962,608
DEFERRED INCOME TAXES	794,387	797,889
DEFERRED INVESTMENT TAX CREDITS	18,748	21,925
LONG-TERM ENERGY TRADING CONTRACTS	39,702	50,459
REGULATORY LIABILITIES AND DEFERRED CREDITS	28,957	16,682
COMMITMENTS AND CONTINGENCIES (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$4,457,032	$4,394,073

See Notes to Financial Statements beginning on page L-1.

OHIO POWER COMPANY
Statements of Cash Flows

	Year Ended December 31,		
	2002	2001	2000
	(in thousands)		
OPERATING ACTIVITIES:			
Net Income	$ 220,023	$ 147,445	$ 83,737
Adjustments for Noncash Items:			
Depreciation, Depletion and Amortization	248,557	252,123	200,350
Deferred Income Taxes	46,010	215,833	(65,956)
Deferred Investment Tax Credits	(3,177)	(3,289)	(3,399)
Deferred Fuel Costs (net)	-	-	(56,869)
Extraordinary Loss		18,348	18,876
Mark to Market of Energy Trading Contracts	(28,693)	(59,833)	(5,614)
Change in Certain Current Assets and Liabilities:			
Accounts Receivable (net)	14,571	51,640	51,430
Fuel, Materials and Supplies	704	4,852	46,645
Accrued Utility Revenues	3,081	264	45,311
Accounts Payable	8,704	9,887	56,069
Customer Deposits	7,517	(34,284)	31,540
Taxes Accrued	(14,992)	(96,331)	60,919
Disputed Tax and Interest Related to COLI	-	-	110,494
Employee Benefit and Other Noncurrent Liabilities	110,298	(392,026)	145,573
Impairment Loss	1,757	-	-
Change in Other Assets	(2,233)	79,831	(439,448)
Change in Other Liabilities	(133,154)	(107,704)	359,640
Net Cash Flows From Operating Activities	478,973	86,756	639,298
INVESTING ACTIVITIES:			
Construction Expenditures	(354,797)	(344,571)	(254,016)
Proceeds From Sales of Property and Other	6,499	16,778	6,354
Investment in Coal Companies	-	(32,115)	-
Net Cash Flows Used For Investing Activities	(348,298)	(359,908)	(247,662)
FINANCING ACTIVITIES:			
Issuance of Long-term Debt	-	300,000	74,748
Change in Advances From Affiliates (net)	(170,234)	392,699	(92,486)
Retirement of Cumulative Preferred Stock	-	-	(182)
Retirement of Long-term Debt	(140,000)	(297,858)	(30,663)
Change in Short-term Debt (net)	275,000	-	(194,918)
Dividends Paid on Common Stock	(97,746)	(142,976)	(271,813)
Dividends Paid on Cumulative Preferred Stock	(1,258)	(1,258)	(1,262)
Net Cash Flows From (Used For) Financing Activities	(134,238)	250,607	(516,576)
Net Decrease in Cash and Cash Equivalents	(3,563)	(22,545)	(124,940)
Cash and Cash Equivalents January 1	8,848	31,393	156,333
Cash and Cash Equivalents December 31	$ 5,285	$ 8,848	$ 31,393

Supplemental Disclosure:

Cash paid (received) for interest net of capitalized amounts was $81,041,000, $94,747,000 and $87,120,000 and for income taxes was $105,058,000, $(22,417,000) and $142,710,000 in 2002, 2001 and 2000, respectively. Noncash acquisitions under capital leases were $106,000, $2,380,000 and $17,005,000 in 2002, 2001 and 2000, respectively.

See Notes to Financial Statements beginning on page L-1.

OHIO POWER COMPANY
Statements of Capitalization

						December 31, 2002	December 31, 2001
						(in thousands)	
COMMON SHAREHOLDER'S EQUITY						$1,233,114	$1,184,785

PREFERRED STOCK: $100 par value - authorized shares 3,762,403
$25 par value - authorized shares 4,000,000

Series	Call Price December 31, 2002 (a)	Number of Shares Redeemed Year Ended December 31, 2002	2001	2000	Shares Outstanding December 31, 2002	2002	2001
Not Subject to Mandatory Redemption-$100 Par:							
4.08%	$103	-	-	-	14,595	1,460	1,460
4.20%	103.20	-	-	276	22,824	2,282	2,282
4.40%	104	-	-	432	31,512	3,151	3,151
4-1/2%	110	-	-	2,181	97,546	9,755	9,755
						16,648	16,648
Subject to Mandatory Redemption-$100 Par (b):							
5.90% (c)	$ -	-	-	-	72,500	7,250	7,250
6.02% (d)	-	-	-	-	11,000	1,100	1,100
6.35% (d)	-	-	-	-	5,000	500	500
						8,850	8,850

LONG-TERM DEBT (See Schedule of Long-term Debt):	2002	2001
First Mortgage Bonds	136,633	141,544
Installment Purchase Contracts	233,340	233,235
Senior Unsecured Notes	397,341	396,962
Notes Payable to Affiliated Company	300,000	300,000
Junior Debentures	-	132,100
Less Portion Due Within One Year	(149,665)	-
Long-term Debt Excluding Portion Due Within One Year	917,649	1,203,841
TOTAL CAPITALIZATION	$2,176,261	$2,414,124

(a) The cumulative preferred stock is callable at the price indicated plus accrued dividends.
(b) Sinking fund provisions require the redemption of 35,000 shares in 2003 and 57,500 shares in each of 2004, 2005, 2006 and 2007. The sinking fund provisions of each series subject to mandatory redemption have been met by purchase of shares in advance of the due dates. Shares previously purchased may be applied to the sinking fund requirement. At the company's option, all shares are redeemable at $100 per share plus accrued and unpaid dividends with at least 30 days notice beginning on or after November 1, 2003 for the 5.09% series, October 1, 2003 for the 6.02% series, and April 1, 2003 for the 6.35% series.
(c) Commencing in 2004 and continuing through the year 2008, a sinking fund for the 5.90% cumulative preferred stock will require the redemption of 22,500 shares each year and the redemption of the remaining shares outstanding on January 1, 2009, in each case at $100 per share. Shares previously redeemed may be applied to meet sinking fund requirements.
(d) Commencing in 2003 and continuing through 2007 sinking fund provisions will require the redemption of 20,000 shares each year of the 6.02% series and 15,000 shares each year of the 6.35% series, in each case at $100 per share. All remaining outstanding shares must be redeemed in 2008. Shares previously redeemed may be applied to meet the sinking fund requirements.

See Notes to Financial Statements beginning on page L-1.

OHIO POWER COMPANY
Schedule of Long-term Debt

First mortgage bonds outstanding were as follows:

% Rate	Due	December 31, 2002	December 31, 2001
		(in thousands)	
6.75	2003 - April 1	$ 29,850	$ 29,850
6.55	2003 - October 1	27,315	27,315
6.00	2003 - November 1	12,500	12,500
6.15	2003 - December 1	20,000	20,000
(a)	2022 - February 10	-	5,000
7.75	2023 - April 1	5,000	5,000
7.375	2023 - October 1	20,250	20,250
7.10	2023 - November 1	12,000	12,000
7.30	2024 - April 1	10,000	10,000
Unamortized Discount		(282)	(371)
Total		$136,633	$141,544

(a) Redeemed on May 10, 2002.

First mortgage bonds are secured by a first mortgage lien on electric utility plant. Certain supplemental indentures to the first mortgage lien contain maintenance and replacement provisions requiring the deposit of cash or bonds with the trustee, or in lieu thereof, certification of unfunded property additions.

Installment purchase contracts have been entered into in connection with the issuance of pollution control revenue bonds by governmental authorities as follows:

% Rate	Due	December 31, 2002	December 31, 2001
		(in thousands)	
Mason County, West Virginia:			
5.45%	2016 - December 1	$ 50,000	$ 50,000
Marshall County, West Virginia:			
5.45%	2014 - July 1	50,000	50,000
5.90%	2022 - April 1	35,000	35,000
6.85%	2022 - June 1	50,000	50,000
Ohio Air Quality Development			
5.15%	2026 - May 1	50,000	50,000
Unamortized Discount		(1,660)	(1,765)
Total		$233,340	$233,235

Under the terms of the installment purchase contracts, OPCo is required to pay amounts sufficient to enable the payment of interest on and the principal of (at stated maturities and upon mandatory redemptions) related pollution control revenue bonds issued to finance the construction of pollution control facilities at certain plants.

Senior unsecured notes outstanding were as follows:

% Rate	Due	December 31, 2002	December 31, 2001
		(in thousands)	
6.75	2004 - July 1	$100,000	$100,000
7.00	2004 - July 1	75,000	75,000
6.73	2004 - November 1	48,000	48,000
6.24	2008 - December 4	37,225	37,225
7-3/8	2038 - June 30	140,000	140,000
Unamortized Discount		(2,884)	(3,263)
Total		$397,341	$396,962

Notes payable to parent company were as follows:

% Rate	Due	December 31, 2002	December 31, 2001
		(in thousands)	
4.336%	2003 - May 15	$ 60,000	$ 60,000
6.501%	2006 - May 15	240,000	240,000
Total		$300,000	$300,000

Junior debentures outstanding were as follows:

% Rate	Due	December 31, 2002	December 31, 2001
		(in thousands)	
(a)	2025 - September 30	$ -	$ 85,000
(a)	2027 - March 31	-	50,000
Unamortized Discount		-	(2,900)
Total		$ -	$132,100

(a) Redeemed on July 24, 2002

At December 31, 2002 future annual long-term debt payments are as follows:

	Amount (in thousands)
2003	$ 149,665
2004	223,000
2005	-
2006	240,000
2007	-
Later Years	459,475
Total Principal Amount	1,072,140
Unamortized Discount	4,826
Total	$1,067,314

OHIO POWER COMPANY

Index to Combined Notes to Financial Statements

The notes to OPCo's financial statements are combined with the notes to financial statements for AEP and its other subsidiary registrants. Listed below are the combined notes that apply to OPCo. The combined footnotes begin on page L-1.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of
Directors of Ohio Power Company:

We have audited the accompanying balance sheets and statements of capitalization of Ohio Power Company as of December 31, 2002 and 2001, and the related statements of income, comprehensive income, retained earnings, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Ohio Power Company as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

PUBLIC SERVICE COMPANY OF OKLAHOMA
AND SUBSIDIARY

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PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARY
Selected Consolidated Financial Data

	2002	2001	2000	1999	1998
	Year Ended December 31, (in thousands)				
INCOME STATEMENTS DATA:					
Operating Revenues	$ 793,647	$957,000	$956,398	$749,390	$780,159
Operating Expenses	708,926	860,012	859,729	650,677	665,085
Operating Income	84,721	96,988	96,669	98,713	115,074
Nonoperating Items, Net	(3,239)	20	8,974	946	(91)
Interest Charges	40,422	39,249	38,980	38,151	38,074
Net Income	41,060	57,759	66,663	61,508	76,909
Preferred Stock Dividend Requirements	213	213	212	212	213
Gain On Reacquired Preferred Stock	1	-	-	-	-
Earnings Applicable to Common Stock	$ 40,848	$ 57,546	$ 66,451	$ 61,296	$ 76,696

	2002	2001	2000	1999	1998
	December 31, (in thousands)				
BALANCE SHEETS DATA:					
Electric Utility Plant	$2,759,504	$2,695,099	$2,604,670	$2,459,705	$2,391,722
Accumulated Depreciation and Amortization	1,239,855	1,184,443	1,150,253	1,114,255	1,082,081
Net Electric Utility Plant	$1,519,649	$1,510,656	$1,454,417	$1,345,450	$1,309,641
Total Assets	$1,776,690	$1,748,911	$2,138,423	$1,524,846	$1,471,089
Common Stock and Paid-in Capital	$ 337,246	$ 337,246	$ 337,246	$ 337,246	$ 337,246
Accumulated Other Comprehensive Income (Loss)	(54,473)	-	-	-	-
Retained Earnings	116,474	142,994	137,688	139,237	142,941
Total Common Shareholder's Equity	$ 399,247	$ 480,240	$ 474,934	$ 476,483	$ 480,187
Cumulative Preferred Stock: Not Subject to Mandatory Redemption	$ 5,267	$ 5,267	$ 5,267	$ 5,270	$ 5,271
Preferred Securities of Subsidiary Trust	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000
Long-term Debt (a)	$ 545,437	$ 451,129	$ 470,822	$ 384,516	$ 384,064
Total Capitalization and Liabilities	$1,776,690	$1,748,911	$2,138,423	$1,524,846	$1,471,089

(a) Including portion due within one year.

Management's Narrative Analysis of Results of Operations

Public Service Company of Oklahoma (PSO) is a public utility engaged in the generation, purchase, sale, transmission and distribution of electric power to approximately 505,000 retail customers in eastern and southwestern Oklahoma. PSO also sells electric power at wholesale to other utilities, municipalities and rural electric cooperatives.

Wholesale power marketing activities are conducted on PSO's behalf by AEPSC. PSO, along with the other AEP electric operating subsidiaries, shares in AEP's electric power transactions with other utility systems and power marketers.

Results of Operations

In 2002, Net Income decreased by $17 million or 29% primarily resulting from reduced wholesale margins and increased depreciation expense.

Changes in Operating Revenues

Operating revenues decreased in 2002 as a result of reduced wholesale margins, a decline in fuel recovery revenue and decreases due to the interchange cost reconstruction (ICR) adjustments (see Note 6).

	Increase (Decrease) From Previous Year (dollars in millions) Amount	%
Wholesale Electricity*	$(149.7)	(23)
Energy Delivery*	13.6	5
Sales to AEP Affiliates	(27.3)	(74)
Total Operating Revenues	$(163.4)	(17)

*Reflects the allocation of certain transmission and distribution revenues included in bundled retail rates to energy delivery.

Changes in Operating Expenses

	Increase (Decrease) From Previous Year (dollars in millions) Amount	%
Fuel	$(215.3)	(47)
Purchased Power:		
Wholesale Electricity	23.3	96
AEP Affiliates	45.7	104
Other Operation	(4.1)	(3)
Maintenance	1.9	4
Depreciation and Amortization	5.6	7
Taxes Other Than Income Taxes	2.1	7
Income Taxes	(10.3)	(30)
Total	$(151.1)	(18)

N.M. = Not Meaningful

The decrease in Fuel expense in 2002 was primarily due to lower market prices for natural gas and fuel oil, and deferral of underrecovered fuel costs due to the ICR adjustments through the fuel clause recovery mechanism (see Note 6) and to the amortization of previously overrecovered fuel costs.

The increase in Electricity Marketing Purchased Power expense in 2002 resulted mainly from ICR adjustments (see Note 6), partially offset by a decrease in energy prices.

The increase in the AEP Affiliates Purchased Power expense in 2002 resulted mainly from the ICR adjustments (see Note 6).

Other Operation expense decreased in 2002 primarily due to lower transmission expenses and decreased factoring expenses due to reduced revenues.

Maintenance expense increased, in 2002 largely as a result of increased expenses to repair damage to overhead lines caused by a winter storm in 2002.

Depreciation and Amortization expense increased in 2002 primarily due to the additional depreciable capitalized costs involved in repowering Northeast Station Units 1 & 2 completed in 2001.

Taxes Other Than Income Taxes increased in 2002 primarily due to the increase in ad valorem taxes.

Income Taxes decreased in 2002 primarily due to a decrease in pre-tax income.

Other Changes

Nonoperating Expenses increased primarily due to the write-down of certain non-utility investments in 2002.

PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARY
Consolidated Statements of Income

	Year Ended December 31, 2002	2001	2000
		(in thousands)	
OPERATING REVENUES:			
Wholesale Electricity	$508,661	$658,352	$696,626
Energy Delivery	275,547	261,877	245,124
Sales to AEP Affiliates	9,439	36,771	14,648
TOTAL OPERATING REVENUES	793,647	957,000	956,398
OPERATING EXPENSES:			
Fuel	246,199	461,470	402,933
Purchased Power:			
Wholesale Electricity	47,507	24,187	88,088
AEP Affiliates	89,454	43,758	60,788
Other Operation	133,538	137,678	121,697
Maintenance	48,060	46,188	45,858
Depreciation and Amortization	85,896	80,245	76,418
Taxes Other Than Income Taxes	34,077	31,973	28,688
Income Taxes	24,195	34,513	35,259
TOTAL OPERATING EXPENSES	708,926	860,012	859,729
OPERATING INCOME	84,721	96,988	96,669
NONOPERATING INCOME	1,920	2,112	8,807
NONOPERATING EXPENSES	6,971	1,740	1,139
NONOPERATING INCOME TAX EXPENSE (CREDIT)	(1,812)	352	(1,306)
INTEREST CHARGES	40,422	39,249	38,980
NET INCOME	41,060	57,759	66,663
GAIN ON REACQUIRED PREFERRED STOCK	1	-	-
LESS: PREFERRED STOCK DIVIDEND REQUIREMENTS	213	213	212
EARNINGS APPLICABLE TO COMMON STOCK	$ 40,848	$ 57,546	$ 66,451

Consolidated Statements of Comprehensive Income

	Year Ended December 31, 2002	2001	2000
		(in thousands)	
NET INCOME	$ 41,060	$57,759	$66,663
OTHER COMPREHENSIVE INCOME (LOSS):			
Cash Flow Power Hedges	(42)	-	-
Minimum Pension Liability	(54,431)	-	-
COMPREHENSIVE INCOME (LOSS)	$(13,413)	$57,759	$66,663

The common stock of PSO is owned by a wholly owned subsidiary of AEP.
See Notes to Financial Statements beginning on page L-1.

PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARY
Consolidated Statements of Retained Earnings

	2002	2001	2000
	Year Ended December 31, (in thousands)		
BEGINNING OF PERIOD	$142,994	$137,688	$139,237
NET INCOME	41,060	57,759	66,663
DEDUCTIONS:			
Capital Stock Gains	(1)	-	-
Cash Dividends Declared:			
Common Stock	67,368	52,240	68,000
Preferred Stock	213	213	212
BALANCE AT END OF PERIOD	$116,474	$142,994	$137,688

The common stock of PSO is owned by a wholly owned subsidiary of AEP.
See Notes to Financial Statements beginning on page L-1.

PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARY
Consolidated Balance Sheets

	December 31, 2002	December 31, 2001
	(in thousands)	
ASSETS		
ELECTRIC UTILITY PLANT:		
Production	$1,040,520	$1,034,711
Transmission	432,846	427,110
Distribution	990,947	972,806
General	206,747	203,572
Construction Work in Progress	88,444	56,900
Total Electric Utility Plant	2,759,504	2,695,099
Accumulated Depreciation and Amortization	1,239,855	1,184,443
NET ELECTRIC UTILITY PLANT	1,519,649	1,510,656
OTHER PROPERTY AND INVESTMENTS	5,383	41,020
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	4,481	21,354
CURRENT ASSETS:		
Cash and Cash Equivalents	16,774	5,795
Accounts Receivable:		
Customers	31,687	31,144
Affiliated Companies	14,139	10,905
Allowance for Uncollectible Accounts	(84)	(44)
Fuel Inventory	19,973	21,559
Materials and Supplies	37,375	36,785
Under-recovered Fuel Costs	76,470	756
Energy Trading and Derivative Contracts	3,841	26,259
Prepayments and Other	2,735	2,368
TOTAL CURRENT ASSETS	202,910	135,527
REGULATORY ASSETS	26,150	35,064
DEFERRED CHARGES	18,117	5,290
TOTAL ASSETS	$1,776,690	$1,748,911

See Notes to Financial Statements beginning on page L-1.

PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARY

	December 31, 2002	December 31, 2001
	(in thousands)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common Stock - $15 Par Value:		
Authorized Shares: 11,000,000		
Issued Shares: 10,482,000		
Outstanding Shares: 9,013,000	$ 157,230	$ 157,230
Paid-in Capital	180,016	180,016
Accumulated Other Comprehensive Income (Loss)	(54,473)	-
Retained Earnings	116,474	142,994
Total Common Shareholder's Equity	399,247	480,240
Cumulative Preferred Stock Not Subject to Mandatory Redemption	5,267	5,267
PSO-Obligated, Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of PSO	75,000	75,000
Long-term Debt	445,437	345,129
TOTAL CAPITALIZATION	924,951	905,636
OTHER NONCURRENT LIABILITIES	54,761	7,263
CURRENT LIABILITIES:		
Long-term Debt Due Within One Year	100,000	106,000
Advances from Affiliates	86,105	123,087
Accounts Payable - General	61,169	72,759
Accounts Payable - Affiliated Companies	78,076	40,857
Customer Deposits	21,789	21,041
Over-Recovered Fuel Costs	-	9,476
Taxes Accrued	6,854	18,150
Interest Accrued	6,979	7,298
Energy Trading and Derivative Contracts	3,260	31,718
Other	24,957	12,216
TOTAL CURRENT LIABILITIES	389,189	442,602
DEFERRED INCOME TAXES	341,396	296,877
DEFERRED INVESTMENT TAX CREDITS	32,201	33,992
REGULATORY LIABILITIES AND DEFERRED CREDITS	32,611	49,080
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	1,581	13,461
COMMITMENTS AND CONTINGENCIES (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$1,776,690	$1,748,911

See Notes to Financial Statements beginning on page L-1.

PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARY

Consolidated Statements of Cash Flows

	2002	2001	2000
	Year Ended December 31, (in thousands)		
OPERATING ACTIVITIES:			
Net Income	$ 41,060	$ 57,759	$ 66,663
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:			
Depreciation and Amortization	85,896	80,245	76,418
Deferred Income Taxes	75,659	(17,751)	25,453
Deferred Investment Tax Credits	(1,791)	(1,791)	(1,791)
Changes in Certain Assets and Liabilities:			
Accounts Receivable (net)	(3,737)	21,405	(28,826)
Fuel, Materials and Supplies	996	(589)	677
Other Property and Investments	(419)	(2,809)	7,994
Accounts Payable	25,629	(55,319)	89,330
Taxes Accrued	(11,296)	16,491	(16,821)
Fuel Recovery	(85,190)	51,987	(36,798)
Transmission Coordination Agreement Settlement	-	-	(15,063)
Changes in Other Assets	2,215	(9,120)	4,482
Changes in Other Liabilities	(6,928)	9,351	(6,103)
Net Cash From Operating Activities	122,094	149,859	165,615
INVESTING ACTIVITIES:			
Construction Expenditures	(89,365)	(124,520)	(176,851)
Proceeds from Sale of Property	963	-	-
Other Items	-	(359)	-
Net Cash Used For Investing Activities	(88,402)	(124,879)	(176,851)
FINANCING ACTIVITIES:			
Issuance of Long-term Debt	187,850	-	105,625
Retirement of Long-term Debt	(106,000)	(20,000)	(20,000)
Change in Advances From Affiliates (net)	(36,982)	41,967	1,951
Dividends Paid on Common Stock	(67,368)	(52,240)	(68,000)
Dividends Paid on Cumulative Preferred Stock	(213)	(213)	(212)
Net Cash From (Used For) Financing Activities	(22,713)	(30,486)	19,364
Net Increase (Decrease) in Cash and Cash Equivalents	10,979	(5,506)	8,128
Cash and Cash Equivalents January 1	5,795	11,301	3,173
Cash and Cash Equivalents December 31	$ 16,774	$ 5,795	$ 11,301

Supplemental Disclosure:
Cash paid (received) for interest net of capitalized amounts was $38,620,000, $38,250,000 and $33,732,000 and for income taxes was ($38,943,000), $38,653,000 and $25,786,000 in 2002, 2001 and 2000, respectively.

See Notes to Financial Statements beginning on page L-1.

PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARY
Consolidated Statements of Capitalization

						December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
COMMON SHAREHOLDER'S EQUITY						$ 399,247	$480,240
PREFERRED STOCK: Cumulative $100 par value - authorized shares 700,000, redeemable at the option of PSO upon 30 days notice.							
Series	Call Price December 31, 2002	Number of Shares Redeemed Year Ended December 31, 2002	2001	2000	Shares Outstanding December 31, 2002		
Not Subject to Mandatory Redemption:							
4.00%	$105.75	6	-	25	44,600	4,460	4,460
4.24%	103.19	-	-	-	8,069	807	807
						5,267	5,267
TRUST PREFERRED SECURITIES PSO-obligated, mandatorily redeemable preferred securities of subsidiary trust holding solely Junior Subordinated Debentures of PSO, 8.00%, due April 30, 2037						75,000	75,000
LONG-TERM DEBT (See Schedule of Long-term Debt):							
First Mortgage Bonds						298,079	297,772
Installment Purchase Contracts						47,358	47,357
Senior Unsecured Notes						200,000	106,000
Less Portion Due Within One Year						(100,000)	(106,000)
Long-term Debt Excluding Portion Due Within One Year						445,437	345,129
TOTAL CAPITALIZATION						$ 924,951	$905,636

See Notes to Financial Statements beginning on page L-1.

PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARY
Schedule of Long-term Debt

First mortgage bonds outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
6.25	2003 - April 1	$ 35,000	$ 35,000
7.25	2003 - July 1	65,000	65,000
7.38	2004 - December 1	50,000	50,000
6.50	2005 - June 1	50,000	50,000
7.38	2023 - April 1	100,000	100,000
Unamortized Discount		(1,921)	(2,228)
		$298,079	$297,772

First mortgage bonds are secured by a first mortgage lien on electric utility plant. The indenture, as supplemented, relating to the first mortgage bonds contains maintenance and replacement provisions requiring the deposit of cash or bonds with the trustee, or in lieu thereof, certification of unfunded property additions.

Installment purchase contracts have been entered into in connection with the issuance of pollution control revenue bonds by governmental authorities as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
Oklahoma Environmental Finance Authority (OEFA):			
5.90	2007 - December 1	$ 1,000	$ 1,000
Oklahoma Development Finance Authority (ODFA):			
4.875	2014 - June 1	33,700	33,700
Red River Authority of Texas:			
6.00	2020 - June 1	12,660	12,660
Unamortized Discount		(2)	(3)
Total		$47,358	$47,357

Under the terms of the installment purchase contracts, PSO is required to pay amounts sufficient to enable the payment of interest on and the principal of (at stated maturities and upon mandatory redemptions) related pollution control revenue bonds issued to finance the construction of pollution control facilities at certain plants.

Senior unsecured notes outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	December 31, 2001 (in thousands)
(a)	2002 - November 21	$ -	$106,000
(b)	2032 - December 31	200,000	-
TOTAL		$200,000	$106,000

(a) A floating interest rate is determined monthly. The rate on December 31, 2001 was $2.775%.
(b) A fixed interest rate of 6.00% was the rate on December 31, 2002.

At December 31, 2002, future annual long-term debt payments are as follows:

	Amount (in thousands)
2003	$100,000
2004	50,000
2005	50,000
2006	-
2007	1,000
Later Years	346,360
Total Principal Amount	547,360
Unamortized Discount	(1,923)
Total	$545,437

See Note 25 for discussion of the Trust Preferred Securities issued by a wholly owned statutory business trust of PSO.

PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARY
Index to Combined Notes to Consolidated Financial Statements

The notes to PSO's consolidated financial statements are combined with the notes to financial statements for AEP and its other subsidiary registrants. Listed below are the combined notes that apply to PSO. The combined footnotes begin on page L-1.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of
Directors of Public Service Company of Oklahoma:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of Public Service Company of Oklahoma and subsidiary as of December 31, 2002 and 2001, and the related consolidated statements of income, comprehensive income, retained earnings, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Public Service Company of Oklahoma and subsidiary as of December 31, 2002 and 2001, and the results of their operations and their cash flows each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

SOUTHWESTERN ELECTRIC POWER COMPANY
AND SUBSIDIARIES

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SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES
Selected Consolidated Financial Data

	Year Ended December 31,				
	2002	2001	2000 (in thousands)	1999	1998
INCOME STATEMENTS DATA:					
Operating Revenues	$1,084,720	$1,101,326	$1,118,274	$ 971,527	$ 952,952
Operating Expenses	942,251	955,119	989,996	824,465	802,274
Operating Income	142,469	146,207	128,278	147,062	150,678
Nonoperating Items, Net	(309)	741	3,851	(1,965)	2,451
Interest Charges	59,168	57,581	59,457	58,892	55,135
Income Before Extraordinary Item	82,992	89,367	72,672	86,205	97,994
Extraordinary Loss	-	-	-	(3,011)	-
Net Income	82,992	89,367	72,672	83,194	97,994
Preferred Stock Dividend Requirements	229	229	229	229	705
Loss on Reacquired Preferred Stock	-	-	-	-	(856)
Earnings Applicable to Common Stock	$ 82,763	$ 89,138	$ 72,443	$ 82,965	$ 96,433

	December 31,				
	2002	2001	2000 (in thousands)	1999	1998
BALANCE SHEETS DATA:					
Electric Utility Plant	$3,596,174	$3,460,764	$3,319,024	$3,231,431	$3,157,911
Accumulated Depreciation and Amortization	1,697,338	1,550,618	1,457,005	1,384,242	1,317,057
Net Electric Utility Plant	$1,898,836	$1,910,146	$1,862,019	$1,847,189	$1,840,854
Total Assets	$2,208,675	$2,300,676	$2,658,389	$2,106,762	$2,082,258
Common Stock and Paid-in Capital	$ 380,663	$ 380,663	$ 380,663	$ 380,663	$ 380,663
Accumulated Other Comprehensive Income (Loss)	(53,683)	-	-	-	-
Retained Earnings	334,789	308,915	293,989	283,546	296,581
Total Common Shareholder's Equity	$ 661,769	$ 689,578	$ 674,652	$ 664,209	$ 677,244
Preferred Stock	$ 4,701	$ 4,701	$ 4,701	$ 4,703	$ 4,704
Trust Preferred Securities	$ 110,000	$ 110,000	$ 110,000	$ 110,000	$ 110,000
Long-term Debt *(a)*	$ 693,448	$ 645,283	$ 645,963	$ 541,568	$ 587,673
Total Capitalization and Liabilities	$2,208,675	$2,300,676	$2,658,389	$2,106,762	$2,082,258

(a) Including portion due within one year.

Management's Discussion and Analysis of Results of Operations

Southwestern Electric Power Company (SWEPCo) is a public utility engaged in the generation, purchase, sale, transmission and distribution of electric power to approximately 437,000 retail customers in northeastern Texas, northwestern Louisiana and western Arkansas. SWEPCo also sells electric power at wholesale to other utilities, municipalities and rural electric cooperatives.

Wholesale power marketing activities are conducted on SWEPCo's behalf by AEPSC. SWEPCo, along with the other AEP electric operating subsidiaries, shares in AEP's electric power transactions with other utility systems and power marketers.

Results of Operations

In 2002, Net Income decreased $6.4 million or 7% primarily resulting from reduced margins. In 2001, Net Income increased $16.7 million or 23% resulting primarily from the favorable impact of our sharing in AEP's power marketing activities for a full year.

Changes in Operating Revenues

	Increase (Decrease) From Previous Year (dollars in millions) 2002		2001	
	Amount	%	Amount	%
Wholesale Electricity*	$(25)	(4)	$(21)	(3)
Energy Delivery*	15	5	(12)	(3)
Sales to AEP Affiliates	(7)	(9)	16	26
Total Operating Revenues	$(17)	(2)	$(17)	(2)

*Reflects the allocation of certain transmission and distribution revenues included in bundled retail rates to energy delivery.

Operating Revenues decreased 2% for 2002 primarily due to decreased fuel revenues offset in part by the addition of the Dolet Hills mining operation ($12.6 million) and the positive impact of the interchange cost reconstruction (ICR) adjustments (see Note 6).

In 2001, Operating Revenues decreased $17 million or 2% resulting from unfavorable wholesale marketing and trading conditions.

Changes in Operating Expenses

	Increase (Decrease) From Previous Year (dollars in millions) 2002		2001	
	Amount	%	Amount	%
Fuel	$(69)	(15)	$(41)	(8)
Purchased Power: Wholesale Electricity	26	143	(40)	(69)
AEP Affiliates	26	165	2	19
Other Operation	18	10	12	7
Maintenance	(8)	(10)	-	(1)
Depreciation and Amortization	3	3	15	14
Taxes Other Than Income Taxes	(1)	(1)	2	4
Income Taxes	(8)	(20)	16	60
Total	$(13)	(1)	$(34)	(4)

Fuel expense decreased in 2002 due to a reduction in MWH generated and a decrease in the cost of fuel, primarily natural gas.

Fuel expense decreased in 2001 from lower natural gas prices and a mild summer resulting in a reduction in generation.

In 2002, Purchased Power increased primarily due to the impact of ICR adjustments (see Note 6). In 2001, the decrease in Purchased Power expense was mainly due to reduced prices caused by decreased electricity demand.

The acquisition of Dolet Hills Lignite Company (Dolet Hills) in June 2001 caused Other Operation expense to increase in 2002 by $4.3 million. Other Operation expense was also impacted by the ICR adjustments (see Note 6). In 2001, Other Operation expense increased also as a result of the Dolet Hills mining operation in June 2001.

The 10% decrease in Maintenance expense in 2002 is primarily a result of higher storm and tree trimming related expenses in 2001.

The increase in Depreciation and Amortization expense in 2002 is primarily due to the addition of Dolet Hills in June 2001, which added $3.0 million of additional expense in 2002. Depreciation and Amortization expense increased in 2001 due primarily to an increase in excess earnings accruals under the Texas restructuring legislation and the acquisition of Dolet Hills mining operation.

In 2002, the decrease in Income Taxes was due to a decrease in pre-tax income. In 2001, the increase in income tax expense was primarily due to an increase in pre-tax income.

SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES

Consolidated Statements of Income

	Year Ended December 31, 2002	2001 (in thousands)	2000
OPERATING REVENUES:			
Wholesale Electricity	$ 664,185	$ 689,085	$ 710,200
Energy Delivery	348,236	333,004	344,950
Sales to AEP Affiliates	72,299	79,237	63,124
TOTAL OPERATING REVENUES	1,084,720	1,101,326	1,118,274
OPERATING EXPENSES:			
Fuel	388,334	457,613	498,805
Purchased Power:			
Wholesale Electricity	44,119	18,164	58,518
AEP Affiliates	42,022	15,858	13,338
Other Operation	189,024	171,314	159,459
Maintenance	66,855	74,677	75,123
Depreciation and Amortization	122,969	119,543	104,679
Taxes Other Than Income Taxes	55,232	55,834	53,830
Income Taxes	33,696	42,116	26,244
TOTAL OPERATING EXPENSES	942,251	955,119	989,996
OPERATING INCOME	142,469	146,207	128,278
NONOPERATING INCOME	3,260	4,512	5,487
NONOPERATING EXPENSES	1,797	3,229	3,112
NONOPERATING INCOME TAX EXPENSE (CREDIT)	1,772	542	(1,476)
INTEREST CHARGES	59,168	57,581	59,457
NET INCOME	82,992	89,367	72,672
PREFERRED STOCK DIVIDEND REQUIREMENTS	229	229	229
EARNINGS APPLICABLE TO COMMON STOCK	$ 82,763	$ 89,138	$ 72,443

Consolidated Statements of Comprehensive Income

	Year Ended December 31, 2002	2001 (in thousands)	2000
NET INCOME	$82,992	$89,367	$72,672
OTHER COMPREHENSIVE INCOME (LOSS):			
Cash Flow Power Hedges	(48)	-	-
Minimum Pension Liability	(53,635)	-	-
COMPREHENSIVE INCOME	$29,309	$89,367	$72,672

The common stock of SWEPCo is owned by a wholly owned subsidiary of AEP.
See Notes to Financial Statements beginning on page L-1.

SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Retained Earnings

	Year Ended December 31,		
	2002	2001	2000
		(in thousands)	
BALANCE AT BEGINNING OF PERIOD	$308,915	$293,989	$283,546
NET INCOME	82,992	89,367	72,672
DEDUCTIONS:			
Cash Dividends Declared:			
Common Stock	56,889	74,212	62,000
Preferred Stock	229	229	229
BALANCE AT END OF PERIOD	$334,789	$308,915	$293,989

The common stock of SWEPCo is owned by a wholly owned subsidiary of AEP.
See Notes to Financial Statements beginning on page L-1.

SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31, 2002	December 31, 2001
	(in thousands)	
ASSETS		
ELECTRIC UTILITY PLANT:		
Production	$1,503,722	$1,429,356
Transmission	575,003	538,749
Distribution	1,063,564	1,042,523
General	378,130	376,016
Construction Work in Progress	75,755	74,120
Total Electric Utility Plant	3,596,174	3,460,764
Accumulated Depreciation and Amortization	1,697,338	1,550,618
NET ELECTRIC UTILITY PLANT	1,898,836	1,910,146
OTHER PROPERTY AND INVESTMENTS	5,978	43,000
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	5,119	24,508
CURRENT ASSETS:		
Cash and Cash Equivalents	2,069	5,415
Accounts Receivable:		
Customers	62,359	43,133
Affiliated Companies	19,253	12,069
Allowance for Uncollectible Accounts	(2,128)	(89)
Fuel Inventory	61,741	52,212
Materials and Supplies	33,539	32,527
Under-recovered Fuel Costs	2,865	8,839
Energy Trading and Derivative Contracts	4,388	30,139
Prepayments and Other	17,851	18,716
TOTAL CURRENT ASSETS	201,937	202,961
REGULATORY ASSETS	49,233	52,308
DEFERRED CHARGES	47,572	67,753
TOTAL ASSETS	$2,208,675	$2,300,676

See Notes to Financial Statements beginning on page L-1.

SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES

	December 31, 2002	December 31, 2001
	(in thousands)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common Stock - $18 Par Value:		
Authorized - 7,600,000 Shares		
Outstanding - 7,536,640 Shares	$ 135,660	$ 135,660
Paid-in Capital	245,003	245,003
Accumulated Other Comprehensive Income (Loss)	(53,683)	-
Retained Earnings	334,789	308,915
Total Common Shareholder's Equity	661,769	689,578
Preferred Stock	4,701	4,701
SWEPCo-Obligated, Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of SWEPCo	110,000	110,000
Long-term Debt	637,853	494,688
TOTAL CAPITALIZATION	1,414,323	1,298,967
OTHER NONCURRENT LIABILITIES	78,494	40,109
CURRENT LIABILITIES:		
Long-term Debt Due Within One Year	55,595	150,595
Advances from Affiliates, net	23,239	117,367
Accounts Payable - General	62,139	71,810
Accounts Payable - Affiliated Companies	58,773	37,469
Customer Deposits	20,110	19,880
Taxes Accrued	19,081	36,522
Interest Accrued	17,051	13,027
Energy Trading and Derivative Contracts	3,724	36,297
Over-recovered Fuel	17,226	5,487
Other	34,565	26,074
TOTAL CURRENT LIABILITIES	311,503	514,528
DEFERRED INCOME TAXES	341,064	369,781
DEFERRED INVESTMENT TAX CREDITS	44,190	48,714
REGULATORY LIABILITIES AND DEFERRED CREDITS	17,295	13,127
LONG-TERM ENERGY TRADING AND DERIVATIVE CONTRACTS	1,806	15,450
COMMITMENTS AND CONTINGENCIES (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$2,208,675	$2,300,676

See Notes to Financial Statements beginning on page L-1.

SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2002	2001	2000
		(in thousands)	
OPERATING ACTIVITIES:			
Net Income	$ 82,992	$ 89,367	$ 72,672
Adjustments to Reconcile Net Income to Net Cash Flows From Operating Activities:			
Depreciation and Amortization	122,969	119,543	104,679
Deferred Income Taxes	(3,134)	(31,396)	14,653
Deferred Investment Tax Credits	(4,524)	(4,453)	(4,482)
Mark-to-Market Energy Trading and Derivative Contracts	(1,151)	(10,695)	7,795
Changes in Certain Current Assets and Liabilities:			
Accounts Receivable (net)	(24,371)	(11,447)	(1,254)
Fuel, Materials and Supplies	(10,541)	(19,578)	22,103
Accounts Payable	11,633	(34,489)	43,962
Taxes Accrued	(17,441)	25,298	(13,150)
Transmission Coordination Agreement Settlement	-	-	(24,406)
Fuel Recovery	17,713	34,423	(38,357)
Change in Other Assets	24,257	1,323	54,414
Change in Other Liabilities	12,161	11,714	(37,001)
Net Cash Flows From Operating Activities	210,563	169,610	201,628
INVESTING ACTIVITIES:			
Construction Expenditures	(111,775)	(111,725)	(120,671)
Purchase of Dolet Hills Mining Operations	-	(85,716)	-
Other	1,134	(411)	446
Net Cash Flows Used For Investing Activities	(110,641)	(197,852)	(120,225)
FINANCING ACTIVITIES:			
Issuance of Long-term Debt	198,573	-	149,360
Redemption of Preferred Stock	-	-	(1)
Retirement of Long-term Debt	(150,595)	(595)	(45,595)
Change in Advances From Affiliates (net)	(94,128)	106,786	(124,074)
Dividends Paid on Common Stock	(56,889)	(74,212)	(62,000)
Dividends Paid on Cumulative Preferred Stock	(229)	(229)	(229)
Net Cash Flows From (Used For) Financing Activities	(103,268)	31,750	(82,539)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,346)	3,508	(1,136)
Cash and Cash Equivalents January 1	5,415	1,907	3,043
Cash and Cash Equivalents December 31	$ 2,069	$ 5,415	$ 1,907

Supplemental Disclosure:
Cash paid for interest net of capitalized amounts was $49,008,000, $51,126,000 and $51,111,000 and for income taxes was $60,451,000, $49,901,000 and $27,994,000 in 2002, 2001, and 2000, respectively.

See Notes to Financial Statements beginning on page L-1.

SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES
Consolidated Statements of Capitalization

						December 31, 2002	December 31, 2001
						(in thousands)	
COMMON SHAREHOLDER'S EQUITY						$ 661,769	$ 689,578
PREFERRED STOCK: $100 par value - authorized shares 1,860,000							
Series	Call Price December 31, 2002	Number of Shares Redeemed Year Ended December 31, 2002	2001	2000	Shares Outstanding December 31, 2002		
Not Subject to Mandatory Redemption:							
4.28%	$103.90	-	-	-	7,386	740	740
4.65%	$102.75	-	-	-	1,907	190	190
5.00%	$109.00	-	-	12	37,715	3,771	3,771
						4,701	4,701
TRUST PREFERRED SECURITIES SWEPCo-Obligated, Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of SWEPCo, 7.875%, due April 30, 2037						110,000	110,000
LONG-TERM DEBT (See Schedule of Long-term Debt):							
First Mortgage Bonds						315,420	315,449
Installment Purchase Contracts						179,183	179,834
Senior Unsecured Notes						198,845	150,000
Less Portion Due Within One Year						(55,595)	(150,595)
Long-term Debt Excluding Portion Due Within One Year						637,853	494,688
TOTAL CAPITALIZATION						$1,414,323	$1,298,967

See Notes to Financial Statements beginning on page L-1.

SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES
Schedule of Long-term Debt

First mortgage bonds outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	2001
6-5/8	2003 - February 1	$ 55,000	$ 55,000
7-3/4	2004 - June 1	40,000	40,000
6.20	2006 - November 1	5,505	5,650
6.20	2006 - November 1	1,000	1,000
7.00	2007 - September 1	90,000	90,000
7-1/4	2023 - July 1	45,000	45,000
6-7/8	2025 - October 1	80,000	80,000
Unamortized Discount		(1,085)	(1,201)
		$315,420	$315,449

First mortgage bonds are secured by a first mortgage lien on electric utility plant. The indenture, as supplemented, relating to the first mortgage bonds contains maintenance and replacement provisions requiring the deposit of cash or bonds with the trustee, or in lieu thereof, certification of unfunded property additions.

Installment purchase contracts have been entered into in connection with the issuance of pollution control revenue bonds by governmental authorities as follows:

% Rate	Due	December 31, 2002 (in thousands)	2001
DeSoto	County:		
7.60	2019 - January 1	$ 53,500	$ 53,500
Sabine:			
6.10	2018 - April 1	81,700	81,700
Titus County:			
6.90	2004 - November 1	12,290	12,290
6.00	2008 - January 1	12,620	13,070
8.20	2011 - August 1	17,125	17,125
Unamortized Premium		1,948	2,149
		$179,183	$179,834

Under the terms of the installment purchase contracts, SWEPCo is required to pay amounts sufficient to enable the payment of interest on and the principal of (at stated maturities and upon mandatory redemptions) related pollution control revenue bonds issued to finance the construction of pollution control facilities at certain plants.

Senior unsecured notes outstanding were as follows:

% Rate	Due	December 31, 2002 (in thousands)	2001
4.50	2005 - July 1	$200,000	$ -
(a)	2002 - March 1	-	150,000
Unamortized Discount		(1,155)	-
		$198,845	$150,000

(a)A floating interest rate is determined monthly. The rate on December 31, 2001 was 2.311%.

At December 31, 2002 future annual long-term debt payments are as follows:

	Amount (in thousands)
2003	$ 55,595
2004	52,885
2005	200,595
2006	6,520
2007	90,450
Later Years	287,695
Total Principal Amount	693,740
Unamortized Discount	(292)
Total	$693,448

See Note 25 for discussion of Trust Preferred Securities issued by a wholly-owned statutory business trust of SWEPCo.

SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES
Index to Combined Notes to Consolidated Financial Statements

The notes to SWEPCo's consolidated financial statements are combined with the notes to financial statements for AEP and its other subsidiary registrants. Listed below are the combined notes that apply to SWEPCo. The combined footnotes begin on page L-1.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of
Directors of Southwestern Electric Power Company:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of Southwestern Electric Power Company and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, comprehensive income, retained earnings, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Southwestern Electric Power Company and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Columbus, Ohio
February 21, 2003

COMBINED NOTES TO FINANCIAL STATEMENTS

Index to Combined Notes to Financial Statements

The notes to financial statements that follow are a combined presentation for AEP and its subsidiary registrants. The following list of footnotes shows the registrant to which they apply:

1. Significant Accounting Policies	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
2. Extraordinary Items and Cumulative Effect	AEP, APCo, CSPCo, OPCo, SWEPCo, TCC, TNC
3. Goodwill and Other Intangible Assets	AEP, SWEPCo
4. Merger	AEP, I&M, KPCo, PSO, SWEPCo, TCC, TNC
5. Nuclear Plant Restart	AEP, I&M
6. Rate Matters	AEP, KPCo, PSO, SWEPCo, TCC, TNC
7. Effects of Regulation	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
8. Customer Choice and Industry Restructuring	AEP, APCo, CSPCo, I&M, OPCo, PSO, SWEPCo, TCC, TNC
9. Commitments and Contingencies	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
10. Guarantees	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
11. Sustained Earnings Improvement Initiative	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
12. Acquisitions, Dispositions and Discontinued Operations	AEP, OPCo, SWEPCo, TCC, TNC
13. Asset Impairments and Investment Value Losses	AEP, APCo, CSPCo, I&M, KPCo, OPCo, TCC, TNC
14. Benefit Plans	AEP, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
15. Stock-Based Compensation	AEP
16. Business Segments	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
17. Risk Management, Financial Instruments and Derivatives	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo PSO, SWEPCo, TCC, TNC

18. Income Taxes	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
19. Basic and Diluted Earnings Per Share	AEP
20. Supplementary Information	AEP, APCo, CSPCo, I&M, OPCo
21. Power and Distribution Projects	AEP
22. Leases	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
23. Lines of Credit and Sale of Receivables	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
24. Unaudited Quarterly Financial Information	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
25. Trust Preferred Securities	AEP, PSO, SWEPCo, TCC
26. Minority Interest in Finance Subsidiary	AEP
27. Equity Units	AEP
28. Jointly Owned Electric Utility Plant	CSPCo, PSO, SWEPCo, TCC, TNC
29. Related Party Transactions	AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
30. Subsequent Events (Unaudited)	AEP

1. Significant Accounting Policies:

Business Operations – AEP's (the Company's) principal business conducted by its eleven domestic electric utility operating companies is the generation, transmission and distribution of electric power. Nine of AEP's eleven domestic electric utility operating companies, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC, are SEC registrants. AEGCo is a domestic generating company wholly-owned by AEP that is an SEC registrant. These companies are subject to regulation by the FERC under the Federal Power Act and follow the Uniform System of Accounts prescribed by FERC. They are subject to further regulation with regard to rates and other matters by state regulatory commissions.

AEP also engages in wholesale marketing and trading of electricity, natural gas and to a lesser extent, other commodities in the United States and Europe. In addition, the Company's domestic operations include non-regulated independent power and cogeneration facilities, coal mining and intra-state midstream natural gas operations in Louisiana and Texas.

International operations include supply of electricity and other non-regulated power generation projects in the United Kingdom, and to a lesser extent in Mexico, Australia, China and the Pacific Rim region. These operations are either wholly-owned or partially-owned by various AEP subsidiaries. We also maintained operations in Brazil through the fourth quarter of 2002. See Note 13 for discussion of impaired investments and assets held for sale.

The Company also operates domestic barging operations, provides various energy related services and furnishes communications related services domestically. See Note 13 for further discussion of changes in our communications related business and other business operations announced in 2002.

Rate Regulation – AEP is subject to regulation by the SEC under the PUHCA. The rates charged by the domestic utility subsidiaries are approved by the FERC and the state utility commissions. The FERC regulates wholesale electricity operations and transmission rates and the state commissions regulate retail rates. The prices charged by foreign subsidiaries located in China, Mexico and Brazil are regulated by the authorities of that country and are generally subject to price controls.

Principles of Consolidation – AEP's consolidated financial statements include AEP Co., Inc. and its wholly-owned and majority-owned subsidiaries consolidated with their wholly-owned or substantially controlled subsidiaries. The consolidated financial statements for APCo, CSPCo, I&M, PSO, SWEPCo and TCC include the registrant and its wholly-owned subsidiaries. Significant intercompany items are eliminated in consolidation. Equity investments not substantially controlled that are 50% or less owned are accounted for using the equity method with their equity earnings included in Other Income for AEP and nonoperating income for the registrant subsidiaries.

Basis of Accounting - As the owner of cost-based rate-regulated electric public utility companies, AEP Co., Inc.'s consolidated financial statements reflect the actions of regulators that result in the recognition of revenues and expenses in different time periods than enterprises that are not rate-regulated. In accordance with SFAS 71, "Accounting for the Effects of Certain Types of Regulation," regulatory assets (deferred expenses) and regulatory liabilities (future revenue reductions or refunds) are recorded to reflect the economic effects of regulation by matching expenses with their recovery through regulated revenues. Application of SFAS 71 for the generation portion of the business was discontinued as follows: in Ohio by OPCo and CSPCo in September 2000, in Virginia and West Virginia by APCo in June 2000, in Texas by TCC, TNC, and SWEPCo in September 1999 and in Arkansas by SWEPCo in September 1999. See Note 8, "Customer Choice and Industry Restructuring" for additional information.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles necessarily includes the use of estimates and assumptions by management. Actual results could differ from those estimates.

Property, Plant and Equipment – Domestic electric utility property, plant and equipment are stated at original cost of the acquirer. Property, plant and equipment of the non-regulated operations and other investments are stated at their fair market value at acquisition plus the original cost of property acquired or constructed since the acquisition, less disposals. Additions, major replacements and betterments are added to the plant accounts. For cost-based rate-regulated operations, retirements from the plant accounts and associated removal costs, net of salvage, are deducted from accumulated depreciation. The costs of labor, materials and overhead incurred to operate and maintain plant are included in operating expenses. Plants are tested for impairment as required under SFAS 144. See Note 13.

Allowance for Funds Used During Construction (AFUDC) and Interest Capitalization - AFUDC is a noncash, nonoperating income item that is capitalized and recovered through depreciation over the service life of domestic regulated electric utility plant. It represents the estimated cost of borrowed and equity funds used to finance construction projects. The amounts of AFUDC for 2002, 2001 and 2000 were not significant. Effective with the discontinuance of SFAS 71 regulatory accounting for domestic generating assets in Arkansas, Ohio, Texas, Virginia, West Virginia and other non-regulated operations, interest is capitalized during construction in accordance with SFAS 34, "Capitalization of Interest Costs." The amounts of interest capitalized were not material in 2002, 2001, and 2000.

Depreciation, Depletion and Amortization - Depreciation of property, plant and equipment is provided on a straight-line basis over the estimated useful lives of property, other than coal-mining property, and is calculated largely through the use of composite rates by functional class as follows:

Functional Class of Property	Annual Composite Depreciation Rates Ranges 2002
Production:	
Steam-Nuclear	2.5% to 3.4%
Steam-Fossil-Fired	2.6% to 4.5%
Hydroelectric- Conventional and Pumped Storage	1.9% to 3.4%
Transmission	1.7% to 3.0%
Distribution	3.3% to 4.2%
Other	1.8% to 9.9%

Functional Class of Property	Annual Composite Depreciation Rates Ranges 2001
Production:	
Steam-Nuclear	2.5% to 3.4%
Steam-Fossil-Fired	2.5% to 4.5%
Hydroelectric- Conventional and Pumped Storage	1.9% to 3.4%
Transmission	1.7% to 3.1%
Distribution	2.7% to 4.2%
Other	1.8% to 15.0%

Functional Class of Property	Annual Composite Depreciation Rates Ranges 2000
Production:	
Steam-Nuclear	2.8% to 3.4%
Steam-Fossil-Fired	2.3% to 4.5%
Hydroelectric- Conventional and Pumped Storage	1.9% to 3.4%
Transmission	1.7% to 3.1%
Distribution	3.3% to 4.2%
Other	2.5% to 7.3%

The following table provides the annual composite depreciation rates generally used by the AEP registrant subsidiaries for the years 2002, 2001 and 2000 which were as follows:

	Nuclear	Steam	Hydro	Transmission	Distribution	General
AEGCo	- %	3.5%	- %	- %	- %	2.8%
APCo	-	3.4	2.9	2.2	3.3	3.1
CSPCo	-	3.2	-	2.3	3.6	3.2
I&M	3.4	4.5	3.4	1.9	4.2	3.8
KPCo	-	3.8	-	1.7	3.5	2.5
OPCo	-	3.4	2.7	2.3	4.0	2.7
PSO	-	2.7	-	2.3	3.4	6.3
SWEPCo	-	3.4	-	2.7	3.6	4.7
TCC	2.5	2.6	1.9	2.3	3.5	4.0
TNC	-	2.8	-	3.1	3.3	6.8

Depreciation, depletion and amortization of coal-mining assets is provided over each asset's estimated useful life or the estimated life of the mine, whichever is shorter, and is calculated using the straight-line method for mining structures and equipment. The units-of-production method is used to amortize coal rights and mine development costs based on estimated recoverable tonnages. These costs are included in the cost of coal charged to fuel expense for coal used by utility operations. Current average amortization rates are $0.32 per ton in 2002, $3.46 per ton in 2001 and $5.07 per ton in 2000. In 2001, an AEP subsidiary sold coal mines in Ohio and West Virginia. See Note 12, Acquisitions, Dispositions and Discontinued Operations for further discussion of the changes in our coal investments leading to the decline in amortization rates in 2002.

