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OCT 0 4 2013
PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

APPLICATION OF KENTUCKY POWER COMPANY)
FOR ADJUSTMENT OF ELECTRIC RATES) CASE NO. 2013-00197

KENTUCKY POWER COMPANY RESPONSE TO ATTORNEY GENERAL'S INITIAL SET OF DATA REQUESTS

VOLUME 1 0F 2

October 4, 2013

VERIFICATION

Dr. William E. Avera being duly sworn deposes and says he is the President of FINCAP, Inc., and that he has personal knowledge of the matters set forth in the forgoing data requests and the information contained therein is true and correct to the best of his information, knowledge, and belief.

Dr. William E. Avera

STATE OF TEXAS)
) CASE NO. 2013-00197
COUNTY OF HAYS)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by, Dr. William E. Avera this 16th day of September 2013.

AMY J. DORSEY
Notary Public,
State of Texas
Comm. Exp. 09-01-14

Amy Dorsey
Notary Public

My Commission Expires: 09-01-14

VERIFICATION

The undersigned, Jeffrey B. Bartsch, being duly sworn, deposes and says he is the Director, Tax Accounting and Regulatory Services for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses for which he is identified as the witness and the information contained therein is true and correct to the best of his information, knowledge and belief.

Jeffrey B. Bartsch

STATE OF OHIO	)	
	)	Case No. 2013-00197
County of FRANKLIN	)	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jeffrey B. Bartsch, this the 3rd day of September, 2013.

Notary Public

NOTARIAL SEAL
STATE OF OHIO

My Commission Expires

PAULINE A LUTZ
NOTARY PUBLIC - OHIO
MY COMM. EXP. 9-12-16

VERIFICATION

The undersigned, Douglas R. Buck, being duly sworn, deposes and says he is Senior Regulatory Consultant for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.

Douglas R. Buck

STATE OF OHIO	)	
	)	Case No. 2013-00197
County of FRANKLIN	)	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Douglas R. Buck, this the 29th day of August, 2013.

Notary Public

My Commission Expires: May 11th, 2016

NOTARIAL SEAL STATE OF OHIO

ELLEN A. MCANINCH
NOTARY PUBLIC
STATE OF OHIO
Recorded in
Franklin County
My Comm. Exp. 5/11/16

VERIFICATION

The undersigned, Andrew R. Carlin, being duly sworn, deposes and says he is the Director, Compensation and Executive Benefits for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses for which he is identified as the witness and the information contained therein is true and correct to the best of his information, knowledge and belief.

Andrew R. Carlin

Andrew R. Carlin

STATE OF OHIO)
) Case No. 2013-00197
County of FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Andrew R. Carlin, this the 4th day of September, 2013.

Terry Jo Smith

Notary Public

NOTARY PUBLIC STATE OF OHIO

Terry Jo Smith
Notary Public-State of Ohio
My Commission Expires
February 27, 2017

My Commission Expires: 2.27.17

VERIFICATION

The undersigned, David A.Davis, being duly sworn, deposes and says he is the Manager, Property Accounting Policy and Research that he has personal knowledge of the matters set forth in the forgoing responses for which he is identified as the witness contained therein is true and correct to the best of his information, knowledge and belief.

David A Davis

David A. Davis

STATE OF OHIO)
) Case No. 2013-00197
County of FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by David A. Davis, this the 11th day of September, 2013.

Kathy L Messer

Notary Public

My Commission Expires: August 18, 2017

VERIFICATION

The undersigned, Hugh E. McCoy, being duly sworn, deposes and says he is the Director, Accounting Policy and Research for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth set forth in the forgoing responses for which he is identified as the witness and information contained therein is true and correct to the best of his information, knowledge and belief.

Hugh E McCoy

Hugh E. McCoy

STATE OF OHIO)
) Case No. 2013-00197
County of FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Hugh E. McCoy, this the 6th day of September, 2013.

Kathy L. Messer

Notary Public

My Commission Expires: August 18, 2017

VERIFICATION

The undersigned, Thomas E. Mitchell, being duly sworn, deposes and says he is Managing Director, Regulatory Accounting Services for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.

Thomas E. Mitchell

STATE OF OHIO)
) Case No. 2013-00197
County of FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Thomas E. Mitchell, this the 6th day of September, 2013.

Kathy L Messer
Notary Public

My Commission Expires: August 18, 2017

VERIFICATION

The undersigned, Lila P. Munsey, being duly sworn, deposes and says she is the Manager, Regulatory Services for Kentucky Power, that she has personal knowledge of the matters set forth in the forgoing responses for which she is the identified witness and that the information contained therein is true and correct to the best of her information, knowledge, and belief

Lila P. Munsey

Lila P. Munsey

COMMONWEALTH OF KENTUCKY	)	
	)	Case No. 2013-00197
COUNTY OF FRANKLIN	)	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Lila P. Munsey, this 16th day of September 2013.

Judy K. Rosquist 481573

Notary Public

My Commission Expires: January 23, 2017

VERIFICATION

The undersigned, Gregory G. Pauley, being duly sworn, deposes and says he is the President and Chief Operating Officer for Kentucky Power Company, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief

Gregory G. Pauley

Gregory G. Pauley

COMMONWEALTH OF KENTUCKY	)	
	)	Case No. 2013-00197
COUNTY OF FRANKLIN	)	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Gregory G. Pauley, this the 16th day of September 2013.

Judy K. Rosquist 481393

Notary Public

My Commission Expires: January 23, 2017

VERIFICATION

The undersigned, Marc D. Reitter, being duly sworn, deposes and says he is the Director, Corporate Finance for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.

Marc D. Reitter

STATE OF OHIO	)	
	)	Case No. 2013-00197
County of FRANKLIN	)	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Marc D. Reitter, this the 4th day of September, 2013.

JOSEPHINE CONER
Notary Public, State of Ohio
My Commission Expires 09-20-16

Josephine Coner
Notary Public

My Commission Expires: 09/20/2016

VERIFICATION

The undersigned, Jason M. Stegall, being duly sworn, deposes and says he is the a Regulatory Consultant for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing response and the information contained therein is true and correct to the best of his information, knowledge and belief.

Jason M. Stegall

STATE OF OHIO	)	
	)	Case No. 2013-00197
County of FRANKLIN	)	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jason M. Stegall, this the 4th day of September, 2013.

Cheryl L. Strawser
Notary Public, State of Ohio
My Commission Expires 10-01-2016

Notary Public

My Commission Expires: October 1, 2016

VERIFICATION

The undersigned, Alex E. Vaughan, being duly sworn, deposes and says he is the Manager, Regulatory Pricing and Analysis that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.

Alex E. Vaughan

Alex E. Vaughan

STATE OF OHIO)
) Case No. 2013-00197
County of FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Alex E. Vaughan, this the 10th day of September, 2013.

Ellen A. McAninch

Notary Public

My Commission Expires: May 11th, 2016

NOTARIAL SEAL STATE OF OHIO

ELLEN A. MCANINCH
NOTARY PUBLIC
STATE OF OHIO
Recorded in
Franklin County
My Comm. Exp. 5/11/16

VERIFICATION

The undersigned, Ranie K. Wohnhas, being duly sworn, deposes and says he is the Managing Director Regulatory and Finance for Kentucky Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge, and belief

Ranie K. Wohnhas

Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY)
) Case No. 2013-00197
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 9th day of September 2013.

Judy K. Rosquist 481393

Notary Public

My Commission Expires: January 23, 2017

Kentucky Power Company

REQUEST

Questions 1- 8 Reference General Rate of Return

Please provide Microsoft Excel copies of all rate of return schedules with fully linked data and formulas so that capital amounts, cost rates, and calculations can be tracked among the schedules.

RESPONSE

Please see the response to KIUC 1-1 Attachment 13.

WITNESS: Marc D Reitter

Kentucky Power Company

REQUEST

Please provide copies of all presentations made to rating agencies and/or investment firms by Kentucky Power Company and/or American Electric Power Company between January 1, 2010 and the present.

RESPONSE

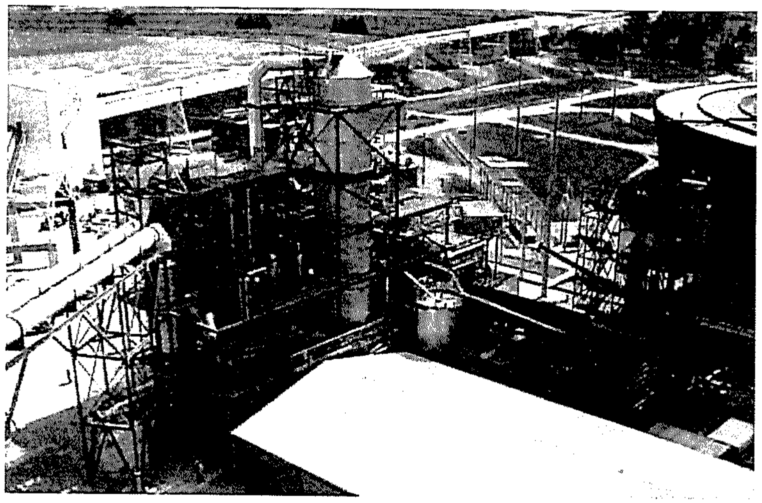
Please see AG 1-2 Attachment 1.

WITNESS: Marc D Reitter

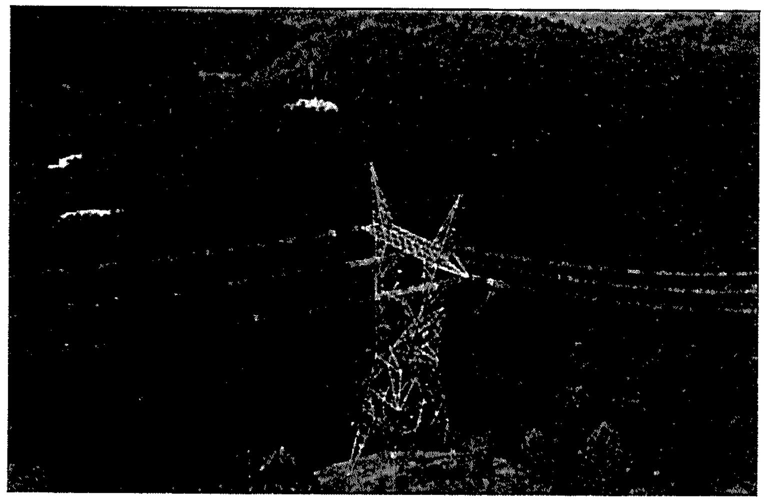
AEP AMERICAN® ELECTRIC POWER

Moody's Presentation

March 2, 2010



Carbon Capture & Storage Project – Mountaineer Plant (WV)



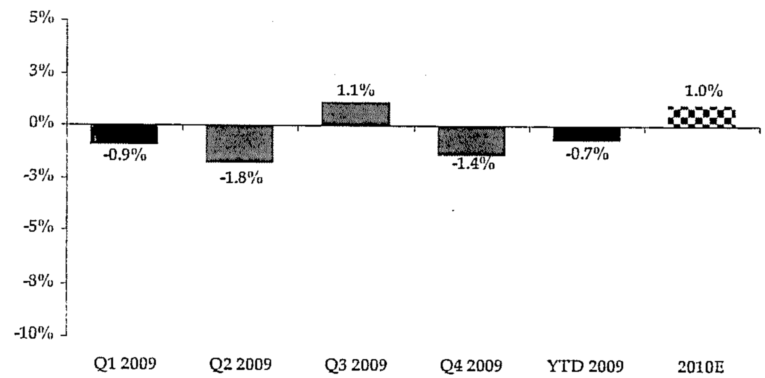
765-kV Transmission Line – Wyoming-Jacksons Ferry (WV)

Agenda

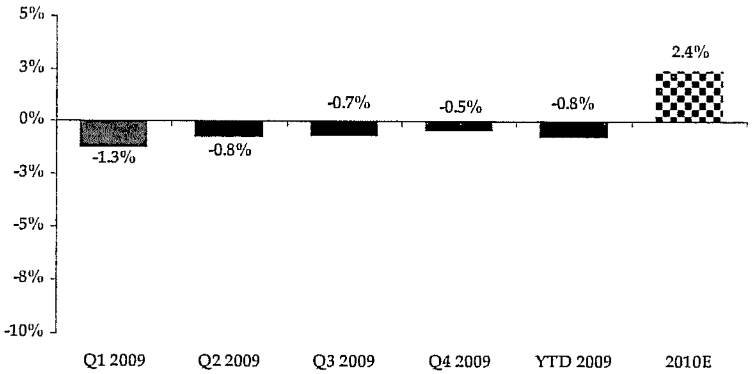
AEP AMERICAN ELECTRIC POWER

Normalized load trends

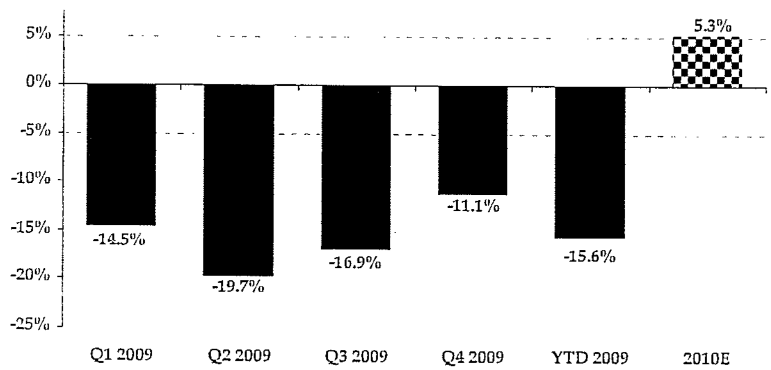
AEP Residential Normalized GWh Growth
% Change vs. Prior year



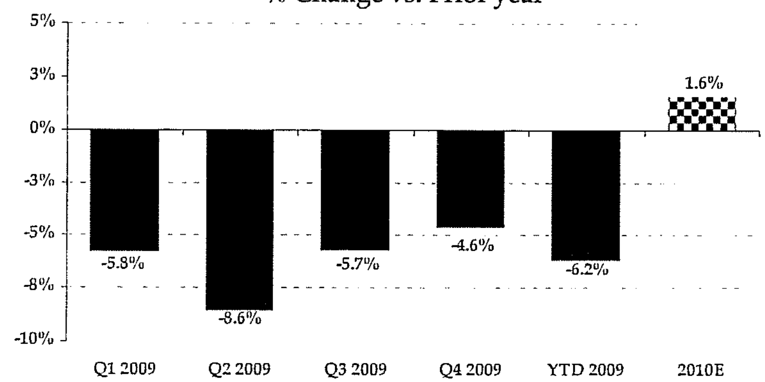
AEP Commercial Normalized GWh Growth
% Change vs. Prior year



AEP Industrial Normalized GWh Growth
% Change vs. Prior year



AEP Normalized GWh Growth [1]
% Change vs. Prior year



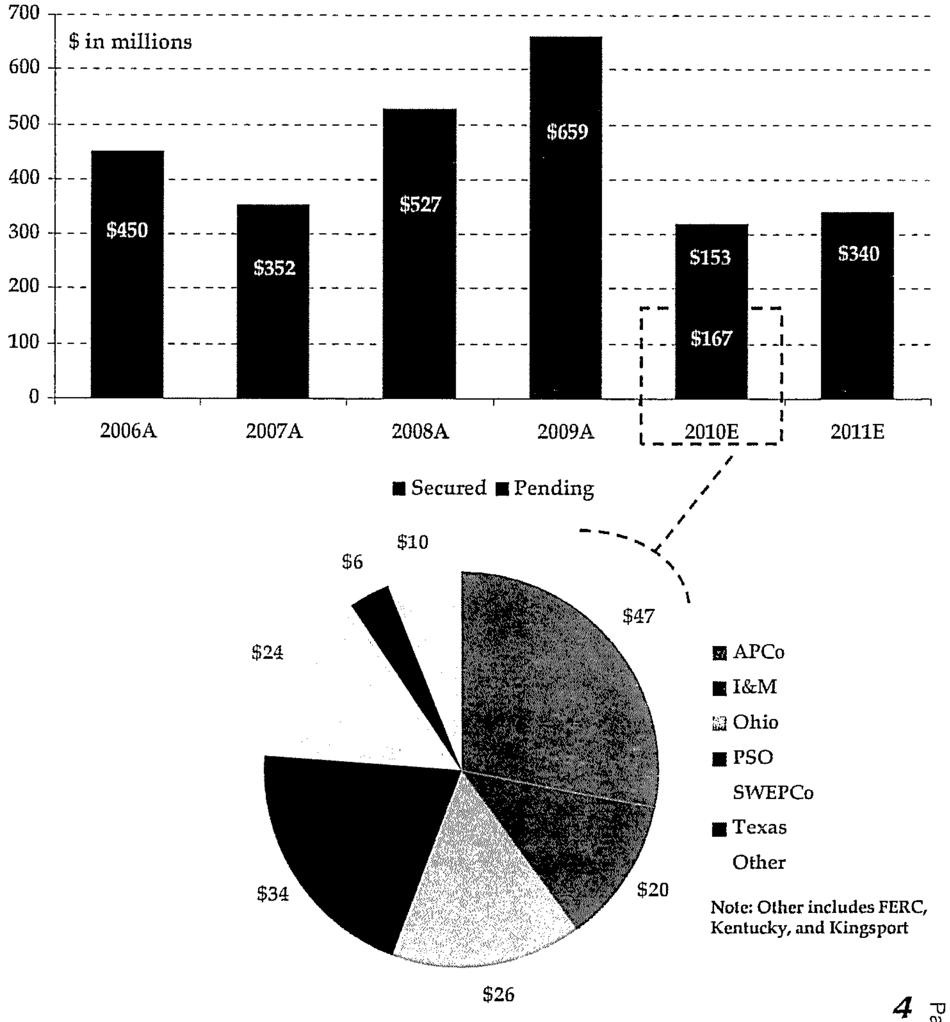
1. Includes firm wholesale load

AMERICAN ELECTRIC POWER

Regulatory update

Summary Rate Case Information

- APCo Virginia General Rate Case
  - Requesting an increase of $154M
  - Hearing March 30, 2010
  - Order expected July 2010
- I&M Michigan General Rate Case
  - Requesting an increase of $62.5M
  - Requested ROE is 11.75%
  - Order expected in early 2011
- Kentucky General Rate Case
  - Requesting an increase of $123.6M
  - Rates effective subject to refund – July 2010
  - Order expected in the second half of 2010
- SWEPCo Texas General Rate Case
  - Requesting $75M to cover costs associated with construction at the Stall & Turk plants
  - Procedural schedule suspended pending settlement
- Successful progress made for establishing Accelerated Recovery Mechanisms
  - Turk CWIP in Louisiana, Reg. Asset recovery rider in Oklahoma, Energy Efficiency rider in Texas, PJM & SPP formula rates, gridSMART rider at CSP, DSM trackers in Indiana



AMERICAN ELECTRIC POWER

New generation projects update

J. Lamar Stall Combined-Cycle Gas Plant

Regulatory Activities

- All commission approvals have been received.
- Preparing for SWEPCo Texas rate case

Project Activities

- Engineering, procurement, construction and start-up continue in accordance with the recovery schedule
- First fire completed 2/12, steam blows in progress
- Project is 95% complete with a completion targeted for mid-year

John W. Turk Jr. Ultra-Supercritical Coal Plant

Regulatory Activities

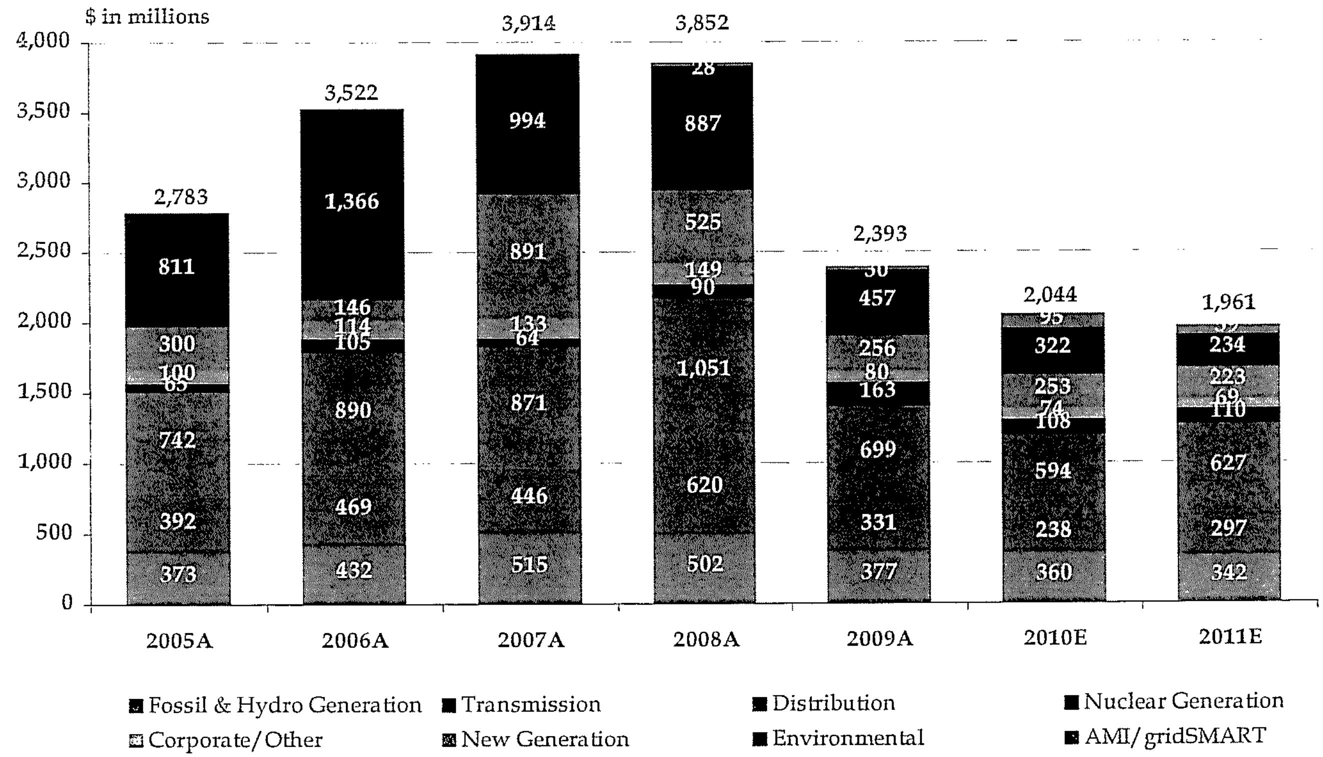
- On January 22, 2010 the APC&E Commission voted 7 to 1 to affirm the air permit. Interveners have 30 days to appeal *(Sierra Club appealed)*
- Arkansas Court of Appeals reversal of APSC's CECPN (construction continues unabated, oral arguments scheduled for April 15
- The time for receipt of the landfill permit is pending the potential redesign to provide adequate separation between the landfill and groundwater

Project Activities

- Construction is 22% complete
- Engineering, procurement and delivery of equipment continues
- Stack shell to be completed this period
- Fabrication and installation of boiler duct, piping, fans and airheater continues
- Still tracking for Sept. 2012

AEP AMERICAN ELECTRIC POWER

Utility operations capital expenditures



AMERICAN ELECTRIC POWER

Utility operations capital by subsidiary

($ in millions)	2010E	2011E	Total
AEP Appalachian Power Company	$380	$294	**$674**
AEP Indiana Michigan Power Company	$265	$238	**$503**
AEP Kentucky Power Company	$52	$71	**$123**
AEP Texas	$142	$256	**$398**
AEP Public Service Company of Oklahoma	$166	$150	**$316**
AEP Southwestern Electric Power Company	$446	$461	**$907**
AEP Columbus Southern Power Company	$256	$187	**$443**
AEP Ohio Power Company	$302	$267	**$569**
Other Utility Companies	$35	$37	$72
Total Utility Operations Capital Expenditures	**$2,044**	**$1,961**	**$4,005**

AEP AMERICAN ELECTRIC POWER

Total capital expenditures

$ in millions	2008A	2009A	2010E	2011E
Utility Operations	3,852	2,393	2,044	1,961
Non-Utility Operations				
AEP River Operations	115	77	16	20
AEP Transco	0	1	121	175 - 325
Joint-Venture Equity	5	47	89	155 - 355
Total AEP	**3,972**	**2,518**	**2,270**	**2,311 - 2,661**

AMERICAN ELECTRIC POWER

2010 Financing plan

- Our 2010 capital markets requirements have been greatly reduced due to the company's prudent management of capital expenditures during the economic downturn and by pre-funding 2010 financing needs at Ohio Power and PSO

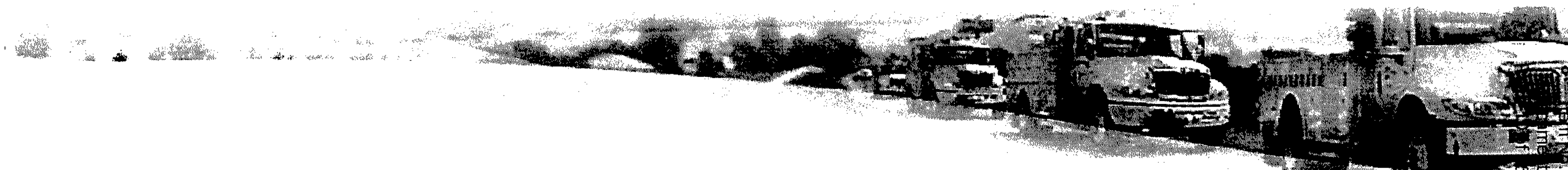
Company	Type	Amount ($000s)
APCO	PCRB - Russell Refund	$17,500
APCO	Senior Note	$250,000
APCO	PCRB - Amos Put Remarket	$50,000
APCO	PCRB - Amos New Money	$75,000
CSP	Senior Note	$150,000
OPCO	PCRB - Amos New Money	$86,000
OPCO	PCRB - Cardinal Put Remarket	$79,450
OPCO	PCRB - JMG Bonds	$218,000
SWEPCO	Senior Note	$350,000
SWEPCO	PCRB - DeSoto Remarket	$53,500
		$1,329,450

AEP AMERICAN ELECTRIC POWER

AEP AMERICAN® ELECTRIC POWER

Standard & Poor's Meeting

November 16, 2010
New York, NY



Update on 2010 Priorities

AEP®

2010 +

- Navigate through ongoing economic conditions
- Maintain capital spending and balance sheet discipline
- Continue delivering successful regulatory outcomes

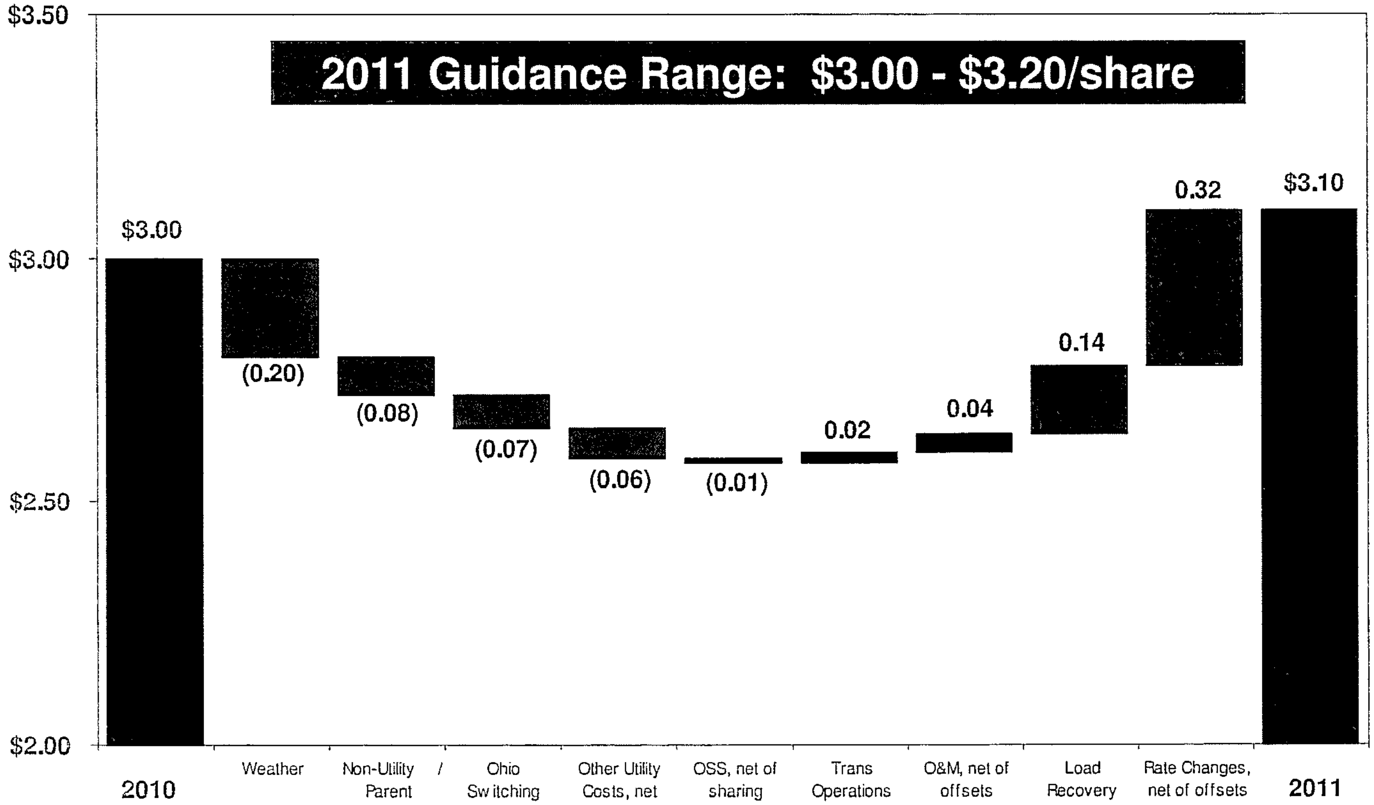
✓ Capital spending plan on target for $2.2B in 2010
✓ Stable credit outlook
✓ Labor and non-labor O&M cuts of $150M
✓ Reasonable rate case outcomes in VA, KY, MI, TX
✓ Exceeded rate relief goal of $320M for 2010
✓ Filed SEET in Ohio
✓ Implemented enhanced operating company model
✓ Narrowing 2010 guidance to $2.95 to $3.05/share

- Participate in policy making at both the state and federal levels, particularly related to environmental/climate and transmission issues
- Invest in the next generation of energy infrastructure: high voltage transmission, CCS, gridSMART®

✓ Active in legislative efforts for cap & trade bills
✓ Vocal in transmission policy efforts
✓ ETT and Transco efforts moving forward
✓ Success with Mountaineer CCS project
✓ 4 gridSMART® pilots underway

2011 Earnings Drivers

AEP®



- $235M in rate changes (67% secured)
- Weather normalized load growth of 1.7%
- Transmission operations contributes $13M
- Continued discipline in O&M
- Ohio switching assumptions ($53M – 14% of CSP total load)

Note: represents incremental change from 2010 to 2011

2012 EPS Target: $3.25/share

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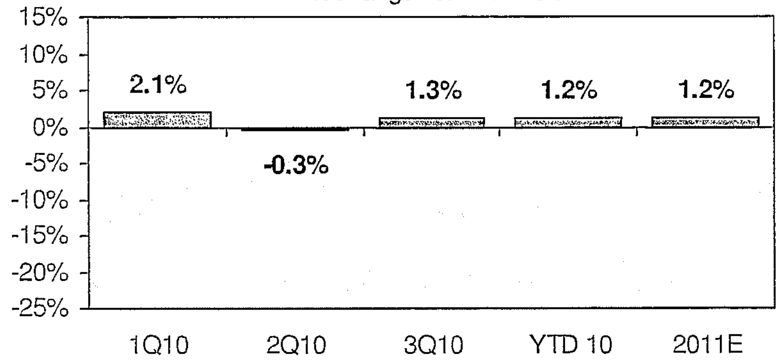
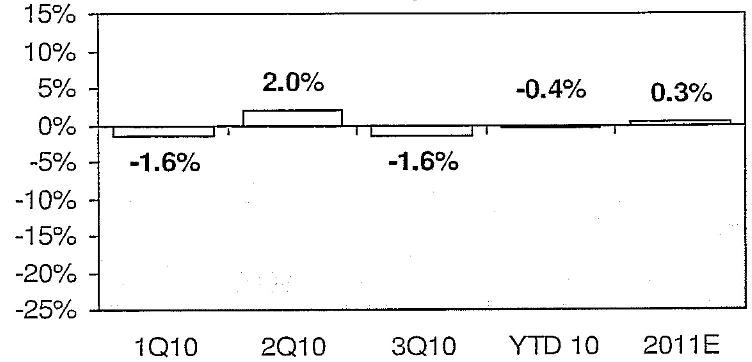
Normalized Load Trends

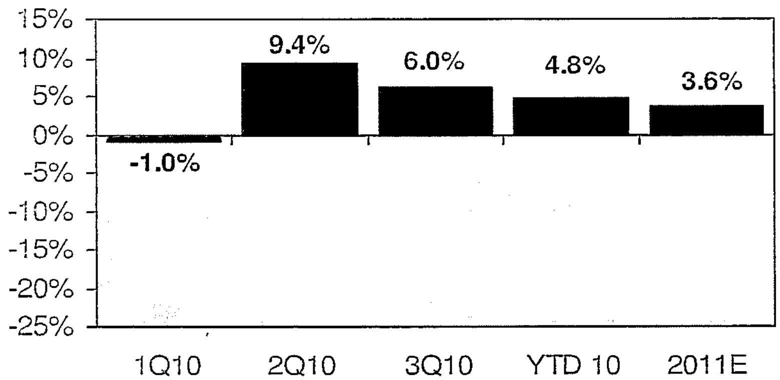
AEP Residential Normalized GWh Sales
%Change vs. Prior Year



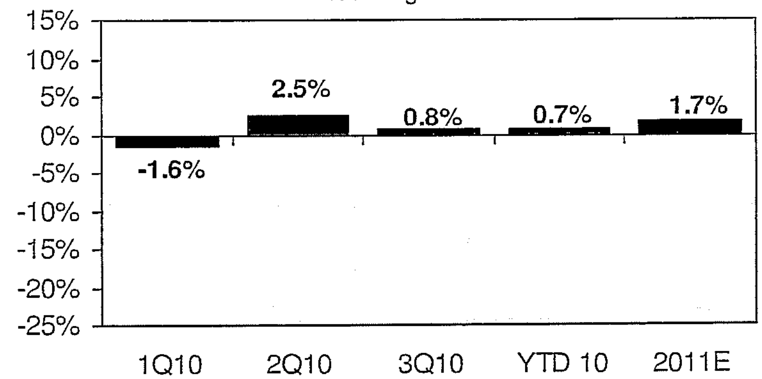
AEP Commercial Normalized GWh Sales
%Change vs. Prior Year



AEP Industrial Normalized GWh Sales
%Change vs. Prior Year



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

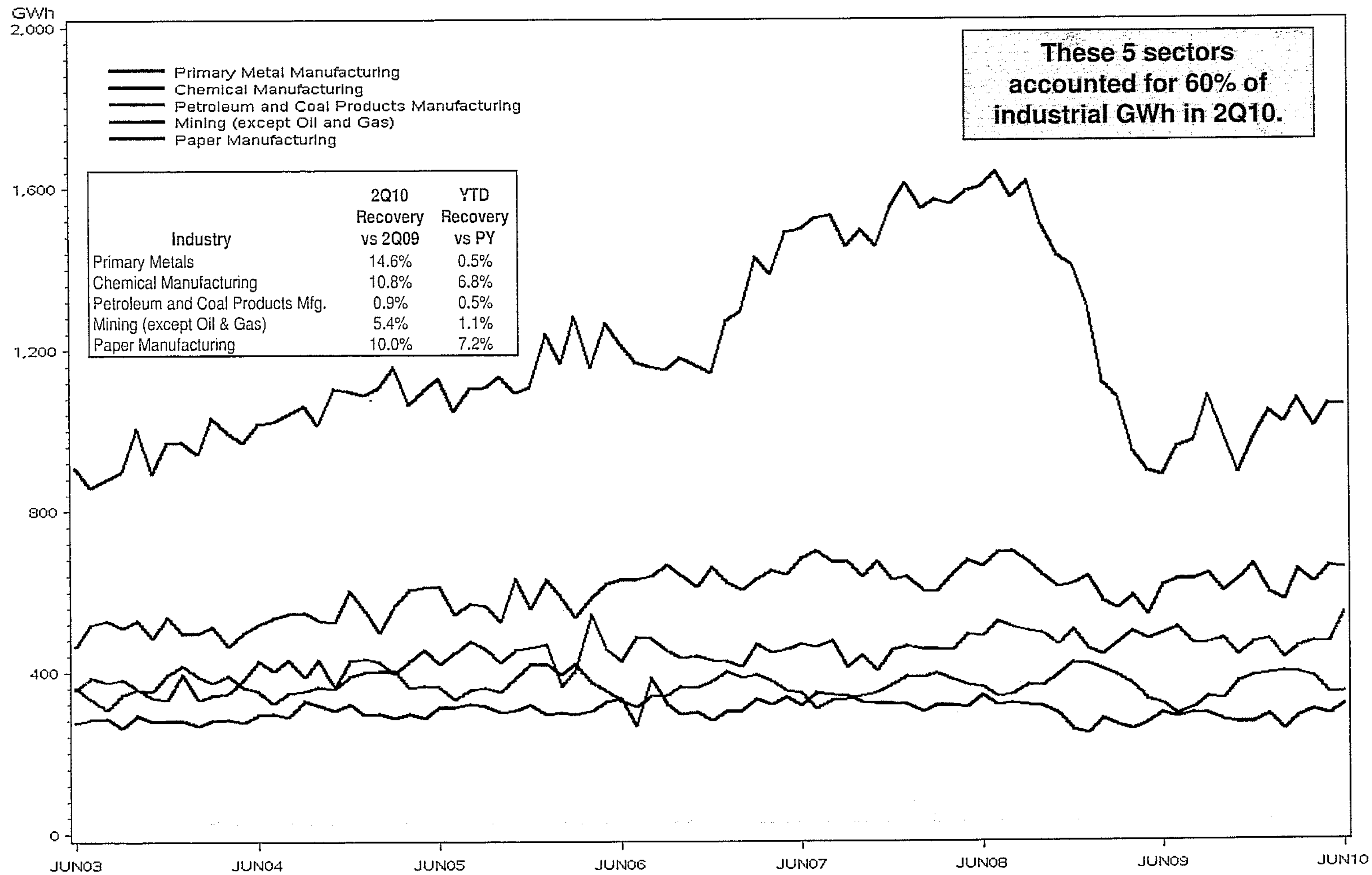


*includes firm wholesale load

Note: 2011E is based off of full year 2010 results
Chart represents connected load

Industrial Sales

AEP Industrial GWh by Sector



Industry	2Q10 Recovery vs 2Q09	YTD Recovery vs PY
Primary Metals	14.6%	0.5%
Chemical Manufacturing	10.8%	6.8%
Petroleum and Coal Products Mfg.	0.9%	0.5%
Mining (except Oil & Gas)	5.4%	1.1%
Paper Manufacturing	10.0%	7.2%

Capital Allocation

AEP®

In this economic recovery cycle, capital allocation requires balance for spending that considers the obligation to serve, the ability to obtain rate increases, a balance sheet to support the plan, and the total return proposition to shareholders

Capital for Growth

- Increase in capital budget of $150M for 2011 to $2.6B
- Announce capital budget plan of $2.9B for 2012

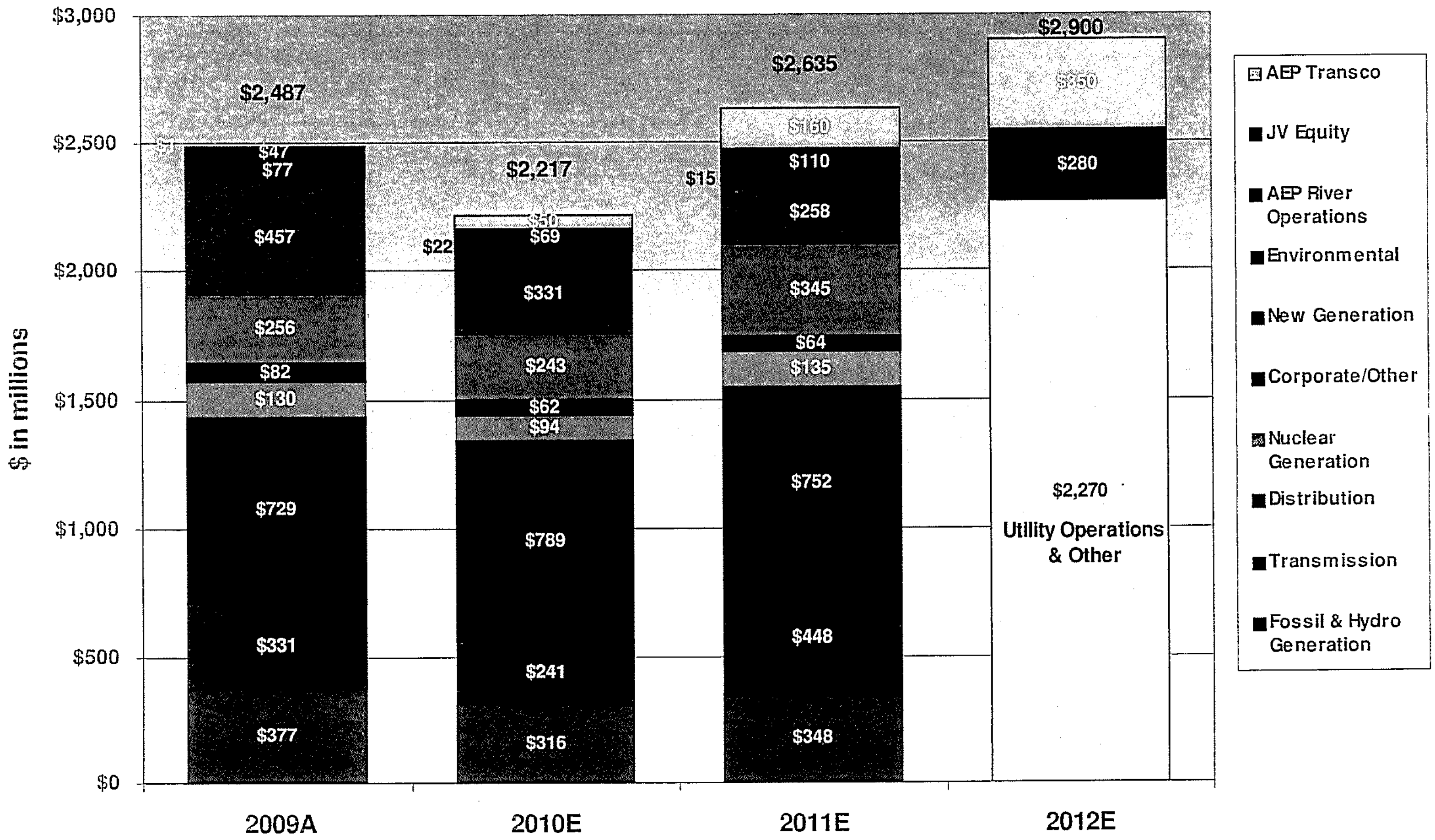
Return of Capital to Shareholders

- 9.5% increase in quarterly dividend beginning in the fourth quarter, subject to board of directors approval
- Future dividend increases will grow with earnings

Capital to Reduce Risk

- Voluntarily funding pension $500M in 2010
- Allocating an additional $150M of funding for pension in 2011

Capital Expenditures



Recent and Major Upcoming EPA Actions

- Transport Rule – Proposed July 2010
  - Governs power plant emissions of SO_2 and NOx that affect downwind fine particle and ozone concentrations
  - 2012 program start date with stringent second phase beginning in 2014
  - Limited interstate trading and no use of previously banked SO_2 allowances from CAIR program
  - 2014 SO_2 limits in AEP-East states will require almost all coal units to be scrubbed or retired/use gas
  - AEP believes an extension of the compliance deadlines is essential to allow states to develop implementation plans and give companies time to install the retrofits needed to comply

- "Coal Ash" Rule – Proposed May 2010
  - EPA proposed two different regulatory designations:
    - Solid waste – action required by ~2017
    - "Special" hazardous waste - action required by ~2018-2020
  - AEP supports regulation of coal ash under the Subtitle 'D Prime' option of the RCRA
  - Cost to AEP customers estimated at $3.9 billion by 2020 to comply with Subtitle D option

- Mercury and other Hazardous Air Pollutants (HAPs) Rule
  - Expect proposed rule in spring 2011, finalized in late 2011; likely compliance year - 2015
  - Could require major pollution control retrofits at most U.S. coal plants (FGD, baghouses, etc.)

Cumulative effects of EPA proposed rules and carbon legislation/regulation are a major concern for utility resource planning

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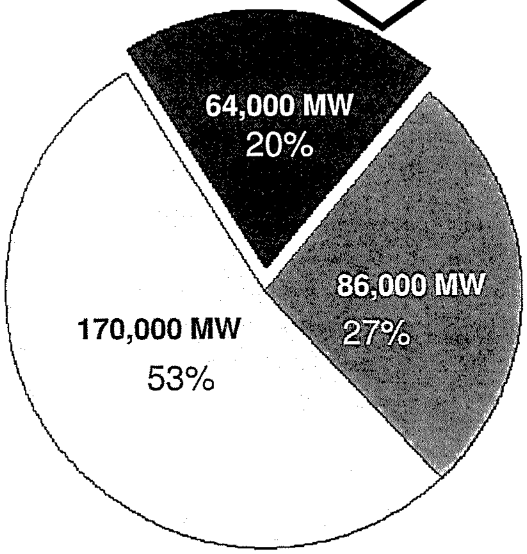
Continual Evaluation is Required

AEP®

"Fully-Exposed"	"Partially-Exposed"	"Least-Exposed"
Probable Retirement	*Evaluating potential retirement*	*Not likely to be retired*

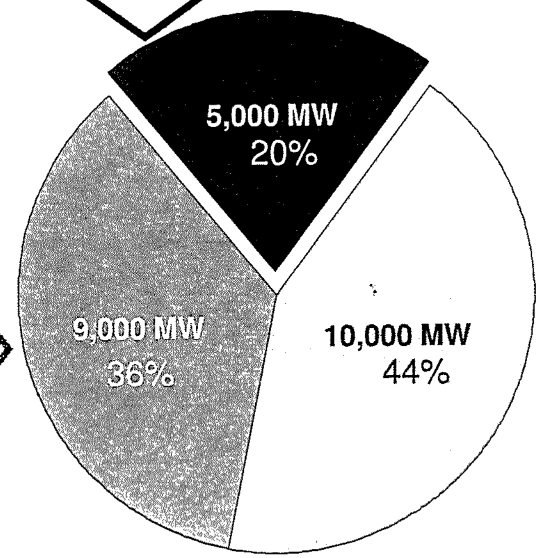
CCS Candidates

Smaller, older, less-efficient coal units that will not be economic if retrofitted



US Coal

Newer and larger coal units that do not have SCR's and/or FGD's will be evaluated due to emerging environmental rulemaking and NSR requirements



AEP Coal

Nearly 50% of U.S. coal plants are exposed

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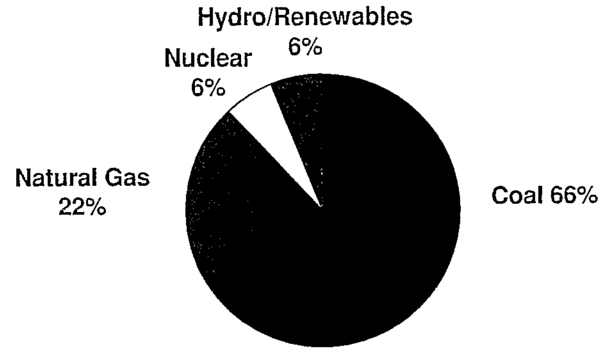
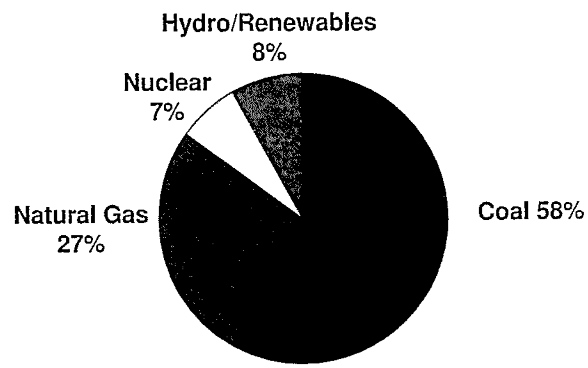
Continued Investment in Utility Platform

- Plan for old, small coal units
  - Initially operate seasonally
  - Transition towards retirement
  - Regulatory plan for recovery
- Continue evaluation of “partially exposed” units for additional controls
- Add non-coal capacity when needed
  - Dresden NGCC (partially complete)
  - New NGCC at existing site
  - Cook plant uprate (under study)
  - Renewables
- Deploy technology as appropriate
  - Continue pursuit of CCS technology
  - Energy storage technologies
  - gridSMART®



Capacity - 2009



Projected Capacity - 2017

8

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Ohio Focus

AEP®

- Merger filing
  - AEP Ohio will seek approval from the PUCO and FERC
  - CSP assets will be merged into Ohio Power, the larger of the two companies. Ohio Power will be the surviving entity. The company will continue to do business as AEP Ohio.
  - AEP Ohio anticipates completion of the merger during 2011.
- SEET
  - Hearings began October 25 and are still in progress
  - Decisions expected by year end 2010
- ESP
  - OPCo and CSP are currently preparing the next ESP filing

Transmission as a Growth Engine

- Electric Transmission Texas (ETT)
  - Growing Rate Base
  - $1.1B CREZ opportunity; Received CCN approval on first CREZ line; 3 more approvals expected in 2011
  - $1.6B Non-CREZ projects in the pipeline
- AEP Transmission Company (AEP Transco)
  - Settlement filed at FERC for wholesale rates
  - $50M spend for 2010; $160M forecasted for 2011
- Progress on Joint Ventures in 2010
  - PATH
  - Prairie Wind
  - Pioneer
  - SMART Transmission study

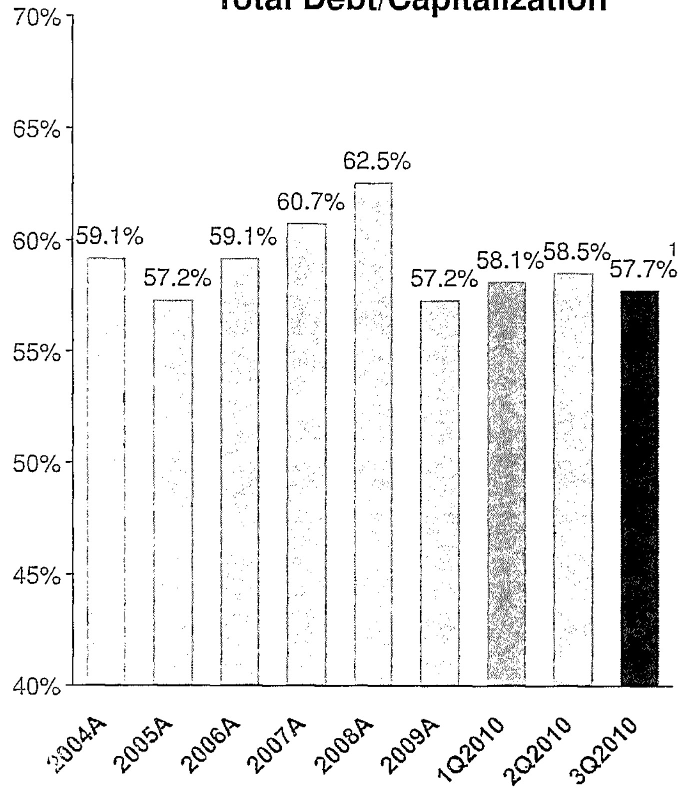
Transmission investments present significant growth opportunities within and outside of AEP's traditional service territories

AEP Transco was established in 2010

- Formula rate settlement filed with FERC in September; awaiting final order
  - ROE: 11.49% in PJM and 11.2% in SPP
- $50 M invested in three states in 2010 (OH, MI & OK)
  - Ohio application for public utility status pending; approval expected in 2010
  - Oklahoma and Michigan did not require filings
- "Baseline" capital spending targets for OH, MI & OK
  - $160 M for 2011
  - $350 M for 2012
- Will pursue regulatory approvals for other states in 2011 (AR, LA, WV, VA, IN & KY)
  - Additional capital spending opportunity in these states for 2012+

Maintaining Strong Capitalization & Liquidity

Total Debt/Capitalization



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

1: Effective January 1, 2010 in accordance with Transfers and Servicing accounting guidance (formerly SFAS 166), factored receivables of AEP Credit of $750 million are classified as short-term debt; The 3Q2010 debt/capitalization ratio would be 56.8%, excluding AEP Credit.

Current Liquidity Summary

Liquidity Summary (unaudited)	**Actual 09/30/10**	
($ in millions)	**Amount**	**Maturity**
Revolving Credit Facility	$1,500	Jun-13
Revolving Credit Facility	1,454	Apr-12
Revolving Credit Facility	478	Apr-11
Total Credit Facilities	**3,432**	
Plus		
AEP, Inc. cash and investments	1,090	
Less		
Commercial Paper Outstanding	(713)	
Letters of credit issued	(602)	
Net Available Liquidity	**$3,207**	

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Cash Flow Guidance

AEP®

$ in millions

	2010E	2011E
Cash From Operations		
Income from Continuing Operations	$ 1,205	$ 1,499
Depreciation & Amortization	1,654	1,588
Pension Funding	(500)	(150)
Other Cash Flow Items	653	234
Bank of America Litigation	(448)	-
Working Capital[1]	(218)	424
Cash From Operations	**$ 2,346**	**$ 3,595**
Investing Activities		
Construction Expenditures	(2,217)	(2,635)
Other Investing Activity	(352)	(265)
Total Investing Activities	**$ (2,569)**	**$ (2,900)**
Financing Activities		
Dividends	(826)	(893)
Net Debt Issued/(Retired)[1]	638	48
Common Equity	121	150
Total from Financing Activities	**$ (67)**	**$ (695)**
Beginning Cash Balance	$ 490	$ 200
Ending Cash Balance	$ 200	$ 200

[1]2010 pro forma to exclude effects of consolidation of AEP Credit ($656)

Long-term Debt Maturity Profile

AEP®

($ in millions)

Year	2010	2011	2012	2013
AEP, Inc.	-	-	-	-
AEP Generating Company	-	$130	-	-
Appalachian Power	-	$250	$250	$70
Columbus Southern Power	$150	-	$195	$306
Indiana Michigan Power	-	-	$100	-
Kentucky Power	-	-	-	-
Ohio Power	$200	-	-	$500
Public Service of Oklahoma	-	$75	-	-
Southwestern Electric Power	-	$41	$20	-
Texas Central Company(1)	-	$120	-	$535
Texas North Company	-	-	-	$225
Total	$350	$616	$565	$1,636

(1) Includes $535 million of amortizing Texas Securitization Bonds based upon scheduled final payment date

Includes mandatory tenders (put bonds)

Data as of September 30, 2010

Approved Rate Bases & ROEs

Jurisdiction	Rate Base	Approved ROE	Approved Debt/Equity	Effective Date
APCo-Virginia	$2,060MM*	10.53%	58/42	8/1/2010
APCo-West Virginia	$1,656MM	10.50%	57/43	7/28/2006
KPCo-Kentucky	$995MM	10.50%	57/43***	6/30/2010
I&M-Indiana	$2,000MM	10.50%	44/56	3/4/2009
I&M-Michigan	$595MM	10.35%	50/50	10/14/2010
PSO-Oklahoma	$1,467MM	10.50%	54/46	1/14/2009
SWEPCo-Louisiana	$649MM	10.57%**	50/50	8/1/2010
SWEPCo-Arkansas	$612MM	10.25%	54/46	11/25/2009
SWEPCo-Texas	$665MM	10.33%	49/51	4/15/2010
TCC-Texas	$1,566MM	9.96%	60/40	10/17/2007
TNC-Texas	$530MM	9.96%	60/40	6/1/2007

* represents Generation and Distribution rate base only.

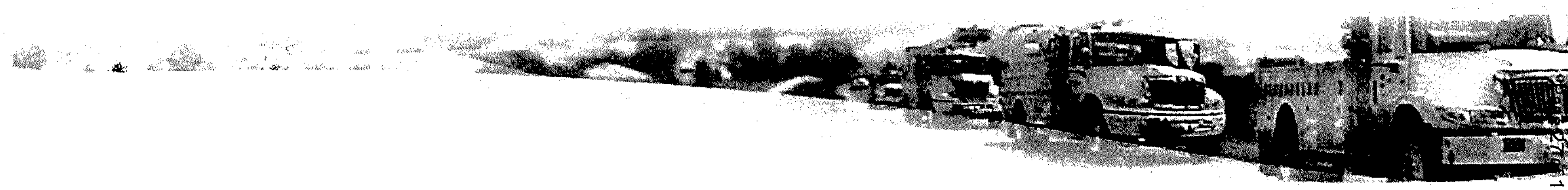
** represents the midpoint of the ROE range approved in the formula rate case settled in April 2008.