Cash and Cash Equivalents - Cash and cash equivalents include temporary cash investments with original maturities of three months or less.

Inventory – Except for PSO, TCC and TNC, the regulated domestic utility companies value fossil fuel inventories using a weighted average cost method. PSO, TCC and TNC, utilize the LIFO method to value fossil fuel inventories. For those domestic utilities whose generation is unregulated, inventory of coal and oil is carried at the lower of cost or market. Coal mine inventories are also carried at the lower of cost or market. Materials and supplies inventories are carried at average cost.

Non-trading gas inventory is carried at the lower of cost or market. In compliance with EITF 02-03 as described in the New Accounting Pronouncements section of Note 1, natural gas inventories held in connection with trading operations at October 25, 2002 continued to be carried at fair value until December 31, 2002, and inventory purchased from October 26 through December 31, 2002 was carried at the lower of cost or market. Effective January 1, 2003, all natural gas inventories held in connection with trading operations will be adjusted to the historical cost basis and carried at the lower of cost or market. We estimate the adjustment in January 2003 will decrease the value of natural gas inventories held in connection with trading operations by approximately $39 million. This change will be accounted for as a cumulative effect of a change in accounting principle.

Accounts Receivable – AEP Credit, Inc. factors accounts receivable for certain of the domestic utility subsidiaries and, until the first quarter of 2002, factored accounts receivable for certain non-affiliated utilities. On December 31, 2001 AEP Credit, Inc. entered into a sale of receivables agreement with a group of banks and commercial paper conduits. This transaction constitutes a sale of receivables in accordance with SFAS 140, allowing the receivables to be taken off of the company's balance sheet. See Note 23 for further details.

Foreign Currency Translation - The financial statements of subsidiaries outside the U.S. which are included in AEP's consolidated financial statements are measured using the local currency as the functional currency and translated into U.S. dollars in accordance with SFAS 52 "Foreign Currency Translation". Assets and liabilities are translated to U.S. dollars at year-end rates of exchange and revenues and expenses are translated at monthly average exchange rates throughout the year. Currency translation gain and loss adjustments are recorded in shareholders' equity as Accumulated Other Comprehensive Income (Loss). The non-cash impact of the changes in exchange rates on cash, resulting from the translation of items at different exchange rates, is shown on AEP's Consolidated Statements of Cash Flows in Effect of Exchange Rate Changes on Cash. Actual currency transaction gains and losses are recorded in income.

Deferred Fuel Costs - The cost of fuel consumed is charged to expense when the fuel is burned. Where applicable under governing state regulatory commission retail rate orders, fuel cost over or under-recoveries are deferred as regulatory liabilities or regulatory assets in accordance with SFAS 71. These deferrals generally are amortized when refunded or billed to customers in later months with the regulator's review and approval. The amount of deferred fuel costs under fuel clauses for AEP was $143 million at December 31, 2002 and $139 million at December 31, 2001. See Note 7 "Effects of Regulation".

We are protected from fuel cost changes in Kentucky for KPCo, the SPP area of Texas, Louisiana and Arkansas for SWEPCo, Oklahoma for PSO and Virginia for APCo. Where fuel clauses have been eliminated due to the transition to market pricing, (Ohio effective January 1, 2001 and in the Texas ERCOT area effective January 1, 2002) changes in fuel costs impact earnings. In other state jurisdictions, (Indiana, Michigan and West Virginia) where fuel clauses have been frozen or suspended for a period of years, fuel cost changes also impact earnings. This is also true for certain of AEP's Independent Power Producer generating units that do not have long-term contracts for their fuel supply. See Note 6, "Rate Matters" and Note 8, "Customer Choice and Industry Restructuring" for further information about fuel recovery.

Revenue Recognition -

Regulatory Accounting - The consolidated financial statements of AEP and the financial statements of electric operating subsidiary companies with cost-based rate-regulated operations (I&M, KPCo, PSO, and a portion of APCo, OPCo, CSPCo, TCC, TNC and SWEPCo), reflect the actions of regulators that can result in the recognition of revenues and expenses in different time periods than enterprises that are not rate regulated. In accordance with SFAS 71, regulatory assets (deferred expenses to be recovered in the future) and regulatory liabilities (deferred future revenue reductions or refunds) are recorded to reflect the economic effects of regulation by matching expenses with their recovery through regulated revenues in the same accounting period and by matching income with its passage to customers through regulated revenues in the same accounting period. Regulatory liabilities are also recorded to provide currently for refunds to customers that have not yet been made.

When regulatory assets are probable of recovery through regulated rates, we record them as assets on the balance sheet. We test for probability of recovery whenever new events occur, for example a regulatory commission order or passage of new legislation. If we determine that recovery of a regulatory asset is no longer probable, we write off that regulatory asset as a charge against net income. A write off of regulatory assets may also reduce future cash flows since there may be no recovery through regulated rates.

Traditional Electricity Supply and Delivery Activities - Revenues are recognized on the accrual or settlement basis for normal retail and wholesale electricity supply sales and electricity transmission and distribution delivery services. The revenues are recognized in our income statement when the energy is delivered to the customer and include unbilled as well as billed amounts. In general, expenses are recorded when purchased electricity is received and when expenses are incurred.

Domestic Gas Pipeline and Storage Activities – Revenues are recognized from domestic gas pipeline and storage services when gas is delivered to contractual meter points or when services are provided. Transportation and storage revenues also include the accrual of earned, but unbilled and/or not yet metered gas.

Substantially all of the forward gas purchase and sale contracts, excluding wellhead purchases of natural gas, swaps and options for the domestic pipeline operations, qualify as derivative financial instruments as defined by SFAS 133. Accordingly, net gains and losses resulting from revaluation of these contacts to fair value during the period are recognized currently in the results of operations, appropriately discounted and net of applicable credit and liquidity reserves.

Energy Marketing and Trading Transactions – In 2000, 2001 and throughout the majority of 2002, AEP engaged in wholesale electricity, natural gas and other commodity marketing and trading transactions (trading activities). Trading activities involve the purchase and sale of energy under forward contracts at fixed and variable prices and the trading of financial energy contracts which includes exchange futures and options and over-the-counter options and swaps. We use the mark-to-market method of accounting for trading activities as required by EITF Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities" (EITF 98-10). Under the mark-to-market method of accounting, gains and losses from settlements of forward trading contracts are recorded net in revenues. For energy contracts not yet settled, whether physical or financial, changes in fair value are recorded net in revenues as unrealized gains and losses from mark-to-market valuations. When positions are settled and gains and losses are realized, the previously recorded unrealized gains and losses from mark-to-market valuations are reversed. In October 2002, management announced plans to focus on wholesale markets around owned assets.

All of the registrant subsidiaries except AEGCo participate in AEP's wholesale marketing and trading of electricity. For I&M, KPCo, PSO and a portion of TNC and SWEPCo, when the contract settles the total gain or loss is realized in cash. Where this amount is recorded on the income statement depends on whether the contract's delivery points are within or outside of AEP's traditional marketing area. For contracts with delivery points in AEP's traditional marketing area, the total gain or loss realized in cash for sales and the cost of purchased energy are included in revenues on a net basis. Prior to settlement, changes in the fair value of physical forward sale and purchase contracts in AEP's traditional marketing area are deferred as regulatory liabilities (gains) or regulatory assets (losses). For contracts with delivery points outside of AEP's traditional marketing area only the difference between the accumulated unrealized net gains or losses recorded in prior periods and the cash proceeds is recognized in the income statement as nonoperating income. Prior to settlement, changes in the fair value of physical forward sale and purchase contracts with delivery points outside of AEP's traditional marketing area are included in nonoperating income on a net basis. Unrealized mark-to-market gains and losses are included in the Balance Sheet as energy trading contract assets or liabilities as appropriate.

For APCo, CSPCo and OPCo, depending on whether the delivery point for the electricity is in AEP's traditional marketing area or not determines where the contract is reported in the income statement. Physical forward trading sale and purchase contracts with delivery points in AEP's traditional marketing area are included in revenues on a net basis. Prior to settlement, changes in the fair value of physical forward sale and purchase contracts in AEP's traditional marketing area are also included in revenues on a net basis. Physical forward sale and purchase contracts for delivery outside of AEP's traditional marketing area are included in nonoperating income when the contract settles. Prior to settlement, changes in the fair value of physical forward sale and purchase contracts with delivery points outside of AEP's traditional marketing area are included in nonoperating income on a net basis.

The trading of energy options, futures and swaps, represents financial transactions with unrealized gains and losses from changes in fair values reported net in AEP's revenues until the contracts settle. When these contracts settle, the net proceeds are recorded in revenues and reverse the prior cumulative unrealized net gain or loss. APCo, CSPCo, OPCo, I&M and KPCo also have financial transactions, but record the unrealized gains and losses, as well as the net proceeds upon settlement, in nonoperating income.

The fair values of open short-term trading contracts are based on exchange prices and broker quotes. Open long-term trading contracts are marked-to-market based mainly on AEP-developed valuation models. The models are derived from internally assessed market prices with the exception of the NYMEX gas curve, where we use daily settled prices. All fair value amounts are net of appropriate valuation adjustments for items such as discounting, liquidity and credit quality. Such valuation adjustments provide for a better approximation of fair value. The use of these models to fair value open trading contracts has inherent risks relating to the underlying assumptions employed by such models. Independent controls are in place to evaluate the reasonableness of the price curve models. Significant adverse or favorable effects on future results of operations and cash flows could occur if market prices, at the time of settlement, do not correlate with AEP-developed price models.

As explained above, the effect on AEP's Consolidated Statements of Operations of marking to market open electricity trading contracts in AEP's regulated jurisdictions is deferred as regulatory assets (losses) or liabilities (gains) since these transactions are included in cost of service on a settlement basis for ratemaking purposes. Unrealized mark-to-market gains and losses from trading activities whether deferred or recognized in revenues are part of Energy Trading and Derivative Contracts assets or liabilities as appropriate.

<u>Construction Projects for Outside Parties</u> – Certain AEP entities engage in construction projects for outside parties that are accounted for on the percentage-of-completion method of revenue recognition. This method recognizes revenue in proportion to costs incurred compared to total estimated costs.

Debt Instrument Hedging and Related Activities – In order to mitigate the risks of market price and interest rate fluctuations, AEP, APCo, CSPCo, I&M, KPCo and OPCo enter into contracts to manage the exposure to unfavorable changes in the cost of debt to be issued. These anticipatory debt instruments are entered into in order to manage the change in interest rates between the time a debt offering is initiated and the issuance of the debt (usually a period of 60 days). Gains or losses from these transactions are deferred and amortized over the life of the debt issuance with the amortization included in interest charges. There were no such forward contracts outstanding at December 31, 2002 or 2001. See Note 17 – "Risk Management, Financial Instruments and Derivatives" for further discussion of the accounting for risk management transactions.

Levelization of Nuclear Refueling Outage Costs - In order to match costs with regulated revenues, incremental operation and maintenance costs associated with periodic refueling outages at I&M's Cook Plant are deferred and amortized over the period beginning with the commencement of an outage and ending with the beginning of the next outage.

Maintenance Costs – Maintenance costs are expensed as incurred except where SFAS 71 requires the recordation of a regulatory asset to match the expensing of maintenance costs with their recovery in cost-based regulated revenues. See below for an explanation of costs deferred in connection with an extended outage at I&M's Cook Plant.

Amortization of Cook Plant Deferred Restart Costs - Pursuant to settlement agreements approved by the IURC and the MPSC to resolve all issues related to an extended outage of the Cook Plant, I&M deferred $200 million of incremental operation and maintenance costs during 1999. The deferred amount is being amortized to expense on a straight-line basis over five years from January 1, 1999 to December 31, 2003. I&M amortized $40 million each year 1999 through 2002 leaving $40 million as an SFAS 71 regulatory asset at December 31, 2002 on the Consolidated Balance Sheets of AEP and I&M.

Other Income and Other Expenses – Other Income includes non-operational revenue including area business development and river transportation, equity earnings of non-consolidated subsidiaries, gains on dispositions of property, interest and dividends, an allowance for equity funds used during construction (explained above) and miscellaneous income. Other Expenses includes non-operational expense including area business development and river transportation, losses on dispositions of property, miscellaneous amortization, donations and various other non-operating and miscellaneous expenses.

AEP Consolidated Other Income and Deductions

	December 31, 2002	2001	2000
	(in millions)		
OTHER INCOME:			
Equity Earnings	$ 104	$ 123	$ 22
Non-operational Revenue	187	123	71
Interest and Miscellaneous Income	25	16	2
Gain on Sale of Frontera	-	73	-
Gain on Sale of Retail Electric Provider	129	-	-
Total Other Income	$ 445	$ 335	$ 95
OTHER EXPENSES:			
Property Taxes and Miscellaneous Expenses	$ 142	$ 68	$ 28
Non-operational Expenses	179	56	49
Fiber Optic and Datapult Exit Costs	-	49	-
Provision for Loss - Airplane	-	14	-
Total Other Expenses	$ 321	$ 187	$ 77

Income Taxes - The AEP System follows the liability method of accounting for income taxes as prescribed by SFAS 109, "Accounting for Income Taxes." Under the liability method, deferred income taxes are provided for all temporary differences between the book cost and tax basis of assets and liabilities which will result in a future tax consequence. Where the flow-through method of accounting for temporary differences is reflected in regulated revenues (that is, deferred taxes are not included in the cost of service for determining regulated rates for electricity), deferred income taxes are recorded and related regulatory assets and liabilities are established in accordance with SFAS 71 to match the regulated revenues and tax expense.

Investment Tax Credits - Investment tax credits have been accounted for under the flow-through method except where regulatory commissions have reflected investment tax credits in the rate-making process on a deferral basis. Investment tax credits that have been deferred are being amortized over the life of the regulated plant investment.

Excise Taxes – AEP and its subsidiary registrants, as an agent for a state or local government, collect from customers certain excise taxes levied by the state or local government upon the customer. These taxes are not recorded as revenue or expense, but only as a pass-through billing to the customer to be remitted to the government entity. Excise tax collections and payments related to taxes imposed upon the customer are not presented in the income statement.

Debt and Preferred Stock – Gains and losses from the reacquisition of debt used to finance domestic regulated electric utility plant are generally deferred and amortized over the remaining term of the reacquired debt in accordance with their rate-making treatment. If debt associated with the regulated business is refinanced, the reacquisition costs attributable to the portions of the business that are subject to cost based regulatory accounting under SFAS 71 are generally deferred and amortized over the term of the replacement debt commensurate with their recovery in rates. Gains and losses on the reacquisition of debt for operations not subject to SFAS 71 are reported as a Loss on Reacquired Debt, an extraordinary item on the Consolidated Statements of Operations of AEP and TCC. See discussion of SFAS 145 in New Accounting Pronouncements section of this note for new treatment effective in 2003.

Debt discount or premium and debt issuance expenses are deferred and amortized utilizing the effective interest rate method over the term of the related debt. The amortization expense is included in interest charges.

Where rates are regulated, redemption premiums paid to reacquire preferred stock of the domestic utility subsidiaries are included in paid-in capital and amortized to retained earnings commensurate with their recovery in rates. The excess of par value over costs of preferred stock reacquired is credited to paid-in capital and amortized to retained earnings consistent with the timing of its inclusion in rates in accordance with SFAS 71.

Goodwill and Intangible Assets – In June 2001, the FASB issued SFAS 141, Business Combinations, and SFAS 142, Goodwill and Other Intangible Assets, affecting AEP and SWEPCo.

SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001 and established new standards for the recognition of certain identifiable intangible assets, separate from goodwill. We adopted the provisions of SFAS 141 effective July 1, 2001. See Note 12 for further discussion of acquisitions initiated after June 30, 2001 and Note 3 for further discussion of our components of goodwill and intangible assets.

SFAS 142 requires that goodwill and intangible assets with finite useful lives no longer be amortized, but instead tested for impairment at least annually. SFAS 142 also requires that intangible assets with finite useful lives be amortized over their respective estimated lives to the estimated residual values. In accordance with SFAS 142, for all business combinations with an acquisition date before July 1, 2001, we amortized goodwill and intangible assets with indefinite lives through December 2001, and then ceased amortization. The goodwill associated with those business combinations with an acquisition date before July 1, 2001 was amortized on a straight-line basis generally over 40 years except for the portion of goodwill associated with gas trading and marketing activities which was amortized on a straight-line basis over 10 years. In accordance with SFAS 142, for all business combinations with an acquisition date after June 30, 2001, we have not amortized goodwill and intangible assets with indefinite lives. Intangible assets with finite lives continue to be amortized over their respective estimated lives ranging from 5 to 10 years. See Note 3 for total goodwill, accumulated amortization and the impact on operations of the adoption of SFAS 142.

In early 2002, we began testing our goodwill and intangible assets with indefinite useful lives for impairment, in accordance with SFAS 142. See Note 3 for the results of our testing and the corresponding net transitional impairment loss recorded as a Cumulative Effect of Accounting Change during 2002.

Nuclear Trust Funds – Nuclear decommissioning and spent nuclear fuel trust funds represent funds that regulatory commissions have allowed us to collect through rates to fund future decommissioning and spent fuel disposal liabilities. By rules or orders, the state jurisdictional commissions (Indiana, Michigan and Texas) and the FERC established investment limitations and general risk management guidelines to protect their ratepayers' funds and to allow those funds to earn a reasonable return. In general, limitations include:

- Acceptable investments (rated investment grade or above)
- Maximum percentage invested in a specific type of investment
- Prohibition of investment in obligations of the applicable company or its affiliates.

Trust funds are maintained for each regulatory jurisdiction and managed by investment managers, who must comply with the guidelines and rules of the applicable regulatory authorities. The trust assets are invested in order to optimize the after-tax earnings of the Trust, giving consideration to liquidity, risk, diversification, and other prudent investment objectives.

Securities held in trust funds for decommissioning nuclear facilities and for the disposal of spent nuclear fuel are included in Other Assets at market value in accordance with SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities." Securities in the trust funds have been classified as available-for-sale due to their long-term purpose. In accordance with SFAS 71, unrealized gains and losses from securities in these trust funds are not reported in equity but result in adjustments to the liability account for the nuclear decommissioning trust funds and to regulatory assets or liabilities for the spent nuclear fuel disposal trust funds in accordance with their treatment in rates.

Comprehensive Income (Loss) - Comprehensive income (loss) is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) has two components: net income (loss) and other comprehensive income (loss). There were no material differences between net income and comprehensive income for AEGCo.

Components of Other Comprehensive Income (Loss) – Other comprehensive income (loss) is included on the balance sheet in the equity section. The following table provides the components that comprise the balance sheet amount in Accumulated Other Comprehensive Income (Loss) for AEP.

Components	December 31, 2002	2001	2000
	(in millions)		
Foreign Currency Adjustments	$ 4	$(113)	$ (99)
Unrealized Losses On Securities	(2)	-	-
Unrealized Gain on Hedged Derivatives	(16)	(3)	-
Minimum Pension Liability	(595)	(10)	(4)
	$(609)	$(126)	$(103)

Accumulated Other Comprehensive Income (Loss) for AEP registrant subsidiaries as of December 31, 2002 and 2001 is shown in the following table. Registrant subsidiary balances for Accumulated Other Comprehensive Income (Loss) for the year ended December 31, 2000 was zero.

Components	December 31, 2002	2001
	(in thousands)	
Cash Flow Hedges:		
APCo	$(1,920)	$ (340)
CSPCo	(267)	-
I&M	(286)	(3,835)
KPCo	322	(1,903)
OPCo	(738)	(196)
PSO	(42)	-
SWEPCo	(48)	-
TCC	(36)	-
TNC	(15)	-
Minimum Pension Liability:		
APCo	$(70,162)	$ -
CSPCo	(59,090)	-
I&M	(40,201)	-
KPCo	(9,773)	-
OPCo	(72,148)	-
PSO	(54,431)	-
SWEPCo	(53,635)	-
TCC	(73,124)	-
TNC	(30,748)	-

Segment Reporting – The AEP System has adopted SFAS No. 131, which requires disclosure of selected financial information by business segment as viewed by the chief operating decision-maker. See Note 16, "Business Segments" for further discussion and details regarding segments.

Common Stock Options – At December 31, 2002, AEP has two stock-based employee compensation plans with outstanding stock options, which are described more fully in Note 15. AEP accounts for these plans under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees* and related Interpretations. No stock-based employee compensation expense is reflected in AEP's earnings, as all options granted under these plans had exercise prices equal to or above the market value of the underlying common stock on the date of grant. The following table illustrates the effect on AEP's net income (loss) and earnings (loss) per share as if AEP had applied the fair value recognition provisions of FASB Statement No. 123, "Accounting for Stock-Based Compensation", to stock-based employee compensation.

	Year Ended December 31, 2002	2001	2000
	(in millions except per share data)		
Net Income(Loss), as reported	$ (519)	$ 971	$ 267
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(9)	(12)	(3)
Pro forma net income (loss)	$ (528)	$ 959	$ 264
Earnings (Loss) per share:			
Basic - as reported	$(1.57)	$3.01	$0.83
Basic - pro forma	$(1.59)	$2.98	$0.82
Diluted - as reported	$(1.57)	$3.01	$0.83
Diluted - pro forma	$(1.59)	$2.97	$0.82

Earnings Per Share (EPS) – AEP calculates earnings (loss) per share in accordance with SFAS No. 128, "Earnings Per Share" (see Note 19). Basic earnings (loss) per common share is calculated by dividing net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share is calculated by adjusting the weighted average outstanding common shares, assuming conversion of all potentially dilutive stock options and awards. The effects of stock options have not been included in the fiscal 2002 diluted loss per common share calculation as their effect would have been anti-dilutive. Basic and diluted EPS are the same in 2002, 2001 and 2000.

AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC are wholly-owned subsidiaries of AEP and are not required to report EPS.

Reclassification – Beginning in the fourth quarter of 2002, AEP and its registrant subsidiaries elected to begin netting certain assets and liabilities related to forward physical and financial transactions. This is done in accordance with FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts" and Emerging Issues Task Force Topic D-43, "Assurance That a Right of Setoff is Enforceable in a Bankruptcy under FASB Interpretation No. 39". Transactions with common counterparties have been netted at the applicable entity level, by commodity and type (physical or financial) where the legal right of offset exists. For comparability purposes, prior periods presented in this report have been netted in accordance with this policy.

Certain additional prior year financial statement items have been reclassified to conform to current year presentation. Such reclassifications had no impact on previously reported net income.

New Accounting Pronouncements

SFAS 142, "Goodwill and Other Intangible Assets", was effective for AEP on January 1, 2002. The adoption of SFAS 142 required the transition testing for impairment of all indefinite lived intangibles by the end of the first quarter 2002 and initial testing of goodwill by the end of the second quarter 2002. In the first quarter 2002, AEP completed testing the goodwill of its domestic operations and its indefinite lived intangible assets and there was no impairment. In the second quarter 2002, AEP completed initial testing for goodwill impairment of the U.K. and Australian retail electricity and supply operations. The fair values of the U.K. and Australia retail electricity and supply operations were estimated using a combination of market values based on recent market transactions and cash flow projections. As a result of that testing, AEP determined that there was a net transitional impairment loss, which is reported as a cumulative effect of a change in accounting principle. See Notes 2, 3, 12 and 13 for further discussion of the actual impairment charges and sales of impaired assets.

SFAS 142 also changed the accounting and reporting for goodwill and other intangible assets. In accordance with SFAS 142 goodwill and indefinite lived intangible assets acquired through acquisition after June 30, 2001 were not amortized. Effective January 1, 2002, amortization related to goodwill and indefinite lived intangible assets acquired before July 1, 2001 ceased. SFAS 142 requires that other intangible assets be separately identified and if they have finite lives, they must be amortized over that life. See Note 3 for amortization lives of AEP's and SWEPCo's intangible assets.

SFAS 143, "Accounting for Asset Retirement Obligations", is effective for AEP on January 1, 2003. SFAS 143 generally applies to legal obligations associated with the retirement of long-lived assets. A company is required to recognize an estimated liability for any legal obligations associated with the future retirement of its long-lived assets. The liability is measured at fair value and is capitalized as part of the related asset's capitalized cost. The increase in the capitalized cost is included in determining depreciation expense over the expected useful life of the asset. The catch-up effect of adopting SFAS 143 will be recorded as a cumulative effect of an accounting change. Additionally, because the asset retirement obligation is recorded initially at fair value, accretion expense (similar to interest) will be recognized each period as an operating expense in the statement of operations.

The regulated entities have an asset retirement obligation associated with nuclear decommissioning costs for the Cook and STP Nuclear Plants (affects I&M and TCC) and possibly other obligations. AEP expects to establish regulatory assets and liabilities that will result in no cumulative effect adjustment of adopting SFAS 143 for the regulated entities.

In addition, the regulated transmission and distribution entities have asset retirement obligations related to the final retirement of certain transmission and distribution lines. There are also underground storage tanks located at various sites throughout the AEP System and PCB's are contained in certain transformer rectifier sets at power plants. The amounts relating to these obligations cannot be determined because the entities are not able to estimate the final retirement dates for these facilities.

In January 2003, the SEC Staff concluded that SFAS 143 also precludes an entity from recording an expense for estimated costs associated with the removal or retirement of assets that result from other than legal obligations. The SEC Staff concluded that amounts that are included in accumulated depreciation related to estimated removal costs arising from other than legal obligations should be written off as part of the cumulative effect of adopting SFAS 143 unless the company is regulated under SFAS 71. Companies regulated under SFAS 71 may continue to include removal costs in depreciation rates but must quantify the removal costs included in accumulated depreciation as regulatory liabilities in footnote disclosure. The AEP registrant subsidiaries that are regulated entities have included estimated removal costs for non-legal retirement obligations in book depreciation rates.

For non-regulated entities, including certain formerly regulated generation facilities, asset retirement obligations associated with wind farms, closure costs associated with power plants in the U.K. and possibly other items will be incurred. Also the amount of removal costs embedded in accumulated depreciation is expected to result in a favorable cumulative effect adjustment to net income. However, AEP and its registrant subsidiaries have not completed their determination of the net effect of these items on first quarter 2003 results of operations upon the adoption of the provisions of this standard.

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-lived Assets" which sets forth the accounting to recognize and measure an impairment loss. This standard replaced, SFAS 121, "Accounting for Long-lived Assets and for Long-lived Assets to be Disposed Of." AEP adopted SFAS 144 effective January 1, 2002. The adoption of SFAS 144 did not materially affect AEP's results of operations or financial conditions. See Notes 3 and 13 for discussion of impairments recognized in 2002 by AEP and its registrant subsidiaries, affected by SFAS 144.

In April 2002, the FASB issued SFAS 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". SFAS 145 rescinds SFAS 4, "Reporting Gains and Losses from Extinguishment of Debt", effective for fiscal years beginning after May 15, 2002. SFAS 4 required gains and losses from extinguishment of debt to be aggregated and classified as an extraordinary item if material. In 2003, for financial reporting purposes AEP and TCC will reclassify extraordinary losses net of tax on TCC's reacquired debt of $2 million for 2001.

In October 2002, the Emerging Issues Task Force of the FASB reached a final consensus on Issue No. 02-3, "Recognition and Reporting of Gains and Losses on Energy Contracts under Issues No. 98-10 and 00-17" (EITF 02-3). EITF 02-3 rescinds EITF 98-10 and related interpretive guidance. Under EITF 02-3, mark-to-market accounting is precluded for energy trading contracts that are not derivatives pursuant to SFAS 133. The consensus to rescind EITF 98-10 will also eliminate any basis for recognizing physical inventories at fair value other than as provided by generally accepted accounting principles. The consensus is effective for fiscal periods beginning after December 15, 2002, and applies to all energy trading contracts entered into and inventory purchased through October 25, 2002. Effective January 1, 2003, nonderivative energy contracts are required to be accounted for on a settlement basis and inventory is required to be presented at the lower of cost or market. The effect of implementing this consensus will be reported as a cumulative effect of an accounting change. Such contracts and inventory will continue to be accounted for at fair value through December 31, 2002. Energy contracts that qualify as derivatives will continue to be accounted for at fair value under SFAS 133.

Effective January 1, 2003, EITF 02-3 requires that gains and losses on all derivatives, whether settled financially or physically, be reported in the income statement on a net basis if the derivatives are held for trading purposes. Previous guidance in EITF 98-10 permitted non-financial settled energy trading contracts to be reported either gross or net in the income statement. Prior to the third quarter of 2002, AEP and its registrant subsidiaries recorded and reported upon settlement, sales under forward trading contracts as revenues and purchases under forward trading contracts as purchased energy expenses. Effective July 1, 2002, AEP and its registrant subsidiaries reclassified such forward trading revenues and purchases on a net basis, as permitted by EITF 98-10. The reclassification of such trading activity to a net basis of reporting resulted in a substantial reduction in both revenues and purchased energy expense, but did not have any impact on financial condition, results of operations or cash flows.

Effective July 1, 2002, AEP and its registrant subsidiaries modified their valuation procedures for estimating the fair value of energy trading contracts at inception. Unrealized gain or loss at inception is recognized only when the fair value of a contract is obtained from a quoted market price in an active market or is otherwise evidenced by comparison to other observable market data. Any fair value changes subsequent to the inception of a contract, however, are recognized immediately based on the best market data available. AEP and its registrant subsidiaries now also use such procedures for determining unrealized gain or loss at inception for all derivative contracts.

In June 2002, FASB issued SFAS 146 which addresses accounting for costs associated with exit or disposal activities. This statement supersedes previous accounting guidance, principally EITF No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." Under EITF No. 94-3, a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. SFAS 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. SFAS 146 also establishes that the liability should initially be measured and recorded at fair value. The timing of recognizing future costs related to exit or disposal activities, including restructuring, as well as the amounts recognized may be affected by SFAS 146. AEP will adopt the provisions of SFAS 146 for exit or disposal activities initiated after December 31, 2002.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45) which requires that a liability related to issuing a guarantee be recognized, as well as additional disclosures of guarantees. This new guidance is an interpretation of SFAS Nos. 5, 57 and 107 and a rescission of FIN No. 34. The initial recognition and initial measurement provisions of FIN 45 are effective on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for financial statements of interim and annual periods ending after December 15, 2002. We do not expect that the implementation of FIN 45 will materially affect results of operations, cash flows or financial condition. See guarantee details discussed in Note 10.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure", which amends SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. Under the fair value based method, compensation cost for stock options is measured when options are issued. In addition, SFAS 148 amends the disclosure requirements of SFAS 123 to require more prominent and more frequent (quarterly) disclosures in financial statements of the effects of stock-based compensation. SFAS 148 is effective for fiscal years ending after December 15, 2002. AEP does not currently intend to adopt the fair value based method of accounting for stock options.

In November 2002, the FASB issued an Invitation to Comment, "Accounting for Stock-Based Compensation: A Comparison of FASB

Statement No. 123, *Accounting for Stock-Based Compensation*, and Its Related Interpretations, and IASB Proposed IFRS, *Share-Based Payment.*" The FASB plans to make a decision in the first quarter of 2003 whether it will begin a more comprehensive reconsideration of the accounting for stock options. This may include revisiting the decision in SFAS 123 allowing companies to disclose the pro forma effects of the fair value based method rather than requiring recognition of the fair value of employee stock options as an expense.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46) which changes the requirements for consolidation of certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. This new guidance is an interpretation of Accounting Research Bulletin (ARB) No. 51, "Consolidated Financial Statements". The initial recognition and initial measurement provisions of FIN 46 for all enterprises with variable interests in variable interest entities created after January 31, 2003, shall apply the provisions of this Interpretation to those entities immediately. A public entity with variable interests in variable interest entities created before February 1, 2003 shall apply the provisions of this Interpretation no later than the beginning of the first interim or annual reporting period beginning after June 15, 2003.

If it is reasonably possible that an enterprise will consolidate or disclose information about a variable interest entity when this Interpretation becomes effective, the enterprise shall disclose the following information in all financial statements initially issued after January 31, 2003, regardless of the date on which the variable interest entity was created:

a. The nature, purpose, size, and activities of the variable interest entity
b. The enterprise's maximum exposure to loss as a result of its involvement with the variable interest entity

AEP and its subsidiaries believe it is reasonably possible that they will be required to consolidate identified variable interest entities as a result of this new guidance. See Notes 9, 22, 23 and 26 for additional disclosures relating to the variable interest entities.

2. Extraordinary Items and Cumulative Effect:

Extraordinary Items – Extraordinary items were recorded for the discontinuance of regulatory accounting under SFAS 71 for the generation portion of the business in the Ohio, Virginia, West Virginia, Texas and Arkansas state jurisdictions. See Note 7 "Customer Choice and Industry Restructuring" for descriptions of the restructuring plans and related accounting effects. OPCo and CSPCo recognized an extraordinary loss for stranded Ohio Public Utility Excise Tax (commonly known as the Gross Receipts Tax – GRT) net of allowable Ohio coal credits during the quarter ended June 30, 2001. This loss resulted from regulatory decisions in connection with Ohio deregulation which stranded the recovery of the GRT. Effective with the liability affixing on May 1, 2001, CSPCo and OPCo recorded an extraordinary loss under SFAS 101. Both Ohio companies appealed to the Ohio Supreme Court the PUCO order on Ohio restructuring that the Ohio companies believe failed to provide for recovery for the final year of the GRT. In April 2002, the Ohio Supreme Court denied recovery of the final year of the GRT.

In October 2001, TCC reacquired $101 million of pollution control bonds in advance of their maturity. Since these pollution control bonds were used to finance unregulated generation assets, a loss of $2 million after-tax was recorded. AEP and its registrant subsidiaries had no extraordinary items in 2002.

The following table shows the components of the extraordinary items reported on AEP's Consolidated Statements of Operations:

	Year Ended December 31,		
	2002	2001	2000
	(in millions)		
Extraordinary Items:			
Discontinuance of Regulatory Accounting for Generation:			
Ohio Jurisdiction (Net of Tax of $20 million in 2001 and $35 Million in 2000)(a)	$ -	$(48)	$(44)
Virginia and West Virginia Jurisdictions (Inclusive of Tax Benefit of $8 Million)(b)	-	-	9
Loss on Reacquired Debt (Net of Tax of $1 Million in 2001)(c)	-	(2)	-
Extraordinary Items	$ -	$(50)	$(35)

(a) Relates to AEP, OPCo and CSPCo.
(b) Relates to AEP and APCo.
(c) Relates to AEP and TCC.

Cumulative Effect of Accounting Change - SFAS 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized and be tested annually for impairment. The implementation of SFAS 142 resulted in a $350 million net transitional loss for our U.K. and Australian operations and is reported in AEP's Consolidated Statements of Operations as a cumulative effect of accounting change (see Note 3 for further details).

The FASB's Derivative Implementation Group (DIG) issued accounting guidance under SFAS 133 for certain derivative fuel supply contracts with volumetric optionality and derivative electricity capacity contracts. This guidance, effective in the third quarter of 2001, concluded that fuel supply contracts with volumetric optionality cannot qualify for a normal purchase or sale exclusion from mark-to-market accounting and provided guidance for determining when certain option-type contracts and forward contracts in electricity can qualify for the normal purchase or sale exclusion.

For AEP, the effect of initially adopting the DIG guidance at July 1, 2001 was a favorable earnings mark-to-market effect of $18 million, net of tax of $2 million. It was reported as a cumulative effect of an accounting change on AEP's Consolidated Statements of Operations.

3. Goodwill and Other Intangible Assets:

As described in the Significant Accounting Policies footnote, AEP adopted the provisions of SFAS 141 effective July 1, 2001. SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001 and established new standards for the recognition of certain identifiable intangible assets, separate from goodwill. Business combinations initiated after June 30, 2001 (see Note 12 for details) are accounted for utilizing SFAS 141.

SFAS 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually. SFAS 142 required a two-step impairment test for goodwill. The first step was to compare the carrying amount of the reporting unit's assets to the fair value of the reporting unit. If the carrying amount exceeded the fair value then the second step was required to be completed, which involves allocating the fair value of the reporting unit to each asset and liability, with the excess being implied goodwill. The impairment loss is the amount by which the recorded goodwill exceeds the implied goodwill. AEP was required to complete a "transitional" impairment test for goodwill as of the beginning of the fiscal year in which the statement was adopted. This transitional impairment test required that AEP complete step one of the goodwill impairment test within six months from the date of initial adoption, or June 30, 2002. In the first quarter 2002, AEP completed the transitional impairment test of goodwill related to domestic operations and indefinite lived intangible assets and concluded that those assets were not impaired.

In the second quarter 2002, AEP completed testing for goodwill impairment on AEP's U.K. and Australian retail electricity and supply operations. The fair values of the U.K. and Australian retail electricity and supply operations were estimated using a combination of market values based on recent market transactions and cash flow projections. As a result of this testing, AEP determined that there was a net transitional impairment loss of $350 million, which was reported in AEP's Consolidated Statements of Operations as a Cumulative Effect of Accounting Change.

SFAS 142 also requires that intangible assets with finite useful lives be amortized over their respective estimated lives to the estimated residual values. In accordance with SFAS 142, for all business combinations initiated before July 1, 2001, AEP amortized goodwill and intangible assets with indefinite lives through December 2001, and then ceased amortization. The goodwill associated with those business combinations with acquisition dates before July 1, 2001 was amortized on a straight-line basis generally over 40 years except for the portion of goodwill associated with gas trading and marketing activities, which was amortized on a straight-line basis over 10 years. Also, in accordance with SFAS 142, for all business combinations with acquisition dates after June 30, 2001, AEP has not amortized goodwill and intangible assets with indefinite lives. Intangible assets with finite lives continue to be amortized over their respective estimated lives ranging from 5 to 10 years.

New reporting requirements imposed by SFAS 142 include the disclosures shown below:

Goodwill

The changes in AEP's the carrying amount of goodwill for the twelve months ended December 31, 2002 by operating segment are:

	Wholesale	Energy Delivery	Other	AEP Consolidated
		(in millions)		
Balance January 1, 2002	$340	$37	$15	$392
Goodwill acquired	2	-	-	2
Changes to Goodwill due to purchase price adjustments	181	-	-	181
Non-transitional impairment losses	(173)	-	(12)	(185)
Foreign currency exchange rate changes	6	-	-	6
Balance December 31, 2002	$356	$37	$ 3	$396

Accumulated amortization of goodwill was approximately $22 million and $25 million at December 31, 2002 and 2001, respectively. A decrease of $3 million related principally to the non-transitional impairment of goodwill on Gas Power Systems (see Note 13a).

The transitional impairment loss related to SEEBOARD and CitiPower goodwill, which is reported as a cumulative effect of an accounting change, is excluded from the above schedule. Under SFAS 144, the assets of SEEBOARD and CitiPower, including goodwill and acquired intangible assets no longer subject to amortization, are reported as Assets of Discontinued Operations in AEP's Consolidated Balance Sheets. See Note 12 related to the sale of SEEBOARD and CitiPower.

Changes to goodwill due to purchase price adjustments of $181 million was primarily due to purchase price adjustments related to AEP's acquisition of U.K. Generation. The purchase price adjustments also include adjustments related to the acquisition of Houston Pipe Line Company, MEMCO, Nordic Trading and AEP Coal (see Note 12).

In the first quarter of 2002, AEP recognized a goodwill impairment loss of $12 million for all goodwill related to the acquisition of Gas Power Systems (see Note 13a).

In the fourth quarter of 2002, AEP prepared its annual goodwill impairment tests. The fair values of the operations were estimated using cash flow projections. There were no goodwill impairments as a result of the annual goodwill impairment tests. However, in the fourth quarter, AEP recognized goodwill impairment losses totaling $173 million related to impairment studies performed on the U.K. Generation assets ($166 million), AEP Coal ($3 million), and Nordic Trading ($4 million). These goodwill impairment studies were triggered by the SFAS 144 asset impairment losses recognized on these operations in the fourth quarter (refer to Note 13). The fair values of these operations were estimated using cash flow projections.

The following tables show the transitional disclosures to adjust AEP's reported net income (loss) and earnings (loss) per share to exclude amortization expense recognized in prior periods related to goodwill and intangible assets that are no longer being amortized.

Net Income (Loss)	Year Ended December 31,		
	2002	2001	2000
	(in millions)		
Reported Net Income (Loss)	$(519)	$ 971	$267
Add back: Goodwill amortization (a)	-	39	39
Add back: Amortization for intangibles with indefinite lives under SFAS 142 (b)	-	8	9
Adjusted Net Income (Loss)	$(519)	$1,018	$315

Earnings (Loss) Per Share (Basic and Dilutive)	Twelve Months Ended December 31,		
	2002	2001	2000
Reported Earnings (Loss) per Share	$(1.57)	$3.01	$0.83
Add back: Goodwill amortization (c)	-	0.12	0.12
Add back: Amortization for intangibles with indefinite lives under SFAS 142 (d)	-	0.02	0.03
Adjusted Earnings (Loss) per Share	$(1.57)	$3.15	$0.98

(a) This amount includes $34 million and $37 million in 2001 and 2000 related to Seeboard and CitiPower amortization expense included in Discontinued Operations on AEP's Consolidated Statements of Operations.

(b) The amounts shown for 2001 and 2000 relate to CitiPower amortization expense included in Discontinued Operations on AEP's Consolidated Statements of Operations.

(c) This amount includes $0.10 and $0.11 in 2001 and 2000 related to Seeboard and CitiPower amortization expense included in Discontinued Operations on AEP's Consolidated Statements of Operations.

(d) The amounts shown for 2001 and 2000 relate to CitiPower amortization expense included in Discontinued Operations on AEP's Consolidated Statements of Operations.

Acquired Intangible Assets

Acquired intangible assets subject to amortization are $37 million at December 31, 2002 and $33 million at December 31, 2001, net of accumulated amortization. Of those amounts, $25 million and $33 million at December 31, 2002 and 2001, relate to SWEPCo. The gross carrying amount, accumulated amortization and amortization life by major asset class are:

		December 31, 2002		December 31, 2001	
	Amortization Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(in years)	(in millions)		(in millions)	
Dolet Hills Advanced Royalties (SWEPCo)	10	$35	$5	$35	$2
Less: Adjustment Due to Purchase Price Reallocation (SWEPCo)		6	1	-	-
Trade name and Administration of Contracts	7	2	-	-	-
Unpatented Technology	10	10	-	-	-
Totals		$41	$4	$35	$2

Amortization of intangible assets (primarily SWEPCo) was $2 million for the twelve months ended December 31, 2002. AEP's estimated aggregate amortization expense is $4 million for each year 2003 through 2008. SWEPCo's estimated aggregate amortization expense (included in AEP's estimated amount) is $3 million for each year 2003 through 2008.

AEP's acquired intangible assets no longer subject to amortization were comprised of retail and wholesale distribution licenses for CitiPower operating franchises. The licenses were being amortized on a straight-line basis over 20 and 40 years for the retail and wholesale licenses, respectively. In accordance with SFAS 144, the assets of CitiPower, including acquired intangible assets no longer subject to amortization, are reported as Assets of Discontinued Operations on one line in AEP's Consolidated Balance Sheets. See Note 12 related to the sale of CitiPower.

4. Merger:

On June 15, 2000, AEP merged with CSW so that CSW became a wholly-owned subsidiary of AEP. Under the terms of the merger agreement, approximately 127.9 million shares of AEP Common Stock were issued in exchange for all the outstanding shares of CSW Common Stock based upon an exchange ratio of 0.6 share of AEP Common Stock for each share of CSW Common Stock.

The merger was accounted for as a pooling of interests. Accordingly, AEP's consolidated financial statements give retroactive effect to the merger, with all periods presented as if AEP and CSW had always been combined. Certain reclassifications have been made to conform the historical financial statement presentation of AEP and CSW. Effective January 2003, the legal name of CSW was changed to AEP Utilities, Inc.

In connection with the merger, $10 million ($7 million after tax), $21 million ($14 million after tax) and $203 million ($180 million after tax) of non-recoverable merger costs were expensed in 2002, 2001 and 2000. Such costs included transaction and transition costs not recoverable from ratepayers. Also included in the merger costs were non-recoverable changes in control payments. Merger transaction and transition costs of $52 million recoverable from ratepayers were deferred pursuant to state regulator approved settlement agreements through December 31, 2002. The deferred merger costs are being amortized over five to eight year recovery periods, depending on the specific terms of the settlement agreements, with the amortization ($8 million, $8 million and $4 million for the years 2002, 2001 and 2000) included in depreciation and amortization expense.

The following tables show the deferred merger cost and amortization expense of the applicable subsidiary registrants:

	Merger Cost Deferral at December 31, 2002	Amortization Expense for the Year Ended December 31, 2002
	(in millions)	
I&M	$8.2	$1.7
KPCo	2.9	0.6
PSO	5.0	1.6
SWEPCo	3.9	1.1
TCC	9.1	2.6
TNC	2.7	0.8

	Merger Cost Deferral at December 31, 2001	Amortization Expense for the Year Ended December 31, 2001
	(in millions)	
I&M	$ 9.1	$1.7
KPCo	3.2	0.6
PSO	6.6	1.2
SWEPCo	5.0	1.1
TCC	11.8	2.6
TNC	3.5	0.8

	Merger Cost Deferral at December 31, 2000	Amortization Expense for the Year Ended December 31, 2000
	(in millions)	
I&M	$ 6.9	$0.7
KPCo	2.5	0.3
PSO	7.9	0.5
SWEPCo	6.1	0.5
TCC	14.4	1.3
TNC	4.2	0.4

Merger transition costs are expected to continue to be incurred for several years after the merger and will be expensed or deferred for amortization as appropriate. As hereinafter summarized, the state settlement agreements provide for, among other things, a sharing of net merger savings with certain regulated customers over periods of up to eight years through rate reductions which began in the third quarter of 2000.

Summary of key provisions of Merger Rate Agreements:

State/Company	Ratemaking Provisions
Texas - SWEPCo, TCC, TNC	$221 million rate reduction over 6 years. No base rate increases for 3 years post merger.
Indiana - I&M	$67 million rate reduction over 8 years. Extension of base rate freeze until January 1, 2005. Requires additional annual deposits of $6 million to the nuclear decommissioning trust fund for the years 2001 through 2003.
Michigan - I&M	Customer billing credits of approximately $14 million over 8 years. Extension of base rate freeze until January 1, 2005.
Kentucky - KPCo	Rate reductions of approximately $28 million over 8 years. No base rate increases for 3 years post merger.
Oklahoma - PSO	Rate reductions of approximately $28 million over 5 years. No base rate increase before January 1, 2003.
Arkansas - SWEPCo	Rate reductions of $6 million over 5 years.
Louisiana - SWEPCo	Rate reductions to share merger savings estimated to be $18 million over 8 years. Base rate cap until June 2005.

If actual merger savings are significantly less than the merger savings rate reductions required by the merger settlement agreements in the eight-year period following consummation of the merger, future results of operations, cash flows and possibly financial condition could be adversely affected.

See Note 9, "Commitments and Contingencies" for information on a court decision concerning the merger.

5. Nuclear Plant Restart:

I&M completed the restart of both units of the Cook Plant in 2000. Cook Plant is a 2,110 MW two-unit plant owned and operated by I&M under licenses granted by the NRC. I&M shut down both units of the Cook Plant, in September 1997, due to questions regarding the operability of certain safety systems that arose during a NRC architect engineer design inspection.

Settlement agreements in the Indiana and Michigan retail jurisdictions that address recovery of Cook Plant related outage costs were approved in 1999. The IURC approved a settlement agreement that resolved all matters related to the recovery of replacement energy fuel costs and all outage/restart costs and related issues during the extended outage of the Cook Plant. The MPSC approved a settlement agreement for two open Michigan power supply cost recovery reconciliation cases that resolved all issues related to the Cook Plant extended outage. The settlement agreements allowed:

- Deferral of $200 million of non-fuel nuclear operation and maintenance (O&M) costs for amortization over five years ending December 31, 2003,
- Deferral of certain unrecovered fuel and power supply costs for amortization over five years ending December 31, 2003,
- A freeze in base rates through December 31, 2003 and a fixed fuel recovery charge through March 1, 2004 in the Indiana jurisdiction,
- A freeze in base rates and fixed power supply costs recovery factors until January 1, 2004 for the Michigan jurisdiction.

The amount of costs and deferrals charged to other operation and maintenance expenses were as follows:

	Year Ended December 31,		
	2002	2001	2000
Costs Incurred	$-	$ 1	$297
Amortization of Deferrals	40	40	40
Charged to O&M Expense	$40	$41	$337

At December 31, 2002 and 2001, deferred O&M costs of $40 million and $80 million, respectively, remained in Regulatory Assets to be amortized through 2003. Also pursuant to the settlement agreements, accrued fuel-related revenues of $38 million were amortized as a reduction of revenues in each of 2002, 2001 and 2000. At December 31, 2002 and 2001, fuel-related revenues of $37 million and $75 million, respectively, were included in Regulatory Assets and will be amortized through December 31, 2003 for both jurisdictions.

The amortization of O&M costs and fuel-related revenues deferred under Indiana and Michigan retail jurisdictional settlement agreements will adversely affect results of operations through December 31, 2003 when the amortization period ends. The annual amortization of O&M costs and fuel-related revenue deferrals is approximately $78 million.

6. Rate Matters:

Texas Fuel – Affecting AEP, SWEPCo, TCC and TNC

Prior to the start of retail competition in ERCOT on January 1, 2002, fuel recovery for Texas utilities was a multi-step procedure. When fuel costs changed, utilities filed with the PUCT for authority to adjust fuel factors. If a utility's prior fuel factors resulted in material over-recovery or under-recovery of fuel costs, the utility would also request a refund or surcharge factor to refund or collect those amounts. While fuel factors were intended to recover fuel costs, final settlement of these amounts was subject to reconciliation and approval by the PUCT.

Fuel reconciliation proceedings determine whether fuel costs incurred during the reconciliation period were reasonable and necessary. All fuel costs incurred since the prior reconciliation date are subject to PUCT review and approval. If material amounts are determined to be unreasonable and ordered to be refunded to customers, results of operations and cash flows would be negatively impacted.

According to Texas Restructuring Legislation, fuel cost in the Texas jurisdiction after 2001 is no longer subject to PUCT review and reconciliation. During 2002, TCC and TNC filed final fuel reconciliations with the PUCT to reconcile their fuel costs through the period ending December 31, 2001. The ultimate recovery of deferred fuel balances at December 31, 2001 will be decided as part of their 2004 true-up proceedings. See discussion of TCC and TNC fuel reconciliations below.

In October 2001, the PUCT delayed the start of customer choice in the SPP area of Texas. All of SWEPCo's Texas service territory and a small portion of TNC's service territory are in SPP. SWEPCo's existing Texas fuel cost recovery procedures will continue until competition begins. SWEPCo will continue to set fuel factors and determine final fuel costs in fuel reconciliation proceedings during the SPP delay period. The PUCT has ruled that TNC fuel factors in the SPP area will be based upon the price-to-beat fuel factors offered by the retail electric provider in the ERCOT portion of TNC's service territory. TNC transferred its SPP customers to Mutual Energy SWEPCo effective December 1, 2002. TNC filed in 2002 with the PUCT to determine the most appropriate method to reconcile fuel costs in TNC's SPP area and a decision is expected by mid 2003.

Under Texas restructuring, customer choice to select a retail electric provider began January 1, 2002. Sales to customers using 1 MW or less will be at fixed base rates during a transition period from 2002 through 2006. As discussed in Note 12 "Acquisitions, Dispositions and Discontinued Operations", AEP sold its Texas retail electric providers (REP) and their retail customers in December 2002.

The former AEP subsidiaries serving as REPs for the ERCOT area filed with the PUCT in May 2002 to increase the fuel portion of their price-to-beat rate in compliance with the Texas Restructuring Legislation and the PUCT's rules. The Texas legislation provides for the adjustment of the fuel portion of the rate up to twice annually to reflect significant changes in the market price of natural gas and purchased energy used to serve retail customers using NYMEX natural gas prices. On July 15, 2002, the PUCT required further hearings to reconsider the validity of their existing rules for fuel factor adjustments. On July 24, 2002, the Texas REPs filed a petition with the District Court seeking an injunction commanding the PUCT to proceed to a final order based on the existing rules and prohibiting the PUCT from conducting a remand proceeding. The District Court issued an order on August 9, 2002 requiring the PUCT to comply with the existing rules. On August 26, 2002, the PUCT issued an order approving a 22% increase to the fuel portion of the price-to-beat rates effective immediately for both REPs. The PUCT order approving the 22% increase has been appealed by parties opposing the price-to-beat adjustment. With the sale of the REPs to Centrica in December 2002, Centrica is responsible for these appeals. Any adverse ruling from the appeal could impact TCC and TNC by requiring refunds for the time period AEP served the retail customers prior to the sale to Centrica (January 2002 to December 2002).

TCC Fuel Reconciliation - Affecting AEP and TCC

In December 2002, TCC filed with the PUCT to reconcile fuel costs and to defer its over-recovery of fuel for inclusion in the 2004 true-up proceeding. This reconciliation for the period of July 1998 through December 2001 will be the final fuel reconciliation. At December 31, 2001, the over-recovery balance for TCC was $63.5 million including interest. During the reconciliation period, TCC incurred $1.6 billion of eligible fuel and fuel-related expenses. Recommendations from intervening parties are expected in April 2003 with hearings scheduled in May 2003. A final order is expected in late 2003. An adverse ruling from the PUCT could have a material impact on future results of operations, cash flows and financial condition. Additional information regarding the 2004 true-up proceeding for TCC can be found in Note 8 "Customer Choice and Industry Restructuring".