***represents a negotiated settlement

AEP AMERICAN® ELECTRIC POWER

Fitch Ratings Meeting

January 12, 2011



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2010 and Beyond…

AEP®

2010 +

- Navigate through ongoing economic conditions
- Maintain capital spending and balance sheet discipline
- Continue delivering successful regulatory outcomes

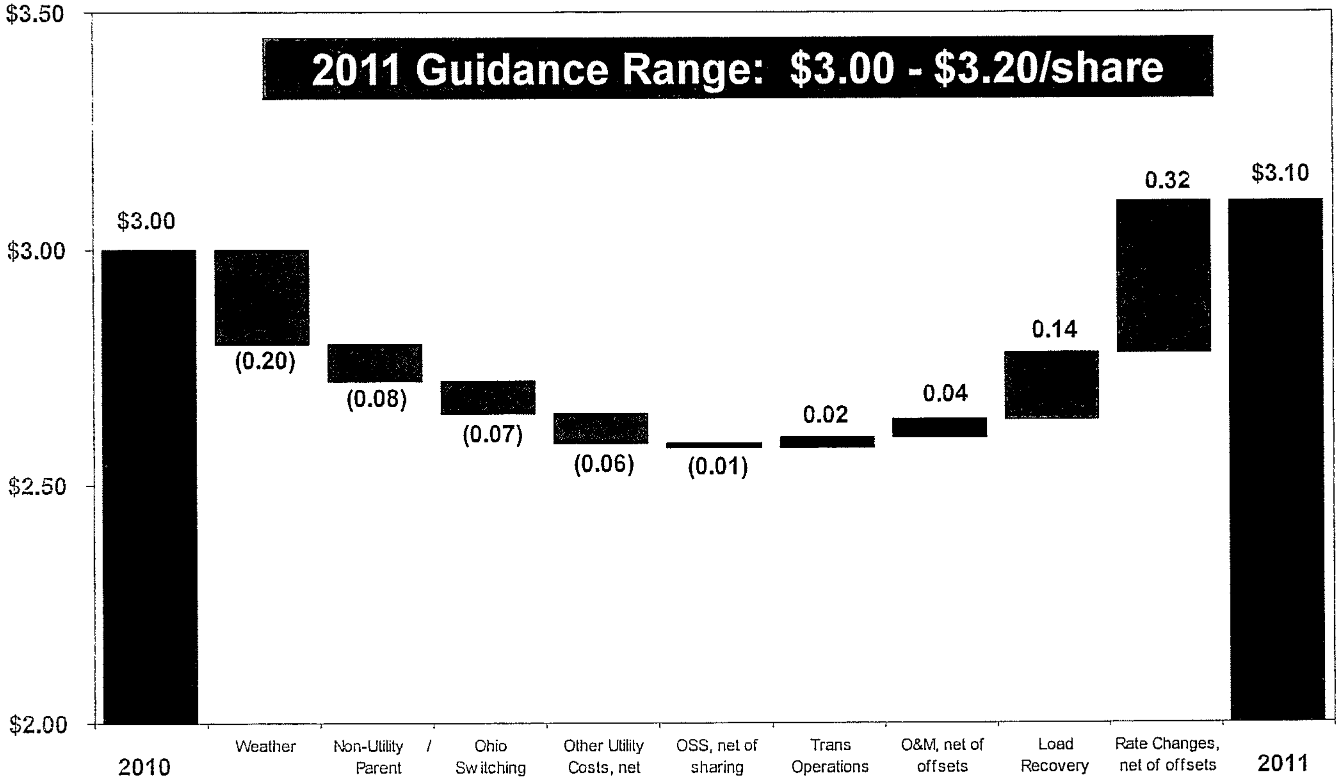
✓ 2010 Capital spend of $2.2B
✓ Stable credit outlook
✓ Labor and non-labor O&M cuts of $150M
✓ Reasonable rate case outcomes in VA, KY, MI, TX
✓ Exceeded rate relief goal of $320M for 2010
✓ Filed SEET in Ohio
✓ Implemented enhanced operating company model
✓ Narrowed 2010 guidance to $2.95 to $3.05/share

- Participate in policy making at both the state and federal levels, particularly related to environmental/climate and transmission issues
- Invest in the next generation of energy infrastructure: high voltage transmission, CCS, gridSMART®

✓ Active in legislative efforts for cap & trade bills
✓ Vocal in transmission policy efforts
✓ ETT and Transco efforts moving forward
✓ Success with Mountaineer CCS project
✓ 4 gridSMART® pilots underway

2011 Earnings Drivers

AEP®



- $235M in rate changes (67% secured)
- Weather normalized load growth of 1.7%
- Transmission operations contributes $13M
- Continued discipline in O&M
- Ohio switching assumptions ($53M – 14% of CSP total load)

Note: represents incremental change from 2010 to 2011

2012 EPS Target: $3.25/share

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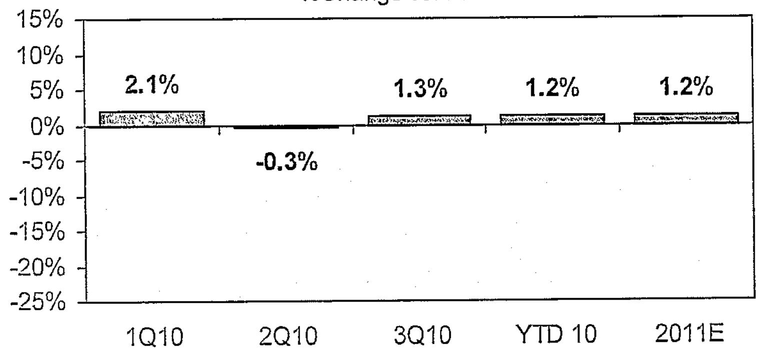
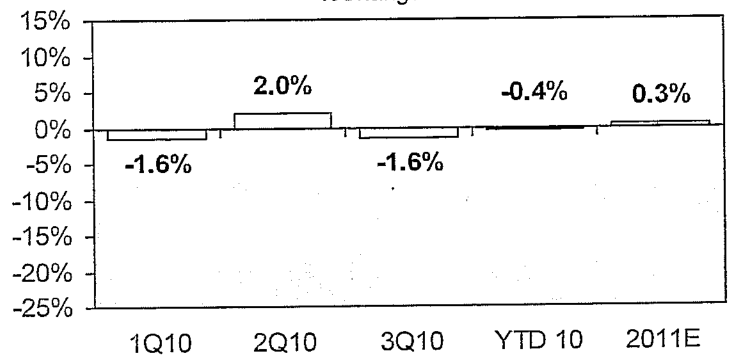
Normalized Load Trends

AEP®

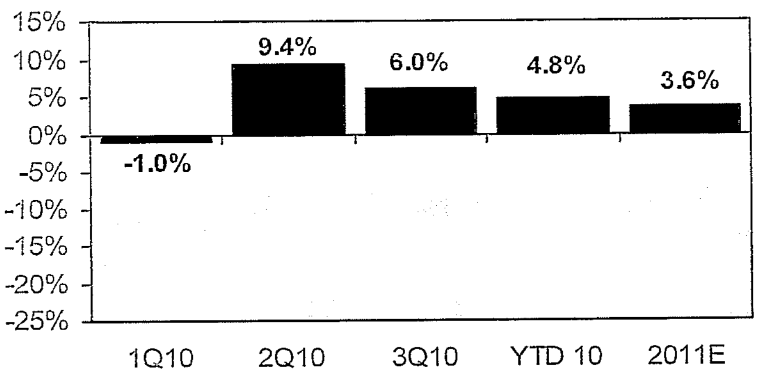
AEP Residential Normalized GWh Sales
%Change vs. Prior Year



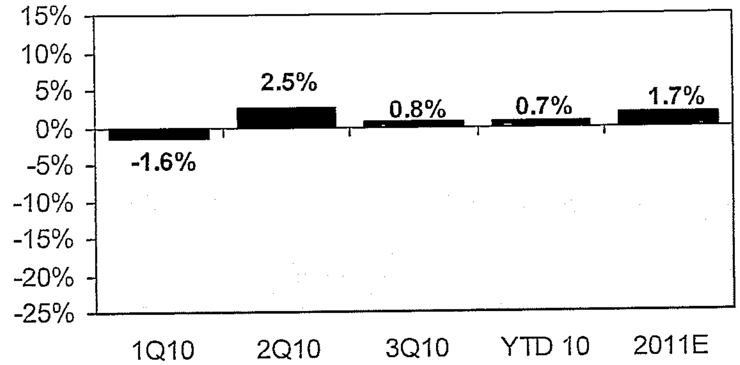
AEP Commercial Normalized GWh Sales
%Change vs. Prior Year



AEP Industrial Normalized GWh Sales
%Change vs. Prior Year



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



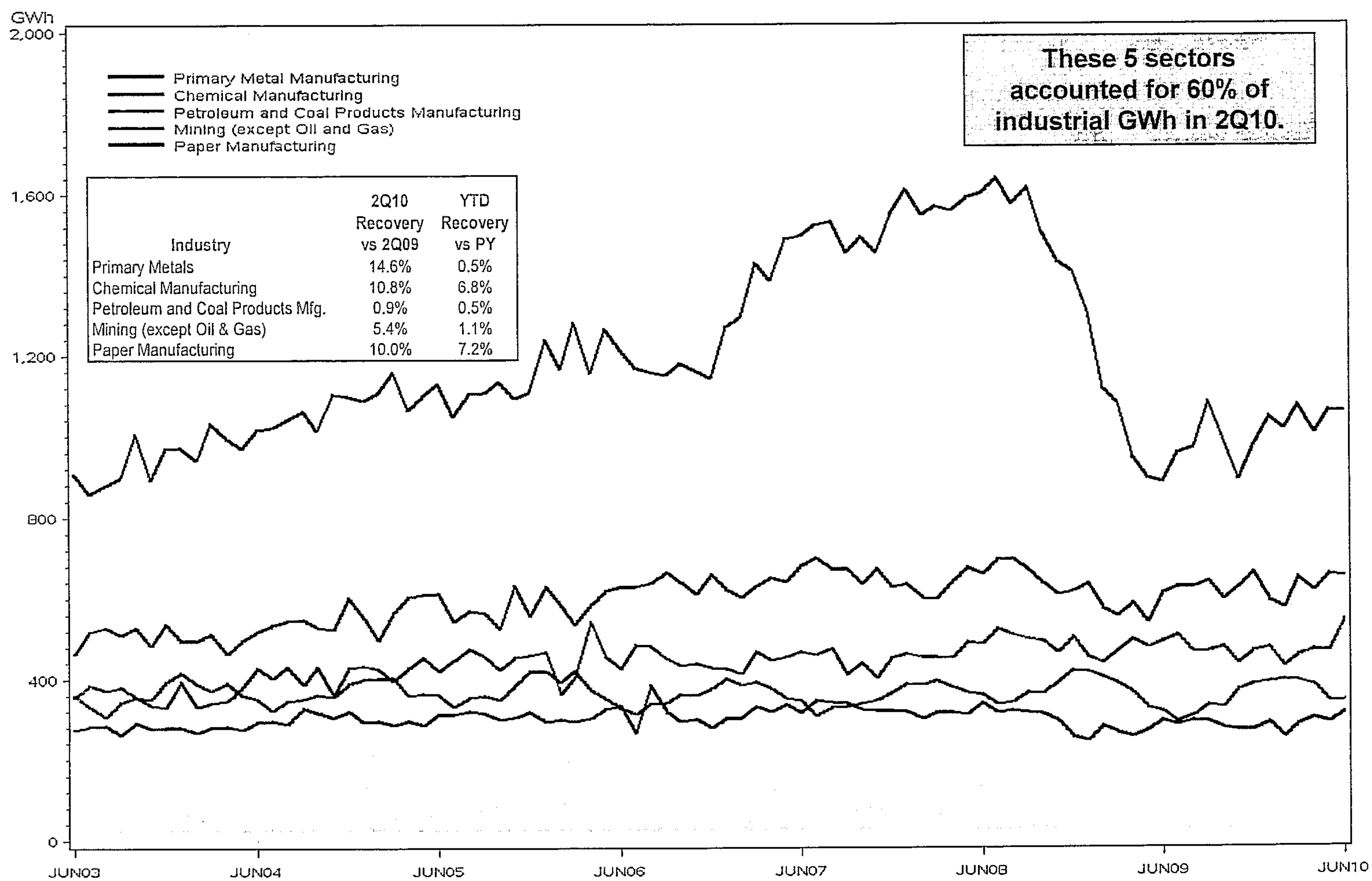
*includes firm wholesale load

Note: 2011E is based off of full year 2010 results
Chart represents connected load

5

Industrial Sales

AEP Industrial GWh by Sector



Industry	2Q10 Recovery vs 2Q09	YTD Recovery vs PY
Primary Metals	14.6%	0.5%
Chemical Manufacturing	10.8%	6.8%
Petroleum and Coal Products Mfg.	0.9%	0.5%
Mining (except Oil & Gas)	5.4%	1.1%
Paper Manufacturing	10.0%	7.2%

Capital Allocation

In this economic recovery cycle, capital allocation requires balance for spending that considers the obligation to serve, the ability to obtain rate increases, a balance sheet to support the plan, and the total return proposition to shareholders

Capital for Growth

- Increase in capital budget of $150M for 2011 to $2.6B
- Announce capital budget plan of $2.9B for 2012

Return of Capital to Shareholders

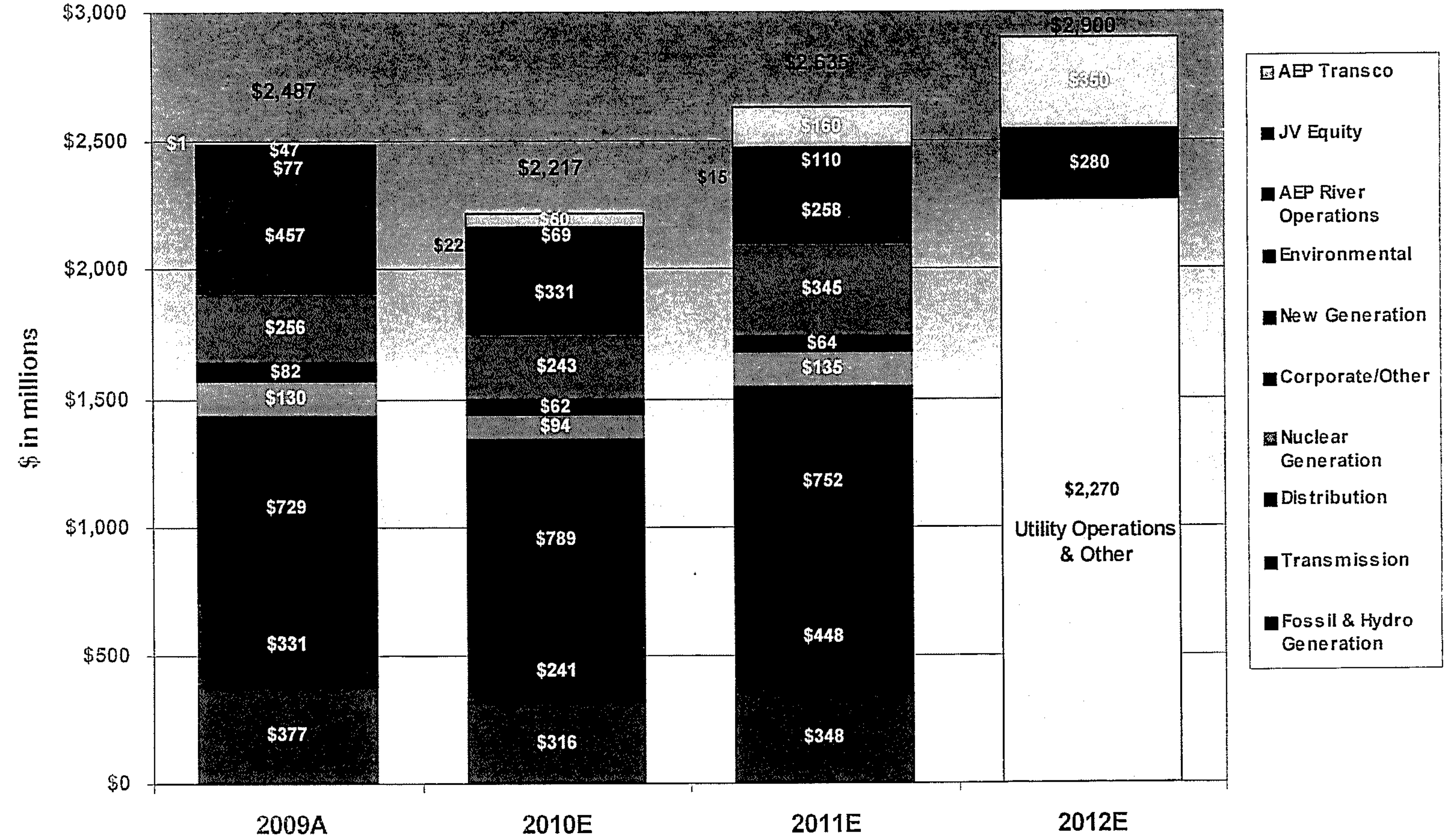
- 9.5% increase in quarterly dividend beginning in the fourth quarter, 2010 subject to board of directors approval
- Future dividend increases will grow with earnings

Capital to Reduce Risk

- Voluntarily funding pension $500M in 2010
- Allocating an additional $150M of funding for pension in 2011

Capital Expenditures

AEP®



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Recent and Major Upcoming EPA Actions

AEP®

- Transport Rule – Proposed July 2010
  - Governs power plant emissions of SO_2 and NOx that affect downwind fine particle and ozone concentrations
  - 2012 program start date with stringent second phase beginning in 2014
  - Limited interstate trading and no use of previously banked SO_2 allowances from CAIR program
  - 2014 SO_2 limits in AEP-East states will require almost all coal units to be scrubbed or retired/use gas
  - AEP believes an extension of the compliance deadlines is essential to allow states to develop implementation plans and give companies time to install the retrofits needed to comply

- "Coal Ash" Rule – Proposed May 2010
  - EPA proposed two different regulatory designations:
    - Solid waste – action required by ~2017
    - "Special" hazardous waste - action required by ~2018-2020
  - AEP supports regulation of coal ash under the Subtitle 'D Prime' option of the RCRA
  - Cost to AEP customers estimated at $3.9 billion by 2020 to comply with Subtitle D option

- Mercury and other Hazardous Air Pollutants (HAPs) Rule
  - Expect proposed rule in spring 2011, finalized in late 2011; likely compliance year - 2015
  - Could require major pollution control retrofits at most U.S. coal plants (FGD, baghouses, etc.)

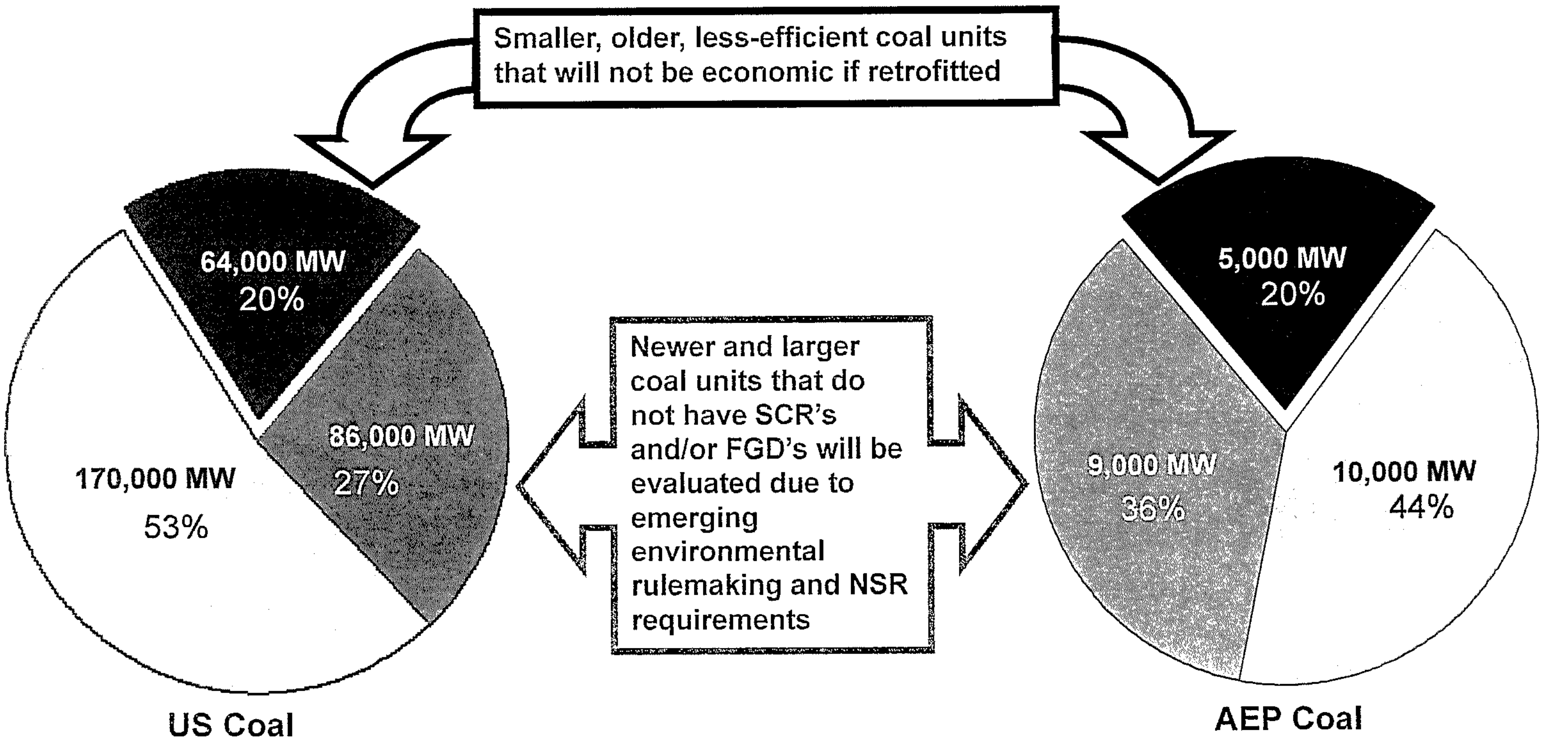
Cumulative effects of EPA proposed rules and carbon legislation/regulation are a major concern for utility resource planning

Continual Evaluation is Required

AEP®

"Fully-Exposed"	"Partially-Exposed"	"Least-Exposed"
Probable Retirement	*Evaluating potential retirement*	*Not likely to be retired*

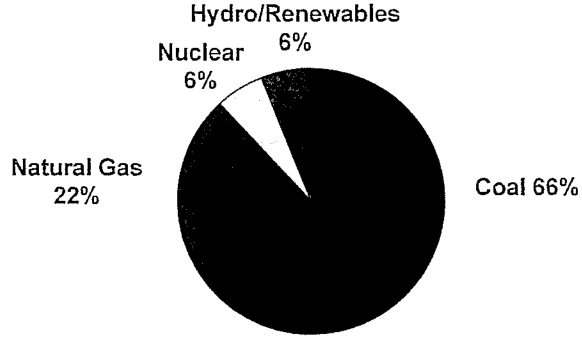
CCS Candidates



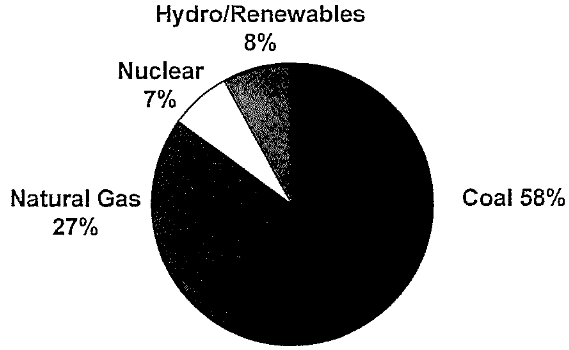
Nearly 50% of U.S. coal plants are exposed

Continued Investment in Utility Platform

- Plan for old, small coal units
  - Initially operate seasonally
  - Transition towards retirement
  - Regulatory plan for recovery
- Continue evaluation of "partially exposed" units for additional controls
- Add non-coal capacity when needed
  - Dresden NGCC (partially complete)
  - New NGCC at existing site
  - Cook plant uprate (under study)
  - Renewables
- Deploy technology as appropriate
  - Continue pursuit of CCS technology
  - Energy storage technologies
  - gridSMART®



Capacity - 2009



Projected Capacity - 2017

Ohio Focus

AEP®

- Merger filing
  - AEP Ohio will seek approval from the PUCO and FERC
  - CSP assets will be merged into Ohio Power, the larger of the two companies. Ohio Power will be the surviving entity. The company will continue to do business as AEP Ohio.
  - AEP Ohio anticipates completion of the merger during 2011.
- SEET
  - Hearings began October 25 and are still in progress
  - Decisions expected in 2011
- ESP
  - OPCo and CSP are currently preparing the next ESP filing

Transmission as a Growth Engine

AEP®

- Electric Transmission Texas (ETT)
  - Growing Rate Base
  - $1.1B CREZ opportunity; Received CCN approval on first CREZ line; 3 more approvals expected in 2011
  - $1.6B Non-CREZ projects in the pipeline
- AEP Transmission Company (AEP Transco)
  - Settlement filed at FERC for wholesale rates
  - $50M spend for 2010; $160M forecasted for 2011
- Progress on Joint Ventures
  - PATH
  - Prairie Wind
  - Pioneer
  - SMART Transmission study

ETT
Electric Transmission Texas

ETA
ELECTRIC TRANSMISSION AMERICA

PATH
Potomac-Appalachian Transmission Highline

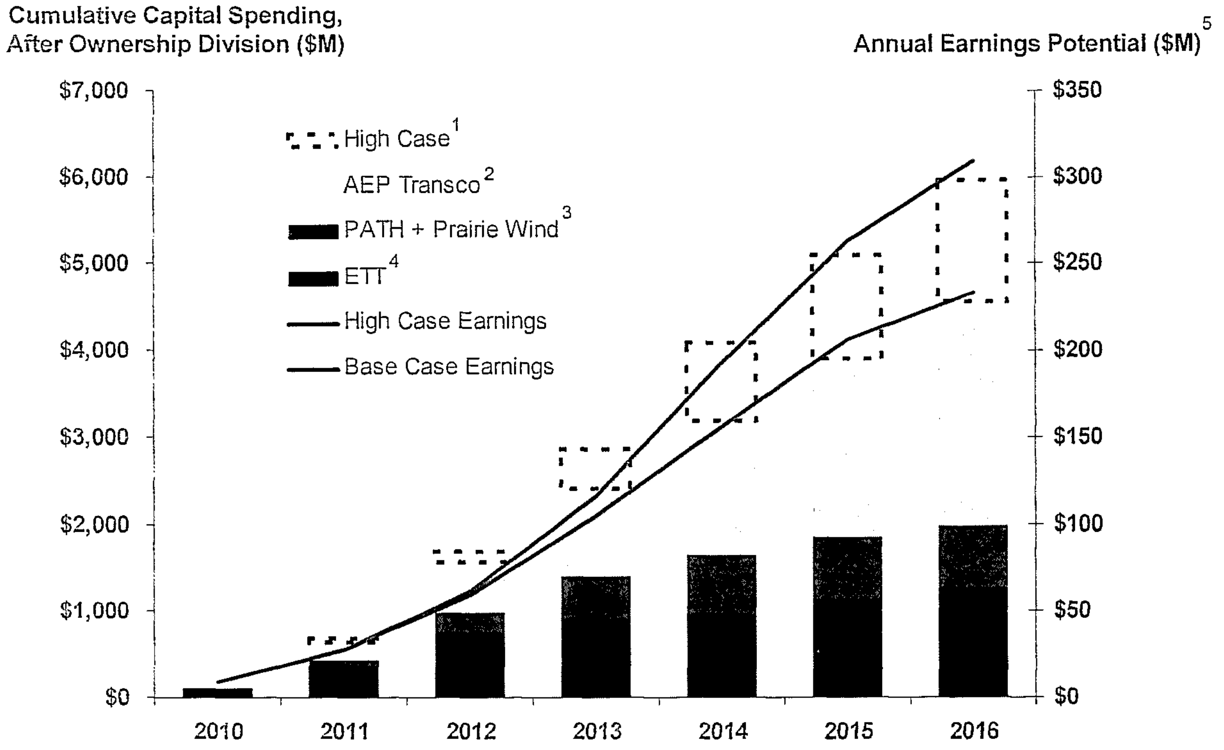
Prairie Wind Transmission
A joint venture between Westar Energy and ETA

Transmission investments present significant growth opportunities within and outside of AEP's traditional service territories

AEP Transco was established in 2010

- Formula rate settlement filed with FERC in September; awaiting final order
  - ROE: 11.49% in PJM and 11.2% in SPP
- $50 M invested in three states in 2010 (OH, MI & OK)
  - Ohio application for public utility status approved on 12/29/2010
  - Oklahoma and Michigan did not require filings
- "Baseline" capital spending targets for OH, MI & OK
  - $160 M for 2011
  - $350 M for 2012
- Will pursue regulatory approvals for other states in 2011 (AR, LA, WV, VA, IN & KY)
  - Additional capital spending opportunity in these states for 2012+

Transmission – Capital/Earnings Profile



[1] High Case includes: Pioneer (50% ownership), Prairie Wind at 765kV (25% ownership), Tallgrass at 765kV (25% ownership), ETA-Exelon (25% ownership) and other future opportunities

[2] AEP Transco (100% ownership) includes spending in OH, MI & OK only through 2011 and in other jurisdictions for 2012 and beyond

[3] PATH (50% ownership) assumes an in-service date of 2015 and Prairie Wind (25% ownership) assumed at 345kV

[4] ETT (50% ownership) includes CREZ and additional projects

[5] Projection of earnings potential at the transmission holding company level assuming 50/50 debt/equity capitalization and ROE of 12-13% for FERC projects; 60/40 debt/equity capitalization and 10.25% ROE (2011 forward) for ERCOT projects; and 50/50 debt/equity capitalization and ROE of 11.2-11.49% for Transco projects

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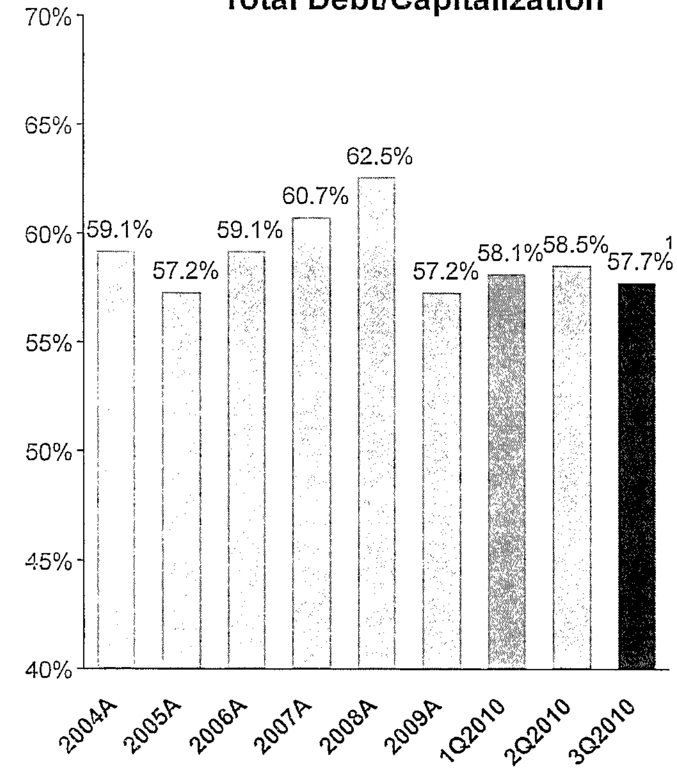
Maintaining Strong Capitalization & Liquidity

Total Debt/Capitalization



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

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Current Liquidity Summary

Liquidity Summary (unaudited)	**Actual 12/31/10**	
($ in millions)	**Amount**	**Maturity**
Revolving Credit Facility	$1,500	Jun-13
Revolving Credit Facility	1,454	Apr-12
Revolving Credit Facility	478	Apr-11
Total Credit Facilities	**3,432**	
Plus		
AEP, Inc. cash and investments	390	
Less		
Commercial Paper Outstanding	(650)	
Letters of credit issued	(601)	
Net Available Liquidity	**$2,571**	

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Cash Flow Guidance

AEP®

	$ in millions 2010E	2011E
Cash From Operations		
Income from Continuing Operations	$ 1,205	$ 1,499
Depreciation & Amortization	1,654	1,588
Pension Funding	(500)	(150)
Other Cash Flow Items	653	234
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Working Capital[1]	(218)	424
Cash From Operations	$ 2,794	$ 3,147
Investing Activities		
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Other Investing Activity	(352)	(265)
Total Investing Activities	$ (2,569)	$ (2,900)
Financing Activities		
Dividends	(826)	(893)
Net Debt Issued/(Retired)[1]	638	496
Common Equity	121	150
Total from Financing Activities	$ (67)	$ (247)
Beginning Cash Balance	$ 490	$ 200
Ending Cash Balance	$ 648	$ 200

[1]2010 pro forma to exclude effects of consolidation of AEP Credit ($656)

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Long-term Debt Maturity Profile

($ in millions)

Year	2011	2012	2013
AEP, Inc.	-	-	-
AEP Generating Company	$130	-	-
Appalachian Power	$250	$250	$70
Columbus Southern Power	-	$195	$306
Indiana Michigan Power	-	$100	-
Kentucky Power	-	-	-
Ohio Power	-	-	$500
Public Service of Oklahoma	$75	-	-
Southwestern Electric Power	$41	$20	-
Texas Central Company(1)	$120	-	$535
Texas North Company	-	-	$225
Total	$616	$565	$1,636

(1) Includes $535 million of amortizing Texas Securitization Bonds based upon scheduled final payment date

Note: Includes mandatory tenders (put bonds)

Data as of December 31, 2010

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Approved Rate Bases & ROEs

AEP®

Jurisdiction	Rate Base	Approved ROE	Approved Debt/Equity	Effective Date
APCo-Virginia	$2,060MM*	10.53%	58/42	8/1/2010
APCo-West Virginia	$1,656MM	10.50%	57/43	7/28/2006
KPCo-Kentucky	$995MM	10.50%	57/43***	6/30/2010
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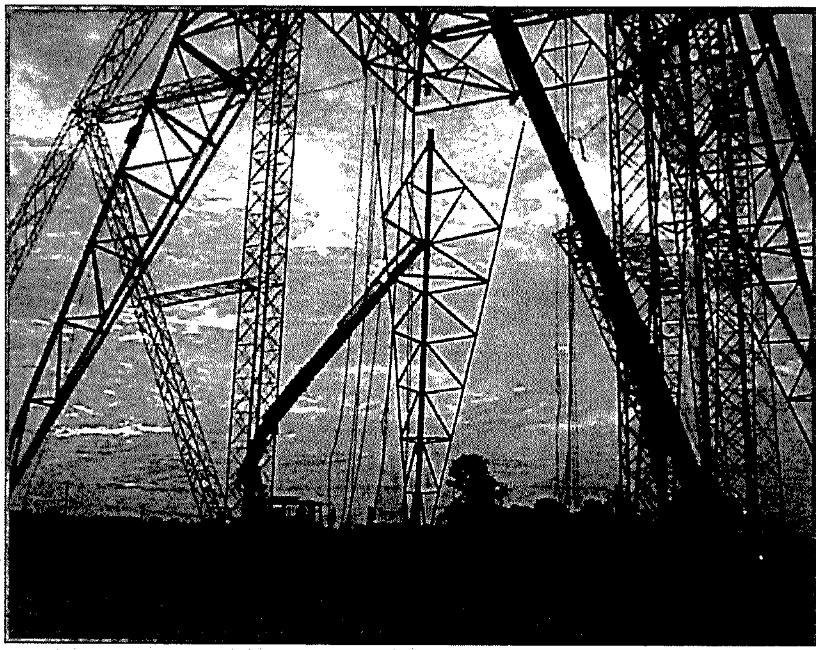
* represents Generation and Distribution rate base only.

** represents the midpoint of the ROE range approved in the formula rate case settled in April 2008.

***represents a negotiated settlement

AEP AMERICAN® ELECTRIC POWER



FitchRatings

Columbus, OH
February 17, 2012

Company Overview

Company Overview

AEP®

American Electric Power Company, Inc. is one of the nation's largest investor-owned utility companies. Headquartered in Columbus, OH, AEP serves 5.3 million customers in 11 states and has been in operation since 1906.

Facts at a glance

President & CEO:	Nick Akins
Chairman:	Michael G. Morris
2011 Assets:	$52.2 billion
2011 Net Income:	$1.576 billion
2011 Ongoing EPS:	$3.12
Employees:	18,712
Service Territory:	Approximately 200,000 square miles
Transmission:	Approximately 39,000 miles
Distribution:	Approximately 216,000 miles
Generation capacity:	Approximately 38,000 MW
U.S. Customers:	Approximately 5.3 million
U.S. Electricity Sales:	Approximately 206 million MWh

States served:

Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, West Virginia

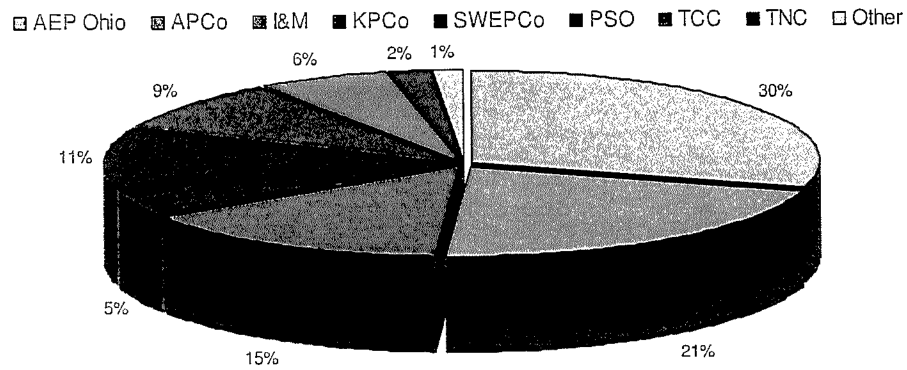
2011 Revenue

AEP®

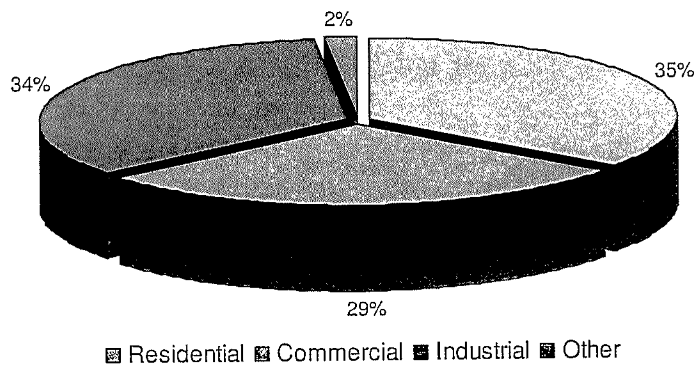
CUSTOMER PROFILE

AEP'S SERVICE TERRITORY ENCOMPASSES APPROXIMATELY 5.3 MILLION CUSTOMERS IN 11 STATES

Revenue by Company



Retail Revenue by Customer Class

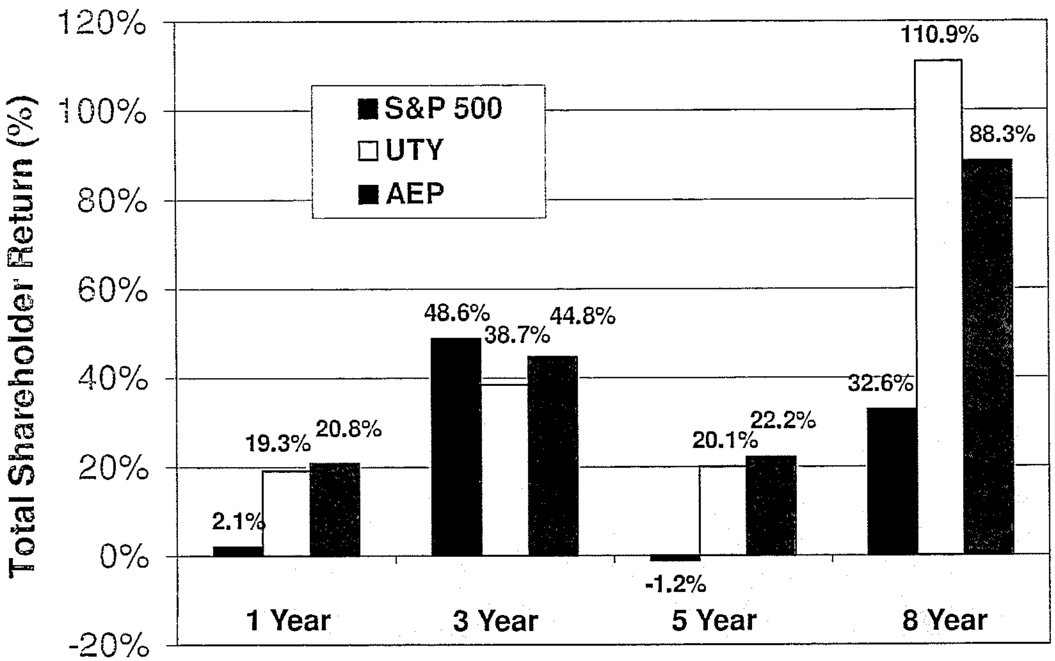


Top 10 Customers Across the AEP System By NAICS Code
331 Primary Metal Manufacturing
325 Chemical Manufacturing
324 Petroleum and Coal Products Manufacturing
212 Mining (except Oil and Gas)
322 Paper Manufacturing
326 Plastics and Rubber Products Manufacturing
311 Food Manufacturing
336 Transportation Equipment Manufacturing
211 Oil and Gas Extraction
486 Pipeline Transportation

Source: Form 10-K

AEP's track record since 2004

Total Shareholder Return



2004-2011 Period

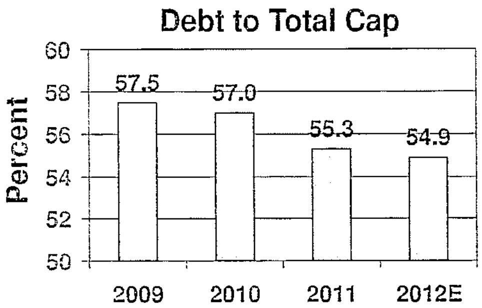
4.3% **Earnings CAGR**

4.1% **Dividend Growth CAGR**

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

AEP's financial strength

AEP®



55.3%
Year-end 2011
Debt to Total Cap

$3.25B Credit Facilities

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

Balance Sheet	Liquidity
Pension	Credit Ratings

86% Funded Status at Y/E 2011

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

Investment Grade Credit Rating

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

Solid investment grade credit profile

Summary of Rate Case Filing Requirements

	Arkansas	Indiana	Kentucky	Lousiana	Michigan	Ohio	Oklahoma	Tennessee	Texas	Virginia	West Virginia	FERC
GENERAL												
Time Limitations Between Cases	No	Yes	No	No	No	No	No	No	No	Yes	No	No
Period of Limitation (Months)	--	15	--	--	--	--	--	--	--	Note 1	--	--
Pancaking Permitted	No	No	No	No	No	Limited	No	No	No	No	No	Yes
Fuel Clause Renewal Frequency	Annually	Semi-Annually	Monthly	Monthly	Annually	Quarterly	Annually	Annually	Tri-Annually	Annually	Annually	--
Notice of Intent												
Prior PSC Notice Required?	Yes	Yes	Yes	No	Optional	Yes	Yes	Yes	Yes	Yes	Yes	No
Notice Period (days)	60	Varies	28	n/a	45	30	45	30	30	60	30	No
CASE COMPONENTS												
Base Case Test Year	Partially Projected	Historical	Forecast Optional	Historical	Forecast Optional	Partially Projected	Historical	Historical	Historical	Historical	Historical	Forecast Optional
Other												
Rates Effective Subject to Refund	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
Approx # of months after filing to implement rates subject to refund	10	--	6	8	Note 2	9	6	6	6	--	--	2 or 7

Note 1: No interim rates provided and rate cases must be filed no less than biennially; historical test year used.

Note 2: If no order is received within 180 days of the filing utility can implement interim rates, however they can not be implemented before the start of the test year.

Regulatory framework inherently produces recovery and return lag.

Recovery Mechanisms Across Jurisdictions

AEP®

	SO_2 Allowances*	NO_x Allowances*	CO_2 Allowances	GHG Offsets	Environmental Investment	Energy Efficiency	Renewables	Purchased Power	OATT
AEP East									
Indiana	ECCR Rider	ECCR Rider	ECCR Rider	ECCR Rider	CCTR/BR	Rider	FAC	FAC/BR	PJM Tracker
Kentucky	Surcharge	Surcharge	Surcharge	Surcharge	Surcharge	Surcharge		FAC	Base Rates
Michigan	PSCR	PSCR	PSCR	PSCR	Base Rates	Surcharge	PSCR/REP	PSCR	Base Rates
Ohio	FAC	FAC	FAC	FAC	SSO	Rider	FAC	FAC	TCRR
Tennessee	FERC Tariff	FERC Tariff	FERC Tariff	FERC Tariff	FERC Tariff			FERC Tariff	PPAR
Virginia	ERAC	ERAC	ERAC	ERAC	ERAC/BR	RAC	RPSRAC	FAC/BR	TRAC
West Virginia	ENEC	ENEC	ENEC	ENEC	ENEC/BR	Rider	ENEC	ENEC	ENEC
AEP West									
Arkansas	ECR	ECR	FAC	FAC	Surch/BR	EECR	FAC	ECR/BR	Base Rates
Louisiana	EAC	EAC	Rider	Rider	Formula BR		FAC	EAC/FRP	Formula BR
Oklahoma	Base Rates	Base Rates	Base Rates	Base Rates	Base Rates	Rider	FAC	FAC/PPC	Base Rates
Texas(SWP)	Base Rates	Base Rates	Base Rates	Base Rates	Base Rates	EECRF	FAC	FAC/BR	TCRF

* - For certain jurisdictions where necessary, confirmation of the replacement of CAIR with CSAPR is occurring with applicable commissions

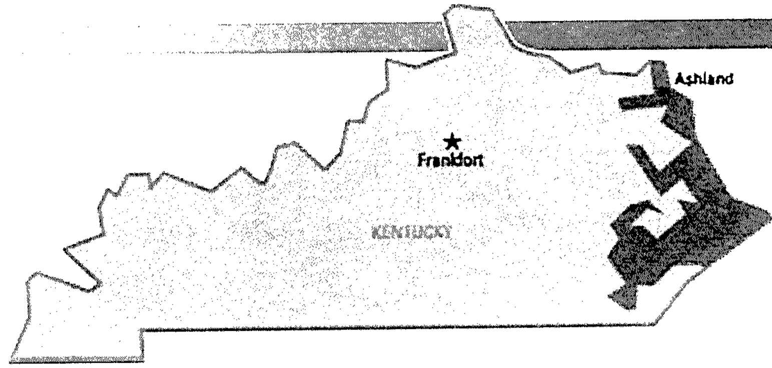
ECCR	Environmental Compliance Cost Rider
CCTR	Clean Coal Technology Rider
BR	Base Rates
FAC	Fuel Adjustment Clause
PSCR	Power Supply Cost Recovery Rider
REP	Renewable Energy Plan
SSO	Standard Service Offer
TCRR	Transmission Cost Recovery Rider
PPAR	Purchased Power Adjustment Rider
ERAC	Environmental Rate Adjustment Clause
RAC	Rate Adjustment Clause
RPSRAC	Renewable Portfolio Standard Rate Adjustment Clause
TRAC	Transmission Rate Adjustment Clause
ENEC	Expanded Net Energy Cost
ECR	Energy Cost Recovery Rider
EECR	Energy Efficiency Cost Rate
FRP	Formula Rate Plan
PPC	Purchased Power Capacity Rider
EECRF	Energy Efficiency Cost Recovery Rider
TCRF	Transmission Cost Recovery Factor

Kentucky Power

Kentucky Power Company

President and Chief Operating Officer:
Greg Pauley

Since August 2010
Previously Director – Public Policy



Kentucky Power Company (KPCo)

(organized in Kentucky in 1919) is engaged in the generation, transmission and distribution of electric power to approximately 173,000 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, 2010, KPCo had 417 employees. In addition to its AEP System interconnections, KPCo is interconnected with the following unaffiliated utility companies: Kentucky Utilities Company and East Kentucky Power Cooperative Inc. KPCo is also interconnected with TVA. KPCo is a member of PJM.

PRINCIPAL INDUSTRIES SERVED:
Petroleum Refining
Coal Mining
Primary Metals
Chemical Manufacturing
Mining Support Activities

Total Customers at 12/31/10:	
Residential	141,500
Commercial	30,000
Industrial	1,000
Other	500
Total	173,000
Generating Capacity	1,078 MW
Generating Capacity by Fuel Mix:	
• Coal:	100%
Transmission Miles	1,250
Distribution Miles	9,999

Kentucky Power Company

AEP®

CAPITAL STRUCTURE (in thousands)

CAPITAL STRUCTURE	2009			2010			2011		
	Debt	Equity	Total	Debt	Equity	Total	Debt	Equity	Total
Capitalization Per Balance Sheet	549,207	431,784	980,991	548,888	446,216	995,104	549,055	460,416	1,009,471
% of Capitalization Per Balance Sheet	56.0%	44.0%	100.0%	55.2%	44.8%	100.0%	54.4%	45.6%	100.0%
FFO Interest Coverage			4.20			3.48			3.89
FFO Total Debt			19.9%			16.6%			19.5%

2011 Financial Data* (in thousands)

Total Revenue	$	729,000
% of AEP Retail		5%
Net Income	$	42,000
Capital Expenditures	$	66,000

2011 Asset Data* (in thousands)

	As of 12/31/2011	
Total Assets	$	1,593,984
Net Plant Assets	$	1,181,411
Cash	$	778

Operating Information**

2010 retail electric sales in megawatt-hours	7,348,529
2010 firm wholesale sales in megawatt-hours	101,493
2010 average cost per kilowatt-hour (residential)	8.64 cents
2010 System Peak – January 8	1,543 MW

Sources: * 2011 Annual Report
** 2010 FERC Form 1

Kentucky Power Company

AEP®

KENTUCKY INVESTOR OWNED UTILITIES *

KPCo	**174,580**
Duke Energy Kentucky	135,213
Kentucky Utilities	514,824
LG & E	395,868

* Customer counts are as of December 31, 2010 and were sourced from table 10 at http://www.eia.doe.gov/cneaf/electricity/esr/esr_sum.html

TYPICAL BILL COMPARISON **

Duke Energy Kentucky	78.16
Kentucky Utilities	81.89
LG&E	88.78
KPCo	**99.99**

** Typical bills are displayed in $/month, based on 1,000 kWh of residential usage. Billing amounts sourced from the EEI Typical Bills and Average Rates Report as of July 1, 2011.

MAJOR CUSTOMERS:

Cattletsburg Refining LLC
AK Steel Corp
Markwest Energy Appalachia LLC
Air Products & Chemicals Inc.
Sidney Coal Company Inc.
KES Acquisitions Company
McCoy Elkhorn Coal Corp.

(Data for year ended December 2011)

Top 10 customers = 67% of industrial sales
Metropolitan areas account for 40% of ultimate sales
69 persons per square mile (U.S. = 87)
(Data for 12 months ended December 2011)

Kentucky Power Company

AEP®

Kentucky Public Service Commission

Commissioners

Number: 3	Appointed/Elected: Appointed	Term: 4 Years	Political Makeup: R: 1 D:1

Qualifications for Commissioners

Typically three members, appointed by the governor and confirmed by the state senate for four years, staggered terms, full-time positions. The governor appoints one of the three as chairman and another of the three as vice chairman to serve in the chairman's absence. Not more than two members of the KPSC shall be of the same profession or occupation.

Commissioners

David L. Armstrong, Chairman (Dem.), since 2008; current term expires June 2015. Former practicing attorney in private practice. Board member of NARUC and serves on its Electricity Committee and the Subcommittee on Clean Coal Technology. J.D. from University of Louisville Brandeis School of Law. Mr. Armstrong is also the former Mayor for the city of Louisville, KY (1999-2003).

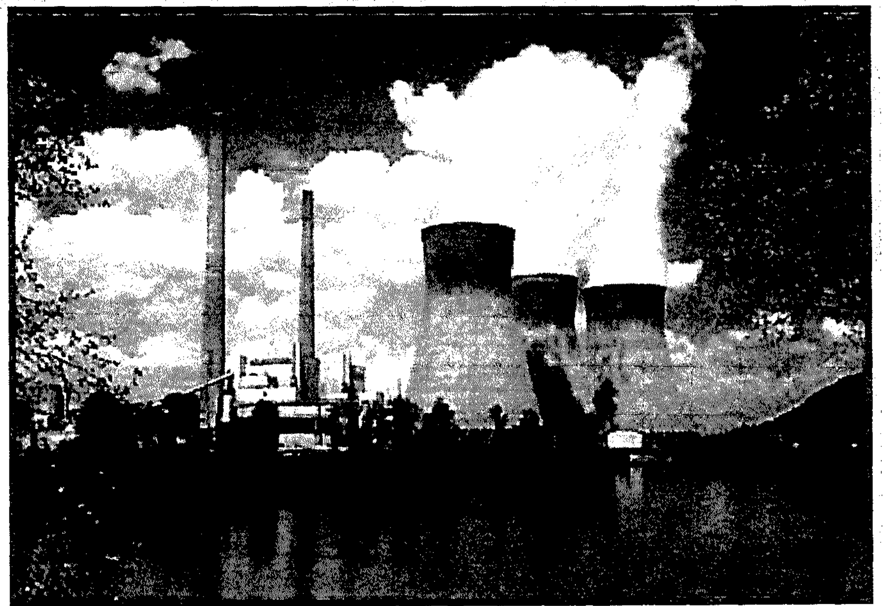
James W. Gardner, Vice Chairman (Rep.), since 2008; current term expires July 2012. Prior to joining the PSC Mr. Gardner was a partner at the law firm Henry Watz Gardner & Sellars PLLC where he specialized in bankruptcy law. JD degree from the University of Kentucky College of Law.

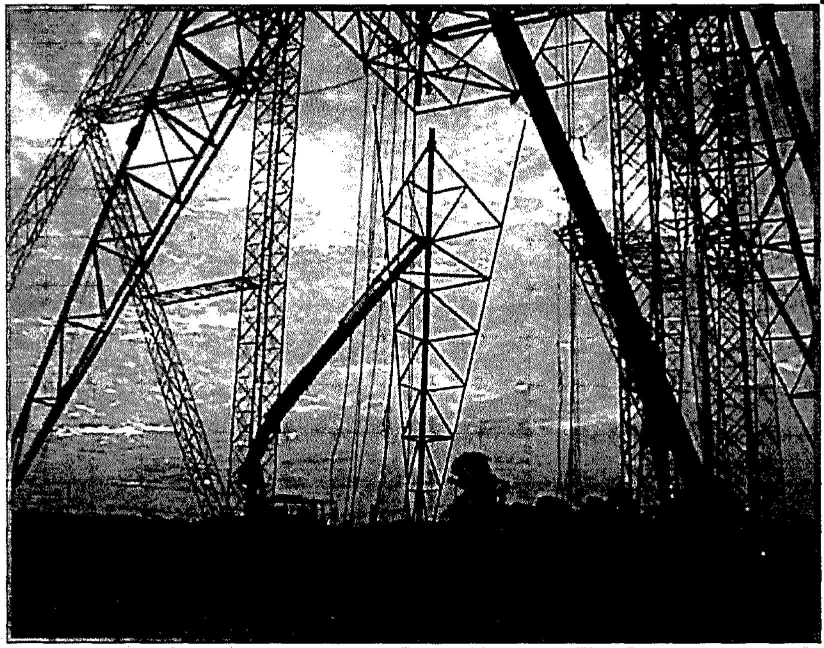
Vacant. The third commissioner's spot is currently vacant, following the retirement of Charles Borders, Commissioner (Rep.) in December 2011. His four-year term would have expired in June 2013.

AEP Regulatory Status

KPCo provides service at regulated bundled rates in Kentucky. Kentucky has an environmental surcharge to recover approved environmental costs and it has an active fuel clause. Kentucky also has an OSS sharing mechanism and a monthly adjustment clause in place for DSM.

AEP AMERICAN® ELECTRIC POWER





Meeting

with

Moody's Investors Service

New York, NY

September 21, 2012

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Overall Company Update

Total Assets – Regulated/Competitive

TOTAL ASSETS, based on Y/E 2011 in 2014 business structure *

* Subsequent to corporate separation

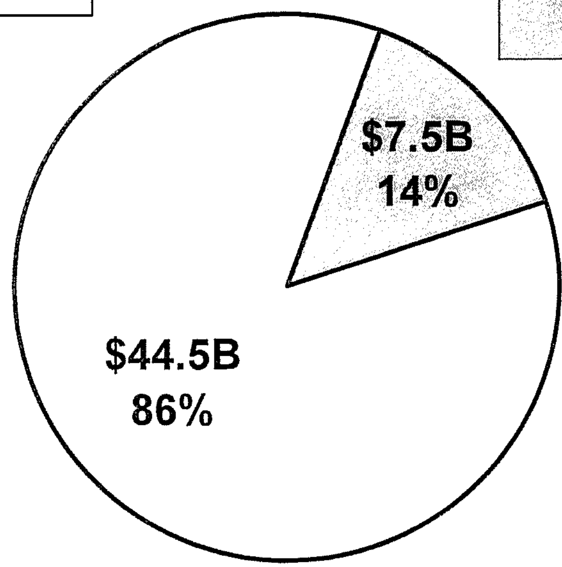
Regulated Companies

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

Regulated Generation Co
AEP Generating Company

Wires Companies
Ohio Power
Texas Central
Texas North

Transmission Companies
AEP Ohio Transco
AEP Indiana Michigan Transco
AEP Oklahoma Transco
AEP Virginia Transco
AEP West Virginia Transco
Joint Ventures (ETT, Pioneer, Transource, etc.)