TNC Fuel Reconciliation – Affecting AEP and TNC

In June 2002, TNC filed with the PUCT to reconcile fuel costs and to defer any unrecovered portion applicable to retail sales within its ERCOT service area for inclusion in the 2004 true-up proceeding. This reconciliation for the period of July 2000 through December 2001 will be the final fuel reconciliation for TNC's ERCOT service territory. At December 31, 2001, the under-recovery balance associated with TNC's ERCOT service area was $27.5 million including interest. During the reconciliation period, TNC incurred $293.7 million of eligible fuel costs serving both ERCOT and SPP retail customers. TNC also requested authority to surcharge its SPP customers. TNC's SPP customers will continue to be subject to fuel reconciliations until competition begins in SPP. The under-recovery balance at December 31, 2001 for TNC's service within SPP was $0.7 million including interest.

In October 2002, the filing was split into two phases for hearing purposes. The first phase examined all components of the filing except for AEP trading activities and the associated margins that flow back to customers as an offset to fuel costs consistent with the PUCT - approved Texas merger settlement. Intervenors filed testimony in the first phase recommending that up to $25 million of TNC's requested retail eligible fuel recovery be disallowed and hearings were held on October 23, 2002. TNC disputed the recommendations. On October 21, 2002, the PUCT Staff and Office of Public Utility Counsel (OPC) filed a joint Motion for Summary Decision related to the second phase issue and requested that approximately $18.5 million of TNC's retail eligible fuel recovery be disallowed without a hearing. On November 8, 2002, the administrative law judges (ALJs) in the case denied the motion. The intervenors filed testimony on October 29, 2002 in the second phase recommending that up to $34 million of TNC's requested retail eligible fuel recovery be disallowed. The intervenors recommended disallowance includes the amount sought in the October 21 Motion for Summary Decision. The total intervenor recommended retail disallowance is approximately $59 million. Hearings for the second phase were held on November 13-14, 2002. On February 3, 2003, TNC filed a motion to reopen the evidentiary record and include a decrease to retail eligible fuel costs of $1.3 million, including interest, to reflect final resettlement revenues and expenses from ERCOT for the period August through December 2001 (see discussion in Fuel and Purchased Power below). The PUCT is expected to issue a final order in this case by mid 2003. An adverse ruling from the PUCT could have a material impact on future results of operations, cash flows and financial condition.

ERCOT Over-scheduling – Affecting AEP, TCC and TNC

ERCOT began serving as a central control center for all of ERCOT at the end of July 2001 when ERCOT became a single control area. Qualified scheduling entities (QSE) schedule loads and resources for ERCOT market participants including power generation companies and retail electric providers. In August 2001, ERCOT incurred substantial costs for managing transmission in its north zone. The costs incurred by ERCOT to manage congestion are shared by all ERCOT QSEs. In late 2001, the PUCT initiated an investigation of the impact of scheduling of electric loads and resources by QSEs during August 2001. The PUCT's investigation determined that a substantial amount of the congestion charges were the result of QSEs, including AEP's QSE, scheduling more resources than required to meet their actual load requirements in the ERCOT north zone. AEP's QSE over-scheduled resources due to an error in the allocation of estimated load requirements between ERCOT congestion zones. Pursuant to the PUCT's investigation, QSEs, including AEP's QSE, agreed to a settlement that provides for the refund of payments received for adjusting resource schedules for congestion. The settlement was approved by the PUCT in November 2002. The settlement recognizes that the scheduling errors were associated with the start up of the ERCOT competitive market. AEP's QSE paid $3.2 million to ERCOT and received $1.7 million from ERCOT in congestion refunds for a net payment of $1.5 million. Payments were assigned to TNC and the refunds were allocated to TCC and TNC. TNC incurred a net cost of $2.8 million and TCC received a refund of $1.3 million. The TNC payment and TCC refund have been reflected in the final fuel reconciliation filings for each company. However, intervening parties have objected to the inclusion of the TNC payment in its final fuel reconciliation. Recommendations from intervening parties in the TCC proceeding are not expected until April 2003. An adverse ruling from the PUCT would impact future results of operations, cash flows and financial condition.

Texas Transmission Rates - Affecting AEP, TCC and TNC

On June 28, 2001, the Supreme Court of Texas ruled that the transmission pricing mechanism created by the PUCT in 1996 and used for the period January 1, 1997 through August 31, 1999 was invalid. The court upheld an appeal filed by unaffiliated Texas utilities that the PUCT exceeded its statutory authority to set such rates during that period. TCC and TNC were not parties to the case. However, the companies' transmission sales and purchases were priced using the invalid rates. It is unclear what action the PUCT will take to respond to the court's ruling. If the PUCT changes rates retroactively, the result could have a material unfavorable impact on results of operations and cash flows for TCC and TNC.

FERC Wholesale Fuel Complaints – Affecting AEP and TNC

In May 2000, certain TNC wholesale customers filed a complaint with FERC alleging that TNC had overcharged them through the fuel adjustment clause for certain purchased power costs related to 1999 unplanned outages at TNC's Oklaunion generation station. In November 2001, certain TNC wholesale customers filed an additional complaint at FERC asserting that since 1997 TNC had billed wholesale customers for not only the 1999 Oklaunion outage costs, but also certain additional costs that are not permissible under the fuel adjustment clause.

In December 2001, FERC issued an order requiring TNC to refund, with interest, amounts associated with the May 2000 complaint that were previously billed to wholesale customers. The effects of this order were recorded in 2001. In response to the November 2001 complaint, negotiations to settle the complaint and update the contracts are continuing. In March 2002, TNC recorded a provision for refund of $2.2 million before income taxes. The actual refund and final resolution of this matter could differ materially from this estimate and may have a negative impact on future results of operations, cash flows and financial condition.

FERC Transmission Rates – Affecting AEP, PSO, SWEPCo, TCC and TNC

In November 2001, FERC issued an order resulting from a remand by an appeals court of a tariff compliance filing order issued in 1998 that had been appealed by certain customers. The order required PSO, SWEPCo, TCC and TNC to submit revised open access transmission tariffs and calculate and issue refunds for overcharges from January 1, 1997. In July 2002, FERC approved a revised open access transmission tariff and refunds of $1.3 million were issued to unaffiliated entities.

Under FERC rules, the new tariffs resulted in a reallocation of previously received transmission revenues among affiliates resulting in the following income statement impact:

	Increase (Decrease) Revenues		
	2001	2002	Total
	(in millions)		
PSO	$ 2.8	$ 2.5	$ 5.3
SWEPCo	3.2	2.8	6.0
TCC	(6.0)	(2.8)	(8.8)
TNC	(2.6)	(1.2)	(3.8)
AEP Total	$(2.6)	$ 1.3	$(1.3)

Fuel and Purchased Power – Affecting AEP, PSO, SWEPCo, TCC and TNC

PSO has Under-Recovered Fuel Costs of $75.7 million at December 31, 2002, representing fuel and purchased power costs recorded but not yet collected from retail customers in Oklahoma. The first significant item causing the under-recovery is approximately $44 million in reallocation of purchased power costs for periods prior to January 1, 2002, as described below. The other significant item impacting the under-recovered fuel costs are natural gas price increases that were not expected when PSO set its quarterly factors during 2002. The Corporation Commission of the State of Oklahoma (OCC) is currently reviewing the reasons for the large under-recovered balance.

The AEP West electric operating companies' power is dispatched real-time on an economic basis and is later allocated among the AEP West electric operating companies using the Interchange Cost Reconstruction (ICR) system based on dispatch information from internal and external sources. ICR is designed to allocate the cost of power under the terms and conditions of the AEP West Operating Agreement. During 2002, two ICR adjustments were made. The adjustments were related to a 2002 true-up and a reallocation of years prior to 2002.

During the third quarter of 2002, AEP reallocated purchased power costs among the four AEP West electric operating companies for the periods prior to January 1, 2002 (the ICR Adjustments). The effects of the reallocation on pre-tax income were insignificant to PSO and TCC and increased pre-tax income at SWEPCo and TNC by $2.4 million and $1.9 million, respectively.

The formation of the ERCOT single control zone increased the need for data estimation and true-up which has resulted in extended true-up periods associated with allocations being performed on estimated data. ERCOT can make adjustments to companies' settlements for up to six months. A true-up process for 2002 was completed and recorded in the fourth quarter of 2002 resulting in insignificant changes in PSO's and SWEPCo's pre-tax income. TCC's pre-tax income was reduced by $3.7 million and TNC's pre-tax income was increased by $4.8 million. As ERCOT notifies TCC and TNC of further adjustments, they will be recorded.

PSO implemented new fuel rates in December 2002 following the OCC's review and approval. The new fuel factors were designed to recover estimated fuel costs for the next three months and to begin recovery of the under-recovered amount. Recovery of the under-recovered amount is expected to occur over several months and is subject to OCC review and approval.

For SWEPCo, the true-up process described above and the ICR Adjustments resulted in a net increase in fuel costs recoverable from customers of $8 million included in Regulatory Assets on AEP's and SWEPCo's Consolidated Balance Sheets. The amount is recoverable from customers pursuant to the applicable fuel recovery mechanisms and review of the state regulatory commissions in Arkansas, Louisiana and Texas.

To the extent the OCC and/or the AEP West Commissions regulating SWEPCo do not permit recovery of the revised fuel and purchased power costs, there could be an adverse effect on results of operations and cash flows.

PSO Rate Review – Affecting AEP and PSO

In February 2003, the Director of the OCC filed an application requiring PSO to file all documents necessary for a general rate review before August 1, 2003. Management is unable to predict the result of this review as the documents and data have not been assembled.

Louisiana Compliance Filing – Affecting AEP and SWEPCo

On October 15, 2002, SWEPCo filed with the Louisiana Public Service Commission (LPSC) detailed financial information typically utilized in a revenue requirement filing, including a jurisdictional cost of service. This filing was required by the LPSC as a result of their order approving the merger between AEP and CSW. The LPSC's merger order also provides that SWEPCo's base rates are capped at the present level through mid 2005. The filing indicates that SWEPCo's current rates should not be reduced. If the LPSC disagrees with our conclusion, they could order SWEPCo to file all documents for a full cost of service revenue requirement review in order to determine whether SWEPCo's capped rates should be reduced which would adversely impact results of operations and cash flows.

FERC Long-term Contracts – Affecting AEP and AEP East and AEP West companies

In September 2002, the FERC voted to hold hearings to consider requests from certain wholesale customers located in Nevada and Washington to break long-term contracts which they allege are "high-priced". At issue are long-term contracts entered during the California energy price spike in 2000 and 2001. The complaints allege that AEP sold power at unjust and unreasonable prices. The FERC delayed hearings to allow the parties to hold settlement discussions. In January 2003, the FERC settlement judge assigned to the case indicated that the parties' settlement efforts were not progressing and he recommended that the complaint be placed back on the schedule for a hearing. In February 2003, AEP and one of our customers agreed to terminate their contract with the customer withdrawing its FERC complaint.

In a similar complaint, a FERC administrative law judge (ALJ) ruled in favor of AEP and dismissed, in December 2002, a complaint filed by two Nevada utilities. In 2000 and 2001, AEP agreed to sell power to the utilities for future delivery. In late 2001, the utilities filed complaints that the prices for power supplied under those contracts should be lowered because the market for power was allegedly dysfunctional at the time such contracts were entered. The ALJ rejected the utilities' complaint, held that the markets for future delivery were not dysfunctional, and that the utilities had failed to demonstrate that the public interest required that changes be made to the contracts. The ALJ's order is preliminary and is subject to review by the FERC. The FERC will likely rule on the ALJ's order in 2003. Management is unable to predict the outcome of these proceedings or their impact on results of operations.

Environmental Surcharge Filing – Affecting AEP and KPCo

In September 2002, KPCo filed with the KPSC to revise its environmental surcharge tariff to recover the cost of emissions control equipment being installed at Big Sandy Plant. See NOx Reductions in Note 9 "Commitments and Contingencies".

The surcharge request, as filed, would increase annual revenues by approximately $21 million and must be approved by the KPSC before its inclusion in customers' bills. If the KPSC does not approve an increase in the environmental surcharge, results of operations and cash flows would be negatively impacted.

7. Effects of Regulation:

In accordance with SFAS 71 the consolidated financial statements include regulatory assets (deferred expenses) and regulatory liabilities (deferred revenues) recorded in accordance with regulatory actions in order to match expenses and revenues from cost-based rates in the same accounting period. Regulatory assets are expected to be recovered in future periods through the rate-making process and regulatory liabilities are expected to reduce future cost recoveries. Among other things, application of SFAS 71 requires that the AEP System's regulated rates be cost-based and the recovery of regulatory assets be probable. Management has reviewed all the evidence currently available and concluded that the requirements to apply SFAS 71 continue to be met for all electric operations in Indiana, Kentucky, Louisiana, Michigan, Oklahoma and Tennessee.

When the generation portion of the business in Arkansas, Ohio, Texas, Virginia and West Virginia no longer met the requirements to apply SFAS 71, net regulatory assets were written off for that portion of the business unless they were determined to be recoverable as a stranded cost through regulated distribution rates or wire charges in accordance with SFAS 101 and EITF 97-4. In the Ohio and West Virginia jurisdictions generation-related regulatory assets that are recoverable through transition rates have been transferred to the distribution portion of the business and are being amortized as they are recovered through charges to regulated distribution customers. These assets are classified as "transition regulatory assets". As discussed in Note 8, "Customer Choice and Industry Restructuring" the Virginia SCC ordered the generation-related regulatory assets in the Virginia jurisdiction to remain with the generation portion of the business. Generation-related regulatory assets in the Virginia jurisdiction are being amortized concurrent with their recovery through capped rates. These assets are also classified as "transition regulatory assets." The Texas jurisdiction generation-related regulatory assets that are eligible for recovery through securitization have been classified as "regulatory assets designated for or subject to securitization." See Note 8 "Customer Choice and Industry Restructuring" for further details.

AEP's recognized regulatory assets and liabilities are comprised of the following at:

	December 31, 2002	December 31, 2001
	(in millions)	
Regulatory Assets:		
Amounts Due From Customers For Future Income Taxes	$ 791	$ 814
Transition Regulatory Assets	743	847
Regulatory Assets Designated for or Subject to Securitization	336	959
Texas Wholesale Clawback (a)	262	-
Deferred Fuel Costs	143	139
Unamortized Loss on Reacquired Debt	83	99
Cook Plant Restart Costs	40	80
DOE Decontamination and Decommissioning Assessment	26	31
Other	264	193
Total Regulatory Assets	$2,688	$3,162
Regulatory Liabilities:		
Deferred Investment Tax Credits	$ 455	$ 491
Texas Retail Clawback (a)	66	-
Other	419	393
Total Regulatory Liabilities	$ 940	$ 884

(a) See "Texas Restructuring" section of Note 8.

The recognized regulatory assets and liabilities for the registrant subsidiaries are of two types: those earning a return and those not earning a return. Items not earning a return have their recovery period end date indicated. Regulatory assets and liabilities are comprised of the following items:

	AEGCo 2002	AEGCo 2001	AEGCo Recovery/Refund Period	APCo 2002	APCo 2001	APCo Recovery/Refund Period
	(in thousands)					
Regulatory Assets:						
Amounts Due From Customers For Future Income Taxes				$209,884	$189,794	Note 1
Transition - Regulatory Assets Virginia				39,670	46,981	Jun. 2007
Transition - Regulatory Assets West Virginia				119,038	127,998	Jun. 2011
Deferred Fuel Costs				5,367	11,732	
Unamortized Loss on Reacquired Debt	$ 4,970	$ 5,207	Note 2	9,147	10,421	Note 2
Deferred Storm Damage				-	6	
Other				12,447	10,451	Note 3
Total Regulatory Assets	$ 4,970	$ 5,207		$395,553	$397,383	
Regulatory Liabilities:						
Deferred Investment Tax Credits	$52,943	$56,304	Note 4	$ 33,691	$ 38,328	Note 4
WV Rate Stabilization				75,601	75,601	Note 5
Amounts Due To Customers For Future Income Taxes	16,670	22,725	Note 1			
Other				72	112	Note 3
Total Regulatory Liabilities	$69,613	$79,029		$109,364	$114,041	

Note 1: This amount fluctuates from month to month and has no fixed recovery/refund period.
Note 2: Unamortized loss on reacquired debt varies in its recovery period for each registrant and ranges from one to thirty-six years recovery period across all registrants.
Note 3: Other may include items not earning a return and would have various recovery/refund periods.
Note 4: Generally amortized over the life of the related plant assets as approved by the various state commissions.
Note 5: Amortization will be determined by the WVPSC to offset market prices.

	CSPCo 2002	CSPCo 2001	Recovery/ Refund Period	I&M 2002	I&M 2001	Recovery/ Refund Period
			(in thousands)			
Regulatory Assets:						
Amounts Due From Customers For Future Income Taxes	$ 26,290	$ 28,361	Note 1	$163,928	$171,605	Note 1
Transition - Regulatory Assets	204,961	223,830	Dec. 2008			
Deferred Fuel Costs				37,501	75,002	Dec. 2003
Unamortized Loss on Reacquired Debt	5,978	7,010	Note 2	14,994	16,255	Note 2
Cook Plant Restart Costs				40,000	80,000	Dec. 2003
Incremental Nuclear Refueling Outage Expenses (Net)				29,572	2,995	Note 5
DOE Decontamination and Decommissioning Assessment				23,375	27,784	Dec. 2008
Other	20,453	3,066	Note 3	38,842	35,286	Note 3
Total Regulatory Assets	$257,682	$262,267		$348,212	$408,927	
Regulatory Liabilities:						
Deferred Investment Tax Credits	$ 33,907	$ 37,176	Note 4	$ 97,709	$105,449	Note 4
Other	-	31	Note 3	65,983	52,479	Note 3
Total Regulatory Liabilities	$ 33,907	$ 37,207		$163,692	$157,928	

Note 1: This amount fluctuates from month to month and has no fixed recovery period.
Note 2: Unamortized loss on reacquired debt varies in its recovery period for each registrant and ranges from one to thirty-six years recovery period across all registrants.
Note 3: Other may include items not earning a return and would have various recovery/refund periods.
Note 4: Generally amortized over the life of the related plant assets as approved by the various state commissions.
Note 5: Amortized over the period beginning with the commencement of an outage and ending with the beginning of the next outage.

	KPCo 2002	KPCo 2001	Recovery/ Refund Period	OPCo 2002	OPCo 2001	Recovery/ Refund Period
			(in thousands)			
Regulatory Assets:						
Amounts Due From Customers For Future Income Taxes	$ 87,261	$83,027	Note 1	$165,106	$186,740	Note 1
Transition - Regulatory Assets				375,409	442,707	Dec. 2007
Deferred Fuel Costs	-	1,542				
Unamortized Loss on Reacquired Debt	152	51	Note 2	4,899	5,502	Note 2
Other	14,563	13,072	Note 3	23,227	9,676	Note 3
Total Regulatory Assets	$101,976	$97,692		$568,641	$644,625	
Regulatory Liabilities:						
Deferred Investment Tax Credits	$ 9,165	$10,405	Note 4	$ 18,748	$ 21,925	Note 4
Other	12,152	6,551	Note 3	1,237	1,237	Note 3
Total Regulatory Liabilities	$ 21,317	$16,956		$ 19,985	$ 23,162	

Note 1: This amount fluctuates from month to month and has no fixed recovery period.
Note 2: Unamortized loss on reacquired debt varies in its recovery period for each registrant and ranges from one to thirty-six years recovery period across all registrants.
Note 3: Other may include items not earning a return and would have various recovery/refund periods.
Note 4: Generally amortized over the life of the related plant assets as approved by the various state commissions.

	PSO			SWEPCo		
	2002	2001	Recovery/ Refund Period	2002	2001	Recovery/ Refund Period
	(in thousands)					
Regulatory Assets:						
Amounts Due From Customers For Future Income Taxes				$ 19,855	$ 16,532	Note 1
Deferred Fuel Costs	$ 76,470	$ 756	Note 1	2,865	8,839	Note 1
Unamortized Loss on Reacquired Debt	11,138	12,381	Note 2	17,031	20,045	Note 2
Other	15,012	22,683	Note 3	12,347	15,731	Note 3
Total Regulatory Assets	$102,620	$35,820		$ 52,098	$ 61,147	
Regulatory Liabilities:						
Deferred Investment Tax Credits	$ 32,201	$33,992	Note 4	$ 44,190	$ 48,714	Note 4
Ammounts Due To Customers For Future Income Taxes	27,893	26,085	Note 1			
Deferred Fuel Costs	-	9,476	Note 1	17,226	5,487	Note 1
Other	4,391	22,444	Note 3	7,094	10,889	Note 3
Total Regulatory Liabilities	$ 64,485	$91,997		$ 68,510	$ 65,090	

Note 1: This amount fluctuates from month to month and has no fixed recovery/refund period.
Note 2: Unamortized loss on reacquired debt varies in its recovery period for each registrant and ranges from one to thirty-six years recovery period across all registrants.
Note 3: Other may include items not earning a return and would have various recovery/refund periods.
Note 4: Generally amortized over the life of the related plant assets as approved by the various state commissions.

	TCC			TNC		
	2002	2001	Recovery/ Refund Period	2002	2001	Recovery/ Refund Period
	(in thousands)					
Regulatory Assets:						
Amounts Due From Customers For Future Income Taxes	$162,247	$ 200,496	Note 1			
Regulatory Assets - Designated For or Subject To Securitization	336,444	959,294	Note 5			
Deferred Fuel Costs				$26,680	$ 40,389	Note 5
Texas Wholesale Clawback	262,000	-	Note 5			
Unamortized Loss on Reacquired Debt	8,661	11,186	Note 2	3,283	8,272	Note 2
Deferred Debt - Restructuring	13,324	-	Note 2	10,134	-	Note 2
DOE Decontamination and Decommissioning Assessment	3,170	3,170	Dec. 2004			
Other	9,150	11,960	Note 3	5,000	5,461	Note 3
Total Regulatory Assets	$794,996	$1,186,106		$45,097	$ 54,122	
Regulatory Liabilities:						
Deferred Investment Tax Credits	$117,686	$ 122,892	Note 4	$21,510	$ 22,781	Note 4
Deferred Fuel Costs	69,026	52,572	Note 5			
Texas Retail Clawback	51,926	-	Note 5	14,328	-	Note 5
Over - Recovery of Transition Changes	20,870	-	Jan. 2016			
Purchased Power Conservation	9,560	-	Note 1			
Excess Earnings	46,111	62,852	Note 5	17,419	17,300	Note 4
Ammounts Due To Customers For Future Income Taxes				12,280	13,591	Note 1
Other	6	6	Note 3	7,285	5,775	Note 3
Total Regulatory Liabilities	$315,185	$ 238,322		$72,822	$ 59,447	

Note 1: This amount fluctuates from month to month or year to year and has no fixed recovery/refund period.
Note 2: Unamortized loss on reacquired debt varies in its recovery period for each registrant and ranges from one to thirty-seven years recovery period across all registrants.
Note 3: Other may include items not earning a return and would have various recovery/refund periods.
Note 4: Generally amortized over the life of the related plant assets as approved by the various state commissions.
Note 5: Includable in TCC's and TNC's PUCT 2004 true-up proceedings. See "Texas Restructuring" section of Note 8.

8. Customer Choice and Industry Restructuring:

Customer choice allowing retail customers to select alternative generation suppliers began on January 1, 2001 in Ohio and on January 1, 2002 in Michigan, Virginia and in the ERCOT area of Texas. Customer choice in the SPP area of Texas, also scheduled to begin on January 1, 2002, was delayed by the PUCT. AEP's subsidiaries operate in both the ERCOT and SPP areas of Texas.

Implementation of legislation enacted in Arkansas, Oklahoma and West Virginia to allow retail customers to choose their electricity supplier has been delayed or repealed. In 2001, Oklahoma delayed implementation of customer choice indefinitely. In February 2003, the Arkansas General Assembly passed legislation that repealed customer choice legislation, which is currently awaiting signature by the Govenor of Arkansas. Before West Virginia's choice plan can be effective, tax legislation must be passed to continue consistent funding for state and local governments. No further legislation has been introduced related to restructuring in West Virginia.

In general, state restructuring legislation provides for a transition from cost-based rate regulated bundled electric service to unbundled cost-based rates for transmission and distribution service and market pricing for the supply of electricity with customer choice of supplier.

Ohio Restructuring – Affecting AEP, CSPCo and OPCo

Customer choice of electricity supplier and restructuring began on January 1, 2001, under the Ohio Act. At January 1, 2003, virtually all customers continue to receive supply service from CSPCo and OPCo with a legislatively required residential generation rate reduction of 5%. All customers continue to be served by CSPCo and OPCo for transmission and distribution services.

The Ohio Act provided for a five-year transition period to move from cost-based rates to market pricing for electric generation supply services. It granted the PUCO broad oversight responsibility for promulgation of rules for competitive retail electric generation service and approval of a transition plan for each electric utility company, changed the taxation of electric companies and addressed certain major transition issues including unbundling of rates and the recovery of stranded costs including regulatory assets and transition costs.

In 1999 CSPCo and OPCo filed transition plans. After negotiations with interested parties including the PUCO staff, the PUCO approved a stipulation agreement for CSPCo's and OPCo's transition plans. The approved plans included, among other things, recovery of generation-related regulatory assets over seven years for OPCo and over eight years for CSPCo through frozen transition rates for the first five years of the recovery period and through a wires charge for the remaining years. At December 31, 2002, the remaining amount of regulatory assets to be amortized as recovered was $375 million for OPCo and $205 million for CSPCo.

By provisions of the Ohio Act on May 1, 2001, electric distribution companies became subject to an excise tax based on KWH sold to Ohio customers. The last tax year for which Ohio electric utilities paid the excise tax based on gross receipts was May 1, 2001 through April 30, 2002. As required by law, the gross receipts tax is paid in advance of the tax year for which the utility exercises its privilege to conduct business. CSPCo and OPCo treated the tax payment as a prepaid expense and amortized it to expense during the privilege year.

The stipulation agreement also required the PUCO to consider implementation of a gross receipts tax credit rider as the parties could not reach an agreement. Following a hearing on the gross receipts tax issue, the PUCO ordered the gross receipts tax credit rider to be effective May 1, 2001 instead of May 1, 2002 as proposed by the companies. On April 3, 2002, the Ohio Supreme Court rejected the companies' arguments and affirmed the PUCO's order which established the effective date of tax credit riders in rates. This ruling had no impact on 2002 results of operations as the companies had recorded an extraordinary loss ($30 million for CSPCo and $18 million for OPCo, both amounts net of tax) in 2001.

On June 27, 2002, the Ohio Consumers' Counsel, Industrial Energy Users – Ohio and American Municipal Power – Ohio filed a complaint with the PUCO alleging that CSPCo and OPCo have violated the PUCO's orders regarding implementation of their transition plan and violated other applicable law by failing to participate in an RTO.

The complainants seek, among other relief, an order from the PUCO suspending collection of transition charges by CSPCo and OPCo until transfer of control of their transmission assets has occurred, pricing standard offer electric generation effective January 1, 2006 at the market price used by the companies in their 1999 transition plan filings to estimate transition costs and imposing a $25,000 per company forfeiture for each day AEP fails to comply with its commitment to transfer control of transmission assets to an RTO.

Due to the FERC's reversal of its previous approval of our RTO filings, CSPCo and OPCo have been delayed in the implementation of their RTO participation plans. We continue to pursue integration of CSPCo, OPCo and other AEP East companies into PJM. In this regard on December 19, 2002, the companies filed an application with PUCO for approval of the transfer of functional control over certain of their transmission facilities to PJM. Management is unable to predict the timing of FERC's final approval of RTOs, the timing of an RTO being operational or the outcome of these proceedings before the PUCO.

In October 2002, the PUCO initiated an investigation of the financial condition of Ohio's regulated public utilities. The PUCO's goal is to identify measures available to the PUCO to ensure that the regulated operations of Ohio's public utilities are not impacted by adverse financial consequences of parent or affiliate company unregulated operations and take appropriate corrective action, if necessary. The utilities and other interested parties were requested to provide comments and suggestions by November 12, 2002, with reply comments by November 22, 2002, on the type of information necessary to accomplish the stated goals, the means to gather the required information from the public utilities and potential courses of action that the PUCO could take. Management is unable to predict the outcome of the PUCO's investigation or its impact on results of operations and business practices, if any.

Virginia Restructuring – Affecting AEP and APCo

In Virginia, choice of electricity supplier for retail customers began on January 1, 2002 under its restructuring law. Presently, APCo continues to service all its previous customers under capped rates. A finding by the Virginia SCC that an effective competitive market exists would be required to end the transition period prior to its scheduled end on June 30, 2007.

The restructuring law provides an opportunity for recovery of just and reasonable net stranded generation costs. The mechanisms in the Virginia law for net stranded cost recovery are: a capping of rates until as late as July 1, 2007, and the application of a wires charge upon customers who depart the incumbent utility in favor of an alternative supplier prior to the termination of the rate cap. Capped rates are the rates in effect at July 1, 1999 if no rate change request was made by the utility. APCo did not request new rates. Virginia's restructuring law does not permit the Virginia SCC to change generation rates during the transition period except for changes in fuel costs, changes in state gross receipts taxes, or to address financial distress of the utility.

In July 2002, APCo filed with the Virginia SCC requesting an increase in fuel rates effective January 1, 2003. A public hearing was held on September 23, 2002 related to this filing. On November 8, 2002, a decision was issued in this proceeding approving an annual increase of approximately $24 million.

The Virginia restructuring law also required filings to be made that outline the functional separation of generation from transmission and distribution and a rate unbundling plan. In January 2001 APCo filed its corporate separation plan and rate unbundling plan with the Virginia SCC. The Virginia SCC approved settlement agreements that resolved most issues except the assignment of generation–related regulatory assets among functionally separated generation, transmission and distribution organizations. The Virginia SCC determined that generation–related regulatory assets and related amortization expense should be assigned to APCo's generation function. Presently, capped rates are sufficient to recover generation–related regulatory assets. Therefore, management determined that recovery of APCo's generation–related regulatory assets remains probable. APCo did not and will not collect a wires charge in 2002 or 2003, respectively. The settlement agreements and related Virginia SCC order addressed functional separation leaving decisions related to corporate separation for later consideration.

Texas Restructuring – Affecting AEP, SWEPCo, TCC and TNC

In preparation for the start of competition in Texas, CPL, SWEPCo, and WTU, the integrated electric utility companies operating in Texas, were required to make PUCT filings and legal and operational changes to their business. AEP formed new subsidiaries, Mutual Energy CPL L.P. and Mutual Energy WTU L.P., to act as retail electric providers (REP) in Texas beginning on January 1, 2002, the effective date of customer choice in Texas. The CPL and WTU names continued to be used by the registrant subsidiaries which owned the generation, transmission and distribution assets located in the ERCOT areas of Texas and WTU's entire operations in SPP throughout most of 2002. In December 2002, WTU transferred its SPP retail customers to Mutual Energy SWEPCO L.P. AEP sold the new subsidiaries that serve ERCOT retail customers to Centrica in December 2002, along with the Central Power and Light and West Texas Utilities brand names. CPL and WTU changed their names to AEP Texas Central Company (TCC) and AEP Texas North Company (TNC), respectively.

On January 1, 2002, customer choice of electricity supplier began in the ERCOT area of Texas. Customer choice has been delayed in other areas of Texas including the SPP area. All of SWEPCo's Texas service territory and a small portion of TNC's service territory are located in the SPP. TCC operates entirely in the ERCOT area of Texas.

Texas restructuring legislation, among other things:

- provides for the recovery of regulatory assets and other stranded costs through securitization and non-bypassable wires charges;
- requires reductions in NOx and sulfur dioxide emissions;
- provides for an earnings test for each of the years 1999 through 2001 which will reduce stranded cost recoveries or if there is no stranded cost, provides for a refund or their use to fund certain capital expenditures;
- requires each utility to structurally unbundle into a retail electric provider, a power generation company and a transmission and distribution utility;
- provides for certain limits for ownership and control of generating capacity by companies and;
- provides for a 2004 true-up proceeding to quantify and reconcile the amount of stranded costs, final fuel balances, net regulatory assets, certain environmental costs, accumulated excess earnings, excess of price-to-beat revenues over market prices subject to certain conditions and limitations (Retail clawback), and the difference between the price of power obtained through the legislatively-mandated capacity auctions and the power costs used in the PUCT's ECOM model for 2002 and 2003 (Wholesale clawback) and other issues.

Under the Texas Legislation, electric utilities were required to submit a plan to structurally unbundle business activities into a retail electric provider, a power generation company and a transmission and distribution (T&D) utility. In 2000, SWEPCo, TCC and TNC filed their business separation plans with the PUCT. The PUCT approved the plans for TCC and TNC but determined that competition in the SPP areas of Texas should be delayed indefinitely and abated SWEPCo's plan.

Operations for TCC and TNC have been functionally separated consistent with the approved plans. The delivery of electricity in ERCOT continues to be the responsibility of TCC and TNC at regulated prices.

Texas Legislation provides electric utilities an opportunity to recover regulatory assets and stranded costs resulting from the unbundling of the T&D utility from the generation facilities. Stranded costs are the difference between regulatory net book value of generation assets and the market value of the assets based on one of several methodologies authorized by the Texas Legislation. Stranded costs can be refinanced through securitization (a financing structure designed to provide lower financing costs than are available through conventional financings).

In 1999, TCC filed with the PUCT to securitize $1.27 billion of its retail generation-related regulatory assets and $47 million in other qualified restructuring costs. The PUCT authorized the issuance of up to $797 million of securitization bonds ($949 million of generation-related regulatory assets and $33 million of qualified refinancing costs offset by $185 million of customer benefits for accumulated deferred income taxes). TCC issued its securitization bonds in February 2002. The annual cost of the bonds are recovered through a PUCT approved transition charge in distribution rates.

TCC included regulatory assets not approved for securitization in its request for recovery of $1.1 billion of stranded costs. The $1.1 billion request included $800 million of STP costs included in Property, Plant and Equipment-Electric Production on AEP's Consolidated Balance Sheets. These STP costs had previously been identified as excess cost over market (ECOM) by the PUCT for regulatory purposes. They were earning a lower return and being amortized on an accelerated basis for rate-making purposes.

After hearings on the issue of stranded costs, the PUCT ruled, in October 2001, that its current estimate of TCC's stranded costs was negative $615 million. TCC disagreed with the ruling (see discussion of appeal ruling below). The ruling indicated that TCC's costs were below market after securitization of regulatory assets. The final amount of TCC's stranded costs including regulatory assets and ECOM will be established by the PUCT in the 2004 true-up proceeding. If TCC's total stranded costs determined in the 2004 true-up are less than the amount of securitized regulatory assets, the PUCT can implement an offsetting credit to transmission and distribution rates.

The Texas Legislation allows for several alternative methods to be used to value stranded costs in the final 2004 true-up proceeding including the sale or exchange of generation assets, stock valuation or the use of an ECOM model.

TCC decided to obtain a market value of generating assets for purposes of determining stranded costs for the 2004 true-up proceeding and filed a plan of divestiture with the PUCT, in December 2002, seeking approval of a sales process for all of its generating facilities. Such sales quantify the actual stranded costs. The amount of stranded costs under this market valuation methodology will be the amount by which net book value of TCC's generating assets, including regulatory assets and liabilities that were not securitized, exceeds the market value of the generation assets as measured by the net proceeds from the sale of the assets. It is anticipated that any such sale will result in significant stranded costs for purposes of the 2004 true-up proceeding. The filing included a request for the PUCT to issue a declaratory order that TCC's 25% ownership interest in its nuclear plant, STP, can be sold to value stranded costs. Intervenors to this proceeding, including the PUCT Staff, have made filings to dismiss TCC's filing claiming that the PUCT does not have the authority to issue a declaratory order. The intervenors also argued that the proper time to address the sales process is after the plants are sold during the 2004 true-up proceeding. Since the bidding process is not expected to be completed before mid 2004, TCC requested that the 2004 true-up proceeding be scheduled after completion of the divestiture of the generating assets.

Texas Legislation also requires that electric utilities and their affiliated power generation companies (PGC) sell at auction in 2002 and 2003 at least 15% of the PGC's Texas jurisdictional installed generation capacity in order to promote competitiveness in the wholesale market through increased availability of generation and liquidity. Actual market power prices received in the state mandated auctions wil replace the PUCT's earlier estimates of those market prices used in the ECOM model to calculate the stranded cost for the 2004 true-up proceeding.

The decision to determine stranded costs using market prices, instead of using the PUCT's ECOM model estimates, enabled TCC to record a $262 million regulatory asset and related revenues which represents the quantifiable amount of stranded costs for the year 2002 related to the wholesale prices. Prior to the decision to pursue a sale of TCC's generating assets, the PUCT's ECOM estimate prohibited the recognition of the regulatory assets and revenues as there was no way to quantify stranded costs. As discussed above, a defined process is required in order to determine the amount of stranded costs related to generation facility for the 2004 true-up proceedings. TCC's plan of divestiture filed with the PUCT during December 2002 provided such a process.

When the divestiture and the 2004 true-up processing is completed, TCC will securitize stranded costs which exceed current securitized amounts. The annual costs of securitization will be recovered through a non-bypassable rate surcharge by the regulated T&D utility over the life of the securitization bonds. Any stranded costs and other true-up amounts not recovered through the sale of securitization bonds may be recovered through a separate non-bypassable competitive transition charge to T&D utility customers.

The Texas Legislation provides for an earnings test each year 1999 through 2001 and requires PUCT approval of the annual earnings test calculation.

The PUCT issued final orders for the 1999 earnings test in February 2001 and for the 2000 earnings test in September 2001. The 1999 excess earnings were none for SWEPCo, $24 million for TCC and $1 million for TNC. Excess earnings for 2000 were $1 million for SWEPCo, $23 million for TCC and $17 million for TNC. Adjustments were recorded in results of operations as the orders were received.

The PUCT issued its final order for the 2001 earnings test in December 2002. An estimate of 2001 excess earnings of $8 million for TCC, $2 million for SWEPCo and none for TNC had been recorded in 2001. Adjustments to reflect the PUCT staff's estimate of excess earnings ($2 million for SWEPCo, $0.7 million for TNC and none for TCC) were recorded prior to September 30, 2002. The PUCT's final order regarding 2001 excess earnings required only minor adjustments to prior estimates.

Due to TCC's and TNC's disagreement with the PUCT's final order for the 2000 excess earnings, the companies filed an appeal in district court in 2001 seeking judicial review of the PUCT's determination of excess earnings. The district court upheld the PUCT's order and the companies appealed that decision. A ruling on the appeal is expected in 2003.

On January 28, 2003, the TCC and TNC filed an appeal in District Court seeking judicial review of the PUCT order for the 2001 excess earnings.

The PUCT ruled that prior to the 2004 true-up proceeding, no adjustments would be made to the amount of stranded costs authorized by the PUCT to be securitized. Final stranded cost amounts and the treatment of excess earnings will be determined in the 2004 true-up proceeding. To the extent that the final 2004 true-up proceeding determines that TCC should recover additional stranded costs, the additional amount recoverable can also be securitized. The PUCT also ruled that excess earnings for the period 1999-2001 should be refunded through distribution rates to the extent of any over-mitigation of stranded costs represented by negative ECOM. In 2001 the PUCT issued an order requiring TCC to reduce distribution rates by approximately $54.8 million plus accrued interest over a five-year period beginning January 1, 2002 in order to return estimated excess earnings for 1999, 2000 and 2001. Since excess earnings amounts were expensed in 1999, 2000 and 2001, the order has no additional effect on reported net income but will reduce cash flows for the five year refund period. The amount to be refunded is recorded as a regulatory liability.

Management believes that TCC will have stranded costs in 2004. TCC has appealed the PUCT's refund of excess earnings to the Travis County District Court and, depending on the outcome of that appeal (and the final outcome of the rulemaking challenge discussed below), the PUCT may revise the treatment of excess earnings in the final calculation of the stranded cost balance. In the same appeal, TCC and certain unaffiliated parties also challenged various elements of the PUCT's order determining the estimated stranded costs of TCC, with the unaffiliated parties contending, among other things, that the entire $615 million of negative stranded costs should be refunded presently. Prior to the Court hearing on this issue, however, TCC agreed to give up its claims concerning errors in the calculation of the stranded cost estimate, while the unaffiliated parties agreed to give up claims that there should be a refund of negative stranded costs. The Travis County District Court subsequently heard oral arguments concerning the remaining issues in the appeal, but has not yet issued a decision. The PUCT's stranded cost estimate that is the subject of this appeal will be superceded by a final determination of stranded costs to be accomplished as part of the 2004 true-up proceeding.

In a separate appeal challenging the PUCT's substantive rule governing the 2004 true-up proceeding, the Texas Third Court of Appeals ruled in February 2003, that the Texas Legislation does not contemplate the refunding of negative stranded costs to customers. The Court of Appeals held that the PUCT was justified in using any negative stranded cost balance determined in the 2004 true-up proceeding only as an offset to prevent an over-recovery of stranded costs via securitization. In addition, the Court of Appeals ruled that negative stranded costs cannot be offset against other true-up balances, including final under-recovered fuel amounts. This ruling may be further appealed to the Supreme Court of Texas.

Beginning January 1, 2002, fuel costs are not subject to PUCT fuel reconciliation proceedings for TCC and TNC's ERCOT retail customers. Due to the delay of competition for SWEPCo's SPP area of Texas, SWEPCo continues to record and request recovery of fuel costs subject to Texas fuel proceedings. Final deferred fuel balances related to ERCOT customers of TCC and TNC at December 31, 2001 will be included in the 2004 true-up proceeding. If the final fuel balances or any amount incurred but not yet reconciled are not recovered, they could have a negative impact on results of operations.

Under the Texas Legislation, retail electric providers (REPs) associated with integrated utilities are required to offer residential and small commercial customers (with a peak usage of less than 1000 KW) a price-to-beat rate until January 1, 2007. In December 2001 the PUCT approved price-to-beat rates for the AEP REPs in TCC's and TNC's ERCOT area. Customers with a peak usage of more than 1000 KW are subject to market rates. The Texas Restructuring Legislation also provides that a REP associated with integrated utilities may request an adjustment of its fuel portion of the price-to-beat rate up to two times annually to reflect changes in market prices of fuel and purchased energy costs based upon changes in NYMEX gas prices.

As part of the 2004 true-up proceedings the price-to-beat rates charged by AEP REPs for 2002 and 2003 will be compared to the market rates for the same period. If market rates are lower, the excess of the price-to-beat, reduced by non-bypassable delivery charges, over the prevailing market prices must be returned to the distribution company, subject to a per customer maximum. During 2002, AEP provided for such potential liabilities at the maximum amount via a charge to revenues, and recorded a regulatory liability for TCC and TNC. These amounts were $52 million for TCC and $14 million for TNC.

West Virginia Restructuring – Affecting AEP and APCo

In 2000 the WVPSC issued an order approving an electricity restructuring plan which the WV Legislature approved by joint resolution. The joint resolution provides that the WVPSC cannot implement the plan until the legislature makes tax law changes necessary to preserve the revenues of state and local governments. Since the WV Legislature has not passed the required tax law changes, the restructuring plan has not become effective. AEP subsidiaries, APCo and WPCo, provide electric service in WV.

A Joint Stipulation approved by the WVPSC in 2000 in connection with a base rate filing, allowed for recovery of regulatory assets including any generation-related regulatory assets through the following provisions:

- Frozen transition rates and a wires charge of 0.5 mills per KWH.

- The retention, as a regulatory liability, on the books of a net cumulative deferred ENEC over-recovery balance of $66 million to be used to offset the cost of deregulation when generation is deregulated in WV.
- The retention of net merger savings prior to December 31, 2004 resulting from the merger of AEP and CSW.
- A 0.5 mills per KWH wires charge for departing customers provided for in the WV Restructuring Plan.

Management expects that the approved Joint Stipulation provides for the recovery of existing regulatory assets and other stranded costs.

In order for customer choice to become effective in WV, the WV Legislature needed to enact additional legislation to preserve the revenues of state and local government. In the subsequent two legislative sessions, which usually end in March each year, the West Virginia Legislature has not enacted the required legislation. Due to the lack of legislative activity, the WVPSC closed two proceedings related to electricity restructuring in the summer of 2002.

The two closed proceedings related to the respective dockets intended originally to determine whether West Virginia should deregulate the generation business, and to develop the WVPSC's Deregulation Plan and related rules to implement the Plan.

Management has reviewed these two proceedings and has concluded that at this time it is not clear that APCo meets the requirements to reapply SFAS 71. Management will monitor developments to determine when it is appropriate to reapply SFAS 71 to APCo's generation business.

Arkansas Restructuring – Affecting AEP and SWEPCo

In 1999, Arkansas enacted legislation to restructure its electric utility industry.

In February 2003, the Arkansas General Assembly passed legislation that repealed customer choice legislation, which is currently awaiting signature by the Governor of Arkansas.

Discontinuance of the Application of SFAS 71 Regulatory Accounting in Arkansas, Ohio, Texas, Virginia and West Virginia – Affecting AEP, APCo, CSPCo, OPCo, SWEPCo, TCC and TNC

The enactment of restructuring legislation and the ability to determine transition rates, wires charges and any resultant gain or loss under restructuring legislation in Arkansas, Ohio, Texas, Virginia and West Virginia resulted in AEP and certain subsidiaries discontinuing regulatory accounting under SFAS 71 for the generation portion of their business in those states. Under the provisions of SFAS 71, regulatory assets and regulatory liabilities are recorded to reflect the economic effects of regulation by matching expenses with related regulated revenues.

The discontinuance of the application of SFAS 71 in Arkansas, Ohio, Texas, Virginia and West Virginia resulted in recognition of extraordinary gains or losses. The discontinuance of SFAS 71 can require the write-off of regulatory assets and liabilities related to the deregulated operations, unless their recovery is provided through cost-based regulated rates to be collected in a portion of operations which continues to be rate regulated. Additionally, a company must determine if any plant assets are impaired when they discontinue SFAS 71 accounting. At the time the companies discontinued SFAS 71, the analysis showed that there was no accounting impairment of generation assets.

As a result of deregulation of generation, the application of SFAS 71 for the generation portion of the business in Arkansas, Ohio, Texas, Virginia and West Virginia was discontinued. Remaining generation-related regulatory assets will be amortized as they are recovered under terms of transition plans. Management believes that substantially all generation-related regulatory assets and stranded costs will be recovered under terms of the transition plans. If future events including the 2004 true-up proceeding in Texas were to make their recovery no longer probable, the companies would write-off the portion of such regulatory assets and stranded costs deemed unrecoverable as a non-cash extraordinary charge to earnings. If any write-off of regulatory assets or stranded costs occurred, it could have a material adverse effect on future results of operations, cash flows and possibly financial condition.

Michigan Restructuring - Affecting AEP and I&M

Customer choice commenced for I&M's Michigan customers on January 1, 2002. Effective with that date the rates on I&M's Michigan customers' bills for retail electric service were unbundled to allow customers the opportunity to evaluate the cost of generation service for comparison with other offers. I&M's total rates in Michigan remain unchanged and reflect cost of service. At December 31, 2002, none of I&M's customers have elected to change suppliers and no alternative electric suppliers are registered to compete in I&M's Michigan service territory.

Management has concluded that as of December 31, 2002 the requirements to apply SFAS 71 continue to be met since I&M's rates for generation in Michigan continue to be cost-based regulated.

9. Commitments and Contingencies:

Construction and Other Commitments – Affecting AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC

The AEP System has substantial construction commitments to support its operations. Aggregate construction expenditures for 2003-2005 for consolidated domestic and foreign operations are estimated to be $4.7 billion.

The following table shows the estimated construction expenditures of the subsidiary registrants for 2003 – 2005:

	(in millions)
AEGCo	$ 70.9
APCo	1,005.7
CSPCo	418.9
I&M	601.5
KPCo	148.3
OPCo	733.4
PSO	262.3
SWEPCo	351.3
TCC	419.6
TNC	130.8

APCo, AEP's subsidiary which operates in Virginia and West Virginia, has been seeking regulatory approval to build a new high voltage transmission line for over a decade. Certificates have been issued by both the West Virginia Public Service Commission and the Virginia State Corporation Commission authorizing construction and operation of the line. On December 31, 2002, the U.S. Forest Service issued a final environmental impact statement and record of decision to allow the use of federal lands in the Jefferson National Forest for construction of a portion of the line. We expect additional state and federal permits to be issued in the first half of 2003. Through December 31, 2002, we had invested approximately $51 million in this effort. The line is estimated to cost $287 million including amounts spent to date with completion scheduled in 2006. If the required permits are not obtained and the line is not constructed, the $51 million investment would be written off adversely affecting future results of operations and cash flows.

Long-term contracts to acquire fuel for electric generation have been entered into for various terms, the longest of which extends to the year 2014 for the AEP System. The expiration date of the longest fuel contract is 2007 for APCo, 2005 for CSPCo, 2007 for I&M, 2005 for KPCo, 2012 for OPCo, 2014 for PSO, 2006 for SWEPCo and 2006 for TNC. The contracts provide for periodic price adjustments and contain various clauses that would release the subsidiaries from their obligations under certain force majeure conditions.

The AEP System has unit contingent contracts to supply approximately 250 MW of capacity to unaffiliated entities through December 31, 2009. The commitment is pursuant to a unit power agreement requiring the delivery of energy only if the unit capacity is available.

Power Generation Facility – Affecting AEP and OPCo

AEP has entered into agreements with Katco Funding L.P. (Katco) an unrelated unconsolidated special purpose entity. Katco has an aggregate financing commitment of $525 million and a capital structure of which 3% is equity from investors with no relationship to AEP or any of its subsidiaries and 97% is debt from a syndicate of banks. Katco was formed to develop, construct, finance and lease a power generation facility to AEP. Katco will own the power generation facility and lease it to AEP after construction is completed. The lease will be accounted for as an operating lease (see Note 22), therefore neither the facility nor the related obligations are reported on AEP's balance sheet. Payments under the operating lease are expected to commence in the first quarter of 2004. AEP will in turn sublease the facility to Dow Chemical Company (DOW), which will use the energy produced by the facility and sell excess energy. AEP has agreed to purchase the excess energy from DOW for resale. The use of Katco allows AEP to limit its risk associated with the power generation facility once the construction phase has been completed.

AEP is the construction agent for Katco, and is responsible for completing construction by December 31, 2003, subject to unforeseen events beyond AEP's control.

In the event the project is terminated before completion of construction, AEP has the option to either purchase the facility for 100% of project costs or terminate the project and make a payment to Katco for 89.9% of project costs.

The operating lease between Katco and AEP commences on the commercial operation date of the facility and continues until November 2006. The lease contains extension options subject to the approval of Katco, and if all extension options were exercised, the total term of the lease would be 30 years. AEP's lease payments to Katco are sufficient for Katco to make required debt payments and provide a return to the investors of Katco. At the end of each lease term, AEP may renew the lease at fair market value subject to Katco's approval, purchase the facility at its original construction cost, or sell the facility, on behalf of Katco, to an independent third party. If the facility is sold and the proceeds from the sale are insufficient to repay Katco, AEP may be required to make a payment to Katco for the difference between the proceeds from the sale and the obligations of Katco, up to 82% of the project's cost. AEP has guaranteed a portion of the obligations of its subsidiaries to Katco during the construction and post-construction periods.

As of December 31, 2002, project costs subject to these agreements totaled $360 million, and total costs for the completed facility are expected to be approximately $510 million. For the 30–year extended lease term, the lease rental is a variable rate obligation indexed to three-month LIBOR. Consequently as market interest rates increase, the payments under this operating lease will also increase. Annual payments of approximately $12 million represent future minimum payments during the initial term calculated using the indexed LIBOR rate (1.38% at December 31, 2002). The Power Generation Facility collateralizes the debt obligation of Katco. AEP's maximum exposure to loss as a result of its involvement with Katco is 100% during the construction phase and up to 82% once the construction is completed. Maximum loss is deemed to be remote due to the collateralization.

It is reasonably possible that AEP will consolidate Katco in the third quarter of 2003, as a result of the issuance of FASB Interpretation No. 46 "Consolidation of Variable Interest Entities" (FIN 46). Upon consolidation, AEP would record the assets, liabilities, depreciation expense, minority interest and debt interest expense. AEP would eliminate operating lease expense. The sublease to DOW would not be affected by this consolidation.

OPCo has entered into a 30-year power purchase agreement for electricity produced by an unaffiliated entity's three-unit natural gas fired plant. The plant was completed in 2002 and the agreement will terminate in 2032. Under the terms of the agreement, OPCo has the option to run the plant until December 31, 2005 taking 100% of the power generated and making monthly capacity payments. The capacity payments are fixed through December 2005 at $1.2 million per month. For the remainder of the 30-year contract term, OPCo will pay the variable costs to generate the electricity it purchases (up to 20% of the plant's capacity).

Nuclear Plants – Affecting AEP, I&M and TCC

I&M owns and operates the two-unit 2,110 MW Cook Plant under licenses granted by the NRC. TCC owns 25.2% of the two-unit 2,500 MW STP. STPNOC operates STP on behalf of the joint owners under licenses granted by the NRC. The operation of a nuclear facility involves special risks, potential liabilities, and specific regulatory and safety requirements. Should a nuclear incident occur at any nuclear power plant facility in the U.S., the resultant liability could be substantial. By agreement I&M and TCC are partially liable together with all other electric utility companies that own nuclear generating units for a nuclear power plant incident at any nuclear plant in the U.S. In the event nuclear losses or liabilities are underinsured or exceed accumulated funds and recovery from customers is not possible, results of operations, cash flows and financial condition would be adversely affected.

Nuclear Incident Liability – Affecting AEP, I&M and TCC

The Price-Anderson Act establishes insurance protection for public liability arising from a nuclear incident at $9.5 billion and covers any incident at a licensed reactor in the U.S. Commercially available insurance provides $200 million of coverage. In the event of a nuclear incident at any nuclear plant in the U.S., the remainder of the liability would be provided by a deferred premium assessment of $88 million on each licensed reactor in the U.S. payable in annual installments of $10 million. As a result, I&M could be assessed $176 million per nuclear incident payable in annual installments of $20 million. TCC could be assessed $44 million per nuclear incident payable in annual installments of $5 million as its share of a STPNOC assessment. The number of incidents for which payments could be required is not limited. Under an industry-wide program insuring workers at nuclear facilities, I&M and TCC are also obligated for assessments of up to $6.2 million and $1.6 million, respectively, for potential claims. These obligations will remain in effect until December 31, 2007.