Competitive Companies

Power Related
AEP Generation Resources
AEP Energy

Bulk Commodity Transport
AEP River Operations

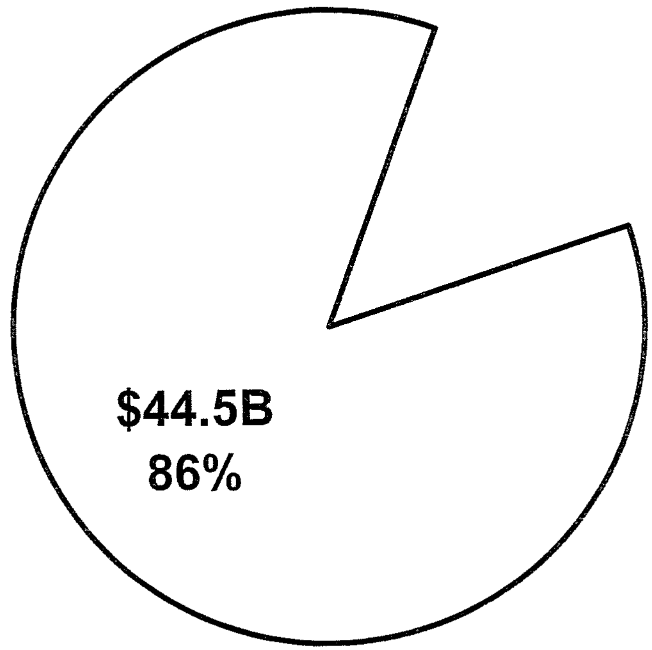
Transmission Companies Awaiting Approval
AEP Southwestern Transco (AR, LA)
AEP Kentucky Transco

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

Management Focus on Execution

- Operating Company Focus – strengthen local relationships, earn allowed returns, allocation of capital, rate base growth
- Obtain additional regulatory approvals for state Transcos (KY, AR, LA) and JVs
- Focus on prudency, reliability, financial discipline and capital efficiency
- Significant focus on O&M rationalization – repositioning study on-going

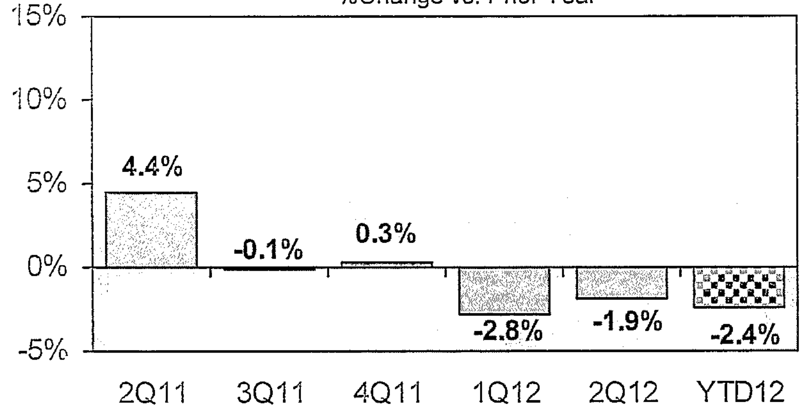
Regulated Total Assets, post corporate separation



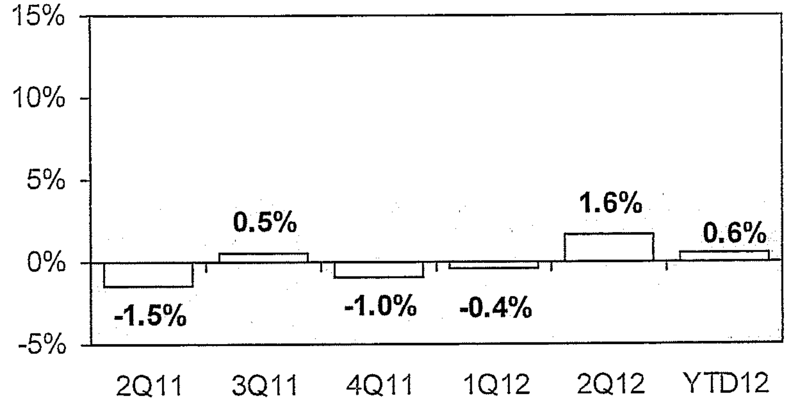
Operating company line-of-sight drives results

Normalized Load Trends

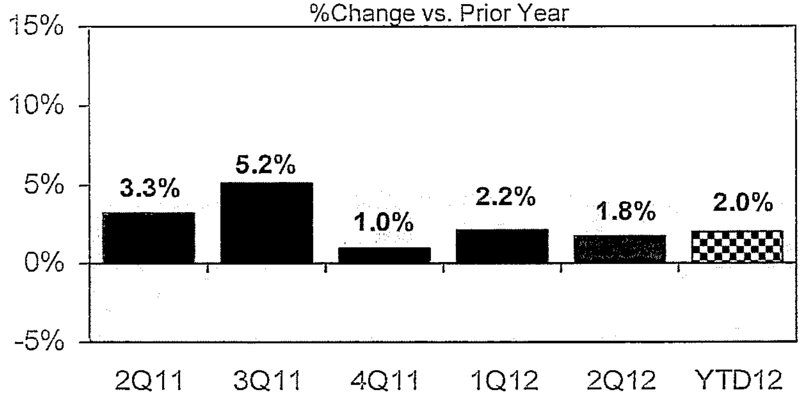
AEP Residential Normalized GWh Sales
%Change vs. Prior Year



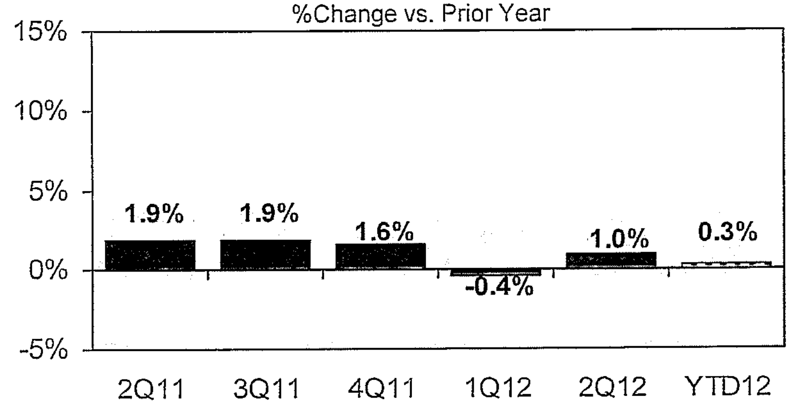
AEP Commercial Normalized GWh Sales
%Change vs. Prior Year



AEP Industrial Normalized GWh Sales
%Change vs. Prior Year



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



Note: Chart represents connected load

*includes firm wholesale load

Industrial and Commercial growth; Residential decline

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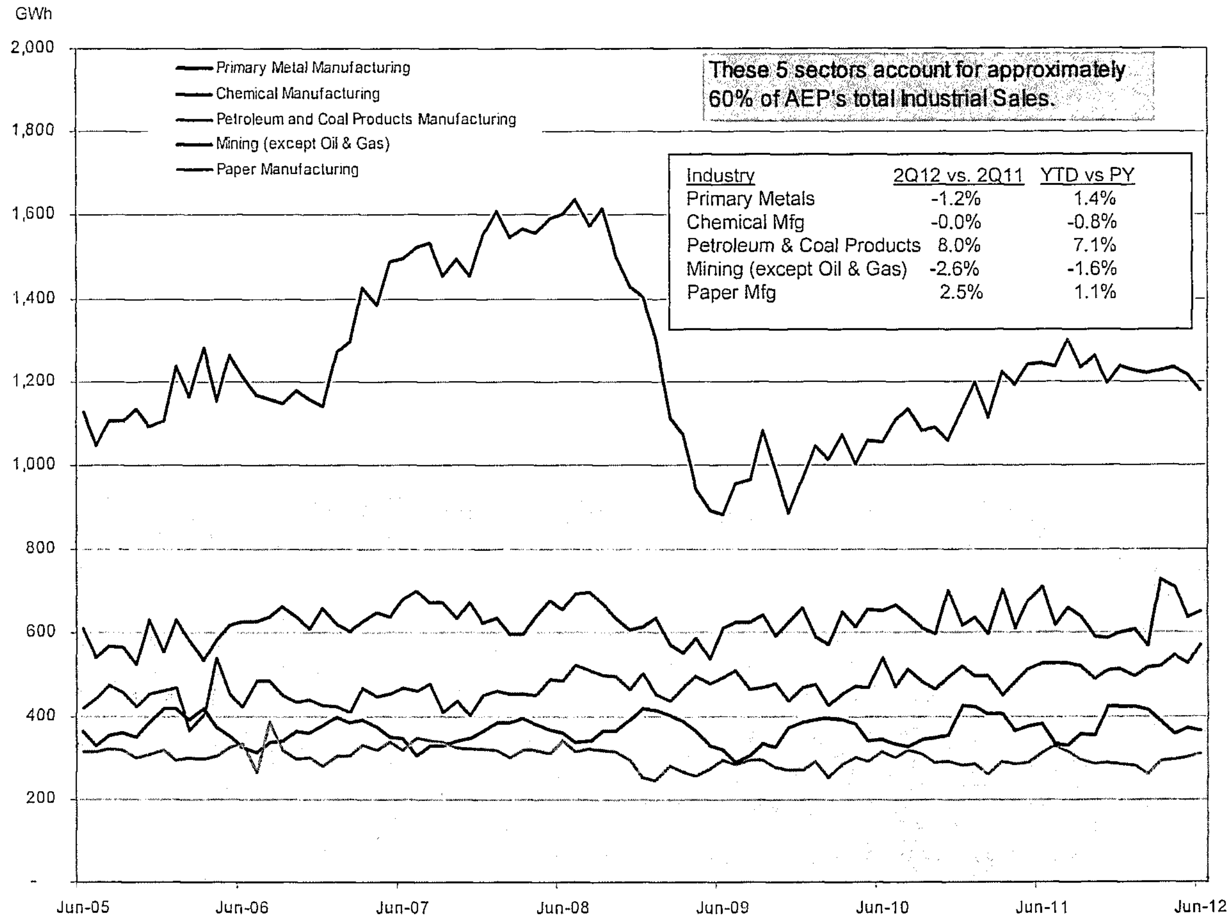
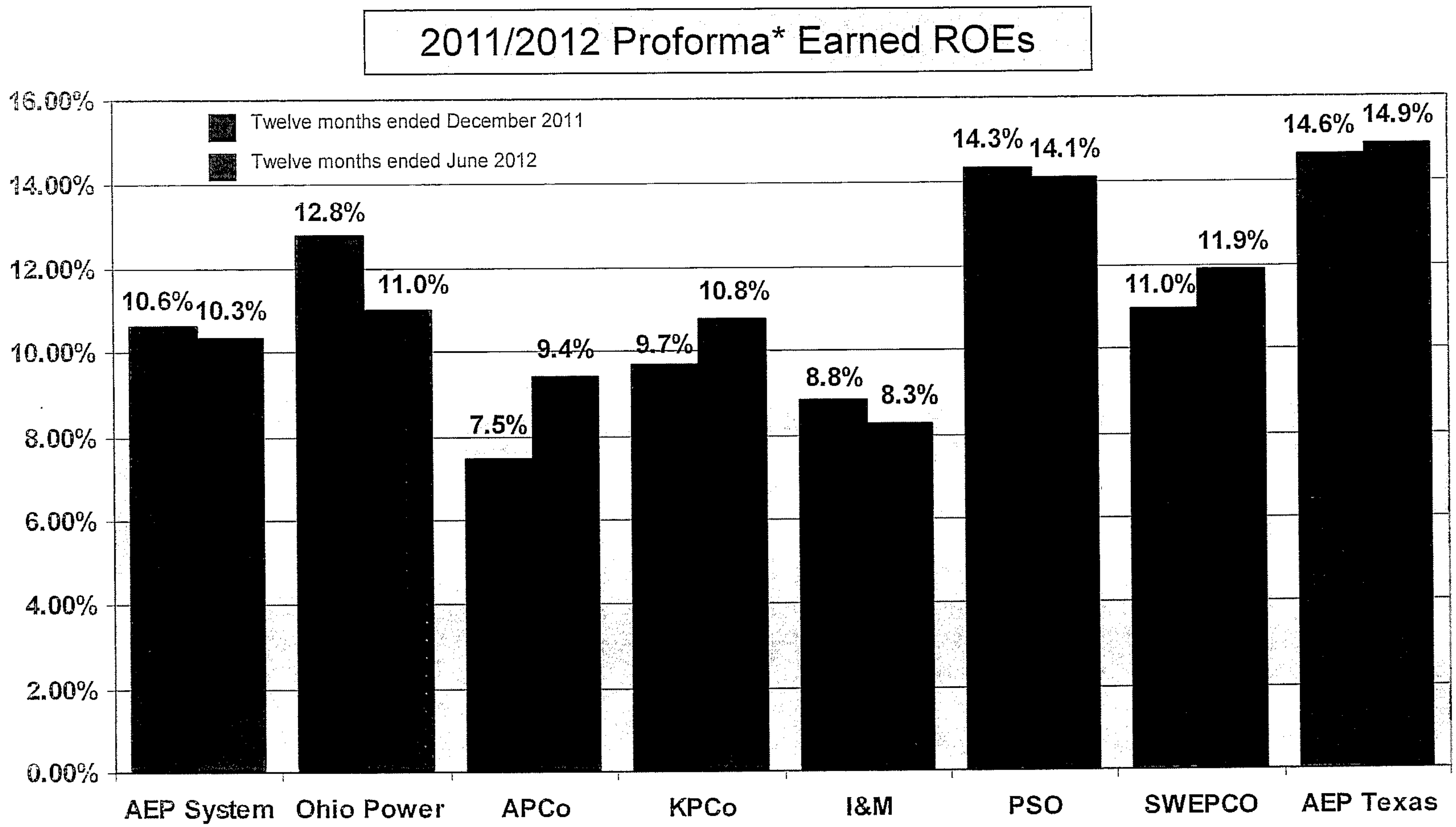
Industrial Sales Volumes

AEP Industrial GWh by Sector



Industrial sales continue to improve

Earned ROEs

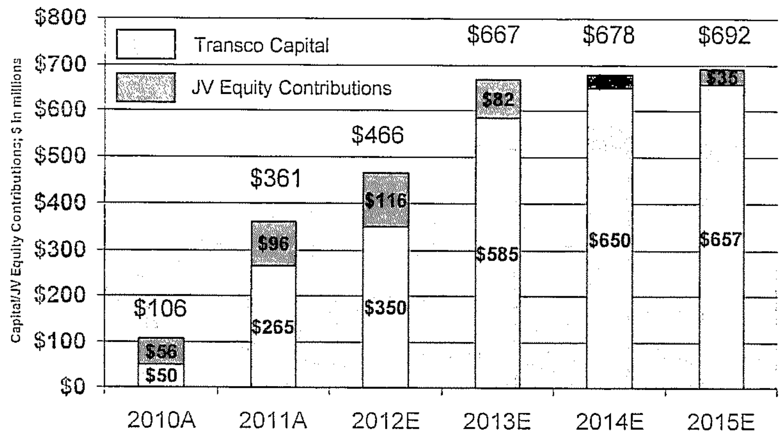


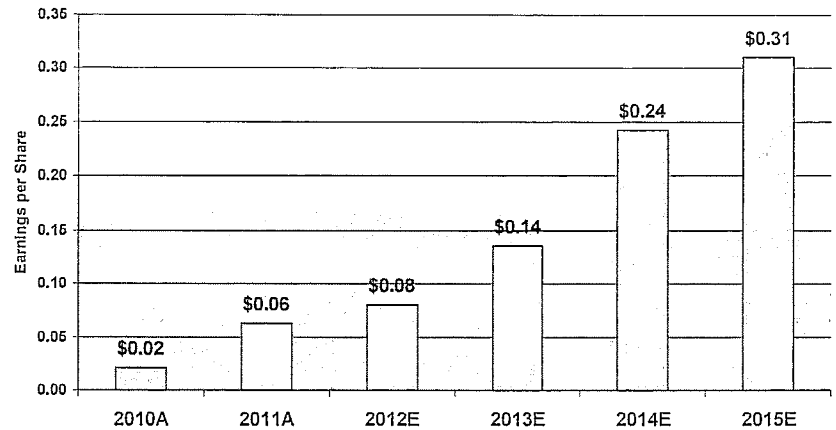
* pro-forma adjusts GAAP results by eliminating any material nonrecurring items

Our portfolio diversity helps maintain system ROE above 10 percent

Two Areas of Regulated Rate Base Growth Focus

Transmission CAPEX & EPS for 2010-2015 period *

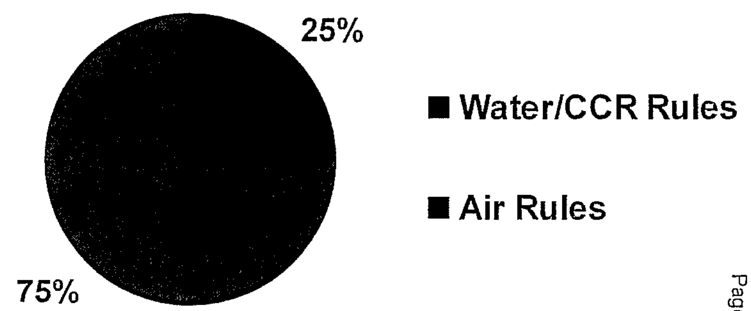




* Excludes AFUDC

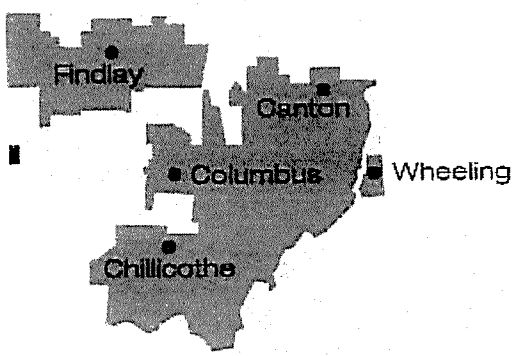
- Expected 2012-2020 regulated environmental capex of $5 - $6B
- Retire ~3,000MW regulated plants
- Add new capacity – Dresden NG Combined Cycle Plant, Turk Ultra-Supercritical Coal Plant
- Recent CSAPR decision has minimal impact on capital plans

Environmental CAPEX by Rule for 2012-2020 period



AEP Ohio Regulatory Update

AEP OHIO
A unit of American Electric Power



- Capacity order received July 2, 2012
- ESP 1 fuel deferral (PIRR) order received August 1, 2012
- ESP 2 order received August 8, 2012
- Corporate separation order pending approval at PUCO
- Re-hearings for capacity, PIRR and ESP orders in process
- Corporate separation filings will be made at the FERC after the PUCO order is received

Targeting corporate separation as of January 1, 2014

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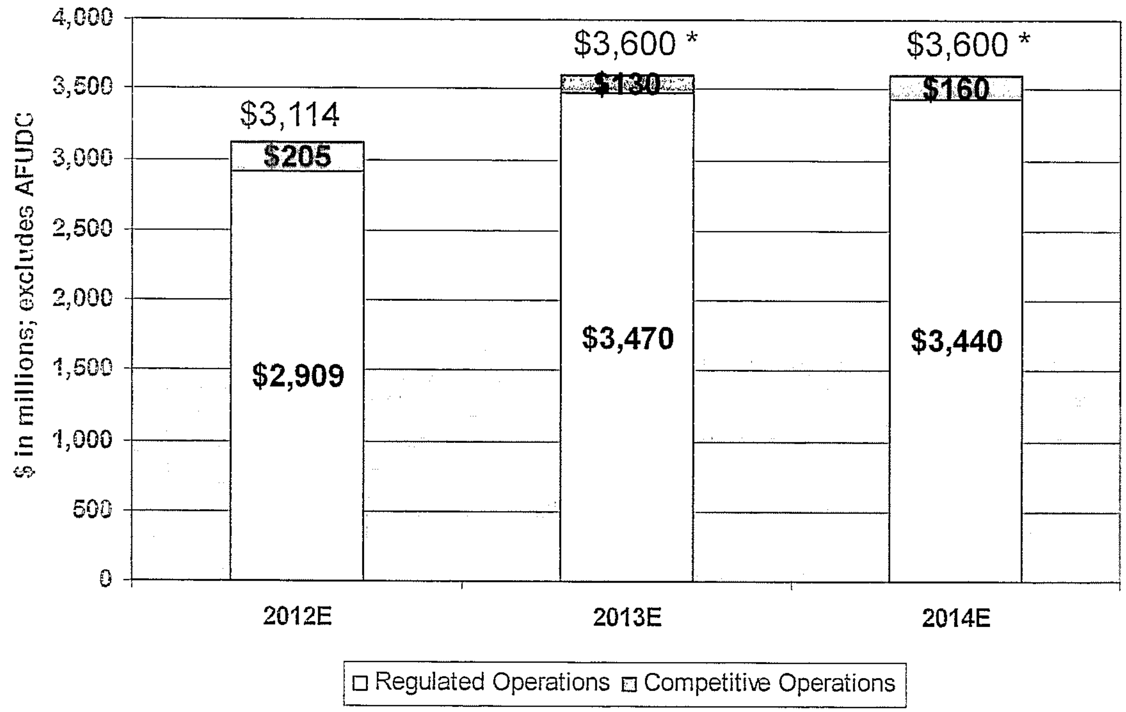
AEP System Capital Spending



* - represents midpoint of capital range previously disclosed of $3.5B - $3.7B

Regulated Operations

- Cumulative change in net regulated PP&E from 2011 to 2014 is $6.5B
- 6.4% CAGR in net regulated PP&E from 2011 to 2014
- Regulated ROEs range from 9.96% to 11.49%

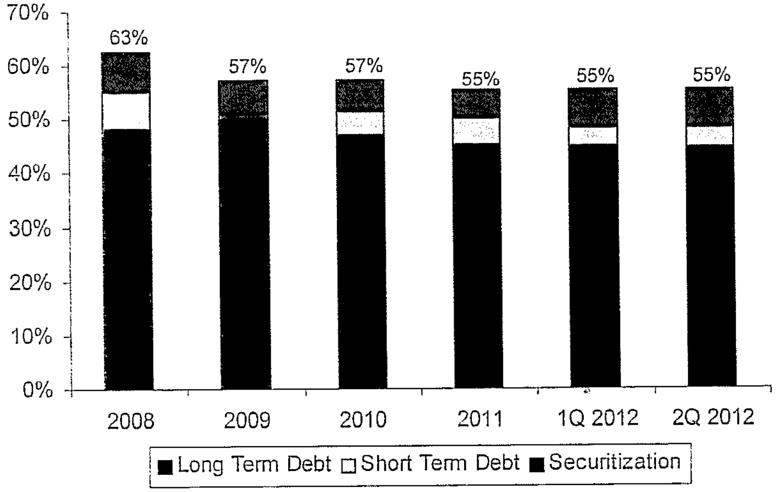
Competitive Operations

- Unregulated generation capital is under review due to the change in business environment

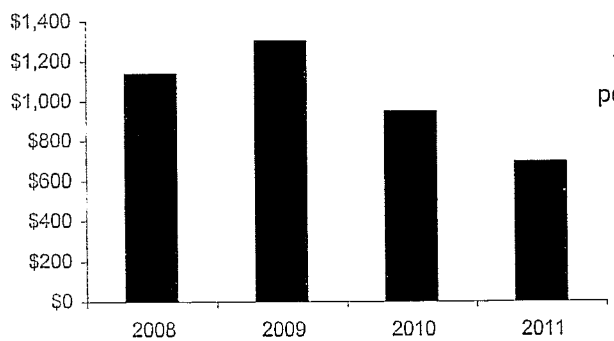
Regulated capital spending supports earnings growth of 4 – 6%

Capitalization & Liquidity

Total GAAP Debt / Total Capitalization



Underfunded Pension Liability



Year-end 2011 pension funded at 86%

Credit Statistics

	Actual	Target
FFO Interest Coverage	4.7	>3.6x
FFO To Total Debt	19.9%	15%- 20%

Note: Credit statistics represent the trailing 12 months as of 06/30/2012

Liquidity Summary (06/30/2012)

Liquidity Summary (unaudited)		**Actual**	
($ in millions)		Amount	Maturity
Revolving Credit Facility	$	1,750	Jul-16
Revolving Credit Facility		1,500	Jun-15
Total Credit Facilities		**3,250**	
Plus			
Cash & Cash Equivalents		297	
Less			
Commercial Paper Outstanding		(550)	
Letters of credit issued		(167)	
Net available Liquidity	$	**2,830**	

Strong balance sheet, solid credit metrics and adequate liquidity; rating agencies monitoring Ohio regulatory decisions

Summary of Discussion

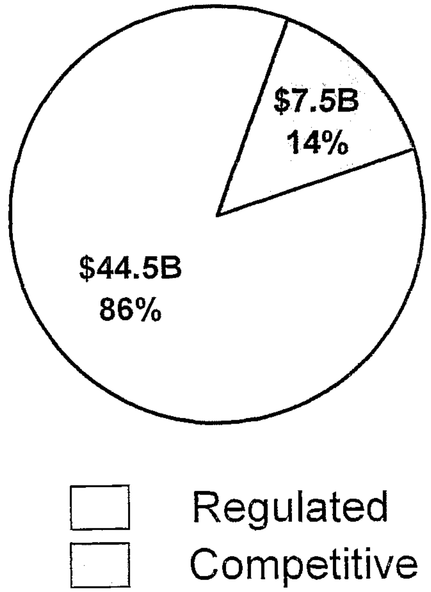
- Regulated companies offer 4 - 6% growth in net PP&E
  - Operating company model
  - Improved recovery mechanisms
  - Regulated fleet transformation
  - Efficient allocation of capital

- Ohio transition moving towards clarity and a path forward
  - Awaiting conclusion of PUCO rehearing process in the capacity, fuel (PIRR) and ESP cases
  - Awaiting a PUCO order in the corporate separation case
  - Targeting finalization of corporate separation as of 1/1/2014

- Competitive operations
  - Retirements due to environmental rules
  - Low-emitting natural gas and controlled coal fleet in 2015
  - Retail and wholesale platform for hedging and growth

- Total return opportunity of 8-10%
  - 4 – 6% regulated earnings growth
  - Slightly offset by reduced returns at AEP Ohio
  - 4+% dividend yield

TOTAL ASSETS, Y/E 2011 in 2014 business structure *



* Subsequent to corporate separation

Ohio Update

Summary of ESP Order

- Frozen Base Generation Rates
- Retail Stability Rider (non-bypassable)
  - $3.50/MWh through May 31, 2014
  - $4.00/MWh through May 31, 2015
- Deferral Collection Mechanisms
  - Capacity deferral: $1.00/MWh of RSR applied to capacity deferral with any remaining balance at the end of the ESP collected over a three-year period
  - ESP 1 fuel deferral: collected September 1, 2012 – December 31, 2018, with securitization encouraged by the PUCO
- Distribution Investment Rider
  - Capped at $29M in 2012; $104M in 2013; $124M in 2014 ; $52M in 2015 (offset by ADIT)
- SEET threshold – 12% ROE
- Fuel Adjustment Clause
- Generation Resource Rider placeholder
- Energy Auctions at defined periods

Credit Ratios - Transition

	2011	2012	2013	2014	2015	
Ohio Power (vertically integrated)						
FFO/Debt	25.9%	24.8%	25.1%			OP metrics remain strong thru transition
Debt/Cap	47.7%	46.1%	45.7%			
FFO Interest Coverage	5.69	5.63	4.95			
Ohio Power (wires)						
FFO/Debt				10.0%	21.0%	OP wires recovers post transition
Debt/Cap				64.0%	62.8%	
FFO Interest Coverage				2.48	4.71	
AEP Parent						
FFO/Debt	18.5%	20.7%	15.2%	15.1%	15.9%	Consolidated remains in mid-teens range
Debt/Cap	55.3%	55.4%	56.1%	55.8%	55.9%	
FFO Interest Coverage	4.59	4.93	3.89	3.82	3.95	
AEP Generation Resources						
FFO/Debt				33.9%	34.6%	GenCo conservatively financed
Debt/Cap				33.6%	31.3%	
FFO Interest Coverage				10.80	7.07	
APCO						
FFO/Debt	12.0%	18.1%	14.9%	18.1%	19.9%	APCO benefits from transfer
Debt/Cap	57.2%	56.7%	55.6%	54.5%	52.7%	
FFO Interest Coverage	3.22	4.57	4.19	4.29	4.50	
Kentucky						
FFO/Debt	19.5%	17.2%	8.4%	15.1%	13.6%	KYPO benefits from transfer
Debt/Cap	54.4%	54.2%	54.3%	53.8%	53.3%	
FFO Interest Coverage	3.89	3.77	2.66	3.74	3.39	

APCO/KPCO assume year end debt issuance for transfer of Amos and Mitchell

Ohio Power Debt - Transition

YEAR-END DEBT BALANCE

Assumes 2016 bond retirement and partial tender of 2018 bond with securitization

	2011	2012	2013	2014	2015
Ohio Power LTD (vertically integrated)	$4,062	$3,926	$3,109	xx	xx
Ohio Power LTD (wires)	xx	xx	xx	$1,579	$1,634
Ohio Power (securitized debt)	xx	xx	$267	$666	$573
AEP Parent	xx	xx	$1,200	xx	xx
AEP Generation Resources	xx	xx	xx	$1,100	$1,100
Appalachian Power/Kentucky Power	xx	xx	$915	$915	$915
Total Debt	$4,062	$3,926	$5,224	$3,594	$3,649
Debt at AEP/Subsidaries	$4,062	$3,926	$4,957	$2,928	$3,076
Securitized Debt	xx	xx	$267	$666	$573

← Securitization of Reg Assets and PIRR

← Permanent financing, not necessarily at GenCo

Temporary AEP credit line

Mitchell/Amos debt

Liquidity During Transition

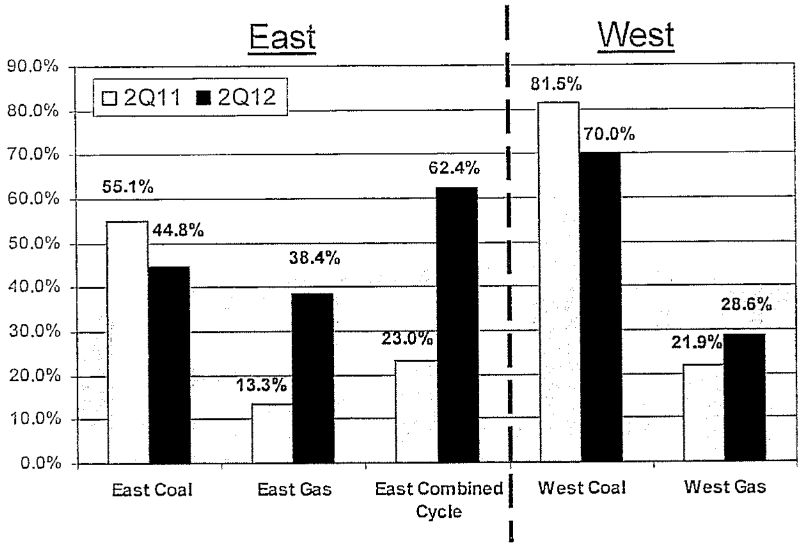
- $1.2B transitional credit line established to fund Ohio Power maturities
  - Used to exclusively fund Ohio Power maturities
  - Capacity in addition to AEP's $3.25B credit lines due in 2015-2016 timeframe
  - AEP's total credit capacity will equal $4.45B during the transition period
  - Intercompany notes between Ohio Power and AEP as line is drawn; permanent financing will repay bank lines

- Credit line terms
  - In place by early 2013; discussions already begun with key relationship banks
  - 24 month term loan expected
  - Pricing consistent with current bank environment
  - Line paid with funds from recapitalization process, securitization and permanent financing

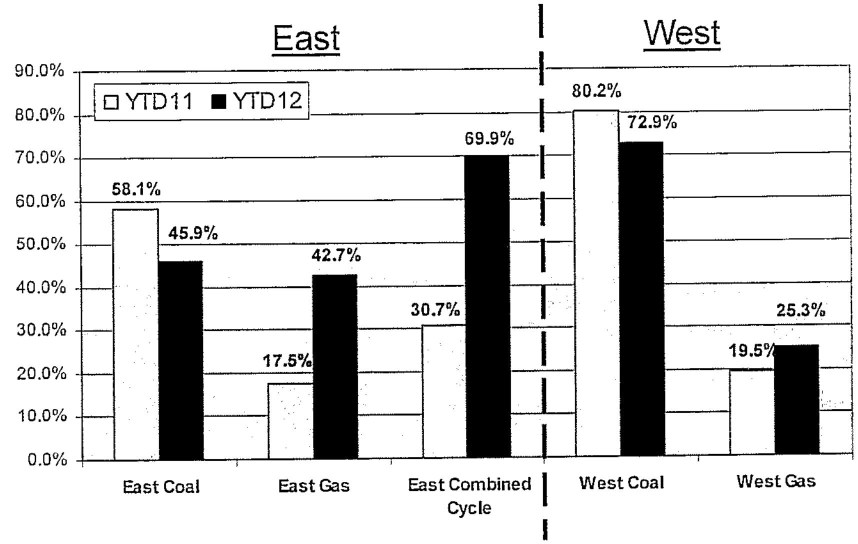
Appendix

Coal to Gas Switching

2Q12 vs. 2Q11 Capacity Factor



YTD 2012 vs. 2011 Capacity Factor

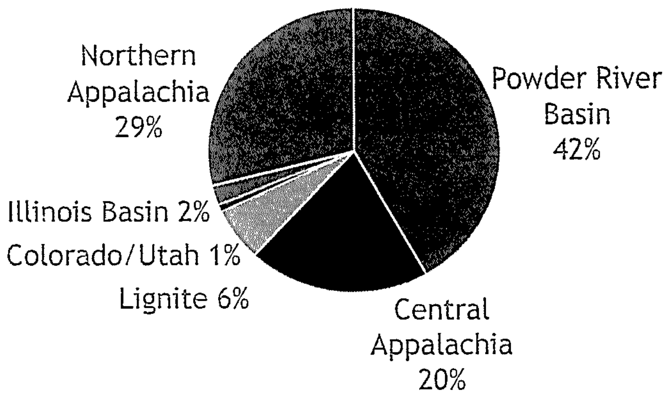


- Overall generation from natural gas has increased over 80 percent
- East combined cycle statistics include the addition of the Dresden Plant, which came on line in February 2012
- 48 days system average coal inventory at June 30, 2012
- Coal fully hedged for 2012; approximately 90% hedged for 2013

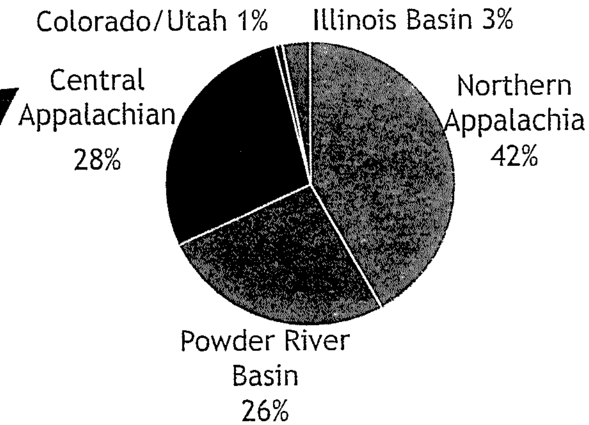
Ability for additional coal to gas switching in AEP East fleet is minimal

Coal Procurement – 2012 Projected

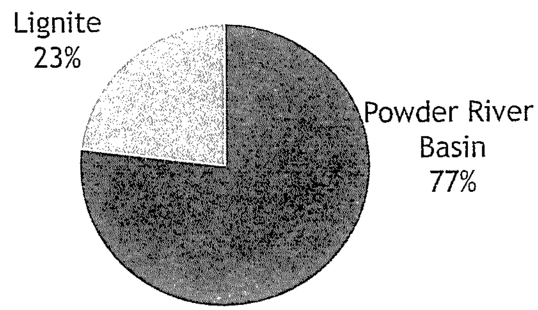
Total AEP System



AEP East



AEP West



Coal Stats:

- ❑ fully contracted for 2012 and 90% contracted for 2013
- ❑ Avg. system delivered price ~ $47/ton in 2011
  - East ~ $55/ton, West ~ $30/ton
- ❑ System price increase of approximate 4% in 2012 ~ $49/ton
  - East ~ $56/ton, West ~ $31/ton

Transmission Investment Portfolio

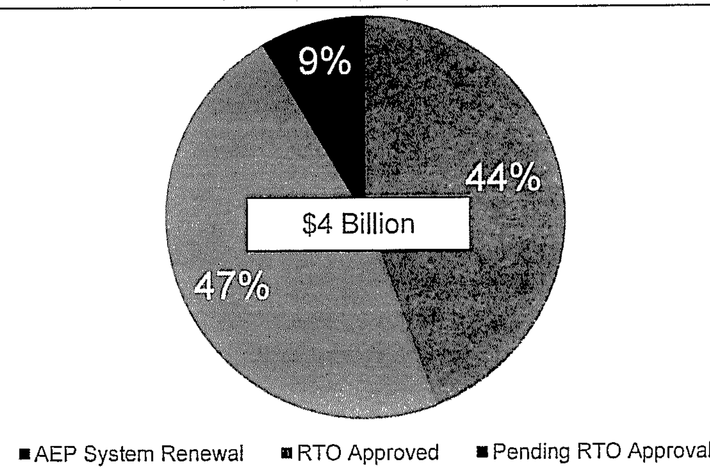
- AEP Transmission's investment portfolio is focused on near term projects and follows a diversified approach to capital investment. Investments include:
  - Replacement of aging infrastructure
  - System renewal and lower voltage projects to improve local reliability
  - RTO mandated projects to support regional reliability (current investment portfolio includes over $2 billion in RTO mandated projects)

- AEP has established cost recovery mechanisms that allow for timely recovery on base transmission investment

RTO Approved Projects greater than $100MM	RTO	Investment $ MM	In-Svc Date
Vessel	PJM	$239	2014
Sorenson	PJM	$200	2015
Sporn-Muskingum	PJM	$200	2015
Amos-Kanawha	PJM	$180	2015
North Fork	PJM	$100	2016
Jacksons Ferry	PJM	$100	2015
Turk	SPP	$137	2012
Valliant NW Texarkana	SPP	$128	2014
Shipe Road - Kings River	SPP	$100	2016
Valley 345 kV	ERCOT	$313	2015

Indicates project under construction

AEP Transmission Investment Portfolio, 2012 - 2015



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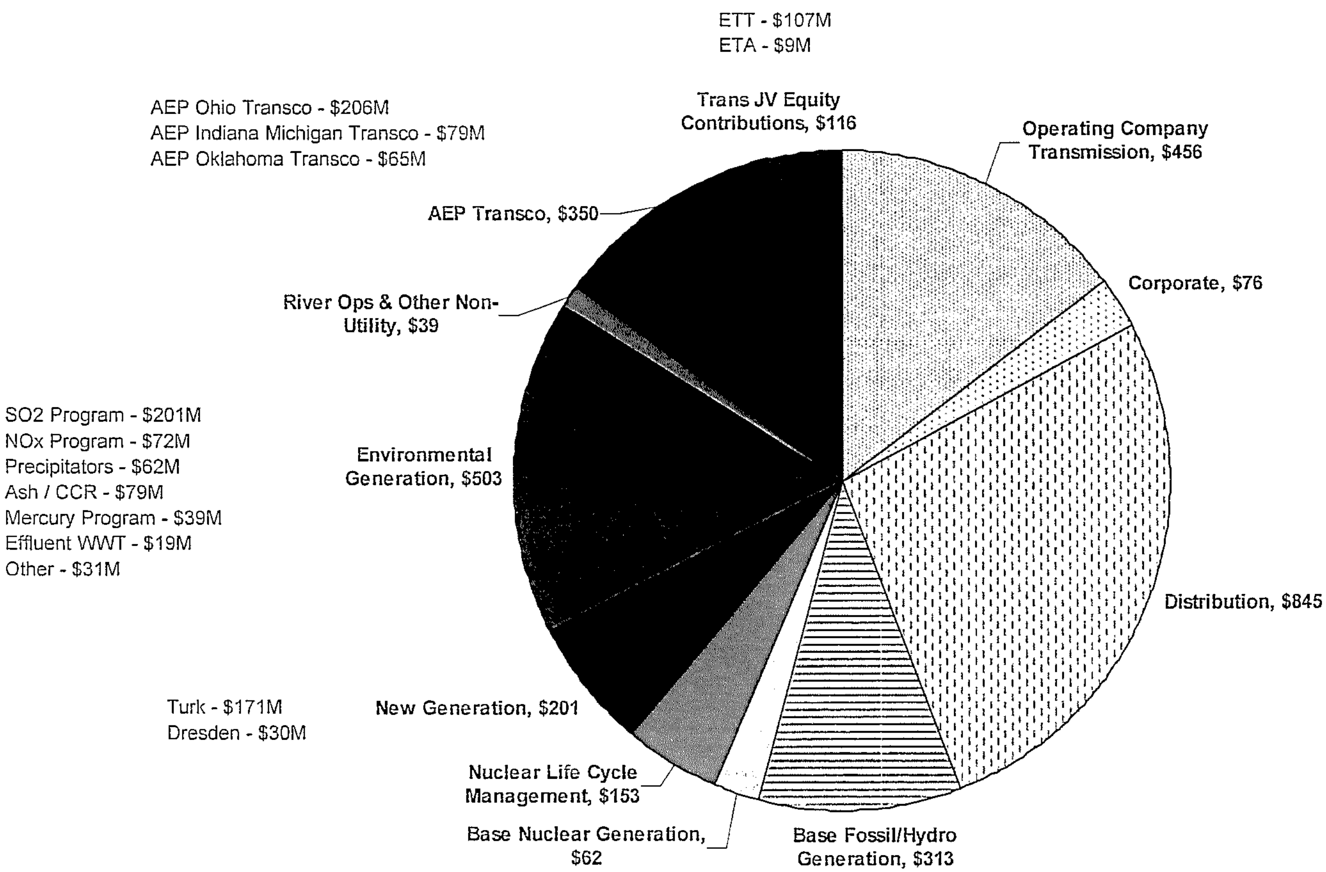
2012 Total System Capital



* Excludes AFUDC

Total 2012 Capital & Equity Contributions of $3.1B

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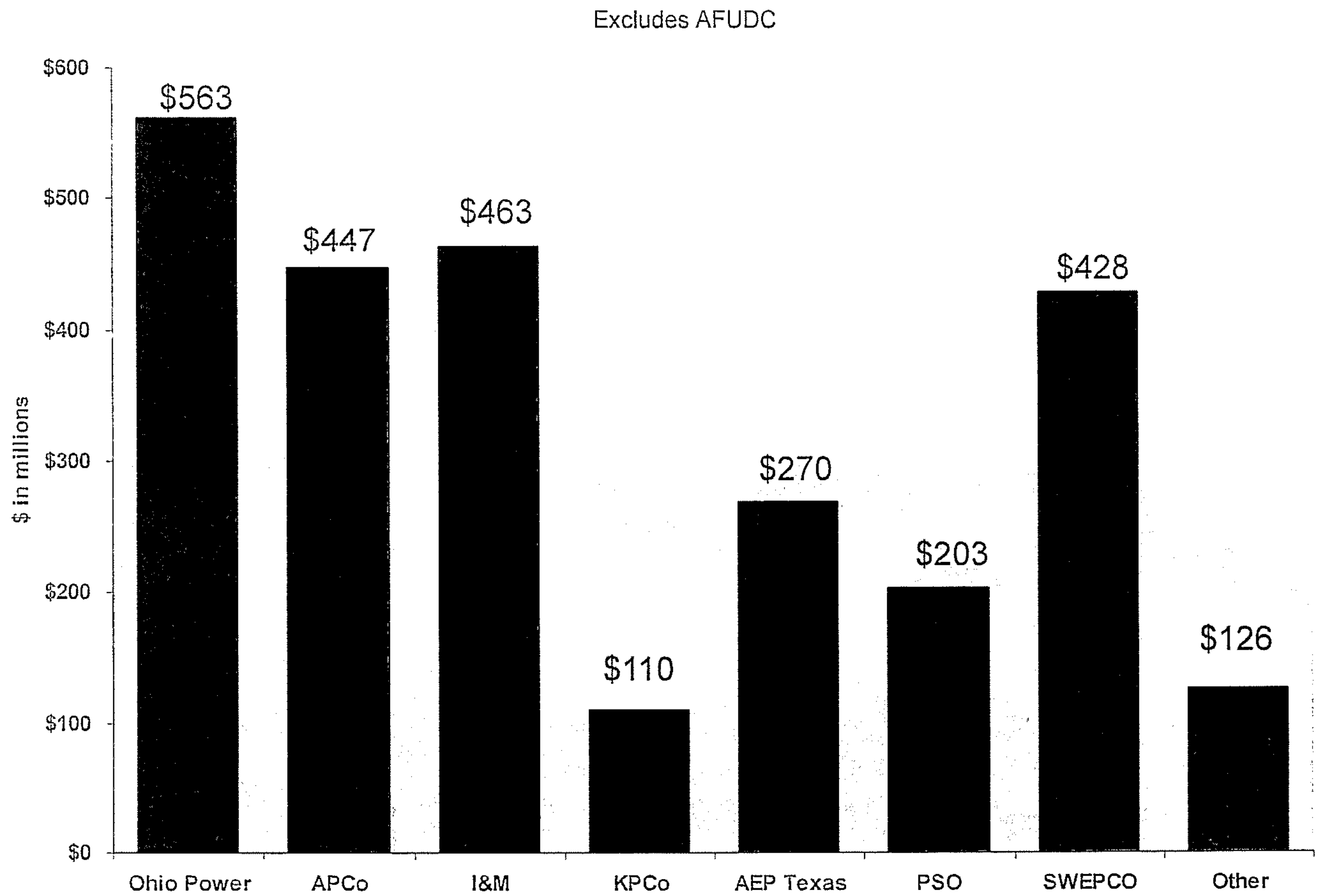
2012 Capital by Operating Company



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

Long-term Debt Maturities

($ in millions)

Year	2012	2013	2014	2015
AEP, Inc.	-	-	-	$243
AEP Generating Company	-	-	$45	-
Appalachian Power	-	$470	$204	$500
Indiana Michigan Power	$100	$77	$275	$176
Kentucky Power	-	-	-	-
Ohio Power	-	$856	$404	$86
Public Service of Oklahoma	-	-	$34	-
Southwestern Electric Power	-	-	-	$304
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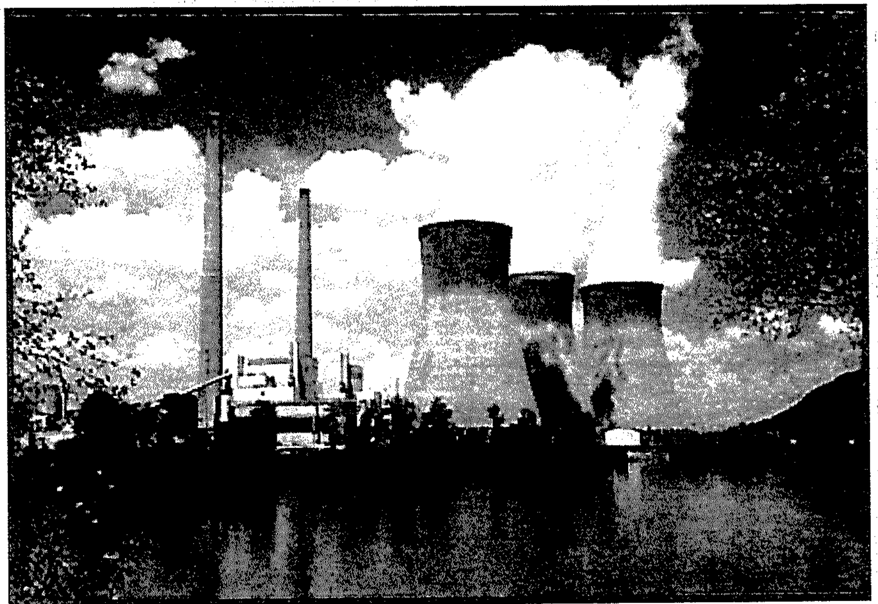
Texas North Company	-	$225	-	-
Total	$100	$1,628	$962	$1,308

Includes mandatory tenders (put bonds)

Data as of August 31, 2012

AEP AMERICAN® ELECTRIC POWER



Meeting

with

Standard & Poor's

New York, NY

September 21, 2012

Overall Company Update

Total Assets – Regulated/Competitive

TOTAL ASSETS, based on Y/E 2011 in 2014 business structure *

* Subsequent to corporate separation

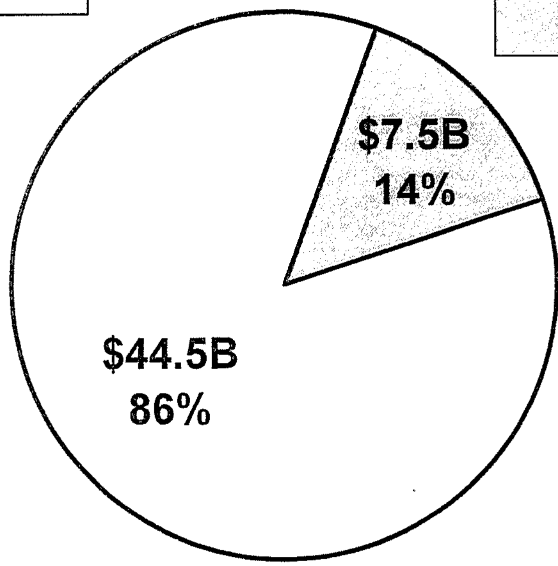
Regulated Companies

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

Regulated Generation Co
AEP Generating Company

Wires Companies
Ohio Power
Texas Central
Texas North

Transmission Companies
AEP Ohio Transco
AEP Indiana Michigan Transco
AEP Oklahoma Transco
AEP Virginia Transco
AEP West Virginia Transco
Joint Ventures (ETT, Pioneer, Transource, etc.)



Competitive Companies

Power Related
AEP Generation Resources
AEP Energy

Bulk Commodity Transport
AEP River Operations

Transmission Companies Awaiting Approval
AEP Southwestern Transco (AR, LA)
AEP Kentucky Transco

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

Management Focus on Execution

- Operating Company Focus – strengthen local relationships, earn allowed returns, allocation of capital, rate base growth

- Obtain additional regulatory approvals for state Transcos (KY, AR, LA) and JVs

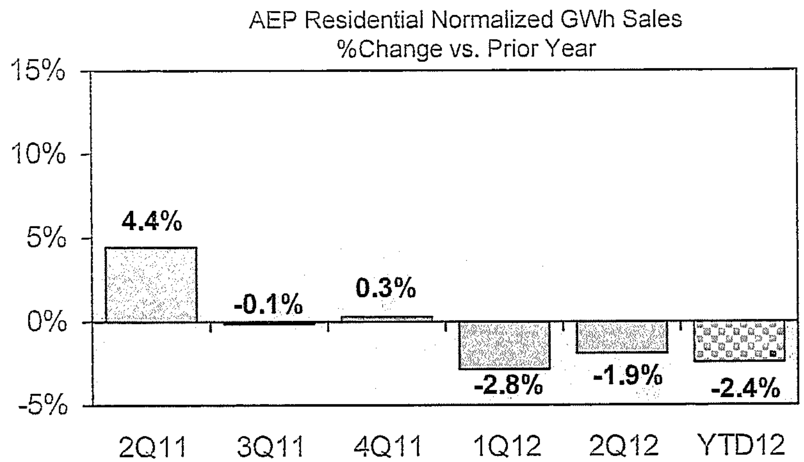
- Focus on prudency, reliability, financial discipline and capital efficiency

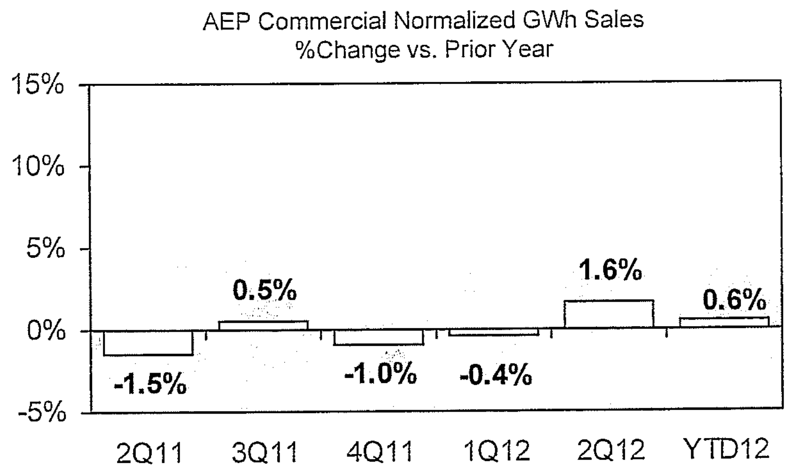
- Significant focus on O&M rationalization – repositioning study on-going

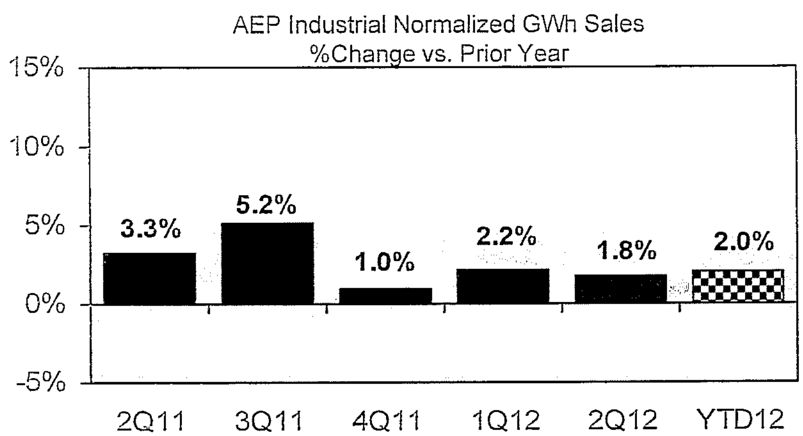
Regulated Total Assets, post corporate separation

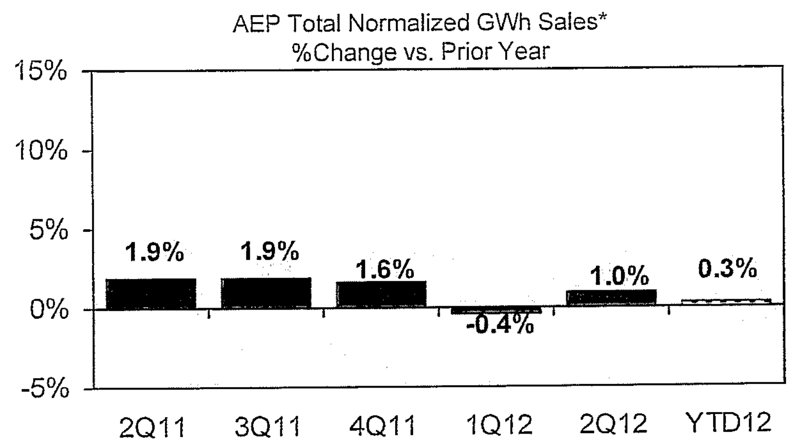
Operating company line-of-sight drives results

Normalized Load Trends









Note: Chart represents connected load

*includes firm wholesale load

Industrial and Commercial growth; Residential decline

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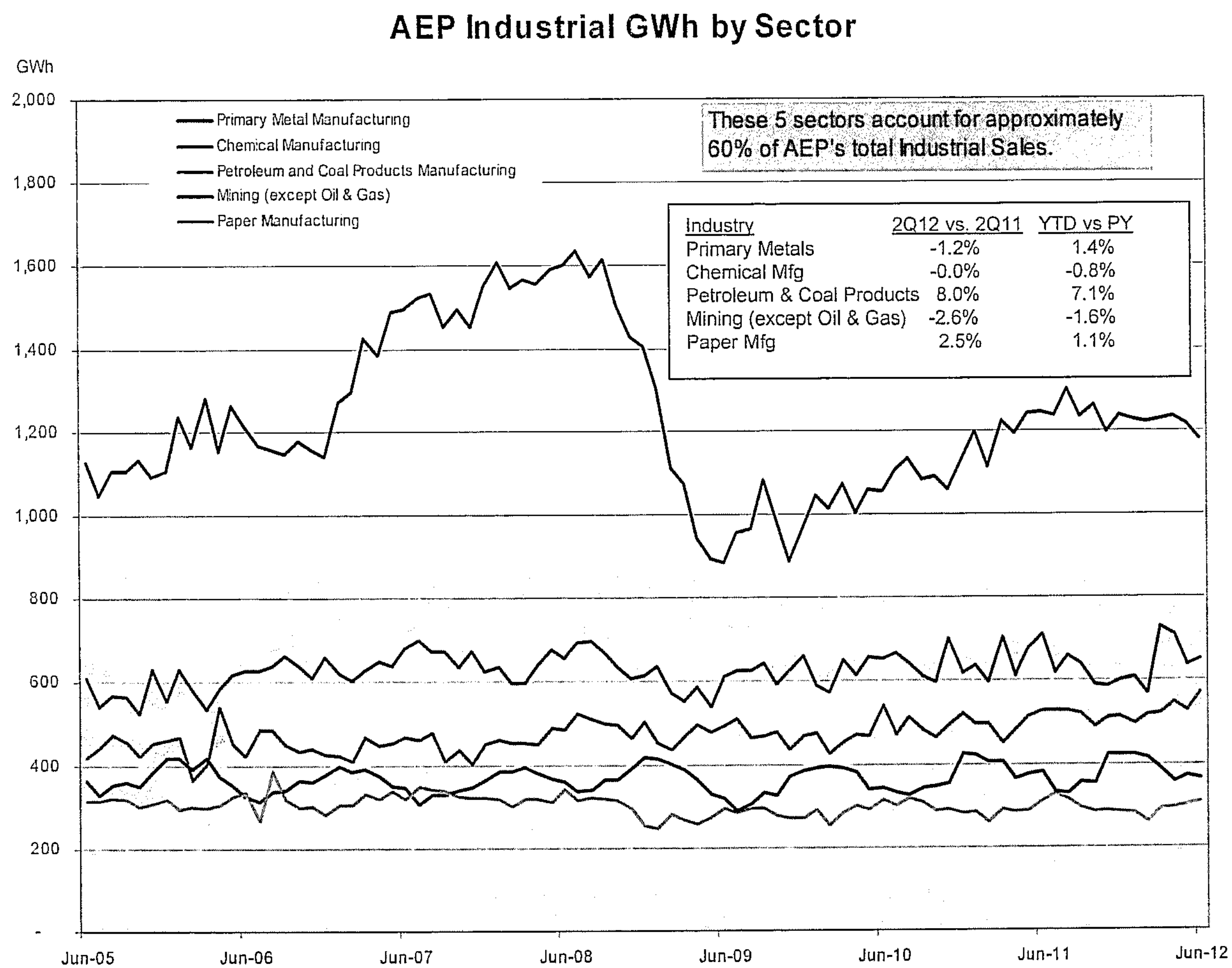
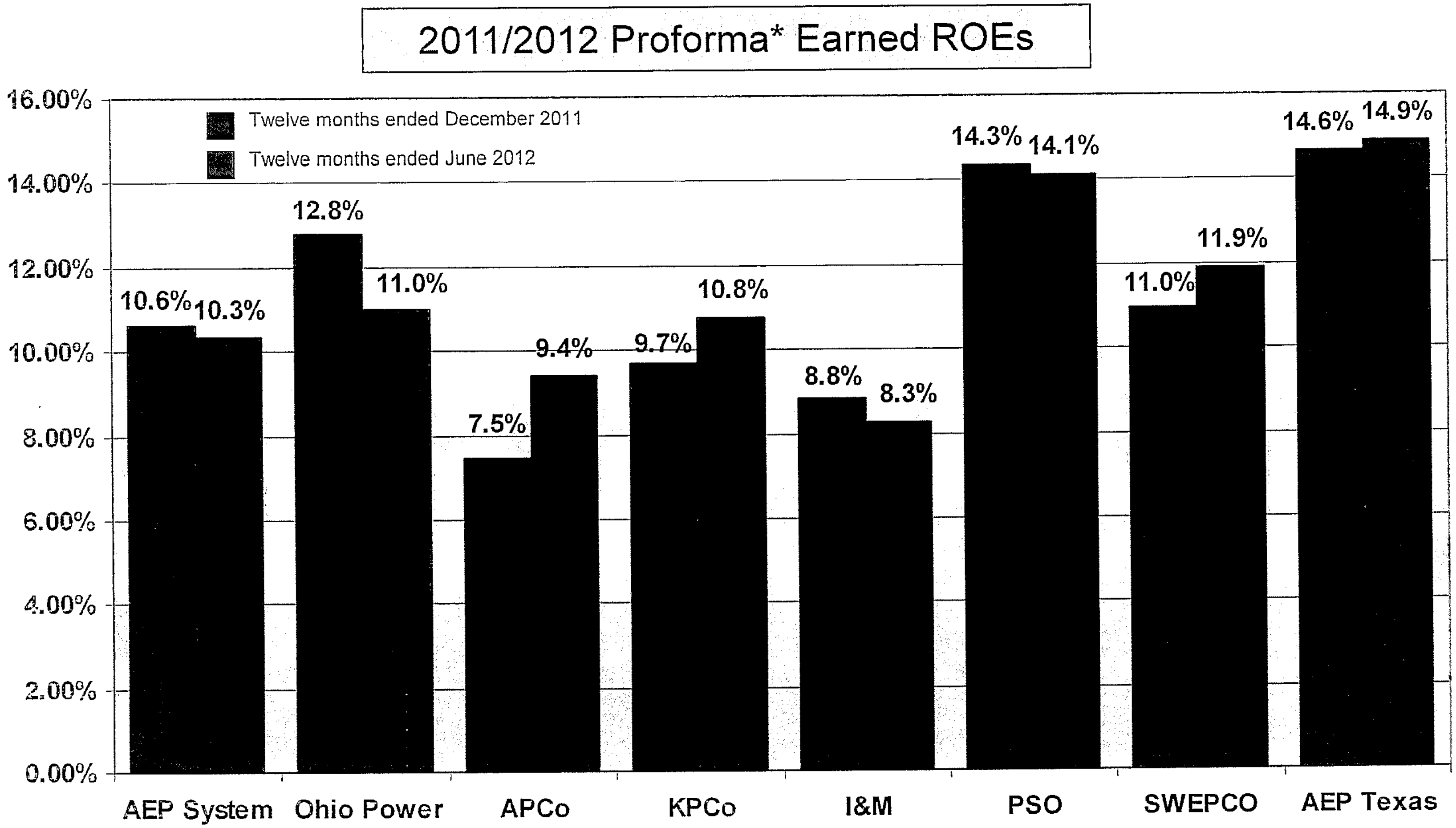
Industrial Sales Volumes



Industrial sales continue to improve

Earned ROEs

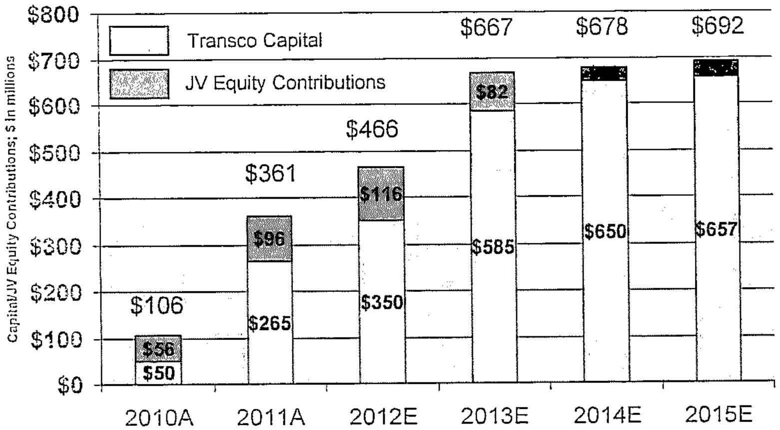


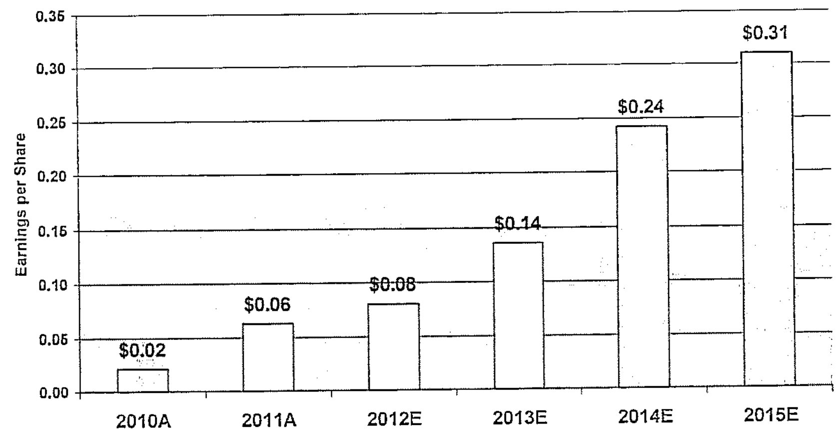
* pro-forma adjusts GAAP results by eliminating any material nonrecurring items

Our portfolio diversity helps maintain system ROE above 10 percent

Two Areas of Regulated Rate Base Growth Focus

Transmission CAPEX & EPS for 2010-2015 period *

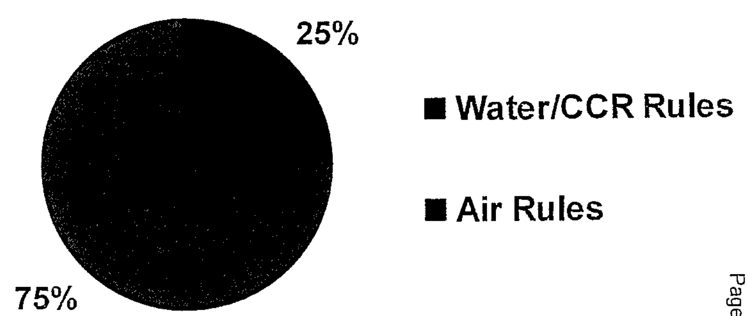




* Excludes AFUDC

- Expected 2012-2020 regulated environmental capex of $5 - $6B
- Retire ~3,000MW regulated plants
- Add new capacity – Dresden NG Combined Cycle Plant, Turk Ultra-Supercritical Coal Plant
- Recent CSAPR decision has minimal impact on capital plans

Environmental CAPEX by Rule for 2012-2020 period



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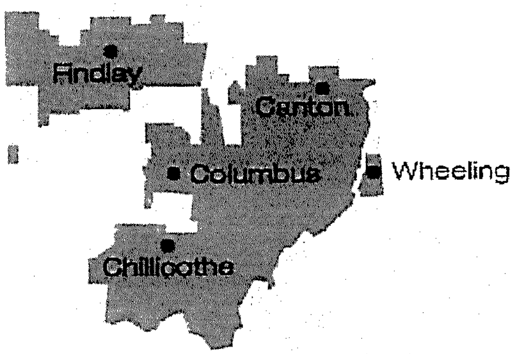
AEP Ohio Regulatory Update

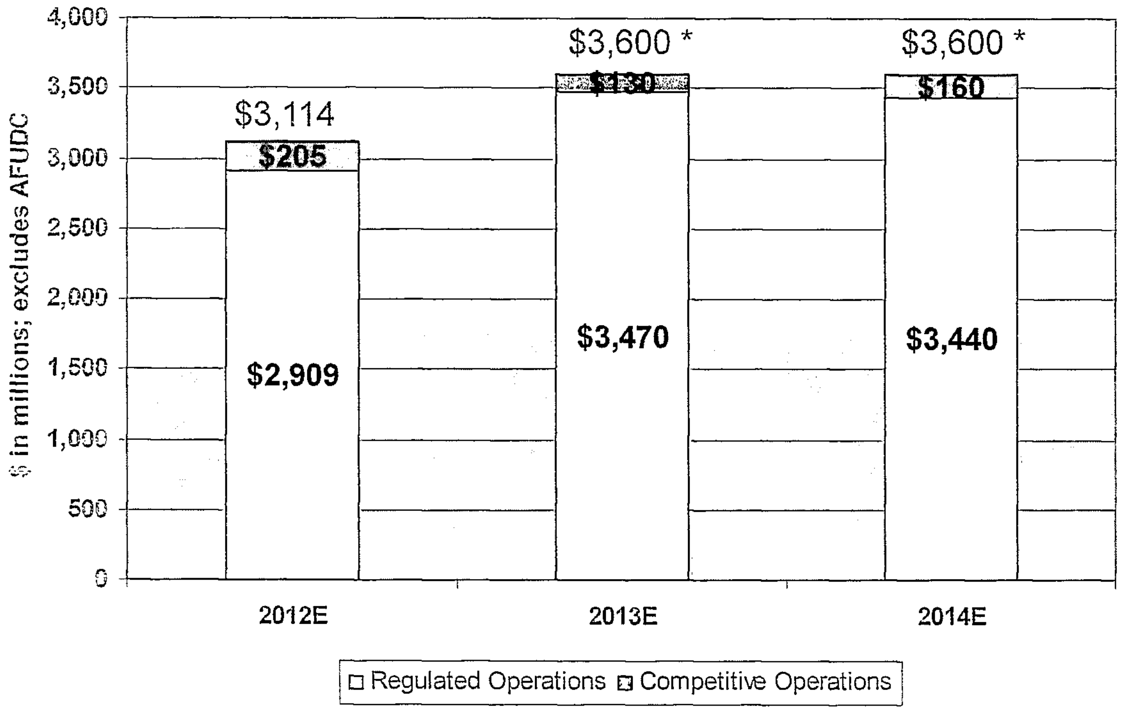
AEP
OHIO®
A unit of American Electric Power



- Capacity order received July 2, 2012
- ESP 1 fuel deferral (PIRR) order received August 1, 2012
- ESP 2 order received August 8, 2012
- Corporate separation order pending approval at PUCO
- Re-hearings for capacity, PIRR and ESP orders in process
- Corporate separation filings will be made at the FERC after the PUCO order is received

Targeting corporate separation as of January 1, 2014

AEP System Capital Spending



* - represents midpoint of capital range previously disclosed of $3.5B - $3.7B

Regulated Operations

- Cumulative change in net regulated PP&E from 2011 to 2014 is $6.5B
- 6.4% CAGR in net regulated PP&E from 2011 to 2014
- Regulated ROEs range from 9.96% to 11.49%

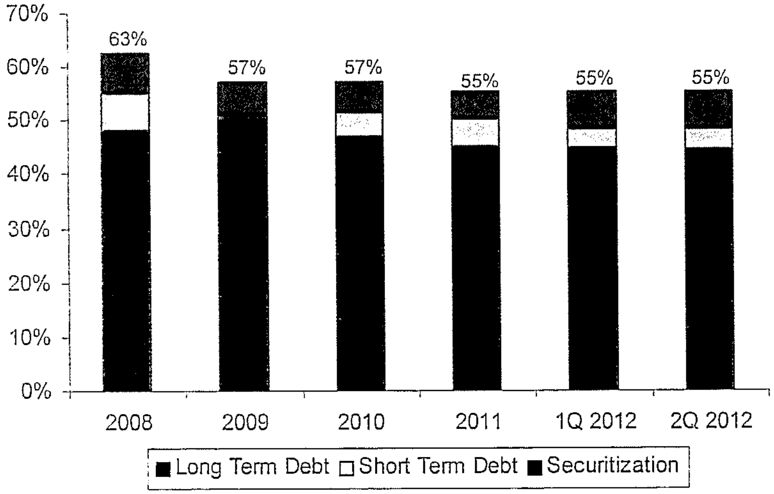
Competitive Operations

- Unregulated generation capital is under review due to the change in business environment

Regulated capital spending supports earnings growth of 4 – 6%

Capitalization & Liquidity

Total GAAP Debt / Total Capitalization

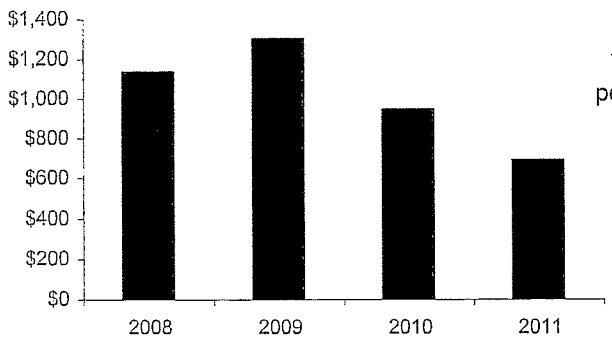


Credit Statistics

	Actual	Target
FFO Interest Coverage	4.7	>3.6x
FFO To Total Debt	19.9%	15%- 20%

Note: Credit statistics represent the trailing 12 months as of 06/30/2012

Underfunded Pension Liability



Year-end 2011 pension funded at 86%

Liquidity Summary (06/30/2012)

Liquidity Summary (unaudited)		**Actual**	
($ in millions)		Amount	Maturity
Revolving Credit Facility	$	1,750	Jul-16
Revolving Credit Facility		1,500	Jun-15
Total Credit Facilities		**3,250**	
Plus			
Cash & Cash Equivalents		297	
Less			
Commercial Paper Outstanding		(550)	
Letters of credit issued		(167)	
Net available Liquidity	$	**2,830**	

Strong balance sheet, solid credit metrics and adequate liquidity; rating agencies monitoring Ohio regulatory decisions

Summary of Discussion

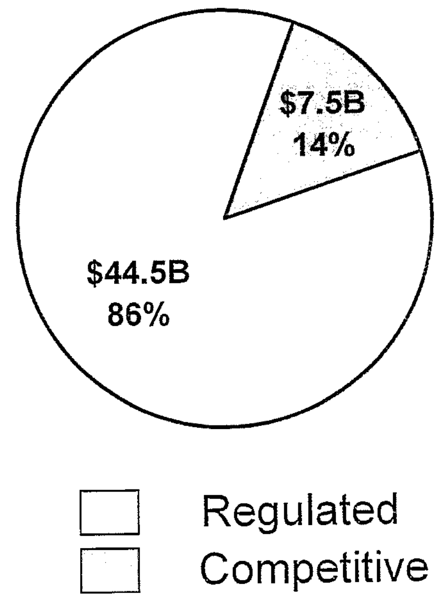
- Regulated companies offer 4 - 6% growth in net PP&E
  - Operating company model
  - Improved recovery mechanisms
  - Regulated fleet transformation
  - Efficient allocation of capital

- Ohio transition moving towards clarity and a path forward
  - Awaiting conclusion of PUCO rehearing process in the capacity, fuel (PIRR) and ESP cases
  - Awaiting a PUCO order in the corporate separation case
  - Targeting finalization of corporate separation as of 1/1/2014

- Competitive operations
  - Retirements due to environmental rules
  - Low-emitting natural gas and controlled coal fleet in 2015
  - Retail and wholesale platform for hedging and growth

- Total return opportunity of 8-10%
  - 4 – 6% regulated earnings growth
  - Slightly offset by reduced returns at AEP Ohio
  - 4+% dividend yield

TOTAL ASSETS, Y/E 2011 in 2014 business structure *



* Subsequent to corporate separation

Ohio Update

Summary of ESP Order

- Frozen Base Generation Rates
- Retail Stability Rider (non-bypassable)
  - $3.50/MWh through May 31, 2014
  - $4.00/MWh through May 31, 2015
- Deferral Collection Mechanisms
  - Capacity deferral: $1.00/MWh of RSR applied to capacity deferral with any remaining balance at the end of the ESP collected over a three-year period
  - ESP 1 fuel deferral: collected September 1, 2012 – December 31, 2018, with securitization encouraged by the PUCO
- Distribution Investment Rider
  - Capped at $29M in 2012; $104M in 2013; $124M in 2014 ; $52M in 2015 (offset by ADIT)
- SEET threshold – 12% ROE
- Fuel Adjustment Clause
- Generation Resource Rider placeholder
- Energy Auctions at defined periods

Credit Ratios - Transition

	2011	2012	2013	2014	2015	
Ohio Power (vertically integrated)						
FFO/Debt	25.9%	24.8%	25.1%			OP metrics remain strong thru transition
Debt/Cap	47.7%	46.1%	45.7%			
FFO Interest Coverage	5.69	5.63	4.95			
Ohio Power (wires)						
FFO/Debt				10.0%	21.0%	OP wires recovers post transition
Debt/Cap				64.0%	62.8%	
FFO Interest Coverage				2.48	4.71	
AEP Parent						
FFO/Debt	18.5%	20.7%	15.2%	15.1%	15.9%	Consolidated remains in mid-teens range
Debt/Cap	55.3%	55.4%	56.1%	55.8%	55.9%	
FFO Interest Coverage	4.59	4.93	3.89	3.82	3.95	
AEP Generation Resources						
FFO/Debt				33.9%	34.6%	GenCo conservatively financed
Debt/Cap				33.6%	31.3%	
FFO Interest Coverage				10.80	7.07	
APCO						
FFO/Debt	12.0%	18.1%	14.9%	18.1%	19.9%	APCO benefits from transfer
Debt/Cap	57.2%	56.7%	55.6%	54.5%	52.7%	
FFO Interest Coverage	3.22	4.57	4.19	4.29	4.50	
Kentucky						
FFO/Debt	19.5%	17.2%	8.4%	15.1%	13.6%	KYPO benefits from transfer
Debt/Cap	54.4%	54.2%	54.3%	53.8%	53.3%	
FFO Interest Coverage	3.89	3.77	2.66	3.74	3.39	

APCO/KPCO assume year end debt issuance for transfer of Amos and Mitchell

Ohio Power Debt - Transition

YEAR-END DEBT BALANCE

Assumes 2016 bond retirement and partial tender of 2018 bond with securitization

	2011	2012	2013	2014	2015
Ohio Power LTD (vertically integrated)	$4,062	$3,926	$3,109	xx	xx
Ohio Power LTD (wires)	xx	xx	xx	$1,579	$1,634
Ohio Power (securitized debt)	xx	xx	$267	$666	$573
AEP Parent	xx	xx	$1,200	xx	xx
AEP Generation Resources	xx	xx	xx	$1,100	$1,100
Appalachian Power/Kentucky Power	xx	xx	$915	$915	$915
Total Debt	$4,062	$3,926	$5,224	$3,594	$3,649
Debt at AEP/Subsidaries	$4,062	$3,926	$4,957	$2,928	$3,076
Securitized Debt	xx	xx	$267	$666	$573

Securitization of Reg Assets and PIRR

Permanent financing, not necessarily at GenCo

Temporary AEP credit line

Mitchell/Amos debt

Liquidity During Transition

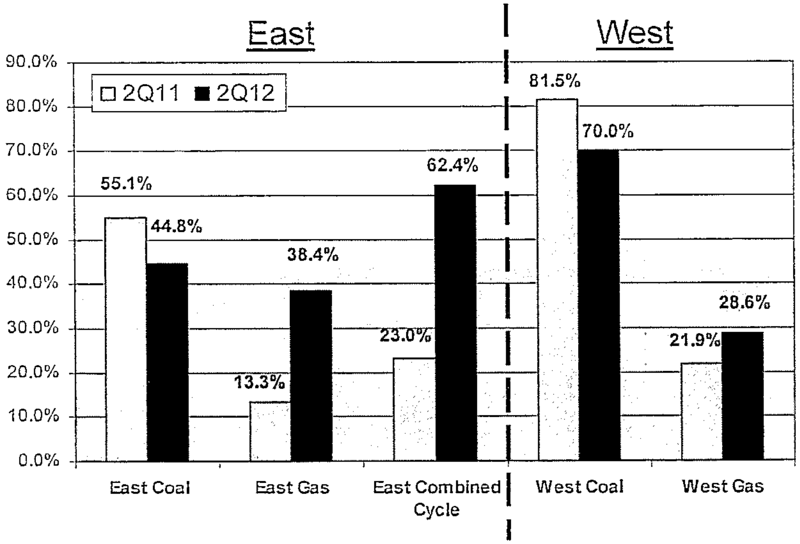
- $1.2B transitional credit line established to fund Ohio Power maturities
  - Used to exclusively fund Ohio Power maturities
  - Capacity in addition to AEP's $3.25B credit lines due in 2015-2016 timeframe
  - AEP's total credit capacity will equal $4.45B during the transition period
  - Intercompany notes between Ohio Power and AEP as line is drawn; permanent financing will repay bank lines

- Credit line terms
  - In place by early 2013; discussions already begun with key relationship banks
  - 24 month term loan expected
  - Pricing consistent with current bank environment
  - Line paid with funds from recapitalization process, securitization and permanent financing

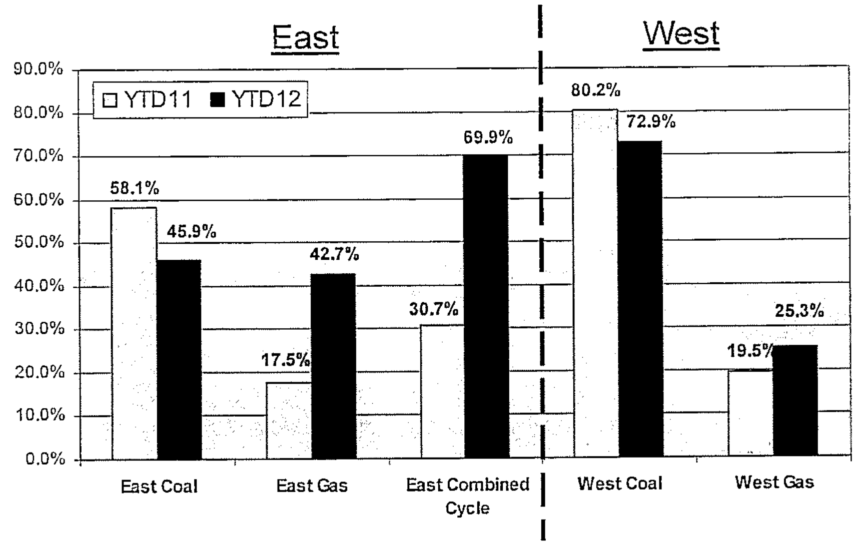
Appendix

Coal to Gas Switching

2Q12 vs. 2Q11 Capacity Factor



YTD 2012 vs. 2011 Capacity Factor

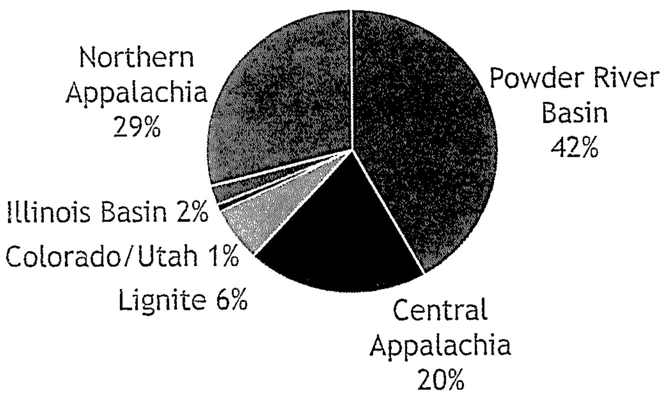


- Overall generation from natural gas has increased over 80 percent
- East combined cycle statistics include the addition of the Dresden Plant, which came on line in February 2012
- 48 days system average coal inventory at June 30, 2012
- Coal fully hedged for 2012; approximately 90% hedged for 2013

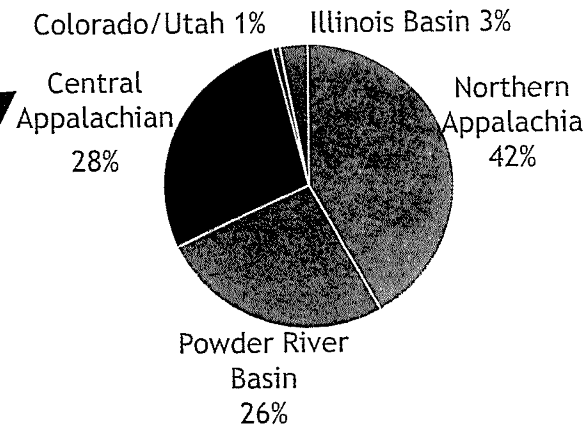
Ability for additional coal to gas switching in AEP East fleet is minimal

Coal Procurement – 2012 Projected

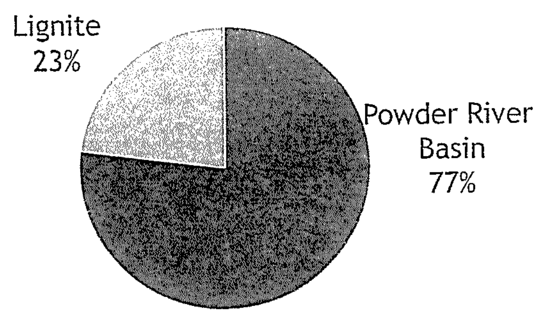
Total AEP System



AEP East



AEP West



<u>Coal Stats:</u>

- ❑ fully contracted for 2012 and 90% contracted for 2013
- ❑ Avg. system delivered price ~ \$47/ton in 2011
  - East ~ \$55/ton, West ~ \$30/ton
- ❑ System price increase of approximate 4% in 2012 ~ \$49/ton
  - East ~ \$56/ton, West ~ \$31/ton

Transmission Investment Portfolio

- AEP Transmission's investment portfolio is focused on near term projects and follows a diversified approach to capital investment. Investments include:
  - Replacement of aging infrastructure
  - System renewal and lower voltage projects to improve local reliability
  - RTO mandated projects to support regional reliability (current investment portfolio includes over $2 billion in RTO mandated projects)
- AEP has established cost recovery mechanisms that allow for timely recovery on base transmission investment

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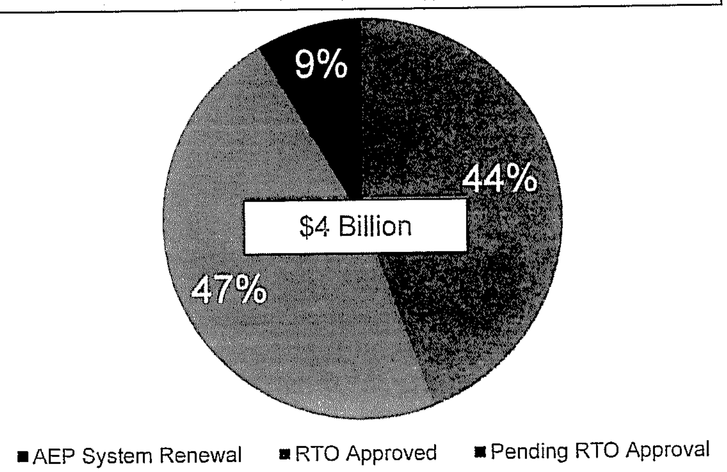
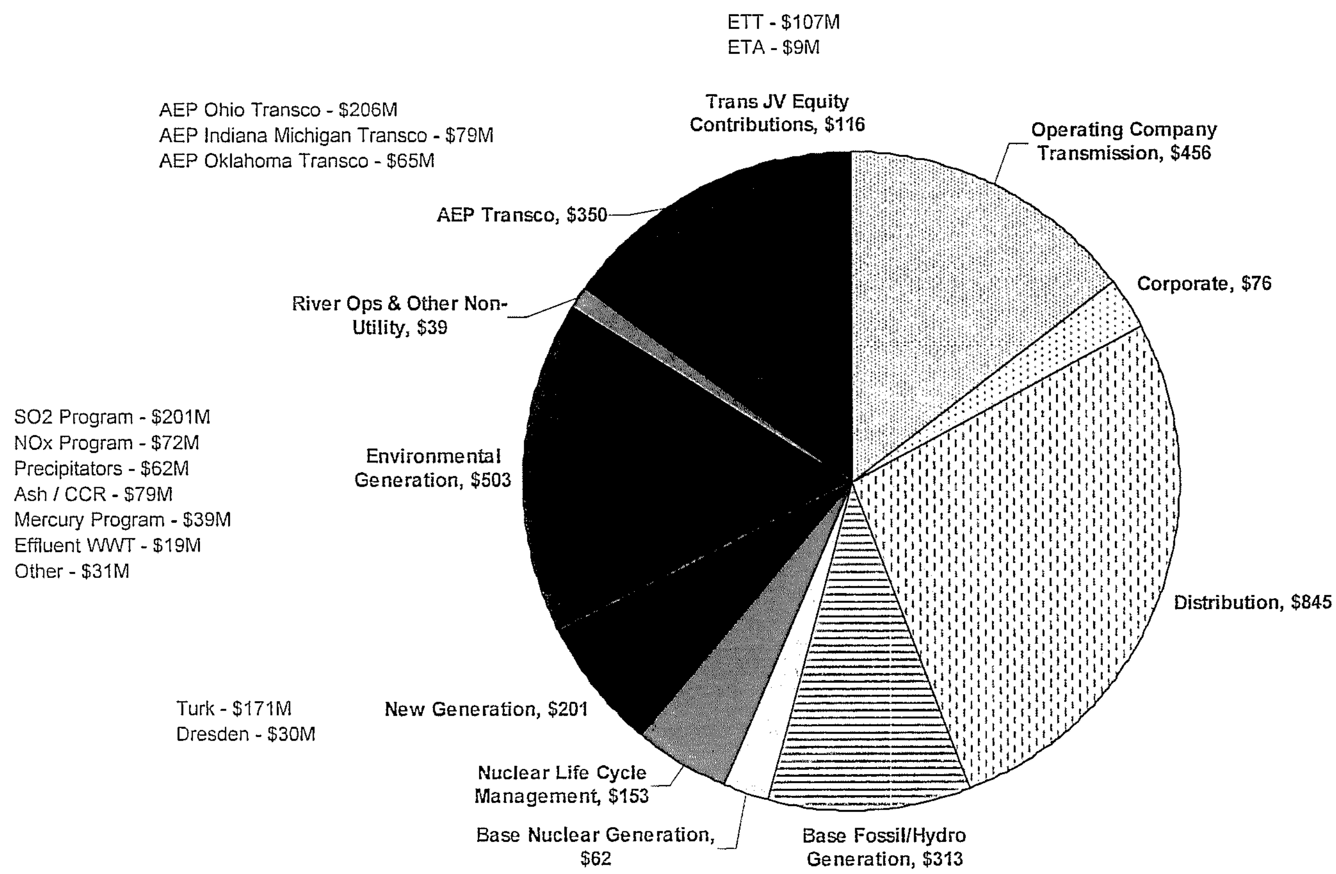


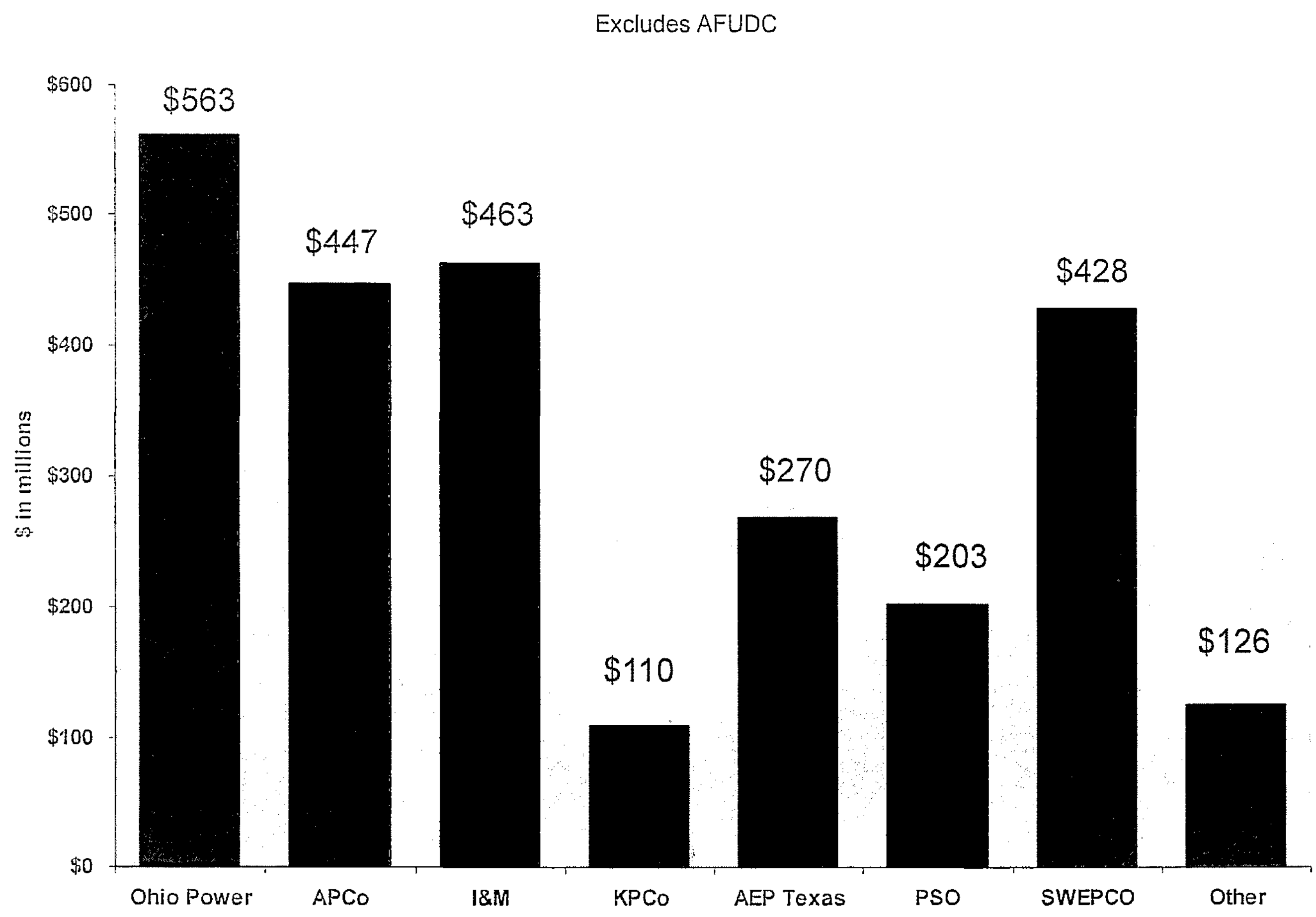
2012 Total System Capital



* Excludes AFUDC

Total 2012 Capital & Equity Contributions of $3.1B

2012 Capital by Operating Company



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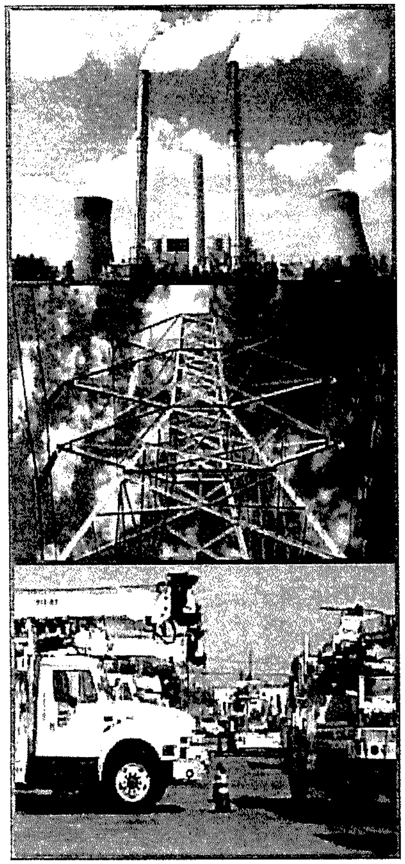

AEP AMERICAN® ELECTRIC POWER

Moody's Investors Service Visit

August 22, 2013

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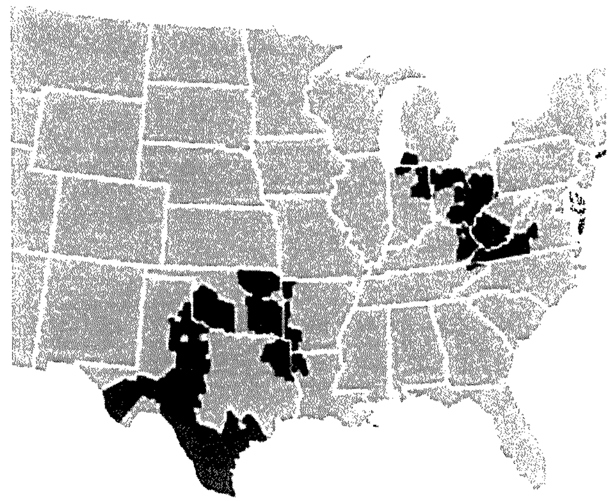
American Electric Power

- Predominantly regulated business focused on clarity, execution, line-of-sight and discipline
- Significant transmission growth opportunities
- Stable regulatory relationships with Ohio uncertainty behind us
- Rationalized cost structure
- Dividend growth supported by regulated earnings with a strong balance sheet and numerous opportunities to securitize
- Ohio generation fleet and related retail and wholesale marketing business well-positioned for success in a competitive market



AEP Fast Facts

$14.9B Revenues *
$1.3B Net Income *
$23B Market Capitalization

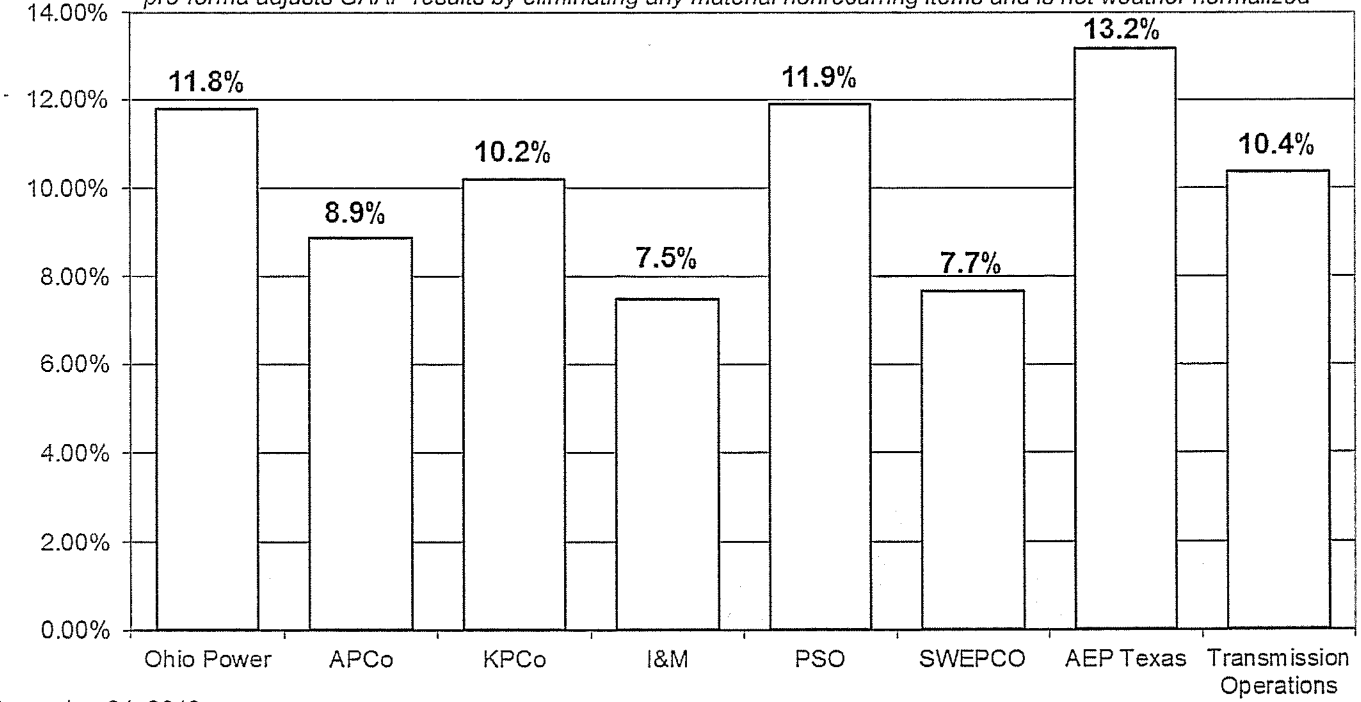
* represents GAAP results for 2012

Serving 5.3 million electric customers in 11 states

Diversification Supports Strong Utility Operations Results

Twelve Months Ended 06/30/13 Pro-forma Earned ROEs*

** pro-forma adjusts GAAP results by eliminating any material nonrecurring items and is not weather normalized*



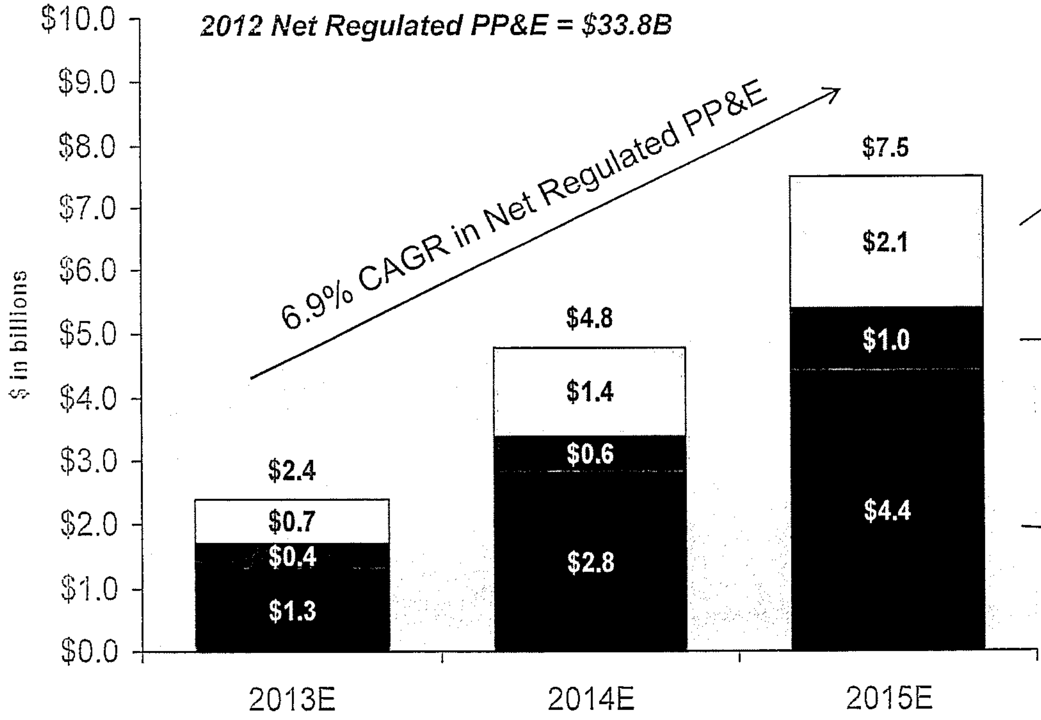
As of December 31, 2012

	Ohio Power	APCo	KPCo	I&M	PSO	SWEPCO	AEP Texas	Transmission Operations
Customers:	1,459,000	960,000	173,000	584,000	535,000	524,000	986,000	
Employees:	3,131	2,128	392	2,649	1,127	1,472	1,315	
Total Assets:	$13.0B	$10.5B	$1.6B	$7.8B	$3.3B	$6.3B	$6.9B	$1.2B

Regulated operations ROE of 10.2% as of June 30, 2013

Regulated Business Growth Forecast

Cumulative Change in Regulated Net Property, Plant & Equipment (PP&E)



Transcos/Transource

Transcos: Rate recovery via FERC formula rates. ROEs 11.49% (PJM) / 11.20% (SPP)

Transource: Rate recovery via FERC formula rates. Weighted average ROE of 11.1%*

Wires (T&D) Companies

TX Wires and Ohio Power Wires. Rate recovery via base rates & trackers (OH) or TCOS (TX). ROEs range from 9.96% to 11.49%.

Vertically Integrated Utilities

D and G** rate adjustments via base rate cases with certain tracker mechanisms for environmental and reliability investments. T Rate recovery via trackers in TN, VA, MI. Others in base rates. ROEs range from 10.0% to 10.9%.

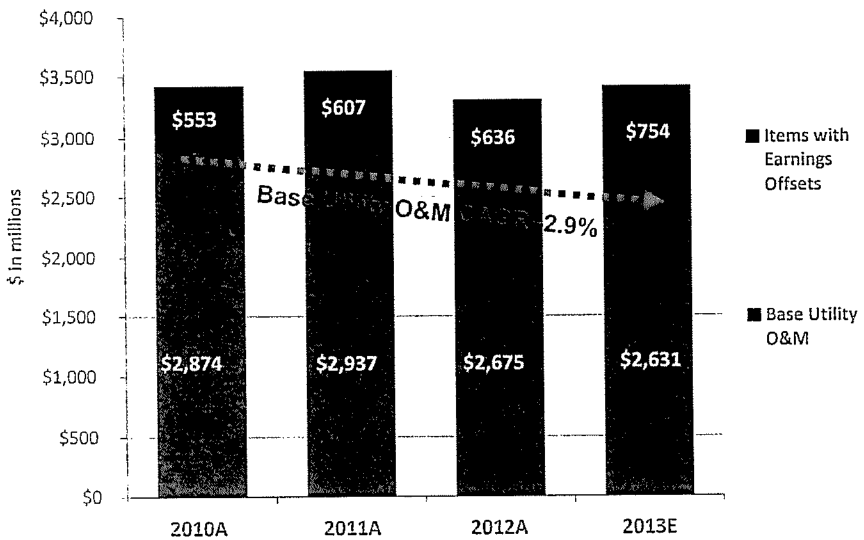
Note: 2013 annual regulated depreciation is $1.3B; Transmission JV investments, other than Transource, are not reflected above as the ventures are not consolidated on AEP's financial statements

**Weighted average of 11.3% and 10.3% based on the estimated cost of the projects*
***Assumes Mitchell Plant and Amos plants are transferred to APCo and KPCo as requested*

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

Continuous Improvement Update

Utility O&M Trend



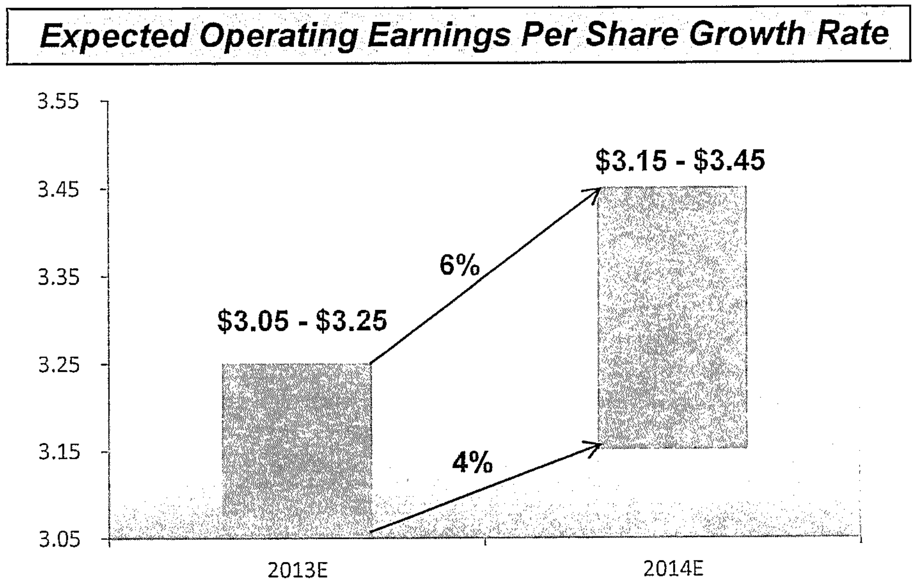
- ❑ 2013 repositioning efforts focused on five areas:
  - Finance & Accounting
  - Information Technology
  - Procurement/Supply Chain
  - Generation
  - Organizational Effectiveness

- ❑ 2014 continuous improvement initiatives:
  - Lean Generation at additional plants
  - Transmission
  - Information Technology
  - Procurement/Supply Chain
  - Lean Distribution
  - Other

Positions AEP to better serve customers and operate more efficiently

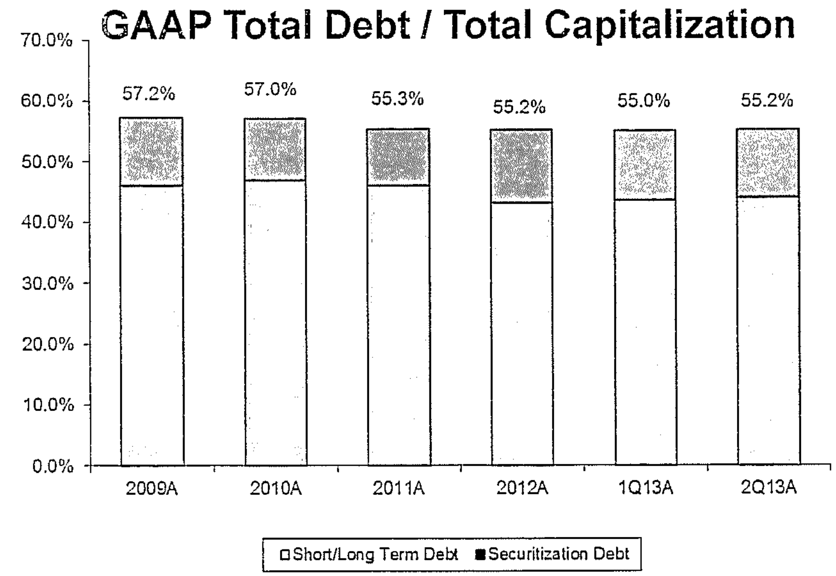
Expected EPS Growth Rate

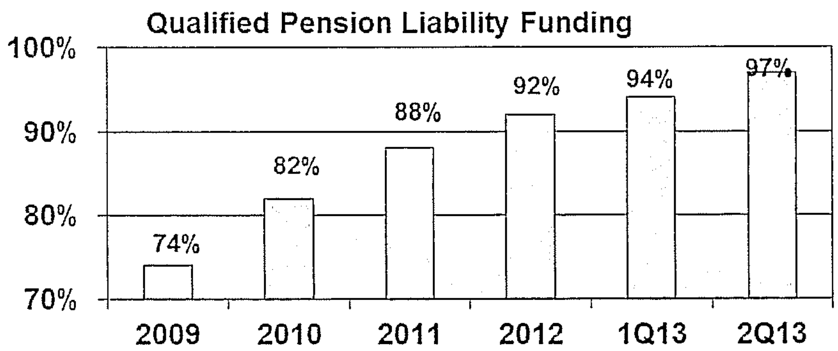
- Expected EPS growth rate of 4 – 6% off of 2013 operating earnings guidance range
- Supported by rate base growth of regulated operations
  - Priority allocation of capital to transmission investment
  - Authorized AEP System ROE range of 9.96% (AEP Texas) to 12.8% (Prairie Wind JV)
- Capital investment of $3.6B in 2013 and $3.8B in 2014 and 2015
- Significant cost and capital cutting efforts underway in the competitive business to address recent RPM auction results



Expected Operating Earnings Per Share Growth Rate of 4-6%

Capitalization & Liquidity





Credit Statistics

	Actual	Target
FFO Interest Coverage	4.5	>3.6x
FFO To Total Debt	19.1%	15%- 20%

Note: Credit statistics represent the trailing 12 months as of 06/30/2013

Liquidity Summary (06/30/2013)

Liquidity Summary (unaudited)		Actual	
($ in millions)		Amount	Maturity
Revolving Credit Facility	$	1,750	Jul-17
Revolving Credit Facility		1,750	Jun-16
Term Credit Facility		1,000	May-15
Total Credit Facilities		**4,500**	
Plus			
Cash & Cash Equivalents		117	
Less			
Commercial Paper Outstanding		(850)	
Amount drawn on bank loans		(200)	
Letters of credit issued		(120)	
Net available Liquidity	$	**3,447**	

Strong balance sheet, solid credit metrics and adequate liquidity

Forecasted Cash Flows and Financial Metrics

$ in millions		2013	2014	2015
Cash from Operations - Excluding Bonus Depreciation Impact		3,137	3,580	3,500
Bonus Depreciation Impact	A:	792	160	-
Cash from Securitization	B:	643	450	-
Capital & JV Equity Contributions		(3,600)	(3,800)	(3,800)
Other Investing Activities		(180)	(280)	(215)
Common Dividends		(916)	(921)	(926)
Excess (Required) Capital		(124)	(811)	(1,441)
Financing ($ in millions)		**2013**	**2014**	**2015**
Excess (Required) Capital		(124)	(811)	(1,441)
Debt Maturities (Senior Notes, PCRBs)		(1,649)	(995)	(1,155)
Securitization Amortizations		(280)	(350)	(330)
Interim Credit Facility		1,000	-	-
Equity (DRP/401k)	C:	100	100	100
Debt Capital Market Needs (New)		(953)	(2,056)	(2,826)
Financial Metrics		**2013**	**2014**	**2015**
Debt to Capitalization Target		Mid 50s		
FFO/Total Debt Target		Mid -to- upper teens		

Cash inflows
finance capital investment:

A:	Bonus Depreciation	$ 952M
B:	Securitization OH distribution assets ($267M) WV ENEC ($376M) * OH deferred fuel ($450M) *	$1,093M
C:	DRP	$ 300M
	3-Year Total	$2,345M

* - subject to regulatory approval

Cash needs are met through debt capital, securitization, bonus depreciation and the Dividend Reinvestment Plan

Debt Maturity Profile

($ in millions)

Year	Remaining 2013 as of June 30	2014	2015	2016	2017
AEP, Inc.	-	-	$200	-	$550
AEP Generating Company	-	$45	-	-	-
Appalachian Power	$345	$204	$625	$65	$250
Indiana Michigan Power	$8	$288	$328	$225	-
Kentucky Power	-	-	-	-	$325
Ohio Power	$250	$454	$86	$350	-
Public Service of Oklahoma	-	$34	-	$150	-
Southwestern Electric Power	-	-	$304	-	$250
Texas Central Company *	$38	-	$250	$192	$288
Texas North Company	-	-	-	-	-
Total	$691	$1,025	$1,793	$982	$1,663

* Includes $726 million of amortizing Texas Securitization Bonds based upon scheduled final payment date

Includes mandatory tenders (put bonds)

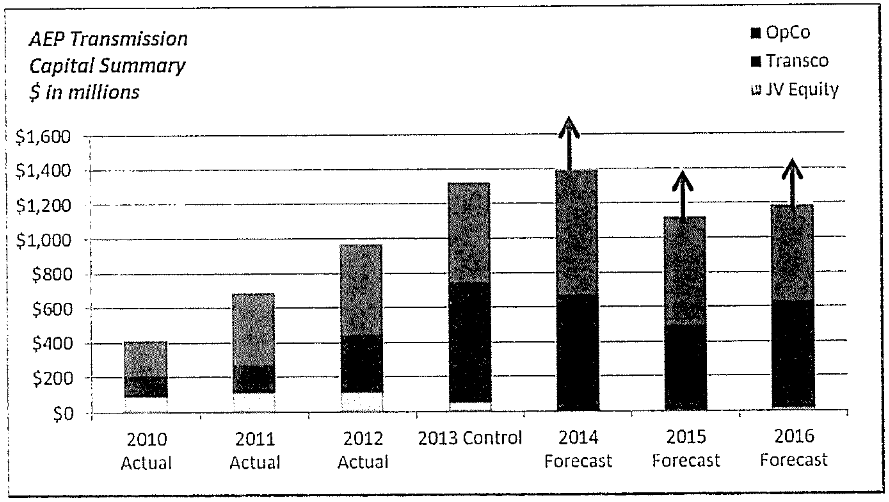
Data as of June 30, 2013

Credit Metrics

	Trailing Twelve Months 06/30/2013			
	FFO Interest Coverage	FFO to Debt	GAAP Debt to Capitalization	Senior Unsecured Credit Ratings*
American Electric Power Company	4.54	19.1%	55.2%	Baa2/BBB-/BBB
Appalachian Power Company	4.49	17.7%	55.3%	Baa2/BBB/BBB
Indiana Michigan Power Company	4.54	19.1%	55.3%	Baa2/BBB/BBB
Kentucky Power Company	4.04	19.9%	52.8%	Baa2/BBB/BBB
Ohio Power Company	5.00	22.2%	45.7%	Baa1/BBB/A-
Public Service Company of Oklahoma	4.26	18.2%	51.2%	Baa1/BBB/BBB+
Southwestern Electric Power Company	4.30	20.9%	50.6%	Baa3/BBB/BBB
AEP Texas Central Company**	4.72	21.3%	81.0%	Baa2/BBB/A-
AEP Texas North Company	4.49	17.7%	55.8%	Baa2/BBB/A-

* Moody's/S&P/Fitch ** Includes securitization debt

Building Organizational Capacity

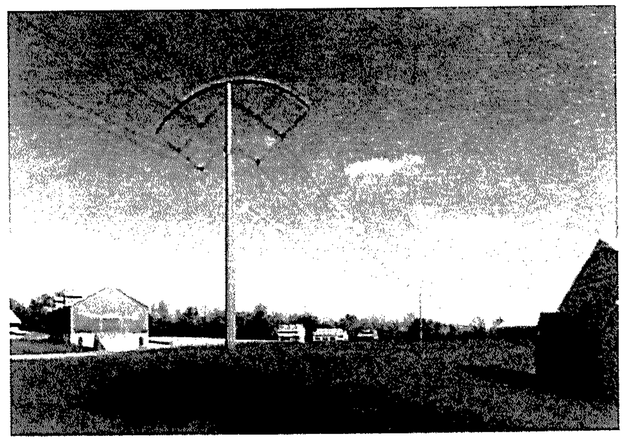


Outlook for 2014-16

- ❑ As capital becomes available, opportunities exist over the next three years to ramp up local reliability spend
- ❑ Increasing operational throughput to be better positioned to increase annual Capex
- ❑ Growing and capturing market opportunities
- ❑ Improving environmental focus
- ❑ Expanding community outreach efforts in support of siting
- ❑ Continuing commercialization of BOLD*

Building/refining organizational capabilities

- ❑ Active management of capital allocation and in-service dates improves cash flows and mitigates risk
- ❑ Geographic and RTO diversity helps manage execution risk
- ❑ Over 2,000 active projects under management
- ❑ Improved equipment and material procurement management, vendor and labor relationships contain costs for the benefit of customers and position the organization for growth



* Breakthrough Overhead Line Design

Refine Core Competencies → **Products and Technology** → **Business Models**

FERC Policy Update

- Ron Binz nominated to replace FERC Chairman Wellinghoff June 27, 2013
  - Former Chairman of the Colorado Public Utilities Commission and director of the Colorado Office of Consumer Counsel
  - Supports renewable generation and transmission
- FERC Transmission policies expected to remain stable and supportive of electric transmission investment
  - Investments increase reliability, reduce congestion and promote integration of renewables
  - Regulatory framework considered to be more stable and predictable than state
  - Expected to remain less reformative on interregional planning
  - Cost allocation may be re-evaluated to address 7th circuit challenge
  - Incentives will continue to be limited to unique projects and tied to individual project risks
  - New 205 filings (ROE) will continue to employ methodology which has a close tie to current interest rates
- ROE Outlook
  - ROEs have remained relatively stable in a low interest rate environment
  - 10 pending base ROE complaints currently in front of FERC (most of them expected to be resolved through the settlement process)
  - Recent base ROE settlements are in the 9.5%-9.8% range (similar to our Transource Missouri settlement)
  - Edison Electric Institute (EEI) issued a white paper supporting the need for adequate return to facilitate transmission investment
- AEP has a diverse portfolio of settled formula rates in PJM, SPP, MISO and ERCOT:

Transcos & Opcos	Joint Ventures
AEP East Transcos	ETT
AEP East Opcos	RITELine
AEP West Transcos	Prairie Wind
AEP West Opcos	Pioneer (MISO)
Transource Missouri	

- FERC continues to support Order 1000 objectives

Regulatory Status Update

Corporate Separation Regulatory Update

FERC:

- **Approved April 29, 2013:**
  - Ohio Corporate Separation
  - Mitchell and Amos plant transfers
  - Wheeling Power/APCo merger

- **Pending Approval:**
  - Pool termination
  - Mitchell and Sporn Plants Operating Agreement
  - Power Coordination Agreement

Asset Transfers: APCo: Amos 3 (867 MW) & 50% of Mitchell (780 MW); KPCo: 50% of Mitchell (780 MW)

❑ ***Appalachian Power:***

- VA Case # PUE-2012-00141
  - Order received July 31, 2013
  - Approved Amos Unit 3 Plant Transfer
  - Approved Wheeling Power merger
  - Denied Mitchell Plant Transfer*

- WV Case # 12-1655-E-PC
  - Intervenor & Staff testimony received 06/18/13
  - Staff supports transfer of both plants at nbv and supports approval of merger
  - Hearing complete
  - Order expected 3Q2013

❑ ***Kentucky Power:***

- **Case # 2012-00578**
  - Intervenor & rebuttal testimony filed
  - Settlement reached with industrial parties and the Sierra Club in May 2013
  - Settlement allows transfer of Mitchell Plant at nbv effective 1/1/14, a rider for $44M in place until the next base rate case and conversion of Big Sandy Plant Unit 1 to natural gas
  - Hearing complete
  - Order expected 3Q2013

Approved Rate Base & ROE by Jurisdiction

Jurisdiction	Rate Base	Approved ROE	Approved Debt/Equity	Effective Date
AEP Ohio - Distribution	$1,912MM	10.20%	47/53	1/1/2012
AEP Ohio - Transmission	$1,075MM	11.49%	47/53	7/1/2013
APCo-Virginia	$2,172MM*	10.90%	57/43	2/1/2012
APCo-West Virginia	$2,428MM	10.00%	57/43	3/30/2011
KPCo-Kentucky	$995MM	10.50%	57/43**	6/30/2010
I&M-Indiana	$2,399MM	10.20%	57/43	2/13/2013
I&M-Michigan	$663MM	10.20%	49/51	1/1/2012
PSO-Oklahoma	$1,706MM	10.15%	54/46	1/5/2011
SWEPCO-Louisiana	$1,234MM	10.00%***	49/51	3/1/2013
SWEPCO-Arkansas	$612MM	10.25%	54/46	11/25/2009
SWEPCO-Texas	$665MM	10.33%	49/51	4/15/2010
TCC-Texas	$1,796MM****	9.96%	60/40	1/25/2013
TNC-Texas	$593MM****	9.96%	60/40	1/25/2013

* represents Generation and Distribution rate base only.