Insurance coverage for property damage, decommissioning and decontamination at the Cook Plant and STP is carried by I&M and STPNOC in the amount of $1.8 billion each. I&M and STPNOC jointly purchase $1 billion of excess coverage for property damage, decommissioning and decontamination. Additional insurance provides coverage for extra costs resulting from a prolonged accidental outage. I&M and STPNOC utilize an industry mutual insurer for the placement of this insurance coverage. Participation in this mutual insurer requires a contingent financial obligation of up to $36 million for I&M and $3 million for TCC which is assessable if the insurer's financial resources would be inadequate to pay for losses.

The current Price-Anderson Act expired in August 2002. Its contingent financial obligations still apply to reactors licensed by the NRC as of its expiration date. It is anticipated that the Price-Anderson Act will be renewed with increased third party financial protection requirements for nuclear incidents.

SNF Disposal – Affecting AEP, I&M and TCC

Federal law provides for government responsibility for permanent SNF disposal and assesses nuclear plant owners fees for SNF disposal. A fee of one mill per KWH for fuel consumed after April 6, 1983 at Cook Plant and STP is being collected from customers and remitted to the U.S. Treasury. Fees and related interest of $224 million for fuel consumed prior to April 7, 1983 at Cook Plant have been recorded as long-term debt. I&M has not paid the government the Cook Plant related pre-April 1983 fees due to continued delays and uncertainties related to the federal disposal program. At December 31, 2002, funds collected from customers towards payment of the pre-April 1983 fee and related earnings thereon are in external funds and exceed the liability amount. TCC is not liable for any assessments for nuclear fuel consumed prior to April 7, 1983 since the STP units began operation in 1988 and 1989.

Decommissioning and Low Level Waste Accumulation Disposal – Affecting AEP, I&M and TCC

Decommissioning costs are accrued over the service lives of the Cook Plant and STP. The licenses to operate the two nuclear units at Cook Plant expire in 2014 and 2017. After expiration of the licenses, Cook Plant is expected to be decommissioned using the prompt decontamination and dismantlement (DECON) method. The estimated cost of decommissioning and low level radioactive waste accumulation disposal costs for Cook Plant ranges from $783 million to $1,481 million in 2000 nondiscounted dollars. The wide range is caused by variables in assumptions including the estimated length of time SNF may need to be stored at the plant site subsequent to ceasing operations. This, in turn, depends on future developments in the federal government's SNF disposal program. Continued delays in the federal fuel disposal program can result in increased decommissioning costs. I&M is recovering estimated Cook Plant decommissioning costs in its three rate-making jurisdictions based on at least the lower end of the range in the most recent decommissioning study at the time of the last rate proceeding. The amount recovered in rates for decommissioning the Cook Plant and deposited in the external fund was $27 million in 2002 and 2001 and $28 million in 2000.

The licenses to operate the two nuclear units at STP expire in 2027 and 2028. After expiration of the licenses, STP is expected to be decommissioned using the DECON method. TCC estimates its portion of the costs of decommissioning STP to be $289 million in 1999 nondiscounted dollars. TCC is accruing and recovering these decommissioning costs through rates based on the service life of STP at a rate of $8 million per year.

Decommissioning costs recovered from customers are deposited in external trusts. In 2002 and 2001 I&M deposited in its decommissioning trust an additional $12 million each year related to special regulatory commission approved funding for decommissioning of the Cook Plant. Trust fund earnings increase the fund assets and the recorded liability and decrease the amount needed to be recovered from ratepayers. Decommissioning costs including interest, unrealized gains and losses and expenses of the trust funds are recorded in Other Operation expense for Cook Plant. For STP, nuclear decommissioning costs are recorded in Other Operation expense, interest income of the trusts are recorded in Nonoperating Income and interest expense of the trust funds are included in Interest Charges.

On the AEP Consolidated Balance Sheets, nuclear decommissioning trust assets are included in Other Assets and a corresponding nuclear decommissioning liability is included in Other Noncurrent Liabilities. On TCC's balance sheets, the nuclear decommissioning liability of $98 million is included in Electric Utility Plant-Accumulated Depreciation and Amortization. The decommissioning liability for both nuclear plants combined totals $719 million and $699 million at December 31, 2002 and 2001, respectively.

Federal EPA Complaint and Notice of Violation – Affecting AEP, APCo, CSPCo, I&M, and OPCo

Since 1999 AEPSC, APCo, CSPCo, I&M, and OPCo have been involved in litigation regarding generating plant emissions under the Clean Air Act. Federal EPA and a number of states alleged that AEP System companies and eleven unaffiliated utilities modified certain units at coal fired generating plants in violation of the Clean Air Act. Federal EPA filed complaints against AEP subsidiaries in U.S. District Court for the Southern District of Ohio. A separate lawsuit initiated by certain special interest groups was consolidated with the Federal EPA case. The alleged modification of the generating units occurred over a 20 year period.

Under the Clean Air Act, if a plant undertakes a major modification that directly results in an emissions increase, permitting requirements might be triggered and the plant may be required to install additional pollution control technology. This requirement does not apply to activities such as routine maintenance, replacement of degraded equipment or failed components, or other repairs needed for the reliable, safe and efficient operation of the plant. The Clean Air Act authorizes civil penalties of up to $27,500 per day per violation at each generating unit ($25,000 per day prior to January 30, 1997). In 2001 the District Court ruled claims for civil penalties based on activities that occurred more than five years before the filing date of the complaints cannot be imposed. There is no time limit on claims for injunctive relief.

Management believes its maintenance, repair and replacement activities were in conformity with the Clean Air Act and intends to vigorously pursue its defense.

Management is unable to estimate the loss or range of loss related to the contingent liability for civil penalties under the Clear Air Act proceedings and unable to predict the timing of resolution of these matters due to the number of alleged violations and the significant number of issues yet to be determined by the Court. In the event the AEP System companies do not prevail, any capital and operating costs of additional pollution control equipment that may be required as well as any penalties imposed would adversely affect future results of operations, cash flows and possibly financial condition unless such costs can be recovered through regulated rates and market prices for electricity.

In December 2000 Cinergy Corp., an unaffiliated utility, which operates certain plants jointly owned by CSPCo, reached a tentative agreement with the Federal EPA and other parties to settle litigation regarding generating plant emissions under the Clean Air Act. Negotiations are continuing between the parties in an attempt to reach final settlement terms. Cinergy's settlement could impact the operation of Zimmer Plant and W.C. Beckjord Generating Station Unit 6 (owned 25.4% and 12.5%, respectively, by CSPCo). Until a final settlement is reached, CSPCo will be unable to determine the settlement's impact on its jointly owned facilities and its results of operations and cash flows.

NOx Reductions – Affecting AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, SWEPCo and TCC

Federal EPA issued a NOx Rule requiring substantial reductions in NOx emissions in a number of eastern states, including certain states in which the AEP System's generating plants are located. The NOx Rule has been upheld on appeal. The compliance date for the NOx Rule is May 31, 2004.

In 2000 Federal EPA also adopted a revised rule (the Section 126 Rule) granting petitions filed by certain northeastern states under the Clean Air Act. The rule imposed emissions reduction requirements comparable to the NOx Rule beginning May 1, 2003, for most of AEP's coal-fired generating units. Affected utilities, including certain AEP operating companies, petitioned the D.C. Circuit Court to review the Section 126 Rule. After review, the D.C. Circuit Court instructed Federal EPA to justify the methods it used to allocate allowances and project growth for both the NOx Rule and the Section 126 Rule. AEP subsidiaries and other utilities requested that the D.C. Circuit Court vacate the Section 126 Rule or suspend its May 2003 compliance date. In August 2001 the D.C. Circuit Court issued an order tolling the compliance schedule until Federal EPA responded to the Court's remand. On April 30, 2002, Federal EPA announced that May 31, 2004 is the compliance date for the Section 126 Rule. Federal EPA published a notice in the Federal Register in May 2002 advising that no changes in the growth factors used to set the NOx budgets were warranted. In June 2002 AEP subsidiaries joined other utilities and industrial organizations in seeking a review of Federal EPA's action in the D.C. Circuit Court. This action is pending.

In 2000 the Texas Commission on Environmental Quality (formerly the Texas Natural Resource Conservation Commission) adopted rules requiring significant reductions in NOx emissions from utility sources, including SWEPCo and TCC. The compliance date is May 2003 for TCC and May 2005 for SWEPCo.

AEP is installing a variety of emission control technologies to reduce NOx emissions to comply with the applicable state and Federal NOx requirements. This includes selective catalytic reduction (SCR) technolocy on certain units and non-SCR technologies on a larger number of units. During 2001 SCR technology commenced operations on OPCo's Gavin Plant. Installation of SCR technology on Amos and Mountaineer plants was completed and commenced operation in May 2002. Construction of SCR technology at certain other AEP generating units continues. Non-SCR technologies have been installed and commenced operation on a number of units across the AEP System and additional units will be equipped with these technologies.

The AEP NOx compliance plan is a dynamic plan that is continually reviewed and revised as new information becomes available on the performance of installed technologies and the cost of planned technologies. Certain compliance steps may or may not be necessary as a result of this new information. Consequently, the plan has a range of possible outcomes. Our current estimates indicate that compliance with the NOx Rule, the Texas Commission on Environmental Quality rule and the Section 126 Rule could result in required capital expenditures in the range of $1.3 billion to $2 billion of which $843 million has been spent through December 31, 2002 for the AEP System. The range of cost estimate reflects the uncertainty over the need for certain SCR projects. Estimated compliance cost ranges and amounts spent by registrant subsidiaries at December 31, 2002, are as follows:

	Estimated Compliance Costs	Amount Spent
	(in millions)	
AEGCo	$30 - 198	$ 1
APCo	445	234
CSPCo	93	45
I&M	42 - 210	5
KPCo	163	135
OPCo	535 - 864	387
SWEPCo	40	24
TCC	5	5

Since compliance costs cannot be estimated with certainty, the actual cost to comply could be significantly different than the estimates depending upon the compliance alternatives selected to achieve reductions in NOx emissions. Unless any capital and operating costs of additional pollution control equipment are recovered from customers, they will have an adverse effect on results of operations, cash flows and possibly financial condition.

Merger Litigation - Affecting AEP, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC

On January 18, 2002, the U.S. Court of Appeals for the District of Columbia ruled that the SEC failed to prove that the June 15, 2000 merger of AEP with CSW meets the requirements of the PUHCA and sent the case back to the SEC for further review. Specifically, the court told the SEC to revisit its conclusion that the merger met PUHCA requirements that utilities be "physically interconnected" and confined to a "single area or region."

In its June 2000 approval of the merger, the SEC agreed with AEP that the companies' systems are integrated because they have transmission access rights to a single high-voltage line through Missouri and also met the PUCHA's single region requirement because it is now technically possible to centrally control the output of power plants across many states. In its ruling, the appeals court said that the SEC failed to support and explain its conclusions that the integration and single region requirements are satisfied.

Management believes that the merger meets the requirements of the PUHCA and expects the matter to be resolved favorably.

Enron Bankruptcy – Affecting AEP, APCo, CSPCo, I&M, KPCo and OPCo

On October 15, 2002, certain subsidiaries of AEP filed claims against Enron and its subsidiaries in the bankruptcy proceeding filed by the Enron entities which are pending in the U.S. Bankruptcy Court for the Southern District of New York. At the date of Enron's bankruptcy AEP had open trading contracts and trading accounts receivables and payables with Enron. In addition, on June 1, 2001, we purchased Houston Pipe Line Company (HPL) from Enron. Various HPL related contingencies and indemnities remained unsettled at the date of Enron's bankruptcy. The timing of the resolution of the claims by the Bankruptcy Court is not certain.

In connection with the 2001 acquisition of HPL, we acquired exclusive rights to use and operate the underground Bammel gas storage facility pursuant to an agreement with BAM Lease Company, a now-bankrupt subsidiary of Enron. This exclusive right to use the referenced facility is for a term of 30 years, with a renewal right for another 20 years and includes the use of the Bammel storage reservoir and the related compression, treating and delivery systems. We have engaged in preliminary discussions with Enron concerning the possible purchase of the residual interest held by Enron in the Bammel storage facility and the possible resolution of outstanding issues between AEP and Enron relating to our acquisition of its interest in the Bammel storage facility. We are unable to predict whether these discussions will lead to an agreement on these subjects. If these discussions do not lead to an agreement, there may be a dispute with Enron concerning our ability to continue utilization of the Bammel storage facility under the existing agreement.

We also entered into an agreement with BAM Lease Company which grants HPL the right to use approximately 65 billion cubic feet of cushion gas (or pad gas) required for the normal operation of the Bammel gas storage facility. The Bammel Gas Trust, which purportedly owned approximately 55 billion cubic feet of the gas, had entered into a financing arrangement in 1997 with Enron and a group of banks. These banks purported to have certain rights to the gas in certain events of default. In connection with AEP's acquisition of HPL, the banks entered into an agreement granting HPL's use of the cushion gas and released HPL from liabilities and obligations under the financing arrangement. HPL was thereafter informed by the banks of a purported default by Enron under the terms of the referenced financing arrangement. In July 2002 the banks filed a lawsuit against HPL seeking a declaratory judgment that they have a valid and enforceable security interest in this cushion gas which would permit them to cause the withdrawal of this gas from the storage facility. In September 2002 HPL filed a general denial and certain counterclaims against the banks. Management is unable to predict the outcome of this lawsuit or its impact on results of operations and cash flows.

In 2001 AEP expensed $47 million ($31 million net of tax) for our estimated loss from the Enron bankruptcy. In 2002 AEP expensed an additional $6 million for a cumulative loss of $53 million ($34 million net of tax). The amounts for certain subsidiary registrants were:

Registrant	Amounts Expensed	Amounts Net of Tax
	(in millions)	
APCo	$5.3	$3.4
CSPCo	2.7	1.8
I&M	2.8	1.8
KPCo	1.1	0.7
OPCo	3.6	2.3

The additional 2002 expense did not materially change the cumulative expense per registrant subsidiary. The amounts expensed were based on an analysis of contracts where AEP and Enron entities are counterparties, the offsetting of receivables and payables, the application of deposits from Enron entities and management's analysis of the HPL related purchase contingencies and indemnifications.

Enron has recently instituted proceedings against other energy trading counter-parties challenging the practice of utilizing offsetting receivables and payables and related collateral across various Enron entities. We believe that we have the right to utilize similar procedures in dealing with payables, receivables and collateral with Enron entities by offsetting approximately $110 million of trading payables owed to various Enron entities against trading receivables due to us. We believe we have legal defenses to any challenge that may be made to the utilization of such offsets but at this time are unable to predict the ultimate resolution of this issue.

Shareholder Lawsuits - Affecting AEP

In the fourth quarter of 2002 lawsuits alleging securities law violations and seeking class action certification were filed in federal District Court, Columbus, Ohio against AEP, certain AEP executives, and in some of the lawsuits, members of the AEP Board of Directors and certain investment banking firms. The lawsuits claim that AEP failed to disclose that alleged "round trip" trades resulted in an overstatement of revenues, that AEP failed to disclose that AEP traders falsely reported energy prices to trade publications that published gas price indices and that AEP failed to disclose that it did not have in place sufficient management controls to prevent round trip trades or false reporting of energy prices. The plaintiffs seek recovery of an unstated amount of compensatory damages, attorney fees and costs. The cases are presently pending a decision by the Court on competing motions by certain plaintiffs and groups of plaintiffs' for designation as lead plaintiff. Once the Court selects a lead plaintiff, that lead plaintiff will file an amended complaint. AEP intends to vigorously defend against these actions. Also in the fourth quarter of 2002, two shareholder derivative actions were filed in state court in Columbus, Ohio against AEP and its Board of Directors alleging a breach of fiduciary duty for failure to establish and maintain adequate internal controls over AEP's gas trading operations; and, a lawsuit was filed against AEP, certain AEP executives and AEP's ERISA Plan Administrator in federal District Court for the Southern District of New York (subsequently transferred to federal District Court in Columbus, Ohio) alleging violations of the Employee Retirement Income Security Act in the selection of AEP stock as a investment alternative and in the allocation of assets to AEP stock. These cases are in the initial pleading stage. AEP intends to vigorously defend against these actions.

California Lawsuit – Affecting AEP

In November 2002, Cruz Bustamante, Lieutenant Governor of California, filed a lawsuit in Los Angeles County, California Superior Court against forty energy companies including AEP and two publishing companies alleging violations of California law through alleged fraudulent reporting of false natural gas price and volume information with an intent to affect the market price of natural gas and electricity. This case is in the initial pleading stage. AEP intends to vigorously defend against this action.

Arbitration of Williams Claim – Affecting AEP

In October 2002, AEP filed its demand for arbitration with the American Arbitration Association to initiate formal arbitration proceedings in a dispute with the Williams Companies (Williams). The proceeding results from Williams' repudiation of its obligations to provide physical power deliveries to AEP and Williams' failure to provide the monetary security required for natural gas deliveries by AEP. Consequently, both parties claimed default and terminated all outstanding natural gas and electric power trading deals among the various Williams and AEP affiliates. Williams claimed that AEP owes approximately $130 million in connection with the termination and liquidation of all trading deals. AEP believes it has valid claims arising from Williams' actions and is seeking, in part, a determination that either no amount is due or that a lesser amount is due from AEP to Williams (which is fully reserved by AEP) and the extent of any other damages and legal or equitable relief available. Although management is unable to predict the outcome of this matter, it is not expected to have a material impact on results of operations, cash flows or financial condition.

Energy Market Investigations – Affecting AEP

In February 2002, the FERC issued an order directing its Staff to conduct a fact-finding investigation into whether any entity, including Enron, manipulated short-term prices in electric energy or natural gas markets in the West or otherwise exercised undue influence over wholesale prices in the West, for the period January 1, 2000, forward. In April 2002 AEP furnished certain information to the FERC in response to their related data request.

Pursuant to the FERC's February order, on May 8, 2002, the FERC issued further data requests, including requests for admissions, with respect to certain trading strategies engaged in by Enron and, allegedly, traders of other companies active in the wholesale electricity and ancillary services markets in the West, particularly California, during the years 2000 and 2001. This data request was issued to AEP as part of a group of over 100 entities designated by the FERC as all sellers of wholesale electricity and/or ancillary services to the California Independent System Operator and/or the California Power Exchange.

The May 8, 2002 FERC data request required senior management to conduct an investigation into our trading activities during 2000 and 2001 and to provide an affidavit as to whether we engaged in certain trading practices that the FERC characterized in the data request as being potentially manipulative. Senior management complied with the order and denied our involvement with those trading practices.

On May 21, 2002, the FERC issued a further data request with respect to this matter to us and over 100 other market participants requesting information for the years 2000 and 2001 concerning "wash", "round trip" or "sale/buy back" trading in the Western System Coordinating Council (WSCC), which involves the sale of an electricity product to another company together with a simultaneous purchase of the same product at the same price (collectively, "wash sales"). Similarly, on May 22, 2002, the FERC issued an additional data request with respect to this matter to us and other market participants requesting similar information for the same period with respect to the sale of natural gas products in the WSCC and Texas. After reviewing our records, we responded to the FERC that we did not participate in any "wash sale" transactions involving power or gas in the relevant market. We further informed the FERC that certain of our traders did engage in trades on the Intercontinental Exchange, an electronic electricity trading platform owned by a group of electricity trading companies, including us, on September 21, 2001, the day on which all brokerage commissions for trades on that exchange were donated to charities for the victims of the September 11, 2001 terrorist attacks, which do not meet the FERC criteria for a "wash sale" but do have certain characteristics in common with such sales. In response to a request from the California attorney general for a copy of AEP's responses to the FERC inquires, we provided the pertinent information.

The PUCT also issued similar data requests to AEP and other power marketers. AEP responded to such data request by the July 2, 2002 response date. The U.S. Commodity Futures Trading Commission (CFTC) issued a subpoena to us on June 17, 2002 requesting information with respect to "wash sale" trading practices. AEP responded to CFTC. In addition, the U.S. Department of Justice made a civil investigation demand to AEP and other electric generating companies concerning their investigation of the Intercontinental Exchange. AEP has completed a review of our trading activities in the United States for the last three years involving sequential trades with the same terms and counterparties. The revenue from such trading is not material to our financial statements. AEP believes that substantially all these transactions involve economic substance and risk transference and do not constitute "wash sales".

In August 2002, AEP received an informal data request from the SEC asking us to voluntarily provide documents related to "round trip" or "wash" trades. AEP has provided the requested information to the SEC.

In September 2002, AEP received a subpoena from FERC requesting information about our natural gas transactions and their potential impact on gas commodity prices in the New York City area. AEP responded to the subpoena in October 2002.

In October 2002, AEP dismissed several employees involved in natural gas marketing and trading after the Company determined that they provided inaccurate price information for use in indexes compiled and published by trade publications. AEP, subsequently, instituted measures that require all price information for use in market indexes be verified and reported through AEP's chief risk officer's organization. AEP has and will continue to provide to the FERC, the SEC and the CFTC information relating to price data given to energy industry publications.

FERC Proposed Standard Market Design – Affecting AEP System

In July 2002, the FERC issued its Standard Market Design (SMD) notice of proposed rulemaking, one of the most sweeping rulemaking proposals in its history. The proposed SMD rule seeks to standardize the structure and operation of wholesale electricity markets across the country. Key elements of FERC's proposal include standard rules and processes for all users of the electricity transmission grid, new transmission rules and policies, and the creation of certain markets to be operated by independent administrators of the grid in all regions. The FERC recently indicated that it would issue a white paper on the proposal in April 2003, in response to the numerous comments FERC received on its proposal. The FERC is expected to issue its final rule in mid to late 2003. Because the rule is not yet finalized, management cannot predict the effect of the final rule on cash flows and results of operations.

FERC Proposed Security Standards – Affecting AEP System

The FERC published for comment its proposed security standards as part of the SMD. These standards are intended to ensure all market participants have a basic security program that effectively protects the electric grid and related market activities. They require compliance by January 1, 2004. The impact of these proposed standards is far-reaching and includes significant penalties for non-compliance. These standards apply to market operations and transmission owners. For the AEP System this includes: power generation plants, transmission systems, distribution systems and related areas of business. FERC is considering new proposals to modify the scope and timetable for compliance with the standards. Unless FERC changes the scope and timing of the original proposed standards, those standards could result in significant expenditures and operational changes in a compressed time frame, and may adversely affect results of operations and cash flows if such costs are not recovered from customers.

FERC Market Power Mitigation – Affecting AEP System

A FERC order issued in November 2001 on AEP's triennial market based wholesale power rate authorization update required certain mitigation actions that AEP would need to take for sales/purchases within its control area and required AEP to post information on its website regarding its power system's status. As a result of a request for rehearing filed by AEP and other market participants, FERC issued an order delaying the effective date of the mitigation plan until after a planned technical conference on market power determination. No such conference has been held and management is unable to predict the timing of any further action by the FERC or its affect on future results of operations and cash flows.

Other – AEP and its subsidiaries are involved in a number of other legal proceedings and claims. While management is unable to predict the ultimate outcome of these matters, it is not expected that their resolution will have a material adverse effect on results of operations, cash flows or financial condition.

10. Guarantees:

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45) which clarifies the accounting to recognize a liability related to issuing a guarantee, as well as additional disclosures of guarantees. This new guidance is an interpretation of SFAS 5, 57, and 107 and a rescission of FIN 34. The initial recognition and initial measurement provisions of FIN 45 is effective on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for financial statements of interim or annual periods ending after December 15, 2002.

There are no liabilities recorded for all of the guarantees described below in accordance with FIN 45 as these guarantees were entered into prior to December 31, 2002. There is no collateral held in relation to these guarantees and there is no recourse to third parties in the event these guarantees are drawn.

Certain AEP subsidiaries have entered into standby letters of credit (LOC) with third parties. These LOCs cover gas and electricity trading contracts, construction contracts, insurance programs, security deposits, debt service reserves, drilling funds and credit enhancements for issued bonds. All of these LOCs were issued at a subsidiary level of AEP in the subsidiaries' ordinary course of business. TCC issued one of the LOCs for credit enhancement of issued bonds. The maximum future payments of all the LOCs are approximately $166 million with maturities ranging from January 2003 to December 2007. TCC's LOC was for $40.9 million with a maturity date of November 2003. Since AEP is the parent to all these subsidiaries, it holds all assets of the subsidiary as collateral. There is no recourse to third parties in the event these letters of credit are drawn.

The following AEP subsidiaries have entered into guarantees of third parties obligations:

CSW Energy and CSW International have guaranteed 50% of the required debt service reserve of Sweeny Cogeneration (Sweeny), an IPP of which CSW Energy is a 50% owner. The guarantee was provided in lieu of Sweeny funding the debt reserve as a part of financing. In the event that Sweeny does not make the required debt payments, CSW Energy and CSW International have a maximum future payment exposure of approximately $3.7 million, which expires June 2020.

Additionally, CSW guaranteed 50% of the required debt service reserve for Polk Power Partners, another IPP of which CSW Energy owns 50%. In the event that Polk Power does not make the required debt payments, CSW has a maximum future payment exposure of approximately $4.7 million, which expires July 2010.

In connection with reducing the cost of the lignite mining contract for its Henry W. Pirkey Power Plant, SWEPCo has agreed under certain conditions, to assume the revolving credit agreement, capital lease obligations, and term loan payments of the mining contractor. In the event the mining contractor defaults under any of these agreements, SWEPCo's total future maximum payment exposure is approximately $74 million with maturity dates ranging from April 2003 to February 2012.

As part of the process to receive a renewal of a Texas Railroad Commission permit for lignite mining, SWEPCo has agreed to provide guarantees of mine reclamation in the amount of approximately $85 million. Since SWEPCo uses self-bonding, the guarantee provides for SWEPCo to commit to use its resources to complete the reclamation in the event the work is not completed by a third party miner. At December 31, 2002 the cost to reclaim the mine is estimated to be approximately $36 million. This guarantee ends upon depletion of reserves estimated at 2035 plus 6 years to complete reclamation.

In connection with the ability for Mutual Energy CPL L.P. (former subsidiary of AEP sold to Centrica on December 23, 2002) to compete in the CPL territory and to secure transition charges, AEP provided a guarantee that AEP would pay transition charges if Mutual Energy CPL failed to meet certain obligations. At the time of sale this guarantee (matures in February 2003) was not revoked. The future maximum payment exposure is $12.2 million. In February 2003, the guarantee matured and no payments under the guarantee were required.

In connection with the ERCOT transmission congestion auction, AEP has guaranteed the obligations of Mutual Energy CPL L.P. (former subsidiary of AEP sold to Centrica on December 23, 2002) and Mutual Energy WTU L.P. (former subsidiary of AEP sold to Centrica on December 23, 2002). At the time of sale these guarantees were not revoked. The total future maximum payment exposure for both companies is approximately $0.6 million. In January 2003 these guarantees matured and no payments under the guarantees were required.

See Note 26 "Minority Interest in Finance Subsidiary" for disclosure for the guaranteed support of AEP for Caddis Partners, LLC.

AEP and all its registrant and non-registrant subsidiaries enter into several types of contracts, which would require indemnifications. Typically these contracts include, but are not limited to, sale agreements, lease agreements, purchase agreements and financing agreements. Generally these agreements may include, but are not limited to, indemnifications around certain tax, contractual and environmental matters. At this time AEP cannot estimate the maximum potential payment for any of these indemnifications due to the uncertainty of future events. In addition, as of December 31, 2002, there are no liabilities required for any indemnifications.

AEP and its regulated and non-regulated subsidiaries lease certain equipment under a master operating lease. Under the lease agreement, the lessor is guaranteed to receive up to 87% of the unamortized balance of the equipment at the end of the lease term. If the fair market value of the leased equipment is below the unamortized balance at the end of the lease term, we have committed to pay the difference between the fair market value and the unamortized balance, with the total guarantee not to exceed 87% of the unamortized balance. At December 31, 2002, the maximum potential loss for these lease agreements was approximately $50 million assuming the fair market value of the equipment is zero at the end of the lease term. The maximum potential loss by registrant is as follows:

Registrant	Maximum Potential Loss (in millions)
APCo	$ 0.7
CSPCo	0.8
I&M	2.0
KPCo	-
OPCo	0.7
PSO	3.3
SWEPCo	3.4
TCC	6.7
TNC	2.5
Other AEP non-registrant Subsidiaries	29.9
Total	$50.0

11. Sustained Earnings Improvement Initiative:

In response to difficult conditions in AEP's business, a Sustained Earnings Improvement (SEI) initiative was undertaken company-wide in the fourth quarter of 2002, as a cost-saving and revenue-building effort to build long-term earnings growth.

Termination benefits expense relating to 1,120 terminated employees totaling $75.4 million pre-tax was recorded in the fourth quarter of 2002. Of this amount, AEP paid $9.5 million to these terminated employees in the fourth quarter of 2002. The termination benefits expense was classified as Maintenance and Other Operation expense on AEP's Consolidated Statements of Operations and as Other Operation expense on the other registrant's statements of operations. We determined that the termination of the employees under our SEI initiative did not constitute a curtailment under the provisions of SFAS No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits".

The following table shows the staff reductions, termination benefits expense and the remaining termination benefits expense accrual as of December 31, 2002:

	Total Number of Terminated Employees	Total Expense Recorded in 2002 (in millions)	Total Termination Benefits Accrued at 12/31/02 (in millions)
AEGCo	-	$ 0.3	$ 0.3
APCo	93	13.1	12.2
CSPCo	19	5.0	4.5
I&M	146	15.0	13.1
KPCo	16	2.6	2.5
OPCo	33	7.5	7.1
PSO	17	3.1	3.0
SWEPCo	8	3.3	3.1
TCC	37	6.0	5.5
TNC	20	2.0	1.6
Other AEP Subsidiar-ies	731	17.5	13.0
Totals	1,120	$75.4	$65.9

Approximately $48 million of severance expense associated with 701 AEP Service Corporation employees (included in the 731 figure above) was allocated among all AEP subsidiaries. AEGCo has no employees but receives allocated expenses.

In addition, certain buildings and corporate aircraft are being sold in an effort to reduce ongoing operating expenses.

12. Acquisitions, Dispositions and Discontinued Operations:

Acquisitions

SFAS 141 "Business Combinations" applies to all business combinations initiated and consummated after June 30, 2001.

2002

Acquisition of Nordic Trading

In January 2002 AEP acquired for $2.2 million and other assumed liabilities the trading operations, including key staff, of Enron's Norway and Sweden-based energy trading businesses (Nordic Trading). Results of operations are included in AEP's Consolidated Statements of Operations from the date of acquisition. The excess of cost over fair value of the net assets acquired was approximately $4.0 million which was recorded as Goodwill. Subsequently in the fourth quarter of 2002, a decision was made to exit the non-core trading business in Europe and to close or sell Nordic Trading as discussed under the "Discontinued Operations" section of this note.

Acquisition of USTI

In January 2002, AEP acquired 100% of the stock of United Sciences Testing, Inc. (USTI) for $12.5 million. USTI provides equipment and services related to automated emission monitoring of combustion gases to both AEP affiliates and external customers. Results of operations are included in AEP's Consolidated Statements of Operations from the date of acquisition.

2001

On June 1, 2001, AEP, through a wholly owned subsidiary, purchased Houston Pipe Line Company and Lodisco LLC for $727 million from Enron. The acquired assets include 4,200 miles of gas pipeline, a 30-year $274 million prepaid lease of a gas storage facility and certain gas marketing contracts. The purchase method of accounting was used to record the acquisition. According to APB Opinion No. 16 "Business Combinations" AEP recorded the assets acquired and liabilities assumed at their estimated fair values determined by independent appraisal or by Company's management based on information currently available and on current assumptions as to future operations. Based on a final purchase price allocation the excess of cost over fair value of the net assets acquired was approximately $153 million and is recorded as Goodwill. SFAS 142 "Goodwill and Other Intangible Assets" treats goodwill as a non-amortized, non-wasting asset effective January 1, 2002. Therefore, Goodwill was amortized for only seven months in 2001 on a straight-line basis over 30 years. The purchase method results in the assets, liabilities and earnings of the acquired operations being included in AEP's consolidated financial statements from the purchase date.

AEP also purchased the following assets or acquired the following businesses from July 1, 2001 through December 31, 2001 for an aggregate total of $1,651 million:

- SWEPCo, an AEP subsidiary, purchased the Dolet Hills mining operations and assumed the existing mine reclamation liabilities at its jointly owned lignite reserves in Louisiana.
- Quaker Coal Company as part of a bankruptcy proceeding settlement. AEP also assumed additional liabilities of approximately $58 million. The acquisition includes property, coal reserves, mining operations and royalty interests in Colorado, Kentucky, Ohio, Pennsylvania and West Virginia. AEP continues to operate the mines and facilities which employ over 800 individuals. See Note 13b "Asset Impairments and Investment Value Losses".
- MEMCO Barge Line added 1,200 hopper barges and 30 towboats to AEP's existing barging fleet. MEMCO's 450 employees operate the barge line. MEMCO added major barging operations on the Mississippi and Ohio rivers to AEP's barging operations on the Ohio and Kanawha rivers.
- U.K. Generation added 4,000 megawatts of coal-fired generation from Fiddler's Ferry, a four-unit, 2,000-megawatt station on the River Mersey in northwest England, approximately 200 miles from London and Ferrybridge, a four-unit, 2,000-megawatt station on the River Aire in northeast England, approximately 200 miles from London and related coal stocks. See Note 13b "Asset Impairments and Investment Value Losses".
- A 20% equity interest in Caiua, a Brazilian electric operating company which is a subsidiary of Vale. See Note 21, "Power and Distribution Projects". AEP converted a total of $66 million on an existing loan and accrued interest on that loan into Caiua equity. See Note 13b "Asset Impairments and Investment Value Losses".
- Indian Mesa Wind Project consisting of 160 megawatts of wind generation located near Fort Stockton, Texas.
- Acquired existing contracts and hired key staff from Enron's London-based international coal trading group.

Regarding the 2002 and 2001 acquisitions, management has recorded the assets acquired and liabilities assumed at their estimated fair values in accordance with APB Opinion No. 16 and SFAS 141 as appropriate based on currently available information and on current assumptions as to future operations.

Dispositions

2002

In 2002, AEP completed a number of disposals of assets determined to be non-core:

Disposal of SEEBOARD

On June 18, 2002, AEP, through a wholly owned subsidiary, entered into an agreement, subject to European Union (EU) approval, to sell its consolidated subsidiary SEEBOARD, a U.K. electricity supply and distribution company. EU approval was received July 25, 2002 and the sale was completed on July 29, 2002. AEP received approximately $941 million in net cash from the sale, subject to a working capital true up, and the buyer assumed SEEBOARD debt of approximately $1.12 billion, resulting in a net loss of $345 million at June 30, 2002. In accordance with SFAS 144 the results of operations of SEEBOARD have been classified as Discontinued Operations for all years presented. A net loss of $22 million was classified as Discontinued Operations in the second quarter of 2002. The remaining $323 million of the net loss has been classified as a transitional impairment loss from the adoption of SFAS 142 (see Notes 2 and 3) and has been reported as a Cumulative Effect of Accounting Change retroactive to January 1, 2002. A $59 million reduction of the net loss was recognized in the second half of 2002 to reflect changes in exchange rates to closing, settlement of working capital true-up and selling expenses. The net total loss recognized on the disposal of SEEBOARD was $286 million. Proceeds from the sale of SEEBOARD were used to pay down bank facilities and short-term debt.

The assets and liabilities of SEEBOARD were aggregated on AEP's Consolidated Balance Sheets as Assets of Discontinued Operations and Liabilities of Discontinued Operations as of December 31, 2001. The major classes of SEEBOARD's assets and liabilities of discontinued operations were:

	December 31, 2001 (in millions)
Assets:	
Current Assets	$ 324
Plant, Property and Equipment, Net	1,283
Goodwill	1,129
Other Assets	96
Total Assets of Discontinued Operations	$2,832
Liabilities:	
Current Liabilities	$ 752
Long-term Debt	701
Deferred Income Taxes	268
Other Liabilities	77
Total Liabilities of Discontinued Operations	$1,798

Disposal of CitiPower

On July 19, 2002, AEP, through a wholly owned subsidiary entered into an agreement to sell CitiPower, a retail electricity and gas supply and distribution subsidiary in Australia. AEP completed the sale on August 30, 2002 and received net cash of approximately $175 million and the buyer assumed CitiPower debt of approximately $674 million. AEP recorded a net charge totaling $125 million as of June 30, 2002. The charge included an impairment loss of $98 million on the remaining carrying value of an intangible asset related to a distribution license for CitiPower. The remaining $27 million of net loss was classified as a transitional goodwill impairment loss from the adoption of SFAS 142 (see Notes 2 and 3) and was recorded as a Cumulative Effect of Accounting Change retroactive to January 1, 2002.

The loss on the sale of CitiPower increased $24 million to $149 million in the second half of 2002 based on actual closing amounts and exchange rates.

CitiPower's results of operations have been reclassified as Discontinued Operations in accordance with SFAS 144. The assets and liabilities of CitiPower have been aggregated on the December 31, 2001, AEP balance sheet as

Assets of Discontinued Operations and Liabilities of Discontinued Operations. The major classes of CitiPower's assets and liabilities of discontinued operations are:

	December 31, 2001 (in millions)
Assets:	
Current Assets	$ 138
Plant, Property and Equipment, Net	495
Goodwill/Intangibles	466
Other Assets	23
Total Assets of Discontinued Operations	$1,122
Liabilities:	
Current Liabilities	$ 83
Long-term Debt	612
Deferred Income Taxes	55
Other Liabilities	34
Total Liabilities of Discontinued Operations	$784

Total revenues and pretax profit (loss) of the discontinued operations of SEEBOARD and CitiPower were:

	SEEBOARD (in millions)
Revenues:	
12 months ended 12/31/02	$ 694
12 months ended 12/31/01	1,451
12 months ended 12/31/00	1,596
Pretax Profit:	
12 months ended 12/31/02	$ 180
12 months ended 12/31/01	104
12 months ended 12/31/00	91

	CitiPower (in millions)
Revenues:	
12 months ended 12/31/02	$ 204
12 months ended 12/31/01	350
12 months ended 12/31/00	338
Pretax Profit (Loss):	
12 months ended 12/31/02	$ (190)
12 months ended 12/31/01	(4)
12 months ended 12/31/00	20

Disposition of Texas REPs

In April 2002, AEP reached a definitive agreement, subject to regulatory approval, to sell two of its Texas retail electric providers (REPs) to Centrica, a provider of retail energy and other consumer services. PUCT regulatory approval for the sale was obtained in December 2002. On December 23, 2002 AEP sold to Centrica, the general partner interests and the limited partner interests in Mutual Energy CPL L.P. and Mutual Energy WTU L.P. for a base purchase price paid in cash at closing and certain additional payments, including a net working capital payment. Centrica paid a base purchase price of $145.5 million which was based on a fair market value per customer established by an independent appraiser and an agreed customer count. AEP recorded a net gain totaling $83.7 million in Other Income. AEP (through TCC and TNC) will provide Centrica with a power supply contract for the two REPs and back-office services related to these customers for a two-year period. In addition, AEP retained the right to share in earnings from the two REPs above a threshold amount through 2006 in the event the Texas retail market develops increased earnings opportunities. Under the Texas Legislation, REPs are subject to a clawback liability if customer change does not attain thresholds required by the legislation. AEP is responsible for a portion of such liability, if any, for the period it operated the REPs in the Texas competitive retail market (January 1, 2002 through December 23, 2002). In addition, AEP retained responsibility for regulatory obligations arising out of operations before closing. AEP's wholly-owned subsidiary Mutual Energy Service Company LLC (MESC) received an up-front payment of approximately $30 million from Centrica associated with the back-office service agreement, and MESC deferred its right to receive payment of an additional amount of approximately $9 million to secure certain contingent obligations. These prepaid service revenues were deferred on the books of MESC to be amortized over the two-year term of the back office service agreement.

2001

In March 2001, CSWE, a subsidiary company, completed the sale of Frontera, a generating plant that the FERC required to be divested in connection with the merger of AEP and CSW. The sale proceeds were $265 million and resulted in an after tax gain of $46 million.

In July 2001, AEP, through a wholly owned subsidiary, sold its 50% interest in a 120-megawatt generating plant located in Mexico. The sale resulted in an after tax gain of approximately $11 million.

In July 2001, OPCo, an AEP subsidiary, sold coal mines in Ohio and West Virginia and agreed to purchase approximately 34 million tons of coal from the purchaser of the mines through 2008. The sale is expected to have a nominal impact on the results of operations and cash flows of OPCo and AEP.

In December 2001, AEP completed the sale of its ownership interests in the Virginia and West Virginia PCS (personal communications services) Alliances for stock, resulting in an after tax gain of approximately $7 million. During 2002, due to decreasing market value of the shares, AEP reduced the value of them to zero.

2000

In December 2000, AEP, through a wholly owned subsidiary, committed to negotiate a sale of its 50% investment in Yorkshire, a U.K. electricity supply and distribution company. As a result a $43 million writedown ($30 million after tax) was recorded in the fourth quarter of 2000 to reflect the net loss from the expected sale in the first quarter of 2001. The writedown is included in Other Income on AEP's Consolidated Statements of Operations. On February 26, 2001 an agreement to sell the Company's 50% interest in Yorkshire was signed. On April 2, 2001, following the approval of the buyer's shareholders, the sale was completed without further impact on AEP's consolidated earnings.

In December 2000, CSW International, a subsidiary company sold its investment in a Chilean electric company for $67 million. A net loss on the sale of $13 million ($9 million after tax) is included in Other Income, and includes $26 million ($17 million net of tax) of losses from foreign exchange rate changes that were previously reflected in Accumulated Other Comprehensive Income. In the second quarter of 2000 AEP management determined that the then existing decline in market value of the shares was other than temporary. As a result the investment was written down by $33 million ($21 million after tax) in June 2000. The total loss from both the write down of the Chilean investment to market in the second quarter and from the sale in the fourth quarter was $46 million ($30 million net of tax).

Discontinued Operations

The operations shown below, affecting AEP, were discontinued or classified as held for sale in 2002. Results of operations of these businesses have been reclassified as shown in the following table:

(in millions)	SEE-BOARD	CitiPower	Pushan	Eastex	Total
2002 Revenue	$ 694	$204	$57	$ 73	$1,028
2001 Revenue	1,451	350	57	-	1,858
2000 Revenue	1,596	338	57	-	1,991
2002 Earnings (Loss) After Tax	96	(123)	(7)	(156)	(190)
2001 Earnings (Loss) After Tax	88	(6)	4	-	86
2000 Earnings (Loss) After Tax	99	17	7	(1)	122

13. Asset Impairments and Investment Value Losses:

In 2002 AEP recorded pre-tax impairments of assets (including goodwill) and investments totaling $1.426 billion (consisting of approximately $866.6 million related to Asset Impairments, $321.1 million related to Investment Value and Other Impairment Losses, and $238.7 million related to Discontinued Operations) that reflected downturns in energy trading markets, projected long-term decreases in electricity prices, and other factors. These impairments exclude the transitional impairment loss from adoption of SFAS142 (see Notes 2 and 3). The categories of impairments included:

	2002 Pre-Tax Estimated Loss (in millions)
Asset Impairments Held for Sale	$ 483.1
Asset Impairments Held and Used	651.4
Investment Value Losses	291.9
Total	$1,426.4

a. Assets Held for Sale

In 2002, AEP (and its registrant subsidiaries, as applicable) recorded the following estimated loss on disposal of assets (including Goodwill) held for sale:

Assets Held for Sale	2002 Pre-Tax Estimated Loss on Disposal (in millions)	Business	Registrant
Eastex	$218.7	Wholesale	AEP
Pushan Power	20.0	Other	AEP
Total Impairment Losses Included in Discontinued Operations	$238.7		
Telecommunication – AEPC/C3	$158.5	Other	AEP
Newgulf Facility	11.8	Wholesale	AEP
Nordic Trading	5.3	Wholesale	AEP
Excess Equipment	23.9	Wholesale	AEP
Excess Real Estate	15.7	Wholesale	AEP
Total Included in Asset Impairment Losses	$215.2		
Telecommunications – AFN	$ 13.8	Other	AEP
Water Heater Program	3.2	Wholesale	AEP, APCo, CSPCo, I&M, KPCo and OPCo
Gas Power Systems	12.2	Wholesale	AEP
Total Included in Investment Value and Other Impairment Losses	$ 29.2		
Total-All Held for Sale Losses	$483.1		

Eastex

In 1998, CSW began construction of a natural gas-fired cogeneration facility (Eastex) located near Longview, Texas and commercial operations commenced in December 2001. In June 2002, AEP requested that the FERC allow it to modify the FERC Merger Order and substitute Eastex as a required divestiture under the order, due to the fact that the agreed upon market-power related divestiture of a plant in Oklahoma was no longer feasible. The FERC approved the request at the end of September 2002. Subsequently, in the fourth quarter of 2002 AEP solicited bids for the sale of Eastex and several interested buyers were identified by December 2002. A sale of assets is expected to be completed by the end of 2003 with an estimated pre-tax loss on sale of $218.7 million included in Discontinued Operations in AEP's Consolidated Statements of Operations. The estimated loss was based on the estimated fair value of the facility and indicative bids by interested buyers.

Results of operations of Eastex have been reclassified as Discontinued Operations in accordance with SFAS 144 as shown in Note 12. The assets and liabilities of Eastex have been included on AEP's Consolidated Balance Sheets as held for sale. The major classes of assets and liabilities held for sale are:

	2002	2001
	(in millions)	
Assets:		
Current Assets	$15	$ -
Property, Plant and Equipment, Net	-	217
Other Assets	-	3
Total Assets Held for Sale	$15	$220
Liabilities:		
Current Liabilities	$ 8	$ 5
Other Liabilities	4	1
Total Liabilities Held for Sale	$12	$ 6

Pushan Power Plant

In the fourth quarter of 2002, AEP began active negotiations to sell its interest in the Pushan Power Plant (Pushan) in Nanyang, China to the minority interest partner. Negotiations are expected to be completed by the second quarter of 2003 with an estimated pre-tax loss on disposal of $20.0 million, based on an indicative price expression. The estimated pre-tax loss on disposal is classified in Discontinued Operations in AEP's Consolidated Statements of Operations.

Results of operations of Pushan have been reclassified as Discontinued Operations in accordance with SFAS 144 as discussed in Note 12. The assets and liabilities of Pushan have been classified on AEP's Consolidated Balance Sheets as held for sale. The major classes of assets and liabilities held for sale are:

	2002	2001
	(in millions)	
Assets:		
Current Assets	$ 19	$ 17
Property, Plant and Equipment, Net	132	161
Total Assets Held for Sale	$151	$178
Liabilities:		
Current Liabilities	$ 28	$ 27
Long-term Debt	25	30
Other Liabilities	26	24
Total Liabilities Held for Sale	$ 79	$ 81

Telecommunications

AEP had developed businesses to provide telecommunication services to businesses and to other telecommunication companies through broadband fiber optic networks operated in conjunction with AEP's electric transmission and distribution lines. The businesses included AEP Communications, LLC (AEPC), C3 Communications, Inc. (C3), and a 50% share of AFN Networks, LLC (AFN), a joint venture. Due to the difficult economic conditions in these businesses and the overall telecommunications industry, and other operating problems, the AEP Board approved in December 2002 a plan to cease operations of these businesses. AEP took steps to market the assets of the businesses to potential interested buyers in the fourth quarter of 2002. A number of potential buyers have made offers for the assets of C3. Potential buyers have indicated interest in the assets of AFN. A formal offering of the assets of AEPC will begin early in 2003. The complete sale of all telecommunication assets is expected to be completed by the end of 2003 with an estimated pre-tax impairment loss of $158.5 million (related to AEPC and C3) classified in Asset Impairments in AEP's Consolidated Statements of Operations and an estimated pre-tax loss in value of the investment in AFN of $13.8 million classified in Investment Value and Other Impairment Losses in AEP's Consolidated Statements of Operations. The estimated losses are based on indicative bids by potential buyers.

$6 million and $182 million of Property, Plant and Equipment, net of accumulated depreciation of the telecommunication businesses have been classified on AEP's Consolidated Balance Sheets as held for sale in 2002 and 2001, respectively.

Newgulf Facility
In 1995, CSW purchased an 85 MW gas-fired peaking electrical generation facility located near Newgulf, Texas (Newgulf). In October 2002 AEP began negotiations with a likely buyer of the facility. A sale is now expected to be completed by the end of 2003 with an estimated pre-tax loss on sale of $11.8 million based on an indicative bid by the likely buyer. The estimated loss on disposal is classified in Asset Impairments on AEP's Consolidated Statements of Operations. Newgulf's Property, Plant and Equipment, net of accumulated depreciation, of $6 million in 2002 and $17 million in 2001 has been classified on AEP's Consolidated Balance Sheets as held for sale.

Nordic Trading
In October 2002 AEP announced that its ongoing energy trading operations would be centered around its generation assets. As a result, AEP took steps to exit its coal, gas, and electricity trading activities in Europe, except for those activities necessary to support the U.K. Generation operations. The Nordic Trading business acquired earlier in 2002 (see Note 12) was made available for sale to potential buyers. The estimated pre-tax loss on disposal in 2002 of $5.3 million, consisted of impairment of goodwill of $4.0 million (see Note 3) and impairment of assets of $1.3 million. The estimated loss of $5.3 million is included in Asset Impairments on AEP's Consolidated Statements of Operations. Management's determination of a zero fair value was based on discussions with a potential buyer. There are no assets and liabilities of Nordic Trading to be classified on AEP's Consolidated Balance Sheets as held for sale.

Excess Equipment
In November 2002, as a result of a cancelled development project, AEP obtained title to a surplus gas turbine generator. AEP has been unsuccessful in finding potential buyers of the unit, including its own internal generation operators, due to an over-supply of generation equipment available for sale. Sale of the turbine is now projected before the end of 2003 with an estimated 2002 pre-tax loss on disposal of $23.9 million, based on market prices of similar equipment. The loss is included in Asset Impairments on AEP's Consolidated Statements of Operations. The Other asset of $12 million in 2002 and $31 million in 2001 has been classified on AEP's Consolidated Balance Sheets as held for sale.

Excess Real Estate
In the fourth quarter of 2002, AEP began to market an under-utilized office building in Dallas, TX obtained through the merger with CSW. One prospective buyer has executed an option to purchase the building. Sale of the facility is projected by second quarter 2003 and an estimated 2002 pre-tax loss on disposal of $15.7 million has been recorded, based on the option sale price. The estimated loss is included in Asset Impairments on AEP's Consolidated Statements of Operations. The Property asset of $18 million in 2002 and $36 million in 2001 has been classified on AEP's Consolidated Balance Sheets as held for sale.

Water Heater Program
AEP, APCo, CSPCo, I&M, KPCo and OPCo operated a program to lease electric water heaters to residential and commercial customers until a decision was reached in the fourth quarter of 2002 to discontinue the program and to offer the assets for sale. Negotiations are underway with a qualified buyer, and sale of the assets is projected by the end of the first quarter of 2003. AEP's estimated 2002 pre-tax loss on disposal of $3.20 million ($50 thousand for APCo, $615 thousand for CSPCo, $643 thousand for I&M, $11 thousand for KPCo, $1.757 million for OPCo and $126 thousand for other AEP non-registrant subsidiaries) was based on the expected contract sales price. The loss is included in Investment Value and Other Impairment Losses on AEP's Consolidated Statements of Operations and in Nonoperating Expenses on the statements of income of the registrant subsidiaries. The assets and liabilities have been classified on AEP's Consolidated Balance Sheets as held for sale. The major classes of assets held for sale are:

	2002	2001
	(in millions)	
Assets:		
Current Assets	$ 1	$ 2
Property, Plant and Equipment, Net	38	48
Total Assets Held for Sale	$39	$50

Gas Power Systems
AEP acquired in 2001 a 75% interest in a startup company seeking to develop low-cost peaking generator sets powered by surplus jet turbine engines. The first quarter of 2002, AEP recognized a goodwill impairment loss of $12.2 million due to technological and operating problems (See Note 3). The loss was recorded in Investment Value and Other Impairment Losses on AEP's Consolidated Statements of Operations. The fair values of the remaining assets and liabilities were excluded from AEP's Consolidated Balance Sheets as held for sale, as the impact was insignificant. AEP's remaining interest was sold in January 2003.

b. Assets Held and Used

In 2002, AEP recorded the following impairments related to assets (including Goodwill) held and used to Asset Impairments on AEP's Consolidated Statements of Operations:

Assets Held and Used	2002 Pre-Tax Loss (in millions)	Business Segment	Registrant
U.K. Generation	$548.7	Wholesale	AEP
AEP Coal	59.9	Wholesale	AEP
Texas Plants	38.1	Wholesale	AEP and TNC
Ft. Davis Wind Farm	4.7	Wholesale	AEP and TNC
Total – ALL Held and Used Losses	$ 651.4		

U.K. Generation Plants
In December 2001, AEP acquired two coal-fired generation plants (U.K. Generation) in the U.K. for a cash payment of $942.3 million and assumption of certain liabilities. Subsequently and continuing through 2002, wholesale U.K. electric power prices declined sharply as a result of domestic over-capacity and static demand. External industry forecasts and AEP's own projections made during the fourth quarter of 2002

indicate that this situation may extend many years into the future. As a result, the U.K. Generation fixed asset carrying value at year-end 2002 was substantially impaired. A December 2002 probability-weighted discounted cash flow analysis of the fair value of our U.K. Generation indicated a 2002 pre-tax impairment loss of $548.7 million, including a goodwill impairment of $166.1 million as discussed in Note 3. The cash flow analysis used a discount rate of 6% over the remaining life of the assets and reflected assumptions for future electricity prices and plant operating costs. This impairment loss is included in Asset Impairments on AEP's Consolidated Statements of Operations.

AEP Coal

In October 2001, AEP acquired out of bankruptcy certain assets and assumed certain liabilities of nineteen coal mine companies formerly known as "Quaker Coal" and re-identified as "AEP Coal". During 2002 the coal operations suffered a decline in forward prices and adverse mining factors that culminated in the fourth quarter of 2002 and significantly reduced mine productivity and revenue. Based on an extensive review of economically accessible reserves and other factors, future mine productivity and production is expected to continue to be below historical levels. In December 2002, a probability-weighted discounted cash flow analysis of fair value of the mines was performed which indicated a 2002 pre-tax impairment loss of $59.9 million including a goodwill impairment of $3.6 million as discussed in Note 3. This impairment loss is included in Asset Impairments on AEP's Consolidated Statements of Operations.

Texas Plants

In September 2002, AEP proposed closing 16 gas-fired power plants in the ERCOT control area of Texas (8 TNC plants and 8 TCC plants). ERCOT indicated that it may designate some of those plants as "reliability must run" (RMR) status. In October ERCOT designated seven RMR plants (3 TNC plants and 4 TCC plants) and approved AEP's plan to inactivate nine other plants (5 TNC plants and 4 TCC plants). The process of moving the plants to inactive status took approximately two months. Employees of the plants moved to inactive status (approximately 180) were eligible for severance and outplacement services.

As a result of the decision to inactivate TNC plants, a write-down of utility assets of approximately $34.2 million (pre-tax) was recorded in Asset Impairments expense during the third quarter 2002 on AEP's and TNC's Statements of Operations. The decision to inactivate the TCC plants resulted in a write-down of utility assets of approximately $95.6 million (pre-tax), which was deferred and recorded in Regulatory Assets during the third quarter 2002 in AEP's Consolidated Balance Sheets (in Regulatory Assets Designated For or Subject to Securitization on TCC's Consolidated Balance Sheets).

During the fourth quarter 2002, evaluations continued as to whether assets remaining at the inactivated plants, including materials, supplies and fuel oil inventories, could be utilized elsewhere within the AEP System. As a result of such evaluations, TNC recorded an additional asset impairment charge to Asset Impairments expense of $3.9 million (pre-tax) in the fourth quarter 2002. In addition TNC recorded related inventory write-downs of $2.6 million [$1.2 million in Fuel and Purchased Energy: Electricity on AEP (Fuel Expense on TNC) and $1.4 million in Maintenance and Other Operation expense on AEP (Other Operation on TNC)]. Similarly, TCC recorded an additional asset impairment write-down of $6.7 million (pre-tax), which was deferred and recorded in Regulatory Assets on AEP (in Regulatory Assets Designated For or Subject to Securitization on TCC's Consolidated Balance Sheets) in the fourth quarter 2002. TCC also recorded related inventory write-downs of $14.9 million which was deferred and recorded in Regulatory Assets on AEP (in Regulatory Assets Designated For or Subject to Securitization on TCC's Consolidated Balance Sheets) in the fourth quarter 2002.

The total Texas plant asset impairment of $38.1 million in 2002 (all related to TNC) is included in Asset Impairments on AEP's and TNC's Consolidated Statements of Operations.

RMR plants are required to ensure the reliability of the power grid, even if electricity from those plants is not required to meet market needs. ERCOT and AEP negotiated interim contracts for the seven RMR plants through December 2003, however, ERCOT has the right to terminate the plants from RMR status upon 90 days written notice.

In December 2002, TCC filed a plan of divestiture with the PUCT proposing to sell all of its power generation assets, including the eight gas-fired generating plants that were either inactivated or designated as RMR status. See Texas Restructuring section of the "Customer Choice and Industry Restructuring" Note 8 for further discussion of the divestiture plan and anticipated timeline.

Ft. Davis Wind Farm
In the 1990's, CSW developed a 6 MW facility wind energy project located on a lease site near Ft. Davis, Texas. In the fourth quarter of 2002 AEP engineering staff determined that operation of the facility was no longer technically feasible and the lease of the underlying site should not be renewed. Dismantling of the facility will be complete by the end of 2003 with an estimated 2002 pre-tax loss on abandonment of $4.7 million. The loss was recorded in Asset Impairments on AEP's Consolidated Statements of Operations and TNC's Statements of Operations. The facility will continue to be classified as held and used until disposal is complete.

c. Investment Values

In 2002, AEP recorded the following declines in fair value on investments accounted for under APB 18 that were considered to be other than temporarily impaired as shown in the table below:

Investment Value Impairment Loss Items	2002 Pre-Tax Estimated Loss (in millions)	Business Segment	Registrant
Grupo Rede Investment – Brazil	$217.0	Other	AEP
South Coast Power	63.2	Other	AEP
Misc. Technology Investments	11.7	Other	AEP
Total	$291.9		

Grupo Rede Investment
In December 2002, AEP recorded an other than temporary impairment totaling $141.0 million ($217.0 million net of federal income tax benefit of $76.0 million) of its 44% equity investment in Vale and its 20% equity interest in Caiua, both Brazilian electric operating companies (referred to as Grupo Rede). This amount is included in Investment Value and Other Impairment Losses on AEP's Consolidated Statements of Operations. As of September 30, 2002, AEP had not recognized its cumulative equity share of operating and foreign currency translation losses of approximately $88 million and $105 million, respectively, due to the existence of a put option that permits AEP to require Grupo Rede to purchase our equity at a minimum price equal to the U.S. dollar equivalent of the original purchase price. In January 2002 AEP evaluated through an independent credit assessment the ability of Grupo Rede to fulfill its responsibilities under the put option and concluded that the carrying value of the original investment was reasonable.

During 2002, there has been a continuing decline in the Brazilian power industry and the value of the local currency. Events in the fourth quarter of 2002 led us to change our view that Grupo Rede would be able to fulfill its responsibilities under the put option. These events included two downgrades of Caiua debt by Moody's, resulting in a rating of Caa1. Caiua is an intermediate holding company which owns substantially all of the utility companies in the Grupo Rede system. The downgrading of Caiua's credit ratings to a level well below investment grade casts significant doubt on the ability of Grupo Rede to honor the put option.

Grupo Rede is in the process of restructuring some of its debts, and as a condition for participating in the restructuring, during November 2002 a creditor of Grupo Rede requested that AEP agree not to exercise the put option prior to March 31, 2007. AEP agreed and in exchange received an extension of the put option from the previous end date of 2009 through 2019. Based on the factors noted above, AEP could no longer reasonably believe that our investment could be recovered, resulting in the recording of the impairment.

South Coast Power Investment
South Coast Power is a 50% owned joint venture that was formed in 1996 to build and operate a merchant closed-cycle gas turbine generator at Shoreham, U.K.. South Coast Power is subject to the same adverse wholesale electric power rates described for U.K. Generation above. A December 2002 projected cash flow estimate of the fair value of the investment indicated a 2002 pre-tax other than temporary impairment of the equity interest (which included the fair value of supply contracts held by South Coast Power and accounted for in accordance with SFAS 133) in the amount of $63.2 million. This loss of investment value is included in Investment Value and Other Impairment Losses on AEP's Consolidated Statements of Operations.

Technology Investments
AEP previously made investments totaling $11.7 million in four early-stage or startup technologies involving pollution control and procurement. An analysis in December 2002 of the viability of the underlying technologies and the projected performance of the investee companies indicated that the investments were unlikely to be recovered, and an other than temporary impairment of the entire amount of the equity interest under APB 18 was recorded. The loss of investment value is included in Investment Value and Other Impairment Losses on AEP's Consolidated Statements of Operations.

14. Benefit Plans:

Pension and Other Postretirement Benefits

In the U.S. AEP sponsors two qualified pension plans and two nonqualified pension plans. Substantially all employees in the U.S. are covered by either one qualified plan or both a qualified and a nonqualified pension plan. Other postretirement benefit (OPEB) plans are sponsored by the AEP System to provide medical and death benefits for retired employees in the U.S.

AEP also has a foreign pension plan for employees of AEP Energy Services U.K. Generation Limited (Genco) in the U.K. Genco employees participate in their existing pension plan acquired as part of AEP's purchase of two generation plants in the U.K. in December 2001.

The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ending December 31, 2002, and a statement of the funded status as of December 31 for both years:

	U.S. Pension Plans 2002	U.S. Pension Plans 2001	U.S. OPEB Plans 2002	U.S. OPEB Plans 2001	
	(in millions)				
Reconciliation of Benefit Obligation:					
Obligation at January 1	$3,292	$3,161	$ 1,645	$1,668	
Service Cost	72	69	34	30	
Interest Cost	241	232	114	114	
Participant Contributions	-	-	13	8	
Plan Amendments	(2)	-	-	7	(a)
Actuarial (Gain) Loss	258	121	152	192	
Divestitures	-	-	-	(287)	(b)
Benefit Payments	(278)	(291)	(81)	(88)	
Curtailments	-	-	-	1	
Obligation at December 31	$3,583	$3,292	$ 1,877	$1,645	
Reconciliation of Fair Value of Plan Assets:					
Fair Value of Plan Assets at January 1	$3,438	$3,911	$ 711	$ 704	
Actual Return on Plan Assets	(371)	(182)	(57)	(31)	
Company Contributions	6	-	137	118	
Participant Contributions	-	-	13	8	
Benefit Payments	(278)	(291)	(81)	(88)	
Fair Value of Plan Assets at December 31	$2,795	$3,438	$ 723	$ 711	
Funded Status:					
Funded Status at December 31	$ (788)	$ 146	$(1,154)	$ (934)	
Unrecognized Net Transition (Asset) Obligation	(7)	(15)	233	263	
Unrecognized Prior-Service Cost	(13)	(12)	6	7	
Unrecognized Actuarial (Gain) Loss	1,020	35	896	649	
Prepaid Benefit (Accrued Liability)	$ 212	$ 154	$ (19)	$ (15)	

(a) Related to the purchase of Houston Pipe Line Company and MEMCO Barge Line.
(b) Related to the sale of Central Ohio Coal Company, Southern Ohio Coal Company and Windsor Coal Company.

The following table provides the amounts for prepaid benefit costs and accrued benefit liability recognized in the Consolidated Balance Sheets as of December 31 of both years. The amounts for additional minimum liability, intangible asset and Accumulated Other Comprehensive Income for 2001 and 2002 were recorded in 2002.

	U.S. Pension Plans 2002	U.S. Pension Plans 2001	U.S. OPEB Plans 2002	U.S. OPEB Plans 2001
	(in millions)			
Prepaid Benefit Costs	$ 255	$ 205	$ -	$ 1
Accrued Benefit Liability	(44)	(51)	(19)	(16)
Additional Minimum Liability	(944)	(15)	N/A	N/A
Intangible Asset	45	9	N/A	N/A
Accumulated Other Comprehensive Income	900	6	N/A	N/A
Net Asset (Liability)	$ 212	$ 154	$(19)	$ (15)
Other Comprehensive (Income) Expense Attributable to Change in Additional Pension Liability Recognition	$ 894	$(4)	N/A	N/A

N/A = Not Applicable

The value of our qualified plans' assets has decreased from $3.438 billion at December 31, 2001 to $2.795 billion at December 31, 2002. The qualified plans paid $272 million in benefits to plan participants during 2002 (nonqualified plans paid $6 million in benefits). The investment returns and declining discount rates have changed the status of our qualified plans from overfunded (plan assets in excess of projected benefit obligations) by $146 million at December 31, 2001 to an underfunded position (plan assets are less than projected benefit obligations) of $788 million at December 31, 2002. Due to the qualified plans currently being underfunded, the Company recorded a charge to Other Comprehensive Income (OCI) of $585 million, and a Deferred Income Tax Asset of $315 million, offset by a Minimum Pension Liability of $662 million and reduction to prepaid costs and intangible assets of $238 million. The charge to OCI does not affect earnings or cash flow. The OCI charge for each AEP subsidiary registrant is recorded in Minimum Pension Liability in the respective registrant's Consolidated Statements of Comprehensive Income. Also, because of the recent reductions in the funded status of our qualified plans, we expect to make cash contributions to our qualified plans of approximately $66 million in 2003 increasing to approximately $108 million per year by 2005.

The AEP System's qualified pension plans had accumulated benefit obligations in excess of plan assets of $661 million at December 31, 2002.

The AEP System's nonqualified pension plans had accumulated benefit obligations in excess of plan assets of $72 million at December 31, 2002 and $66 million at December 31, 2001. There are no assets in the nonqualified plans.

The AEP System's OPEB plans had accumulated benefit obligations in excess of plan assets of $1,154 million and $934 million at December 31, 2002 and 2001, respectively.

The Genco pension plan had $7 million and $10 million at December 31, 2002 and 2001, respectively, of accumulated benefit obligations in excess of plan assets.

The following table provides the components of AEP's net periodic benefit cost (credit) for the plans for fiscal years 2002, 2001 and 2000:

	U.S. Pension Plans			U.S. OPEB Plans		
	2002	2001	2000	2002	2001	2000
	(in millions)					
Service Cost	$ 72	$ 69	$ 60	$ 34	$ 30	$ 29
Interest Cost	241	232	227	114	114	106
Expected Return on Plan Assets	(337)	(338)	(321)	(62)	(61)	(57)
Amortization of Transition (Asset) Obligation	(9)	(8)	(8)	29	30	41
Amortization of Prior-service Cost	(1)	-	13	-	-	-
Amortization of Net Actuarial (Gain) Loss	(10)	(24)	(39)	27	18	4
Net Periodic Benefit Cost (Credit)	(44)	(69)	(68)	142	131	123
Curtailment Loss (a)	-	-	-	-	1	79
Net Periodic Benefit Cost (Credit) After Curtailments	$ (44)	$ (69)	$ (68)	$142	$132	$202

(a) Curtailment charges were recognized during 2000 for the shutdown of Central Ohio Coal Company, Southern Ohio Coal Company and Windsor Coal Company.

The following table provides the net periodic benefit cost (credit) for the plans by the following AEP registrant and other non-registrant subsidiaries for fiscal years 2002, 2001 and 2000:

	U.S. Pension Plans			U.S OPEB Plans		
	2002	2001	2000	2002	2001	2000
	(in thousands)					
APCo	$ (9,988)	$(13,645)	$(14,047)	$ 25,107	$ 22,810	$ 22,139
CSPCo	(8,328)	(10,624)	(10,905)	11,494	10,328	9,643
I&M	(4,206)	(7,805)	(8,565)	17,608	15,077	14,155
KPCo	(1,406)	(1,922)	(2,075)	2,986	2,438	2,364
OPCo	(11,360)	(14,879)	(15,041)	22,608	34,444	116,205
PSO	(3,819)	(2,480)	(2,196)	8,436	6,187	4,277
SWEPCo	(2,245)	(3,051)	(2,606)	8,371	6,399	4,152
TCC	(4,786)	(3,411)	(2,986)	10,733	8,214	6,656
TNC	(1,104)	(1,644)	(1,585)	4,798	3,729	2,929
Other Non-Registrant Subsidiaries	3,657	(9,139)	(7,546)	29,722	22,278	19,798
Total	$(43,585)	$(68,600)	$(67,552)	$141,863	$131,904	$202,318

The weighted-average assumptions as of December 31, used in the measurement of AEP's benefit obligations are shown in the following tables:

	U.S. Pension Plans			U.S. OPEB Plans		
	2002	2001	2000	2002	2001	2000
	%	%	%	%	%	%
Discount Rate	6.75	7.25	7.50	6.75	7.25	7.50
Expected Return on Plan Assets	9.00	9.00	9.00	8.75	8.75	8.75
Rate of Compensation Increase	3.7	3.7	3.2	N/A	N/A	N/A

In determining the discount rate in the calculation of future pension obligations we review the interest rates of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. As a result of a decrease in this benchmark rate during 2002, we determined that a decrease in our discount rate from 7.25% at December 31, 2001 to 6.75% at December 31, 2002 was appropriate.

For OPEB measurement purposes, a 10% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2003. The rate was assumed to decrease gradually each year to a rate of 5% through 2008 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the OPEB health care plans. A 1% change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
	(in millions)	
Effect on total service and interest cost components of net periodic postretirement health care benefit cost	$ 21	$ (17)
Effect on the health care component of the accumulated postretirement benefit obligation	237	(193)

AEP Savings Plans

AEP sponsors various defined contribution retirement savings plans eligible to substantially all non-United Mine Workers of America (UMWA) U.S. employees. These plans include features under Section 401(k) of the Internal Revenue Code and provide for company matching contributions. Beginning in 2001, AEP's contributions to the two largest plans increased to 75 cents for every dollar of the first 6% of eligible employee compensation from the previous rate of 50 cents. The cost for contributions to these plans totaled $60.1 million in 2002, $55.6 million in 2001 and $36.8 million in 2000.

The following table provides the cost for contributions to the savings plans by the following AEP registrant and other non-registrant subsidiaries for fiscal years 2002, 2001 and 2000:

	2002	2001	2000
		(in thousands)	
APCo	$ 6,722	$7,031	$ 3,988
CSPCo	2,784	2,789	1,638
I&M	8,039	7,833	4,231
KPCo	1,043	1,016	544
OPCo	5,785	6,398	3,713
PSO	2,260	2,235	2,306
SWEPCo	2,765	2,776	2,880
TCC	3,054	3,046	3,161
TNC	1,574	1,558	1,708
Other Non-Registrant Subsidiaries	26,094	20,869	12,677
Total	$60,120	$55,551	$36,846

On January 1, 2003, the two major AEP Savings Plans merged into a single plan.

Other UMWA Benefits

AEP and OPCo provide UMWA pension, health and welfare benefits for certain unionized mining employees, retirees, and their survivors who meet eligibility requirements. The benefits are administered by UMWA trustees and contributions are made to their trust funds. Contributions are expensed as paid as part of the cost of active mining operations and were not material in 2002, 2001 and 2000. In July 2001, OPCo sold certain coal mines in Ohio and West Virginia.

15. Stock-Based Compensation:

The American Electric Power System 2000 Long-Term Incentive Plan (the Plan) was approved by shareholders at AEP's annual meeting in 2000 and authorizes the use of 15,700,000 shares of AEP common stock for various types of stock-based compensation awards, including stock option awards, to key employees. The Plan was adopted in 2000.

Under the Plan, the exercise price of all stock option grants must equal or exceed the market price of AEP's common stock on the date of grant. AEP generally grants options that have a ten-year life and vest, subject to the participant's continued employment, in approximately equal 1/3 increments on January 1st following the first, second and third anniversary of the grant date.

CSW maintained a stock option plan prior to the merger with AEP in 2000. Effective with the merger, all CSW stock options outstanding were converted into AEP stock options at an exchange ratio of one CSW stock option for 0.6 of an AEP stock option. The exercise price for each CSW stock option was adjusted for the exchange ratio. Outstanding CSW stock options will continue in effect until all options are exercised, cancelled or expired. Under the CSW stock option plan, the option price was equal to the fair market value of the stock on the grant date. All CSW options fully vested upon the completion of the merger and expire 10 years after their original grant date.

A summary of AEP stock option transactions in fiscal periods 2002, 2001 and 2000 is as follows:

	2002		2001		2000	
	Options (in thousands)	Weighted Average Exercise Price	Options (in thousands)	Weighted Average Exercise Price	Options (in thousands)	Weighted Average Exercise Price
Outstanding at beginning of year	6,822	$37	6,610	$36	825	$40
Granted	2,923	$27	645	$45	6,046	$36
Exercised	(600)	$36	(216)	$38	(26)	$36
Forfeited	(358)	$41	(217)	$37	(235)	$39
Outstanding at end of year	8,787	$34	6,822	$37	6,610	$36
Options exercisable at end of year	2,481	$36	395	$43	588	$41
Weighted average Exercise price of options:						
-Granted above Market Price		$27		N/A		N/A
-Granted at Market Price		$27		$45		$36

The following table summarizes information about AEP stock options outstanding at December 31, 2002:

Options Outstanding

Range of Exercise Prices	Number Outstanding	Life in Years	Exercise Price
$27.06-35.625	8,047,058	8.4	$ 32.54
40.69-49.00	739,483	7.1	44.84
$27.06-49.00	8,786,541	8.3	$ 33.58

Options Exercisable

Range of Exercise Prices	Number Outstanding	Weighted-Average Exercise Price
$27.06-35.625	2,230,000	$35.51
40.69-49.00	251,327	43.66
$27.06-49.00	2,481,327	$36.33

If compensation expense for stock options had been determined based on the fair value at the grant date, AEP net income and earnings per share would have been the pro forma amounts shown in the following table:

	2002	2001	2000
	(in millions except per share amounts)		
Net (loss) income:			
As reported	$ (519)	$ 971	$ 267
Pro forma	(528)	959	264
Basic (loss) earnings per share:			
As reported	$(1.57)	$3.01	$0.83
Pro forma	(1.59)	2.98	0.82
Diluted (loss) earnings per share:			
As reported	$(1.57)	$3.01	$0.83
Pro forma	(1.59)	2.97	0.82

The proceeds received from exercised stock options are included in common stock and paid-in capital.

The pro forma amounts are not representative of the effects on reported net income for future years.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used to estimate the fair value of AEP options granted:

	2002	2001	2000
Risk Free Interest Rate	3.53%	4.87%	5.02%
Expected Life	7 years	7 years	7 years
Expected Volatility	29.78%	28.40%	24.75%
Expected Dividend Yield	6.15%	6.05%	6.02%
Weighted average fair value of options:			
-Granted above Market Price	$4.58	N/A	N/A
-Granted at Market Price	$4.37	$8.01	$5.50

16. Business Segments:

In 2000, AEP reported the following four business segments: Domestic Electric Utilities; Foreign Energy Delivery; Worldwide Energy Investments; and Other. With this structure, our regulated domestic utility companies were considered single, vertically-integrated units, and were reported collectively in the Domestic Electric Utilities segment.

In 2001 and 2002, we moved toward a goal of functionally and structurally separating our businesses. The ensuing realignment of our operations resulted in our current business segments, Wholesale, Energy Delivery and Other. The business activities of each of these segments are as follows:

Wholesale
- Generation of electricity for sale to retail and wholesale customers
- Gas pipeline and storage services
- Marketing and trading of electricity, gas, coal and other commodities
- Coal mining, bulk commodity barging operations and other energy supply related businesses

Energy Delivery
- Domestic electricity transmission
- Domestic electricity distribution

Other
- Energy services

Segment results of operations for the twelve months ended December 31, 2002, 2001 and 2000 are shown below. These amounts include certain estimates and allocations where necessary.

We have used *earnings before interest and income taxes* (EBIT) as a measure of segment operating performance. The EBIT measure is total operating revenues net of total operating expenses and other income and deductions from income. It differs from net income in that it does not take into account interest expense, income taxes and the effect of discontinued operations, extraordinary items and the cumulative effect of a change in accounting principle. EBIT is believed to be a reasonable gauge of results of operations. By excluding interest expense and income taxes, EBIT does not give guidance regarding the demand of debt service or other interest requirements, or tax liabilities or taxation rates. The effects of interest expense and taxes on overall corporate performance can be seen in the Consolidated Statements of Operations. By excluding discontinued operations, extraordinary items, and the cumulative effect of changes in accounting principles, EBIT gives more focused guidance on segment operating performance.

Year	Wholesale	Energy Delivery	Other	Reconciling Adjustments	AEP Consolidated
		(in millions)			
2002					
Revenues from:					
External unaffiliated customers	$10,988	$ 3,551	$ 16	$ -	$14,555
Transactions with other operating segments	2,314	20	46	(2,380)	-
Segment EBIT	645	970	(549)	-	1,066
Depreciation, depletion and amortization expense	842	519	16	-	1,377
Total assets	22,622	11,624	248	247(a)	34,741
Investments in equity method subsidiaries	115	-	57	-	172
Gross property additions	1,072	638	12	-	1,722
2001					
Revenues from:					
External unaffiliated customers	$ 9,297	$ 3,356	$ 114	$ -	$12,767
Transactions with other operating segments	2,708	20	1,155	(3,883)	-
Segment EBIT	1,302	986	42	-	2,330
Depreciation, depletion and amortization expense	597	632	14	-	1,243
Total assets	21,947	12,455	220	4,675(a)	39,297
Investments in equity method subsidiaries	242	-	370	-	612
Gross property additions	610	844	200	-	1,654
2000					
Revenues from:					
External unaffiliated customers	$ 7,834	$3,174	$ 105	$ -	$11,113
Transactions with other operating segments	1,726	2	750	(2,478)	-
Segment EBIT	686	1,017	89	-	1,792
Depreciation, depletion and amortization expense	556	506	29	-	1,091
Total assets	24,172	14,876	2,625	4,960(a)	46,633
Investments in equity method subsidiaries	140	-	296	-	436
Gross property additions	366	961	141	-	1,468

(a) Reconciling adjustments for Total Assets include Assets Held for Sale and/or Assets of Discontinued Operations

Of the registrant operating company subsidiaries, all of the registrant subsidiaries except AEGCo have two business segments. The segment results for each of these subsidiaries are reported in the table below. AEGCo has one segment, a wholesale generation business. AEGCo's results of operations are reported in AEGCo's financial statements.

	Twelve Months Ended December 31, 2002			Twelve Months Ended December 31, 2001		
	Revenues	Segment EBIT	Total Assets	Revenues	Segment EBIT	Total Assets
		(in thousands)			(in thousands)	
Wholesale Segment						
APCo	$1,220,381	$215,735	$2,586,966	$1,189,223	$164,844	$2,505,877
CSPCo	907,882	282,974	1,762,074	867,100	232,372	1,742,328
I&M	1,205,043	42,410	3,160,575	1,212,587	117,396	3,027,509
KPCo	246,629	6,568	591,655	247,842	4,935	507,516
OPCo	1,523,452	364,071	2,861,415	1,545,392	240,128	2,820,995
PSO	518,100	34,322	840,374	695,123	52,086	827,235
SWEPCo	736,484	70,547	1,082,251	768,322	82,409	1,127,331
TCC	1,135,946	395,060	3,117,447	1,265,655	303,966	2,847,743
TNC	377,387	(58,930)	376,308	387,422	7,930	371,031
Energy Delivery Segment						
APCo	$ 594,089	$217,360	$2,040,881	$ 595,036	$213,733	$1,976,908
CSPCo	492,278	63,071	991,166	483,219	130,503	980,060
I&M	321,721	170,342	1,426,616	314,410	111,206	1,366,553
KPCo	132,054	51,697	573,021	131,183	54,033	491,532
OPCo	589,673	71,225	1,595,617	552,713	118,261	1,573,078
PSO	275,547	69,543	936,316	261,877	79,787	921,676
SWEPCo	348,236	107,081	1,126,424	333,004	107,197	1,173,345
TCC	554,547	148,918	2,238,991	473,182	109,587	2,045,287
TNC	73,353	53,995	500,867	169,036	33,226	493,844
Registrant Subsidiaries Company Total						
APCo	$1,814,470	$433,095	$4,627,847	$1,784,259	$378,577	$4,482,785
CSPCo	1,400,160	346,045	2,753,240	1,350,319	362,875	2,722,388
I&M	1,526,764	212,752	4,587,191	1,526,997	228,602	4,394,062
KPCo	378,683	58,265	1,164,676	379,025	58,968	999,048
OPCo	2,113,125	435,296	4,457,032	2,098,105	358,389	4,394,073
PSO	793,647	103,865	1,776,690	957,000	131,873	1,748,911
SWEPCo	1,084,720	177,628	2,208,675	1,101,326	189,606	2,300,676
TCC	1,690,493	543,978	5,356,438	1,738,837	413,553	4,893,030
TNC	450,740	(4,935)	877,175	556,458	41,156	864,875

	Twelve Months Ended December 31, 2000		
	Revenues	Segment EBIT (in thousands)	Total Assets
Wholesale Segment			
APCo	$1,184,335	$154,525	$3,674,081
CSPCo	906,363	235,860	2,481,594
I&M	1,177,190	(146,297)	3,978,360
KPCo	268,529	22,379	759,228
OPCo	1,672,744	289,084	3,976,532
PSO	711,274	54,072	1,011,474
SWEPCo	773,324	27,055	1,302,611
TCC	1,291,588	273,650	3,182,202
TNC	394,860	13,910	466,539
Energy Delivery Segment			
APCo	$ 574,918	$191,560	$2,898,514
CSPCo	398,046	81,896	1,395,897
I&M	311,019	126,241	1,795,748
KPCo	121,346	49,770	735,315
OPCo	467,587	138,418	2,217,443
PSO	245,124	85,524	1,126,949
SWEPCo	344,950	129,842	1,355,778
TCC	478,814	136,069	2,285,499
TNC	176,204	50,201	620,965
Registrant Subsidiaries Company Total			
APCo	$1,759,253	$346,085	$6,572,595
CSPCo	1,304,409	317,756	3,877,491
I&M	1,488,209	(20,056)	5,774,108
KPCo	389,875	72,149	1,494,543
OPCo	2,140,331	427,502	6,193,975
PSO	956,398	139,596	2,138,423
SWEPCo	1,118,274	156,897	2,658,389
TCC	1,770,402	409,719	5,467,701
TNC	571,064	64,111	1,087,504

17. Risk Management, Financial Instruments and Derivatives:

Risk Management

We are subject to market risks in our day to day operations. Our risk policies have been reviewed with the Board of Directors, approved by a Risk Executive Committee and are administered by the Chief Risk Officer. The Risk Executive Committee establishes risk limits, approves risk policies, assigns responsibilities regarding the oversight and management of risk and monitors risk levels. This committee receives daily, weekly, and monthly reports regarding compliance with policies, limits and procedures. The committee meets monthly and consists of the Chief Risk Officer, Chief Credit Officer, V.P. of Market Risk Oversight, and senior financial and operating managers.

The risks and related strategies that management can employ are:

Risk	Description	Strategy
Price Risk	Volatility in commodity prices	Trading and hedging
Interest Rate Risk	Changes in interest rates	Hedging
Foreign Exchange Risk	Fluctuations in foreign currency rates	Trading and hedging
Credit Risk	Non-performance on contracts with counterparties	Guarantees and collateral

We employ physical forward purchase and sale contracts, exchange futures and options, over-the-counter options, swaps, and other derivative contracts to offset price risk where appropriate. However, we engage in trading of electricity, gas and to a lesser degree other commodities and as a result we are subject to price risk. The amount of risk taken by the traders is controlled by the management of the trading operations and the Chief Risk Officer and his staff. If the risk from trading activities exceeds certain pre-determined limits, the positions are modified or hedged to reduce the risk to be within the limits unless specifically approved by the Risk Executive Committee.

AEP is exposed to risk from changes in the market prices of coal and natural gas used to generate electricity where generation is no longer regulated or where existing fuel clauses are suspended or frozen. The protection afforded by fuel clause recovery mechanisms has either been eliminated by the implementation of customer choice in Ohio (effective January 1, 2001) and in the ERCOT area of Texas (effective January 1, 2002) or frozen by a settlement agreement in Michigan, capped in Indiana and fixed (subject to future commission action) in West Virginia. To the extent all fuel supply for the generating units in these states is not under fixed price long-term contracts, AEP is subject to market price risk. AEP continues to be protected against market price changes by active fuel clauses in Arkansas, Kentucky, Louisiana, Oklahoma, Virginia and the SPP area of Texas.

We enter into currency and interest rate forward and swap transactions to hedge the currency and interest rate exposures created by commodity transactions. These transactions are marked-to-market to match the change in value in the transactions they hedge which are also marked-to-market. We employ forward contracts as cash flow hedges and swaps as cash flow or fair value hedges to mitigate changes in interest rates or fair values on Short-Term Debt and Long-term Debt when management deems it necessary. We do not hedge all interest rate risk.

We employ cash flow forward hedge contracts to lock-in prices on transactions denominated in foreign currencies where deemed necessary. International subsidiaries use currency swaps to hedge exchange rate fluctuations in debt denominated in foreign currencies. We do not hedge all foreign currency exposure.

Our open trading contracts, including structured transactions, are marked-to-market daily using the price model and price curve(s) corresponding to the instrument. Forwards, futures and swaps are generally valued by subtracting the contract price from the market price and then multiplying the difference by the contract volume and adjusting for net present value and other impacts. Significant estimates in valuing such contracts include forward price curves, volumes, seasonality, weather, and other factors.

Forwards and swaps are valued based on

forward price curves which represent a series of projected prices at which transactions can be executed in the market. The forward price curve includes the market's expectations for prices of a delivered commodity at that future date. The forward price curve is developed from the market bid price, which is the highest price which traders are willing to pay for a contract, and the ask or offer price, which is the lowest price traders are willing to receive for selling a contract.

Option contracts, consisting primarily of options on forwards and spread options, are valued using models, which are variations on Black-Scholes option models. The market-related inputs are the interest rate curve, the underlying commodity forward price curve, the implied volatility curve and the implied correlation curve. Volatility and correlation prices may be quoted in the market. Significant estimates in valuing these contracts include forward price curves, volumes, and other volatilities.

Futures and options traded on exchanges (primarily oil and gas on NYMEX) are valued at the exchange price.

Electricity and gas markets in particular have primary trading hubs or delivery points/regions and less liquid secondary delivery points. In North American natural gas markets, the primary delivery points are generally traded from Henry Hub, Louisiana. The less liquid gas or power trading points may trade as a spread (based on transportation costs, constraints, etc.) from the nearest liquid trading hub. Also, some commodities trade more often and therefore are more liquid than others. For example, peak electricity is a more liquid product than off-peak electricity. Henry Hub gas trades in monthly blocks for up to 36 months and after that only trades in seasonal or calendar blocks. When this occurs, we use our best judgment to estimate the curve values. The value used will be based on various factors such as last trade price, recent price trend, product spreads, location spreads (including transportation costs), cross commodity spreads (e.g., heat rate conversion of gas to power), time spreads, cost of carry (e.g., cost of gas storage), marginal production cost, cost of new entrant capacity, and alternative fuel costs. Also, an energy commodity contract's price volatility generally increases as it approaches the delivery month. Spot price volatility (e.g., daily or hourly prices) can cause contract values to change substantially as open positions settle against spot prices. When a portion of a curve has been estimated for a period of time and market changes occur, assumptions are updated to align the curve to the market. All fair value amounts are net of adjustments for items such as credit quality of the counterparty (credit risk) and liquidity risk.

We also mark-to-market derivatives that are not trading contracts in accordance with generally accepted accounting principles. There may be unique models for these transactions, but the curves the Company inputs into the models are the same forward curves, which are described above.

We have developed independent controls to evaluate the reasonableness of our valuation models and curves. However, there are inherent risks related to the underlying assumptions in models used to fair value open long-term trading contracts. Therefore, there could be a significant favorable or adverse effect on future results of operations and cash flows if market prices at settlement differ from the price models and curves.

Results of Risk Management Activities

The amounts of net revenue margins (sales less purchases) in 2002, 2001, and 2000 for trading activities were:

	2002	2001	2000
		(in millions)	
Net Revenue Margins	$53	$402	$233

The amounts of revenues recorded in 2002, 2001 and 2000 for the registrant subsidiaries were:

	2002	2001	2000
		(in thousands)	
APCo	$29,044	$ 52,871	$ 27,924
CSPCo	24,503	36,120	16,999
I&M	11,833	19,130	26,575
KPCo	3,801	6,150	10,704
OPCo	39,114	43,789	26,840
PSO	(1,357)	(7,345)	5,233
SWEPCo	(4,999)	2,317	1,562
TCC	(7,708)	10,500	(1,752)
TNC	(1,098)	1,508	222
Total	$93,133	$165,040	$114,307

The fair value of open trading contracts that are marked-to-market are based on management's best estimates using over-the-counter quotations and exchange prices for short-term open trading contracts, and internally developed price curves for open long-term trading contracts. The following table does not reflect derivative contracts designated as hedges or firm transmission rights contracts. As a result, the totals will not agree to the Consolidated Balance Sheets. The fair values of trading contracts at December 31 are:

	2002 Fair Value (in millions)	2001 Fair Value (in millions)
Trading Assets		
Electricity and Other		
Physicals	$ 846	$ 966
Financials	226	170
Total Trading Assets	$1,072	$ 1,136
Gas		
Physicals	$ 105	$ 196
Financials	685	1,587
Total Trading Assets	$ 790	$ 1,783
Trading Liabilities		
Electricity and Other		
Physicals	$ (534)	$ (760)
Financials	(126)	(87)
Total Trading Liabilities	$ (660)	$ (847)
Gas		
Physicals	$ (191)	$ (38)
Financials	(761)	(1,586)
Total Trading Liabilities	$ (952)	$(1,624)

The fair values of trading contracts for the registrant subsidiaries at December 31 are:

	2002 Fair Value (in thousands)	2001 Fair Value (in thousands)
APCo		
Trading Assets		
Electricity and Other		
Physicals	$ 168,687	$ 217,914
Financials	39,585	39,466
Trading Liabilities		
Electricity and Other		
Physicals	$(100,045)	$(164,624)
Financials	(11,375)	(17,055)
CSPCo		
Trading Assets		
Electricity and Other		
Physicals	$ 113,397	$ 133,425
Financials	26,611	24,206
Trading Liabilities		
Electricity and Other		
Physicals	$ (67,244)	$ (98,749)
Financials	(7,647)	(10,433)
I&M		
Trading Assets		
Electricity and Other		
Physicals	$ 121,706	$ 165,162
Financials	28,474	26,630
Trading Liabilities		
Electricity and Other		
Physicals	$ (70,061)	$(117,795)
Financials	(9,258)	(12,652)

	2002 Fair Value (in thousands)	2001 Fair Value (in thousands)
KPCo		
Trading Assets		
Electricity and Other		
Physicals	$ 43,532	$ 53,651
Financials	10,216	9,732
Trading Liabilities		
Electricity and Other		
Physicals	$ (25,815)	$ (46,476)
Financials	(2,935)	(4,178)
OPCo		
Trading Assets		
Electricity and Other		
Physicals	$ 158,473	$ 180,989
Financials	35,304	32,997
Trading Liabilities		
Electric and Other		
Physicals	$ (89,526)	$(132,603)
Financials	(10,145)	(15,937)
PSO		
Trading Assets		
Electricity		
Physicals	$ 8,165	$ 47,613
Trading Liabilities		
Electricity		
Physicals	$ (4,620)	$ (45,179)
SWEPCo		
Trading Assets		
Electricity		
Physicals	$ 9,329	$ 54,647
Trading Liabilities		
Electricity		
Physicals	$ (5,278)	$ (51,747)
TCC		
Trading Assets		
Electricity		
Physicals	$ 26,752	$ 62,520
Trading Liabilities		
Electricity		
Physicals	$ (21,136)	$ (58,663)
Financials	(202)	-
TNC		
Trading Assets		
Electricity		
Physicals	$ 6,323	$ 18,567
Trading Liabilities		
Electricity		
Physicals	$ (4,047)	$ (17,652)
Financials	(233)	-

Credit Risk

AEP limits credit risk by extending unsecured credit to entities based on internal ratings. AEP uses Moody's Investor Service, Standard and Poor's and qualitative and quantitative data to independently assess the financial health of counterparties on an ongoing basis. This data, in conjunction with the ratings information, is used to determine appropriate risk parameters. AEP also requires cash deposits, letters of credit and parental/affiliate guarantees as security from counterparties depending upon credit quality in our normal course of business.

We trade electricity and gas contracts with numerous counterparties. Since our open energy trading contracts are valued based on changes in market prices of the related commodities, our exposures change daily. We believe that our credit and market exposures with any one counterparty are not material to our financial condition at December 31, 2002. At December 31, 2002, less than 7% of our exposure was below investment grade as expressed in terms of Net Mark to Market Assets. Net Mark to Market Assets represents the aggregate difference between the forward market price for the remaining term of the contract and the contractual price per counterparty. The following table approximates counterparty credit quality and exposure for AEP based on netting across AEP entities, commodities and instruments at December 31, 2002:

Counterparty Credit Quality	Futures, Forward and Swap Contracts	Options	Total
		(in millions)	
AAA/Exchanges	$ 26	$ 2	$ 28
AA	307	33	340
A	448	26	474
BBB	700	101	801
Below Investment Grade	107	11	118
Total	$1,588	$173	$1,761

We enter into transactions for electricity and natural gas as part of wholesale trading operations. Electricity and gas transactions are executed over-the-counter with counterparties or through brokers. Gas transactions are also executed through brokerage accounts with brokers who are registered with the U.S. Commodity Futures Trading Commission. Brokers and counterparties require cash or cash-related instruments to be deposited on these transactions as margin against open positions. The combined margin deposits at December 31, 2002 and 2001 were $109 million and $55 million. These margin accounts are restricted and therefore are not included in Cash and Cash Equivalents on the Consolidated Balance Sheets. AEP and its subsidiaries can be subject to further margin requirements should related commodity prices change.

The margin deposits at December 31, 2002 for the registrants were:

	(in thousands)
APCo	$1,010
CSPCo	673
I&M	727
KPCo	261
OPCo	1,400
PSO	91
SWEPCo	105
TCC	121
TNC	37

Financial Derivatives and Hedging

In the first quarter of 2001, AEP adopted SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. AEP recorded a favorable transition adjustment to Accumulated Other Comprehensive Income of $27 million at January 1, 2001 in connection with the adoption of SFAS 133. Derivatives included in the transition adjustment are interest rate swaps, foreign currency swaps and commodity swaps, options and futures.

Most of the derivatives identified in the transition adjustment were designated as cash flow hedges and relate to foreign operations.

Certain derivatives may be designated for accounting purposes as a hedge of either the fair value of an asset, liability, firm commitment, or a hedge of the variability of cash flows related to a variable-priced asset, liability, commitment, or forecasted transaction. To qualify for hedge accounting, the relationship between the hedging instrument and the hedged item must be documented to include the risk management objective and strategy for use of the hedge instrument. At the inception of the hedge and on an ongoing basis, the effectiveness of the hedge is assessed to determine whether the hedge will be or is highly effective in offsetting changes in fair value or cash flows of the item being hedged. Changes in the fair value that result from the ineffectiveness of a hedge under SFAS 133 are recognized currently in earnings through mark-to-market accounting. Changes in the fair value of effective cash flow hedges are reported in Accumulated Other Comprehensive Income. Gains and losses from cash flow hedges in other comprehensive income are reclassified to earnings in the accounting periods in which the variability of cash flows of the hedged items affect earnings

Cash flow hedges included in Accumulated Other Comprehensive Income (Loss) on AEP's Consolidated Balance Sheets at December 31, 2002 are:

	Hedging Assets	Hedging Liabilities	Accumulated Other Comprehensive Income (Loss) After Tax
		(in millions)	
Electricity and Gas	$6	$ (8)	$ (2)
Interest Rate	-	(13)*	(12)
Foreign Currency	-	(2)	(2)
			$(16)

* Includes $6 million loss recorded in an equity investment.

The following table represents the activity in Other Comprehensive Income (Loss) related to the effect of adopting SFAS 133 for derivative contracts that qualify as cash flow hedges at December 31, 2002:

	(in millions)
AEP Consolidated	
Beginning Balance, January 1, 2002	$ (3)
Changes in fair value	(56)
Reclasses from OCI to net loss	43
Accumulated OCI derivative loss, December 31, 2002	$ (16)
	(in thousands)
APCo	
Beginning Balance, January 1, 2002	$ (340)
Effective portion of changes in fair value	(1,310)
Reclasses from OCI to net income	(270)
Accumulated OCI derivative loss, December 31, 2002	$(1,920)
CSPCo	
Beginning Balance, January 1, 2002	$ -
Effective portion of changes in fair value	62
Reclasses from OCI to net income	(329)
Accumulated OCI derivative loss, December 31, 2002	$ (267)
I&M	
Beginning Balance, January 1, 2002	$(3,835)
Effective portion of changes in fair value	34
Reclasses from OCI to net income	3,515
Accumulated OCI derivative loss, December 31, 2002	$ (286)
KPCo	
Beginning Balance, January 1, 2002	$(1,903)
Effective portion of changes in fair value	343
Reclasses from OCI to net income	1,882
Accumulated OCI derivative gain, December 31, 2002	$ 322
OPCo	
Beginning Balance, January 1, 2002	$ (196)
Effective portion of changes in fair value	(103)
Reclasses from OCI to net income	(439)
Accumulated OCI derivative loss, December 31, 2002	$ (738)
PSO	
Beginning Balance, January 1, 2002	$ -
Effective portion of changes in fair value	2
Reclasses from OCI to net income	(44)
Accumulated OCI derivative loss, December 31, 2002	$ (42)

	(in thousands)
SWEPCo	
Beginning Balance, January 1, 2002	$ -
Effective portion of changes in fair value	1
Reclasses from OCI to net income	(49)
Accumulated OCI derivative loss, December 31, 2002	$ (48)
TCC	
Beginning Balance, January 1, 2002	$ -
Effective portion of changes in fair value	30
Reclasses from OCI to net income	(66)
Accumulated OCI derivative loss, December 31, 2002	$ (36)
TNC	
Beginning Balance, January 1, 2002	$ -
Effective portion of changes in fair value	3
Reclasses from OCI to net income	(18)
Accumulated OCI derivative loss, December 31, 2002	$ (15)

Approximately $9 million of net losses from cash flow hedges in Accumulated Other Comprehensive Income (Loss) at December 31, 2002 are expected to be reclassified to net income in the next twelve months as the items being hedged settle. The actual amounts reclassified from Accumulated Other Comprehensive Income to Net Income can differ as a result of market price changes. The maximum term for which the exposure to the variability of future cash flows is being hedged is five years.

Financial Instruments

Market Valuation of Non-Derivative Financial Instrument

The book values of Cash and Cash Equivalents, Accounts Receivable, Short-term Debt and Accounts Payable approximate fair value because of the short-term maturity of these instruments. The book value of the pre-April 1983 spent nuclear fuel disposal liability approximates the best estimate of its fair value.

The fair values of Long-term Debt and preferred stock subject to mandatory redemption are based on quoted market prices for the same or similar issues and the current dividend or interest rates offered for instruments with similar maturities. These instruments are not marked-to-market. The estimates presented are not necessarily indicative of the amounts that we could realize in a current market exchange. The book values and fair values of significant financial instruments for AEP and its registrant subsidiaries at December 31, 2002 and 2001 are summarized in the following tables.

	2002		2001	
	Book Value	Fair Value	Book Value	Fair Value
	(in millions)		(in millions)	
AEP				
Long-term Debt	$ 10,125	$ 10,470	$ 9,505	$ 9,542
Preferred Stock	84	77	95	93
Trust Preferred Securities	321	324	321	321
	(in thousands)		(in thousands)	
AEGCo				
Long-term Debt	$ 44,802	$ 48,103	$ 44,793	$ 45,268
APCo				
Long-term Debt	$1,893,861	$1,953,087	$1,556,559	$1,439,531
Preferred Stock	10,860	9,774	10,860	10,860
CSPCo				
Long-term Debt	$ 621,626	$ 643,715	$ 791,848	$ 802,194
Preferred Stock	-	-	10,000	10,100
I&M				
Long-term Debt	$1,617,062	$1,673,363	$1,652,082	$1,672,392
Preferred Stock	64,945	58,948	64,945	62,795
KPCo				
Long-term Debt	$ 466,632	$ 475,455	$ 346,093	$ 350,233
OPCo				
Long-term Debt	$1,067,314	$1,095,197	$1,203,841	$1,227,880
Preferred Stock	8,850	7,965	8,850	8,837

PSO				
Long-term Debt	$ 545,437	$ 570,761	$ 451,129	$ 462,903
Trust Preferred Securities	75,000	75,900	75,000	74,730
SWEPCo				
Long-term Debt	$ 693,448	$ 727,085	$ 645,283	$ 656,998
Trust Preferred Securities	110,000	110,880	110,000	109,780
TCC				
Long-term Debt	$1,438,565	$1,522,373	$1,253,768	$1,278,644
Trust Preferred Securities	136,250	136,959	136,250	135,760
TNC				
Long-term Debt	$ 132,500	$ 144,060	$ 255,967	$ 266,846

Other Financial Instruments - Nuclear Trust Funds Recorded at Market Value –
The trust investments which are classified as held for sale for decommissioning and SNF disposal, reported in Other Assets on AEP's Consolidated Balance Sheets, are recorded at market value in accordance with SFAS 115 "Accounting for Certain Investments in Debt and Equity Securities". At December 31, 2002 and 2001, the fair values of the trust investments were $969 million and $933 million, respectively, and had a cost basis of $909 million and $839 million, respectively. The change in market value in 2002, 2001, and 2000 was a net unrealized holding loss of $33 million and $11 million and a net unrealized holding gain of $6 million, respectively.

18. Income Taxes:

The details of AEP's consolidated income taxes before discontinued operations, extraordinary items, and cumulative effect as reported are as follows:

	Year Ended December 31,		
	2002	2001	2000
		(in millions)	
Federal:			
Current	$ 330	$404	$ 793
Deferred	(192)	60	(236)
Total	138	464	557
State:			
Current	32	61	47
Deferred	30	34	(6)
Total	62	95	41
International:			
Current	13	(13)	4
Deferred	1	-	-
Total	14	(13)	4
Total Income Tax as Reported Before Discontinued Operations, Extraordinary Items and Cumulative Effect	$ 214	$546	$ 602

The details of the registrant subsidiaries income taxes as reported are as follows:

Year Ended December 31, 2002	AEGCo	APCo	CSPCo (in thousands)	I&M	KPCo
Charged (Credited) to Operating Expenses (net):					
Current	$ 6,607	$ 99,140	$ 81,539	$ 66,063	$ 680
Deferred	(5,028)	17,626	25,771	(19,870)	9,451
Deferred Investment Tax Credits	2	(3,229)	(3,096)	(7,340)	(1,173)
Total	1,581	113,537	104,214	38,853	8,958
Charged (Credited) to Nonoperating Income (net):					
Current	(173)	(354)	9,442	3,435	1,583
Deferred	-	(849)	(2,479)	2,949	388
Deferred Investment Tax Credits	(3,363)	(1,408)	(174)	(400)	(67)
Total	(3,536)	(2,611)	6,789	5,984	1,904
Total Income Tax as Reported	$ (1,955)	$110,926	$111,003	$ 44,837	$ 10,862

Year Ended December 31, 2002	OPCo	PSO	SWEPCo (in thousands)	TCC	TNC
Charged (Credited) to Operating Expenses (net):					
Current	$ 86,026	$(49,673)	$ 41,354	$ 30,495	$ 109
Deferred	30,048	75,659	(3,134)	113,726	(10,652)
Deferred Investment Tax Credits	(2,493)	(1,791)	(4,524)	(5,207)	(1,271)
Total	113,581	24,195	33,696	139,014	(11,814)
Charged (Credited) to Nonoperating Income (net):					
Current	2,732	(1,812)	1,772	3,223	1,334
Deferred	15,962	-	-	(71)	(1,623)
Deferred Investment Tax Credits	(684)	-	-	-	-
Total	18,010	(1,812)	1,772	3,152	(289)
Total Income Tax as Reported	$131,591	$ 22,383	$ 35,468	$ 142,166	$(12,103)

Year Ended December 31, 2001	AEGCo	APCo	CSPCo (in thousands)	I&M	KPCo
Charged (Credited) to Operating Expenses (net):					
Current	$ 9,126	$ 71,623	$ 88,013	$ 107,286	$ 7,726
Deferred	(6,224)	27,198	14,923	(45,785)	2,812
Deferred Investment Tax Credits	-	(3,237)	(3,899)	(7,377)	(1,180)
Total	2,902	95,584	99,037	54,124	9,358
Charged (Credited) to Nonoperating Income (net):					
Current	(56)	(19,165)	(13,803)	(10,590)	(2,725)
Deferred	-	21,832	17,885	16,580	3,481
Deferred Investment Tax Credits	(3,414)	(1,528)	(159)	(947)	(72)
Total	(3,470)	1,139	3,923	5,043	684
Total Income Tax as Reported	$ (568)	$ 96,723	$102,960	$ 59,167	$ 10,042

Year Ended December 31, 2001	OPCo	PSO	SWEPCo (in thousands)	TCC	TNC
Charged (Credited) to Operating Expenses (net):					
Current	$(62,298)	$ 53,030	$ 77,965	$ 190,671	$ 19,424
Deferred	166,166	(16,726)	(31,396)	(72,568)	(11,891)
Deferred Investment Tax Credits	(2,495)	(1,791)	(4,453)	(5,207)	(1,271)
Total	101,373	34,513	42,116	112,896	6,262
Charged (Credited) to Nonoperating Income (net):					
Current	(21,600)	352	542	(398)	(691)
Deferred	20,014	-	-	-	-
Deferred Investment Tax Credits	(794)	-	-	-	-
Total	(2,380)	352	542	(398)	(691)
Total Income Tax as Reported	$ 98,993	$ 34,865	$ 42,658	$ 112,498	$ 5,571

Year Ended December 31, 2000	AEGCo	APCo	CSPCo (in thousands)	I&M	KPCo
Charged (Credited) to Operating Expenses (net):					
Current	$ 8,746	$129,165	$120,494	$ 134,796	$ 17,878
Deferred	(5,842)	3,838	(7,746)	(126,748)	2,521
Deferred Investment Tax Credits	-	(2,947)	(3,379)	(7,524)	(1,187)
Total	2,904	130,056	109,369	524	19,212
Charged (Credited) to Nonoperating Income (net):					
Current	(44)	327	3,777	2,950	(50)
Deferred	-	4,764	3,683	1,569	1,244
Deferred Investment Tax Credits	(3,396)	(1,968)	(103)	(330)	(65)
Total	(3,440)	3,123	7,357	4,189	1,129
Total Income Tax as Reported	$ (536)	$133,179	$116,726	$ 4,713	$ 20,341

Year Ended December 31, 2000	OPCo	PSO	SWEPCo (in thousands)	TCC	TNC
Charged (Credited) to Operating Expenses (net):					
Current	$ 259,608	$ 11,597	$ 16,073	$ 89,403	$ 6,774
Deferred	(70,263)	25,453	14,653	16,263	9,401
Deferred Investment Tax Credits	(1,824)	(1,791)	(4,482)	(5,207)	(1,271)
Total	187,521	35,259	26,244	100,459	14,904
Charged (Credited) to Nonoperating Income (net):					
Current	15,426	(1,306)	(1,476)	(5,073)	(222)
Deferred	4,307	-	-	-	(1,237)
Deferred Investment Tax Credits	(1,575)	-	-	-	-
Total	18,158	(1,306)	(1,476)	(5,073)	(1,459)
Total Income Tax as Reported	$ 205,679	$ 33,953	$24,768	$ 95,386	$ 13,445

The following is a reconciliation for AEP Consolidated of the difference between the amount of federal income taxes computed by multiplying book income before federal income taxes by the statutory tax rate, and the amount of income taxes reported.