**represents a negotiated settlement

*** represents the midpoint of the ROE range approved in the formula rate case settled in February 2013

****represent approval of Interim TCOS investment

Pending Rate Changes

Current Base Rate Cases

SOUTHWESTERN ELECTRIC POWER COMPANY

A unit of American Electric Power

$ in millions

SWEPCO - Texas	Company Request	Intervenor/Staff Testimony
Rate increase	**$83.5**	$16 - $52
Rate base/investment	$1,199.3	$1,102.6 to $1,197.9
Return on equity	11.25%	9.00 - 9.55%
Equity component	49.10%	48.71%/49.10%

Status: Docket No. 40443. Case filed on July 27, 2012. Hearing held in February 2013. Order expected in 3Q13, with rates going into effect retroactive to January 29, 2013.

KENTUCKY POWER

A unit of American Electric Power

$ in millions

KPCO	Company Request	Intervenor/Staff Testimony
Rate increase	**$114.0**	TBD
Rate base/investment	$1,527.0	
Return on equity	10.65%	
Equity component	45.80%	

Status: Docket No. 2013-00197. Case filed on June 28, 2013. Intervenor testimony due October 23, 2013. Rebuttal testimony due December 2, 2013. Hearing date tbd. Requested rates go into effect subject to refund January 19, 2014.

Future Announced Cases

APPALACHIAN POWER

A unit of American Electric Power

- ***Virginia***
  - **Biennial review due to be filed by March 31, 2014**
    - Two-year test period ended December 31, 2013
    - Rates effective February 2015

PUBLIC SERVICE COMPANY OF OKLAHOMA

A unit of American Electric Power

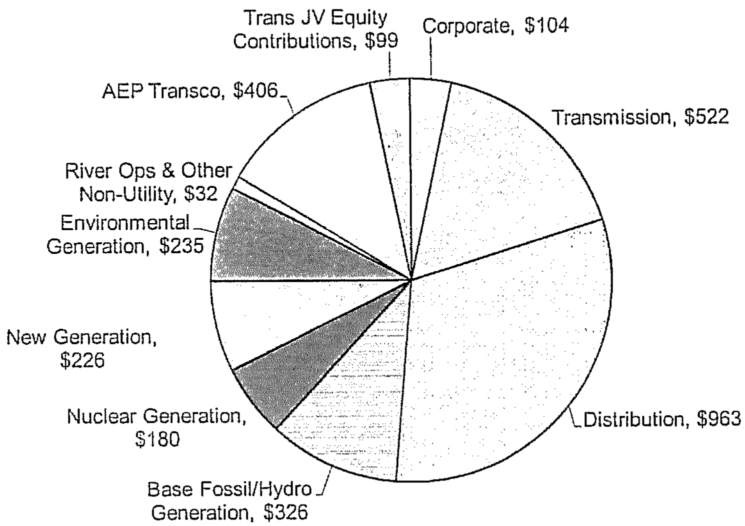
- ***Oklahoma***
  - **Base rate case due to be filed no later than January 2014**
    - Rates can be implemented subject to refund six months after filing of case

Appendix

2012 and 2013 Capital & Equity Contributions

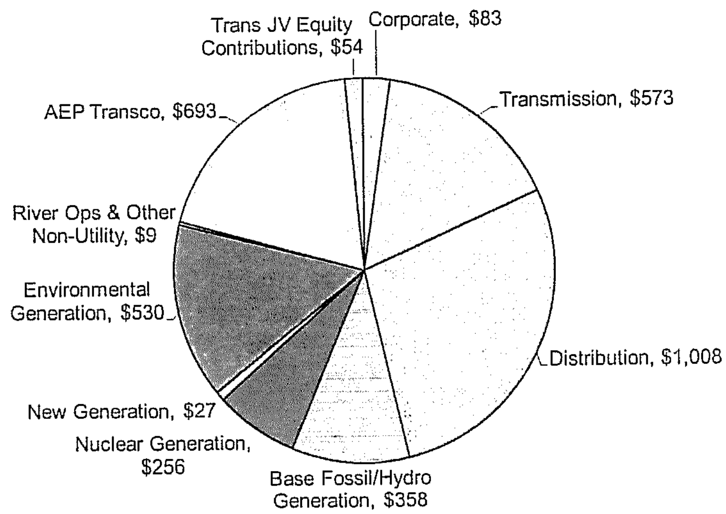
2012A: $3.1B

$ in millions, excluding AFUDC



2013E: $3.6B

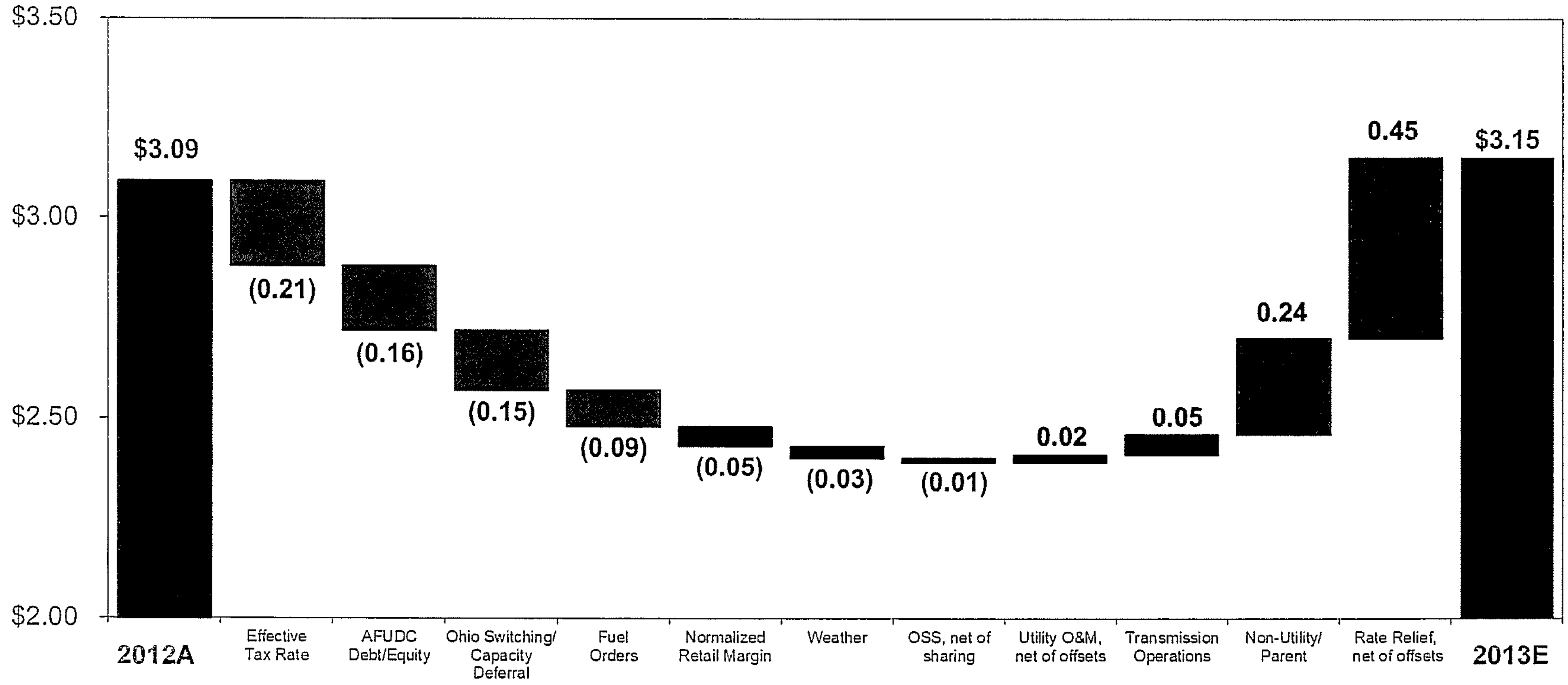
$ in millions, excluding AFUDC



- Transco/JV spend increased 48%
- Environmental spend increased 126%
- Nuclear spend increased 42%
- New Generation spend decreased 88%

Incremental capital allocated to transmission and regulated utility investment opportunities

2013 Operating Earnings Guidance



2013 Operating Earnings Guidance Range: $3.05 - $3.25 per share

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Detailed Operating Earnings Guidance

2012A: $3.09

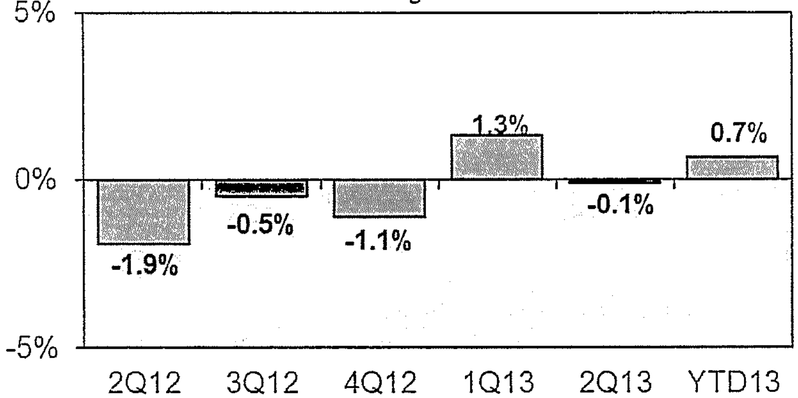
American Electric Power
Financial Results for 2012 Actual Vs 2013 Guidance

2013E: $3.05 - $3.25

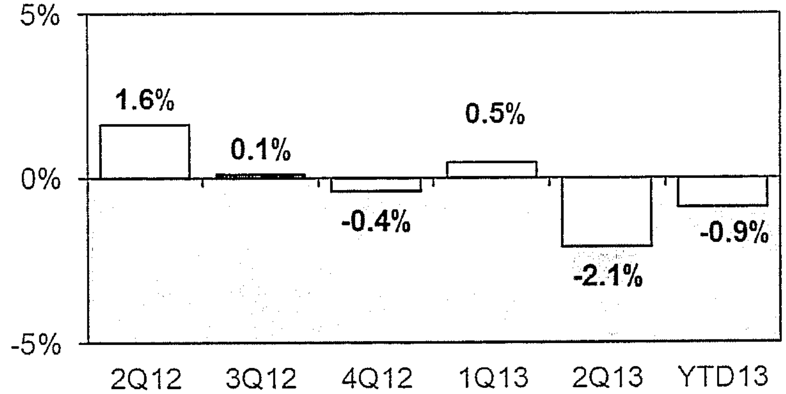
		Performance Driver	2012 Actual ($ millions)	Performance Driver	2013 Guidance ($ millions)
	UTILITY OPERATIONS:				
	Gross Margin:				
1	East Regulated Integrated Utilities	65,819 GWh	2,991	66,842 GWh	3,116
2	Ohio Companies	50,294 GWh	2,456	48,481 GWh	2,207
3	West Regulated Integrated Utilities	42,234 GWh	1,396	42,473 GWh	1,539
4	Texas Wires	29,039 GWh	642	28,785 GWh	659
5	Off-System Sales		324		311
6	Transmission Revenue - 3rd Party		500		595
7	Other Operating Revenue		506		552
8	**Utility Gross Margin**		8,815		8,979
9	Operations & Maintenance		(3,311)		(3,385)
10	Depreciation & Amortization		(1,734)		(1,694)
11	Taxes Other than Income Taxes		(827)		(855)
12	Interest Expense		(882)		(906)
13	Other Income & Deductions		139		62
14	Income Taxes		(683)		(787)
15	**Utility Operations Operating Earnings**		1,517		1,414
16	**Transmission Operations Operating Earnings**		44		67
	NON-UTILITY OPERATIONS:				
17	**AEP River Operations**		15		35
18	**Generation & Marketing**		7		24
19	**Parent & Other Operating Earnings**		(86)		(5)
20	**OPERATING EARNINGS**		1,497		1,535

Normalized Load Trends

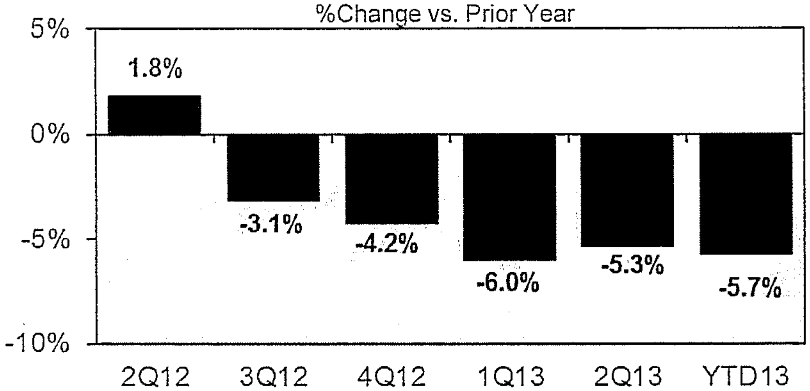
AEP Residential Normalized GWh Sales
%Change vs. Prior Year



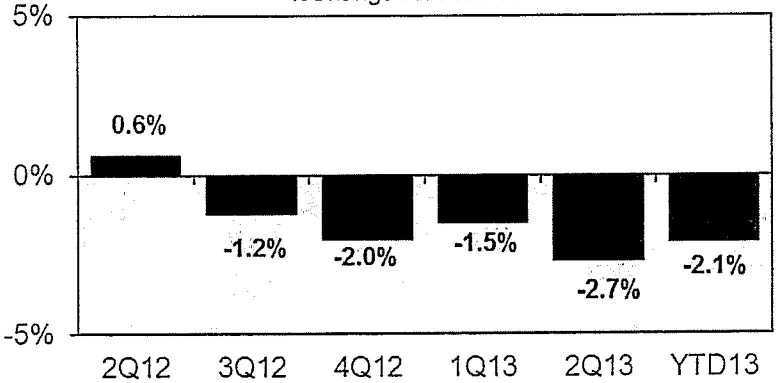
AEP Commercial Normalized GWh Sales
%Change vs. Prior Year



AEP Industrial Normalized GWh Sales
%Change vs. Prior Year

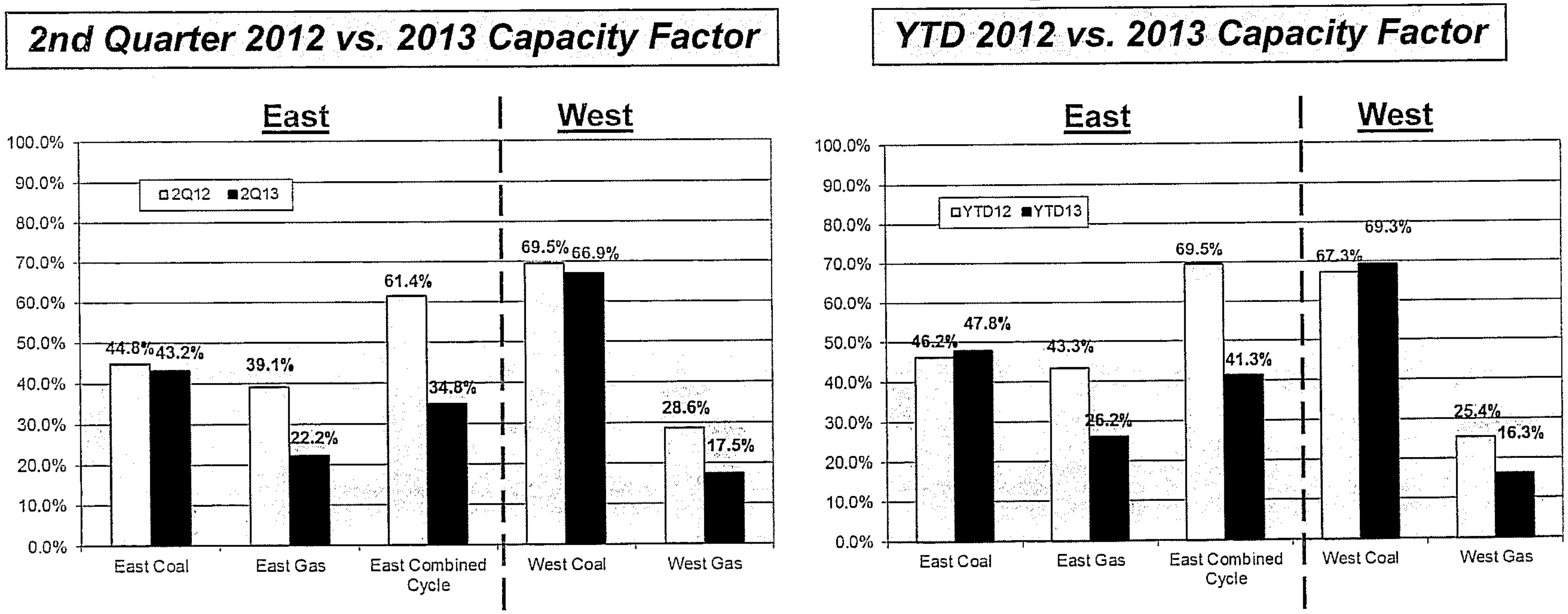


AEP Total Normalized GWh Sales
%Change vs. Prior Year



Note: Charts reflect connected load and exclude firm wholesale load & Buckeye Power backup load.

Gas to Coal Switching

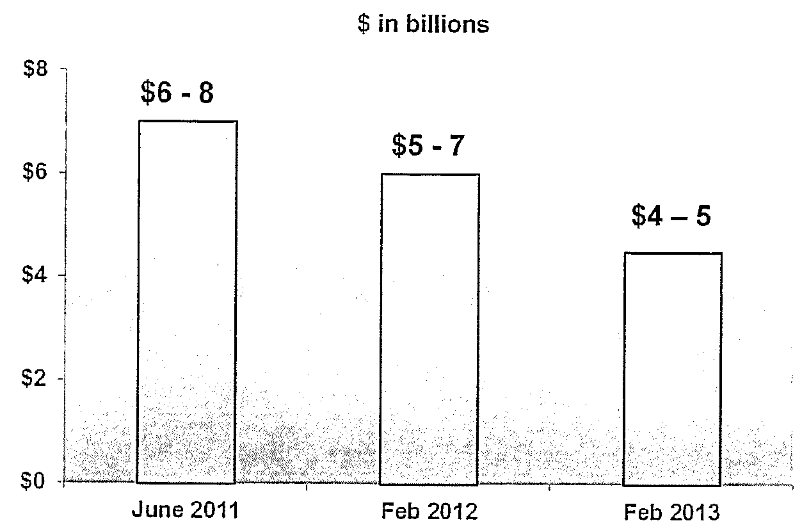


- Overall generation from natural gas has decreased 37 percent year-to-date
- Overall generation from coal has increased 4 percent year-to-date
- 46 days system average coal inventory at June 30, 2013
- Coal approximately 94% hedged for 2013 and 68% hedged for 2014

Fleet Transformation

- 60% of our current fleet capacity comes from coal generation
- Anticipated coal capacity of 46% of the fleet by 2020
- Estimated capital spend of $4 - $5 billion between now and 2020 to make these remaining coal plants compliant with current and proposed EPA regulations, including MATS, coal combustion residuals and 316(b) and effluent guidelines
- Diligence in finding the lowest cost and low risk compliance options have resulted in more retirements, lower cost retrofits and reduced capital expenditures

Environmental Transition Capital Plan 2012-2020



Generation fleet will move to a more balanced portfolio while controlling costs, complying with environmental rules and benefitting our customers

MATS Environmental Investments & Retirements

Potential Environmental Investments

Operating Company	Plant	MW	Potential Type of retrofit
AEP Ohio[1]	Conesville 5 & 6	800	ACI
	Gavin 1 & 2	2,640	ACI
APCO	Clinch River 1[2,3]	242	Refuel with Natural Gas
	Clinch River 2[2,3]	242	Refuel with Natural Gas
I&M	Tanners Creek 4[4]	482	Refuel with Natural Gas
	Rockport[5]	2,620	DSI, SCR
KPCO	Big Sandy 1[6]	278	Refuel with Natural Gas
PSO	Oklaunion	101	FGD upgrade, ACI
	Northeastern 3	470	ACI, DSI, Baghouse
SWEPCO	Welsh 1	528	ACI, DSI, Baghouse
	Welsh 3	528	ACI, DSI, Baghouse
	Pirkey	580	ACI
	Dolet Hills	262	ACI, Baghouse
	Flint Creek	264	FGD, ACI
TNC	Oklaunion	377	FGD upgrade, ACI
	Grand Total MW	10,414	

(1) Assumes investment is able to clear the market
(2) Existing Coal Plant 235MW
(3) Case on file, subject to regulatory and other approvals
(4) Existing Coal Plant 500MW
(5) Pending approval of settlement on file with IURC
(6) Pending approval of settlement on file with KPSC

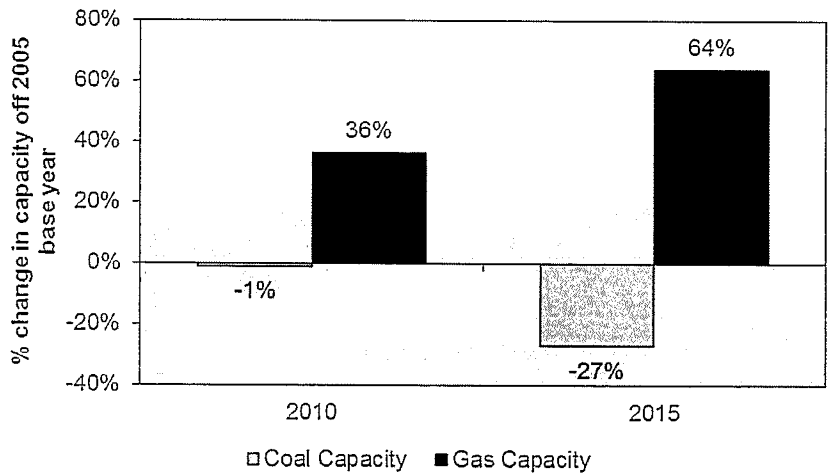
ACI – Activated Carbon Injection
DSI – Dry Sorbent Injection
FGD – Flue Gas Desulfurization
SCR – Selective Catalytic Reduction

Projected Plant Retirements through 2016

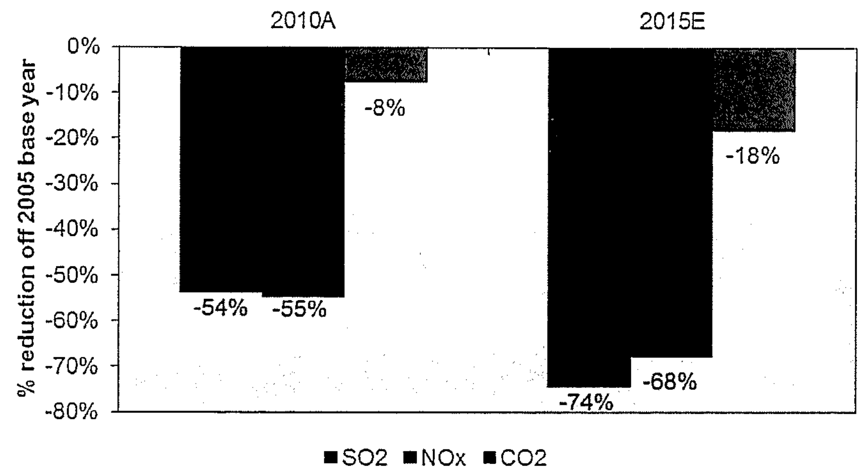
Operating Company	Plant	MW	Expected Retirement
AEP Ohio	Muskingum River 1-5	1,425	2015
	Picway 5	100	2015
	Sporn 2-4	300	2015
	Kammer 1-3	630	2015
	Beckjord	53	2015
	Total MW	**2,508**	
APCO	Glen Lyn 5	95	2015
	Glen Lyn 6	240	2015
	Clinch River 3	235	2015
	Sporn 1	150	2015
	Sporn 3	150	2015
	Kanawha River 1	200	2015
	Kanawha River 2	200	2015
	Total MW	**1,270**	
I&M	Tanners Creek 1	145	2015
	Tanners Creek 2	145	2015
	Tanners Creek 3	205	2015
	Total MW	**495**	
KPCo	Big Sandy 2	800	2015
	Total MW	**800**	
SWEPCO	Welsh 2	528	2014
	Total MW	**528**	
PSO	Northeastern 4	460	2016
	Total MW	**460**	
	Total Retirements =	**6,061**	

Capacity Mix Shift & Emissions Reductions

AEP Coal and Natural Gas Capacity



AEP Emissions Reductions



- Existing regulations and market conditions drive a 64% increase in gas capacity and a 27% decrease in coal capacity by 2016

- AEP fleet expected to meet President's 17% reduction target for CO_2 five years sooner and without additional regulation

AEP transforming fleet in response to regulation and market conditions

Transmission Outlook

2013 – 2015 Earnings Forecast Based on Approved Projects

Major Infrastructure Improvements

	PJM	SPP	ERCOT	**Total**
New / Enhanced Stations	340	71	68	479
Transformation Capacity	17,900 MVA*	2,500 MVA	1,300 MVA	21,700 MVA
New Transmission Lines	260 miles	175 miles	1,350 miles	1,785 miles
Rebuilt Transmission Lines	2,675 miles	425 miles	775 miles	3,875 miles
Communication and Control	Rebuild or replace obsolete communication circuits and pilot wire protection, expand SCADA and add new equipment condition			

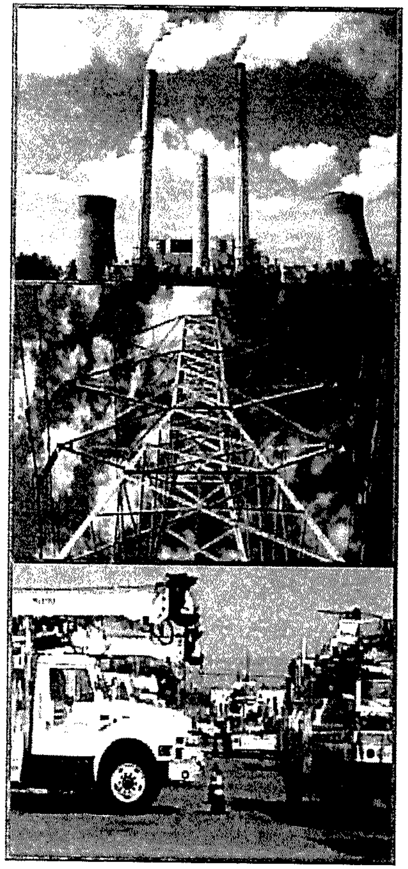
* MVA: Mega-Volt-Ampere

Post 2015 Investment Opportunities Drive Additional Future Earnings Growth

Pioneer TRANSMISSION

RITELine Transmission

TRANSOURCE



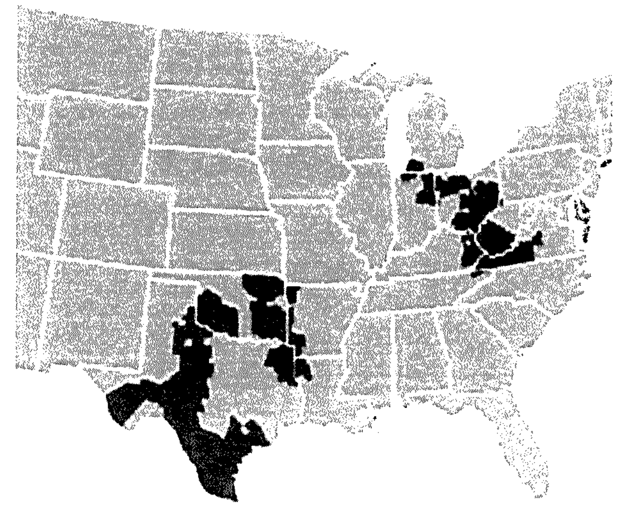
AEP AMERICAN® ELECTRIC POWER

Standard & Poor's Discussion

August 28, 2013

American Electric Power

- ❑ Predominantly regulated business focused on clarity, execution, line-of-sight and discipline
- ❑ Significant transmission growth opportunities
- ❑ Stable regulatory relationships with Ohio uncertainty behind us
- ❑ Rationalized cost structure
- ❑ Dividend growth supported by regulated earnings with a strong balance sheet and numerous opportunities to securitize
- ❑ Ohio generation fleet and related retail and wholesale marketing business well-positioned for success in a competitive market



AEP Fast Facts

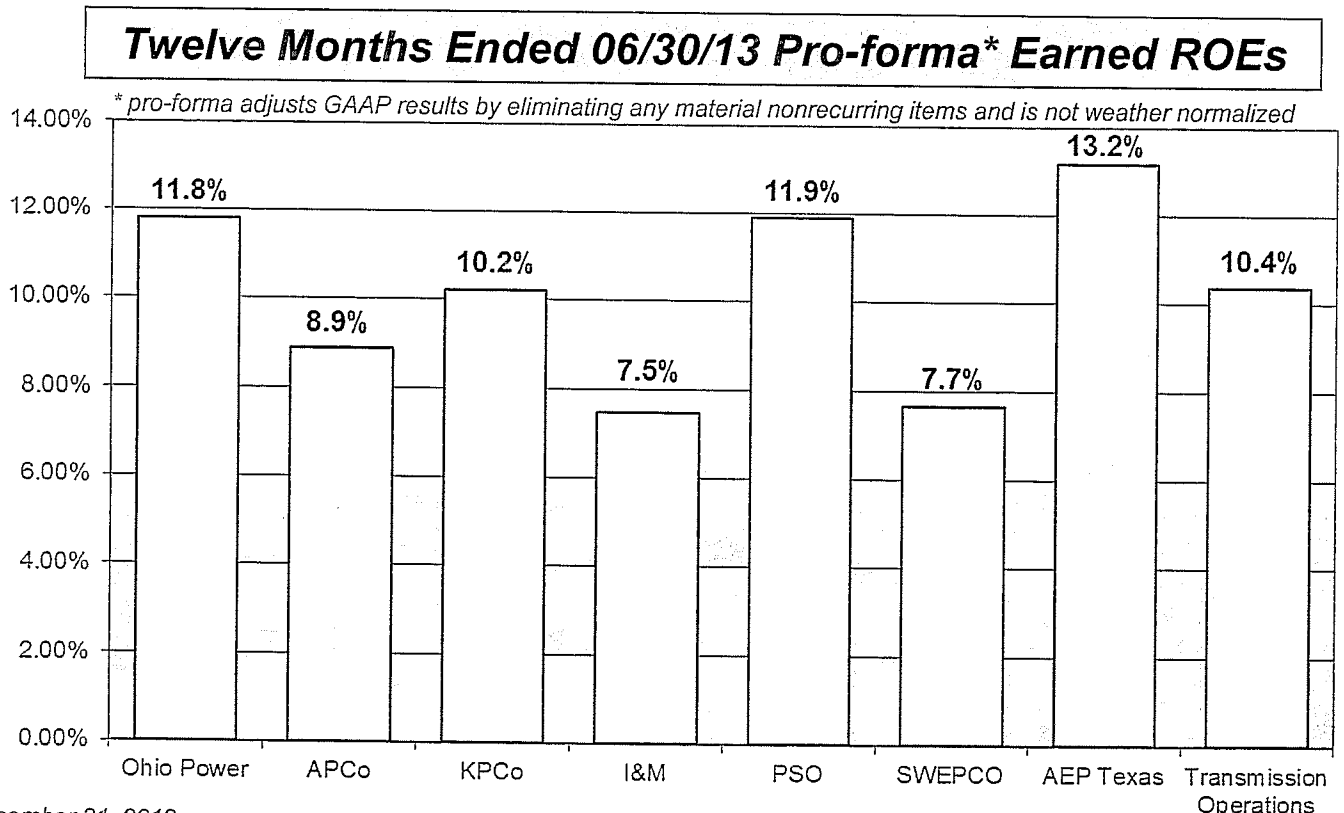
$14.9B Revenues *
$1.3B Net Income *
$23B Market Capitalization

* represents GAAP results for 2012

Serving 5.3 million electric customers in 11 states

KPSC Case No. 2013-00197
Attorney General's First Set of Data Requests
Dated September 4, 2013
Item No. 2
Attachment 1
Page 134 of 158

Diversification Supports Strong Utility Operations Results



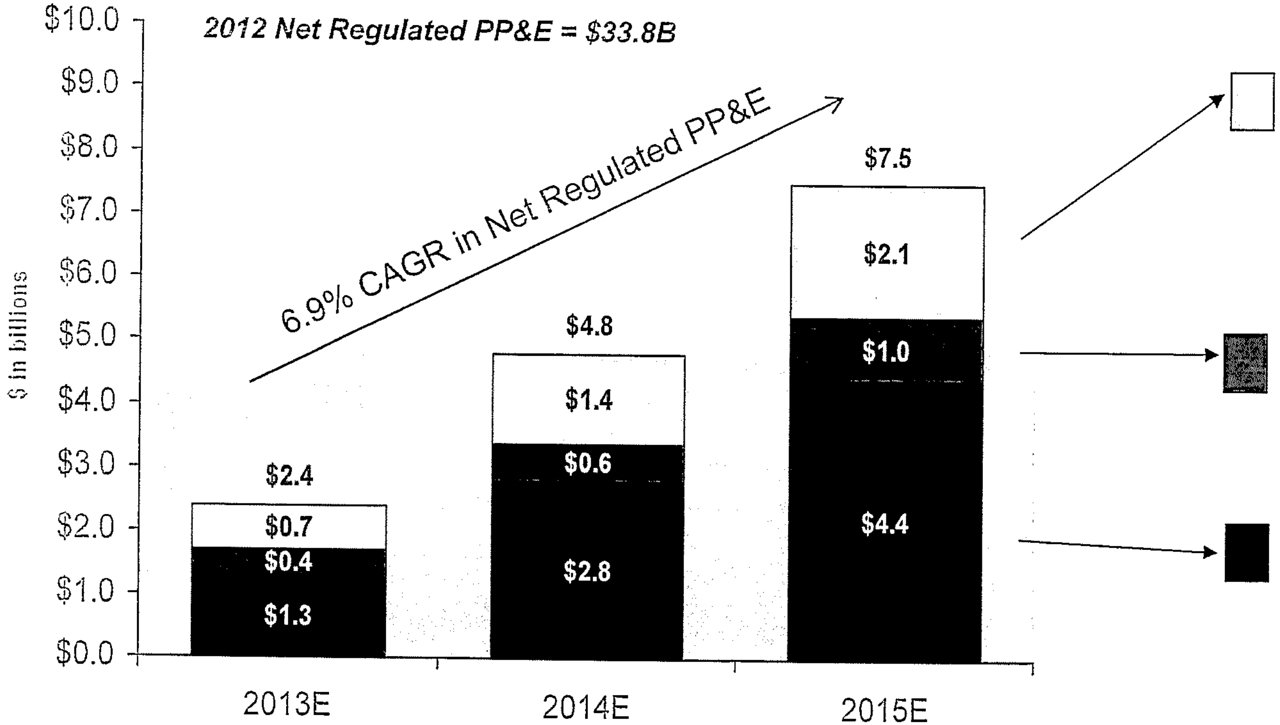
As of December 31, 2012

	Ohio Power	APCo	KPCo	I&M	PSO	SWEPCO	AEP Texas	Transmission Operations
Customers:	1,459,000	960,000	173,000	584,000	535,000	524,000	986,000	
Employees:	3,131	2,128	392	2,649	1,127	1,472	1,315	
Total Assets:	$13.0B	$10.5B	$1.6B	$7.8B	$3.3B	$6.3B	$6.9B	$1.2B

Regulated operations ROE of 10.2% as of June 30, 2013

Regulated Business Growth Forecast

Cumulative Change in Regulated Net Property, Plant & Equipment (PP&E)



Transcos/Transource
Transcos: Rate recovery via FERC formula rates. ROEs 11.49% (PJM) / 11.20% (SPP)

Transource: Rate recovery via FERC formula rates. Weighted average ROE of 11.1%*

Wires (T&D) Companies
TX Wires and Ohio Power Wires. Rate recovery via base rates & trackers (OH) or TCOS (TX). ROEs range from 9.96% to 11.49%.

Vertically Integrated Utilities
D and G** rate adjustments via base rate cases with certain tracker mechanisms for environmental and reliability investments. T Rate recovery via trackers in TN, VA, MI. Others in base rates. ROEs range from 10.0% to 10.9%.

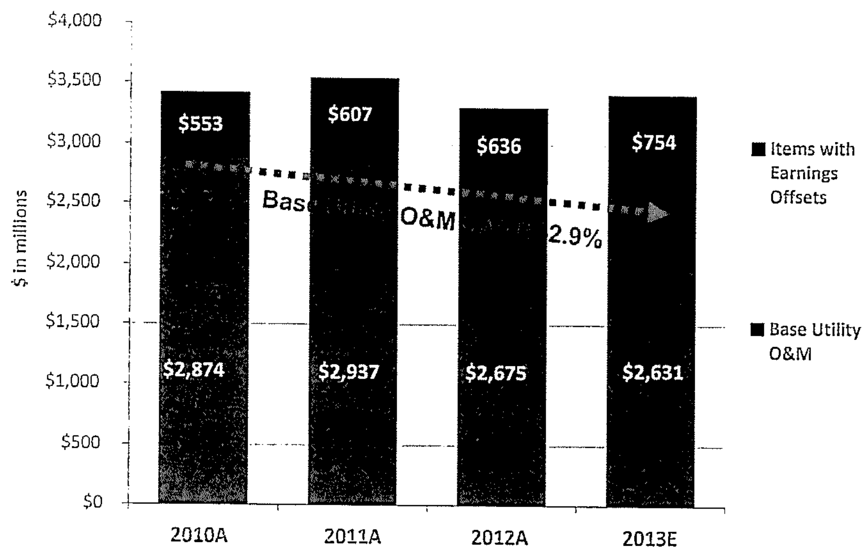
Note: 2013 annual regulated depreciation is $1.3B; Transmission JV investments, other than Transource, are not reflected above as the ventures are not consolidated on AEP's financial statements

**Weighted average of 11.3% and 10.3% based on the estimated cost of the projects*
***Assumes Mitchell Plant and Amos plants are transferred to APCo and KPCo as requested*

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

Continuous Improvement Update

Utility O&M Trend



- 2013 repositioning efforts focused on five areas:
  - Finance & Accounting
  - Information Technology
  - Procurement/Supply Chain
  - Generation
  - Organizational Effectiveness

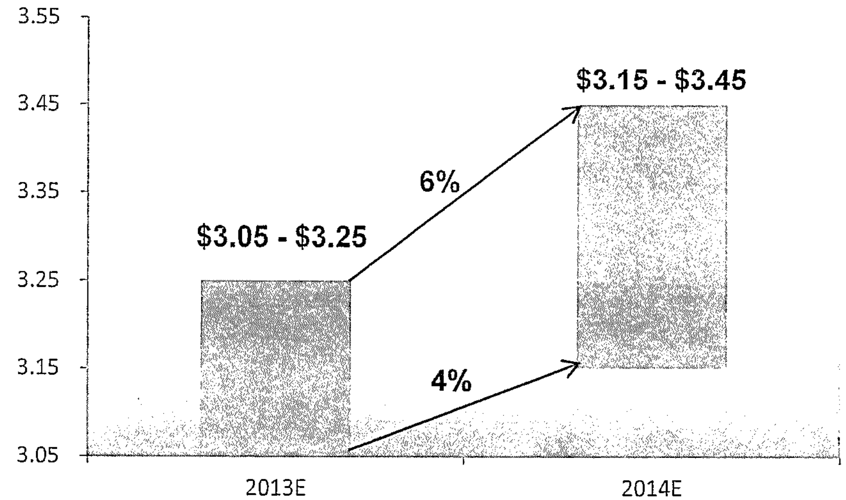
- 2014 continuous improvement initiatives:
  - Lean Generation at additional plants
  - Transmission
  - Information Technology
  - Procurement/Supply Chain
  - Lean Distribution
  - Other

Positions AEP to better serve customers and operate more efficiently

Expected EPS Growth Rate

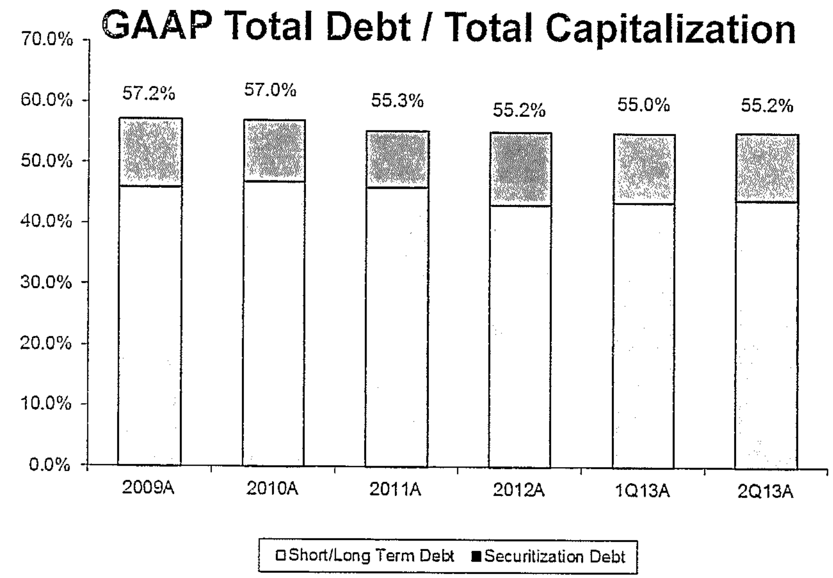
- Expected EPS growth rate of 4 – 6% off of 2013 operating earnings guidance range
- Supported by rate base growth of regulated operations
  - Priority allocation of capital to transmission investment
  - Authorized AEP System ROE range of 9.96% (AEP Texas) to 12.8% (Prairie Wind JV)
- Capital investment of $3.6B in 2013 and $3.8B in 2014 and 2015
- Significant cost and capital cutting efforts underway in the competitive business to address recent RPM auction results

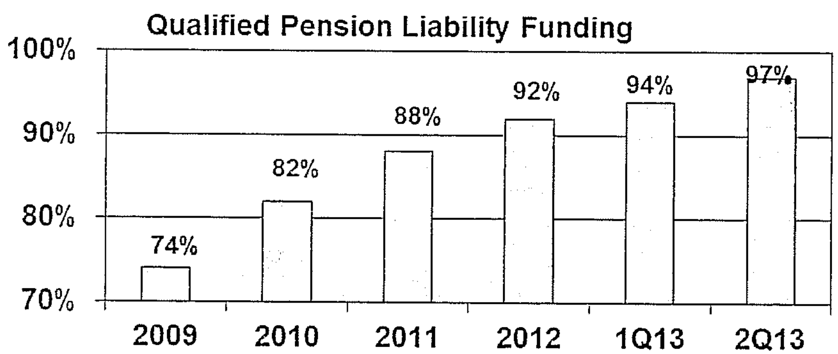
Expected Operating Earnings Per Share Growth Rate



Expected Operating Earnings Per Share Growth Rate of 4-6%

Capitalization & Liquidity





Credit Statistics

	Actual	Target
FFO Interest Coverage	4.5	>3.6x
FFO To Total Debt	19.1%	15%- 20%

Note: Credit statistics represent the trailing 12 months as of 06/30/2013

Liquidity Summary (06/30/2013)

Liquidity Summary (unaudited)	Actual	
($ in millions)	Amount	Maturity
Revolving Credit Facility	$ 1,750	Jul-17
Revolving Credit Facility	1,750	Jun-16
Term Credit Facility	1,000	May-15
Total Credit Facilities	**4,500**	
Plus		
Cash & Cash Equivalents	117	
Less		
Commercial Paper Outstanding	(850)	
Amount drawn on bank loans	(200)	
Letters of credit issued	(120)	
Net available Liquidity	**$ 3,447**	

Strong balance sheet, solid credit metrics and adequate liquidity

Forecasted Cash Flows and Financial Metrics

$ in millions		2013	2014	2015
Cash from Operations - Excluding Bonus Depreciation Impact		3,137	3,580	3,500
Bonus Depreciation Impact	A:	792	160	-
Cash from Securitization	B:	643	450	-
Capital & JV Equity Contributions		(3,600)	(3,800)	(3,800)
Other Investing Activities		(180)	(280)	(215)
Common Dividends		(916)	(921)	(926)
Excess (Required) Capital		(124)	(811)	(1,441)
Financing ($ in millions)		**2013**	**2014**	**2015**
Excess (Required) Capital		(124)	(811)	(1,441)
Debt Maturities (Senior Notes, PCRBs)		(1,649)	(995)	(1,155)
Securitzation Amortizations		(280)	(350)	(330)
Interim Credit Facility		1,000	-	-
Equity (DRP/401k)	C:	100	100	100
Debt Capital Market Needs (New)		(953)	(2,056)	(2,826)
Financial Metrics		**2013**	**2014**	**2015**
Debt to Capitalization Target		Mid 50s		
FFO/Total Debt Target		Mid -to- upper teens		

Cash inflows finance capital investment:

A:	Bonus Depreciation	$ 952M
B:	Securitization OH distribution assets ($267M) WV ENEC ($376M) * OH deferred fuel ($450M) *	$1,093M
C:	DRP	$ 300M
	3-Year Total	$2,345M

*** - subject to regulatory approval**

Cash needs are met through debt capital, securitization, bonus depreciation and the Dividend Reinvestment Plan

Debt Maturity Profile

($ in millions)

Year	Remaining 2013 as of June 30	2014	2015	2016	2017
AEP, Inc.	-	-	$200	-	$550
AEP Generating Company	-	$45	-	-	-
Appalachian Power	$345	$204	$625	$65	$250
Indiana Michigan Power	$8	$288	$328	$225	-
Kentucky Power	-	-	-	-	$325
Ohio Power	$250	$454	$86	$350	-
Public Service of Oklahoma	-	$34	-	$150	-
Southwestern Electric Power	-	-	$304	-	$250
Texas Central Company *	$38	-	$250	$192	$288
Texas North Company	-	-	-	-	-
Total	$691	$1,025	$1,793	$982	$1,663

* Includes $726 million of amortizing Texas Securitization Bonds based upon scheduled final payment date

Includes mandatory tenders (put bonds)

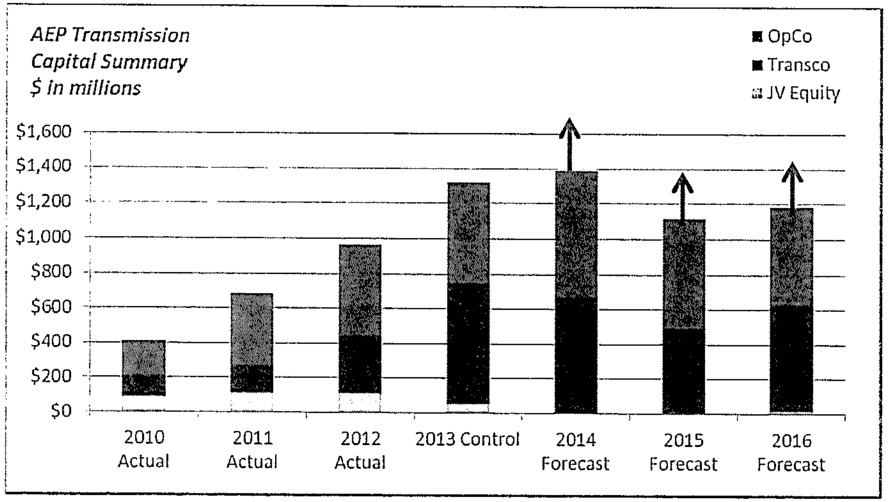
Data as of June 30, 2013

Credit Metrics

	Trailing Twelve Months 06/30/2013			
	FFO Interest Coverage	FFO to Debt	GAAP Debt to Capitalization	Senior Unsecured Credit Ratings*
American Electric Power Company	4.54	19.1%	55.2%	Baa2/BBB-/BBB
Appalachian Power Company	4.49	17.7%	55.3%	Baa2/BBB/BBB
Indiana Michigan Power Company	4.54	19.1%	55.3%	Baa2/BBB/BBB
Kentucky Power Company	4.04	19.9%	52.8%	Baa2/BBB/BBB
Ohio Power Company	5.00	22.2%	45.7%	Baa1/BBB/A-
Public Service Company of Oklahoma	4.26	18.2%	51.2%	Baa1/BBB/BBB+
Southwestern Electric Power Company	4.30	20.9%	50.6%	Baa3/BBB/BBB
AEP Texas Central Company**	4.72	21.3%	81.0%	Baa2/BBB/A-
AEP Texas North Company	4.49	17.7%	55.8%	Baa2/BBB/A-

* Moody's/S&P/Fitch ** Includes securitization debt

Building Organizational Capacity

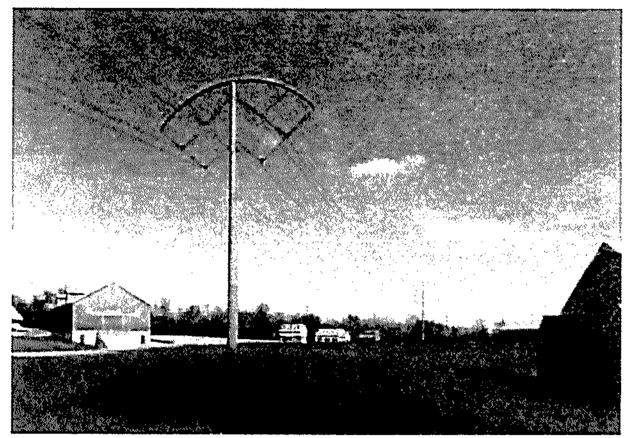


Outlook for 2014-16

- As capital becomes available, opportunities exist over the next three years to ramp up local reliability spend
- Increasing operational throughput to be better positioned to increase annual Capex
- Growing and capturing market opportunities
- Improving environmental focus
- Expanding community outreach efforts in support of siting
- Continuing commercialization of BOLD*

Building/refining organizational capabilities

- Active management of capital allocation and in-service dates improves cash flows and mitigates risk
- Geographic and RTO diversity helps manage execution risk
- Over 2,000 active projects under management
- Improved equipment and material procurement management, vendor and labor relationships contain costs for the benefit of customers and position the organization for growth



* Breakthrough Overhead Line Design

Refine Core Competencies → Products and Technology → Business Models

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FERC Policy Update

- Ron Binz nominated to replace FERC Chairman Wellinghoff June 27, 2013
  - Former Chairman of the Colorado Public Utilities Commission and director of the Colorado Office of Consumer Counsel
  - Supports renewable generation and transmission
- FERC Transmission policies expected to remain stable and supportive of electric transmission investment
  - Investments increase reliability, reduce congestion and promote integration of renewables
  - Regulatory framework considered to be more stable and predictable than state
  - Expected to remain less reformative on interregional planning
  - Cost allocation may be re-evaluated to address 7th circuit challenge
  - Incentives will continue to be limited to unique projects and tied to individual project risks
  - New 205 filings (ROE) will continue to employ methodology which has a close tie to current interest rates
- ROE Outlook
  - ROEs have remained relatively stable in a low interest rate environment
  - 10 pending base ROE complaints currently in front of FERC (most of them expected to be resolved through the settlement process)
  - Recent base ROE settlements are in the 9.5%-9.8% range (similar to our Transource Missouri settlement)
  - Edison Electric Institute (EEI) issued a white paper supporting the need for adequate return to facilitate transmission investment
- AEP has a diverse portfolio of settled formula rates in PJM, SPP, MISO and ERCOT:

Transcos & Opcos	Joint Ventures
AEP East Transcos	ETT
AEP East Opcos	RITELine
AEP West Transcos	Prairie Wind
AEP West Opcos	Pioneer (MISO)
Transource Missouri	

- FERC continues to support Order 1000 objectives

Regulatory Status Update

Corporate Separation Regulatory Update

FERC:

- **Approved April 29, 2013:**
  - ➢ Ohio Corporate Separation
  - ➢ Mitchell and Amos plant transfers
  - ➢ Wheeling Power/APCo merger
- **Pending Approval:**
  - ➢ Pool termination
  - ➢ Mitchell and Sporn Plants Operating Agreement
  - ➢ Power Coordination Agreement

Asset Transfers: APCo: Amos 3 (867 MW) & 50% of Mitchell (780 MW); KPCo: 50% of Mitchell (780 MW)

❑ ***Appalachian Power:***

- VA Case # PUE-2012-00141
  - ➢ Order received July 31, 2013
  - ➢ Approved Amos Unit 3 Plant Transfer
  - ➢ Approved Wheeling Power merger
  - ➢ Denied Mitchell Plant Transfer*
- WV Case # 12-1655-E-PC
  - ➢ Intervenor & Staff testimony received 06/18/13
  - ➢ Staff supports transfer of both plants at nbv and supports approval of merger
  - ➢ Hearing complete
  - ➢ Order expected 3Q2013

❑ ***Kentucky Power:***

- **Case # 2012-00578**
  - ➢ Intervenor & rebuttal testimony filed
  - ➢ Settlement reached with industrial parties and the Sierra Club in May 2013
  - ➢ Settlement allows transfer of Mitchell Plant at nbv effective 1/1/14, a rider for $44M in place until the next base rate case and conversion of Big Sandy Plant Unit 1 to natural gas
  - ➢ Hearing complete
  - ➢ Order expected 3Q2013

Approved Rate Base & ROE by Jurisdiction

Jurisdiction	Rate Base	Approved ROE	Approved Debt/Equity	Effective Date
AEP Ohio - Distribution	$1,912MM	10.20%	47/53	1/1/2012
AEP Ohio - Transmission	$1,075MM	11.49%	47/53	7/1/2013
APCo-Virginia	$2,172MM*	10.90%	57/43	2/1/2012
APCo-West Virginia	$2,428MM	10.00%	57/43	3/30/2011
KPCo-Kentucky	$995MM	10.50%	57/43**	6/30/2010
I&M-Indiana	$2,399MM	10.20%	57/43	2/13/2013
I&M-Michigan	$663MM	10.20%	49/51	1/1/2012
PSO-Oklahoma	$1,706MM	10.15%	54/46	1/5/2011
SWEPCO-Louisiana	$1,234MM	10.00%***	49/51	3/1/2013
SWEPCO-Arkansas	$612MM	10.25%	54/46	11/25/2009
SWEPCO-Texas	$665MM	10.33%	49/51	4/15/2010
TCC-Texas	$1,796MM****	9.96%	60/40	1/25/2013
TNC-Texas	$593MM****	9.96%	60/40	1/25/2013

* represents Generation and Distribution rate base only.