	Year Ended December 31, 2002	2001 (in millions)	2000
Net Income (Loss)	$(519)	$ 971	$267
Discontinued Operations (net of income tax of $73 million in 2002, $22 million in 2001 and $5 million in 2000)	190	(86)	(122)
Extraordinary Items (net of income tax of $20 million in 2001 and $44 million in 2000)	-	50	35
Cumulative Effect of Accounting Change (net of income tax of $2 million in 2001)	350	(18)	-
Preferred Stock Dividends	11	10	11
Income Before Preferred Stock Dividends of Subsidiaries	32	927	191
Income Taxes Before Discontinued Operations, Extraordinary Items and Cumulative Effect	214	546	602
Pre-Tax Income	$ 246	$1,473	$793
Income Taxes on Pre-Tax Income at Statutory Rate *(35%)*	$ 86	$ 516	$278
Increase (Decrease) in Income Taxes Resulting from the Following Items:			
Depreciation	32	48	77
Corporate Owned Life Insurance	-	4	247
Investment Tax Credits (net)	(35)	(37)	(36)
Tax Effects of International Operations	123	(12)	(1)
Energy Production Credits	(14)	-	-
Merger Transaction Costs	-	-	49
State Income Taxes	40	62	26
Other	(18)	(35)	(38)
Total Income Taxes as Reported Before Discontinued Operations, Extraordinary Items and Cumulative Effect	$ 214	$ 546	$602
Effective Income Tax Rate	87.0%	37.1%	75.9%

Shown below is a reconciliation for each AEP registrant subsidiary of the difference between the amount of federal income taxes computed by multiplying book income before federal income taxes by the statutory rate, and the amount of income taxes reported.

Year Ended December 31, 2002	AEGCo	APCo	CSPCo (in thousands)	I&M	KPCo
Net Income	$ 7,552	$205,492	$181,173	$ 73,992	$ 20,567
Income Taxes	(1,955)	110,926	111,003	44,837	10,862
Pre-Tax Income	$ 5,597	$316,418	$292,176	$118,829	$ 31,429
Income Tax on Pre-Tax Income at Statutory Rate *(35%)*	$ 1,959	$110,746	$102,262	$ 41,590	$ 11,000
Increase (Decrease) in Income Tax Resulting from the Following Items:					
Depreciation	870	3,082	2,899	21,812	2,057
Corporate Owned Life Insurance	-	(93)	719	268	305
Nuclear Fuel Disposal Costs	-	-	-	(3,814)	-
Allowance for Funds Used During Construction	(446)	-	-	(3,453)	-
Rockport Plant Unit 2 Investment Tax Credit	(748)	-	-	-	-
Removal Costs	-	-	-	-	(735)
Investment Tax Credits (net)	(3,361)	(4,637)	(3,270)	(7,740)	(1,240)
State Income Taxes	335	6,469	11,387	124	1,058
Other	(564)	(4,641)	(2,994)	(3,950)	(1,583)
Total Income Taxes as Reported	$ (1,955)	$110,926	$111,003	$ 44,837	$ 10,862
Effective Income Tax Rate	N.M.	35.1%	38.0%	37.7%	34.6%

Year Ended December 31, 2002	OPCo	PSO	SWEPCo (in thousands)	TCC	TNC
Net Income (Loss)	$220,023	$ 41,060	$ 82,992	$ 275,941	$(13,677)
Income Taxes	131,591	22,383	35,468	142,166	(12,103)
Pre-Tax Income (Loss)	$351,614	$ 63,443	$118,460	$ 418,107	$(25,780)
Income Tax on Pre-Tax Income (Loss) at Statutory Rate *(35%)*	$123,065	$ 22,205	$ 41,461	$ 146,337	$ (9,023)
Increase (Decrease) in Income Tax Resulting from the Following Items:					
Depreciation	4,227	(583)	(2,790)	(295)	(32)
Corporate Owned Life Insurance	(84)	-	-	-	-
Investment Tax Credits (net)	(3,177)	(1,791)	(4,524)	(5,207)	(1,271)
State Income Taxes	18,051	2,639	3,987	2,202	(1,577)
Other	(10,491)	(87)	(2,666)	(871)	(200)
Total Income Taxes as Reported	$131,591	$ 22,383	$ 35,468	$ 142,166	$(12,103)
Effective Income Tax Rate	37.4%	35.3%	29.9%	34.0%	47.0%

Year Ended December 31, 2001	AEGCo	APCo	CSPCo (in thousands)	I&M	KPCo
Net Income	$ 7,875	$161,818	$161,876	$ 75,788	$ 21,565
Extraordinary Loss	-	-	30,024	-	-
Income Taxes	(568)	96,723	102,960	59,167	10,042
Pre-Tax Income	$ 7,307	$258,541	$294,860	$ 134,955	$ 31,607
Income Tax on Pre-Tax Income at Statutory Rate *(35%)*	$ 2,557	$ 90,489	$103,201	$ 47,234	$ 11,062
Increase (Decrease) in Income Tax Resulting from the Following Items:					
Depreciation	230	2,977	2,757	21,224	1,581
Corporate Owned Life Insurance	-	450	544	(148)	334
Nuclear Fuel Disposal Costs	-	-	-	(3,292)	-
Allowance for Funds Used During Construction	(1,078)	-	-	(1,606)	-
Rockport Plant Unit 2 Investment Tax Credit	374	-	-	-	-
Removal Costs	-	-	-	-	(420)
Investment Tax Credits (net)	(3,414)	(4,765)	(4,058)	(8,324)	(1,252)
State Income Taxes	1,050	9,613	5,727	6,137	318
Other	(287)	(2,041)	(5,211)	(2,058)	(1,581)
Total Income Taxes as Reported	$ (568)	$ 96,723	$102,960	$ 59,167	$ 10,042
Effective Income Tax Rate	N.M.	37.4%	34.9%	43.8%	31.8%

Year Ended December 31, 2001	OPCo	PSO	SWEPCo (in thousands)	TCC	TNC
Net Income	$ 147,445	$ 57,759	$ 89,367	$ 182,278	$ 12,310
Extraordinary Loss	18,348	-	-	2,509	-
Income Taxes	98,993	34,865	42,658	112,498	5,571
Pre-Tax Income	$ 264,786	$ 92,624	$132,025	$ 297,285	$ 17,881
Income Tax on Pre-Tax Income at Statutory Rate *(35%)*	$ 92,675	$ 32,418	$ 46,209	$ 104,050	$ 6,258
Increase (Decrease) in Income Tax Resulting from the Following Items:					
Depreciation	7,972	1,127	(501)	8,477	1,463
Corporate Owned Life Insurance	1,852	-	-	-	-
Investment Tax Credits (net)	(3,289)	(1,791)	(4,453)	(5,207)	(1,271)
State Income Taxes	9,752	5,137	5,451	9,652	1,283
Other	(9,969)	(2,026)	(4,048)	(4,474)	(2,162)
Total Income Taxes as Reported	$ 98,993	$ 34,865	$ 42,658	$ 112,498	$ 5,571
Effective Income Tax Rate	37.4%	37.6%	32.3%	37.8%	31.2%

Year Ended December 31, 2000	AEGCo	APCo	CSPCo (in thousands)	I&M	KPCo
Net Income (Loss)	$ 7,984	$ 73,844	$ 94,966	$(132,032)	$ 20,763
Extraordinary (Gains) Loss		(1,066)	39,384	-	-
Income Tax Benefit	-	(7,872)	(14,148)	-	-
Income Taxes	(536)	133,179	116,726	4,713	20,341
Pre-Tax Income (Loss)	$ 7,448	$198,085	$236,928	$(127,319)	$ 41,104
Income Tax on Pre-Tax Income (Loss) at Statutory Rate *(35%)*	$ 2,607	$ 69,330	$ 82,925	$ (44,562)	$ 14,386
Increase (Decrease) in Income Tax Resulting from the Following Items:					
Depreciation	452	7,606	10,529	20,378	1,827
Corporate Owned Life Insurance	-	54,824	29,259	42,587	5,149
Nuclear Fuel Disposal Costs	-	-	-	(3,957)	-
Allowance for Funds Used During Construction	(1,070)	-	-	(2,211)	-
Rockport Plant Unit 2 Investment Tax Credit	374	-	-	-	-
Removal Costs	-	(1,197)	-	-	(420)
Investment Tax Credits (net)	(3,396)	(4,915)	(3,482)	(7,854)	(1,252)
State Income Taxes	784	9,950	89	6,004	1,597
Other	(287)	(2,419)	(2,594)	(5,672)	(946)
Total Income Taxes as Reported	$ (536)	$133,179	$116,726	$ 4,713	$ 20,341
Effective Income Tax Rate	N.M.	67.2%	49.3%	N.M.	49.5%

Year Ended December 31, 2000	OPCo	PSO	SWEPCo (in thousands)	TCC	TNC
Net Income	$ 83,737	$ 66,663	$ 72,672	$ 189,567	$ 27,450
Extraordinary Loss	40,157	-	-	-	-
Income Tax Benefit	(21,281)	-	-	-	-
Income Taxes	205,679	33,953	24,768	95,386	13,445
Pre-Tax Income	$ 308,292	$100,616	$ 97,440	$ 284,953	$ 40,895
Income Tax on Pre-Tax Income at Statutory Rate *(35%)*	$ 107,902	$ 35,216	$ 34,104	$ 99,734	$ 14,313
Increase (Decrease) in Income Tax Resulting from the Following Items:					
Depreciation	27,577	695	(1,012)	7,556	1,204
Corporate Owned Life Insurance	84,453	-	-	-	-
Investment Tax Credits (net)	(3,398)	(1,791)	(4,482)	(5,207)	(1,271)
State Income Taxes	(1,988)	3,037	1,650	2,296	-
Other	(8,867)	(3,204)	(5,492)	(8,993)	(801)
Total Income Taxes as Reported	$ 205,679	$ 33,953	$ 24,768	$ 95,386	$ 13,445
Effective Income Tax Rate	66.7%	33.7%	25.4%	33.5%	32.9%

The following tables show the elements of the net deferred tax liability and the significant temporary differences for AEP Consolidated and each registrant subsidiary:

	December 31, 2002	2001
	(in millions)	
Deferred Tax Assets	$ 2,189	$ 1,216
Deferred Tax Liabilities	(6,105)	(5,716)
Net Deferred Tax Liabilities	$(3,916)	$(4,500)
Property Related Temporary Differences	$(3,612)	$(3,674)
Amounts Due From Customers For Future Federal Income Taxes	(360)	(245)
Deferred State Income Taxes	(422)	(314)
Transition Regulatory Assets	(234)	(268)
Regulatory Assets Designated for Securitization	(310)	(332)
Asset Impairments and Investment Value Losses	417	-
Deferred Income Taxes on Other Comprehensive Loss	326	3
All Other (net)	279	330
Net Deferred Tax Liabilities	$(3,916)	$(4,500)

December 31, 2002	AEGCo	APCo	CSPCo (in thousands)	I&M	KPCo
Deferred Tax Assets	$ 73,094	$ 213,972	$ 72,990	$ 348,672	$ 36,948
Deferred Tax Liabilities	(102,096)	(915,773)	(510,761)	(704,869)	(215,261)
Net Deferred Tax Liabilities	$ (29,002)	$(701,801)	$(437,771)	$(356,197)	$(178,313)
Property Related Temporary Differences	$ (74,291)	$(555,824)	$(331,381)	$(343,587)	$(127,073)
Amounts Due From Customers For Future Federal Income Taxes	7,626	(58,246)	(8,895)	(38,752)	(20,488)
Deferred State Income Taxes	(5,119)	(77,693)	(23,448)	(52,528)	(28,722)
Transition Regulatory Assets	-	(28,735)	(71,752)	-	-
Asset Impairments and Investment Value Losses	-	18	215	225	4
Deferred Income Taxes on Other Comprehensive Loss	-	38,823	31,961	21,800	5,089
Net Deferred Gain on Sale and Leaseback-Rockport Plant Unit 2	38,866	-	-	25,860	-
Accrued Nuclear Decommissioning Expense	-	-	-	65,856	-
Deferred Fuel and Purchased Power	-	(1,878)	(273)	(13,144)	415
Deferred Cook Plant Restart Costs	-	-	-	(14,000)	-
Nuclear Fuel	-	-	-	(5,153)	-
All Other (net)	3,916	(18,266)	(34,198)	(2,774)	(7,538)
Net Deferred Tax Liabilities	$ (29,002)	$(701,801)	$(437,771)	$(356,197)	$(178,313)

December 31, 2002	OPCo	PSO	SWEPCo (in thousands)	TCC	TNC
Deferred Tax Assets	$ 155,334	$ 70,649	$ 82,113	$ 130,210	$ 35,970
Deferred Tax Liabilities	(949,721)	(412,045)	(423,177)	(1,391,462)	(153,491)
Net Deferred Tax Liabilities	$(794,387)	$(341,396)	$(341,064)	$(1,261,252)	$(117,521)
Property Related Temporary Differences	$(620,634)	$(303,888)	$(315,821)	$ (709,246)	$(142,034)
Amounts Due From Customers For Future Federal Income Taxes	(53,256)	9,490	(4,078)	(198,595)	5,726
Deferred State Income Taxes	(46,990)	(57,911)	(48,372)	(66,333)	(4,080)
Transition Regulatory Assets	(131,833)	-	-	-	-
Asset Impairments and Investment Value Losses	615	-	-	-	14,996
Deferred Income Taxes on Other Comprehensive Loss	39,246	29,332	28,906	39,394	16,565
Deferred Fuel and Purchased Power	540	(28,696)	3,192	2,655	(9,933)
Regulatory Assets Designated For Securitization	-	-	-	(310,410)	-
All Other (net)	17,925	10,277	(4,891)	(18,717)	1,239
Net Deferred Tax Liabilities	$(794,387)	$(341,396)	$(341,064)	$(1,261,252)	$(117,521)

December 31, 2001	AEGCo	APCo	CSPCo (in thousands)	I&M	KPCo
Deferred Tax Assets	$ 75,856	$ 162,334	$ 74,767	$ 332,225	$ 30,927
Deferred Tax Liabilities	(103,831)	(865,909)	(518,489)	(732,756)	(199,231)
Net Deferred Tax Liabilities	$ (27,975)	$(703,575)	$(443,722)	$(400,531)	$(168,304)
Property Related Temporary Differences	$ (70,581)	$(530,298)	$(323,139)	$(306,151)	$(118,147)
Amounts Due From Customers For Future Federal Income Taxes	9,292	(55,206)	(9,839)	(46,756)	(20,215)
Deferred State Income Taxes	(3,822)	(56,747)	(8,968)	(38,015)	(25,267)
Transition Regulatory Assets	-	(34,783)	(78,298)	-	-
Deferred Income Taxes on Other Comprehensive Loss	-	183	-	2,065	1,025
Net Deferred Gain on Sale and Leaseback-Rockport Plant Unit 2	40,816	-	-	27,157	-
Accrued Nuclear Decommissioning Expense	-	-	-	43,707	-
Deferred Fuel and Purchased Power	-	(4,106)	(39)	(26,270)	57
Deferred Cook Plant Restart Costs	-	-	-	(28,000)	-
Nuclear Fuel	-	-	-	(16,062)	-
All Other (net)	(3,680)	(22,618)	(23,439)	(12,206)	(5,757)
Net Deferred Tax Liabilities	$ (27,975)	$(703,575)	$(443,722)	$(400,531)	$(168,304)

December 31, 2001	OPCo	PSO	SWEPCo (in thousands)	TCC	TNC
Deferred Tax Assets	$ 135,938	$ 59,421	$ 56,189	$ 130,863	$ 22,888
Deferred Tax Liabilities	(933,827)	(356,298)	(425,970)	(1,294,658)	(167,937)
Net Deferred Tax Liabilities	$(797,889)	$(296,877)	$(369,781)	$(1,163,795)	$(145,049)
Property Related Temporary Differences	$(595,974)	$(320,900)	$(362,884)	$ (808,922)	$(149,309)
Amounts Due From Customers For Future Federal Income Taxes	(61,130)	10,199	(6,441)	(70,174)	4,757
Deferred State Income Taxes	(18,440)	(35,038)	(48,729)	(66,333)	(4,079)
Transition Regulatory Assets	(154,947)	-	-	-	-
Deferred Income Taxes on Other Comprehensive Loss	106	-	-	-	-
Deferred Fuel and Purchased Power	12	3,052	(2,778)	18,032	(11,756)
Provision for Mine Shutdown Costs	20,323	-	-	-	-
Regulatory Assets Designated For Securitization	-	-	-	(332,198)	-
All Other (net)	12,161	45,810	51,051	95,800	15,338
Net Deferred Tax Liabilities	$(797,889)	$(296,877)	$(369,781)	$(1,163,795)	$(145,049)

We have settled with the IRS all issues from the audits of our consolidated federal income tax returns for the years prior to 1991. We have received Revenue Agent's Reports from the IRS for the years 1991 through 1996, and have filed protests contesting certain proposed adjustments. Returns for the years 1997 through 2000 are presently being audited by the IRS. Management is not aware of any issues for open tax years that upon final resolution are expected to have a material adverse effect on results of operations.

COLI Litigation - On February 20, 2001, the U.S. District Court for the Southern District of Ohio ruled against AEP in its suit against the United States over deductibility of interest claimed by AEP in its consolidated federal income tax returns related to its COLI program. AEP had filed suit to resolve the IRS' assertion that interest deductions for AEP's COLI program should not be allowed. In 1998 and 1999 the Company paid the disputed taxes and interest attributable to COLI interest deductions for taxable years 1991-98 to avoid the potential assessment by the IRS of additional interest on the contested tax. The payments were included in other assets pending the resolution of this matter. As a result of the U.S. District Court's decision to deny the COLI interest deductions, net income was reduced by $319 million in 2000. The Company has filed an appeal of the U.S. District Court's decision with the U.S. Court of Appeals for the 6th Circuit.

The earnings reductions recorded in 2000 for affected registrant subsidiaries were as follows:

	(in millions)
APCo	$ 82
CSPCo	41
I&M	66
KPCo	8
OPCo	118

The Company joins in the filing of a consolidated federal income tax return with its affiliated companies in the AEP System. The allocation of the AEP System's current consolidated federal income tax to the System companies is in accordance with SEC rules under the 1935 Act. These rules permit the allocation of the benefit of current tax losses to the System companies giving rise to them in determining their current tax expense. The tax loss of the System parent company, AEP Co., Inc., is allocated to its subsidiaries with taxable income. With the exception of the loss of the parent company, the method of allocation approximates a separate return result for each company in the consolidated group.

19. Basic and Diluted Earnings Per Share:

The calculation of AEP's basic and diluted earnings (loss) per common share (EPS) is based on the amounts of Net Income (Loss) and weighted average common shares shown in the table below:

	2002	2001	2000
	(in millions - except per share amounts)		
Income:			
Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect	$ 21	$ 917	$ 180
Discontinued Operations	(190)	86	122
Income (Loss) Before Extraordinary Item And Cumulative Effect	(169)	1,003	302
Extraordinary Losses (net of tax):			
Discontinuance of Regulatory Accounting For Generation	-	(48)	(35)
Loss on Reacquired Debt	-	(2)	-
Cumulative Effect of Accounting Change (net of tax)	(350)	18	-
Net Income (Loss)	$(519)	$ 971	$ 267
Weighted Average Shares:			
Average Common Shares Outstanding	332	322	322
Assumed Conversion of Dilutive Stock Options (see Note 15)	-	1	-
Diluted Average Common Shares Outstanding	332	323	322
Basic and Diluted Earnings Per Common Share:			
Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect	$ 0.06	$2.85	$0.56
Discontinued Operations	(0.57)	0.26	0.38
Income (Loss) Before Extraordinary Item and Cumulative Effect	(0.51)	3.11	0.94
Extraordinary Losses (net of tax):			
Discontinuance of Regulatory Accounting For Generation	-	(0.15)	(0.11)
Loss on Reacquired Debt	-	(0.01)	-
Cumulative Effect of Accounting Change (net of tax)	(1.06)	0.06	-
	$(1.57)	$3.01	$0.83

The assumed conversion of stock options does not affect net earnings (loss) for purposes of calculating diluted earnings per share. AEP's basic and diluted EPS are the same in 2002, 2001 and 2000 since the effect on weighted average common shares outstanding is minimal.

Had AEP recognized net income in fiscal 2002, incremental shares attributable to the assumed exercise of outstanding stock options would have increased diluted common shares outstanding by 398,000 shares.

Options to purchase 8.8 million, 0.7 million and 6.4 million shares of common stock were outstanding at December 31, 2002, 2001 and 2000, respectively, but were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the year-end market price of the common shares and, therefore, the effect would be antidilutive.

In addition, there is no effect on diluted earnings per share related to our equity units (issued in 2002) unless the market value of AEP common stock exceeds $49.08 per share. There were no dilutive effects from equity units at December 31, 2002. If our common stock value exceeds $49.08 we would apply the treasury stock method to the equity units to calculate diluted earnings per share. This method of calculation theoretically assumes that the proceeds received as a result of the forward purchase contracts are used to repurchase outstanding shares. Also see Note 27.

20. Supplementary Information:

	Year Ended December 31,		
	2002	2001	2000
		(in millions)	
AEP Consolidated Purchased Power - Ohio Valley Electric Corporation (44.2% owned by AEP System)	$142	$127	$86
Cash was paid for:			
Interest (net of capitalized amounts)	$792	$972	$842
Income Taxes	$336	$569	$449
Noncash Investing and Financing Activities:			
Acquisitions under Capital Leases	$ 6	$17	$118
Assumption of Liabilities Related to Acquisitions	$ 1	$171	-
Exchange of Communication Investment for Common Stock	-	$5	-

The amounts of power purchased by the registrant subsidiaries from Ohio Valley Electric Corporation, which is 44.2% owned by the AEP System, for the years ended December 31, 2002, 2001, and 2000 were:

	APCo	CSPCo	I&M	OPCo
		(in thousands)		
Year Ended December 31, 2002	$53,386	$14,885	$23,282	$50,135
Year Ended December 31, 2001	45,542	12,626	20,723	47,757
Year Ended December 31, 2000	30,998	8,706	15,204	31,134

21. Power and Distribution Projects:

Power Projects

AEP owns interests of 50% or less in domestic unregulated power plants with a capacity of 1,483 MW located in Colorado, Florida and Texas. In addition to the domestic projects, AEP has equity interests in international power plants totaling 1,113 MW.

Investments in power projects that are 50% or less owned are accounted for by the equity method and reported in Investments in Power and Distribution Projects on AEP's Consolidated Balance Sheets (see "Eastex" within the Assets Held for Sale section of Note 13), except for Eastex Cogeneration which, due to its structure, is consolidated. At December 31, 2002, six domestic power projects and three international power investments are accounted for under the equity method. The six domestic projects are combined cycle gas turbines that provide steam to a host commercial customer and are considered either Qualifying Facilities (QFs) or Exempt Wholesale Generators (EWGs) under PURPA. The three international power investments are classified as Foreign Utility Companies (FUCO) under the Energy Policies Act of 1992. Two of the international investments are power projects and the other international investment is a company which owns an interest in four additional power projects. All of the power projects accounted for under the equity method have unrelated third-party partners.

Seven of the above power projects have project-level financing, which is non-recourse to AEP. AEP or AEP subsidiaries have guaranteed $58 million of domestic partnership obligations for performance under power purchase agreements and for debt service reserves in lieu of cash deposits.

Distribution Projects

AEP owns a 44% equity interest in Vale, a Brazilian electric operating company which was purchased for a total of $149 million. On December 1, 2001 AEP converted a $66 million note receivable and accrued interest into a 20% equity interest in Caiua (Brazilian electric operating company), a subsidiary of Vale. Vale and Caiua have experienced losses from operations and AEP's investment has been affected by the devaluation of the Brazilian Real. In December 2002, AEP recorded an other than temporary impairment totaling $141.1 million (after federal income tax benefit of $76 million) of its 44% equity investment in Vale and its 20% equity interest in Caiua. See "Grupo Rede Investment" within the Investment Values section of Note 13 "Asset Impairments and Investment Value Losses", for further information on the 2002 impairment of AEP's Vale and Caiua investments.

22. Leases:

Leases of property, plant and equipment are for periods up to 99 years and require payments of related property taxes, maintenance and operating costs. The majority of the leases have purchase or renewal options and will be renewed or replaced by other leases.

Lease rentals for both operating and capital leases are generally charged to operating expenses in accordance with rate-making treatment for regulated operations. Capital leases for non-regulated property are accounted for as if the assets were owned and financed. The components of rental costs are as follows:

Year Ended December 31, 2002	AEP	AEGCo	APCo	CSPCo	I&M	KPCo	OPCo
			(in thousands)				
Lease Payments on Operating Leases	$346,000	$76,143	$ 6,634	$ 5,209	$110,833	$ 1,597	$68,816
Amortization of Capital Leases	65,000	238	9,729	6,010	8,319	2,171	12,637
Interest on Capital Leases	14,000	19	2,240	1,717	2,221	469	4,501
Total Lease Rental Costs	$425,000	$76,400	$18,603	$12,936	$121,373	$ 4,237	$85,954

Year Ended December 31, 2002	PSO	SWEPCo	TCC	TNC
		(in thousands)		
Lease Payments on Operating Leases	$ 4,403	$3,240	$ 7,184	$ 1,981
Amortization of Capital Leases	-	-	-	-
Interest on Capital Leases	-	-	-	-
Total Lease Rental Costs	$ 4,403	$3,240	$ 7,184	$ 1,981

Year Ended December 31, 2001	AEP	AEGCo	APCo	CSPCo	I&M	KPCo	OPCo
			(in thousands)				
Lease Payments on Operating Leases	$293,000	$76,262	$ 6,142	$ 7,063	$104,574	$ 1,191	$63,913
Amortization of Capital Leases	82,000	281	12,099	7,206	17,933	2,740	14,443
Interest on Capital Leases	22,000	55	3,789	2,396	4,424	808	5,818
Total Lease Rental Costs	$397,000	$76,598	$22,030	$16,665	$126,931	$ 4,739	$84,174

Year Ended December 31, 2001	PSO	SWEPCo	TCC	TNC
		(in thousands)		
Lease Payments on Operating Leases	$ 4,010	$ 2,277	$ 5,948	$ 1,534
Amortization of Capital Leases	-	-	-	-
Interest on Capital Leases	-	-	-	-
Total Lease Rental Costs	$ 4,010	$ 2,277	$ 5,948	$ 1,534

Year Ended December 31, 2000	AEP	AEGCo	APCo	CSPCo	I&M	KPCo	OPCo
			(in thousands)				
Lease Payments on Operating Leases	$246,000	$73,858	$ 7,128	$ 7,683	$ 81,446	$ 1,978	$51,981
Amortization of Capital Leases	118,000	281	13,900	7,776	26,341	3,931	37,280
Interest on Capital Leases	36,000	55	3,930	2,690	10,908	1,054	9,584
Total Lease Rental Costs	$400,000	$74,194	$24,958	$18,149	$118,695	$ 6,963	$98,845

Year Ended December 31, 2000	PSO	SWEPCo	TCC	TNC
		(in thousands)		
Lease Payments on Operating Leases	$ 3,269	$ 1,401	$ 5,410	$ 1,210
Amortization of Capital Leases	-	-	-	-
Interest on Capital Leases	-	-	-	-
Total Lease Rental Costs	$ 3,269	$ 1,401	$ 5,410	$ 1,210

Property, plant and equipment under capital leases and related obligations recorded on the Consolidated Balance Sheets are as follows:

Year Ended December 31, 2002	AEP	AEGCO	APCo	CSPCo	I&M	KPCo
			(in thousands)			
Property, Plant and Equipment Under Capital Leases						
Production	$ 40,000	$ 1,793	$ 3,368	$ 6,380	$ 5,728	$ 1,138
Distribution	15,000	-	-	-	14,589	-
Other:						
Mining Assets and Other	687,000	-	67,395	46,791	70,140	14,258
Total Property, Plant and Equipment	742,000	1,793	70,763	53,171	90,457	15,396
Accumulated Amortization	299,000	1,294	37,452	26,551	41,141	8,168
Net Property, Plant and Equipment Under Capital Leases	$443,000	$ 499	$33,311	$26,620	$ 49,316	$ 7,228
Obligations Under Capital Leases:						
Noncurrent Liability	$170,000	$ 301	$23,991	$21,643	$ 42,619	$ 5,093
Liability Due Within One Year	58,000	198	9,598	5,967	8,229	2,155
Total Obligations Under Capital Leases	$228,000	$ 499	$33,589	$27,610	$ 50,848	$ 7,248

Year Ended December 31, 2002	OPCo	SWEPCo
	(in thousands)	
Property, Plant and Equipment Under Capital Leases		
Production	$ 21,360	$ -
Distribution	-	-
Other:		
Mining Assets and Other	103,018	45,699
Total Property, Plant and Equipment	124,378	45,699
Accumulated Amortization	63,810	45,699
Net Property, Plant and Equipment Under Capital Leases	$ 60,568	$ -
Obligations Under Capital Leases:		
Noncurrent Liability	$ 51,266	$ -
Liability Due Within One Year	14,360	-
Total Obligations Under Capital Leases	$ 65,626	$ -

Year Ended December 31, 2001	AEP	AEGCo	APCo	CSPCo	I&M	KPCo	OPCo
				(in thousands)			
Property, Plant and Equipment Under Capital Leases							
Production	$ 39,000	$ 1,983	$ 2,712	$ 6,380	$ 4,826	$ 1,138	$ 22,477
Distribution	15,000	-	-	-	14,593	-	-
Other:							
Mining Assets and Other	723,000	129	82,292	54,999	86,267	17,658	114,944
Total Property, Plant and Equipment	777,000	2,112	85,004	61,379	105,686	18,796	137,421
Accumulated Amortization	250,000	1,801	38,745	26,044	43,768	9,213	57,429
Net Property, Plant and Equipment Under Capital Leases	$527,000	$ 311	$46,259	$35,335	$ 61,918	$ 9,583	$ 79,992
Obligations Under Capital Leases:							
Noncurrent Liability	$219,000	$ 76	$33,928	$27,052	$ 51,093	$ 6,742	$ 64,261
Liability Due Within One Year	75,000	235	12,357	7,835	10,840	2,841	16,405
Total Obligations Under Capital Leases	$294,000	$ 311	$46,285	$34,887	$ 61,933	$ 9,583	$ 80,666

Future minimum lease payments consisted of the following at December 31, 2002:

	AEP	AEGCo	APCo	CSPCo	I&M	KPCo	OPCo
				(in thousands)			
Capital							
2003	$ 70,000	$ 249	$12,483	$ 7,365	$ 10,373	$ 2,623	$ 17,363
2004	53,000	114	10,515	6,231	9,122	1,957	14,634
2005	37,000	58	6,799	5,279	6,506	1,581	11,442
2006	29,000	31	5,117	3,898	5,561	948	10,220
2007	21,000	29	2,668	2,969	4,024	788	8,694
Later Years	59,000	79	4,829	8,321	10,732	725	20,302
Total Future Minimum Lease Payments	269,000	560	42,411	34,063	46,318	8,622	82,655
Less Estimated Interest Elemen	41,000	61	8,822	6,453	(4,530)	1,374	17,029
Estimated Present Value of Future Minimum Lease Payments	$228,000	$ 499	$33,589	$27,610	$ 50,848	$ 7,248	$ 65,626

	AEP	AEGCo	APCo	CSPCo	I&M	KPCo	OPCo
				(in thousands)			
Noncancellable Operating Leases							
2003	$ 305,000	$ 73,854	$ 4,482	$ 4,608	$ 95,213	$ 1,031	$ 62,784
2004	271,000	73,854	3,723	5,111	81,246	865	62,837
2005	252,000	73,854	3,114	4,013	78,968	747	62,169
2006	242,000	73,854	2,742	1,630	77,741	576	62,481
2007	237,000	73,854	1,962	1,374	76,461	875	62,880
Later Years	2,462,000	1,107,810	4,384	2,670	1,117,725	1,492	180,548
Total Future Minimum Lease Payments	$3,769,000	$1,477,080	$20,407	$19,406	$1,527,354	$ 5,586	$493,699

	PSO	SWEPCo	TCC	TNC
		(in thousands)		
Noncancellable Operating Leases				
2003	$ 2,260	$ 912	$ 1,815	$ 448
2004	1,998	617	1,565	296
2005	1,714	433	1,388	192
2006	1,391	317	1,086	169
2007	1,256	301	603	167
Later Years	-	-	-	-
Total Future Minimum Lease Payments	$ 8,619	$ 2,580	$ 6,457	$ 1,272

OPCo has entered into an agreement with JMG Funding LLP (JMG) an unrelated unconsolidated special purpose entity. JMG has a capital structure of which 3% is equity from investors with no relationship to AEP or any of its subsidiaries and 97% is debt from pollution control bonds and other bonds. JMG was formed to design, construct and lease the Gavin Scrubber for the Gavin Plant to OPCo. JMG owns the Gavin Scrubber and leases it to OPCo. The lease is accounted for as an operating lease with the payment obligations included in the lease footnote. Payments under the operating lease are based on JMG's cost of financing (both debt and equity) and include an amortization component plus the cost of administration. Neither OPCo nor AEP has an ownership interest in JMG and does not guarantee JMG's debt.

At any time during the lease, OPCo has the option to purchase the Gavin Scrubber for the greater of its fair market value or adjusted acquisition cost (equal to the unamortized debt and equity of JMG) or sell the Gavin Scrubber. The initial 15-year lease term is non-cancelable. At the end of the initial term, OPCo can renew the lease, purchase the Gavin Scrubber (terms previously mentioned), or sell the Gavin Scrubber. In case of a sale at less than the adjusted acquisition cost, OPCo must pay the difference to JMG.

The use of JMG allows AEP to enter into an operating lease while keeping the tax benefits otherwise associated with a capital lease. As of December 31, 2002, unless the structure of this arrangement is changed, it is reasonably possible that AEP will consolidate JMG in the third quarter of 2003 as a result of the issuance of FIN 46. Upon consolidation, AEP would record the assets, liabilities, depreciation expense, minority interest and debt interest expense of JMG. AEP would eliminate operating lease expense. AEP's maximum exposure to loss as a result of its involvement with JMG is approximately $560 million of outstanding debt and equity of JMG as of December 31, 2002.

AEGCo and I&M entered into a sale and leaseback transaction in 1989 with Wilmington Trust Company (Owner Trustee) an unrelated unconsolidated trustee for Rockport Plant Unit 2 (the plant). Owner Trustee was capitalized with equity from six owner participants with no relationship to AEP or any of its subsidiaries and debt from a syndicate of banks and securities in a private placement to certain institutional investors.

The gain from the sale was deferred and is being amortized over the term of the lease, which expires in 2022. The Owner Trustee owns the plant and leases it to AEGCo and I&M. The lease is accounted for as an operating lease with the payment obligations included in the lease footnote. The lease term is for 33 years with potential renewal options. At the end of the lease term, AEGCo and I&M have the option to renew the lease or the Owner Trustee can sell the plant. AEGCo, I&M nor AEP has ownership interest in the Owner Trustee and do not guarantee its debt.

23. Lines of Credit and Sale of Receivables:

Lines of Credit – AEP System

The AEP System uses short-term debt, primarily commercial paper and revolving credit facilities, to meet fluctuations in working capital requirements and other interim capital needs. AEP has established a utility money pool and a non-utility money pool to coordinate short-term borrowings for certain subsidiaries. Utility money participants include AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC and TNC. AEP also incurs borrowings outside of the money pool for other subsidiaries. As of December 31, 2002, AEP had revolving credit facilities totaling $3.5 billion to support its commercial paper program. At December 31, 2002, AEP had $3.2 billion outstanding in short-term borrowings of which $1.4 billion was commercial paper supported by the revolving credit facilities. The maximum amount of commercial paper outstanding during the year, which had a weighted average interest rate during 2002 of 2.47%, was $3.3 billion during April 2002. On December 11, 2002, Moody's Investor Services placed AEP's Prime-2 short-term rating for commercial paper under review for possible downgrade. On January 24, 2003, Standard & Poor's Rating Services placed AEP's A-2 short-term rating for commercial paper under review for possible downgrade. On February 10, 2003, Moody's Investor Services downgraded AEP's short-term rating for commercial paper to Prime-3 from Prime-2. As a result, AEP's access to the commercial paper market will be limited and AEP will use other sources of funds as necessary.

The registrant subsidiaries incurred interest expense for amounts borrowed from the AEP money pool as follows:

	Year Ended December 31,		
	2002	2001	2000
	(in millions)		
AEGCo	$0.4	$ 0.8	$ -
APCo	4.9	9.8	-
CSPCo	3.2	5.0	1.4
I&M	0.4	13.1	0.8
KPCo	1.8	2.3	-
OPCo	6.9	14.6	9.2
PSO	5.4	6.3	7.5
SWEPCo	4.6	3.4	4.2
TCC	11.1	11.4	16.9
TNC	3.8	3.1	2.7

Interest income earned from amounts advanced to the AEP money pool by the registrant subsidiaries were:

	Year Ended December 31,		
	2002	2001	2000
	(in millions)		
AEGCo	$0.1	$ -	$ -
APCo	2.0	1.7	-
CSPCo	1.3	0.8	1.1
I&M	2.0	1.6	9.0
KPCo	-	0.1	1.8
OPCo	0.8	8.6	3.4
PSO	1.1	-	-
SWEPCo	1.6	0.1	-
TCC	2.0	0.1	-

Outstanding short-term debt for AEP Consolidated consisted of:

	December 31,	
	2002	2001
	(in millions)	
Balance Outstanding:		
Notes Payable	$1,747	$1,063
Commercial paper	1,417	2,948
Total	$3,164	$4,011

Sale of Receivables – AEP Credit

AEP Credit entered into a sale of receivables agreement with a group of banks and commercial paper conduits. Under the sale of receivables agreement, which expires May 28, 2003, AEP Credit sells an interest in the receivables it acquires to the commercial paper conduits and banks and receives cash. This transaction constitutes a sale of receivables in accordance with SFAS 140 allowing the receivables to be taken off of AEP Credit's balance sheet and allowing AEP Credit to repay any debt obligations. AEP has no ownership interest in the commercial paper conduits and does not consolidate these entities in accordance with GAAP. We continue to service the receivables. This off-balance sheet transaction was entered into to allow AEP credit to repay its outstanding debt obligations, continue to purchase the AEP operating companies' receivables, and accelerate its cash collections.

At December 31, 2002, the sale of receivables agreement provided the banks and commercial paper conduits would purchase a maximum of $600 million of receivables from AEP Credit, of which $454 million was outstanding. As collections from receivables sold occur and are remitted, the outstanding balance for sold receivables is reduced and as new receivables are sold, the outstanding balance of sold receivables increases. All of the receivables sold represented affiliate receivables. The commitment's new term under the sale of receivables agreement will remain at $600 million until May 28, 2003. AEP Credit maintains a retained interest in the receivables sold and this interest is pledged as collateral for the collection of the receivables sold. The fair value of the retained interest is based on book value due to the short-term nature of the accounts receivables less an allowance for anticipated uncollectible accounts.

AEP Credit purchases accounts receivable through purchase agreements with affiliated companies and, until the first quarter of 2002, with non-affiliated companies. As a result of the restructuring of electric utilities in the State of Texas, the purchase agreement between AEP Credit and Reliant Energy, Incorporated was terminated as of January 25, 2002 and the purchase agreement between AEP Credit and Texas-New Mexico Power Company, the last remaining non-affiliated company, was terminated on February 7, 2002. In addition, the purchase agreements between AEP Credit and its Texas affiliates AEP Texas Central Company (formerly Central Power and Light Company) and AEP Texas North Company (formerly West Texas Utilities Company) were terminated effective March 20, 2002.

Comparative accounts receivable information for AEP Credit:

	Year Ended December 31, 2002	2001
	(in millions)	
Proceeds from Sale of Accounts Receivable	$5,513	$1,134
Accounts Receivable Retained Interest Less Uncollectible Accounts and Amounts Pledged as Collateral	76	143
Deferred Revenue from Servicing Accounts Receivable	1	5
Loss on Sale of Accounts Receivable	4	8
Average Variable Discount Rate	1.92%	2.28%
Retained Interest if 10% Adverse change in Uncollectible Accounts	74	142
Retained Interest if 20% Adverse change in Uncollectible Accounts	72	140

Historical loss and delinquency amount for the AEP System's customer accounts receivable managed portfolio:

	Face Value Year Ended December 31, 2002	2001
	(in millions)	
Customer Accounts Receivable Retained	$ 466	$ 343
Miscellaneous Accounts Receivable Retained	1,394	1,365
Allowance for Uncollectible Accounts Retained	(119)	(69)
Total Net Balance Sheet Accounts Receivable	1,741	1,639
Customer Accounts Receivable Securitized (Affiliate)	454	560
Customer Accounts Receivable Securitized (Non-Affiliate)	-	485
Total Accounts Receivable managed	$2,195	$2,684
Net Uncollectible Accounts Written Off	48	72

Customer accounts receivable retained and securitized for the domestic electric operating companies are managed by AEP Credit. Miscellaneous account receivable have been fully retained and not securitized.

At December 31, 2002, delinquent customer accounts receivable was $30 million.

Under the factoring arrangement certain of the registrant subsidiaries (excluding AEGCo) sell without recourse certain of their customer accounts receivable and accrued utility revenue balances to AEP Credit and are charged a fee based on AEP Credit financing costs, uncollectible accounts experience for each company's receivables and administrative costs. The costs of factoring customer accounts receivable is reported as an operating expense. The amount of factored accounts receivable and accrued utility revenues for each registrant subsidiary was as follows:

Company	December 31, 2002	December 31, 2001
	(in millions)	
APCo	$ 67.6	$ 61.2
CSPCo	114.3	105.7
I&M	103.7	94.9
KPCo	29.5	26.2
OPCo	109.8	100.2
PSO	83.7	70.7
SWEPCo	65.2	81.6
TCC	-	145.3
TNC	-	35.5

The fees paid by the registrant subsidiaries to AEP Credit for factoring customer accounts receivable were:

	Year Ended December 31, 2002	2001	2000
		(in millions)	
APCo	$ 4.8	$ 5.2	$ -
CSPCo	15.8	15.2	10.8
I&M	7.4	8.5	6.8
KPCo	2.7	2.7	1.9
OPCo	11.4	12.8	8.4
PSO	7.2	9.6	8.3
SWEPCo	5.4	7.4	9.2
TCC	2.2	14.7	15.7
TNC	1.4	3.8	4.0

24. Unaudited Quarterly Financial Information:

The unaudited quarterly financial information for AEP Consolidated follows:

(In Millions - Except Per Share Amounts)	2002 Quarterly Periods Ended March 31	June 30	Sept. 30	Dec. 31
Revenues	$3,169	$3,575	$3,870	$3,941
Operating Income (Loss)	459	427	782	(405)
Income (Loss) Before Discontinued Operations, Extraordinary Items and Cumulative Effect	159	158	386	(682)
Net Income (Loss)	(169)	62	425	(837)
Earnings (Loss) per Share Before Discontinued Operations, Extraordinary Items and Cumulative Effect*	0.49	0.49	1.14	(2.01)
Earnings (Loss) per Share**	(0.53)	0.19	1.25	(2.47)

(In Millions - Except Per Share Amounts)	2001 Quarterly Periods Ended March 31	June 30	Sept. 30	Dec. 31
Revenues	$2,910	$3,259	$3,733	$2,865
Operating Income	521	622	824	215
Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect	230	251	399	37
Net Income	266	232	421	52
Earnings per Share Before Discontinued Operations, Extraordinary Items and Cumulative Effect***	0.72	0.77	1.23	0.12
Earnings per Share****	0.83	0.72	1.31	0.16

* Amounts for 2002 do not add to $0.06 earnings per share before Discontinued Operations, Extraordinary Items and Cumulative Effect due to rounding and the dilutive effect of shares issued in 2002.

**Amounts for 2002 do not add to $(1.57) earnings per share due to rounding.

***Amounts for 2001 do not add to $2.85 earnings per share before Discontinued Operations, Extraordinary Items and Cumulative Effect due to rounding.

****Amounts for 2001 do not add to $3.01 earnings per share due to rounding.

The unaudited quarterly financial information for each AEP registrant subsidiary follows:

Quarterly Periods Ended	AEGCo	APCo	CSPCo	I&M	KPCo
			(in thousands)		
2002					
March 31					
Operating Revenues	$49,875	$462,605	$314,826	$352,235	$ 99,185
Operating Income	1,767	81,554	45,548	30,363	15,484
Income Before Extraordinary Items	1,893	55,341	33,858	11,058	10,246
Net Income	1,893	55,341	33,858	11,058	10,246
June 30					
Operating Revenues	$53,356	$432,015	$343,813	$369,043	$ 92,164
Operating Income	1,504	65,224	58,040	19,865	9,550
Income Before Extraordinary Items	1,718	46,608	51,721	7,494	5,246
Net Income	1,718	46,608	51,721	7,494	5,246
September 30					
Operating Revenues	$55,988	$474,282	$428,437	$421,472	$100,359
Operating Income	1,436	81,365	89,033	57,004	11,119
Income Before Extraordinary Items	1,947	53,947	76,117	35,312	5,994
Net Income	1,947	53,947	76,117	35,312	5,994
December 31					
Operating Revenues	$54,062	$445,568	$313,084	$384,014	$ 86,975
Operating Income	1,422	73,920	27,158	43,957	6,044
Income (Loss) Before Extraordinary Items	1,994	49,596	19,477	20,128	(919)
Net Income (Loss)	1,994	49,596	19,477	20,128	(919)

Quarterly Periods Ended	OPCo	PSO	SWEPCo	TCC	TNC
			(in thousands)		
2002					
March 31					
Operating Revenues	$520,652	$148,986	$222,259	$278,910	$103,626
Operating Income	83,716	8,410	22,469	55,445	11,145
Income (Loss) Before Extraordinary Items	64,051	(1,648)	8,159	24,445	3,992
Net Income (Loss)	64,051	(1,648)	8,159	24,445	3,992
June 30					
Operating Revenues	$521,365	$158,330	$263,074	$360,391	$104,452
Operating Income	61,046	20,201	31,988	64,319	5,547
Income Before Extraordinary Items	55,348	11,620	18,155	33,535	675
Net Income	55,348	11,620	18,155	33,535	675
September 30					
Operating Revenues	$566,366	$230,098	$362,423	$546,260	$152,667
Operating Income (Loss)	97,210	50,710	60,254	118,204	(308)
Income (Loss) Before Extraordinary Items	80,258	41,002	45,794	93,383	(4,193)
Net Income (Loss)	80,258	41,002	45,794	93,383	(4,193)
December 31					
Operating Revenues	$504,742	$256,233	$236,964	$504,932	$ 89,995
Operating Income (Loss)	56,357	5,400	27,758	155,765	(8,513)
Income (Loss) Before Extraordinary Items	20,366	(9,914)	10,884	124,578	(14,151)
Net Income (Loss)	20,366	(9,914)	10,884	124,578	(14,151)

Quarterly Periods Ended	AEGCo	APCo	CSPCo	I&M	KPCo
			(in thousands)		
2001					
March 31					
Operating Revenues	$60,507	$501,204	$327,437	$387,813	$100,681
Operating Income	1,807	88,152	51,932	52,698	12,604
Income Before Extaordinary Items	1,980	61,787	37,671	32,363	7,075
Net Income	1,980	61,787	37,671	32,363	7,075
June 30					
Operating Revenues	$52,217	$430,412	$333,995	$382,234	$ 89,541
Operating Income	1,882	59,362	62,894	47,340	8,364
Income Before Extrodinary Items	2,063	36,419	47,418	27,374	2,742
Net Income	2,063	36,419	21,011	27,374	2,742
September 30					
Operating Revenues	$57,417	$434,450	$375,691	$398,457	$ 96,197
Operating Income	1,615	60,381	76,920	44,509	12,587
Income Before Extraordinary Items	2,051	30,317	65,318	25,064	5,312
Net Income	2,051	30,317	65,318	25,064	5,312
December 31					
Operating Revenues	$57,407	$418,193	$313,196	$358,493	$ 92,606
Operating Income	1,673	67,091	60,431	15,158	14,123
Income (Loss) Before Extraordinary Items	1,781	33,295	41,493	(9,013)	6,436
Net Income (Loss)	1,781	33,295	37,876	(9,013)	6,436

Quarterly Periods Ended	OPCo	PSO	SWEPCo	TCC	TNC
			(in thousands)		
2001					
March 31					
Operating Revenues	$552,503	$225,080	$267,117	$432,910	$141,649
Operating Income	64,756	8,340	33,986	64,152	5,392
Income (Loss) Before Extraordinary Items	53,397	(1,560)	19,869	35,031	891
Net Income (Loss)	53,397	(1,560)	19,869	35,031	891
June 30					
Operating Revenues	$512,196	$265,360	$271,748	$470,420	$139,228
Operating Income	47,067	21,942	32,649	82,351	12,428
Income Before Extraordinary Items	32,094	11,921	17,784	52,518	6,133
Net Income	10,579	11,921	17,784	52,518	6,133
September 30					
Operating Revenues	$535,535	$325,373	$331,441	$527,117	$181,433
Operating Income	69,668	59,914	60,194	112,598	17,745
Income Before Extraordinary Items	51,378	51,069	46,357	83,702	14,067
Net Income	51,378	51,069	46,357	83,702	14,067
December 31					
Operating Revenues	$497,871	$141,187	$231,020	$308,390	$ 94,148
Operating Income (Loss)	59,219	6,792	19,378	36,630	(2,175)
Income (Loss) Before Extraordinary Items	28,924	(3,671)	5,357	13,536	(8,781)
Net Income (Loss)	32,091	(3,671)	5,357	11,027	(8,781)

Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect for the fourth quarter 2002 decreased $896 million from the prior year due to the impairment loss and impairment value losses of approximately $1,188 million (pre-tax) to reduce the valuation of under-performing assets. In addition to the impairments that were recorded during the fourth quarter, a change in AEP's Accumulated Other Comprehensive Income (Loss) of $585 million for pension liability had a negative effect on each registrant's Consolidated Balance Sheets.

25. Trust Preferred Securities:

The following Trust Preferred Securities issued by the wholly-owned statutory business trusts of PSO, SWEPCo and TCC were outstanding at December 31, 2002 and December 31, 2001. They are classified on AEP's, PSO's, SWEPCo's and TCC's Balance Sheets as Certain Subsidiary Obligated, Mandatorily Redeemable Preferred Securities of Subsidiary Trusts Holding Solely Junior Subordinated Debentures of Such Subsidiaries. The Junior Subordinated Debentures mature on April 30, 2037. TCC reacquired 490,000 trust preferred units during 2001.

Business Trust	Security	Units Issued/ Outstanding At 12/31/02	Amount at December 31, 2002	2001	Description of Underlying Debentures of Registrant
			(in millions)		
CPL Capital I	8.00%, Series A	5,450,000	$136	$136	TCC, $141 million, 8.00%, Series A
PSO Capital I	8.00%, Series A	3,000,000	75	75	PSO, $77 million, 8.00%, Series A
SWEPCo Capital I	7.875%, Series A	4,400,000	110	110	SWEPCo, $113 million, 7.875%, Series A
		12,850,000	$321	$321	

Each of the business trusts is treated as a subsidiary of its parent company. The only assets of the business trusts are the subordinated debentures issued by their parent company as specified above. In addition to the obligations under their subordinated debentures, each of the parent companies has also agreed to a security obligation which represents a full and unconditional guarantee of its capital trust obligation.

26. Minority Interest in Finance Subsidiary:

In August 2001, AEP formed AEP Energy Services Gas Holding Co. II, LLC (SubOne) and Caddis Partners, LLC (Caddis). SubOne is a wholly owned consolidated subsidiary of AEP that was capitalized with the assets of Houston Pipe Line Company, Louisiana Interstate Gas Company (AEP subsidiaries) and $321.4 million of AEP Energy Services Gas Holding Company (AEP Gas Holding is an AEP subsidiary and parent of SubOne) preferred stock, that is convertible into AEP common stock at market price on a dollar-for-dollar basis. Caddis was capitalized with $2 million cash and a subscription agreement that represents an unconditional obligation to fund $83 million from SubOne and $750 million from Steelhead Investors LLC ("Steelhead" - non-controlling preferred member interest). As managing member, SubOne consolidates Caddis. Steelhead is an unconsolidated special purpose entity and has a capital structure of $750 million of which 3% is equity from investors with no relationship to AEP or any of its subsidiaries and 97% is debt from a syndicate of banks. The use of Steelhead allows AEP to limit its risk associated with Houston Pipe Line Company and Louisiana Intrastate Gas Company.

Under the provisions of the Caddis formation agreements, Steelhead receives a quarterly preferred return equal to an adjusted floating reference rate (4.784% and 4.413% for the quarters ended December 31, 2002 and 2001, respectively). Caddis has the right to redeem Steelhead's interest at any time.

The $750 million invested in Caddis by Steelhead was loaned to SubOne. This intercompany loan to SubOne is due August 2006, and is supported by the natural gas pipeline assets of SubOne, a cash reserve fund of SubOne and SubOne's $321.4 million of preferred stock in AEP Gas Holding. The preferred stock is convertible into AEP common stock upon the occurrence of certain events including AEP's stock price closing below $18.75 for ten consecutive trading days. AEP can elect not to have the transaction supported by such preferred stock if SubOne were to reduce its loan with Caddis by $225 million. The credit agreement between Caddis and SubOne contains covenants that restrict certain incremental liens and indebtedness, asset sales, investments, acquisitions, and distributions. The credit agreement also contains covenants that impose minimum financial ratios. Non-performance of these covenants may result in an event of default under the credit agreement. Through December 31, 2002, we have complied with the covenants contained in the credit agreement. In addition, a default under any other agreement or instrument relating to AEP and certain subsidiaries' debt outstanding in excess of $50 million is an event of default under the credit agreement.

The initial period of Steelhead's investment in Caddis is through August 2006. At the end of the initial period, Caddis will either reset Steelhead's return rate, re-market Steelhead's interests to new investors, redeem Steelhead's interests, in whole or in part including accrued return, or liquidate Caddis in accordance with the provisions of applicable agreements.

Steelhead has certain rights as a preferred member in Caddis. Upon the occurrence of certain events including a default in the payment of the preferred return, Steelhead's rights include: forcing a liquidation of Caddis and acting as the liquidator, and requiring the conversion of the AEP Gas Holding preferred stock into AEP common stock. If Steelhead exercised its rights to force Caddis to liquidate under these conditions, then AEP would evaluate whether to refinance at that time or relinquish the assets that support the intercompany loan to Caddis. Liquidation of Caddis could negatively impact AEP's liquidity.