**represents a negotiated settlement

*** represents the midpoint of the ROE range approved in the formula rate case settled in February 2013

****represent approval of Interim TCOS investment

Pending Rate Changes

Current Base Rate Cases

AEP SOUTHWESTERN ELECTRIC POWER COMPANY
A unit of American Electric Power

$ in millions

SWEPCO - Texas	Company Request	Intervenor/Staff Testimony
Rate increase	**$83.5**	$16 - $52
Rate base/investment	$1,199.3	$1,102.6 to $1,197.9
Return on equity	11.25%	9.00 - 9.55%
Equity component	49.10%	48.71%/49.10%

Status: Docket No. 40443. Case filed on July 27, 2012. Hearing held in February 2013. Order expected in 3Q13, with rates going into effect retroactive to January 29, 2013.

AEP KENTUCKY POWER
A unit of American Electric Power

$ in millions

KPCO	Company Request	Intervenor/Staff Testimony
Rate increase	**$114.0**	TBD
Rate base/investment	$1,527.0	
Return on equity	10.65%	
Equity component	45.80%	

Status: Docket No. 2013-00197. Case filed on June 28, 2013. Intervenor testimony due October 23, 2013. Rebuttal testimony due December 2, 2013. Hearing date tbd. Requested rates go into effect subject to refund January 19, 2014.

Future Announced Cases

AEP APPALACHIAN POWER
A unit of American Electric Power

❑ *Virginia*

- **Biennial review due to be filed by March 31, 2014**
  - ➢ Two-year test period ended December 31, 2013
  - ➢ Rates effective February 2015

AEP PUBLIC SERVICE COMPANY OF OKLAHOMA
A unit of American Electric Power

❑ *Oklahoma*

- **Base rate case due to be filed no later than January 2014**
  - ➢ Rates can be implemented subject to refund six months after filing of case

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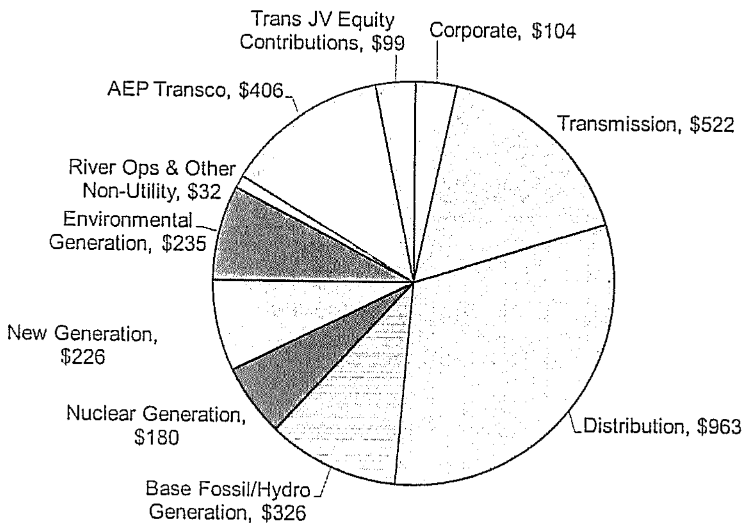
Appendix

2012 and 2013 Capital & Equity Contributions

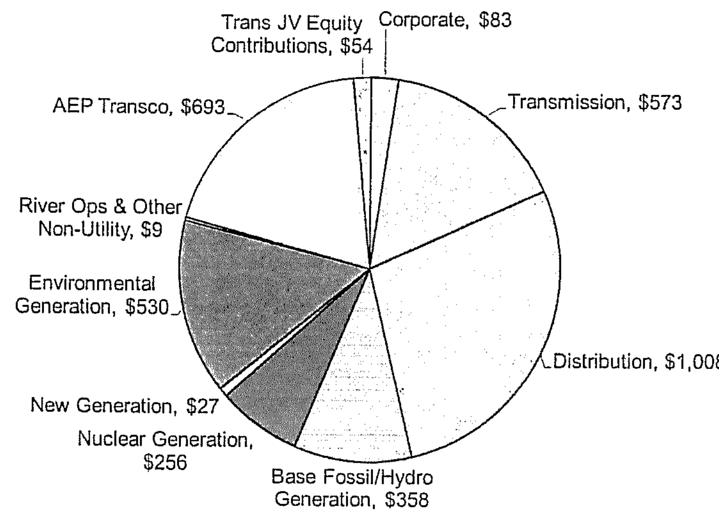
2012A: $3.1B

$ in millions,
excluding AFUDC



2013E: $3.6B

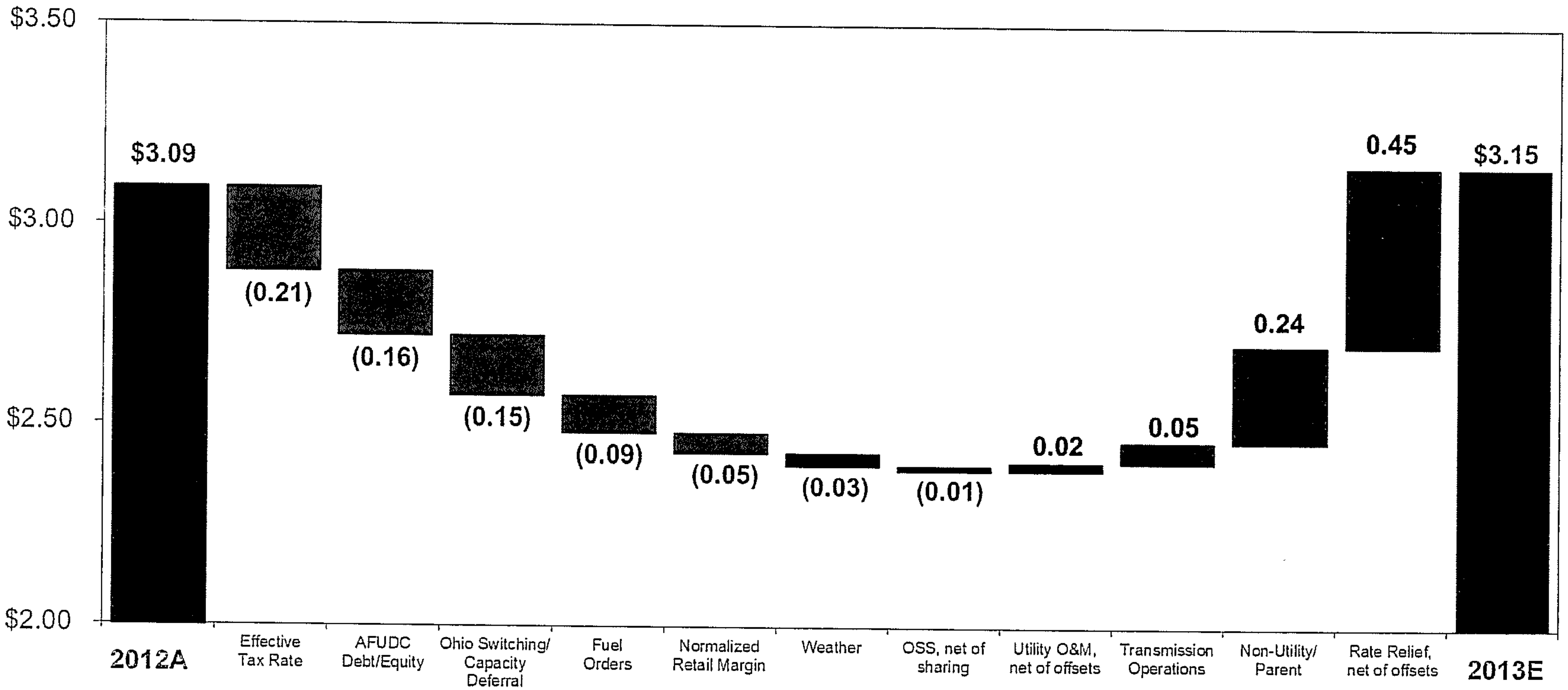
$ in millions,
excluding AFUDC



- ❑ Transco/JV spend increased 48%
- ❑ Environmental spend increased 126%
- ❑ Nuclear spend increased 42%
- ❑ New Generation spend decreased 88%

Incremental capital allocated to transmission and regulated utility investment opportunities

2013 Operating Earnings Guidance



2013 Operating Earnings Guidance Range: $3.05 - $3.25 per share

Detailed Operating Earnings Guidance

2012A: $3.09

American Electric Power
Financial Results for 2012 Actual Vs 2013 Guidance

2013E: $3.05 - $3.25

		Performance Driver	2012 Actual ($ millions)	Performance Driver	2013 Guidance ($ millions)
	UTILITY OPERATIONS:				
	Gross Margin:				
1	East Regulated Integrated Utilities	65,819 GWh	2,991	66,842 GWh	3,116
2	Ohio Companies	50,294 GWh	2,456	48,481 GWh	2,207
3	West Regulated Integrated Utilities	42,234 GWh	1,396	42,473 GWh	1,539
4	Texas Wires	29,039 GWh	642	28,785 GWh	659
5	Off-System Sales		324		311
6	Transmission Revenue - 3rd Party		500		595
7	Other Operating Revenue		506		552
8	**Utility Gross Margin**		8,815		8,979
9	Operations & Maintenance		(3,311)		(3,385)
10	Depreciation & Amortization		(1,734)		(1,694)
11	Taxes Other than Income Taxes		(827)		(855)
12	Interest Expense		(882)		(906)
13	Other Income & Deductions		139		62
14	Income Taxes		(683)		(787)
15	**Utility Operations Operating Earnings**		1,517		1,414
16	**Transmission Operations Operating Earnings**		44		67
	NON-UTILITY OPERATIONS:				
17	**AEP River Operations**		15		35
18	**Generation & Marketing**		7		24
19	**Parent & Other Operating Earnings**		(86)		(5)
20	**OPERATING EARNINGS**		1,497		1,535

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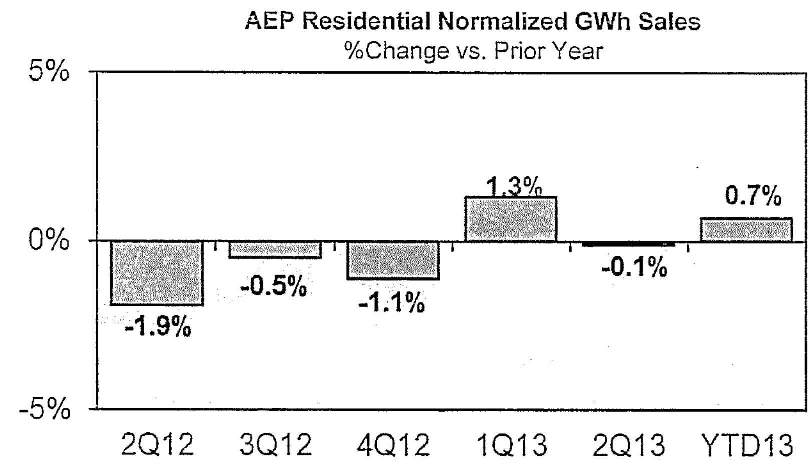
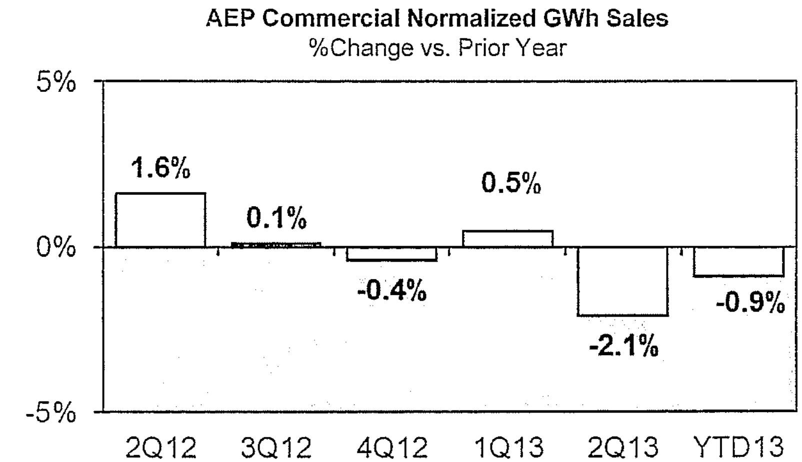
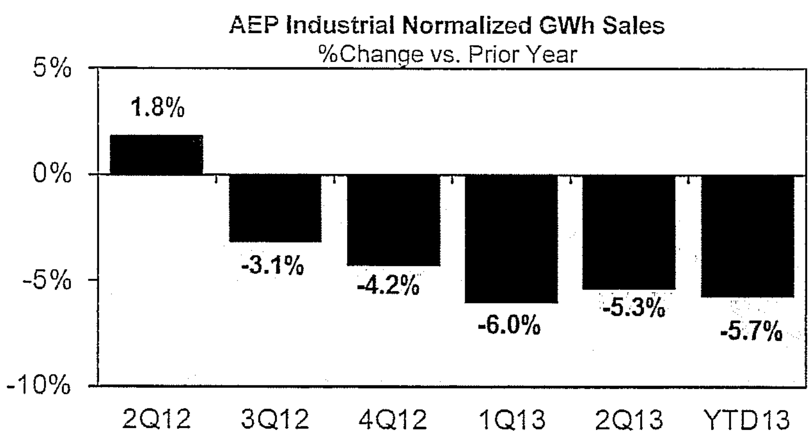
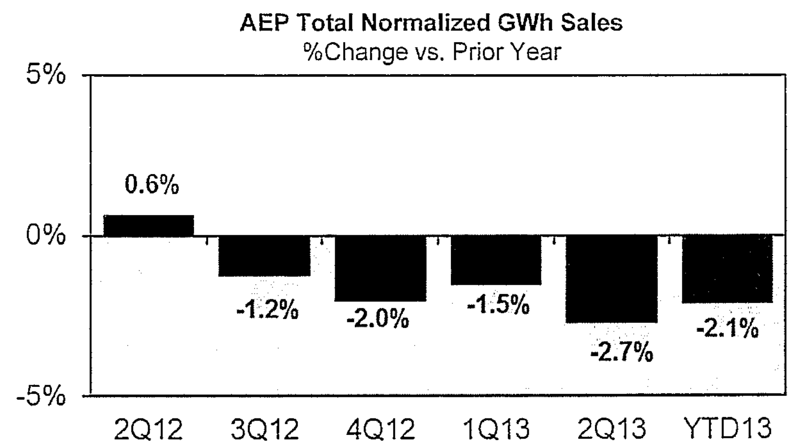
Normalized Load Trends





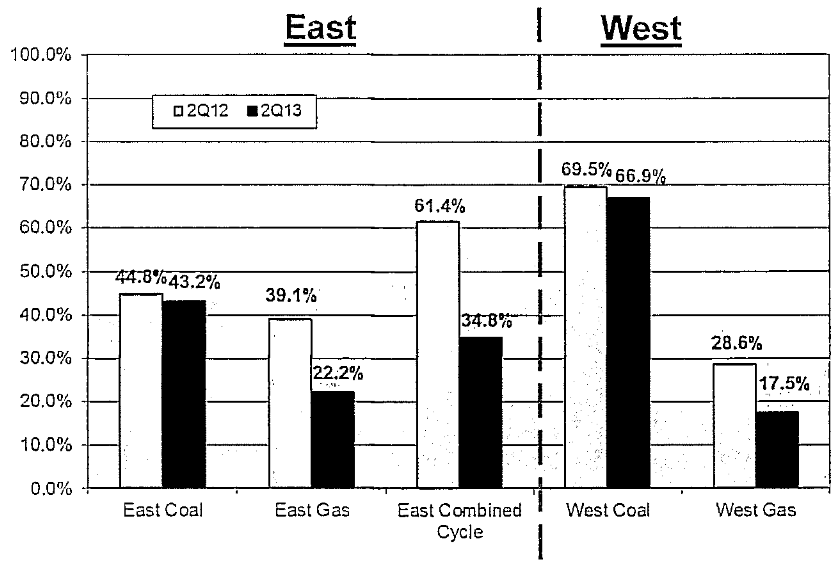




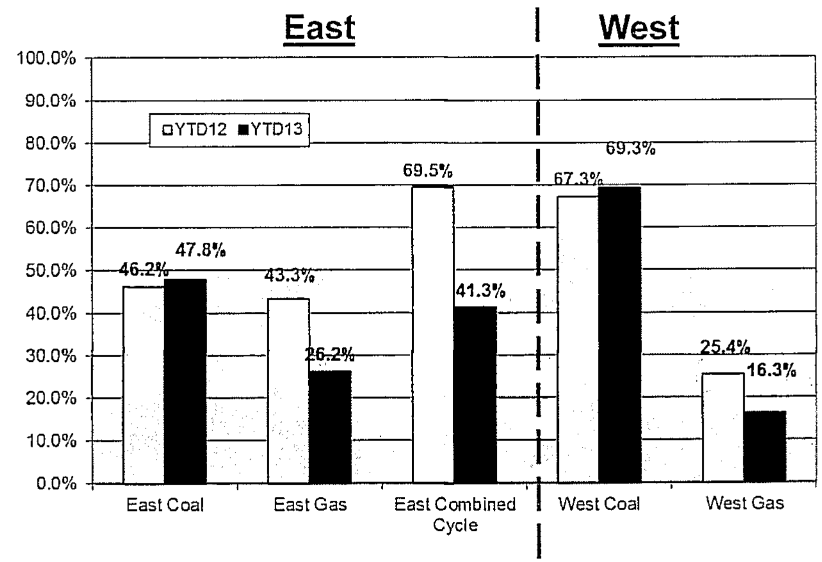
Note: Charts reflect connected load and exclude firm wholesale load & Buckeye Power backup load.

Gas to Coal Switching

2nd Quarter 2012 vs. 2013 Capacity Factor



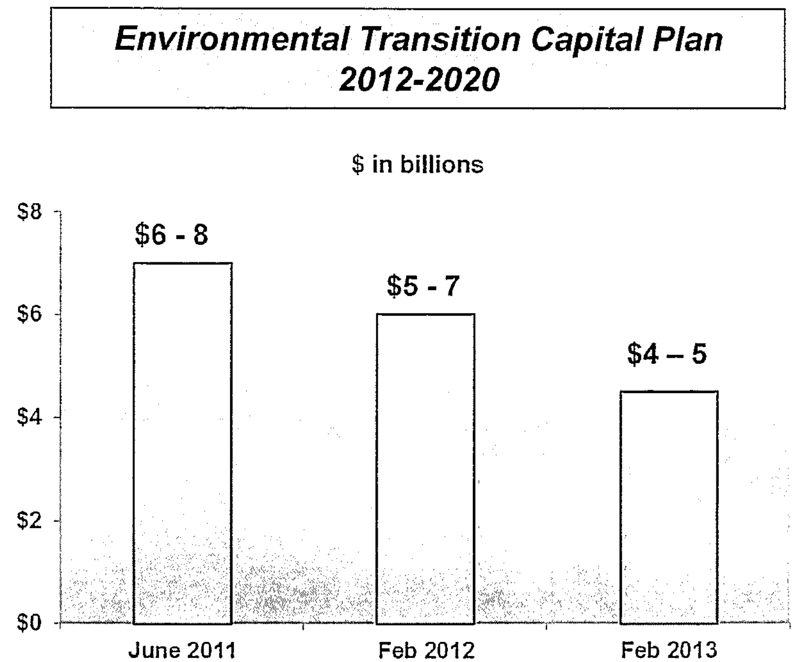
YTD 2012 vs. 2013 Capacity Factor



- Overall generation from natural gas has decreased 37 percent year-to-date
- Overall generation from coal has increased 4 percent year-to-date
- 46 days system average coal inventory at June 30, 2013
- Coal approximately 94% hedged for 2013 and 68% hedged for 2014

Fleet Transformation

- 60% of our current fleet capacity comes from coal generation
- Anticipated coal capacity of 46% of the fleet by 2020
- Estimated capital spend of $4 - $5 billion between now and 2020 to make these remaining coal plants compliant with current and proposed EPA regulations, including MATS, coal combustion residuals and 316(b) and effluent guidelines
- Diligence in finding the lowest cost and low risk compliance options have resulted in more retirements, lower cost retrofits and reduced capital expenditures



Generation fleet will move to a more balanced portfolio while controlling costs, complying with environmental rules and benefitting our customers

MATS Environmental Investments & Retirements

Potential Environmental Investments

Operating Company	Plant	MW	Potential Type of retrofit
AEP Ohio[1]	Conesville 5 & 6	800	ACI
	Gavin 1 & 2	2,640	ACI
APCO	Clinch River 1[2,3]	242	Refuel with Natural Gas
	Clinch River 2[2,3]	242	Refuel with Natural Gas
I&M	Tanners Creek 4[4]	482	Refuel with Natural Gas
	Rockport[5]	2,620	DSI, SCR
KPCO	Big Sandy 1[6]	278	Refuel with Natural Gas
PSO	Oklaunion	101	FGD upgrade, ACI
	Northeastern 3	470	ACI, DSI, Baghouse
SWEPCO	Welsh 1	528	ACI, DSI, Baghouse
	Welsh 3	528	ACI, DSI, Baghouse
	Pirkey	580	ACI
	Dolet Hills	262	ACI, Baghouse
	Flint Creek	264	FGD, ACI
TNC	Oklaunion	377	FGD upgrade, ACI
	Grand Total MW	10,414	

(1) Assumes investment is able to clear the market
(2) Existing Coal Plant 235MW
(3) Case on file, subject to regulatory and other approvals
(4) Existing Coal Plant 500MW
(5) Pending approval of settlement on file with IURC
(6) Pending approval of settlement on file with KPSC

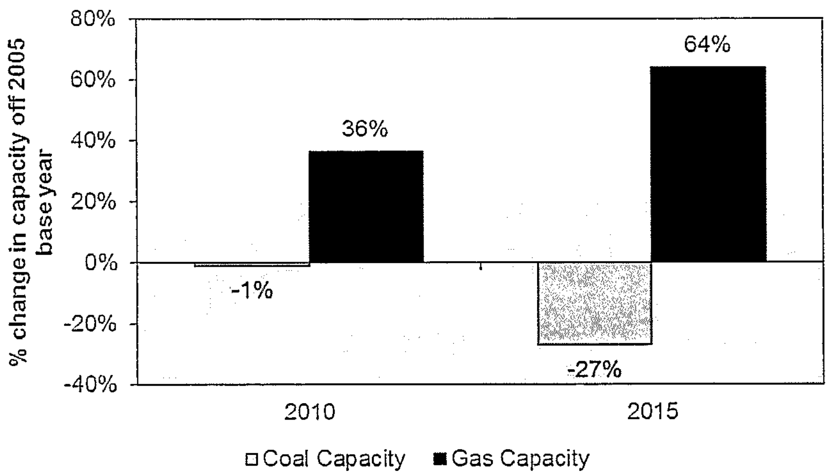
ACI – Activated Carbon Injection
DSI – Dry Sorbent Injection
FGD – Flue Gas Desulfurization
SCR – Selective Catalytic Reduction

Projected Plant Retirements through 2016

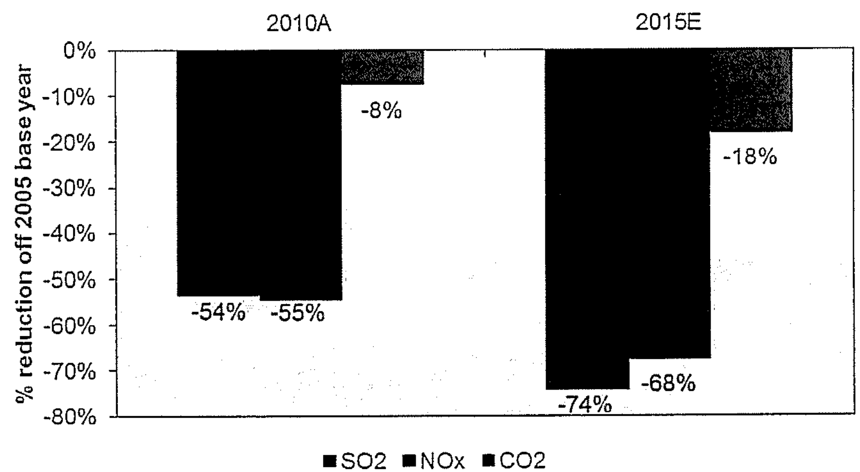
Operating Company	Plant	MW	Expected Retirement
AEP Ohio	Muskingum River 1-5	1,425	2015
	Picway 5	100	2015
	Sporn 2-4	300	2015
	Kammer 1-3	630	2015
	Beckjord	53	2015
	Total MW	**2,508**	
APCO	Glen Lyn 5	95	2015
	Glen Lyn 6	240	2015
	Clinch River 3	235	2015
	Sporn 1	150	2015
	Sporn 3	150	2015
	Kanawha River 1	200	2015
	Kanawha River 2	200	2015
	Total MW	**1,270**	
I&M	Tanners Creek 1	145	2015
	Tanners Creek 2	145	2015
	Tanners Creek 3	205	2015
	Total MW	**495**	
KPCo	Big Sandy 2	800	2015
	Total MW	**800**	
SWEPCO	Welsh 2	528	2014
	Total MW	**528**	
PSO	Northeastern 4	460	2016
	Total MW	**460**	
	Total Retirements =	**6,061**	

Capacity Mix Shift & Emissions Reductions

AEP Coal and Natural Gas Capacity



AEP Emissions Reductions



- Existing regulations and market conditions drive a 64% increase in gas capacity and a 27% decrease in coal capacity by 2016

- AEP fleet expected to meet President's 17% reduction target for CO_2 five years sooner and without additional regulation

AEP transforming fleet in response to regulation and market conditions

Transmission Outlook

2013 – 2015 Earnings Forecast Based on Approved Projects

Major Infrastructure Improvements

	PJM	SPP	ERCOT	**Total**
New / Enhanced Stations	340	71	68	479
Transformation Capacity	17,900 MVA*	2,500 MVA	1,300 MVA	21,700 MVA
New Transmission Lines	260 miles	175 miles	1,350 miles	1,785 miles
Rebuilt Transmission Lines	2,675 miles	425 miles	775 miles	3,875 miles
Communication and Control	Rebuild or replace obsolete communication circuits and pilot wire protection, expand SCADA and add new equipment condition			

* MVA: Mega-Volt-Ampere

Post 2015 Investment Opportunities Drive Additional Future Earnings Growth

Pioneer TRANSMISSION

RITELine Transmission

TRANSOURCE

Kentucky Power Company

REQUEST

Please provide copies of all prospectuses for any security issuances by Kentucky Power Company and/or American Electric Power Company between January 1, 2010 and the present.

RESPONSE

During the time period requested, Kentucky Power did not issue securities. See AG 1-3 Attachment 1 for prospectuses for American Electric Power Company security issuances.

WITNESS: Marc D Reitter

Prospectus Supplement
(To Prospectus dated December 15, 2011)

AEP AMERICAN ELECTRIC POWER

$850,000,000

American Electric Power Company, Inc.

$550,000,000 1.65% Senior Notes, Series E, due 2017
$300,000,000 2.95% Senior Notes, Series F, due 2022

The Senior Notes will be our unsecured and unsubordinated obligations. Interest on the Series E Notes and the Series F Notes (collectively, the "Senior Notes") is payable semi-annually on June 15 and December 15 of each year, beginning June 15, 2013. The Series E Notes will mature on December 15, 2017. The Series F Notes will mature on December 15, 2022. We may redeem the Senior Notes at our option at any time, either as a whole or in part, in each case, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed plus any make-whole premium, together with accrued and unpaid interest to the redemption date.

The Senior Notes do not have the benefit of any sinking fund. The Senior Notes are unsecured and rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. We will issue the Senior Notes only in registered form in denominations of $1,000 and integral multiples thereof.

Investing in our Senior Notes involves risks. See "Risk Factors" on page S-6 of this prospectus supplement.

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

	Per Series E Note	Total	Per Series F Note	Total
Public offering price (1)	99.884%	$549,362,000	99.801%	$299,403,000
Underwriting discount	0.60%	$3,300,000	0.65%	$1,950,000
Proceeds, before expenses, to us	99.284%	$546,062,000	99.151%	$297,453,000

(1) Plus accrued interest, if any, from December 3, 2012.

We expect that the Senior Notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about December 3, 2012.

Joint Book-Running Managers

J.P. Morgan **Citigroup** **Goldman, Sachs & Co.**
BNP PARIBAS **Credit Agricole CIB** **RBS**

Co-Managers

BNY Mellon Capital Markets, LLC
KeyBanc Capital Markets
Mizuho Securities
Scotiabank
SunTrust Robinson Humphrey

November 28, 2012

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Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the Senior Notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which does not apply to the Senior Notes. If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and in the accompanying prospectus and in any written communication from the Company or the underwriters specifying the final terms of the offering. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of the date on their respective covers. Our business, financial condition, results of operations and prospects may have changed since those dates.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports and other information with the Securities and Exchange Commission ("SEC"). You may read and copy any document we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. You may also examine our SEC filings through the SEC's web site at http://www.sec.gov or at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all the Senior Notes offered hereby:

- Annual Report on Form 10-K for the year ended December 31, 2011;
- Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012; and
- Current Reports on Form 8-K filed January 6, 2012 (as amended and filed March 9, 2012), April 25, 2012, July 25, 2012 (as amended and filed September 26, 2012), September 26, 2012 and November 20, 2012.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

American Electric Power Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215
Attn: John Huneck
614-716-1000

SUMMARY INFORMATION

The following information supplements, and should be read together with, the information contained in the accompanying prospectus. You should carefully read this prospectus supplement and the accompanying prospectus as well as the documents they incorporate by reference, before making an investment decision. Unless we state otherwise or the context otherwise requires, references appearing in this prospectus supplement to the "Company", "we", "us" and "our" should be read to refer to American Electric Power Company, Inc. and its subsidiaries.

American Electric Power Company, Inc.

We are one of the largest investor-owned electric public utility holding companies in the United States. Our electric utility operating companies provide generation, transmission and distribution services to more than five million retail customers in Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia.

We operate an extensive portfolio of assets including:

- Almost 36,500 megawatts of generating capacity, one of the largest complements of generation in the U.S.
- Approximately 39,000 miles of transmission lines, including 2,116 miles of 765kV lines, the backbone of the electric interconnection grid in the Eastern U.S.
- Approximately 223,000 miles of distribution lines that deliver electricity to 5.3 million customers.
- Substantial commodity transportation assets (more than 7,600 railcars, approximately 3,300 barges, 61 towboats, 29 harbor boats and a coal handling terminal with 18 million tons of annual capacity).

Our principal executive offices are located at 1 Riverside Plaza, Columbus, Ohio, and our telephone number is (614) 716-1000.

The Offering

Senior Notes	\$550,000,000 principal amount of 1.65% Senior Notes, Series E, due 2017 and \$300,000,000 principal amount of 2.95% Senior Notes, Series F, due 2022.
Maturity Dates	The Series E Senior Notes will mature on December 15, 2017 and the Series F Senior Notes will mature on December 15, 2022.
Interest Rates..................................	The Series E Senior Notes will bear interest at the rate of 1.65% per year and the Series F Senior Notes will bear interest at the rate of 2.95% per year.
Interest Payment Dates	Interest on the Senior Notes is payable semi-annually on June 15 and December 15 of each year, beginning June 15, 2013.
Redemption of the Series E Notes ...	At any time prior to November 15, 2017, we may redeem the Series E Senior Notes at our option at any time, either as a whole or in part, in each case, at a redemption price equal to 100% of the principal amount of the Series E Senior Notes being redeemed plus a make-whole premium, together with accrued and unpaid interest to the redemption date. At any time on or after November 15, 2017, we may redeem the Series E Senior Notes in whole or in part at 100% of the principal amount of the Senior Notes being redeemed, plus accrued interest thereon to the date of redemption.
Redemption of the Series F Notes ...	At any time prior to September 15, 2022, we may redeem the Series F Senior Notes at our option at any time, either as a whole or in part, in each case, at a redemption price equal to 100% of the principal amount of the Series F Senior Notes being redeemed plus a make-whole premium, together with accrued and unpaid interest to the redemption date. At any time on or after September 15, 2022, we may redeem the Series F Senior Notes in whole or in part at 100% of the principal amount of the Series F Senior Notes being redeemed, plus accrued interest thereon to the date of redemption.
Ranking...	The Senior Notes will be unsecured and unsubordinated obligations ranking equally with our other outstanding and future unsecured and unsubordinated indebtedness.

Restrictive Covenants	For a discussion of the restrictive covenants relating to the Senior Notes, see "Limitation upon Liens on Stock of Certain Subsidiaries" and "Limitation upon Mergers, Consolidations and Sale of Assets" under "Specific Terms of the Senior Notes—Restrictive Covenants Relating to the Senior Notes" in this prospectus supplement.

RISK FACTORS

Investing in the Senior Notes involves risk. You should carefully consider the risks and uncertainties described below as well as any cautionary language or other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011, along with certain amended and restated risk factors contained in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012 before investing in the Senior Notes. The risks described therein or set forth below are those that we consider to be the most significant to your decision whether to invest in the Senior Notes. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations, our financial results and the value of our securities.

We must rely on cash from our subsidiaries to make payments on the Senior Notes.

We are a holding company that derives substantially all of our income from our operating subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts on the Senior Notes or to make any funds available for such payment. Therefore, the Senior Notes will be effectively subordinated to all existing and future indebtedness and other liabilities, including trade payables, debt and preferred stock incurred or issued by our subsidiaries. In addition to trade liabilities, many of our operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will be effectively senior to the Senior Notes. In addition, each subsidiary's ability to pay dividends to us depends on any statutory, regulatory and/or contractual restrictions that may be applicable to such subsidiary. The indenture pursuant to which the Senior Notes will be issued does not place any limit on the amount of senior indebtedness that we may issue, guarantee or otherwise incur or the amount of liabilities, including debt or preferred stock, that our subsidiaries may issue, guarantee or otherwise incur. We expect that our subsidiaries will from time to time incur additional indebtedness and other liabilities that will be senior to the Senior Notes. At September 30, 2012, the total indebtedness of our subsidiaries was $17.4 billion; this amount does not include other liabilities.

USE OF PROCEEDS

The net proceeds from the sale of the Senior Notes will be used for general corporate purposes. These purposes include the repayment of short term indebtedness as well as the redemption of the $242,775,000 outstanding principal amount of our 5.25% Senior Notes, Series D, due June 1, 2015 and $315,000,000 outstanding principal amount of our 8.75% Junior Subordinated Debentures due March 1, 2063. If we do not use the net proceeds immediately, we will temporarily invest them in short-term, interest-bearing obligations.

SPECIFIC TERMS OF THE SENIOR NOTES

Please read the following information concerning the Senior Notes in conjunction with the statements under "Description of the Senior Notes" in the accompanying prospectus, which the following information supplements and, in the event of any inconsistencies, supersedes. The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of May 1, 2001 (the "Indenture") between us and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Indenture is described in the accompanying prospectus, and a form thereof is filed as an exhibit to the registration statement under which the Senior Notes are being offered and sold.

The Senior Notes will be our unsecured and unsubordinated obligations ranking equally with our other outstanding unsecured and unsubordinated indebtedness. At September 30, 2012, we had approximately $763 million outstanding unsecured and unsubordinated indebtedness. The Indenture contains no restrictions on the amount of additional indebtedness that we may issue.

Principal Amount, Maturity, Interest and Payment

The Series E Notes and the Series F Notes will initially be issued in an aggregate principal amount of $550,000,000 and $300,000,000, respectively. We may at any time and from time to time, without consent of the holders of either series of the Senior Notes, issue additional notes having the same ranking, interest rate, maturity and other terms as the applicable Senior Notes. These notes, together with the applicable Senior Notes, will be a single series of notes under the Indenture.

The Series E Notes will mature and become due and payable, together with any accrued and unpaid interest, on December 15, 2017, and will bear interest at the rate of 1.65% per year from December 3, 2012 until December 15, 2017. The Series E Notes are not subject to any sinking fund provision.

The Series F Notes will mature and become due and payable, together with any accrued and unpaid interest, on December 15, 2022, and will bear interest at the rate of 2.95% per year from December 3, 2012 until December 15, 2022. The Series F Notes are not subject to any sinking fund provision.

Interest on each Senior Note will be payable semi-annually in arrears on June 15 and December 15 of each year and at redemption, if any, or maturity. The initial interest payment date is June 15, 2013. Each payment of interest shall include interest accrued through the day before such interest payment date. Interest on the Senior Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

We will pay interest on the Senior Notes (other than interest payable at redemption, if any, or maturity) in immediately available funds to the owners of the Senior Notes as of the Regular Record Date (as defined below) for each interest payment date.

We will pay the principal of the Senior Notes and any premium and interest payable at redemption, if any, or at maturity in immediately available funds at the office of The Bank of New York Mellon Trust Company, N.A., 101 Barclay Street in New York, New York.

If any interest payment date, redemption date or the maturity is not a Business Day (as defined below), we will pay all amounts due on the next succeeding Business Day and no additional interest will be paid.

The "Regular Record Date" will be the close of business on the June 1 or December 1 prior to the relevant interest payment date, whether or not a Business Day.

"Business Day" means any day that is not a day on which banking institutions in New York City are authorized or required by law or regulation to close.

Waiver of Replacement Capital Covenant

The Indenture provides that the Senior Notes will not be entitled to benefit in any way from the Replacement Capital Covenant, dated as of March 1, 2008, entered into by the Company in favor of certain holders of the Company's debt, and subsequently amended by an amendment dated as of February 29, 2012 (as amended, the "Replacement Capital Covenant"). Under this provision, the Senior Notes will never become Eligible Debt or Covered Debt (as such terms are defined in the Replacement Capital Covenant), and the holders of the Senior Notes will never be entitled to become Covered Debtholders (as defined in the Replacement Capital Covenant). Any person purchasing or otherwise acquiring a Senior Note or any interest in a Senior Note will be deemed to have agreed to this waiver of the Replacement Capital Covenant.

Optional Redemption

We may redeem the Senior Notes at our option at any time upon no more than 60 and not less than 30 days' notice by mail.

At any time prior to November 15, 2017, we may redeem the Series E Senior Notes either as a whole or in part at a redemption price equal to the greater of (1) 100% of the principal amount of the Series E Senior Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series E Senior Notes being redeemed (excluding the portion of any such interest accrued to the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 20 basis points, plus accrued interest thereon to the date of redemption.

At any time on or after November 15, 2017, we may redeem the Series E Senior Notes in whole or in part at 100% of the principal amount of the Series E Senior Notes being redeemed, plus accrued interest thereon to the date of redemption.

At any time prior to September 15, 2022, we may redeem the Series F Senior Notes either as a whole or in part at a redemption price equal to the greater of (1) 100% of the principal amount of the Series F Senior Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series F Senior Notes being redeemed (excluding the portion of any such interest accrued to the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 25 basis points, plus accrued interest thereon to the date of redemption.

At any time on or after September 15, 2022, we may redeem the Series F Senior Notes in whole or in part at 100% of the principal amount of the Series F Senior Notes being redeemed, plus accrued interest thereon to the date of redemption.

"Treasury Rate" means, with respect to any redemption date for the Senior Notes, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by a Independent Investment Banker as having a maturity comparable to the remaining term of the Senior Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the Senior Notes.

"Comparable Treasury Price" means, with respect to any redemption date for the Senior Notes, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if such release (or any successor release) is not published or does not contain such prices on such third Business Day, the Reference Treasury Dealer Quotation for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us and reasonably acceptable to the Trustee.

"Reference Treasury Dealer" means a primary U.S. Government Securities Dealer selected by us and reasonably acceptable to the Trustee.

"Reference Treasury Dealer Quotation" means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at or before 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Restrictive Covenants Relating to the Senior Notes

Limitation upon Liens on Stock of Certain Subsidiaries

For so long as any Senior Notes remain outstanding, we will not create or incur or allow any of our subsidiaries to create or incur any pledge or security interest on any of the capital stock of a Public Utility Subsidiary held by us or one of our subsidiaries or a Significant Subsidiary.

For purposes of this covenant, a Public Utility Subsidiary means, at any particular time, a direct or indirect subsidiary of ours that, as a substantial part of its business, distributes or transmits electric energy to retail or wholesale customers at rates or tariffs that are regulated by either a state or Federal regulatory authority.

For purposes of this covenant, Significant Subsidiary means, at any particular time, any direct subsidiary of ours whose consolidated gross assets or consolidated gross revenues (having regard to our direct beneficial interest in the shares, or the like, of that subsidiary) represent at least 25% of our consolidated gross assets or our consolidated gross revenues.

Limitation upon Mergers, Consolidations and Sale of Assets

Nothing in the Indenture or the Senior Notes prevents us from consolidating or merging with or into, or selling or otherwise disposing of all or substantially all of our property to another entity, provided that (1) we agree to obtain a supplemental indenture pursuant to which the surviving entity or transferee agrees to assume our obligations relating to all outstanding debt securities issued under the Indenture and (2) the surviving entity or transferee is organized under the laws of the United States, any state thereof or the District of Columbia.

Additional Information

For additional important information about the Senior Notes, including: (i) additional information about the terms of the Senior Notes, (ii) general information about the Indenture and the trustee, and (iii) a description of events of default under the Indenture, see "Description of the Senior Notes" in the accompanying prospectus.

UNDERWRITING

Citigroup Global Markets Inc., Goldman, Sachs & Co. and J.P. Morgan Securities LLC are acting as representatives of the underwriters named below with respect to the Senior Notes. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to each of the underwriters named below and each of the underwriters has severally and not jointly agreed to purchase from us the respective principal amount of Senior Notes set forth opposite its name below:

Underwriter	Principal Amount of Series E Notes	Principal Amount of Series F Notes
Citigroup Global Markets Inc.	$77,000,000	$42,000,000
Goldman, Sachs & Co.	77,000,000	42,000,000
J.P. Morgan Securities LLC	77,000,000	42,000,000
BNP Paribas Securities Corp.	77,000,000	42,000,000
Credit Agricole Securities (USA) Inc.	77,000,000	42,000,000
RBS Securities Inc.	77,000,000	42,000,000
BNY Mellon Capital Markets, LLC	17,600,000	9,600,000
KeyBanc Capital Markets Inc.	17,600,000	9,600,000
Mizuho Securities USA Inc.	17,600,000	9,600,000
Scotia Capital (USA) Inc.	17,600,000	9,600,000
SunTrust Robinson Humphrey, Inc.	17,600,000	9,600,000
Total	$550,000,000	$300,000,000

In the underwriting agreement, the underwriters have agreed, subject to the terms and conditions set forth therein, to purchase all of the Senior Notes offered hereby if any of the Senior Notes are purchased.

The expenses associated with the offer and sale of the Senior Notes are expected to be approximately $755,000.

The underwriters propose to offer the Senior Notes to the public at the initial public offering prices set forth on the cover page of this prospectus supplement and to certain dealers at such price less a concession not in excess of 0.35% per Series E Note and 0.40% per Series F Note. The underwriters may allow, and such dealers may reallow, a discount not in excess of 0.225% per Series E Note and 0.25% per Series F Note to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed. The offering of the Senior Notes by the underwriters is subject to receipt and acceptance and subject to the underwriters right to reject any order in whole or in part.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or contribute to payments that each underwriter may be required to make in respect thereof.

Prior to this offering, there has been no public market for the Senior Notes. The Senior Notes will not be listed on any securities exchange. Certain underwriters have advised us that they intend to make a market in the Senior Notes. The underwriters will have no obligation to make a market in the Senior Notes, however, and may cease market making activities, if commenced, at any time. There can be no assurance of a secondary market for the Senior Notes, or that the Senior Notes may be resold.

In connection with the offering, the underwriters may purchase and sell the Senior Notes in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. Stabilizing transactions consist of certain bids or purchases for the purposes of preventing or retarding a decline in the market price of the Senior Notes and syndicate short positions involve the sale by the underwriters of a greater number of Senior Notes than they are required to purchase from us in the offering. The underwriters also may impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker dealers in respect of the securities sold in the offering for their account may be reclaimed by the syndicate if such Senior Notes are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the Senior Notes, which may be higher than the price that might otherwise prevail in the open market; and these activities, if commenced, may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Company and to persons and entities with relationships with the Company, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates have made or held, and may in the future make or hold, a broad array of investments including serving as counterparties to certain derivative and hedging arrangements, and may have actively traded, and, in the future may actively trade, debt and equity securities (or related derivative securities), and financial instruments (including bank loans) for their own account and for the accounts of their customers and may have in the past and at any time in the future hold long and short positions in such securities and instruments. Such investment and securities activities may have involved, and in the future may involve, securities and instruments of the Company.

Some of the underwriters or their affiliates engage in transactions with, and have performed services for, us and our affiliates in the ordinary course of business and have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

LEGAL MATTERS

Certain legal matters with respect to this offering of the Senior Notes will be passed on for us by Jeffrey D. Cross, Esq., Deputy General Counsel of American Electric Power Service Corporation, one of our affiliates, or Thomas G. Berkemeyer, Esq., Associate General Counsel of American Electric Power Service Corporation. Certain legal matters with respect to the offering of the Senior Notes will be passed on for the underwriters by Hunton & Williams LLP, New York, New York. From time to time, Hunton & Williams LLP acts as counsel to our affiliates for some matters.

EXPERTS

The consolidated financial statements, and the related financial statement schedules, incorporated in this prospectus supplement by reference from the American Electric Power Company, Inc. Annual Report on Form 10-K for the year ended December 31, 2011, and the effectiveness of American Electric Power Company, Inc. and subsidiary companies' internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports express an unqualified opinion and, as to the report related to the consolidated financial statements, includes an explanatory paragraph relating to the adoption of new accounting pronouncements in 2011 and 2010), which are incorporated herein by reference. Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

PROSPECTUS

AMERICAN ELECTRIC POWER COMPANY, INC.
1 RIVERSIDE PLAZA
COLUMBUS, OHIO 43215
(614) 716-1000

SENIOR NOTES
COMMON STOCK
JUNIOR SUBORDINATED DEBENTURES
STOCK PURCHASE CONTRACTS
STOCK PURCHASE UNITS

TERMS OF SALE

This prospectus contains summaries of the general terms of the securities. You will find the specific terms of these securities, and the manner in which they are being offered, in supplements to this prospectus. You should read this prospectus and the available prospectus supplement carefully before you invest.

The common stock of American Electric Power Company, Inc. is listed on the New York Stock Exchange under the symbol "AEP". The last reported sale of the common stock on the New York Stock Exchange on December 9, 2011 was $39.73 per share.

In this prospectus, unless the context indicates otherwise, the words "we", "ours" and "us" refer to American Electric Power Company, Inc. and its consolidated subsidiaries.

INVESTING IN THESE SECURITIES INVOLVES RISKS. SEE THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 2 FOR MORE INFORMATION.

The securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor have these organizations determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 15, 2011.

THE COMPANY

We are a public utility holding company that owns, directly or indirectly, all of the outstanding common stock of our domestic electric utility subsidiaries and varying percentages of other subsidiaries. Substantially all of our operating revenues derive from the furnishing of electric service. We were incorporated under the laws of New York in 1906 and reorganized in 1925. Our principal executive offices are located at 1 Riverside Plaza, Columbus, Ohio 43215, and our telephone number is (614) 716-1000.

We own, directly or indirectly, all the outstanding common stock of the following operating public utility companies: AEP Texas Central Company, AEP Texas North Company, Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Public Service Company of Oklahoma, Southwestern Electric Power Company and Wheeling Power Company. These operating public utility companies supply electric service in portions of Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia. We also own all of the outstanding common stock of American Electric Power Service Corporation, which provides accounting, administrative, information systems, engineering, financial, legal, maintenance and other services to us and our subsidiaries.

PROSPECTUS SUPPLEMENTS

We will provide information to you about the securities in up to three separate documents that progressively provide more detail: (a) this prospectus provides general information some of which may not apply to your securities, (b) the accompanying prospectus supplement provides more specific terms of your securities, and (c) the pricing supplement, if any, provides the final terms of your securities. It is important for you to consider the information contained in this prospectus, the prospectus supplement, and the pricing supplement, if any, in making your investment decision.

RISK FACTORS

Investing in our securities involves risk. Please see the risk factors described in our most recent Annual Report on Form 10-K and all subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference in this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus. The risks and uncertainties described are those presently known to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations, our financial results and the value of our securities.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement we filed with the SEC. We also file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room at 100 F Street N.E., Room

1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. You may also examine our SEC filings through the SEC's web site at http://www.sec.gov.

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 (including any documents filed after the date of the initial registration statement and prior to its effectiveness) until we sell all the securities.

- Annual Report on Form 10-K for the year ended December 31, 2010;
- Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011;
- Current Report on Form 8-K filed April 27, 2011;
- Current Report on Form 8-K filed May 2, 2011;
- Current Report on Form 8-K filed May 9, 2011;
- Current Report on Form 8-K filed May 25, 2011;
- Current Report on Form 8-K filed July 5, 2011;
- Current Report on Form 8-K filed July 27, 2011;
- Current Report on Form 8-K filed October 26, 2011;
- Current Report on Form 8-K filed November 16, 2011; and
- Current Report on Form 8-K filed December 5, 2011.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

Mr. John R. Huneck
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215
614-716-1000

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement to this prospectus and in any written communication from us or any underwriters specifying the final terms of the particular offering. We have not authorized anyone else to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any supplement to this prospectus is accurate as of any date other than the date on the front of those documents.

RATIO OF EARNINGS TO FIXED CHARGES

The Ratio of Earnings to Fixed Charges for each of the periods indicated is as follows:

Twelve Months Period Ended	Ratio
December 31, 2006	2.48
December 31, 2007	2.44
December 31, 2008	2.62
December 31, 2009	2.56
December 31, 2010	2.47
September 30, 2011	2.96

The Ratio of Earnings to Fixed Charges for the nine-months ended September 30, 2011 was 3.31. For current information on the Ratio of Earnings to Fixed Charges, please see our most recent Form 10-K and Form 10-Q. See *Where You Can Find More Information* on page 2.

USE OF PROCEEDS

The net proceeds from the sale of any of the offered securities will be used for general corporate purposes relating to our business. Unless stated otherwise in a prospectus supplement, these purposes include redeeming or repurchasing outstanding debt, replenishing working capital, financing our subsidiaries' ongoing construction and maintenance programs. If we do not use the net proceeds immediately, we temporarily invest them in short-term, interest-bearing obligations. At December 7, 2011, our outstanding short-term debt was $817 million.

The prospectus supplement of a particular offering of securities will identify the use of proceeds for the offering.

DESCRIPTION OF THE SENIOR NOTES

General

We will issue the Senior Notes directly to the public, to a trust or as part of a Stock Purchase Unit, under an Indenture dated May 1, 2001 between us and The Bank of New York Mellon Trust Company, N.A. as Trustee. This prospectus briefly outlines some provisions of the Indenture. If you would like more information on these provisions, you should review the Indenture and any supplemental indentures or company orders that we have filed or will file with the SEC. See *Where You Can Find More Information* on how to locate these documents. You may also review these documents at the Trustee's offices at 2 North LaSalle Street, Chicago, Illinois.

The Indenture does not limit the amount of Senior Notes that may be issued. The Indenture permits us to issue Senior Notes in one or more series or tranches upon the approval of our board of directors and as described in one or more company orders or supplemental indentures. Each series of Senior Notes may differ as to their terms. The Indenture also gives us the ability to reopen a previous issue of a series of Senior Notes and issue additional Senior Notes of such series.

Because we are a holding company, the claims of creditors of our subsidiaries will have a priority over our equity rights and the rights of our creditors (including the holders of the Senior Notes) to participate in the assets of the subsidiary upon the subsidiary's liquidation.

The Senior Notes are unsecured and will rank equally with all our unsecured unsubordinated debt. For current information on our debt outstanding see our most recent Form 10-K and 10-Q. See *Where You Can Find More Information.*

A pricing or prospectus supplement will include the final terms for each series of Senior Notes. If we decide to list upon issuance any series of Senior Notes on a securities exchange, a pricing or prospectus supplement will identify the exchange and state when we expect trading could begin. The following terms of the Senior Notes that we may sell at one or more times will be established in the applicable pricing or prospectus supplement:

- Maturity
- Fixed or floating interest rate
- Remarketing features
- Certificate or book-entry form
- Redemption
- Not convertible, amortized or subject to a sinking fund
- Interest paid on fixed rate Senior Notes quarterly or semi-annually
- Interest paid on floating rate Senior Notes monthly, quarterly, semi-annually, or annually
- Issued in multiples of a minimum denomination
- Ability to defer payment of interest
- Any other terms not inconsistent with the Indenture
- Issued with Original Issue Discount

The Senior Notes will be denominated in U.S. dollars and we will pay principal and interest in U.S. dollars. Unless an applicable pricing or prospectus supplement states otherwise, the Senior Notes will not be subject to any conversion, amortization, or sinking fund. We expect that the Senior Notes issued to the public will be "book-entry," represented by a permanent global Senior Note registered in the name of Cede & Co., The Depository Trust Company's partnership nominee, or such other name as may be requested by an authorized representative of The Depository Trust Company. We reserve the right, however, to issue Senior Note certificates registered in the name of the Senior Noteholders.

In the discussion that follows, whenever we talk about paying principal on the Senior Notes, we mean at maturity or redemption. Also, in discussing the time for notices and how the different interest rates are calculated, all times are New York City time and all references to New York mean The City of New York, unless otherwise noted.

The Indenture does not protect holders of the Senior Notes if we engage in a highly leveraged transaction.

The following terms may apply to each Senior Note as specified in the applicable pricing or prospectus supplement and the Senior Note:

Redemptions

If we issue redeemable Senior Notes, we may redeem such Senior Notes at our option unless an applicable pricing or prospectus supplement states otherwise. The pricing or prospectus supplement will state the terms of redemption. We may redeem Senior Notes in whole or in part by delivering written notice to the Senior Noteholders no more than 60, and not less than 30, days prior to redemption. If we do not redeem all the Senior Notes of a series at one time, the Senior Notes will be redeemed by lot or in such other manner as the Trustee shall deem fair and appropriate in its discretion.

Remarketed Notes

If we issue Senior Notes with remarketing features, an applicable pricing or prospectus supplement will describe the terms for the Senior Notes including: interest rate, remarketing provisions, our right to purchase or redeem Senior Notes, the holders' right to tender Senior Notes, and any other provisions.

Note Certificates-Registration, Transfer, and Payment of Interest and Principal

Unless otherwise indicated in the applicable prospectus supplement, each series of Senior Notes issued to the public will be issued initially in the form of one or more global notes, in registered form, without coupons, as described under *Book-Entry System*. However, if we issue Senior Note certificates, they will be registered in the name of the Senior Noteholder. The Senior Notes may be transferred or exchanged, pursuant to administrative procedures in the Indenture, without the payment of any service charge (other than any tax or other governmental charge) by contacting the paying agent. Payments to public holders of Senior Note certificates will be made by check.

Original Issue Discount

We may issue the Senior Notes at an original issue discount, bearing no interest or bearing interest at a rate that, at the time of issuance, is below market rate, to be sold at a substantial discount below their stated principal amount. Generally speaking, if the Senior Notes are issued at an original issue discount and there is an event of default or acceleration of their maturity, holders will receive an amount less than their principal amount. Tax and other special considerations applicable to original issue discount debt will be described in the prospectus supplement in which we offer those Senior Notes.

Interest Rate

The interest rate on the Senior Notes will either be fixed or floating. The interest paid will include interest accrued to, but excluding, the date of maturity or redemption. Interest is generally payable to the person in whose name the Senior Note is registered at the close of business on the record date before each interest payment date. Interest payable at maturity or redemption, however, will be payable to the person to whom principal is payable.

If we issue a Senior Note after a record date but on or prior to the related interest payment date, we will pay the first interest payment on the interest payment date after the next record date. We will pay interest payments by check or wire transfer, at our option.

Fixed Rate Senior Notes

A pricing or prospectus supplement will designate the record dates, payment dates, our ability to defer interest payments and the fixed rate of interest payable on a Senior Note. We will pay interest quarterly or semi-annually, and upon maturity or redemption. Unless an applicable pricing or prospectus supplement states otherwise, if any payment date falls on a day that is not a business day, we will pay interest on the next business day and no additional interest will be paid. Interest payments will be the amount of interest accrued to, but excluding, each payment date. Interest will be computed using a 360-day year of twelve 30-day months.

Floating Rate Notes

Each floating rate Senior Note will have an interest rate formula. The applicable pricing or prospectus supplement will state the initial interest rate or interest rate formula on each Senior Note effective until the first interest reset date. The applicable pricing or prospectus supplement will state the method and dates on which the interest rate will be determined, reset and paid.

Events of Default

The following are events of default under the Indenture with respect to any series of Senior Notes, unless we state otherwise in the applicable prospectus supplement:

- failure to pay for three business days the principal of (or premium, if any, on) any Senior Note of a series when due and payable;
- failure to pay for 30 days any interest on any Senior Note of any series when due and payable;
- failure to perform any other requirements in such Senior Notes, or in the Indenture in regard to such Senior Notes, for 90 days after notice;
- certain events of our bankruptcy or insolvency; or
- any other event of default specified in a series of Senior Notes.

An event of default for a particular series of Senior Notes does not necessarily mean that an event of default has occurred for any other series of Senior Notes issued and outstanding under the Indenture. If an event of default occurs and continues, the Trustee or the holders of at least 33% of the principal amount of the Senior Notes of the series affected may require us to repay the entire principal of the Senior Notes of such series immediately ("Repayment Acceleration"). In most instances, the holders of at least a majority in aggregate principal amount of the Senior Notes of the affected series may rescind a previously triggered Repayment Acceleration. However, if we cause an event of default because we have failed to pay (unaccelerated) principal, premium, if any, or interest, Repayment Acceleration may be rescinded only if we have first cured our default by depositing with the Trustee enough money to pay all (unaccelerated) past due amounts and penalties, if any.

The Trustee must within 90 days after a default occurs, notify the holders of the Senior Notes of the series of default unless such default has been cured or waived; provided, that the Trustee may withhold from the holders notice of any default, except a default relating to the payment of principal (or premium, if any) or interest, if it determines in good faith that withholding notice is in the interests of the holders of such series of Senior Notes. We are required to file an annual certificate with the Trustee, signed by an officer, concerning any default by us under any provisions of the Indenture.

Subject to the provisions of the Indenture relating to its duties in case of default, the Trustee shall be under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any holders unless such holders offer the Trustee indemnity or security satisfactory to it. Subject to the provisions for indemnification, the holders of a majority in principal amount of the Senior Notes of any series may direct the time, method and place of conducting any proceedings for any remedy available to, or exercising any trust or power conferred on, the Trustee with respect to such Senior Notes.

Modification of Indenture

Under the Indenture, our rights and obligations and the rights of the holders of any Senior Notes may be changed. Any change affecting the rights of the holders of any series of Senior Notes requires the consent of the holders of not less than a majority in aggregate principal amount of the outstanding Senior Notes of all series affected by the change, voting as one class. However, we cannot change the terms of payment of principal or interest, or reduce the percentage required for changes or a waiver of default, unless the holder consents. We may issue additional series of Senior Notes and take other action that does not affect the rights of holders of any series by executing supplemental indentures without the consent of any Senior Noteholders.

Consolidation, Merger or Sale

We may merge or consolidate with any entity or sell substantially all of our assets as an entirety as long as the successor or purchaser (i) is organized and existing under the laws of the United States, any state thereof or the District of Columbia and (ii) expressly assumes the payment of principal, premium, if any, and interest on the Senior Notes.

Legal Defeasance

We will be discharged from our obligations on the Senior Notes of any series at any time if:

- we deposit with the Trustee sufficient cash or government securities to pay the principal, interest, any premium and any other sums due to the stated maturity date or a redemption date of the Senior Note of the series, and

- we deliver to the Trustee an opinion of counsel stating that the federal income tax obligations of Senior Noteholders of that series will not change as a result of our performing the action described above.

If this happens, the Senior Noteholders of the series will not be entitled to the benefits of the Indenture except for registration of transfer and exchange of Senior Notes and replacement of lost, stolen or mutilated Senior Notes.

Covenant Defeasance

We will be discharged from our obligations under any restrictive covenant applicable to the Senior Notes of a particular series if we perform both actions described above. See *Legal Defeasance*. If this happens, any later breach of that particular restrictive covenant will not result in Repayment Acceleration. If we cause an event of default apart from breaching that restrictive covenant, there may not be sufficient money or government obligations on deposit with the Trustee to pay all amounts due on the Senior Notes of that series. In that instance, we would remain liable for such amounts.

Governing Law

The Indenture and Senior Notes of all series will be governed by the laws of the State of New York.

Concerning the Trustee

We and our affiliates use or will use some of the banking services of the Trustee in the normal course of business. The Trustee is also the Subordinated Indenture Trustee under the Subordinated Indenture relating to the Junior Subordinated Debentures. If the Trustee acquires any conflicting interest within the meaning of the Trust Indenture Act of 1939, as amended, it must eliminate such interest or resign to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act of 1939, as amended, and the Indenture.

The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of the Senior Notes, unless such holder shall have offered to the Trustee security or indemnity satisfactory to it against any costs, expenses and liabilities.

DESCRIPTION OF COMMON STOCK

Our authorized capital stock currently consists of 600,000,000 shares of common stock, par value $6.50 per share. 482,912,247 shares of our common stock were issued and outstanding as of October 27, 2011. Our common stock, including the common stock offered in this prospectus once issued, is listed on the New York Stock Exchange. Computershare Trust Company, N.A., P.O. Box 43081, Providence, Rhode Island 02940-3081, is the transfer agent and registrar for our common stock.

Dividend Rights

The holders of our common stock are entitled to receive the dividends declared by our board of directors provided funds are legally available for such dividends. Our income derives from our common stock equity in the earnings of our subsidiaries. Various financing arrangements, charter provisions and regulating requirements may impose certain restrictions on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances.

Voting Rights

The holders of our common stock are entitled to one vote for each share of common stock held. The holders of our common stock are entitled to cumulate their votes when voting for the election of directors.

Pre-emptive Rights

The holders of our common stock generally do not have the right to subscribe for or purchase any part of any new or additional issue of our common stock. If, however, our board of directors determines to issue and sell any common stock solely for money and not by (1) a public offering, (2) an offering to or through underwriters or dealers who have agreed to promptly make a public offering, or (3) any other offering which the holders of a majority of our outstanding common stock have authorized; then such common stock must first be offered pro rata to our existing shareholders on terms no less favorable than those offered to persons other than our existing shareholders.

Rights Upon Liquidation

If we are liquidated, holders of our common stock will be entitled to receive pro rata all assets available for distribution to our shareholders after payment of our liabilities, including liquidation expenses.

Restrictions on Dealing with Existing Shareholders

We are subject to Section 513 of New York's Business Corporation Law, which provides that no domestic corporation may purchase or agree to purchase more than 10% of its stock from a shareholder who has held the shares for less than two years at any price that is higher than the market price unless the transaction is approved by both the corporation's board of directors and a majority of the votes of all outstanding shares entitled to vote thereon at a meeting of shareholders, unless the certificate of incorporation requires a greater percentage of the votes of the outstanding shares to approve or the corporation offers to purchase shares from all the holders on the same terms. Our certificate of incorporation does not currently provide for a higher percentage.

DESCRIPTION OF THE JUNIOR SUBORDINATED DEBENTURES

General

We will issue the Junior Subordinated Debentures directly to the public, to a trust or as part of a Stock Purchase Unit under the Junior Subordinated Indenture dated March 1, 2008 between us and The Bank of New York Mellon Trust Company, N.A. as Subordinated Indenture Trustee. This prospectus briefly outlines some provisions of the Subordinated Indenture. If you would like more information on these provisions, you should review the Subordinated Indenture and any supplemental indentures or company orders that we will file with the SEC. See *Where You Can Find More Information* on how to locate these documents. You may also review these documents at the Subordinated Indenture Trustee's offices at 2 North LaSalle Street, Chicago, Illinois.

The Junior Subordinated Debentures are unsecured obligations and are junior in right of payment to "Senior Indebtedness". You may find a description of the subordination provisions of the Junior Subordinated Debentures, including a description of Senior Indebtedness under *Subordination*.

Because we are a holding company, the claims of creditors of our subsidiaries will have a priority over our equity rights and the rights of our creditors (including the holders of the Junior Subordinated Debentures) to participate in the assets of the subsidiary upon the subsidiary's liquidation.

The Subordinated Indenture does not limit the amount of Junior Subordinated Debentures that we may issue under it. We may issue Junior Subordinated Debentures from time to time under the Subordinated Indenture in one or more series by entering into supplemental indentures or by our Board of Directors or a duly authorized committee authorizing the issuance. The Subordinated Indenture also gives us the ability to reopen a previous issue of a series of Junior Subordinated Debentures and issue additional Junior Subordinated Debentures of such series.

A pricing or prospectus supplement will include the final terms for each Junior Subordinated Debenture. If we decide to list upon issuance any series of Junior Subordinated Debentures on a securities exchange, a pricing or prospectus supplement will identify the exchange and state when we expect trading could begin. The following terms of the Junior Subordinated Debentures that we may sell at one or more times will be established in a prospectus supplement:

- Maturity
- Fixed or floating interest rate
- Remarketing features
- Certificate or book-entry form
- Redemption
- Not convertible, amortized or subject to a sinking fund
- Interest paid on fixed rate Junior Subordinated Debentures quarterly or semi-annually

- Interest paid on floating rate Junior Subordinated Debentures monthly, quarterly, semi-annually, or annually
- Issued in multiples of a minimum denomination
- Ability to defer payment of interest
- Any other terms not inconsistent with the Subordinated Indenture
- Issued with Original Issue Discount

The Subordinated Indenture does not protect the holders of Junior Subordinated Debentures if we engage in a highly leveraged transaction.

Redemption

Provisions relating to the redemption of Junior Subordinated Debentures will be set forth in the applicable prospectus supplement. Unless we state otherwise in the applicable prospectus supplement, we may redeem Junior Subordinated Debentures only upon notice mailed at least 30 but not more than 60 days before the date fixed for redemption. If we do not redeem all the Junior Subordinated Debentures of a series at one time, the Subordinated Indenture Trustee selects those to be redeemed by such a method as shall be provided for such particular series, or in the absence of any such provision, in a manner it determines to be fair.

Junior Subordinated Debenture Certificates-Registration, Transfer, and Payment of Interest and Principal

Unless otherwise indicated in the applicable prospectus supplement, each series of Junior Subordinated Debentures issued to the public initially will be in the form of one or more global Junior Subordinated Debentures, in registered form, without coupons, as described under *Book-Entry System*. However, if we issue Junior Subordinated Debenture certificates, they will be registered in the name of the Junior Subordinated Debentureholder. The Junior Subordinated Debentures may be transferred or exchanged, pursuant to administrative procedures in the Subordinated Indenture, without the payment of any service charge (other than any tax or other governmental charge) by contacting the paying agent. Payments to public holders of Junior Subordinated Debenture certificates will be made by check.

Original Issue Discount

We may issue the Junior Subordinated Debentures at an original issue discount, bearing no interest or bearing interest at a rate that, at the time of issuance, is below market rate, to be sold at a substantial discount below their stated principal amount. Generally speaking, if the Junior Subordinated Debentures are issued at an original issue discount and there is an event of default or acceleration of their maturity, holders will receive an amount less than their principal amount. Tax and other special considerations applicable to original issue discount debt will be described in the prospectus supplement in which we offer those Junior Subordinated Debentures.

Interest Rate

The interest rate on the Junior Subordinated Debentures will either be fixed or floating. The interest paid will include interest accrued to, but excluding, the date of maturity or redemption. Interest is generally payable to the person in whose name the Junior Subordinated Debenture is registered at the close of business on the record date before each interest payment date. Interest payable at maturity or redemption, however, will be payable to the person to whom principal is payable.

If we issue a Junior Subordinated Debenture after a record date but on or prior to the related interest payment date, we will pay the first interest payment on the interest payment date after the next record date. We will pay interest payments by check or wire transfer, at our option.

Fixed Rate Junior Subordinated Debentures

A pricing or prospectus supplement will designate the record dates, payment dates, our ability to defer interest payments and the fixed rate of interest payable on a Junior Subordinated Debenture. We will pay interest quarterly or semi-annually, and upon maturity or redemption. Unless an applicable pricing or prospectus supplement states otherwise, if any payment date falls on a day that is not a business day, we will pay interest on the next business day and no additional interest will be paid. Interest payments will be the amount of interest accrued to, but excluding, each payment date. Interest will be computed using a 360-day year of twelve 30-day months.

Floating Rate Junior Subordinated Debentures

Each floating rate Junior Subordinated Debenture will have an interest rate formula. The applicable pricing or prospectus supplement will state the initial interest rate or interest rate formula on each Junior Subordinated Debenture effective until the first interest reset date. The applicable pricing or prospectus supplement will state the method and dates on which the interest rate will be determined, reset and paid.

Events of Default

The following are events of default under the Subordinated Indenture with respect to any series of Junior Subordinated Debentures, unless we state otherwise in the applicable prospectus supplement:

- failure to pay for three business days the principal of (or premium, if any, on) any Junior Subordinated Debenture of a series when due and payable;
- failure to pay for 30 days any interest on any Junior Subordinated Debenture of any series when due and payable;
- failure to perform any other requirements in such Junior Subordinated Debentures, or in the Subordinated Indenture, for 90 days after notice;
- certain events of our bankruptcy or insolvency; or
- any other event of default specified in a series of Junior Subordinated Debentures.

An event of default for a particular series of Junior Subordinated Debentures does not necessarily mean that an event of default has occurred for any other series of Junior Subordinated Debentures issued under the Subordinated Indenture. If an event of default occurs and continues, the Subordinated Indenture Trustee or the holders of at least 33% of the principal amount of the Junior Subordinated Debentures of the series affected may require us to repay the entire principal of the Junior Subordinated Debentures of such series immediately ("Repayment Acceleration"). In most instances, the holders of at least a majority in aggregate principal amount of the Junior Subordinated Debentures of the affected series may rescind a previously triggered Repayment Acceleration. However, if we cause an event of default because we have failed to pay (unaccelerated) principal, premium, if any, or interest, Repayment Acceleration may be rescinded only if we have first cured our default by depositing with the Subordinated Indenture Trustee enough money to pay all (unaccelerated) past due amounts and penalties, if any.

Unless otherwise specified in the Subordinated Indenture, the Subordinated Indenture Trustee must give notice of any default to the holders of the Junior Subordinated Debentures of the series of default in the manner and to the extent required by the Trust Indenture Act of 1939, as amended, unless such default has been cured or waived. We are required to file an annual certificate with the Subordinated Indenture Trustee, signed by an officer, concerning any default by us under any provisions of the Subordinated Indenture.

Subject to the provisions of the Subordinated Indenture relating to its duties in case of default, the Subordinated Indenture Trustee shall be under no obligation to exercise any of its rights or powers under the Subordinated Indenture at the request, order or direction of any holders unless such holders offer the Subordinated Indenture Trustee indemnity or security satisfactory to it. Subject to the provisions for indemnification, the holders of a majority in principal amount of the Junior Subordinated Debentures of any series may direct the time, method and place of conducting any proceedings for any remedy available to, or exercising any trust or power conferred on, the Subordinated Indenture Trustee with respect to such Junior Subordinated Debentures.

Modification of Subordinated Indenture

Under the Subordinated Indenture, our rights and obligations and the rights of the holders of any Junior Subordinated Debentures may be changed. Any change affecting the rights of the holders of any series of Junior Subordinated Debentures requires the consent of the holders of not less than a majority in aggregate principal amount of the outstanding Junior Subordinated Debentures of all series affected by the change, voting as one class. However, we cannot change the terms of payment of principal or interest, or reduce the percentage required for changes or a waiver of default, unless the holder consents. We may issue additional series of Junior Subordinated Debentures and take other action that does not affect the rights of holders of any series by executing supplemental indentures without the consent of any debentureholders.

Consolidation, Merger or Sale

We may merge or consolidate with any entity or sell substantially all of our assets as an entirety as long as the successor or purchaser (i) is organized and existing under the laws of the United States, any state thereof or the District of Columbia and (ii) expressly assumes the payment of principal, premium, if any, and interest on the Junior Subordinated Debentures.

Legal Defeasance

We will be discharged from our obligations on the Junior Subordinated Debentures of any series at any time if:

- we deposit with the Subordinated Indenture Trustee sufficient cash or government securities to pay the principal, interest, any premium and any other sums due to the stated maturity date or a redemption date of the Junior Subordinated Debenture of the series, and
- we deliver to the Subordinated Indenture Trustee an opinion of counsel stating that the federal income tax obligations of debentureholders of that series will not change as a result of our performing the action described above.

If this happens, the debentureholders of the series will no longer be entitled to the benefits of the Subordinated Indenture except for registration of transfer and exchange of Junior Subordinated Debentures and replacement of lost, stolen or mutilated Junior Subordinated Debentures.

Covenant Defeasance

We will be discharged from our obligations under any restrictive covenant applicable to the Junior Subordinated Debentures of a particular series if we perform both actions described above. See *Legal Defeasance*. If this happens, any later breach of that particular restrictive covenant will not result in Repayment Acceleration. If we cause an event of default apart from breaching that restrictive covenant, there may not be sufficient money or government obligations on deposit with the Subordinated Indenture Trustee to pay all amounts due on the Junior Subordinated Debentures of that series. In that instance, we would remain liable for such amounts.

Junior Subordinated Debentures issued to a trust will not be subject to covenant defeasance.

Subordination

Each series of Junior Subordinated Debentures will be subordinate and junior in right of payment, to the extent set forth in the Subordinated Indenture, to all Senior Indebtedness as defined below. If:

- we make a payment or distribution of any of our assets to creditors upon our dissolution, winding-up, liquidation or reorganization, whether in bankruptcy, insolvency or otherwise;
- a default beyond any grace period has occurred and is continuing with respect to the payment of principal, interest or any other monetary amounts due and payable on any Senior Indebtedness; or
- the maturity of any Senior Indebtedness has been accelerated because of a default on that Senior Indebtedness,

then the holders of Senior Indebtedness generally will have the right to receive payment, in the case of the first instance, of all amounts due or to become due upon that Senior Indebtedness, and, in the case of the second and third instances, of all amounts due on that Senior Indebtedness, or we will make provision for those payments, before the holders of any Junior Subordinated Debentures have the right to receive any payments of principal or interest on their Junior Subordinated Debentures.

"Senior Indebtedness" means, with respect to any series of Junior Subordinated Debentures, the principal, premium, interest and any other payment in respect of any of the following:

- all of our indebtedness that is evidenced by notes, debentures, bonds or other securities we sell for money or other obligations for money borrowed;
- all indebtedness of others of the kinds described in the preceding category which we have assumed or guaranteed or which we have in effect guaranteed through an agreement to purchase, contingent or otherwise; and
- all renewals, extensions or refundings of indebtedness of the kinds described in either of the preceding two categories.

Any such indebtedness, renewal, extension or refunding, however, will not be Senior Indebtedness if the instrument creating or evidencing it or the assumption or Guarantee of it provides that it is not superior in right of payment to or is equal in right of payment with those Junior Subordinated Debentures. Senior Indebtedness will be entitled to the benefits of the subordination provisions in the Subordinated Indenture irrespective of the amendment, modification or waiver of any term of the Senior Indebtedness.

The Subordinated Indenture does not limit the amount of Senior Indebtedness that we may issue. As of September 30, 2011, our Senior Indebtedness totaled approximately $772 million.

Governing Law

The Subordinated Indenture and Junior Subordinated Debentures of all series are governed by the laws of the State of New York.

Concerning the Trustee

We and our affiliates use or will use some of the banking services of the Subordinated Indenture Trustee in the normal course of business. The Subordinated Indenture Trustee is also the Trustee under the Indenture relating to the Senior Notes. If the Subordinated Indenture Trustee acquires any conflicting interest within the meaning of the Trust Indenture Act of 1939, as amended, it must eliminate such interest or resign to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act of 1939, as amended, and the Subordinated Indenture.

The Subordinated Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Subordinated Indenture at the request of any holder of the Junior Subordinated Debentures, unless such holder shall have offered to the Subordinated Indenture Trustee security or indemnity satisfactory to it against any costs, expenses and liabilities.

DESCRIPTION OF THE STOCK PURCHASE CONTRACTS AND THE STOCK PURCHASE UNITS

We may issue Stock Purchase Contracts representing contracts obligating holders to purchase from us and we may sell to the holders, a specified number of shares of common stock (or a range of numbers of shares pursuant to a predetermined formula) at a future date or dates. The price per share of common stock may be fixed at the time the Stock Purchase Contracts are issued or may be determined by reference to a specific formula set forth in the Stock Purchase Contracts.

The Stock Purchase Contracts may be issued separately or as a part of units, often known as Stock Purchase Units, consisting of a Stock Purchase Contract and either Debt Securities or debt obligations of third parties, including U.S. Treasury securities, securing the holder's obligations to purchase the common stock under the Stock Purchase Contracts.

The Stock Purchase Contracts may require us to make periodic payments to the holders of the Stock Purchase Units or vice versa, and such payments may be unsecured or prefunded on some basis. The Stock Purchase Contracts may require holders to secure their obligations in a specified manner and in certain circumstances we may deliver newly issued prepaid Stock Purchase Contracts, often known as prepaid securities, upon release to a holder of any collateral securing such holder's obligations under the original Stock Purchase Contract.

The applicable prospectus supplement will describe the terms of any Stock Purchase Contracts or Stock Purchase Units and, if applicable, prepaid securities. The description in the applicable prospectus supplement will not necessarily contain all of information that you may find useful. For more information, you should review the Stock Purchase Contracts, the collateral arrangements and depositary arrangements, if applicable, relating to such Stock Purchase Contracts or Stock Purchase Units and, if applicable, the prepaid securities and the document pursuant to which the prepaid securities will be issued. These documents will be filed with the SEC promptly after the offering of such Stock Purchase Contracts or Stock Purchase Units and, if applicable, prepaid securities.

BOOK-ENTRY SYSTEM

Unless otherwise stated in a prospectus supplement, book-entry securities of a series will be issued in the form of a global security that the Trustee will deposit with The Depository Trust Company, New York, New York ("DTC"). This means that we will not issue security certificates to each holder. One or more global securities will be issued to DTC who will keep a computerized record of its participants (for example, your broker) whose clients have purchased the securities. The participant will then keep a record of its clients who purchased the securities. Unless it is exchanged in whole or in part for a certificate, a global security may not be transferred, except that DTC, its nominees, and their successors may transfer a global security as a whole to one another.

Beneficial interests in global securities will be shown on, and transfers of global securities will be made only through, records maintained by DTC and its participants.

DTC has provided us the following information:

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the securities, such as redemptions, tenders, defaults and proposed amendments to the securities documents. For example, Beneficial Owners of securities may wish to ascertain that the nominee holding the securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is our or the Trustee's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its securities purchased or tendered, through its Participant, to the Tender/Remarketing Agent, and shall effect delivery of such securities by causing the Direct Participant to transfer the Participant's interest in the securities, on DTC's records, to the Tender/Remarketing Agent. The requirement for physical delivery of the securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered securities to the Tender/Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the securities at any time by giving reasonable notice to us or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

PLAN OF DISTRIBUTION

We may sell the securities (a) through agents; (b) through underwriters or dealers; or (c) directly to one or more purchasers.

By Agents

Securities may be sold on a continuing basis through agents designated by us. The agents will agree to use their reasonable efforts to solicit purchases for the period of their appointment.

Any initial offering price and any discounts, concessions or commissions allowed or reallowed or paid to dealers may be changed from time to time.

The agents will not be obligated to make a market in the securities. We cannot predict the amount of trading or liquidity of the securities.

By Underwriters

The applicable prospectus supplement will set forth the terms under which the securities are offered, including the name or names of any underwriters, the purchase price of the securities and the proceeds to us from the sale, any underwriting discounts and other items constituting underwriters' compensation, any initial offering price and any discounts, commissions or concessions allowed or reallowed or paid to dealers.

If underwriters are used in the sale, the underwriters will acquire the securities for their own account. The underwriters may resell the securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase the securities will be subject to certain conditions. The underwriters will be obligated to purchase all the securities offered if any are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

The underwriters may not be obligated to make a market in the securities. We cannot predict the amount of trading or liquidity of the securities.

Direct Sales

We may also sell securities directly. In this case, no underwriters or agents would be involved.

General Information

Underwriters, dealers, and agents that participate in the distribution of the securities may be underwriters as defined in the Securities Act of 1933 (the "Act"), and any discounts or commissions received by them from us and any profit on the resale of the securities by them may be treated as underwriting discounts and commissions under the Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Act.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our affiliates in the ordinary course of their businesses.

LEGAL OPINIONS

Our counsel, Simpson Thacher & Bartlett LLP, New York, NY, or Jeffrey D. Cross or Thomas G. Berkemeyer, Deputy General Counsel and Associate General Counsel, respectively, of American Electric Power Service Corporation, our service company affiliate, will issue an opinion about the legality of the securities for us. Dewey & LeBoeuf LLP, New York, NY will issue an opinion for the agents or underwriters. From time to time, Dewey & LeBoeuf LLP acts as counsel to our affiliates for some matters.

EXPERTS

The consolidated financial statements, and the related financial statement schedules, incorporated in this Prospectus by reference from the American Electric Power Company, Inc. Annual Report on Form 10-K for the year ended December 31, 2010, and the effectiveness of American Electric Power Company, Inc. and subsidiary companies' internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports express an unqualified opinion and, as to the report related to the consolidated financial statements, includes an explanatory paragraph relating to the adoption of a new accounting pronouncement in 2010), which are incorporated herein by reference. Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

$ 850,000,000

AMERICAN ELECTRIC POWER COMPANY, INC.

$550,000,000 1.65% Senior Notes, Series E, due 2017
$300,000,000 2.95% Senior Notes, Series F, due 2022

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

J.P. Morgan **Citigroup** **Goldman, Sachs & Co.**

BNP PARIBAS **Credit Agricole CIB** **RBS**

Co-Managers

BNY Mellon Capital Markets, LLC
KeyBanc Capital Markets
Mizuho Securities
Scotiabank
SunTrust Robinson Humphrey

November 28, 2012

Kentucky Power Company

REQUEST

Please provide copies of credit reports for Kentucky Power Company and/or American Electric Power Company between January 1, 2008 and the present from the major credit rating agencies (Moody's, S&P, and Fitch).

RESPONSE

See AG 1-4 Attachment 1. It is being provided on the enclosed CD due to its voluminous nature.

WITNESS: Marc D Reitter

Kentucky Power Company

REQUEST

Please provide the corporate credit and bond ratings assigned to Kentucky Power Company, American Electric Power Company, and the other operating subsidiaries of AEP since the year 2005 by S&P, Moody's, and Fitch. For any change in the credit and/or bond rating, please provide a copy of the associated report.

RESPONSE

Please see AG 1-5 Attachment 1 for Kentucky Power, American Electric Power Company and other operating subsidiary corporate credit and bond ratings.

Please see AG 1-5 Attachment 2 for reports associated with a change in credit and/or bond ratings.

WITNESS: Marc D Reitter

Current Ratings for AEP, Inc. & Subsidiaries

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

Kentucky Power Company

Standard & Poor's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable
As of January 1, 2005	Affirmed	BBB	Stable

Moody's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	Baa2	Stable
As of January 1, 2005	Affirmed	Baa2	Stable

Fitch Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Outlook Negative
22-Feb-13	CreditWatch/Outlook	BBB	Outlook Negative

American Electric Power

Standard & Poor's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable
As of January 1, 2005	Affirmed	BBB	Stable

Moody's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	Baa2	Stable
14-Sep-05	Upgrade	Baa2	Stable
26-Aug-05	CreditWatch/Outlook	Baa3	Possible Upgrade
As of January 1, 2005	Affirmed	Baa3	Stable

Fitch Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Outlook Negative
22-Feb-13	CreditWatch/Outlook	BBB	Outlook Negative

AEP Texas Central

Standard & Poor's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable
As of January 1, 2005	Affirmed	BBB	Stable

Moody's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	Baa2	Stable
1-Jun-09	Confirmed	Baa2	Stable
2-Feb-09	CreditWatch/Outlook	Baa2	Possible Downgrade
As of January 1, 2005	Affirmed	Baa2	Stable

Fitch Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	A-	Stable

KPSC Case No. 2013-00197
AG's 1st Set of Data Requests
Received September 4, 2013
Item No. 5
Attachment 1
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AEP Texas Central

Standard & Poor's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable
As of January 1, 2005	Affirmed	BBB	Stable

Moody's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	Baa2	Stable
1-Jun-09	Downgrade	Baa2	Stable
2-Feb-09	CreditWatch/Outlook	Baa1	Possible Downgrade
As of January 1, 2005	Affirmed	Baa1	Stable

Fitch Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	A-	Stable

Appalachian Power Company

Standard & Poor's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable
As of January 1, 2005	Affirmed	BBB	Stable

Moody's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	Baa2	Stable
As of January 1, 2005	Affirmed	Baa2	Stable

Fitch Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable

Indiana Michigan Power Company

Standard & Poor's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable
As of January 1, 2005	Affirmed	BBB	Stable

Moody's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	Baa2	Stable
As of January 1, 2005	Affirmed	Baa2	Stable

Fitch Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable

Ohio Power Company

Standard & Poor's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable
As of January 1, 2005	Affirmed	BBB	Stable

Moody's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	Baa1	Stable
14-Aug-09	Downgrade	Baa1	Stable
As of January 1, 2005	CreditWatch/Outlook	A3	Possible Downgrade

Fitch Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	A-	Outlook Negative

KPSC Case No. 2013-00197
AG's 1st Set of Data Requests
Received September 4, 2013
Item No. 5
Attachment 1
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Public Service Company of Oklahoma

Standard & Poor's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable
As of January 1, 2005	Affirmed	BBB	Stable

Moody's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	Baa1	Stable
As of January 1, 2005	Affirmed	Baa1	Stable

Fitch Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB+	Stable

South Western Electric Power Company

Standard & Poor's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable
As of January 1, 2005	Affirmed	BBB	Stable

Moody's Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	Baa3	Stable
6-Jul-09	Downgrade	Baa3	Downgrade
4-Feb-09	CreditWatch/Outlook	Baa1	Possible Downgrade
As of January 1, 2005	Affirmed	Baa1	Stable

Fitch Rating History

Rating Date	Rating Action	Sr. Unsecured Rating	CreditWatch/Outlook
Current Rating	Affirmed	BBB	Stable

MOODY'S
INVESTORS SERVICE

Rating Action: MOODY'S UPGRADES DEBT RATINGS OF AMERICAN ELECTRIC POWER COMPANY (SR. UNSEC. TO Baa2 FROM Baa3); RATING OUTLOOK IS STABLE

Global Credit Research - 14 Sep 2005

Approximately $4.2 Billion of Debt Securities and Bank Credit Facilities Affected

New York, September 14, 2005 -- Moody's Investors Service upgraded the debt ratings of American Electric Power Company (AEP), including its senior unsecured debt to Baa2 from Baa3, and its commercial paper rating to Prime-2 from Prime-3. This concludes the review for possible upgrade that was initiated on August 26, 2005. There are no changes in the ratings or rating outlook for the subsidiaries of AEP. The rating outlook is stable for AEP and its subsidiaries.

Moody's also assigned a Baa2 senior unsecured rating to AEP's syndicated bank credit facilities totaling $2.7 billion as follows: $1.5 billion maturing in March 2010; $1.0 billion maturing in May 2007; and $200 million maturing in September 2006.

The rating action recognizes reduced business risk and an improved financial profile at the holding company level. Improvements include the sale of under-performing non-core assets, a reduction in the level of unregulated business activities, including an exit from speculative energy trading, and substantial debt reduction at the parent holding company level. The rating action also considers positive regulatory developments for several utility subsidiaries, especially in the states of Ohio and Texas, which have resulted in greater certainty of future consolidated cash flows.

Since there is no change in the subsidiaries' ratings, the upgrade of AEP represents a narrowing of the notching between the holding company and its utility subsidiaries. This reflects the fact that a substantial portion of the debt reduction ($1.7 billion in long-term debt since 2002) has occurred at the parent holding company level and at the unregulated businesses. Over the last three years, AEP has taken steps to address the poor returns for its non-regulated investments. The company has nearly completed the sale of its non-core assets, including various international assets, its HPL and LIG pipelines, and domestic independent power plants. In addition, the Texas Central subsidiary has sold most of its power generation assets in the deregulated Texas market. Proceeds were primarily used to reduce debt.

There have also been some improvements in the reliability of consolidated cash flow from AEP's utility subsidiaries, though these modest improvements are not viewed as being sufficient to change the ratings of the affected subsidiaries. Earlier this year, the Public Utility Commission of Ohio (PUCO) approved AEP's Rate Stabilization Plan, which extended distribution rates through 2008, reducing the level of regulatory uncertainty with respect to the company's Ohio operations. In addition, in May of this year, AEP submitted its true-up filing with the Public Utility Commission of Texas (PUCT) for a final determination of stranded costs and other true-up amounts as required by the Texas Electric Choice Act of 1999. AEP's Texas Central subsidiary is seeking approval of approximately $2.4 billion in stranded costs, including associated carrying costs incurred since the start of retail choice in that state. An order by the PUCT is expected by year end 2005. The company intends to accelerate the recovery of these stranded costs through the sale of transition bonds in a securitization transaction.

The collective impact of AEP's efforts to improve its credit profile had a visible impact on the company's 2004 financial results, and the improving trend has continued into 2005. Going forward, the upgrade considers Moody's expectation that there will be sustainable credit metrics consistent with the company's business risk profile, including a ratio of funds from operations (FFO) to debt in the range of 16% or higher; FFO to interest of more than 3.5x; and debt to total capitalization in the range of 55-60%, all calculated on a consolidated basis incorporating Moody's standard analytical adjustments. Moody's also anticipates that AEP will manage its capital structure, including debt issuance to cover its substantial forecasted capital expenditures, in such a way that the credit profile of AEP on a consolidated basis and the credit profiles of individual operating utilities will be maintained, which may include the issuance of equity if necessary. Moody's also expects that the company's on-going shareholder reward strategy will be balanced with the interests of debt holders.

The upgrade also reflects AEP's fairly strong liquidity position, which includes the $2.7 billion in syndicated bank credit facilities. While capital expenditures related to environmental compliance through 2009 are forecast to be substantial, the regulatory response is expected to provide for the timely recovery of these outlays from ratepayers.

Moody's assignment of a Baa2 rating to the $2.7 billion in syndicated bank credit facilities considers the pari passu position of the facilities relative to AEP's other senior unsecured debt. The facilities will be used for commercial paper back-stop and for other general corporate purposes. The only financial covenant in each of them is the maintenance of a debt-to-capital ratio below 67.5%. The company's most recent reported results are comfortably within compliance for this test. New borrowings under these facilities require a bring-down of the representation of no material adverse change in the condition of AEP (except for the $1.5 billion facility, for which this representation will no longer apply as a result of the upgrade to Baa2); however, this representation is not required under any of the credit facilities if the proceeds of the borrowing are to be used to repay commercial paper.

The Prime-2 rating recognizes the stability and predictability of cash flows generated primarily by AEP's regulated utility subsidiaries. The Prime-2 rating assumes that AEP will manage the amount of outstanding commercial paper and its other near-term obligations within the limits of its readily available sources of cash, including its committed bank credit facilities.

The outlook is stable, reflecting the low volatility of the company's underlying utility operations, the expectation that AEP's financial profile will be maintained over the next several years, and that there will be a reasonably supportive regulatory response to rate filings to recover increased costs and outlays for environmental spending.

Headquartered in Columbus Ohio, AEP is an energy company that owns and operates more than 36,000 megawatts of generating capacity in the U.S. and is the largest electricity generator in the U.S. It sells electricity to almost 5 million customers, linked through the company's 11-state electricity transmission and distribution system.

New York
Daniel Gates
Managing Director
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Richard E. Donner
Vice President - Senior Analyst
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

MOODY'S
INVESTORS SERVICE

FitchRatings

Fitch Downgrades AEP Texas Central to 'BBB'; Outlook to Negative; Affirms AEP & Subs; Outlook Stable Ratings Endorsement Policy
17 Apr 2007 9:35 AM (EDT)

Fitch Ratings-Chicago-17 April 2007: Fitch has downgraded the ratings of AEP Texas Central (TCC) and affirmed the outstanding ratings for American Electric Power Co. (NYSE: AEP) and the remaining eight subsidiaries. The Rating Outlook for TCC is revised to Negative from Stable. Fitch has concurrently revised the Rating Outlook for AEP Texas North (TNC) to Stable from Negative. The Rating Outlook for all other entities is Stable. A detailed list of ratings is shown below. Approximately $14.5 billion of debt is affected.

Ratings downgraded:

TCC
--Issuer Default Rating (IDR) to 'BBB' from 'BBB+';
--Senior Secured Debt to 'A-' from 'A';
--Senior Unsecured Debt to 'BBB+' from 'A-';
--Preferred Stock to 'BBB' from 'BBB+'.

Ratings affirmed:

AEP
-- Issuer Default Rating (IDR) at 'BBB';
--Senior Unsecured Debt at 'BBB';
--Commercial Paper at 'F2'.

TNC
--Issuer Default Rating (IDR) at 'BBB+';
--Senior Secured Debt at 'A';
--Senior Unsecured Debt at 'A-';
--Preferred Stock at 'BBB+'.

Appalachian Power Co. (APC)
-- Issuer Default Rating (IDR) at 'BBB';
--Senior Secured Debt at 'A-';
--Senior Unsecured Debt at 'BBB+';
--Preferred Stock at 'BBB';

Columbus Southern Power Co. (CSP)
-- Issuer Default Rating (IDR) at 'BBB+';
--Senior Unsecured Debt at 'A-';
--Commercial Paper at 'F2'.

Indiana Michigan Power Co. (IMP)
-- Issuer Default Rating (IDR) at 'BBB-';
--Senior Unsecured Debt at 'BBB';
--Commercial Paper at 'F2'.

Kentucky Power Co. (KPC)
--Issuer Default Rating (IDR) at 'BBB-';
--Senior Unsecured Debt at 'BBB';
--Commercial Paper at 'F2'.

Ohio Power Co. (OPC)
--Issuer Default Rating (IDR) at 'BBB';
--Senior Unsecured Debt at 'BBB+';
--Preferred Stock at 'BBB';
--Commercial Paper at 'F2'.

Public Service Company of Oklahoma (PSO)
--Issuer Default Rating (IDR) at 'BBB+';
--Senior Unsecured Debt at 'A-';
--Preferred Stock at 'BBB+'.

Southwestern Electric Power Co. (SWEPCO)
--Issuer Default Rating (IDR) at 'BBB+';
--Senior Secured Debt at 'A';
--Senior Unsecured Debt at 'A-';
--Preferred Stock at 'BBB+'.

TCC's downgrade reflects credit protection measures that are more consistent with the lower rating category. TCC experienced reduced earnings and cash flow due to a decline in wholesale revenues as contracts with large customers expired. At the same time, the company had non-cash carrying costs related to the delays in completing its planned securitization that negatively impacted credit coverages. TCC's $1.7 billion securitization was completed in October 2006. Additionally, TCC's cash flow declined in 2006 following the company's exit from the generation business and associated removal of AEP power pool profits. The Negative Rating Outlook reflects Fitch's expectation that credit metrics at the company will continue to be weak for the 'BBB' rating category absent a favorable outcome in TCC's pending rate case in Texas, where the company has requested an $82.7 million increase. Fitch views the Texas regulatory environment as being somewhat challenging for wires companies operating in the state. A final order is expected in October 2007.

The ratings affirmation for AEP and the remaining subsidiaries take into account the stable cash flow and earnings base generated from the regulated utility operations, a solid competitive position derived from low-cost coal-fired generation assets. The ratings also reflect leverage that is at the high end for the ratings category at the parent company and at some of the subsidiaries. Consolidated leverage, as measured by the ratio of Debt to EBITDA, was 4.1x at year-end 2006, and is forecasted by Fitch to remain near those levels over the next several years. This increase in leverage has been anticipated as a sizeable portion of the company's large capital expenditure program will likely be funded with debt. However, Fitch notes that AEP's current and forecasted credit metrics should be able to withstand these higher levels of debt at current ratings, assuming reasonable rate recovery in various rate filings.

Annual consolidated capital investments are expected to average $3.3 billion through 2010, the bulk of which will be spent on ongoing infrastructure replacement and environmental compliance. Inadequate rate recovery of these costs at the utility subsidiary level could place ratings pressure on the affected subsidiaries (APC, CSP, KPC, OPC, PSO and SWEPCO) and possibly the parent. Additionally, while AEP has had resolution to several rate issues over the past year, several outstanding regulatory issues remain, in particular in Virginia, West Virginia, Texas, Indiana, Oklahoma and at the FERC. In addition, the market structure in Ohio following the expiration of the current rate stabilization plans in 2009 is uncertain. Fitch's ratings and Stable Outlook include an expectation of reasonable outcomes to these issues, however adverse regulatory decisions may negatively impact the affected subsidiaries and potentially the parent.

The Stable Rating Outlook also reflects Fitch's expectation that AEP will continue to benefit from stable and predictable cash flows from its regulated operations, an overall continuation of generally balanced regulatory environments, and that the company will receive timely and appropriate recovery of capital expenditures during the more active construction period.

AEP delivers electricity to more than five million customers in 11 states, including Ohio, Indiana, West Virginia, Virginia, Kentucky, Michigan, Tennessee, Oklahoma, Texas, Louisiana and Arkansas.

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Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, 'www.fitchratings.com'. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.

FitchRatings
KNOW YOUR RISK

Corporates

Global Power
U.S. and Canada
Credit Analysis

Public Service Company of Oklahoma

A Subsidiary of American Electric Power Co.

Ratings

Security Class	Current Rating
Issuer Default Rating	BBB
Senior Unsecured Debt	BBB+
Preferred Stock	BBB
Commercial Paper	F2

Outlook

Stable

Financial Data

Public Service Company of Oklahoma
($ Mil.)

	2007	2006
Revenues	1,396	1,442
Gross Margin	492	470
Cash from Operations	113	142
Operating EBITDA	87	179
Total Debt	918	751
Total Capitalization	1,564	1,342
ROE %	(3.86)	6.46
Capex/ Depreciation (%)	343.4	274.4

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Related Research

- *Credit Analysis, American Electric Power Co., May 15, 2007.*

Rating Rationale

- Fitch downgraded the ratings of Public Service Company of Oklahoma (PSO) on Feb. 8, 2008.
- The downgrade reflects credit protection measures that are more consistent with the 'BBB' category. While recent financial performance was negatively impacted by severe ice storms in January 2008 and December 2007, Fitch's analysis assumes these are singular events and the company will receive some cost recovery from regulators.
- More importantly, going-forward credit ratios are not expected to recover to historical levels due to a less-than-supportive rate order in October 2007, as well as an increased capital expenditure program through 2012. The recent rate order, which provided for a 10% return on equity (ROE), will make it challenging for PSO to significantly improve its financial position, absent future favorable regulatory outcomes in Fitch's view.
- The ratio of EBITDA-to-interest is anticipated to approximate 4.0 times (x), and cash flow coverage should be around 3.7x over the next several years. Leverage, as measured by the ratio of debt-to-EBITDA, is forecasted by Fitch to be more than 4.0x, as the company continues its considerable capital expenditure program, which will partially be funded by debt.
- The new ratings for PSO also take into account the company's relatively stable cash flow generation from its regulated operations, affiliation with its parent, American Electric Power Co. (AEP, rated 'BBB' with a Stable Outlook) and satisfactory liquidity position. PSO benefits from the operational and financial ties with AEP, including participation in AEP's power pool and money pool. Due to AEP's highly centralized electric and treasury operations, any deterioration in the credit quality of the parent could impair the ratings of PSO.
- Primary rating concerns relate to PSO's rising capital investments and the seemingly uncertain regulatory environment in Oklahoma.
- The Stable Outlook reflects Fitch's expectation that the company will post financial measures commensurate to its current rating category and continue to benefit from the stable cash flow generation from its regulated operations. The Outlook further assumes reasonable outcomes in upcoming planned rate cases. Any financial deterioration at the utility due to adverse regulatory outcomes would place negative pressure on the ratings.

Key Rating Drivers

- Events that could lead to a positive rating action:
  - None expected in the normal course of business.
- Events that could lead to a negative rating action:
  - Regulatory environment declines in Oklahoma; adverse outcomes in planned future rate cases.

- If a decline in financial performance results in weakened credit profile.
- Negative credit pressures on its parent, AEP.

Recent Events

Rate Case Outcome

In October 2007, the Oklahoma Corporation Commission (OCC) issued an order to PSO's base rate case, providing for an increase of $9.8 million and a 10% ROE. The final order also provides for lower depreciation rates, which PSO estimates will decrease depreciation expense by approximately $10 million on an annual basis. Therefore, the annual impact of the final order will increase the company's pretax income by approximately $20 million. The final rate order follows PSO's November 2006 request to increase rates by $47.9 million with an 11.74% ROE.

While Oklahoma's regulatory environment had historically been constructive, Fitch views this outcome as less than supportive. In the near to medium term, PSO will be requesting additional rate increases given the upcoming construction build, as well as recovery mechanisms for the recent ice storms. The utility will be dependent on more constructive outcomes in future regulatory decisions in order to keep credit fundamentals in line with the 'BBB' utility guidelines.

Red Rock Decision

On Oct. 11, 2007, the OCC officially denied pre-approval of the proposed 950 megawatt (MW) coal-fired Red Rock generating facility, effectively terminating plans to build the plant. Red Rock was announced in July 2006, as a joint venture between PSO and Oklahoma Gas & Electric (OG&E), whereby OG&E would construct and operate the unit, and PSO would own 50% of the plant. Total cost of the new plant was estimated to be $1.8 billion, with an in-start date in 2012. The first phase of the projected began in February 2007. As of September 2007, PSO incurred approximately $21 million of pre-construction costs and contract cancellation fees. Management has filed with the OCC to seek recovery of these costs. Fitch views the Red Rock outcome as a one-time incident and not a negative indication of the OCC's commitment to building additional generation in the state. Cancellation also seems to indicate a preference to rely on gas-fired generation for new capacity.

The company is looking at other alternatives to address the upcoming capacity shortfall in the state.

In April 2007, the OCC approved the proposed natural gas peaking plants at Southwestern (170 MW, $57 million) and Riverside (170 MW, $57 million) as "used and useful" investments for customers. The OCC also provided for cost-recovery mechanisms for these facilities, which are expected to be in service during the first quarter of 2008.

Recent Ice Storms

PSO's service territory experienced two significant ice storms in 2007. On the weekend of Jan. 12, 2007, more than 50,000 PSO customers lost power at the height of the storm. PSO filed with the OCC to request recovery of $13 million of operating and maintenance (O&M) expenses related to service restoration efforts after the January storm. On Dec. 11, 2007, the worst storm in state history left more than 254,000 customers without power. Preliminary estimates of the December storm approximate $90 million, of which the company expects to recover approximately $70 million of O&M expenses and capitalize $20 million.

Total Capitalization
($000, As of Dec. 31, 2007)

LT Debt	918.3
Preferred Stock	5.3
Common Equity	640.9
Total	**1,564.5**
Debt to Capital (%)	58.7

Source: 2007 10-K.

Debt Maturities
($ Mil.)

2008	0
2009	50
2010	150
2011	75
2012	0

Source: 2007 10-K.

Liquidity and Debt Structure

Debt maturities are expected to be met through a combination of internal cash generation and external refinancing.

PSO has access to short-term borrowings through a cash pool managed by AEP, whereby entities with excess short-term liquidity lend to affiliates with cash needs. External financing needs of this pool are sourced directly by the parent, AEP. AEP has $3 billion in committed bank credit facilities in place; $1.5 billion that expires in March 2011 and $1.5 billion that expires in April 2012. As of Sept. 30, 2007, approximately $2.5 billion was available. The revolving credit agreements contain a covenant that requires AEP to maintain a debt-to-total capitalization ratio at or below 67.5%.

Capital expenditures are anticipated to average approximately $394 million per year through 2012. In addition to the new gas plants in 2008, the company will also be funding new and refurbished transmission lines, new distribution lines and equipment. Capital investments are expected to be financed through a combination of external debt and internal cash flow.

PSO's Money Pool Activity
($ Mil.)

Maximum. Borrowings	Average Borrowings	Borrowings[a]	Authorized Limit
242.1	132.0	(51.2)	300.0

[a]At Dec. 31, 2007, PSO was a net investor in the money pool.
Source: 2007 10-K.

Financial Summary — Public Service Company of Oklahoma

($ Mil., Years Ended Dec. 31)

	2007	2006	2005	2004	2003	2002
Fundamental Ratios (x)						
FFO/Interest Expense	2.6	5.8	2.8	4.2	5.0	3.3
CFO/Interest Expense	3.2	4.4	4.7	3.9	4.7	3.5
Debt/FFO	10.8	3.7	10.7	4.9	3.4	6.4
Operating EBIT/Interest Expense	(0.1)	2.2	3.4	2.2	3.0	2.3
Operating EBITDA/Interest Expense	1.7	4.2	5.9	4.5	4.9	4.0
Debt/Operating EBITDA	10.6	4.2	3.2	3.5	2.7	3.6
Common Dividend Payout (%)	(0.9)	0.6	64.1	93.8	55.9	164.9
Internal Cash/Capital Expenditures (%)	35.8	59.2	67.7	92.4	156.5	61.0
Capital Expenditures/Depreciation (%)	343.4	274.4	154.9	92.1	100.4	104.0
Profitability						
Revenues	1,396	1,442	1,304	1,048	1,108	794
Net Revenues	492	470	463	430	436	410
Operating and Maintenance Expense	365	259	224	219	181	182
Operating EBITDA	87	179	205	173	222	195
Depreciation and Amortization Expense	92	88	87	90	86	86
Operating EBIT	(5)	91	118	83	136	109
Gross Interest Expense	52	42	35	38	45	48
Net Income for Common	(24)	37	58	37	54	41
Operating Maintenance Expense % of Net Revenues	74.2	55.1	48.3	50.9	41.6	44.2
Operating EBIT % of Net Revenues	(1.0)	19.4	25.5	19.3	31.2	26.5
Cash Flow						
Cash Flow from Operations	113	142	128	112	166	122
Change in Working Capital	28	(61)	67	(12)	(15)	12
Funds from Operations	85	203	61	124	181	110
Dividends	(0)	(0)	(37)	(35)	(30)	(68)
Capital Expenditures	(315)	(240)	(134)	(83)	(87)	(89)
Free Cash Flow	(202)	(98)	(43)	(6)	49	(35)
Net Other Investment Cash Flow	(48)	0	(0)	10	(3)	(3)
Net Change in Debt	168	98	45	(8)	(105)	45
Net Change in Equity	0	0	0	(0)	50	0
Capital Structure						
Short-Term Debt	0	76	76	55	33	86
Long-Term Debt	918	675	574	547	575	620
Total Debt	918	751	649	602	608	707
Preferred and Minority Equity	5	5	5	5	5	5
Common Equity	641	585	549	529	483	399
Total Capital	1,564	1,342	1,203	1,137	1,096	1,111
Total Debt/Total Capital (%)	58.7	56.0	54.0	53.0	55.5	63.6
Preferred and Minority Eq./Total Capital (%)	0.3	0.4	0.4	0.5	0.5	0.5
Common Equity/Total Capital (%)	41.0	43.6	45.6	46.6	44.1	35.9

Note: Numbers may not add due to rounding. Numbers are adjusted for interest and principal payments on transition property securitization certificates. Long-term debt includes trust preferred securities. LTM – Latest 12 months. Operating EBIT – Operating income plus total reported state and federal income tax expense.
Operating EBITDA – Operating income plus total reported state and federal income tax expense plus depreciation and amortization expense.
Source: Financial data obtained from SNL Energy Information System, provided under license by SNL Financial, LC of Charlottesville, VA.

FitchRatings
KNOW YOUR RISK

Corporates

Global Power
US and Canada
Credit Analysis

Southwestern Electric Power Co.

A Subsidiary of American Electric Power Co.

Ratings

Security Class	Current Rating
Issuer Default Rating	BBB
Senior Unsecured Debt	BBB+
Preferred Stock	BBB

Outlook

Stable

Financial Data

Southwestern Electric Power Co.
($ Mil.)

	12/31/07	12/31/06
Revenues	1,483	1,432
Gross Margin	685	711
Operating EBITDA	274	322
Total Debt	1,299	1,020
Total Capitalization	2,279	1,848
ROE (%)	11.2	7.5
Capex/Depreciation (x)	362.4	244.5

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Related Research

- *Credit Analysis, American Electric Power Co., dated May 15, 2007.*

Rating Rationale

- Fitch downgraded the ratings of Southwestern Electric Power Co. (SWEPCO) on March 28, 2008. The Rating Outlook for the company is Stable.
- The new ratings reflect debt leverage measures that are more consistent with the 'BBB' rating category. Currently, leverage, as measured by debt-to-EBITDA, was 4.4 times (x) for the 12 month period ended Dec. 31, 2007. Going forward, leverage is projected to increase to more than 5.0x as the company borrows funds to meet increasing capital investments.
- For the year ended Dec. 31, 2007, the ratio of EBITDA-to-interest was 4.5x, and funds from operations interest coverage was 4.3x. SWEPCO is expected to experience significantly higher debt levels over the next several years as the company borrows funds to add additional generation investments.
- While Fitch's analysis assumes that SWEPCO will receive regulatory recovery for the new generation, credit fundamentals are not expected to return to historical levels associated with the prior 'BBB+' rating over the rating time horizon. An inability to reduce leverage over the longer term may place further downward pressure on the company's credit profile.
- The Stable Outlook reflects Fitch's expectation that the company will continue to post stable cash flows and achieve reasonable regulatory outcomes related to the recovery of costs associated with new generation.

Key Rating Drivers

Credit strengths include:

- Stable utility operations.
- Participation in the American Electric Power (AEP, rated 'BBB', Stable Outlook) power pool and money pool.
- Improving regulatory relations in Arkansas and Louisiana.
- Fuel adjustment clauses in all service territories.

Credit concerns include:

- Significant capital expenditure program through 2012 to meet growth in service territory.
- Increased leverage associated with higher capital expenditures.
- Challenging regulatory environment in Texas.

Recent Events

Update on New Generation

Turk Plant

On March 27, 2008, the Public Utility Commission of Texas (PUCT) declined to rule on SWEPCO/AEP's application for a certificate of convenience and necessity for its Turk Power Plant in Arkansas. The Turk plant is a proposed 600 megawatt (MW) coal-fired base load plant, jointly owned by SWEPCO (73%), the Oklahoma Municipal Power Authority (7%), the East Texas Electric Cooperative, Inc. (8%) and the Arkansas Electric Cooperative

Corporation (12%). The plant would be constructed by SWEPCO affiliate, American Electric Power Service Corp., and the construction costs are estimated to be $1.343 billion, of which SWEPCO's share would be $986 million.

The plant has received approval from regulators in Arkansas and support from the Louisiana Public Service Commission (LPSC). In Texas, the proposed facility has remained controversial because of regulatory concerns regarding its potential negative impact on the development of a competitive market in SWEPCO's territory there. In January 2008, a Texas Administrative Law judge issued a report that concluded that SWEPCO failed to prove there is a need for the plant, and recommended that the application be denied. SWEPCO has indicated that even if Texas regulators were to reject the plant, the company will move forward with construction by finding an alternative customer for the respective state's share of the output. A follow-up hearing by the PUCT is tentatively scheduled for May 2008. The plant is also awaiting an air quality permit from the Arkansas Department of Air Quality.

Mattison Units
In December 2007, SWEPCO began commercial operation of two new simple-cycle natural gas-fired peaking units at the Mattison Power Plant in Arkansas. The units have an initial combined capacity of 150 MW. After testing is completed on additional equipment in the spring of 2008, the units' capacity will increase to 170 MW. The commencement of Units 1 and 2 in December follows the commercial operation of Units 3 and 4, which were started on July 12, 2007. The four-unit project cost approximately $131 million, producing a total of 340 MW.

Stall Unit
In May 2006, SWEPCO announced plans to build a new intermediate load 480 MW natural gas-fired combined cycle generating unit at its existing Arsenal Hill Plant location in Shreveport, La. SWEPCO has submitted the appropriate filings with the PUCT, the LPSC and the Arkansas Public Service Commission (APSC). The Stall Unit is estimated to cost $375 million, excluding AFUDC, and expected to be in service by mid-2010. As of Dec. 31, 2007, the company had incurred and capitalized approximately $45 million, and has contractual commitments for an additional $245 million. If the Stall Unit is not approved, cancellation fees may be required to terminate SWEPCO's commitment. In March 2007, the PUCT approved SWEPCO's request. The LPSC has hearings scheduled for April 2008 regarding the Stall facility. The APSC has not yet established a procedural schedule.