Caddis and SubOne are each a limited liability company, with a separate existence and identity from its members, and the assets of each are separate and legally distinct from AEP. The results of operations, cash flows and financial position of Caddis and SubOne are consolidated with AEP for financial reporting purposes. Steelhead's investment in Caddis and payments made to Steelhead from Caddis are currently reported on AEP's consolidated statements of operation and consolidated balance sheets as Minority Interest in Finance Subsidiary.

AEP's maximum exposure to loss as a result of its involvement with Steelhead is $321.4 million of preferred stock, $83 million under the subscription agreement to Caddis for any losses incurred by Caddis and the cash reserve fund balance of $34 million (as of December 31, 2002) due Caddis for default under the intercompany loan agreement. AEP can reduce its maximum exposure related to the preferred stock by a reduction of $225 million of the intercompany loan.

As of December 31, 2002, we are continuing to review the application of FIN 46 as it relates to the Steelhead transaction.

27. Equity Units

In June 2002, AEP issued 6.9 million equity units at $50 per unit and received proceeds of $345 million. Each equity unit consists of a forward purchase contract and a senior note.

The forward purchase contracts obligate the holders to purchase shares of AEP common stock on August 16, 2005. The purchase price per equity unit is $50. The number of shares to be purchased under the forward purchase contract will be determined under a formula based upon the average closing price of AEP common stock near the stock purchase date. Holders may satisfy their obligation to purchase AEP common stock under the forward purchase contracts by allowing the senior notes to be remarketed or by continuing to hold the senior notes and using other resources as consideration for the purchase of stock. If the holders elect to allow the notes to be remarketed, the proceeds from the remarketing will be used to purchase a portfolio of U.S. treasury securities that the holders will pledge to AEP in order to meet their obligations under the forward purchase contracts.

The senior notes have a principal amount of $50 each and mature on August 16, 2007. The senior notes are the collateral that secures the holders' requirement to purchase common stock under the forward purchase contracts.

AEP will make quarterly interest payments on the senior notes at the initial annual rate of 5.75%. The interest rate can be reset through a remarketing, which is initially scheduled for May 2005. AEP will make contract adjustment payments to the purchaser at the annual rate of 3.50% on the forward purchase contracts. The present value of the contract adjustment payments has been recorded as a $31 million liability in Equity Unit Senior Notes offset by a charge to Paid-in Capital. Interest payments on the senior notes are reported as interest expense. Accretion of the contract adjustment payment liability is reported as interest expense.

AEP applies the treasury stock method to the equity units to calculate diluted earnings per share. This method of calculation theoretically assumes that the proceeds received as a result of the forward purchase contract are used to repurchase outstanding shares.

28. Jointly Owned Electric Utility Plant:

CSPCo, PSO, SWEPCo, TCC and TNC have generating units that are jointly owned with unaffiliated companies. Each of the participating companies is obligated to pay its share of the costs of any such jointly owned facilities in the same proportion as its ownership interest. Each AEP registrant subsidiary's proportionate share of the operating costs associated with such facilities is included in its statements of income and the investments are reflected in its balance sheets under utility plant as follows:

		Company's Share December 31,			
		2002		2001	
	Percent of Ownership	Utility Plant in Service (in thousands)	Construction Work in Progress	Utility Plant in Service (in thousands)	Construction Work in Progress
CSPCo:					
W.C. Beckjord Generating Station (Unit No. 6)	12.5	$ 15,487	$ 49	$ 14,292	$ 884
Conesville Generating Station (Unit No. 4)	43.5	81,960	279	81,697	494
J.M. Stuart Generating Station	26.0	197,276	44,865	193,760	27,758
Wm. H. Zimmer Generating Station	25.4	705,620	14,077	704,951	2,634
Transmission	(a)	61,187	2,281	61,476	91
		$1,061,530	$61,551	$1,056,176	$31,861
PSO:					
Oklaunion Generating Station (Unit No. 1)	15.6	$ 83,562	$ 777	$ 82,646	$ 634
SWEPCo:					
Dolet Hills Generating Station (Unit No. 1)	40.2	$ 235,366	1,313	$ 234,747	$ 675
Flint Creek Generating Station (Unit No. 1)	50.0	91,567	1,052	83,953	213
Pirkey Generating Station (Unit No. 1)	85.9	451,136	2,197	439,430	10,577
		$ 778,069	$ 4,562	$ 758,130	$11,465
TCC:					
Oklaunion Generating Station (Unit No. 1)	7.8	$ 38,055	$ 369	$ 37,728	$ 318
South Texas Project Generating Station (Units No. 1 and 2)	25.2	2,364,359	43,887	2,360,452	41,571
		$2,402,414	$44,256	$2,398,180	$41,889
TNC:					
Oklaunion Generating Station (Unit No. 1)	54.7	$ 277,946	$ 3,650	$ 279,419	$ 1,651

(a) Varying percentages of ownership.

The accumulated depreciation with respect to each AEP registrant subsidiary's share of jointly owned facilities is shown below:

	December 31, 2002	2001
	(in thousands)	
CSPCo	$436,683	$410,756
PSO	49,085	35,653
SWEPCo	450,057	392,728
TCC	927,193	863,130
TNC	102,542	100,430

29. Related Party Transactions

AEP System Power Pool

APCo, CSPCo, I&M, KPCo and OPCo are parties to the Interconnection Agreement, dated July 6, 1951, as amended (the Interconnection Agreement), defining how they share the costs and benefits associated with their generating plants. This sharing is based upon each company's "member-load-ratio," which is calculated monthly on the basis of each company's maximum peak demand in relation to the sum of the maximum peak demands of all five companies during the preceeding 12 months. In addition, since 1995, APCo, CSPCo, I&M, KPCo and OPCo have been parties to the AEP System Interim Allowance Agreement which provides, among other things, for the transfer of SO2 Allowances associated with transactions under the Interconnection Agreement. As part of AEP's restructuring settlement agreement filed with FERC, under certain conditions CSPCo and OPCo would no longer be parties to the Interconnection Agreement and certain other modifications to its terms would also be made.

Power marketing and trading transactions (trading activities) are conducted by the AEP Power Pool and shared among the parties under the Interconnection Agreement. Trading activities involve the purchase and sale of electricity under physical forward contracts at fixed and variable prices and the trading of electricity contracts including exchange traded futures and options and over-the-counter options and swaps. The majority of these transactions represent physical forward contracts in the AEP System's traditional marketing area and are typically settled by entering into offsetting contracts.

In addition, the AEP Power Pool enters into transactions for the purchase and sale of electricity options, futures and swaps, and for the forward purchase and sale of electricity outside of the AEP System's traditional marketing area.

PSO, SWEPCo, TCC, TNC and AEP Service Corporation are parties to a Restated and Amended Operating Agreement originally dated as of January 1, 1997 (CSW Operating Agreement). The CSW Operating Agreement requires the operating companies of the west zone to maintain specified annual planning reserve margins and requires the operating companies that have capacity in excess of the required margins to make such capacity available for sale to other operating companies as capacity commitments. The CSW Operating Agreement also delegates to AEP Service Corporation the authority to coordinate the acquisition, disposition, planning, design and construction of generating units and to supervise the operation and maintenance of a central control center. As part of AEP's restructuring settlement agreement filed with the FERC, under certain conditions TCC and TNC would no longer be parties to the CSW Operating Agreement.

AEP's System Integration Agreement provides for the integration and coordination of AEP's east and west zone operating subsidiaries, joint dispatch of generation within the AEP System, and the distribution, between the two operating zones, of costs and benefits associated with the System's generating plants. It is designed to function as an umbrella agreement in addition to the AEP Interconnection Agreement and the CSW Operating Agreement, each of which will continue to control the distribution of costs and benefits within each zone.

The following table shows the revenues derived from sales to the Pools and direct sales to affiliates for years ended December 31, 2002, 2001 and 2000:

Related Party Revenues		APCo	CSPCo	I&M (in thousands)	KPCo	OPCo	AEGCo
2002	Sales to East System Pool	$106,651	$42,986	$ 197,525	$ 22,369	$397,248	$ -
	Sales to West System Pool	18,300	12,107	13,036	4,717	16,265	-
	Direct Sales To East Affiliates	58,213	-	-	-	50,599	213,071
	Direct Sales To West Affiliates	-	-	-	-	-	-
	Other	3,313	2,109	3,577	878	1,090	-
	Total Revenues	$186,477	$57,202	$ 214,138	$ 27,964	$465,202	$213,071
2001	Sales to East System Pool	$ 91,977	$44,185	$ 239,277	$ 34,735	$431,637	$ -
	Sales to West System Pool	24,892	13,971	15,596	6,117	19,797	-
	Direct Sales To East Affiliates	54,777	-	-	-	55,450	227,338
	Direct Sales To West Affiliates	(3,133)	(1,705)	(1,905)	(744)	(2,590)	-
	Other	2,772	11,060	2,071	2,258	7,072	-
	Total Revenues	$171,285	$67,511	$ 255,039	$ 42,366	$511,366	$227,338
2000	Sales to East System Pool	$ 81,013	$36,884	$ 200,474	$ 36,554	$502,140	$ -
	Sales to West System Pool	7,697	4,095	4,614	1,829	6,356	-
	Direct Sales To East Affiliates	59,106	-	-	-	66,487	227,983
	Direct Sales To West Affiliates	4,092	2,262	2,510	972	3,421	-
	Other	2,770	6,124	2,710	2,466	4,043	-
	Total Revenues	$154,678	$49,365	$ 210,308	$ 41,821	$582,447	$227,983

Related Party Revenues		PSO	SWEPCo (in thousands)	TCC	TNC
2002	Sales to East System Pool	$ -	$ -	$ -	$ -
	Sales to West System Pool	674	1,334	18,416	1,280
	Direct Sales To East Affiliates	611	270	366	(23)
	Direct Sales To West Affiliates	6,047	75,674	956,751	228,404
	Other	2,107	(4,979)	32,911	10,764
	Total Revenues	$ 9,439	$72,299	$1,008,444	$240,425
2001	Sales to East System Pool	$ 4	$ -	$ -	$ -
	Sales to West System Pool	3,317	8,073	19,865	322
	Direct Sales To East Affiliates	2,833	3,238	3,697	1,228
	Direct Sales To West Affiliates	30,668	67,930	12,617	9,350
	Other	(51)	(4)	5,583	7,781
	Total Revenues	$36,771	$79,237	$ 41,762	$ 18,681
2000	Sales to East System Pool	$ -	$ -	$ -	$ -
	Sales to West System Pool	7,323	5,546	23,421	194
	Direct Sales To East Affiliates	(1,990)	(3,008)	(3,348)	(1,116)
	Direct Sales To West Affiliates	21,995	62,178	12,516	7,645
	Other	(12,680)	(1,592)	5,163	11,931
	Total Revenues	$14,648	$63,124	$ 37,752	$ 18,654

The following table shows the purchased power expense incurred from purchases from the Pools and affiliates for the years ended December 31, 2002, 2001, and 2000:

Related Party Purchases		APCo	CSPCo	I&M (in thousands)	KPCo	OPCo
2002	Purchases from East System Pool	$233,677	$309,999	$ 83,918	$ 68,846	$70,338
	Purchases from West System Pool	337	219	237	86	297
	Direct Purchases from East Affiliates	583	387	149,569	64,070	519
	Direct Purchases from West Affiliates	-	-	-	-	-
	Total Purchases	$234,597	$310,605	$233,724	$133,002	$71,154
2001	Purchases from East System Pool	$346,582	$292,034	$ 79,030	$ 61,816	$62,350
	Purchases from West System Pool	296	165	185	72	235
	Direct Purchases from East Affiliates	-	-	159,022	68,316	-
	Direct Purchases from West Affiliates	-	-	-	-	-
	Total Purchases	$346,878	$292,199	$238,237	$130,204	$62,585
2000	Purchases from East System Pool	$355,305	$287,482	$106,644	$ 58,150	$50,339
	Purchases from West System Pool	455	260	285	108	390
	Direct Purchases from East Affiliates	-	-	158,537	69,446	-
	Direct Purchases from West Affiliates	14	8	9	3	12
	Total Purchases	$355,774	$287,750	$265,475	$127,707	$50,741

Related Party Purchases		PSO	SWEPCo	TCC	TNC
			(in thousands)		
2002	Purchases from East System Pool	$ 343	$ -	$ -	$ -
	Purchases from West System Pool	874	(456)	1,366	15,475
	Direct Purchases from East Affiliates	29,029	17,242	8,236	2,669
	Direct Purchases from West Affiliates	59,208	25,236	13,804	19,438
	Total Purchases	$89,454	$42,022	$23,406	$37,582
2001	Purchases from East System Pool	$ 1,327	$ -	$ -	$ 4
	Purchases from West System Pool	5,877	3,810	415	11,689
	Direct Purchases from East Affiliates	1,951	2,352	12,657	4,614
	Direct Purchases from West Affiliates	34,603	9,696	45,569	40,349
	Total Purchases	$43,758	$15,858	$58,641	$56,656
2000	Purchases from East System Pool	$20,100	$ -	$ -	$ -
	Purchases from West System Pool	5,386	4,379	1,696	18,444
	Direct Purchases from East Affiliates	2,117	695	251	71
	Direct Purchases from West Affiliates	33,185	8,264	30,644	39,258
	Total Purchases	$60,788	$13,338	$32,591	$57,773

The above summarized related party revenues and expenses are reported in their entirety, without elimination, and are presented as operating revenues affiliated and purchased power affiliated on the statements of operations of each AEP Power Pool member. Since all of the above pool members are included in AEP's consolidated results, the above summarized related party transactions are eliminated in total in AEP's consolidated revenues and expenses.

AEP System Transmission Pool

APCo, CSPCo, I&M, KPCo and OPCo are parties to the Transmission Agreement, dated April 1, 1984, as amended (the Transmission Agreement), defining how they share the costs associated with their relative ownership of the extra-high-voltage transmission system (facilities rated 345 kv and above) and certain facilities operated at lower voltages (138 kv and above). Like the Interconnection Agreement, this sharing is based upon each company's "member-load-ratio."

The following table shows the net (credits) or charges allocated among the parties to the Transmission Agreement during the years ended December 31, 2002, 2001 and 2000:

	2002	2001	2000
		(in thousands)	
APCo	$(13,400)	$ (3,100)	$ (3,400)
CSPCo	42,200	40,200	38,300
I&M	(36,100)	(41,300)	(43,800)
KPCo	(5,400)	(4,600)	(6,000)
OPCo	12,700	8,800	14,900

PSO, SWEPCo, TCC, TNC and AEP Service Corporation are parties to a Transmission Coordination Agreement originally dated as of January 1, 1997 (TCA). The TCA established a coordinating committee, which is charged with the responsibility of overseeing the coordinated planning of the transmission facilities of the west zone operating subsidiaries, including the performance of transmission planning studies, the interaction of such subsidiaries with independent system operators (ISO) and other regional bodies interested in transmission planning and compliance with the terms of the Open Access Transmission Tariff (OATT) filed with the FERC and the rules of the FERC relating to such tariff.

Under the TCA, the west zone operating subsidiaries have delegated to AEP Service Corporation the responsibility of monitoring the reliability of their transmission systems and administering the OATT on their behalf. The TCA also provides for the allocation among the west zone operating subsidiaries of revenues collected for transmission and ancillary services provided under the OATT.

The following table shows the net (credits) or charges allocated among the parties to the Transmission Agreement during the years ended December 31, 2002, 2001 and 2000:

	2002	2001	2000
		(in thousands)	
PSO	$(4,200)	$ (4,000)	$ (3,300)
SWEPCo	(5,000)	(5,400)	(5,900)
TCC	3,600	3,900	3,400
TNC	5,600	5,500	5,800

AEP's System Transmission Integration Agreement provides for the integration and coordination of the planning, operation and maintenance of the transmission facilities of AEP's east and west zone operating subsidiaries. Like the System Integration Agreement, the System Transmission Integration Agreement functions as an umbrella agreement in addition to the AEP Transmission Agreement and the Transmission Coordination Agreement. The System Transmission Integration Agreement contains two service schedules that govern:

- The allocation of transmission costs and revenues.
- The allocation of third-party transmission costs and revenues and System dispatch costs.

The Transmission Integration Agreement anticipates that additional service schedules may be added as circumstances warrant.

Unit Power Agreements and Other

A unit power agreement between AEGCo and I&M (the I&M Power Agreement) provides for the sale by AEGCo to I&M of all the power (and the energy associated therewith) available to AEGCo at the Rockport Plant unless it is sold to another utility. I&M is obligated, whether or not power is available from AEGCo, to pay as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by I&M) such amounts, as when added to amounts received by AEGCo from any other sources, will be at least sufficient to enable AEGCo to pay all its operating and other expenses, including a rate of return on the common equity of AEGCo as approved by FERC, currently 12.16%. The I&M Power Agreement will continue in effect until the expiration of the lease term of Unit 2 of the Rockport Plant unless extended in specified circumstances.

Pursuant to an assignment between I&M and KPCo, and a unit power agreement between KPCo and AEGCo, AEGCo sells KPCo 30% of the power (and the energy associated therewith) available to AEGCo from both units of the Rockport Plant. KPCo has agreed to pay to AEGCo in consideration for the right to receive such power the same amounts which I&M would have paid AEGCo under the terms of the I&M Power Agreement for such entitlement. The KPCo unit power agreement expires on December 31, 2004. This unit power agreement extends until December 31, 2009 for Unit 1 and until December 7, 2022 for Unit 2 if AEP's restructuring settlement agreement filed with the FERC becomes operative.

APCo and OPCo, jointly own two power plants. The costs of operating these facilities are apportioned between the owners based on ownership interests. Each company's share of these costs is included in the appropriate expense accounts on each company's consolidated statements of income. Each company's investment in these plants is included in electric utility plant on its consolidated balance sheets.

I&M provides barging services to AEGCo, APCo and OPCo. I&M records revenues from barging services as nonoperating income. AEGCo, APCo and OPCo record costs paid to I&M for barging services as fuel expense. The amount of affiliated revenues and affiliated expenses were:

	Year Ended December 31,		
Company	2002	2001	2000
	(in millions)		
I&M - revenues	$34.3	$30.2	$23.5
AEGCo - expense	7.8	8.5	8.8
APCo - expense	12.8	11.5	7.8
OPCo - expense	7.9	10.2	6.9
Memco - expense	5.7	-	-
AEP Energy Services	0.1	-	-

American Electric Power Service Corporation (AEPSC) provides certain managerial and professional services to AEP System companies. The costs of the services are billed to its affiliated companies by AEPSC on a direct-charge basis, whenever possible, and on reasonable bases of proration for shared services. The billings for services are made at cost and include no compensation for the use of equity capital, which is furnished to AEPSC by AEP Co., Inc. Billings from AEPSC are capitalized or expensed depending on the nature of the services rendered. AEPSC and its billings are subject to the regulation of the SEC under the PUHCA.

30. Subsequent Events (Unaudited):

Common Stock Offering – On February 27, 2003, AEP priced its offering of 50 million shares of common stock at a public offering price of $20.95 per share. AEP has granted the underwriters an option to purchase an additional 7.5 million shares of common stock to cover overallotments. The net proceeds from the sale of these securities will be used to reduce debt and for general corporate purposes.

Senior Notes Offering – During March 2003, AEP completed an offering of 5.375% Series C Senior Notes which have a principal amount of $500 million and a maturity date of March 15, 2010. The net proceeds from the offering will be used to repay or redeem current maturities of long-term debt, a portion of our minority interest in a financing subsidiary, and for general corporate purposes.

REGISTRANTS' COMBINED MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, ACCOUNTING POLICIES AND OTHER MATTERS

The following is a combined presentation of management's discussion and analysis of financial condition, accounting policies and other matters for AEP and its registrant subsidiaries. Management's discussion and analysis of results of operations for AEP and each of its subsidiary registrants is presented with their financial statements earlier in this document. The following is a list of sections of management's discussion and analysis of financial condition, accounting policies and other matters and the registrant to which they apply:

Financial Condition	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
Critical Accounting Policies	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
Market Risks	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
Industry Restructuring	AEP, APCo, CSPCo I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
Litigation	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC
Environmental Concerns and Issues	AEP, AEGCo, APCo, CSPCo, I&M, KPCo OPCo, PSO, SWEPCo, TCC, TNC
Other Matters	AEP, AEGCo, APCo, CSPCo, I&M, KPCo, OPCo, PSO, SWEPCo, TCC, TNC

Financial Condition

We measure our financial condition by the strength of the balance sheets and the liquidity provided by cash flows and earnings.

Balance sheet capitalization ratios and cash flow ratios are principal determinants of our credit quality.

Credit Ratings

The rating agencies have been conducting credit reviews of AEP and its registrant subsidiaries. The agencies are also reviewing most companies in the energy sector due to issues which impact the entire industry, not only AEP and its subsidiaries.

In February 2003, Moody's Investors Service (Moody's) completed their review of AEP and its rated subsidiaries. The results of that review were downgrades of the following ratings for unsecured debt: AEP to Baa3 from Baa2, APCo from Baa1 to Baa2, TCC from Baa1 to Baa2, PSO from A2 to Baa1, SWEPCo from A2 to Baa1. TNC, which had no senior unsecured notes outstanding at the time of the ratings action, had its mortgage bond debt downgraded from A2 to A3. AEP's commercial paper was also concurrently downgraded from P-2 to P-3. The completion of this review was a culmination of earlier ratings action in 2002 that had included a downgrade of AEP from Baa1 to Baa2 and the placement of five of the registrant subsidiaries on negative outlook. With the completion of the reviews, Moody's has placed AEP and its rated subsidiaries on stable outlook.

In February 2003, Standard & Poor's placed AEP's senior unsecured debt and commercial paper ratings on credit watch with negative implications, and did the same with the subsidiaries. S&P indicated that resolution regarding these actions would come within a short time (see additional discussion in Financing – *Credit Ratings* in Item 1 of Part I).

In 2002, Fitch Ratings Service downgraded both PSO and SWEPCo from A to A- for the senior unsecured notes. Fitch has AEP and its subsidiaries on stable outlook and the commercial paper rating is stable at F-2 (see additional discussion in Financing – *Credit Ratings* in Item 1 of Part I).

Current ratings of AEP's subsidiaries' first mortgage bonds are listed in the following table:

Company	Moody's	S&P	Fitch
APCo	Baa1	BBB+	A-
CSPCo	A3	BBB+	A
I&M	Baa1	BBB+	BBB+
KPCo	Baa1	BBB+	BBB+
OPCo	A3	BBB+	A-
PSO	A3	BBB+	A
SWEPCO	A3	BBB+	A
TCC	Baa1	BBB+	A
TNC	A3	BBB+	A

Current short-term ratings are as follows:

Company	Moody's	S&P	Fitch
AEP	P-3	A-2	F-2

The current ratings for senior unsecured debt are listed in the following table:

Company	Moody's	S&P	Fitch
AEP	Baa3	BBB+	BBB+
AEP Resources*	Baa3	BBB+	BBB+
APCo	Baa2	BBB+	BBB+
CSPCo	A3	BBB+	A-
I&M	Baa2	BBB+	BBB
KPCo	Baa2	BBB+	BBB
OPCo	A3	BBB+	BBB+
PSO	Baa1	BBB+	A-
SWEPCO	Baa1	BBB+	A-
TCC	Baa2	BBB+	A-
TNC	Baa1	BBB+	A-

* The rating is for a series of senior notes issued with a Support Agreement from AEP.

AEP's common equity to total capitalization declined to 32% in 2002 from 36% in 2001 and 37% in 2000. Total capitalization includes long-term debt due within one year, equity unit senior notes, minority interest and short-term debt. Preferred stock at 1% remained unchanged. In 2002, long-term debt including equity unit senior notes and trust preferred securities increased from 43% to 50% while Short-term Debt decreased from 17% to 14% and Minority Interest in Finance Subsidiary remained unchanged at 3%. In 2001 Long-term Debt remained unchanged while Short-term Debt decreased from 20% to 17% and Minority Interest in Finance Subsidiary increased to 3%. In 2002, 2001 and 2000, AEP did not issue any shares of common stock to meet the requirements of the Dividend Reinvestment and Direct Stock Purchase Plan and the Employee Savings Plan. Common stock was issued in 2002 for stock options exercised and under an equity offering (discussed in Financing Activity).

Liquidity

Liquidity, or access to cash, has become a more critical factor in determining the financial stability of a company due to volatility in wholesale power markets and the potential limitations that credit rating downgrades place on a company's ability to raise capital. Management is committed to preserving an adequate liquidity position and addressing AEP and its subsidiaries' financial needs in 2003.

As of December 31, 2002, we had an available liquidity position of $3.5 billion as illustrated in the table below:

Credit Facilities	(in millions)	Maturity
Commercial Paper Backup Lines of Credit	$2,500*	5/03
Commercial Paper Backup Lines of Credit	1,000	5/05
Corporate Separation Revolving Credit	1,725	4/03
Euro Revolving Credit Facilities	315	10/03
Total	5,540	
Cash		
Liquidity Reserve	1,000**	
Total Credit Facilities and Cash	6,540	
Less: Commercial Paper Outstanding	1,415	
Corporate Separation Loans	1,300	
Euro Revolving Credit Loans	305	
Total Available Liquidity	$3,520	

* Contains one year term-out provision.
** Unrestricted and excludes $213 million of operational cash on hand.

AEP and its subsidiaries' goal for 2003 is to use cash from operations to fund capital expenditures, dividend payments and working capital requirements. Short-term debt is used as an interim bridge for timing differences in the need for cash or to fund debt maturities until permanent financing is arranged.

Short-term funding comes from the parent company's commercial paper program and revolving credit facilities. Proceeds are loaned to the subsidiaries through intercompany notes. AEP and its subsidiaries also operate a non-utility and utility money pool to minimize the AEP System's external short-term funding requirements and sell accounts receivable to provide liquidity for the domestic electric subsidiaries. The commercial paper program is backed by $3.5 billion in bank facilities of which $1 billion matures in May 2005. The remaining $2.5 billion matures in May 2003 and has a one-year term-out provision at AEP's option. At December 31, 2002, approximately $1.4 billion of commercial paper was outstanding. A portion of the commercial paper balance is related to funding of debt maturities of the Ohio and Texas subsidiaries pending a permanent financing program. The Ohio and Texas subsidiaries issued $2,025 million of senior unsecured notes in February 2003 with maturity dates ranging from 2005 to 2033. The commercial paper balance outstanding decreased in early 2003 due to repayment with proceeds from these issuances.

AEP also has a $1.725 billion bank facility maturing in April 2003 that is available for debt refinancing. At December 31, 2002, $1.3 billion was outstanding under that facility. With the issuance of the permanent financing for the Ohio and Texas subsidiaries mentioned above, this facility was repaid and cancelled in February 2003.

AEP also has revolving credit facilities in place for 300 million Euros to support the wholesale business in Europe. At December 31, 2002, the majority of these facilities were drawn.

AEP also maintains a minimum $300 million cash liquidity reserve fund to support its marketing operations in the U.S. and keeps additional cash on hand as market conditions change. At December 31, 2002, AEP had $1 billion of cash available for liquidity.

On December 6, 2002, we closed a 364-day, $425 million facility and used it to partially repay the maturing interim financing for the U.K. generation plants (FFF). The facility was secured by a pledge of the shares of AEP companies in the FFF ownership chain and guaranteed by the parent company. A portion ($213 million) of the facility is due in May 2003. The remainder of the FFF interim financing was repaid using a combination of existing funds and draws against the Euro revolving credit facilities.

In total, we had approximately $6.5 billion in liquidity sources of which $3.5 billion were unused and available at December 31, 2002.

During 2002, cash flow from operations was $1.7 billion, including $21 million from Net Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect, approximately $1.3 billion from depreciation, amortization, deferred taxes, and deferred investment tax credits, approximately $1.1 billion associated with asset, investment value and other impairments, offset by additional working capital requirements of approximately $700 million. These additional working capital requirements reflect the one time impact of the discontinuance of the sale of accounts receivable for Texas companies and billing delays related to the transition to customer choice in Texas, higher margin requirements for gas trading, seasonal fuel inventory growth, and other miscellaneous items. Construction expenditures were $1.7 billion including major expenditures for emission control technology on several coal-fired generating units (see discussion in Note 9). Dividends on common stock were $793 million. Cash from operations, proceeds from the sale of SEEBOARD, CitiPower and the Texas REPs and the issuance of common stock, common equity units, 15-year notes for a wind generation project and transition funding bonds provided funds to reduce debt, fund construction and pay dividends.

During 2001, AEP's cash flow from operations was $2.8 billion, including $885 million from Net Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect and $1.4 billion from depreciation, amortization, deferred taxes and deferred investment tax credits. Capital expenditures including acquisitions were $3.9 billion and dividends on common stock were $773 million. Cash from operations less dividends on common stock financed 51% of capital expenditures.

During 2001, the proceeds of AEP's $1.25 billion global notes issuance and proceeds from the sale of a U.K. distribution company and two generating plants provided cash to purchase assets, fund construction, retire debt and pay dividends. Major construction expenditures include amounts for a wind generating facility and emission control technology on several coal-fired generating units. Asset purchases include HPL, coal mines, a barge line, a wind generating facility and two coal-fired generating plants in the U.K. These acquisitions accounted for the increase in total debt during 2001. Long-term funding arrangements for specific assets are often complex and typically not completed until after the acquisition.

The loss for 2002 resulted in a negative dividend payout ratio of 153% reflecting the losses on sale and impairments of assets. Earnings for 2001 resulted in a dividend payout ratio of 80%, a considerable improvement over the 289% payout ratio in 2000. The abnormally high ratio in 2000 was the result of the adverse impact on 2000 earnings from the Cook Plant extended outage and related restart expenditures, merger costs and the write-off related to COLI and non-regulated subsidiaries.

AEP and its subsidiaries generally use short-term borrowings to fund property acquisitions and construction until long-term funding mechanisms are arranged. Some acquisitions of existing business entities include the assumption of their outstanding debt and certain liabilities. Sources of long-term funding include issuance of AEP common stock, minority interest or long-term debt and sale-leaseback or leasing arrangements. The domestic electric subsidiaries generally issue short-term debt to provide for interim financing of capital expenditures that exceed internally generated funds and periodically reduce their outstanding short-term debt through issuances of long-term debt and additional capital contributions from their parent company.

AEP's revolving credit agreements include covenants that require performance of certain actions, including maintaining specified financial ratios. Non-performance of these covenants may result in an event of default under these credit agreements. At December 31, 2002, AEP complied with the covenants contained in these credit agreements. In addition, a default under any other agreement or instrument relating to debt outstanding in excess of $50 million is an event of default under these credit agreements. An event of default under these credit agreements would cause all amounts outstanding thereunder to be immediately payable.

Financing Activity

Common Stock

In June 2002, AEP issued 16 million shares of common stock at $40.90 per share through an equity offering and received net proceeds of $634 million. Proceeds from the sale of equity units and common stock were used to pay down short-term debt and establish a cash liquidity reserve fund.

Equity Units

In June 2002, AEP issued 6.9 million equity units at $50 per unit ($345 million). See Note 27 for additional information.

Debt

In February 2002, TCC issued $797 million of securitization notes that were approved by the PUCT as part of Texas restructuring to recover generation related regulatory assets. The proceeds were used to reduce TCC's debt and equity.

In April 2002, AEP closed on a bridge loan facility consisting of a $1.125 million 364-day revolving credit facility and a $600 million 364-day term loan facility to prepare for corporate separation. At year-end, $600 million was borrowed under the term loan facility and $700 million was borrowed under the revolving credit facility. Those amounts were repaid and the facility terminated when bonds were issued by CSPCo, OPCo, TCC and TNC in February 2003.

In February 2003, CSPCo issued $250 million of unsecured senior notes due 2013 at a coupon of 5.50% and $250 million of unsecured senior notes due 2033 at a coupon of 6.60%. OPCo issued $250 million of unsecured senior notes due 2013 at a coupon of 5.50% and $250 million of unsecured senior notes due 2033 at a coupon of 6.60%. TCC issued $100 million of unsecured senior notes due 2005 at a variable rate, $150 million of unsecured senior notes due 2005 at a coupon of 3.0%, $275 million of unsecured senior notes due 2013 at a coupon of 5.50% and $275 million of unsecured senior notes due 2033 at a coupon of 6.65%. TNC issued $225 million of unsecured senior notes due 2013 at a coupon of 5.50%. The use of proceeds from the above bonds was repayment of the bridge loan facility mentioned above, repayment of short-term debt, and for general corporate purposes.

In 2002, the following issuances were completed by the subsidiaries of AEP:

Company	Type of Debt	Principal Amount (in millions)	Interest Rate	Due Date
APCo	Senior Unsecured Notes	$450	4.80%	2005
APCo	Senior Unsecured Notes	200	4.32%*	2007
I&M	Installment Purchase Contracts	50	4.90%	2025
I&M	Senior Unsecured Notes	150	6.0%	2032
I&M	Senior Unsecured Notes	100	6 3/8%	2012
KPCo	Senior Unsecured Notes	125	5.50%	2007
KPCo	Senior Unsecured Notes	80	4.32%*	2007
KPCo	Senior Unsecured Notes	70	4.37%*	2007
PSO	Senior Unsecured Notes	200	6.00%	2032
SWEPCo	Senior Unsecured Notes	200	4.50%	2005
Other Subsidiaries	Notes Payable	121	6.20%- 6.60%	2017
Other Subsidiaries	Revolving Credit	305	Variable	2003

* Interest rate payable by subsidiary in U.S. dollars. While these companies do not have an Australian rate obligation, there is an underlying interest rate to Australian investors in Australian dollars of either 6% or a variable rate.

The subsidiaries also redeemed approximately $2 billion of long-term debt in 2002. See the Schedule of Long-term Debt for each registrant in sections B to K for details.

AEP uses money pools to meet the short-term borrowings for the majority of its subsidiaries In addition, AEP also funds the short-term debt requirements of other subsidiaries that are not included in the money pool. As of December 31, 2002, AEP had credit facilities totaling $3.5 billion to support its commercial paper program. At December 31, 2002, AEP had $1.4 billion outstanding in short-term borrowings subject to these credit facilities.

AEP Credit purchases, without recourse, the accounts receivable of most of the domestic utility operating companies. AEP Credit's financing for the purchase of receivables changed in December 2001. Starting December 31, 2001, AEP Credit entered into a sale of receivables agreement. The agreement allows AEP Credit to sell certain receivables and receive cash meeting the requirements of SFAS 140 for the receivables to be removed from AEP's and the subsidiaries' Balance Sheets. At December 31, 2002, AEP Credit had $454 million sold under this agreement. See Note 23 for further discussion.

Off-balance Sheet and Minority Interest Arrangements

AEP and its subsidiaries enter into off-balance sheet arrangements for various reasons ranging from accelerating cash collections, reducing operational expense to spreading risk of loss to third parties. The following identifies significant off-balance sheet arrangements:

Power Generation Facility

AEP has entered into agreements with Katco Funding L.P. (Katco), an unrelated unconsolidated special purpose entity. Katco has an aggregate financing commitment of $525 million and a capital structure of which 3% is equity from investors with no relationship to AEP or any of its subsidiaries and 97% is debt from a syndicate of banks. Katco was formed to develop, construct, finance and lease a power generation facility to AEP. Katco will own the power generation facility and lease it to AEP after construction is completed. The lease will be accounted for as an operating lease (see Note 22), therefore neither the facility nor the related obligations are reported on AEP's Consolidated Balance Sheets. Payments under the operating lease are expected to commence in the first quarter of 2004. AEP will in turn sublease the facility to Dow Chemical Company (DOW), which will use the energy produced by the facility and sell excess energy. AEP has agreed to purchase the excess energy from DOW for resale. The use of Katco allows AEP to limit its risk associated with the power generation facility once the construction phase has been completed.

AEP is the construction agent for Katco, and is responsible for completing construction by December 31, 2003, subject to unforeseen events beyond AEP's control.

In the event the project is terminated before completion of construction, AEP has the option to either purchase the facility for 100% of project costs or terminate the project and make a payment to Katco for 89.9% of project costs.

The operating lease between Katco and AEP commences on the commercial operation date of the facility and continues until November 2006. The lease contains extension options subject to the approval of Katco, and if all extension options were exercised, the total term of the lease would be 30 years. AEP's lease payments to Katco are sufficient for Katco to make required debt payments and provide a return to the investors of Katco. At the end of each lease term, AEP may renew the lease at fair market value subject to Katco's approval, purchase the facility at its original construction cost, or sell the facility, on behalf of Katco, to an independent third party. If the facility is sold and the proceeds from the sale are insufficient to repay Katco, AEP may be required to make a payment to Katco for the difference between the proceeds from the sale and the obligations of Katco, up to 82% of the project's cost. AEP has guaranteed a portion of the obligations of its subsidiaries to Katco during the construction and post-construction periods.

As of December 31, 2002, project costs subject to these agreements totaled $360 million, and total costs for the completed facility are expected to be approximately $510 million. For the 30–year extended lease term, the lease rental is a variable rate obligation indexed to three-month LIBOR. Consequently as market interest rates increase, the payments under this operating lease will also increase. Annual payments of approximately $12 million represent future minimum payments during the initial term calculated using the indexed LIBOR rate (1.38% at December 31, 2002). The Power Generation Facility collateralizes the debt obligation of Katco. AEP's maximum exposure to loss as a result of its involvement with Katco is 100% during the construction phase and up to 82% once the construction is completed. Maximum loss is deemed to be remote due to the collateralization.

It is reasonably possible that AEP will consolidate Katco in the third quarter of 2003, as a result of the issuance of FASB Interpretation No. 46 "Consolidation of Variable Interest Entities" (FIN 46). Upon consolidation, AEP would record the assets, liabilities, depreciation expense, minority interest and debt interest expense. AEP would eliminate operating lease expense. The sublease to DOW would not be affected by this consolidation.

The lease payments and the guarantee of construction commitments are included in the Other Commercial Commitments table below.

Minority Interest in Finance Subsidiary

In August 2001, AEP formed AEP Energy Services Gas Holding Co. II, LLC (SubOne) and Caddis Partners, LLC (Caddis). SubOne is a wholly owned consolidated subsidiary of AEP that was capitalized with the assets of Houston Pipe Line Company, Louisiana Interstate Gas Company (AEP subsidiaries) and $321.4 million of AEP Energy Services Gas Holding Company (AEP Gas Holding is an AEP subsidiary and parent of SubOne) preferred stock, that is convertible into AEP common stock at market price on a dollar-for-dollar basis. Caddis was capitalized with $2 million cash and a subscription agreement that represents an unconditional obligation to fund $83 million from SubOne and $750 million from Steelhead Investors LLC ("Steelhead" - non-controlling preferred member interest). As managing member, SubOne consolidates Caddis. Steelhead is an unconsolidated special purpose entity and has a capital structure of $750 million of which 3% is equity from investors with no relationship to AEP or any of its subsidiaries and 97% is debt from a syndicate of banks.

The use of Steelhead allows AEP to limit its risk associated with Houston Pipe Line Company and Louisiana Intrastate Gas Company.

Under the provisions of the Caddis formation agreements, Steelhead receives a quarterly preferred return equal to an adjusted floating reference rate (4.784% and 4.413% for the quarters ended December 31, 2002 and 2001, respectively). Caddis has the right to redeem Steelhead's interest at any time.

The $750 million invested in Caddis by Steelhead was loaned to SubOne. This intercompany loan to SubOne is due August 2006, and is supported by the natural gas pipeline assets of SubOne, a cash reserve fund of SubOne and SubOne's $321.4 million of preferred stock in AEP Gas Holding. The preferred stock is convertible into AEP common stock upon the occurrence of certain events including AEP's stock price closing below $18.75 for ten consecutive trading days. AEP can elect not to have the transaction supported by such preferred stock if SubOne were to reduce its loan with Caddis by $225 million. The credit agreement between Caddis and SubOne contains covenants that restrict certain incremental liens and indebtedness, asset sales, investments, acquisitions, and distributions. The credit agreement also contains covenants that impose minimum financial ratios. Non-performance of these covenants may result in an event of default under the credit agreement. Through December 31, 2002, we have complied with the covenants contained in the credit agreement. In addition, a default under any other agreement or instrument relating to AEP and certain subsidiaries' debt outstanding in excess of $50 million is an event of default under the credit agreement.

The initial period of Steelhead's investment in Caddis is through August 2006. At the end of the initial period, Caddis will either reset Steelhead's return rate, re-market Steelhead's interests to new investors, redeem Steelhead's interests, in whole or in part including accrued return, or liquidate Caddis in accordance with the provisions of applicable agreements.

Steelhead has certain rights as a preferred member in Caddis. Upon the occurrence of certain events including a default in the payment of the preferred return, Steelhead's rights include: forcing a liquidation of Caddis and acting as the liquidator, and requiring the conversion of the AEP Gas Holding preferred stock into AEP common stock. If Steelhead exercised its rights to force Caddis to liquidate under these conditions, then AEP would evaluate whether to refinance at that time or relinquish the assets that support the intercompany loan to Caddis. Liquidation of Caddis could negatively impact AEP's liquidity.

Caddis and SubOne are each a limited liability company, with a separate existence and identity from its members, and the assets of each are separate and legally distinct from AEP. The results of operations, cash flows and financial position of Caddis and SubOne are consolidated with AEP for financial reporting purposes. Steelhead's investment in Caddis and payments made to Steelhead from Caddis are currently reported on AEP's income statement and balance sheet as Minority Interest in Finance Subsidiary.

AEP's maximum exposure to loss as a result of its involvement with Steelhead is $321.4 million of preferred stock, $83 million under the subscription agreement to Caddis for any losses incurred by Caddis and the cash reserve fund balance of $34 million (as of December 31, 2002) due Caddis for default under the intercompany loan agreement. AEP can reduce its maximum exposure related to the preferred stock by a reduction of $225 million of the intercompany loan.

As of December 31, 2002, management is continuing to review the application of FIN 46 as it relates to the Steelhead transaction.

AEP Credit

AEP Credit entered into a sale of receivables agreement with a group of banks and commercial paper conduits. Under the sale of receivables agreement, which expires May 28, 2003, AEP Credit sells an interest in the receivables it acquires to the commercial paper conduits and banks and receives cash. This transaction constitutes a sale of receivables in accordance with SFAS 140 allowing the receivables to be taken off of AEP Credit's balance sheet and allowing AEP Credit to repay any debt obligations. AEP has no ownership interest in the commercial paper conduits and does not consolidate these entities in accordance with GAAP. We continue to service the receivables. This off-balance sheet transaction was entered into to allow AEP Credit to repay its outstanding debt obligations, continue to purchase the AEP operating companies' receivables, and accelerate its cash collections.

At December 31, 2002, the sale of receivables agreement provided the banks and commercial paper conduits would purchase a maximum of $600 million of receivables from AEP Credit, of which $454 million was outstanding. As collections from receivables sold occur and are remitted, the outstanding balance for sold receivables is reduced and as new receivables are sold, the outstanding balance of sold receivables increases. All of the receivables sold represented affiliate receivables. The commitment's new term under the sale of receivables agreement will remain at $600 million until May 28, 2003. AEP Credit maintains a retained interest in the receivables sold and this interest is pledged as collateral for the collection of the receivables sold. The fair value of the retained interest is based on book value due to the short-term nature of the accounts receivables less an allowance for anticipated uncollectible accounts.

See Note 23 "Lines of Credit and Sale of Receivables" for further disclosure.

Gavin Plant's flue gas desulfurization system (Gavin Scrubber)

OPCo has entered into an agreement with JMG Funding LLP (JMG) an unrelated unconsolidated special purpose entity. JMG has a capital structure of which 3% is equity from investors with no relationship to AEP or any of its subsidiaries and 97% is debt from pollution control bonds and other bonds. JMG owns the Gavin Scrubber and leases it to OPCo. The lease is accounted for as an operating lease with the payment obligations included in the lease footnote. Payments under the operating lease are based on JMG's cost of financing (both debt and equity) and include an amortization component plus the cost of administration. Neither OPCo nor AEP has an ownership interest in JMG and does not guarantee JMG's debt.

At any time during the lease, OPCo has the option to purchase the Gavin Scrubber for the greater of its fair market value or adjusted acquisition cost (equal to the unamortized debt and equity of JMG) or sell the Gavin Scrubber. The initial 15-year lease term is non-cancelable. At the end of the initial term, OPCo can renew the lease, purchase the Gavin Scrubber (terms previously mentioned), or sell the Gavin Scrubber. In case of a sale at less than the adjusted acquisition cost, OPCo must pay the difference to JMG.

The use of JMG allows OPCo to enter into an operating lease while keeping the tax benefits otherwise associated with a capital lease. As of December 31, 2002, unless the structure of this arrangement is changed, it is reasonably possible that AEP and OPCo will consolidate JMG in the third quarter of 2003 as a result of the issuance of FIN 46. Upon consolidation, AEP and OPCo would record the assets, liabilities, depreciation expense, minority interest and debt interest expense of JMG. AEP and OPCo would eliminate operating lease expense. AEP's and OPCo's maximum exposure to loss as a result of their involvement with JMG is approximately $560 million of outstanding debt and equity of JMG as of December 31, 2002.

Rockport Plant Unit 2

AEGCo and I&M entered into a sale and leaseback transaction in 1989 with Wilmington Trust Company (Owner Trustee) an unrelated unconsolidated trustee for Rockport Plant Unit 2 (the plant). Owner Trustee was capitalized with equity from six owner participants with no relationship to AEP or any of its subsidiaries and debt from a syndicate of banks and securities in a private placement to certain institutional investors.

The gain from the sale was deferred and is being amortized over the term of the lease, which expires in 2022. The Owner Trustee owns the plant and leases it to AEGCo and I&M. The lease is accounted for as an operating lease with the payment obligations included in the lease footnote. The lease term is for 33 years with potential renewal options. At the end of the lease term, AEGCo and I&M have the option to renew the lease or the Owner Trustee can sell the plant. AEGCo, I&M nor AEP has ownership interest in the Owner Trustee and do not guarantee its debt.

Summary Obligation Information

The contractual obligations of AEP and its subsidiaries include amounts reported on the Consolidated Balance Sheets and other obligations disclosed in the footnotes. The following table summarizes AEP's contractual cash obligations at December 31, 2002:

	Payments Due by Period (in millions)				
Contractual Cash Obligations	Less Than 1 year	2-3 years	4-5 years	After 5 years	Total
Long-term Debt	$1,633	$1,817	$2,316	$4,354	$10,120
Short-term Debt	3,164	-	-	-	3,164
Equity Unit Senior Notes	-	-	376	-	376
Trust Preferred Securities	-	-	-	321	321
Minority Interest In Finance Subsidiary (a)	-	-	759	-	759
Preferred Stock Subject to Mandatory Redemption	-	-	-	84	84
Capital Lease Obligations	70	90	50	18	228
Unconditional Purchase Obligations (b)	1,405	1,810	989	1,513	5,717
Noncancellable Operating Leases	305	523	479	2,462	3,769
Total Contractual Cash Obligations	$6,577	$4,240	$4,969	$8,752	$24,538

(a) The initial period of the preferred interest is through August 2006. At the end of the initial period, the preferred rate may be reset, the preferred member interests may be re-marketed to new investors, the preferred member interests may be redeemed, in whole or in part including accrued return, or the preferred member interest may be liquidated.
(b) Represents contractual obligations to purchase coal and natural gas as fuel for electric generation along with related transportation of the fuel.

For the subsidiary registrants, please see each registrant's schedules of capitalization and long-term debt included with each registrants' financial statements in sections B through K for the timing of debt payment obligations and the lease footnote (Note 22) in section L for the timing of rent payments.

The special purpose entities (SPE), described under "Off-Balance Sheet and Minority Interest Arrangements" above, have been employed for some of the contractual cash obligations reported in the above table. The lease of Rockport Plant Unit 2 and the Gavin Scrubber, the permanent financing of HPL, and the sale of accounts receivable all use SPEs. Neither AEP nor any AEP related parties have an ownership interest in the SPE. AEP does not guarantee the debt of these entities. These SPEs are not consolidated in AEP's or the subsidiaries' financial statements in accordance with GAAP. As a result, neither the assets nor the debt of the SPE are included on AEP's Consolidated Balance Sheets. The future cash obligations payable to the SPEs are included in the above table.

In addition to the amounts disclosed in the contractual cash obligations table above, AEP and its subsidiaries make commitments in the normal course of business. These commitments include standby letters of credit, guarantees for the payment of obligation performance bonds, and other commitments. AEP's commitments outstanding at December 31, 2002 under these agreements are summarized in the table below:

Other Commercial Commitments	Amount of Commitment Expiration Per Period (in millions) Less Than 1 year	2-3 years	4-5 years	After 5 years	Total
Standby Letters of Credit (a)	$ 125	$ 1	$ -	$ 40	$ 166
Guarantees of the Performance of Outside Parties (b)	13	17	325	137	492
Guarantees of our Performance	1,159	2	82	9	1,252
Construction of Generating and Transmission Facilities for Third Parties (c)	671	83	47	67	868
Other Commercial Commitments (d)	14	53	11	-	78
Total Commercial Commitments	$1,982	$156	$465	$253	$2,856

(a) AEP has standby letters of credit to third parties. These letters of credit cover gas and electricity trading contracts, various construction contracts and credit enhancement for issued bonds. All of these letters of credit were issued at a subsidiary level of AEP in the subsidiaries' ordinary course of business. The maximum future payments of these letters of credit are $166 million with maturities ranging from January 2003 to December 2007. There is no liability recorded for these letters of credit in accordance with FIN 45. Since AEP is the parent to all these subsidiaries, it holds all assets of the subsidiary as collateral. There is no recourse to third parties in the event these letters of credit are drawn.
(b) These amounts are the balances drawn, not the maximum guarantee disclosed in Note 10.
(c) As construction agent for third party owners of power plants and transmission facilities, AEP has committed by contract terms to complete construction by dates specified in the contracts. Should AEP default on these obligations, financial payments could be up to 100% of contract value (amount shown in table) or other remedies required by contract terms.
(d) Represents estimated future payments for power to be generated at facilities under construction.

With the exceptions of SWEPCo's guarantee of an unaffiliated mine operator's obligations (payable upon their default) of $148 million at December 31, 2002, and OPCo's obligations under a power purchase agreement of $14 million each year in 2003 through 2005, the obligations in the above table are commitments of AEP and its non-registrant subsidiaries.

OPCo has entered into a 30-year power purchase agreement for electricity pro-duced by an unaffiliated entity's three-unit natural gas fired plant. The plant was completed in 2002 and the agreement will terminate in 2032. Under the terms of the agreement, OPCo has the option to run the plant until December 31, 2005 taking 100% of the power generated and making monthly capacity payments. The capacity payments are fixed through December 2005 at $1.2 million per month. For the remainder of the 30 year contract term, OPCo will pay the variable costs to generate the electricity it purchases which could be up to 20% of the plant's capacity. The estimated fixed payments are included in the Other Commercial Commitments table shown above.

Expenditures for domestic electric utility construction are estimated to be $4 billion for the next three years. Approximately 90% of those construction expenditures are expected to be financed by internally generated funds.

Construction expenditures for certain registrant subsidiaries for the next three years are:

	Projected Construction Expenditures (in millions)	Construction Expenditures Financed with Internal Funds
APCo	$1,005	70%
I&M	601	90
OPCo	733	100
SWEPCo	351	100
TCC	419	100

APCo, AEP's subsidiary which operates in Virginia and West Virginia, has been seeking regulatory approval to build a new high voltage transmission line for over a decade. Certificates have been issued by both the WVPSC and the Virginia SCC authorizing construction and operation of the line. On December 31, 2002, the United States Forest Service issued a final environmental impact statement and record of decision to allow the use of federal lands in the Jefferson National Forest for construction of a portion of the line. APCo expects additional state and federal permits to be issued in the first half of 2003. Through December 31, 2002, APCo has invested approximately $51 million in this effort. The line is estimated to cost $287 million including amounts spent to date with completion in 2006. If the required permits are not obtained and the line is not constructed, the $51 million investment would be written off adversely affecting future results of operations and cash flows.

Pension Plans

AEP maintains qualified defined benefit pension plans (Qualified Plans), which cover substantially all non-union and certain union associates, and unfunded excess plans to provide benefits in excess of amounts permitted to be paid under the provisions of the tax law to participants in the Qualified Plans. Additionally, AEP has entered into individual retirement agreements with certain current and retired executives that provide additional retirement benefits.

AEP's pension income for all pension plans approximated $69 million and $44 million for the years ended December 31, 2001 and December 31, 2002, respectively, and is calculated based upon a number of actuarial assumptions, including an expected long-term rate of return on the Qualified Plans' assets of 9%. In developing the expected long-term rate of return assumption, AEP evaluated input from actuaries and investment consultants, including their reviews of asset class return expectations as well as long-term inflation assumptions. Projected returns by such actuaries and consultants are based on broad equity and bond indices. AEP also considered historical returns of the investment markets as well as AEP's 10-year average return (for the period ended 2002) of 8.8%. AEP anticipates that the investment managers will continue to generate long-term returns of at least 9.0%. The expected long-term rate of return on the Qualified Plans' assets is based on an asset allocation assumption of 70% with equity managers, with an expected long-term rate of return of

10.5%, and 28% with fixed income managers, with an expected long-term rate of return of 6%, and 2% in cash and short term investments with an expected rate of return of 3%. Because of market fluctuation, the actual asset allocation as of December 31, 2002 was 67% with equity managers and 32% with fixed income managers and 1% in cash. AEP believes, however, that the long-term asset allocation on average will approximate 70% with equity managers, 28% with fixed income managers and the remaining 2% in cash. AEP regularly reviews the actual asset allocation and periodically rebalances the investments to our targeted allocation when considered appropriate. AEP continues to believe that 9.0% is a reasonable long-term rate of return on the Qualified Plans' assets, despite the recent market downturn in which the Qualified Plans' assets had a loss of 11.2% for the twelve months ended December 31, 2002. AEP will continue to evaluate the actuarial assumptions, including the expected rate of return, at least annually, and will adjust as necessary.

AEP bases its determination of pension expense or income on a market-related valuation of assets which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets. Since the market-related value of assets recognizes gains or losses over a five-year period, the future value of assets will be impacted as previously deferred gains or losses are recorded. As of December 31, 2002 AEP had cumulative losses of approximately $879 million which remain to be recognized in the calculation of the market-related value of assets. These unrecognized net actuarial losses result in increases in the future pension costs depending on several factors, including whether such losses at each measurement date exceed the corridor in accordance with SFAS No. 87, "Employers' Accounting for Pensions."

The discount rate that AEP utilizes for determining future pension obligations is based on a review of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. The discount rate determined on this basis has decreased from 7.25% at December 31, 2001 to 6.75% at December 31, 2002. Due to the effect of the unrecognized actuarial losses and based on an expected rate of return on the Qualified Plans' assets of 9.0%, a discount rate of 6.75% and various other assumptions, AEP estimates that the pension expense for all pension plans will approximate $2 million, $46 million and $97 million in 2003, 2004 and 2005, respectively. Future actual pension expense will depend on future investment performance, changes in future discount rates and various other factors related to the populations participating in the pension plans.

Lowering the expected long-term rate of return on the Qualified Plans' assets by .5% (from 9.0% to 8.5%) would have reduced pension income for 2002 by approximately $19 million. Lowering the discount rate by 0.5% would have reduced pension income for 2002 by approximately $8 million.

The value of the Qualified Plans' assets has decreased from $3.438 billion at December 31, 2001 to $2.795 billion at December 31, 2002. The Qualified Plans paid out $272 million in benefits to plan participants during 2002 (nonqualified plans paid out $6 million in benefits). The investment returns and declining discount rates have changed the status of the Qualified Plans from overfunded (plan assets in excess of projected benefit obligations) by $146 million at December 31, 2001 to an underfunded position (plan assets are less than projected benefit obligations) of $788 million at December 31, 2002. Due to the Qualified Plans currently being underfunded, AEP recorded a charge to Other Comprehensive Income (OCI) of $585 million, and a Deferred Income Tax Asset of $315 million, offset by a Minimum Pension Liability of $662 million and a reduction to prepaid costs and intangible assets of $238 million. The charge to OCI does not affect earnings or cash flow. AEP is in full compliance with all regulations governing such plans including all Employee Retirement Income Security Act of 1974 laws. Because of the recent reductions in the funded status of the Qualified Plans, AEP expects to make cash contributions to the Qualified Plans of approximately $66 million in 2003 increasing to approximately $108 million per year by 2005.

Critical Accounting Policies

In the ordinary course of business, AEP and its registrant subsidiaries have made a number of estimates and assumptions relating to the reporting of results of operations and financial condition in the preparation of their financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. They believe that the following discussion addresses the most critical accounting policies, which are those that are most important to the portrayal of the financial condition and results and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

Regulatory Accounting – The consolidated financial statements of AEP and the financial statements of electric operating subsidiary companies with cost-based rate-regulated operations (I&M, KPCo, PSO, and a portion of APCo, OPCo, CSPCo, TCC, TNC and SWEPCo) reflect the actions of regulators that can result in the recognition of revenues and expenses in different time periods than enterprises that are not rate regulated. In accordance with SFAS 71, regulatory assets (deferred expenses to be recovered in the future) and regulatory liabilities (deferred future revenue reductions or refunds) are recorded to reflect the economic effects of regulation by matching expenses with their recovery through regulated revenues in the same accounting period and by matching income with its passage to customers through regulated revenues in the same accounting period. Regulatory liabilities are also recorded to provide for refunds to customers that have not yet been made.

When regulatory assets are probable of recovery through regulated rates, they record them as assets on the balance sheet. They test for probability of recovery whenever new events occur, for example, issuance of a regulatory commission order or passage of new legislation. If they determine that recovery of a regulatory asset is no longer probable, they write-off that regulatory asset as a charge against earnings. A write-off of regulatory assets may also reduce future cash flows since there may be no recovery through regulated rates.

Traditional Electricity Supply and Delivery Activities - Revenues are recognized on the accrual or settlement basis for normal retail and wholesale electricity supply sales and electricity transmission and distribution delivery services. The revenues are recognized in our statement of operations when the energy is delivered to the customer and include unbilled as well as billed amounts. In general, expenses are recorded when purchased electricity is received and when expenses are incurred.

Domestic Gas Pipeline and Storage Activities – Revenues are recognized from domestic gas pipeline and storage services when gas is delivered to contractual meter points or when services are provided. Transportation and storage revenues also include the accrual of earned, but unbilled and/or not yet metered gas.

Substantially all of the forward gas purchase and sale contracts, excluding wellhead purchases of natural gas, swaps and options for the domestic pipeline operations, qualify as derivative financial instruments as defined by SFAS 133. Accordingly, net gains and losses resulting from revaluation of these contracts to fair value during the period are recognized currently in the results of operations, appropriately discounted and net of applicable credit and liquidity reserves.

Energy Marketing and Trading Activities –In 2000, 2001 and throughout the majority of 2002, AEP engaged in broad non-regulated wholesale electricity, natural gas and other commodity marketing and trading transactions (trading activities). AEP's trading activities involved the purchase and sale of energy under forward contracts at fixed and variable prices and the buying and selling of financial energy contracts which include exchange traded futures and options and over-the-counter options and swaps. We used the mark-to-market method of accounting for trading activities as required by EITF Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities" (EITF 98-10). Under the mark-to-market method of accounting, gains and losses from settlements of forward trading contracts are recorded net in revenues. For energy contracts not yet settled, whether physical or financial, changes in fair value are recorded net as revenues. Such fair value changes are referred to as unrealized gains and losses from mark-to-market valuations. When positions are settled and gains and losses are realized, the previously recorded unrealized gains and losses from mark-to-market valuations are reversed. Unrealized mark-to-market gains and losses are included in the Balance Sheets as "Energy Trading and Derivative Contracts." In October 2002, management announced plans to focus on wholesale markets where we own assets. A portion of the revenues and costs associated with AEP's wholesale electricity trading activities is allocated to TCC, SWEPCo, PSO and TNC and to members of the AEP Power Pool (APCo, CSPCo, I&M, KPCo and OPCo); however, TCC, SWEPCo, PSO and TNC are only allocated a portion of the forward transactions.

AEP's cost-based rate-regulated electric public utility companies (I&M, KPCo, PSO, and a portion of TNC and SWEPCo) defer, as regulatory liabilities (unrealized gains) or regulatory assets (unrealized losses), changes in the fair value of physical forward sale and purchase contracts in AEP's traditional marketing area. AEP's traditional marketing area is up to two transmission systems from the AEP service territory. For contracts which are outside of AEP's traditional marketing area, the change in fair value is included in nonoperating income on a net basis.

The majority of trading activities represent physical forward contracts that are typically settled by entering into offsetting contracts. An example of our energy trading activities is when, in January, we enter into a forward sales contract to deliver energy in July. At the end of each month until the contract settles in July, we would record any difference between the contract price and the market price as an unrealized gain or loss in revenues. In July when the contract settles, we would realize a gain or loss in cash and reverse to revenues the previously recorded cumulative unrealized gain or loss. Prior to settlement, the change in the fair value of physical forward sale and purchase contracts is included in revenues on a net basis. Upon settlement of a forward trading contract, the amount realized for a sales contract and the realized cost for a purchase contract are included on a net basis in revenues with the prior change in unrealized fair value reversed out of revenues.

For I&M, KPCo, PSO and a portion of TNC and SWEPCo, when the contract settles the total gain or loss is realized in cash and the impact on the income statement depends on whether the contract's delivery points are within or outside of AEP's traditional marketing area. For contracts with delivery points in AEP's traditional marketing area, the total gain or loss realized in cash for sales and the cost of purchased energy are included in revenues on a net basis. Prior to settlement, changes in the fair value of physical forward sale and purchase contracts in AEP's traditional marketing area are deferred as regulatory liabilities (gains) or regulatory assets (losses). For contracts with delivery points outside of AEP's traditional marketing area only the difference between the accumulated unrealized net gains or losses recorded in prior periods and the cash proceeds is recognized in the income statement as nonoperating income. Prior to settlement, changes in the fair value of physical forward sale and purchase contracts with delivery points outside of AEP's traditional marketing area are included in nonoperating income on a net basis. Unrealized mark-to-market gains and losses are included in the Balance Sheet as energy trading contract assets or liabilities as appropriate.

For APCo, CSPCo and OPCo, depending on whether the delivery point for the electricity is in AEP's traditional marketing area or not determines where the contract is reported in the income statement. Physical forward trading sale and purchase contracts with delivery points in AEP's traditional marketing area are included in revenues on a net basis. Prior to settlement, changes in the fair value of physical forward sale and purchase contracts in AEP's traditional marketing area are also included in revenues on a net basis. Physical forward sale and purchase contracts for delivery outside of AEP's traditional marketing area are included in nonoperating income when the contract settles. Prior to settlement, changes in the fair value of physical forward sale and purchase contracts with delivery points outside of AEP's traditional marketing area are included in nonoperating income on a net basis.

Continuing with the above example for AEP, APCo, CSPCo, OPCo, TCC, and a portion of TNC and SWEPCo, assume that later in January or sometime in February through July we enter into an offsetting forward contract to buy energy in July. If we do nothing else with these contracts until settlement in July and if the commodity type, volumes, delivery point, schedule and other key terms match, then the difference between the sale price and the purchase price represents a fixed value to be realized when the contracts settle in July. Mark-to-market accounting for these contracts from this point forward will have no further impact on operating results but has an offsetting and equal effect on trading contract assets and liabilities. If the sale and purchase contracts do not match exactly as to commodity type, volumes, delivery point, schedule and other key terms, then there could be continuing mark-to-market effects on revenues from recording additional changes in fair values using MTM accounting.

For AEP, the trading of energy options, futures and swaps, represents financial transactions with unrealized gains and losses from changes in fair values reported net in revenues until the contracts settle. When these contracts settle, we record the net proceeds in revenues and reverse to revenues the prior cumulative unrealized net gain or loss. APCo, CSPCo, I&M, KPCo and OPCo also have financial transactions, but record the unrealized gains and losses, as well as the net proceeds upon settlement, in nonoperating income.

The fair values of open short-term trading contracts are based on exchange prices and broker quotes. We mark-to-market open long-term trading contracts based primarily on valuation models that estimate future energy prices based on existing market and broker quotes and supply and demand market data and assumptions. The fair values determined are reduced by the appropriate valuation adjustments for items such as discounting, liquidity and credit quality. Credit risk is the risk that the counterparty to the contract will fail to perform or fail to pay amounts due to AEP. Liquidity risk represents the risk that imperfections in the market will cause the price to be less than or more than what the price should be based purely on supply and demand. There are inherent risks related to the underlying assumptions in models used to fair value open long-term trading contracts. We have independent controls to evaluate the reasonableness of our valuation models. However, energy markets, especially electricity markets, are imperfect and volatile. Unforeseen events can and will cause reasonable price curves to differ from actual prices throughout a contract's term and at the time contracts settle. Therefore, there could be significant adverse or favorable effects on future results of operations and cash flows if market prices are not consistent with AEP's approach at estimating current market consensus for forward prices in the current period. This is particularly true for long-term contracts.

AEP applies MTM accounting to derivatives that are not trading contracts in accordance with generally accepted accounting principles. Derivatives are contracts whose value is derived from the market value of an underlying commodity.

Volatility in energy commodities markets affects the fair values of all of our open trading and derivative contracts exposing us to market risk and causing our results of operations to be subject to volatility. See Note 17, "Risk Management, Financial Instruments and Derivatives" for a discussion of the policies and procedures used to manage our exposure to market and other risks from trading activities.

Given the previously discussed reduction in AEP's trading activities, the impact of mark-to-market accounting on our financial statements is expected to decline in future periods.

Long-Lived Assets

Long-lived assets, including fixed assets and intangibles, are evaluated periodically for impairment whenever events or changes in circumstances indicate that the carrying amount of any such assets may not be recoverable. If the sum of the undiscounted cash flows is less than the carrying value, we recognize an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset. The estimate of cash flow is based upon, among other things, certain assumptions about expected future operating performance. Our estimates of undiscounted cash flow may differ from actual cash flow due to, among other things, technological changes, economic conditions, changes to its business model or changes in its operating performance.

Pension Benefits

AEP sponsors pension and other retirement plans in various forms covering substantially all employees who meet eligibility requirements. Several statistical and other factors which attempt to anticipate future events are used in calculating the expense and liability related to the plans. These factors include assumptions about the discount rate, expected return on plan assets and rate of future compensation increases as determined by management, within certain guidelines. In addition, AEP's actuarial consultants also use subjective factors such as withdrawal and mortality rates to estimate these factors. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of pension expense recorded.

New Accounting Pronouncements

See Note 1 to the consolidated financial statements for a discussion of significant accounting policies and new accounting pronouncements.

Market Risks

As a major power producer and marketer of wholesale electricity and natural gas, we have certain market risks inherent in our business activities. These risks include commodity price risk, interest rate risk, foreign exchange risk and credit risk. They represent the risk of loss that may impact us due to changes in the underlying market prices or rates.

Policies and procedures have been established to identify, assess, and manage market risk exposures in our day to day operations. Our risk policies have been reviewed with the Board of Directors, approved by a Risk Executive Committee and administered by a Chief Risk Officer. The Risk Executive Committee establishes risk limits, approves risk policies, assigns responsibilities regarding the oversight and management of risk and monitors risk levels. This committee receives daily, weekly, and monthly reports regarding compliance with policies, limits and procedures. The committee meets monthly and consists of the Chief Risk Officer, Chief Credit Officer, V.P. Market Risk Oversight, and senior financial and operating managers.

We use a risk measurement model which calculates Value at Risk (VaR) to measure our commodity price risk in the trading portfolio. The VaR is based on the variance - covariance method using historical prices to estimate volatilities and correlations and assuming a 95% confidence level and a one-day holding period. Based on this VaR analysis, at December 31, 2002 a near term typical change in commodity prices is not expected to have a material effect on our results of operations, cash flows or financial condition. The following table shows the high, average, and low market risk as measured by VaR at:

	December 31, 2002			December 31, 2001		
	High	Average	Low	High	Average	Low
	(in millions)					
AEP	$24	$12	$4	$28	$14	$5
APCo	4	1	-	4	1	-
CSPCo	3	1	-	2	1	-
I&M	3	1	-	3	1	-
KPCo	1	-	-	1	-	-
OPCo	4	1	-	3	1	-
PSO	-	-	-	2	1	-
SWEPCo	-	-	-	3	1	-
TCC	-	-	-	3	1	-
TNC	-	-	-	1	1	-

After the October announcement of our strategy to reduce trading activity, the related VaRs were substantially reduced. The average AEP trading VaR for the fourth quarter 2002 was $7 million as compared to $13 million for fourth quarter 2001. In 2003 we will continue to adjust our VaR limit structure commensurate with our anticipated level of trading activity.

We also utilize a VaR model to measure interest rate market risk exposure. The interest rate VaR model is based on a Monte Carlo simulation with a 95% confidence level and a one year holding period. The volatilities and correlations were based on three years of weekly prices. The risk of potential loss in fair value attributable to AEP's exposure to interest rates, primarily related to long-term debt with fixed interest rates, was $527 million at December 31, 2002 and $673 million at December 31, 2001. However, since we would not expect to liquidate our entire debt portfolio in a one year holding period, a near term change in interest rates should not materially affect results of operations or consolidated financial position.

The following table shows the potential loss in fair value as measured by VaR allocated to the AEP registrant subsidiaries based upon debt outstanding:

VaR for Registrant Subsidiaries:

	December 31,	
	2002	2001
	(in millions)	
Company		
AEGCo	$ 3	$ 5
APCo	87	100
CSPCo	33	60
I&M	85	86
KPCo	30	16
OPCo	34	59
PSO	70	17
SWEPCo	70	36
TCC	65	80
TNC	5	20

AEGCo is not exposed to risk from changes in interest rates on short-term and long-term borrowings used to finance operations since financing costs are recovered through the unit power agreements.

AEP is exposed to risk from changes in the market prices of coal and natural gas used to generate electricity where generation is no longer regulated or where existing fuel clauses are suspended or frozen. The protection afforded by fuel clause recovery mechanisms has either been eliminated by the implementation of customer choice in Ohio (effective January 1, 2001 for CSPCo and OPCo) and in the ERCOT area of Texas (effective January 1, 2002 for TCC and TNC) or frozen by settlement agreements in Michigan and West Virginia or capped in Indiana. To the extent the fuel supply of the generating units in these states is not under fixed price long-term contracts AEP is subject to market price risk. AEP continues to be protected against market price changes by active fuel clauses in Oklahoma, Arkansas, Louisiana, Kentucky, Virginia and the SPP area of Texas.

We employ physical forward purchase and sale contracts, exchange futures and options, over-the-counter options, swaps, and other derivative contracts to offset price risk where appropriate. However, we engage in trading of electricity, gas and to a lesser degree other commodities and as a result we are subject to price risk. The amount of risk taken by the traders is controlled by the management of the trading operations and the Company's Chief Risk Officer and his staff. When the risk from trading activities exceeds certain pre-determined limits, the positions are modified or hedged to reduce the risk to be within the limits unless specifically approved by the Risk Executive Committee.

We employ fair value hedges, cash flow hedges and swaps to mitigate changes in interest rates or fair values on short and long-term debt when management deems it necessary. We do not hedge all interest rate risk.

We employ cash flow forward hedge contracts to lock-in prices on certain power trading transactions denominated in foreign currencies where deemed necessary. International subsidiaries use currency swaps to hedge exchange rate fluctuations in debt denominated in foreign currencies. We do not hedge all foreign currency exposure.

Credit Risk

AEP limits credit risk by extending unsecured credit to entities based on internal ratings. In addition, AEP uses Moody's Investor Service, Standard and Poor's and qualitative and quantitative data to independently assess the financial health of counterparties on an ongoing basis. This data, in conjunction with the ratings information, is used to determine appropriate risk parameters. AEP also requires cash deposits, letters of credit and parental/affiliate guarantees as security from counterparties depending upon credit quality in our normal course of business.

We trade electricity and gas contracts with numerous counterparties. Since our open energy trading contracts are valued based on changes in market prices of the related commodities, our exposures change daily. We believe that our credit and market exposures with any one counterparty is not material to our financial condition at December 31, 2002. At December 31, 2002 approximately 7% of our exposure was below investment grade as expressed in terms of net MTM assets. Net MTM assets represents the aggregate difference between the forward market price for the remaining term of the contract and the contractual price per counterparty. As of December 31, 2002, the following table approximates counterparty credit quality and exposure for AEP based on netting across AEP entities, commodities and instruments:

Counterparty Credit Quality:	Futures, Forward and Swap Contracts	Options	Total
	(in millions)		
AAA/Exchanges	$ 26	$ 2	$ 28
AA	307	33	340
A	448	26	474
BBB	700	101	801
Below Investment Grade	107	11	118
Total	$ 1,588	$173	$1,761

The counterparty credit quality and exposure for the registrant subsidiaries is generally consistent with that of AEP.

We enter into transactions for electricity and natural gas as part of wholesale trading operations. Electric and gas transactions are executed over the counter with counterparties or through brokers. Gas transactions are also executed through brokerage accounts with brokers who are registered with the Commodity Futures Trading Commission. Brokers and counterparties require cash or cash related instruments to be deposited on these transactions as margin against open positions. The combined margin deposits at December 31, 2002 and 2001 were $109 million and $55 million, respectively. These margin accounts are restricted and therefore are not included in Cash and Cash Equivalents on the Balance Sheets. We can be subject to further margin requirements should related commodity prices change.

We recognize the net change in the fair value of all open trading contracts, in accordance with generally accepted accounting principles and include the net change in mark-to-market amounts on a net discounted basis in revenues. The marking-to-market of open trading contracts contributed an unrealized $180 million to revenues in 2002. The mark-to-market fair values of open short-term trading contracts are based on exchange prices and broker quotes. The fair value of open long-term trading contracts are based mainly on internally developed valuation models. The gross value is present valued and reduced by appropriate valuation adjustments for counterparty credit risks and liquidity risk to arrive at fair value. The models are derived from internally assessed market prices with the exception of the NYMEX gas curve, where we use daily settled prices. Forward price curves are developed for inclusion in the model based on broker quotes and other available market data. The liquid portion of these curves are validated on a regular basis by the middle-office through the market data. Illiquid portions of the curves are validated through a review of the underlying market assumptions and variables for consistency and reasonableness. The end of the month liquidity reserve is based on the difference in price between the price curve and the bid price if we have a long position and the price curve and the ask price if we have a short position. This provides for a more accurate valuation of energy contracts.

The use of these models to fair value open trading contracts has inherent risks relating to the underlying assumptions employed by such models. Independent controls are in place to evaluate the reasonableness of the price curve models. Significant adverse or favorable effects on future results of operations and cash flows could occur if market prices, at the time of settlement, do not correlate with our interally developed price models.

The effect on the Statements of Operations of marking to market open electricity trading contracts in AEP's regulated jurisdictions, specifically I&M, KPCo, PSO and a portion of SWEPCO, is deferred as regulatory assets (losses) or liabilities (gains) since these transactions are included in cost of service on a settlement basis for ratemaking purposes. Unrealized mark-to-market gains and losses from trading are reported as assets or liabilities.

The following table shows net revenues (revenues less fuel and purchased energy expense) and their relationship to the mark-to-market revenues (the change in fair value of open trading contracts).

	December 31,		
	2002	2001	2000
		(in millions)	
Revenues (including Mark- To-Market Adjustment)	$14,555	$12,767	$11,113
Fuel and Purchased Energy Expense	6,307	4,944	3,880
Net Revenues	$ 8,248	$ 7,823	$ 7,233
Mark-to-Market Revenues	$180	$207	$187
Percentage of Net Revenues Represented by Mark-to-Market On Open Trading Positions	2%	3%	3%

The following tables analyze the changes in fair values of trading assets and liabilities. The first table "Net Fair Value of Mark-to-Market Energy Trading and Derivative Contracts" shows how the net fair value of energy trading contracts was derived from the amounts included in the Consolidated Balance Sheets line item "Energy Trading and Derivative Contracts." The next table "Mark-to-Market Energy Trading and Derivative Contracts" disaggregates realized and unrealized changes in fair value; identifies changes in fair value as a result of changes in valuation methodologies; and reconciles the net fair value of energy trading contracts and related derivatives at December 31, 2001 of $448 million to December 31, 2002 of $250 million. Contracts realized/settled during the period include both sales and purchase contracts. The third table "Mark-to-Market Energy Trading and Derivative Contract Maturities" shows exposures to changes in fair values and realization periods over time for each method used to determine fair value.

Net Fair Value of Mark-to-Market Energy Trading and Derivative Contracts - AEP

	December 31	
	2002	2001
	(in millions)	
Energy Trading and Derivative Contracts:		
Current Asset	$1,046	$ 2,125
Long-term Asset	824	795
Current Liability	(1,147)	(1,877)
Long-term Liability	(484)	(603)
Net Fair Value of Energy Trading and Derivative Contracts	239	440
Non-trading related derivative liabilities	11*	-
Assets held for sale (CitiPower)	-	8
Net Fair Value of Energy Trading and Derivative Contracts	$ 250	$ 448

* Excludes $6 million Loss recorded in an equity investment.

The above net fair value of energy trading and derivative contracts includes $180 million at December 31, 2002, in unrealized mark-to-market gains that are recognized in the Consolidated Statements of Operations at December 31, 2002.

Mark-to-Market Energy Trading and Derivative Contracts – AEP

	Total (in millions)	
Net Fair Value of Energy Trading and Derivative Contracts at December 31, 2001	$ 448	
(Gain) Loss from Contracts Realized/Settled During the Period	(182)	(a)
Fair Value of New Open Contracts When Entered Into During the Period	68	(b)
Net Option Premiums Paid/(Received)	(130)	(c)
Change in fair value due to Methodology Changes	1	(d)
Change in Market Value of Energy Trading Contracts Allocated to Regulated Jurisdictions	(2)	(e)
Changes in Market Value of Contracts	47	(f)
Net Fair Value of Energy Trading and Derivative Contracts at December 31, 2002	$ 250	

Mark-to-Market Energy Trading and Derivative Contracts – Registrant Subsidiaries

	APCo	CSPCo	I&M
Net Fair Value of Energy Trading Contracts at December 31, 2001	$ 75,701	$ 48,449	$61,345
(Gain) Loss from Contracts Realized/Settled During the Period (a)	(19,143)	(13,812)	(9,611)
Change in Fair Value Due To Methodology Changes (d)	350	228	247
Changes in Fair Market Value of Energy Trading Contracts Allocated To Regulated Jurisdictions (e)	-	-	1,502
Fair Value Of New Open Contracts When Entered Into during The Period (b)	10,865	7,039	2,774
Net Option Premium Payments (c)	(1,797)	(1,208)	(1,292)
Changes In Market Value Of Contracts (f)	30,876	24,421	15,896
Net Fair Value of Energy Trading Contracts at December 31, 2002 (g)	$ 96,852	$ 65,117	$70,861

	KPCo	OPCo	PSO
Net Fair Value of Energy Trading Contracts at December 31, 2001	$12,729	$ 65,446	$ 2,434
(Gain) Loss From Contracts Realized/Settled During Period (a)	1,153	(18,337)	6,476
Change in Fair Value Due To Methodology Changes (d)	90	311	32
Changes In Fair Market Value Of Energy Trading Contracts Allocated To Regulated Jurisdiction (e)	5,136	-	(5,397)
Fair Value of New Open Contracts When Entered Into During Period (b)	1,013	18,443	-
Net Option Premium Payments (c)	(464)	(1,603)	-
Changes In Market Value Of Contracts (f)	5,341	29,846	-
Net Fair Value of Energy Trading Contracts at December 31, 2002 (g)	$24,998	$ 94,106	$ 3,545

	SWEPCo	TCC	TNC
Net Fair Value of Energy Trading Contracts at December 31, 2001	$ 2,900	$ 3,857	$ 915
(Gain) Loss From Contracts Realized/Settled During The Period (a)	6,971	7,138	2,413
Change in Fair Value Due To Methodology Changes (d)	36	42	12
Changes In Fair Market Value Of Energy Trading Contracts Allocated To Regulated jurisdiction (e)	(2,485)	-	(336)
Fair Value Of New Open Contracts When Entered Into During The Period (b)	428	1,919	1,627
Net Option Premium Payments (c)	-	-	-
Changes In Market Value Of Contracts (f)	(3,800)	(7,542)	(2,588)
Net Fair Value of Energy Trading Contracts at December 31, 2002 (g)	$ 4,050	$ 5,414	$ 2,043

(a) "(Gain) Loss from Contracts Realized/Settled During the Period" include realized gains from energy trading contracts and related derivatives that settled during 2002 that were entered into prior to 2002.

(b) The "Fair Value of New Open Contracts When Entered Into During Period" represents the fair value of long- term contracts entered into with customers during 2002. The fair value is calculated as of the execution of the contract. Most of the fair value comes from longer term fixed price contracts with customers that seek to limit their risk against fluctuating energy prices. The contract prices are valued against market curves representative of the delivery location.

(c) Net Option Premiums Paid/(Received)" reflects the net option premiums paid/(received) as they relate to unexercised and unexpired option contracts that were entered into in 2002.

(d) The Company changed the discount rate applied to its trading portfolio from BBB+ Utility to LIBOR in the second quarter which increased fair value by $10 million. In addition, the Company changed its methodology in valuing a spread option model so as to more accurately reflect the exercising of power transactions at optimal prices which reduced fair value by $9 million.

(e)"Change in Market Value of Energy Trading Contracts Allocated to Regulated Jurisdictions" relates to the net gains of those contracts that are not reflected in the Consolidated Statements of Operations. These net gains are recorded as regulatory liabilities for those subsidiaries that operate in regulated jurisdictions.

(f)"Changes in Market Value of Contracts" represents the fair value change in the trading portfolio due to market fluctuations during the current period. Market fluctuations are attributable to various factors such as supply/demand, weather, storage, etc.

(g)"Net Fair Value of Energy Trading Contracts" does not reflect the changes in fair value associated with derivative contracts designated as hedges and therefore will not agree to the net fair value of the Energy Trading and Derivative Contracts line items on the individual registrants' balance sheets.

Mark-to-Market Energy Trading and Derivative Contract Maturities - AEP

AEP Consolidated Source of Fair Value	Fair Value of Contracts at December 31, 2002 Maturities (in millions) Less than 1 year	1-3 years	4-5 years	In Excess Of 5 years	Total Fair Value
Prices Actively Quoted (a)	$(32)	$ 69	$ -	$ -	$ 37
Prices Provided by Other External Sources (b)	24	189	11	-	224
Prices Based on Models and Other Valuation Methods (c)	(84)	13	36	24	(11)
Total	$(92)	$271	$47	$24	$250

Mark-to-Market Energy Trading and Derivative Contract Maturities– Registrant Subsidiaries

Source of Fair Value	Fair Value of Contracts at December 31, 2002 Maturities (in thousands) Less than 1 year	1-3 years	4-5 years	In Excess Of 5 years	Total Fair Value
APCo					
Prices Provided by Other External Sources (b)	$14,352	$43,307	$ 3,018	$ -	$ 60,677
Prices Based on Models and Other Valuation Methods (c)	11,492	9,475	8,183	7,025	36,175
Total	$25,844	$52,782	$11,201	$7,025	$ 96,852
CSPCo					
Prices Provided by Other External Sources (b)	$ 9,657	$29,113	$ 2,028	$ -	$ 40,798
Prices Based on Models and Other Valuation Methods (c)	7,726	6,370	5,501	4,722	24,319
Total	$17,383	$35,483	$ 7,529	$4,722	$ 65,117
KPCo					
Prices Provided by Other External Sources (b)	$ 3,707	$11,176	$ 779	$ -	$ 15,662
Prices Based On Models and Other Valuation Methods (c)	2,966	2,442	2,114	1,814	9,336
Total	$ 6,673	$13,618	$ 2,893	$1,814	$ 24,998
I&M					
Prices Provided by Other External Sources (b)	$12,105	$30,961	$ 2,171	$ -	$ 45,237
Prices Based on Models and Other Valuation Methods (c)	7,913	6,772	5,886	5,053	25,624
Total	$20,018	$37,733	$ 8,057	$5,053	$ 70,861
OPCo					
Prices Provided by Other External Sources (b)	$20,775	$38,622	$ 2,691	$ -	$ 62,088
Prices Based on Models and Other Valuation Methods (c)	10,003	8,453	7,298	6,264	32,018
Total	$30,778	$47,075	$ 9,989	$6,264	$ 94,106
PSO					
Prices Provided by Other External Sources (b)	$ 373	$1,736	$ 125	$ -	$ 2,234
Prices Based on Models and Other Valuation Methods (c)	296	390	336	289	1,311
Total	$ 669	$2,126	$ 461	$ 289	$ 3,545
SWEPCo					
Prices Provided by Other External Sources (b)	$ 427	$1,983	$ 141	$ -	$ 2,551
Prices Based on Models and Other Valuation Methods (c)	338	446	385	330	1,499
Total	$ 765	$2,429	$ 526	$ 330	$ 4,050
TCC					
Prices Provided by Other External Sources (b)	$ 1,536	$ 1,605	$ 115	$ -	$ 3,256
Prices Based on Models and Other Valuation Methods (c)	1,219	361	311	267	2,158
Total	$ 2,755	$ 1,966	$ 426	$ 267	$ 5,414

TNC					
Prices Provided by Other External Sources (b)	$ 201	$1,016	$ 73	$ -	$ 1,290
Prices Based on Models and Other Valuation Methods (c)	159	229	197	168	753
Total	$ 360	$1,245	$270	$ 168	$ 2,043

(a)"Prices Actively Quoted" represents the Company's exchange traded futures positions.

(b)"Prices Provided by Other External Sources" represents the Company's positions in natural gas, power, and coal at points where over-the-counter broker quotes are available. Some prices from external sources are quoted as strips (one bid/ask for Nov-Mar, Apr-Oct, etc). Such transactions have also been included in this category.

(c)"Prices Based on Models and Other Valuation Methods" contain the following: the value of the Company's adjustments for liquidity and counterparty credit exposure, the value of contracts not quoted by an exchange or an over-the-counter broker, the value of transactions for which an internally developed price curve was developed as a result of the long dated nature of certain transactions, and the value of certain structured transactions.

We have investments in debt and equity securities which are held in nuclear trust funds. The trust investments and their fair value are discussed in Note 17, "Risk Management, Financial Instruments and Derivatives." Financial instruments in these trust funds have not been included in the market risk calculation for interest rates as these instruments are marked-to-market and changes in market value of these instruments are reflected in a corresponding decommissioning liability. Any differences between the trust fund assets and the ultimate liability are expected to be recovered through regulated rates from our regulated customers.

Inflation affects our cost of replacing operating and maintaining utility plant assets. The rate-making process limits recovery to the historical cost of assets, resulting in economic losses when the effects of inflation are not recovered from customers on a timely basis. However, economic gains that result from the repayment of long-term debt with inflated dollars partly offset such losses.

Industry Restructuring

Four of the eleven state retail jurisdictions (Michigan, Ohio, Texas and Virginia) in which AEP's domestic electric utility companies operate have implemented retail restructuring legislation. Three other states (Arkansas, Oklahoma and West Virginia) initially adopted retail restructuring legislation, but have since delayed the implementation of that legislation or repealed the legislation (Arkansas). In general, retail restructuring legislation provides for a transition from cost-based rate regulation of bundled electric service to customer choice and market pricing for the supply of electricity. As legislative and regulatory proceedings evolved, six AEP electric operating companies (APCo, CSPCo, OPCo, SWEPCo, TCC and TNC) have discontinued the application of SFAS 71 regulatory accounting for the generation business. AEP has not discontinued its regulatory accounting for its subsidiaries doing business in Michigan (I&M) and Oklahoma (PSO). Restructuring legislation, the status of the transition plans and the status of the electric utility companies' accounting to comply with the changes in each of our state regulatory jurisdictions affected by restructuring legislation is presented in Note 8 of the Notes to Financial Statements.

Corporate Separation

AEP and its subsidiaries have filed with the FERC and SEC seeking approval to separate their regulated and unregulated operations. The plan for corporate separation allows AEP and its subsidiaries to meet the requirements of Texas and Ohio restructuring legislation. In Texas, TCC and TNC intended to transfer the generation assets from the integrated electric operating companies (CPL and WTU) which operated in ERCOT prior to the effective date of the Texas Restructuring Legislation to unregulated generation companies. In Ohio, CSPCo and OPCo intended to transfer transmission and distribution assets from the integrated companies to two new wires companies leaving CSPCo and OPCo as generating companies. AEP and its subsidiaries proposed amendments to the power pooling agreements to remove the four Ohio and Texas generating companies. Only those operating companies that continue to exist as integrated utilities would have been included in the amended power pooling agreements, which would govern energy exchanges among members and the allocation of their off-system purchases and sales. In connection with corporate seperation, certain new interim power supply agreements have been proposed to provide power to distribution companies who will no longer own generation assets. Several state commissions, wholesale customer groups and other interested parties intervened in the FERC proceeding. Negotiated settlement agreements with the state regulatory commissions and other major intervenors were filed with the FERC in December 2001. In September 2002, the FERC conditionally approved our corporate separation plan as modified by the settlement agreements. Terms in the settlement agreements would be effective upon implementation of corporation separation. In addition, SEC approval of AEP's corporate separation plan is required for its implementation. The Arkansas Commission intervened with the SEC, which has extended the length of time needed for the SEC's review. In order to execute this separation, AEP and its subsidiaries may be required to retire various debt securities and transfer assets between legal entities.

With the changes in AEP's business strategy in response to current energy market/business conditions, management is evaluating changes to the corporate separation plans, including determining whether legal corporate separation is appropriate.

RTO Formation

FERC Order No. 2000 and many of the settlement agreements with the FERC and state regulatory commissions to approve the AEP-CSW merger required the transfer of functional control of the subsidiaries' transmission systems to RTOs.

AEP East companies initially participated in the formation of the Alliance RTO. In December 2001, the FERC reversed prior approvals and rejected the Alliance RTO's filing. Subsequently, in May 2002, AEP announced an agreement with the PJM Interconnection to pursue terms for AEP East companies to participate in PJM with final agreements to be negotiated. In July 2002, the FERC conditionally approved AEP's decision for AEP East companies to join PJM subject to certain conditions being met. The performance of these conditions are only partially under AEP's control. In December 2002, AEP East companies in Indiana, Kentucky, Ohio and Virginia filed for state regulatory commission approval of their plans to transfer functional control of their transmission assets to PJM based on statutory or regulatory requirements in those states. Those proceedings are currently pending. In February 2003, the Virginia Legislature enacted legislation that would prohibit the transfer to an RTO, until at least July 2004, which is currently awaiting signature by the Governor of Virginia.

AEP West companies are members of ERCOT or the SPP. In May 2002, FERC accepted, conditionally, filings related to a proposed consolidation of the MISO and the SPP. In that order the FERC required the AEP West companies in SPP to file reasons why they should not be required to join MISO. In August 2002, AEP, SWEPCo and TNC notified the FERC of their intent that the transmission assets in SPP would participate in MISO. AEP's SPP companies are also regulated by state public utility commissions, and the Louisiana and Arkansas commissions also filed responses to the FERC's RTO order indicating that additional analysis was required. Regulatory activities concerning various RTO issues are ongoing in Arkansas and Louisiana.

Management is unable to predict the outcome of these transmission regulatory actions and proceedings or their impact on the timing and operation of RTOs, AEP and its subsidiaries' transmission operations or future results of operations and cash flows.

FERC Proposed Standard Market Design and Security Standards

In 2002, the FERC issued its Standard Market Design (SMD) notice of proposed rulemaking seeking to standardize the structure and operation of wholesale electricity markets across the country. The FERC published for comment its proposed security standards as part of the SMD. These standards are intended to ensure all market participants have a basic security program that effectively protects the electric grid and related market activities. Because the rule is not yet finalized, management cannot predict the effect of the final rule on AEP or its subsidiaries' operations and financial results. See Note 9 for a complete discussion of these proposals.

Litigation

AEP and its subsidiaries are involved in various litigation. The details of significant litigation contingencies are disclosed in Note 9 and summarized below.

Enron Bankruptcy – Affecting AEP, APCo, CSPCo, I&M, KPCo and OPCo

In 2002, certain subsidiaries of AEP filed claims in the bankruptcy proceeding of the Enron Corp. and its subsidiaries which are pending in the U.S. Bankruptcy Court for the Southern District of New York. At the date of Enron's bankruptcy, AEP and its subsidiaries had open trading contracts and trading accounts receivables and payables with Enron and various HPL related contingencies and indemnities including issues related to the underground Bammel gas storage facility and the cushion gas (or pad gas) required for its normal operation.

In 2001, AEP expensed $47 million ($31 million net of tax) for our estimated loss from the Enron bankruptcy. In 2002 AEP expensed an additional $6 million for a cumulative loss of $53 million ($34 million net of tax). The amounts for certain subsidiary registrants were:

Registrant	Amounts Expensed	Amounts Net of Tax
	(in millions)	
APCo	$5.3	$3.4
CSPCo	2.7	1.8
I&M	2.8	1.8
KPCo	1.1	0.7
OPCo	3.6	2.3

The additional 2002 expense did not materially change the cumulative expense per registrant subsidiary. The amounts expensed were based on an analysis of contracts where AEP entities and Enron are counterparties.

Management believes that we have the right to utilize offsetting receivables and payables and related collateral across various Enron entities by offsetting approximately $110 million of trading payables owed to various Enron entities against trading receivables due to us. Management believes we have legal defenses to any challenge that may be made to the utilization of such offsets. At this time management is unable to predict the ultimate resolution of these issues or their impact on results of operations and cash flows. See Note 9 for further discussion.

COLI – Affecting AEP, APCo, CSPCo, I&M, KPCo and OPCo

A decision by the U.S. District Court for the Southern District of Ohio in February 2001 that denied AEP's deduction of interest claimed on AEP's consolidated federal income tax returns related to a COLI program resulted in a $319 million reduction in AEP's Net Income for 2000.

The earnings reductions for affected registrant subsidiaries were as follows:

	(in millions)
APCo	$ 82
CSPCo	41
I&M	66
KPCo	8
OPCo	118

AEP has appealed the Court's decision. See Note 18 for further discussion.

Shareholders' Litigation – Affecting AEP

In 2002, lawsuits alleging securities law violations, a breach of fiduciary duty for failure to establish and maintain adequate internal controls and violations of the Employee Retirement Income Security Act were filed against AEP, certain AEP executives, members of the AEP Board of Directors and certain investment banking firms. These cases are in the initial pleading stage. AEP intends to vigorously defend against these actions. See Note 9 for further discussion.

California Lawsuit – Affecting AEP

In 2002, the Lieutenant Governor of California filed a lawsuit in California Superior Court against forty energy companies, including AEP, and two publishing companies alleging violations of California law through alleged fraudulent reporting of false natural gas price and volume information with an intent to affect the market price of natural gas and electricity. AEP intends to vigorously defend against this action. See Note 9 for further discussion.

FERC Wholesale Fuel Complaints – Affecting AEP and TNC

In May 2000 and November 2001, certain TNC wholesale customers filed a complaints with FERC alleging that TNC had overcharged them through the fuel adjustment clause for certain purchased power costs. The final resolution of this matter could have a negative impact on futute results of operations, cash flow and financial condition. See Note 6 for further discussion.

Merger Litigation – Affecting AEP and all Subsidiary Registrants

In January 2002, a federal court ruled that the

SEC did not properly find that the June 15, 2000 merger of AEP with CSW meets the requirements of the PUHCA and sent the case back to the SEC for further review. Management believes that the merger meets the requirements of the PUHCA and expects the matter to be resolved favorably. See Note 9 for further discussion.

Arbitration of Williams Claim – Affecting AEP

In 2002, AEP filed its demand for arbitration with the American Arbitration Association to initiate formal arbitration proceedings in a dispute with the Williams Companies (Williams). The proceeding results from Williams' repudiation of its obligations to provide physical power deliveries to AEP and Williams' failure to provide the monetary security required for natural gas deliveries. Although management is unable to predict the outcome of this matter, it is not expected to have a material impact on results of operations, cash flows or financial condition. See Note 9 for further discussion.

Energy Market Investigations – Affecting AEP

During 2002, the FERC, the California attorney general, the PUCT, the SEC, the Department of Justice and the U.S. Commodity Futures Trading Commission (CFTC) initiated investigations into whether any entity, including Enron, manipulated short-term prices in electric energy or natural gas markets, exercised undue influence over wholesale prices or participated in fraudulent trading practices.

AEP and its subsidiaries have and will continue to provide information to the FERC, the SEC, state officials and the CFTC as required. See Note 9 for further discussion.

FERC Market Power Mitigation – Affecting the AEP System

A FERC order on our triennial market based wholesale power rate authorization update required certain mitigation actions that AEP and its subsidiaries would need to take for sales/purchases within their control area and required the posting of information on our website regarding the status of AEP's power system. As a result of a request for rehearing filed by AEP and other market participants, FERC issued an order delaying the effective date of the mitigation plan until after a planned technical conference on market power determination. No such conference has been held and management is unable to predict the timing of any further action by the FERC or its affect on future results of operations and cash flows.

Other Litigation – Affecting AEP and all Subsidiary Registrants

AEP and its subsidiaries are involved in a number of other legal proceedings and claims. While management is unable to predict the outcome of such litigation, it is not expected that the ultimate resolution of these matters will have a material adverse effect on results of operations, cash flows or financial condition.

Environmental Concerns and Issues

AEP and its subsidiaries will confront several new environmental requirements over the next decade with the potential for substantial control costs and premature retirement of some generating plants. These policies include: stringent controls on sulfur dioxide (S02), nitrogen oxide (NOx) and mercury (Hg) emissions from future regulations or laws, or an adverse decision in the New Source Review litigation; a new Clean Water Act rule to reduce fish killed at once-through cooled power plants; and a possible future requirement to reduce carbon dioxide (CO2) emissions as the world endeavors to stabilize atmospheric concentrations of greenhouse gas emissions and avert global climatic changes.

AEP and its subsidiaries' environmental policy require full compliance with all applicable legal requirements. In support of this policy, AEP and its subsidiaries invest in research through groups like the Electric Power Research Institute and directly through demonstration projects for new emission control technologies. AEP and its subsidiaries intend to continue in a leadership role to protect and preserve the environment while providing vital energy commodities and services to customers at fair prices.

AEP and its subsidiaries have a proven record of efficiently producing and delivering electricity and gas while minimizing the impact on the environment. AEP and its subsidiaries have spent billions of dollars to equip many of their facilities with pollution control technologies.

Multi-pollutant control legislation has been introduced in Congress and is supported by the Bush Administration. The legislation would regulate NOx, SO2, Hg and possibly CO2 emissions from electric generating plants. AEP and its subsidiaries are advocates of comprehensive, multi-pollutant legislation so that compliance planning can be coordinated and collateral emission reductions maximized. Optimally, such legislation would establish reasonable emission reduction targets and compliance timetables based on sound science, utilize nationwide cap-and-trade programs for achieving compliance as cost-effectively as possible, protect fuel diversity and preserve the reliability of the nation's electric supply. Management is unable to predict the timing or magnitude of additional pollution control laws or regulations. If additional control technology is required on AEP System facilities and their costs are not recoverable from customers through regulated rates or market prices, those costs could adversely affect future results of operations and cash flows. The following discussions explain existing control efforts, litigation and other pending matters related to environmental issues for AEP companies.

Federal EPA Complaint and Notice of Violation – Affecting AEP, APCo, CSPCo, I&M and OPCo

Since 1999 AEPSC, APCo, CSPCo, I&M, and OPCo have been involved in litigation regarding generating plant emissions under the Clean Air Act. Federal EPA, a number of states and special interest groups alleged that AEP System companies modified certain units at coal fired generating plants in violation of the Clean Air Act over a 20 year period.

Management believes its maintenance, repair and replacement activities were in conformity with the Clean Air Act and intends to vigorously pursue its defense. Management is unable to estimate the loss or range of loss related to the contingent liability under the Clear Air Act proceedings and unable to predict the timing of resolution of these matters due to the number of alleged violations and the significant number of issues yet to be determined by the Court. If the AEP System companies do not prevail, any capital and operating costs of additional pollution control equipment or any penalties imposed would adversely affect future results of operations, cash flows and possibly financial condition unless such costs can be recovered. See Note 9 for further discussion.

NOx Reductions – Affecting AEP, APCo, I&M, OPCo, SWEPCo and TCC

Federal EPA issued a NOx Rule and adopted a revised rule (the Section 126 Rule) requiring substantial reductions in NOx emissions in a number of eastern states, including certain states in which the AEP System's generating plants are located. The compliance date for these rules is May 31, 2004.

In 2000, the Texas Commission on Environmental Quality (formerly the Texas Natural Resource Conservation Commission) adopted rules requiring significant reductions in NOx emissions from utility sources, including TCC and SWEPCo. The compliance date is May 2003 for TCC and May 2005 for SWEPCo.

AEP and its subsidiaries are installing a variety of emission control technologies to reduce NOx emissions to comply with the applicable state and Federal NOx requirements including selective catalytic reduction (SCR) and non-SCR technologies. The AEP System NOx compliance plan is a dynamic plan that is continually reviewed and revised. Current estimates indicate that compliance with the NOx Rule, the Texas Commission on Environmental Quality rule and the Section 126 Rule could result in required capital expenditures in the range of $1.3 billion to $2 billion of which $843 million has been spent through December 31, 2002 for the AEP System.

The following table shows the estimated compliance cost ranges and amounts spent by certain of AEP's registrant subsidiaries through December 31, 2002.

Company	Estimated Compliance Costs	Amounts Spent
	(in millions)	
APCo	$445	$234
I&M	42-210	5
OPCo	535-864	387
SWEPCo	40	24
TCC	5	5

Unless any capital and operating costs of additional pollution control equipment are recovered from customers, they will have an adverse effect on future results of operations, cash flows and possibly financial condition. See Note 9 for further discussion.

Superfund and State Remediation – Affecting AEP, APCo, CSPCo, I&M, OPCo, SWEPCo and TCC

By-products from the generation of electricity include materials such as ash, slag, sludge, low-level radioactive waste and SNF. Coal combustion by-products, which constitute the overwhelming percentage of these materials, are typically disposed of or treated in captive disposal facilities or are beneficially utilized. In addition, our generating plants and transmission and distribution facilities have used asbestos, PCBs and other hazardous and non-hazardous materials. AEP and its subsidiaries are currently incurring costs to safely dispose of these substances. Additional costs could be incurred to comply with new laws and regulations if enacted.

Superfund addresses clean-up of hazardous substances at disposal sites and authorized Federal EPA to administer the clean-up programs. As of year-end 2002 subsidiaries of AEP are named by the Federal EPA as a PRP for five sites. APCo, CSPCo, and OPCo each have one PRP site and I&M has two PRP sites. There are six additional sites for which APCo, CSPCo, I&M, KPCo, OPCo and SWEPCo have received information requests which could lead to PRP designation. HPL, OPCo, SWEPCo and TCC have also been named potentially liable at six sites under state law. Liability has been resolved for a number of sites with no significant effect on results of operations. In those instances where AEP or its subsidiaries have been named a PRP or defendant, their disposal or recycling activities were in accordance with the then-applicable laws and regulations. Unfortunately, Superfund does not recognize compliance as a defense, but imposes strict liability on parties who fall within its broad statutory categories.

While the potential liability for each Superfund site must be evaluated separately, several general statements can be made regarding AEP subsidiaries' potential future liability. Disposal of materials at a particular site is often unsubstantiated and the quantity of materials deposited at a site was small and often nonhazardous. Although superfund liability has been interpreted by the courts as joint and several, typically many parties are named as PRPs for each site and several of the parties are financially sound enterprises. Therefore, our present estimates do not anticipate material cleanup costs for identified sites for which AEP subsidiaries have been declared PRPs. If significant cleanup costs are attributed to AEP or its subsidiaries in the future under Superfund, results of operations, cash flows and possibly financial condition would be adversely affected unless the costs can be recovered from customers.

Global Climate Change – Affecting AEP and all Registrant Subsidiaries

At the Third Conference of the Parties to the United Nations Framework Convention on Climate Change held in Kyoto, Japan in December 1997, more than 160 countries, including the U.S., negotiated a treaty requiring legally-binding reductions in emissions of greenhouse gases, chiefly CO2, which many scientists believe are contributing to global climate change. Although the U.S. signed the Kyoto Protocol on November 12, 1998, the treaty was not submitted to the Senate for its advice and consent by President Clinton. In March 2001, President Bush announced his opposition to the treaty and its U.S. ratification. At the Seventh Conference of the Parties in November 2001, the parties finalized the rules, procedures and guidelines required to facilitate ratification of the protocol. The protocol is expected to become effective in 2003. AEP does not support the Kyoto Protocol but intends to work with the Bush Administration and U.S. Congress to develop responsible public policy on this issue. Management expects that due to President Bush's opposition to legislation mandating greenhouse gas emissions controls, any policies developed and implemented in the near future are likely to encourage voluntary measures to reduce, avoid or sequester such emissions. AEP has for many years been a leader in pursuing voluntary actions to control greenhouse gas emissions. AEP recently expanded its commitment in this area by joining the Chicago Climate Exchange, a pilot greenhouse gas emission reduction and trading program, under which AEP and its subsidiaries are obligated to reduce or offset 18 million tons of CO2 emissions during 2003-2006.

The acquisition of 4,000 MW of coal-fired generation in the United Kingdom in December 2001 exposes these assets to potential CO2 emission control obligations since the U.K has become a party to the Kyoto Protocol.

Control of Mercury Emissions

In December 2000, Federal EPA issued a regulatory determination listing the electric generating sector as a source category under the Clean Air Act for development of maximum achievable control technology standards to control emissions of hazardous air pollutants, including Hg. Federal EPA is expected to issue proposed regulations in 2003 and develop a final rule in 2004. Management cannot predict the outcome of these regulatory proceedings, or the costs to comply with any new standards adopted by Federal EPA. The costs associated with compliance could be material. However, unless any capital and operating costs of additional pollution control equipment are recovered from customers, they will have an adverse effect on future results of operations, cash flows and possibly financial condition.

Costs for Spent Nuclear Fuel and Decommissioning – Affecting AEP, I&M and TCC

I&M, as the owner of the Cook Plant, and TCC, as a partial owner of STP, have a significant future financial commitment to safely dispose of SNF and decommission and decontaminate the plants. The Nuclear Waste Policy Act of 1982 established federal responsibility for the permanent off-site disposal of SNF and high-level radioactive waste. By law I&M and TCC participate in the DOE's SNF disposal program which is described in Note 9 of the Notes to Financial Statements. Since 1983 I&M has collected \$303 million from customers for the disposal of nuclear fuel consumed at the Cook Plant. \$117 million of these funds have been deposited in external trust funds to provide for the future disposal of SNF and \$186 million has been remitted to the DOE. TCC has collected and remitted to the DOE, \$53 million for the future disposal of SNF since STP began operation in the late 1980s. Under the provisions of the Nuclear Waste Policy Act, collections from customers are to provide the DOE with money to build a permanent repository for spent fuel. However, in 1996, the DOE notified the companies that it would be unable to begin accepting SNF by the January 1998 deadline required by law. To date DOE has failed to comply with the requirements of the Nuclear Waste Policy Act.

As a result of DOE's failure to make sufficient progress toward a permanent repository or otherwise assume responsibility for SNF, AEP on behalf of I&M and STPNOC on behalf of TCC and the other STP owners, along with a number of unaffiliated utilities and states, filed suit in the D.C. Circuit Court requesting, among other things, that the D.C. Circuit Court order DOE to meet its obligations under the law. The D.C. Circuit Court ordered the parties to proceed with contractual remedies but declined to order DOE to begin accepting SNF for disposal. DOE estimates its planned site for the nuclear waste will not be ready until at least 2010. In 1998, AEP and I&M filed a complaint in the U.S. Court of Federal Claims seeking damages in excess of \$150 million due to the DOE's partial material breach of its unconditional contractual deadline to begin disposing of SNF generated by the Cook Plant. Similar lawsuits were filed by other utilities. In August 2000, in an appeal of related cases involving other unaffiliated utilities, the U.S. Court of Appeals for the Federal Circuit held that the delays clause of

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FORM 10-K ANNUAL REPORT
The Annual Report (Form 10-K) to the Securities and Exchange Commission will be available in April 2003 at no cost to shareholders. Please address requests for copies to:
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