Regulatory Update

Cost of Service Review in Louisiana

In February 2008, SWEPCO and LPSC Staff signed a settlement agreement that prospectively resolves outstanding issues associated with compliance filings related to AEP's merger with Central and Southwest in 2000. As part of the Louisiana settlement, SWEPCO agreed to a formula rate plan (FRP) with a three-year term. Beginning August 2008, rates will be established to allow SWEPCO to earn an adjusted return on equity (ROE) of 10.565%. If, in years two or three of the FRP, the adjusted earned ROE is within the range of 10.015% to 11.115%, no adjustment to rates is necessary. However, if the adjusted earned ROE is outside of the specified range, an FRP rider will be established to increase or decrease rates prospectively. The settlement provides for a separate credit rider, prospectively decreasing Louisiana retail base rates by $5 million over the entire three-year term, which will not affect the adjusted earned return.

Finally, the settlement provides for an expected reduction in depreciation rates effective October 2007. SWEPCO and the LPSC staff have submitted the settlement to an administrative law judge (ALJ) and expect the LPSC to rule on the settlement in the second quarter of 2008. Fitch views the settlement, in its current form, to be relatively constructive. Positively, it eliminates regulatory overhang from this issue, which has been ongoing for several years.

Capital Structure
($ Mil., As of Dec. 31, 2007)

	Amount	%
Short-Term Debt	2	0.09
Long-Term Debt	1,197	55.00
Preferred	6	0.30
Common Equity	973	44.70
Total	2,178	100.00

Source: 10-K for the period ended Dec. 31, 2007.

SWEPCO has plans to file for rate base requests in Arkansas and Texas in the near to medium term. The company's last rate case in Arkansas was in November 1999, when it received a $5.4 million rate reduction and a 10.75% return on equity (ROE). SWEPCO's last formal rate case in Texas was in February 1984; the company currently has an 11.1% ROE in the state.

Liquidity and Debt Structure

SWEPCO has access to short-term borrowings through a cash pool managed by AEP, whereby entities with excess short-term liquidity lend to affiliates with cash needs. External financing needs of this pool are sourced directly by the parent, AEP. AEP has $3 billion in committed bank credit facilities in place; $1.5 billion that expires in March 2011 and $1.5 billion that expires in April 2012. As of Dec. 31, 2007, AEP's commercial paper outstanding was $659 million. The revolving credit agreements contain a covenant that requires AEP to maintain a debt-to-total capitalization at or below 67.5%.

Money Pool Activity in 2007
($ Mil.)

Maximum Borrowings	Average Borrowings	Borrowings (as of 12/31/07)	Total Allowed Borrowings
245.30	68.1[a]	1.60	350

[a]Includes days when SWEPCO was a net investor in the pool.
Source: 10-K for the period ended Dec. 31, 2007.

Debt maturities over the next five years are considered to be manageable, and are as follows: $6 million in 2008, $4 million in 2009, $54 million in 2010, $42 million in 2011 and $20 million in 2012.

Capital Expenditures

Capital expenditures are forecasted to be significantly higher than historical norms over the next several years due to the planned construction of the Turk (2011) and Stall (2010) units, as well as the recently built Mattison units. Capital spending is expected to average approximately $636 million per year through 2010. It is anticipated that SWEPCO will meet its capital spending needs through a mix of external financing and internally generated funds.

Financial Summary — Southwestern Electric Power Co.

($ Mil., Years Ended Dec. 31)

	2007	2006	2005	2004	2003	2002
Fundamental Ratios (x)						
Funds from Operations (FFO)/Interest Expense	4.4	4.4	4.9	4.7	5.3	5.0
Cash Flow from Operations (CFO)/Interest Expense	3.7	4.7	5.1	4.8	4.9	4.6
Debt/FFO	6.3	5.2	4.1	4.2	3.3	3.5
Operating EBIT/Interest Expense	2.2	3.3	3.1	3.3	3.2	3.0
Operating EBITDA/Interest Expense	4.5	5.6	5.7	5.7	5.1	5.1
Debt/Operating EBITDA	4.7	3.2	2.8	2.7	2.8	2.8
Common Dividend Payout (%)	NA	43.7	74.6	67.2	74.3	68.7
Internal Cash/Capital Expenditure (%)	32.6	52.5	97.0	150.5	146.1	137.3
Capital Expenditure/Depreciation (%)	362.4	244.5	119.7	76.5	99.2	90.9
Profitability						
Revenues	1,483	1,432	1,405	1,091	1,149	1,085
Net Revenues	685	711	674	638	626	607
Operating and Maintenance Expense	345	326	315	266	248	253
Operating EBITDA	274	322	292	309	325	299
Depreciation and Amortization Expense	139	132	132	129	121	123
Operating EBIT	135	190	161	179	204	176
Gross Interest Expense	61	57	51	55	64	59
Net Income for Common	66	91	74	89	98	83
Operating Maintenance Expense % of Net Revenues	50.3	45.8	46.7	41.7	39.6	41.6
Operating EBIT % of Net Revenues	19.7	26.7	23.8	28.1	32.6	29.0
Cash Flow						
Cash Flow from Operations	165	210	208	209	249	211
Change in Working Capital	(40)	14	10	8	(25)	(27)
Funds from Operations	205	196	198	201	274	238
Dividends	(0)	(40)	(55)	(60)	(73)	(57)
Capital Expenditures	(505)	(323)	(158)	(99)	(120)	(112)
Free Cash Flow	(340)	(153)	(5)	50	55	42
Net Other Investment Cash Flow	(0)	(0)	42	28	(64)	(1)
Net Change in Debt	254	153	(39)	(86)	10	(46)
Net Change in Equity	—	(0)	—	—	—	—
Capital Structure						
Short-Term Debt	2	206	30	—	—	23
Long-Term Debt	1,298	814	787	840	906	803
Total Debt	1,299	1,020	817	840	906	827
Preferred and Minority Equity	6	7	7	6	6	5
Common Equity	973	821	782	769	697	662
Total Capital	2,279	1,848	1,606	1,614	1,609	1,493
Total Debt/Total Capital (%)	57.0	55.2	50.9	52.0	56.3	55.4
Preferred and Minority Equity/Total Capital (%)	0.3	0.4	0.4	0.4	0.4	0.3
Common Equity/Total Capital (%)	42.7	44.4	48.7	47.6	43.3	44.3

LTM – Latest 12 months. Operating EBIT – Operating income plus total reported state and federal income tax expense. Operating EBITDA – Operating income plus total reported state and federal income tax expense plus depreciation and amortization expense.
Source: Financial data obtained from SNL Energy Information System, provided under license by SNL Financial, LC of Charlottesville, Va.

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's downgrades AEP Texas North and confirms and AEP Texas Central; outlooks stable

Global Credit Research - 01 Jun 2009

Approximately $3.5 billion of debt affected

New York, June 01, 2009 -- Moody's Investors Service downgraded the ratings for AEP Texas North Company (AEP TNC) Baa2 senior unsecured and confirmed the Baa2 senior unsecured ratings of AEP Texas Central Company (AEP TCC). Both AEP TNC and AEP TCC are wholly owned subsidiaries of American Electric Power Company (AEP, Baa2 senior unsecured / negative outlook). These actions conclude a review for possible downgrade that was initiated on February 2, 2009. The rating outlooks for both AEP TCN and AEP TCC are stable.

The Baa2 senior unsecured rating for both AEP TCC and AEP TNC reflect the slightly lower business and operating risk that these utilities enjoy as rate regulated electric transmission and distribution utilities operating in Texas; the strong recovery support provided by the Public Utility Commission of Texas with respect to long term credit quality; and adequate sources of near-term liquidity.

The stable rating outlook reflects the expectation that both T&D utilities will produce financial credit metrics over the intermediate term horizon that support the Baa2 investment grade ratings category and are consistent with their peer group. With respect to AEP TCC, this includes producing a ratio of cash flow from operations before working capital adjustments (CFO pre-w/c) to total adjusted debt between 11% - 13% on a sustainable basis. AEP TCC's financial credit metrics include both the cash flow and outstanding debt associated with approximately $2 billion of Aaa-rated securitization bonds. With respect to AEP TNC, which has historically produced strong financial credit metrics given its rating category, we incorporate a view that the ratio of CFO pre-w/c to total adjusted debt will decline to approximately 15% on a sustainable basis.

"There appears to be a convergence between AEP TCC and AEP TNC's financial credit metrics" said Jim Hempstead, Senior Vice President "which was a primary factor behind moving the ratings to the same rating category."

Moody's last rating action for AEP TCC and AEP TCN occurred on February 2, 2009, when the ratings were placed on review for possible downgrade.

The principal methodology used in rating the utilities was the Rating Methodology: Global Regulated Electric Utilities. It can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

AEP Texas Central and AEP Texas North are wholly-owned subsidiaries of American Electric Power Company (AEP). AEP is headquartered in Columbus, Ohio.

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Rating Action: Moody's downgrades Ohio Power to Baa1 sr. unsec.; outlook stable

Global Credit Research - 14 Aug 2009

Approximately $3.5 billion of debt securities affected

New York, August 14, 2009 -- Moody's Investors Service downgraded Ohio Power Company's (Ohio Power) senior unsecured rating to Baa1 from A3. Ohio Power is a wholly-owned operating subsidiary of American Electric Power Company (AEP). Ohio Power's rating outlook is stable.

The downgrade primarily reflects our expectation that Ohio Power's financial credit metrics will remain in a range that is more appropriate for the Baa-ratings category over the near to intermediate term horizon.

These financial credit metrics include the ratio of cash flow from operations before working capital adjustments (CFO pre-w/c) to debt in the high teen's / 20% range. The Baa1 senior unsecured rating also reflects the positive attributes associated with being a rate-regulated electric utility in Ohio; the near to intermediate-term regulatory certainty associated with the recent settlement regarding the Electric Security Plan (ESP) entry on rehearing; an adequate over-all liquidity profile; and the status as being one of the core principal operating utility subsidiaries of Ohio-based AEP, its parent.

"Ohio Power's regulatory clarity should provide a path for cash flow to debt related credit ratio's to remain close to the 20% range" said Jim Hempstead, senior vice president. "The authorized base rate increases, fuel recovery mechanisms and other rate adders are expected to remain in place through the ESP period, ending 2011 which provides relatively good regulatory certainty."

Ohio Power has produced cash flow from operations before working capital adjustments (CFO pre w/c) to total adjusted debt of approximately 17% for the twelve months ended June 2009, and is expected to improve modestly over the near to intermediate term horizon which is consistent with the Baa1 ratings category. Moody's incorporates a view that there is some modest legal risk remaining associated with the regulatory appeals process which could last for approximately 16 more months, but there should not be any retro-active recovery issues. There could be some recovery risk associated with the deferral balances occurring after the 2011 expiration of the ESP. These risks are considered manageable and are reflected in the Baa1 rating.

"The Ohio regulatory environment continues to evolve" added Hempstead "and we consider the Public Utilities Commission of Ohio (PUCO) to be supportive of the utilities they regulate as evidenced by the individually structured settlement plans for each utility in Ohio."

Moody's remains somewhat concerned with the acute economic pressures currently evident in Ohio and that Ohio Power's reasonably large industrial load could pose challenges for both the company and the PUCO in future hearings.

The stable rating outlook reflects Ohio Power's strong position as one of the principal operating utility subsidiaries, which includes a recent $525 million net equity infusion from AEP; the near to intermediate term regulatory stability associated with its Ohio ESP; and our estimates that the CFO to debt related credit ratios will remain in the 20% range over the near to intermediate term horizon.

Moody's last rating action on Ohio Power occurred on January 23, 2009, when the ratings were placed on review for possible downgrade.

The principal methodology used in rating the utilities was the Rating Methodology: Regulated Electric & Gas Utilities. It can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors may have been considered in the process of the rating these issuers can also be found in the Credit Policy & Methodologies directory.

Ohio Power is a wholly-owned subsidiary of American Electric Power Company. American Electric Power Company is headquartered in Columbus, Ohio.

Downgrades:

..Issuer: Marshall (County of) WV

....Senior Unsecured Revenue Bonds, Downgraded to Baa1 from A3

..Issuer: Mason (County of) WV

....Senior Unsecured Revenue Bonds, Downgraded to Baa1 from A3

..Issuer: Ohio Air Quality Development Authority

....Senior Unsecured Revenue Bonds, Downgraded to Baa1 from A3

..Issuer: Ohio Power Company

....Issuer Rating, Downgraded to Baa1 from A3

....Preferred Stock Preferred Stock, Downgraded to Baa3 from Baa2

....Preferred Stock Shelf, Downgraded to (P)Baa3 from (P)Baa2

....Senior Unsecured Regular Bond/Debenture, Downgraded to Baa1 from A3

....Senior Unsecured Shelf, Downgraded to (P)Baa1 from (P)A3

..Issuer: West Virginia Economic Development Authority

....Senior Unsecured Revenue Bonds, Downgraded to Baa1 from A3

Outlook Actions:

..Issuer: Ohio Power Company

....Outlook, Changed To Stable From Rating Under Review

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FitchRatings

Fitch Downgrades Appalachian Power Co.'s Ratings; Outlook Revised to Stable

Ratings Endorsement Policy
10 Sep 2009 10:38 AM (EDT)

Fitch Ratings-Chicago-10 September 2009: Fitch Ratings has downgraded the ratings for Appalachian Power Co. (APCo) as follows:

--Issuer Default Rating (IDR) to 'BBB-' from 'BBB';
--Senior unsecured debt to 'BBB' from 'BBB+';
--Preferred stock to 'BBB-' from 'BBB';
--Pollution control revenue bonds to 'BBB' from 'BBB+'.

The Rating Outlook has been revised to Stable from Negative. Approximately $3.6 billion of debt is affected.

The ratings downgrade reflects APCo's projected credit metrics that are more consistent with the 'BBB-' rating category following a trend of weakening coverage measures and high debt leverage, due to higher operating and maintenance expenses, under-recovery of fuel costs and elevated levels of capital expenditures. Additionally, APCo's financial position has been negatively impacted by the termination of the off-system sales rider (which was replaced with a 75% sharing mechanism), and less than full fuel recovery in Virginia. Fitch highlighted the utility's dependence on constructive outcomes in pending and planned rates cases to improve financial performance and enhance credit ratios. Fitch views the outcome for APCo's 2008 rate case in Virginia as reasonable with a $168 million base rate increase compared to a request of $208 million but a below average return on equity (ROE) of 10.2%. However, other factors have arisen, specifically the impact of the economic recession on the utility's service territory and deferrals of cost recoveries, which have reduced sales, earnings and cash flows. The utility posted EBITDA to interest coverage and funds from operations to interest coverage of 2.8 times (x) and 3.0x, respectively, for the 12-month period ended June 30, 2009. Leverage, as measured by the ratio of debt to EBITDA was 5.5x for the same time period.

Going forward, Fitch projects APCo's credit metrics will improve moderately, but remain within the guidelines for the new rating category. Both EBITDA to interest and FFO coverage are expected to remain above 3.0x over the next two years. Factors contributing to the expected improvement in financial performance include the company's 2008 rate case outcome in Virginia, which provided for a $168 million increase in base rates beginning October 2008, as well as Fitch's expectation that the company will receive a balanced result in its pending 2009 rate request of $154 million and notes that the current case will be administered under regulations promulgated after the 2007 Virginia Energy Law was passed. However, the economic downturn will continue to result in cost recovery deferrals in Virginia and West Virginia and slowdown the improvement in credit metrics, as evidenced by the West Virginia Public Service Commission's (WVPSC) decision to suspend APCo's $398 million filing under its expanded net energy charge (ENEC) which incorporates the company's incremental fuel, purchased power and environmental compliance project expenses to December 2009 from earlier this year. While the Commission did not contest the validity of the ENEC, given the current economic recession and the magnitude of the rate request, the WVPSC found it unreasonable to meet the request for implementation of rates. Fitch maintains that APCo will continue to be dependent on reasonable outcomes in its fuel cost recovery and base rate cases over the next two years and/or continuing parent company support to preserve current rating levels.

In August 2009, APCo filed a revised request with the Virginia State Commerce Commission (VSCC) for a $154 million base rate increase based on a 13.35% ROE, which includes a 0.85% ROE performance incentive increase for investment in new generation and environmental retrofits as permitted by law. The major component of the rate request is for the recovery of fixed costs related to cost of service. The new base rates will be effective, subject to refund, on Dec. 12, 2009. A final order from the Commission is expected in the second quarter of 2010. A separate $24 million rate filing was made for the recovery of transmission service expenses. Also in August, the VSCC issued an order providing the company with a $130 million fuel revenue increase. APCo had filed for a $227 million fuel revenue increase in May of this year.

Earlier this year, APCo's parent, American Electric Power Co. (AEP, IDR rated 'BBB', Stable Outlook by Fitch) reduced its 2009 capital budget to $2.6 billion from $3.3 billion and its 2010 capital budget to $1.8 billion from $3.4 billion. The reductions in capital spending for 2009 and 2010 are spread across AEP's utility operating companies in generation, transmission and distribution. Discretionary projects are being deferred until the economic climate warrants the additional investment. APCo's capital spending budget for 2009 and 2010 has been reduced to $0.7 billion from $1.4 billion from the prior 2008 forecast. Thee reductions were primarily made in environmental capex and distribution capital. Funding for APCo's capex program will be met through internally generated cash flows. Additionally, AEP has infused $250 million of equity into APCo, following the parent's $1.69 billion common stock offering in April 2009. APCo used the proceeds to reduce its money pool borrowings, and as a result the company has a solid liquidity position with approximately $425 million available as of June 30, 2009.

APCo, a wholly owned subsidiary of AEP, is a regulated electric utility engaged in the generation, transmission and distribution of electric power to approximately 942, 000 customers in West Virginia, Virginia and Tennessee.

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FitchRatings

Fitch Downgrades Southwestern Electric Power Co.; Outlook Stable

Ratings Endorsement Policy
02 Jun 2010 12:26 PM (EDT)

Fitch Ratings-Chicago-02 June 2010: Fitch Ratings has downgraded the outstanding ratings of Southwestern Electric Power Co. (SWEPCO) as follows:

--Issuer Default Rating (IDR) to 'BBB-' from 'BBB';
--Senior Unsecured Debt to 'BBB' from 'BBB+';
--Preferred Stock to 'BB+' from 'BBB-'.

Concurrently, Fitch has revised the Rating Outlook to Stable from Negative. Approximately $1.9 billion of debt is affected.

The ratings downgrade reflects SWEPCO's current and projected credit metrics, which have been trending down and comparable to 'BBB-' utility peers. Capital spending will remain elevated as a result of spending on the new 600 megawatt Turk coal plant, which is expected to enter commercial operation in mid-2012. High capital spending may continue after completion of Turk, for projects such as environmental compliance, which could delay any improvements in credit ratios. Furthermore, a recent decision by the Supreme Court of Arkansas has cast uncertainty surrounding rate recovery for Turk in the state (approximately 88 MW, or 20% of SWEPCO's capacity).

SWEPCO's credit rating is supported by the tangible support afforded by affiliation with the parent, American Electric Power Co. (AEP, IDR 'BBB' with a Stable Outlook), including participating in the money pool and power pool, as well as periodic equity infusions to maintain a balanced capital structure. Fitch expects AEP to continue to provide sufficient financial support to maintain SWEPCO's current rating. However, any deterioration in the credit quality of the parent could impair the ratings of the utility subsidiary.

On May 13, 2010, the Supreme Court of Arkansas reversed and remanded the decision of the Arkansas Public Service Commission (APSC) to grant the Certificate of Environmental Compatibility and Public Need (CECPN) for the Turk plant. In its decision the Supreme Court held that Arkansas law requires that the determination of whether the company has demonstrated the need for additional power supply sources and whether the conditions to issue the CECPN have been met must be evaluated in a single proceeding. The Court ruled that the APSC erred in determining the need for additional power supply sources in a proceeding separate from its granting of the CECPN. The company has filed a petition for a rehearing. Approximately 20% of Turk's output is in Arkansas, with the balance split between Texas, Louisiana and FERC customers. The inability to receive full and timely recovery of the costs related to Turk in Arkansas or to rely on wholesale sales for the Arkansas portion of capacity, SWEPCO's credit protection measures would be moderately impacted.

The company's ratios of EBITDA to interest and funds from operations interest coverage were 3.1 times (x) and 4.6x, respectively, for the 12-month period ended March 31, 2010. Debt leverage, as measured by the ratio of Debt to EBITDA, was high at 6.0x. Cash flows will be pressured over the next few years as SWEPCO continues construction on the Turk plant, scheduled to come on-line in late 2012. As a result, Fitch forecasts EBITDA to interest to remain below 4.0x and funds flow coverage to be less than 3.5x over the ratings horizon. Debt leverage is expected to remain elevated through 2013 at or above 5.0x. The utility's liquidity position remains strong, with $350 million of available capacity under the AEP money pool. Total AEP available liquidity was approximately $3.3 billion as of March 31, 2010, including more than $800 million of cash on hand. AEP's credit facilities are comprised of a $1.5 billion facility that matures in March 2011, a $1.454 billion facility that matures in April 2012 and a $627 facility that matures in April 2011. SWEPCO's debt maturities are minimal over the next five years with $42.6 million maturing in 2011, and $20 million in 2012. Maturing debt will be funded through a combination of internal cash generation and external refinancings. Fitch also notes that the service territories served by the companies in Arkansas, Louisiana and Texas have been holding up during the economic downturn with unemployment rates below the national average.

The Stable Outlook reflects Fitch's expectation that SWEPCO will complete the Turk unit on schedule without significant cost overruns and receive timely recovery of its investment in Louisiana and Texas, as well as maintain financial and operational support from AEP.

SWEPCO is also constructing the Stall Unit, an intermediate load 500 MW natural gas-fired combustion turbine combined cycle generating unit in Shreveport, LA. The plant is estimated to cost $431 million and is currently in the testing phase to come on-line in mid June 2010.

In April 2010, a settlement agreement was approved by the Public Utilities Commission of Texas (PUCT) to increase SWEPCO's base rates by approximately $25 million, effective May 2010, including a return on equity (ROE) of 10.33%, which consists of $5 million related to construction of Stall, $10 million in other increases and a $10 million one-year surcharge rider to recover additional vegetation management costs. SWEPCO filed a request for a $75 million base rate increase, including an 11.5% ROE in August 2009.

Applicable criteria available on Fitch's website at 'www.fitchratings.com' include:

--Credit Rating Guidelines for Regulated Utility Companies (July 31, 2007).
--Corporate Rating Methodology (Nov. 24, 2009).
--Issuer Default Ratings and Recovery Ratings in the Power and Gas Sector (Nov. 5, 2005).
--U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines (Aug. 22, 2007).
--Parent and Subsidiary Rating Linkage (Fitch's Approach to Rating Entities within the Corporate Group Structure) (June 17, 2007).
--Rating Hybrid Securities (Dec. 29, 2009).

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FitchRatings

FITCH UPGRADES AEP TEXAS CENTRAL; AFFIRMS AMERICAN ELECTRIC POWER CO. & SUBSIDIARIES

Fitch Ratings-Chicago-28 February 2011: Fitch Ratings has upgraded the ratings of AEP Texas Central (TCC) and concurrently affirmed the long-term ratings for American Electric Power Co. (AEP) and its other subsidiaries: AEP Texas North (TNC), Appalachian Power Co. (APC), Columbus Southern Power Co. (CSP), Indiana Michigan Power Co. (I&M), Kentucky Power Co. (KPC), Ohio Power Co. (OPC), Public Service Co. of Oklahoma (PSO), and Southwestern Electric Power Co. (SWEPCO). Additionally, Fitch has assigned short-term ratings to TCC, TNC, APC, PSO and SWEPCO of 'F2'.

The Rating Outlooks for TCC, AEP, CSP, APC, I&M, KPC, PSO, TNC and SWEPCO are Stable. The Rating Outlook for OPC remains Positive pending the proposed merger with CSP. Approximately $17.5 billion of debt is affected by today's rating actions. A full list of rating actions follows at the end of this release.

Key drivers of the ratings affirmations include: AEP's regulatory and geographic diversification via ownership of nine rated electric utility subsidiaries; generally balanced regulatory environments; consolidated credit metrics that are consistent with Fitch's 'BBB' Issuer Default Rating (IDR) guidelines, a solid competitive position with ownership of low-cost coal-fired assets as well as a relatively low risk strategy of investing in transmission assets. Recent financial performance at the company has been bolstered by base rate increases in Kentucky and West Virginia, favorable weather across AEP's service territories, effective cost control measures as well as continued improvement in the economy, particularly in the industrial sector. AEP's ratios of EBITDA to interest and funds from operations to interest were 4.2 times (x) and 4.3x, respectively, for the year ended Dec. 31, 2010. Consolidated leverage, as measured by the ratio of Debt to EBITDA, was 4.0x for the same time period. AEP has modest levels of parent debt. Fitch forecasts that AEP's consolidated credit metrics will remain at or near current levels through 2014, taking into account previously received and planned rate increases, normalized weather and continued economic recovery.

Rating concerns relate to: AEP's exposure to emissions regulations and legislation given the company's large coal-fired generation fleet, regulatory uncertainty in Ohio regarding the pending electric security plan (ESP) filing at AEP Ohio (CSP and OPC), increased customer switching in CSP's commercial sector and permitting and merchant price risk issues surrounding SWEPCO's Turk coal plant construction project. Of additional concern is the uncertainty related to the termination of the AEP East power pool. AEP's largest exposure to future carbon laws and other emissions regulations is in Ohio, which encompasses approximately 42% of total coal-fired generation. Fitch notes that Ohio Senate Bill 221, which was enacted in May 2008, specifically provides electric utilities with the ability to recover carbon related environmental costs.

On Jan. 27, 2011, AEP Ohio filed a petition with the Public Utilities Commission of Ohio (PUCO), to establish a new electric security plan (ESP) for the period Jan. 1, 2012 through May 31, 2014. In addition, the companies plan to file a $93.2 million joint distribution rate case in March of this year. The PUCO is expected to rule on the ESP no later than the fourth quarter of this year. AEP does have the option to file for a Market Rate Option (MRO) should the PUCO approve an ESP that is unacceptable to the company. Fitch notes that the current market structure in Ohio for electric companies makes it challenging for utilities to make longer-term investments (beyond the three-year horizon) in generation. This is not an immediate concern for AEP Ohio due to the excess capacity at OPC, which has a reserve margin of 42%. An additional issue that has recently arisen in Ohio is the increased customer switching in CSP's southern commercial jurisdiction, in total about 3% in 2010 and expected to grow to 17% in 2011. While this equates to approximately 6% of AEP Ohio's total load, and 1.5% of total AEP load, the higher shopping levels, coupled with the three-year ESP plans, could place pressure on the operating efficiencies of the Ohio utilities over the longer term.

On Jan. 4, 2011, APC made a filing with the Virginia State Corporation Commission (VSCC) that detailed the AEP East pool members' (APC, I&M, KPC, CSP and OPC) intent to terminate the interconnection agreement. The pool members now have a three-year time frame in which to work out a settlement and new arrangement. The decision to evaluate the pool was initially raised by regulatory concerns, particularly from Virginia, that the current pool arrangement resulted in a lack of transparency. At this time, Fitch believes it is unlikely that the new arrangements to replace the current pool will have material credit rating impacts and will continue to monitor developments.

AEP expects to generate about $1.1 billion of cash through accelerated depreciation, including $300 million in 2011, $550 million in 2012 and $225 million in 2013. Management has not specified how it intends to use the cash but has indicated that they are reviewing several options, including reducing parent level debt and/or funding pension expense and a lawsuit settlement.

AEP has a sufficient short-term liquidity position, with approximately $2.6 billion of net available liquidity as of Dec. 31, 2010, including $294 million of cash on hand. AEP has credit facilities totaling $3.4 billion, of which two $1.5 billion credit facilities support the company's commercial paper program. The revolving credit agreements contain a covenant that requires AEP to maintain a debt to total capitalization at or below 67.5%. The $478 million facility that matures in April 2011 is currently used to support the various variable rate debt and floating rate debt. Management plans to retire the facility and enter into bilateral agreements as a replacement. Consolidated debt maturities over the next several years are considered manageable and are as follows: $616 million in 2011, $565 million in 2012 and $1.1 billion in 2013. The next parent-only maturity is in 2015, when $243 million of senior notes becomes due. Fitch expects maturing debt to be funded through a mix of internal cash generation and external refinancings.

AEP's 2011 capital spending budget is approximately $2.6 billion, with $2.9 billion projected in 2012. Major projects and investments include transmission projects and environmental compliance. Capex financing is anticipated to be met through a combination of internally generated cash and external debt issuances.

Fitch has upgraded the following ratings with a Stable Outlook:

TCC
--IDR to 'BBB+' from 'BBB';
--Senior unsecured debt and pollution control bonds to 'A-' from 'BBB+';
--Preferred stock to 'BBB' from 'BBB-'.

Fitch has assigned the following ratings:

TCC
TNC
PSO
SWEPCO
APC
--Short-term IDR 'F2'.

Fitch has affirmed the following ratings with a Positive Outlook:

OPC
--IDR at 'BBB';
--Senior unsecured debt and pollution control bonds at 'BBB+';
--Preferred Stock at 'BBB-';
--Short-term IDR and Commercial Paper at 'F2,

Fitch has affirmed the following ratings with a Stable Outlook:

AEP

--IDR at 'BBB';
--Senior Unsecured Debt at 'BBB';
--Junior Subordinated Debentures at 'BB+';
--Short-term IDR at 'F2';
--Commercial Paper at 'F2'.

AEP Texas North
--IDR at 'BBB+';
--Senior unsecured debt at 'A-';
--Preferred stock at 'BBB'.

APC
--IDR at 'BBB-';
--Senior unsecured debt and pollution control revenue and solid waste disposal bonds at 'BBB';
--Preferred Stock at 'BB+'.

CSP
--IDR at 'BBB+';
--Senior Unsecured Debt and Pollution Control Bonds at 'A-';
--Short-term IDR and Commercial Paper at 'F2.

I&M
--IDR at 'BBB-';
--Senior Unsecured Debt at 'BBB';
--Preferred Stock at 'BB+';
--Short-term IDR at 'F2'.

KPC
--IDR at 'BBB-';
--Senior Unsecured Debt at 'BBB';
--Short-term IDR at 'F2'.

PSO
--IDR at 'BBB';
--Senior unsecured debt and pollution control revenue bonds at 'BBB+';
--Preferred stock at 'BBB-'.

SWEPCO
--IDR at 'BBB-';
--Senior Unsecured Debt at 'BBB';
--Preferred Stock at 'BB+'.

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Media Relations: Cindy Stoller, New York, Tel: +1 212 908 0526, Email: cindy.stoller@fitchratings.com.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:
--Corporate Rating Methodology (Aug. 16, 2010)
--Credit Rating Guidelines for Regulated Utility Companies (July 31, 2007)
--US Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines (Aug. 22, 2007)
--Utilities Sector Notching and Recovery Ratings (March 16, 2010)
--Parent and Subsidiary Rating Linkage (Fitch's Approach to Rating Entities within a Corporate Group Structure) (July 14, 2010)

Applicable Criteria and Related Research:
Corporate Rating Methodology
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=546646
Credit Rating Guidelines for Regulated Utility Companies
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=334652
U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=338030
Utilities Sector Notching and Recovery Ratings
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=504546
Parent and Subsidiary Rating Linkage Criteria Report
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=534826

FitchRatings

Tagging Info

Fitch Upgrades Ohio Power & Affirms Columbus Southern Power Pending Close of Merger; Outlook Stable

Ratings
29 Dec 2011 11:41 AM (EST)

Fitch Ratings-New York-29 December 2011: Fitch Ratings has upgraded Ohio Power Company's (OPCo) long-term Issuer Default Rating (IDR) to 'BBB+' and its senior unsecured rating to 'A-'. Fitch has also affirmed Columbus Southern Power Company's (CSPCo) 'BBB+' IDR and 'A-' senior unsecured rating. A full list of rating actions is shown at the end of this release.

The Rating Outlook for both entities is Stable.

Merger Approved:

These rating actions reflect the merger of CSPCo into OPCo, which was approved by the Public Utilities Commission of Ohio (PUCO) on Dec. 14, 2011 and is scheduled to close on Jan. 1, 2012. The utilities are sister companies and subsidiaries of American Electric Power Company, Inc. (AEP; IDR 'BBB', Stable Outlook).

CSPCo and OPCo already function operationally as a single entity, but the merger will enable the utilities to combine their rate structures, which should simplify the regulatory process going forward. The debt at CSPCo would be assumed by OPCo once the merger is finalized.

PUCO Adoption of ESP:

In addition to approving the merger, the PUCO modified and then adopted an electric security plan (ESP) settlement agreement between OPCo and CSPCo and numerous other parties. The adopted ESP will result in the merged utility transitioning to a market-based generation rate structure over a four and a half year period between Jan. 1, 2012 and May 2016. The utility will also divest its generation assets to a separate competitive generation entity within the AEP family, subject to a PUCO approved corporate separation plan.

PUCO Modifications to ESP:

The modifications PUCO made to the ESP settlement agreement will result in a slight reduction to AEP's cash flows over the next several years. However, Fitch expects the overall impact to AEP's credit profile to be relatively benign. Base generation rate increases in the PUCO-approved plan were cut to half of what was proposed in the settlement agreement, resulting in AEP's generation rates increasing at a more gradual rate before switching to market-based pricing in 2015. The PUCO also increased the amount of market-based capacity that would be reserved for competitive retail electric service providers.

Key rating factors:
--Robust financial metrics;
--Low risk regulated operations;
--Increased customer switching due to the competitive retail electricity market environment in Ohio.

The credit quality of CSPCo and OPCo has been supported by strong cash flows and a modest use of leverage. The utilities have been able to keep capital expenditures in check while benefiting from low-cost, coal-fired generation. Financial metrics may weaken somewhat due to the competitive retail environment in Ohio, but Fitch expects OPCo's financial metrics to remain strong over the next three years. Fitch expects EBITDA to interest coverage to average more than 6.0x and FFO to debt to average more than 25%.

Company Profile:

OPCo and CSPCo are sister utilities in Ohio and wholly owned subsidiaries of AEP that operate under the brand name AEP Ohio. Following the completion of the merger on Jan. 1, 2012, OPCo will provide electricity to almost 1.5 million customers in Ohio.

AEP is one of the largest electric utilities in the U.S., delivering electricity to more than 5 million customers in 11 states. AEP owns nearly 38,000 MW of generating capacity, of which 23,900 MW are coal-fired. AEP also has the largest transmission network in the U.S., with nearly 39,000 miles of transmission lines.

Fitch has upgraded the following ratings with a Stable Outlook:

OPCo
--Long-term IDR to 'BBB+' from 'BBB';
--Senior unsecured debt to 'A-' from 'BBB+';
--Pollution control revenue bonds to 'A-' from 'BBB+'.

Fitch has affirmed the following ratings with a Stable Outlook:

OPCo
--Short-term IDR and commercial paper at 'F2'.

CSPCo
--Long-term IDR at 'BBB+';
--Senior unsecured debt at 'A-';
--Short-term IDR and commercial paper at 'F2'.

Fitch has withdrawn OPCo's 'BBB-' preferred stock rating following the utility's redemption of its preferred stock earlier this month.

Contact:

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:
--'Corporate Rating Methodology' (Aug. 12, 2011);
--'Rating North American Utilities, Power, Gas, and Water Companies' (May 16, 2011).

Applicable Criteria and Related Research:
Corporate Rating Methodology
Rating North American Utilities, Power, Gas, and Water Companies

Kentucky Power Company

REQUEST

Please provide the breakdown in the expected return on pension plan assets for Kentucky Power Company. Specifically, please provide the expected return on different assets classes (bonds, US stocks, international stocks, etc.) used in determining the expected return on plan assets. Please provide all associated source documents and work papers.

RESPONSE

The pension plan assets had an assumed rate of return of 6.5% for 2012. The breakdown by asset class for the total pension portfolio is as follows:

Marketable Equities	9.00%
Fixed Income	4.00%
Private Equity	8.80%

It should be noted that the returns assumed are for large portfolios consisting of many securities. Assumptions used for any specific security or any given company would have a different risk profile than the portfolio and, thus, would have a different expected return.
The portfolio of marketable equities consists of stocks from firms with different capital sizes in many different industries and markets, both domestic and international.

Fixed income assumption is for a portfolio of long duration bonds consisting of a mixture of US Treasury securities, US government backed Agency securities and corporate bonds.

The source of the information was from the AEP 2012 10K (provided as an attachment in response to AG 1-8). Page 39 of the 2012 10-K is the source document.

WITNESS: Hugh E McCoy

Kentucky Power Company

REQUEST

As to the Application generally, please provide the following:

a. The authorized and earned return on common equity for Kentucky Power Company and the other operating subsidiaries of AEP over the past five years; and

b. The earned return on equity for American Electric Power Company for the past five years.

RESPONSE

Please see AG 1-7 Attachment 1.

WITNESS: Marc D Reitter

AEP SYSTEM ELECTRIC OPERATING COMPANIES' RETURNS ON EQUITY
TWELVE MONTHS ENDED DECEMBER 2012

Company	Per Books ROE	Authorized ROE
American Electric Power Co. Inc.	8.42%	
Appalachian Power Company	8.63%	10.53% - VA Retail, Case No. PUE 2009-00030 July 15, 2010 effective August 1, 2010 10.90% - VA Retail, Case No. PUE 2011-00037 November 30, 2011 effective January 29, 2012 10.00% - WV Retail, Case No. 10-0699-E-42T, March 30, 2011, effective March 31, 2011 9.95% - FERC
Wheeling Power Company	52.63%	10.00% - WV Retail, Case No. 10-0699-E-42T, March 30, 2011, effective March 31, 2011
Appalachian / Wheeling Combined	9.63%	10.00% WV Combined ROE due to identical WV tariffs ordered for APCo and WPCo WV customers resulting from a combined rate filing in WV. WV Retail, Case No. 10-0699-E-42T, March 30, 2011, effective March 31, 2011 10.53% - VA Retail, Case No. PUE 2009-00030 July 15, 2010 effective August 1, 2010 10.90% - VA Retail, Case No. PUE 2011-00037 November 30, 2011 effective January 29, 2012 9.95% - FERC
Ohio Power Company	7.59%	10.20% PUCO Distribution Case Nos. 11-351-EL-AIR and 11-352-EL-AIR effective January 1, 2012 12.81%, Ohio Power Settled Case No. 94-996-EL-AIR, March 23, 1995 12.46%, Columbus Southern Power Case No. 91-418-EL-AIR, May 12, 1992
Indiana Michigan Power Company	6.59%	10.50% - IN, Cause No. 43306, March 4, 2009 10.35% - MI, Case No. U-16180, October 14, 2010 effective December 2010 billing cycle 10.20% - MI, Case No. U-16801, February 15, 2012 effective April 2012 billing cycle
Kentucky Power Company	10.85%	10.50% -Specified in paragraph 7 of unanimous settlement agreement for KPSC Case No. 2009-00459, June 28, 2010
Kingsport Power Company	8.31%	12.00%, Settled Case, November 3, 1992
AEP Generating Company	9.06%	12.16% per the Rockport contract 11.97% per the Lawrenceburg contract (adjusted annually)
AEP Texas Central Company	14.21%	9.96% T&D - TCC rate is from Texas PUC Docket No. 33309 effective June 1, 2007
AEP Texas North Company	9.21%	9.96% T&D - TNC rate is from its Texas PUC Docket Nos. 33310/33309 effective June 1, 2007
AEP Texas	12.70%	Combined ROE of TCC and TNC
Public Service Company of Oklahoma	12.52%	10.15% ROE is from OCC Order No. 581748, Cause No. PUD201000050 (1/5/2011) effective February 2011 billing cycle
Southwestern Electric Power Company	10.39%	10.25% - AR - SEP Rate is from Arkansas Public Service Commission Docket 09-008-U Order No. 12 (11/24/09) 10.565% - LA - SEP rate is from Louisiana Public Service Commission Order No. U-23327, Subdocket A - A (08/21/08) 10.33% - TX - Texas PUC Docket No. 37364 SOAH Docket No. 473-10-0035 (04/16/2010) effective May 2010

AEP SYSTEM ELECTRIC OPERATING COMPANIES' RETURNS ON EQUITY
TWELVE MONTHS ENDED DECEMBER 2011

Company	Per Books ROE	Authorized ROE
American Electric Power Co. Inc.	13.73%	
Appalachian Power Company	5.62%	10.53% - VA Retail, Case No. PUE 2009-00030 July 15, 2010 effective August 1, 2010 10.50% - WV Retail, Settled Case No. 05-1278-E-PC-PW-42T, July 28, 2006 10.00% - WV Retail, Case No. 10-0699-E-42T, March 30, 2011, effective March 31, 2011 9.95% - FERC
Wheeling Power Company	61.63%	10.50% - WV Retail, Settled Case No. 05-1278-E-PC-PW-42T, July 28, 2006 10.00% - WV Retail, Case No. 10-0699-E-42T, March 30, 2011, effective March 31, 2011
Appalachian / Wheeling Combined	6.58%	10.50% WV Combined ROE due to identical WV tariffs ordered for APCo and WPCo WV customers resulting from a combined rate filing in WV. 10.50% - WV Retail, Settled Case No. 05-1278-E-PC-PW-42T, July 28, 2006 10.00% WV Combined ROE due to identical WV tariffs ordered for APCo and WPCo WV customers resulting from a combined rate filing in WV. WV Retail, Case No. 10-0699-E-42T, March 30, 2011, effective March 31, 2011 10.53% - VA Retail, Case No. PUE 2009-00030 July 15, 2010 effective August 1, 2010 9.95% - FERC
Ohio Power Company	8.01%	12.81%, Settled Case No. 94-996-EL-AIR, March 23, 1995
Columbus Southern Power Company	15.04%	12.46%, Case No. 91-418-EL-AIR, May 12, 1992
AEP Ohio	10.30%	Combined ROE of OPCo and CSP
Indiana Michigan Power Company	8.59%	10.50% - IN, Cause No. 43306, March 4, 2009 10.35% - MI, Case No. U-16180, October 14, 2010 effective December billing cycle
Kentucky Power Company	9.28%	10.50% -Specified in paragraph 7 of unanimous settlement agreement for KPSC Case No. 2009-00459, June 28, 2010
Kingsport Power Company	10.05%	12.00%, Settled Case, November 3, 1992
AEP Generating Company	12.41%	12.16% per the Rockport contract 11.97% per the Lawrenceburg contract (adjusted annually)
AEP Texas Central Company	86.68%	9.96% T&D - TCC rate is from Texas PUC Docket No. 33309 effective June 1, 2007
AEP Texas North Company	12.58%	9.96% T&D - TNC rate is from its Texas PUC Docket Nos. 33310/33309 effective June 1, 2007
AEP Texas	65.32%	Combined ROE of TCC and TNC
Public Service Company of Oklahoma	14.34%	10.15% ROE is from OCC Order No. 581748, Cause No. PUD201000050 (1/5/2011) effective February 2011 billing cycle 10.50% ROE is from OCC Cause No. PUD200800144 (01/14/2009)
Southwestern Electric Power Company	9.15%	10.25% - AR - SEP Rate is from Arkansas Public Service Commission Docket 09-008-U Order No. 12 (11/24/09) 10.565% - LA - SEP rate is from Louisiana Public Service Commission Order No. U-23327, Subdocket A - A (08/21/08) 10.33% - TX - Texas PUC Docket No. 37364 SOAH Docket No. 473-10-0035 (04/16/2010) effective May 2010

AEP SYSTEM ELECTRIC OPERATING COMPANIES' RETURNS ON EQUITY
TWELVE MONTHS ENDED DECEMBER 2010

Company	Per Books ROE	Authorized ROE
American Electric Power Co. Inc.	9.05%	
Appalachian Power Company	4.88%	10.53% - VA Retail, Case No. PUE 2009-00030 (July 15, 2010) effective August 1, 2010 10.20% - VA Retail, Case No. PUE 2008-00046, October 28, 2008 10.50% - WV Retail, Settled Case No. 05-1278-E-PC-PW-42T, July 28, 2006 9.95% - FERC
Wheeling Power Company	58.63%	10.50% - WV Retail, Settled Case No. 05-1278-E-PC-PW-42T, July 28, 2006
Appalachian / Wheeling Combined	5.71%	10.50% WV Combined ROE due to identical WV tariffs ordered for APCo and WPCo WV customers resulting from a combined rate filing in WV. 10.53% - VA Retail, Case No. PUE 2009-00030 (July 15, 2010) effective August 1, 2010 10.20% - VA Retail, Case No. PUE 2008-00046, October 28, 2008 9.95% - FERC
Ohio Power Company	9.64%	12.81%, Settled Case No. 94-996-EL-AIR, March 23, 1995
Columbus Southern Power Company	16.06%	12.46%, Case No. 91-418-EL-AIR, May 12, 1992
AEP Ohio	11.61%	Combined ROE of OPCo and CSP
Indiana Michigan Power Company	7.40%	10.50% - IN, Cause No. 43306, March 4, 2009 13.00% - MI, Case No. U-9656, April 1, 1991
Kentucky Power Company	8.12%	10.50% -Specified in paragraph 7 of unanimous settlement agreement for KPSC Case No. 2009-00459, June 28, 2010 No ROE specified in settlement agreement for KPSC Case No. 2005-00341 except to note that KPCo will use ROE of 10.50% for environmental surcharge and AFUDC accruals
Kingsport Power Company	29.42%	12.00%, Settled Case, November 3, 1992
AEP Generating Company	6.27%	12.16% per the Rockport contract 11.97% per the Lawrenceburg contract (adjusted annually)
AEP Texas Central Company	11.22%	9.96% T&D - TCC rate is from Texas PUC Docket No. 33309 effective June 1, 2007
AEP Texas North Company	7.92%	9.96% T&D - TNC rate is from its Texas PUC Docket Nos. 33310/33309 effective June 1, 2007
AEP Texas	10.11%	Combined ROE of TCC and TNC
Public Service Company of Oklahoma	8.83%	10.50% ROE is from OCC Cause No. PUD200800144 (01/14/2009)
Southwestern Electric Power Company	8.90%	10.25% - AR - SEP Rate is from Arkansas Public Service Commission Docket 09-008-U Order No. 12 (11/24/09) 10.565% - LA - SEP rate is from Louisiana Public Service Commission Order No. U-23327, Subdocket A - A (08/21/08) 11.10% - TX (backed into from a 9.6% overall rate from Texas Senate Bill 7 (June 18, 1999)) 10.33% - TX - Texas PUC Docket No. 37364 SOAH Docket No. 473-10-0035 (04/16/2010) effective May 2010

AEP SYSTEM ELECTRIC OPERATING COMPANIES' RETURNS ON EQUITY
TWELVE MONTHS ENDED DECEMBER 2009

Company	Per Books ROE	Authorized ROE
American Electric Power Co. Inc.	11.38%	
Appalachian Power Company	5.93%	10.20% - VA Retail, Case No. PUE 2008-00046, October 28, 2008 10.50% - WV Retail, Settled Case No. 05-1278-E-PC-PW-42T, July 28, 2006 9.95% - FERC
Wheeling Power Company	62.55%	10.50% - WV Retail, Settled Case No. 05-1278-E-PC-PW-42T, July 28, 2006
Appalachian / Wheeling Combined	6.80%	10.50% WV Combined ROE due to identical WV tariffs ordered for APCo and WPCo WV customers resulting from a combined rate filing in WV. 10.20% - VA Retail, Case No. PUE 2008-00046, October 28, 2008 9.95% - FERC
Ohio Power Company	10.58%	12.81%, Settled Case No. 94-996-EL-AIR, March 23, 1995
Columbus Southern Power Company	21.09%	12.46%, Case No. 91-418-EL-AIR, May 12, 1992
AEP Ohio	13.82%	Combined ROE of OPCo and CSP
Indiana Michigan Power Company	13.71%	10.50% - IN, Cause No. 43306, March 4, 2009 12.00% - IN, Cause No. 39314, November 19, 1993 13.00% - MI, Case No. U-9656, April 1, 1991
Kentucky Power Company	5.75%	No ROE specified in settlement agreement for KPSC Case No. 2005-00341 except to note that KPCo will use ROE of 10.50% for environmental surcharge and AFUDC accruals
Kingsport Power Company	-7.03%	12.00%, Settled Case, November 3, 1992
AEP Generating Company	9.96%	12.16% per the Rockport contract 14.060% per the Lawrenceburg contract (adjusted annually)
AEP Texas Central Company	14.69%	9.96% T&D - TCC rate is from Texas PUC Docket No. 33309 effective June 1, 2007
AEP Texas North Company	5.69%	9.96% T&D - TNC rate is from its Texas PUC Docket Nos. 33310/33309 effective June 1, 2007
AEP Texas	11.40%	Combined ROE of TCC and TNC
Public Service Company of Oklahoma	9.66%	10.50% ROE is from OCC Cause No. PUD200800144 (01/14/2009) 10.00% ROE is from OCC Cause No. PUD200600285 Order No. 545168 (10/09/2007)
Southwestern Electric Power Company	8.29%	10.25% - AR - SEP Rate is from Arkansas Public Service Commission Docket 09-008-U Order No. 12 (11/24/09) 10.75% - AR - SEP Rate is from Arkansas Public Service Commission Docket 09-339-U Order No. 9 (12/99) 10.565% - LA - SEP rate is from Louisiana Public Service Commission Order No. U-23327, Subdocket A - A (08/21/08) 15.70% - TX (Last rate case in 1983) 11.10% - TX (backed into from a 9.6% overall rate from Texas Senate Bill 7)

AEP SYSTEM ELECTRIC OPERATING COMPANIES RETURNS ON EQUITY
DECEMBER 2008

Company	Per Books ROE	Authorized ROE
American Electric Power Co. Inc.	13.26%	
Appalachian Power Company	5.35%	10.20% - VA Retail, Case No. PUE 2008-00046, October 28, 2008 10.00% - VA Case No. PUE 2006-00065, October 2, 2006 10.50% - WV Retail, Settled Case No. 05-1278-E-PC-PW-42T, July 28, 2006 9.95% - FERC
Wheeling Power Company	60.68%	10.50% - WV Retail, Settled Case No. 05-1278-E-PC-PW-42T, July 28, 2006
Appalachian / Wheeling Combined	6.22%	10.50% WV Combined ROE due to identical WV tariffs ordered for APCo and WPCo WV customers resulting from a combined rate filing in WV. 10.20% - VA Retail, Case No. PUE 2008-00046, October 28, 2008 10.00% - VA Case No. PUE 2006-00065, October 2, 2006 9.95% - FERC
Ohio Power Company	9.37%	12.81%, Settled Case No. 94-996-EL-AIR, March 23, 1995
Columbus Southern Power Company	19.18%	12.46%, Case No. 91-418-EL-AIR, May 12, 1992
Indiana Michigan Power Company	9.12%	12.00% - IN, Cause No. 39314, November 19, 1993 13.00% - MI, Case No. U-9656, April 1, 1991
Kentucky Power Company	6.14%	No ROE specified in settlement agreement for KPSC Case No. 2005-00341 except to note that KPCo will use ROE of 10.50% for environmental surcharge and AFUDC accruals
Kingsport Power Company	7.24%	12.00%, Settled Case, November 3, 1992
AEP Generating Company	12.76%	12.16% per the Rockport contract 14.060% per the Lawrenceburg contract (adjusted annually)
AEP Texas Central Company	17.88%	9.96% T&D - TCC rate is from Texas PUC Docket No. 33309 effective June 1, 2007
Public Service Company of Oklahoma	11.13%	10.00% ROE is from OCC Cause No. PUD200600285 Order No. 545168 (10/09/2007)
Southwestern Electric Power Company	8.46%	10.75% - AR 11.10% - LA -SEP rate is from Louisiana Public Service Commission Docket U-23029-A dated 12/29/1999 10.565% - LA - SEP rate is from Louisiana Public Service Commission Order No. U-23327, Subdocket A - A (08/21/08) 15.70% - TX (Last rate case in 1983) 11.10% - TX (backed into from a 9.6% overall rate from Texas Senate Bill 7)
AEP Texas North Company	10.26%	9.96% T&D - TNC rate is from its Texas PUC Docket Nos. 33310/33309 effective June 1, 2007

Kentucky Power Company

REQUEST

Please provide copies of the financial statements (balance sheet, income statement, statement of cash flows, and the notes to the financial statements) for 2011 and 2012 for Kentucky Power Company and American Electric Power Company.

RESPONSE

See AG 1-8 Attachments 1 and 2 for the financial statements (10K) for AEP for 2012 and 2011. It is being provided on the enclosed CD due to its voluminous nature.

See AG 1-8 Attachments 3 and 4 for the financial statements (FERC Form 1) for Kentucky Power for 2012 and 2011. It is being provided on the enclosed CD due to its voluminous nature.

WITNESS: Thomas E Mitchell

Kentucky Power Company

REQUEST

Questions 9-13 reference Rate of Return on Common Equity

Please provide a copy of Dr. Avera's direct testimony in Microsoft Word.

RESPONSE

Please see AG 1-9 Attachment 1 on the enclosed CD.

WITNESS: Dr. William E. Avera

Kentucky Power Company

REQUEST

Please provide copies of all source documents, articles, cited documents listed in footnotes, regulatory decisions, work papers, and other sources used in the development and preparation of the testimony of Dr. Avera.

RESPONSE

Please see AG 1-10 Attachment 1. It is being provided on the enclosed CD due to its voluminous nature.

WITNESS: Dr. William E. Avera

Kentucky Power Company

REQUEST

With reference to Dr. Avera's direct testimony at pages 16-17, please complete or otherwise provide the following information:

a. Indicate the universe of utility companies as indicated by Value Line Investment Survey,

b. List the companies eliminated from the group from each of the screens; and

c. List/provide the reasons each of the companies were eliminated.

RESPONSE

Please see the Company's response to KPSC 2-3.

WITNESS: Dr. William E. Avera

Kentucky Power Company

REQUEST

Please provide copies of the source documents, work papers, and underlying data used in the development of Exhibits WEA-2 through WEA-10. For each Exhibit, please provide the data and work papers in both hard copy and electronic formats (Microsoft Excel), with all data and formulas intact. Please also include electronic copies (Microsoft Excel) of the Exhibit, leaving all data and formulas intact.

RESPONSE

See the Company's response to KIUC 1-1 Attachment 14.

WITNESS: Dr. William E. Avera

Kentucky Power Company

REQUEST

Please provide copies of the source documents, work papers, and underlying data used in the development of Tables WEA-1 through WEA-6. Please provide the data and work papers in both hard copy and electronic formats (Microsoft Excel), with all data and formulas intact. Please also include electronic copies (Microsoft Excel) of the Exhibit, leaving all data and formulas intact.

RESPONSE

Please see the Company's response to AG 1-10.

WITNESS: Dr. Willliam E. Avera

Kentucky Power Company

REQUEST

Questions 14-20 Reference Capital Structure & Cost of Capital.

Please provide a copy of Mr. Reitter's testimony in Microsoft Word.

RESPONSE

Please see AG 1-14 Attachment 1 on the enclosed CD.

WITNESS: Marc D Reitter

Kentucky Power Company

REQUEST

Please provide copies of all source documents, articles, cited documents listed in footnotes, regulatory decisions, work papers, and other sources used in the development and preparation of the testimony of Mr. Reitter.

RESPONSE

The work paper supporting certain components of the Company's Schedule V filing package has been provided in the Company's response to KIUC 1-1, Attachment 13. Please see AG 1-15 Attachment 1 for the implied forward 30-year U.S. Treasury rate as stated in Company witness Reitter's testimony on page 7, line 23. Additionally, the application for approval of the transfer of an undivided fifty percent interest in the Mitchell Generating Station and associated assets and liabilities, Case No. 2012-00578 is attached as AG 1-15 Attachment 2.

WITNESS: Marc D Reitter

for explanation. [illegible]

Screen Printed

US Treasury Bonds & Notes | 5) Export | 6) Graph | Feedback | Forward Analysis

Curve Date 15-May-2013 | Market Mid | Back Test 15-May-2013 | « Curve List

7) Horizon Curve | 8) Implied Forwards

Date 30-May-2013 | Length 2 Yr | Interval 1 Mo | Tenor 30 Yr

US Treasury Bonds & Notes BFV Curve

Date	Spot	Projection
05/30/2013	0.0000	3.4627
06/28/2013	0.0000	3.4738
07/3[illegible]/2013	0.0000	3.4859
08/30/2013	0.0087	3.4974
09/30/2013	0.0317	3.5089
10/2[illegible]/2013	0.0542	3.5198
11/29/2013	0.0734	[illegible]
12/30/2013	0.0863	3.5418
01/30/2014	0.0997	3.5528
02/28/2014	0.1127	3.5632
03/31/2014	0.1249	3.5745
04/30/2014	0.1373	3.5850
05/30/2014	0.1479	[illegible]
06/30/2014	0.1559	3.6065
07/30/2014	0.1631	[illegible]
08/29/2014	0.1708	3.6274
09/30/2014	0.1754	3.6385
10/30/2014	0.1862	3.6492
11/28/2014	0.1936	3.6588
12/30/2014	0.2014	3.6698

Zoom 100%

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

The Application Of Kentucky Power Company For: (1) A Certificate Of Public Convenience And Necessity Authorizing The Transfer To The Company Of An Undivided Fifty Percent Interest In The Mitchell Generating Station And Associated Assets; (2) Approval Of The Assumption By Kentucky Power Company Of Certain Liabilities In Connection With The Transfer Of The Mitchell Generating Station; (3) Declaratory Rulings; (4) Deferral Of Costs Incurred In Connection With The Company's Efforts To Meet Federal Clean Air Act And Related Requirements; And (5) For All Other Required Approvals And Relief	)	Case No. 2012-_____

VERIFIED APPLICATION

Kentucky Power Company ("Kentucky Power" or the "Company") moves the Public Service Commission of Kentucky ("Commission") for an Order: (1) granting the Company a Certificate of Public Convenience and Necessity pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9 in connection with the transfer of an undivided fifty percent interest in Ohio Power Company's Mitchell generating station and related assets to Kentucky Power; (2) authorizing pursuant to KRS 278.300 and 807 KAR 5:001, Section 11 the assumption by Kentucky Power of certain liabilities in connection with the transfer; (3) declaring that approval pursuant to KRS 278.020(5) and KRS 278.020(6) is not required in connection with the merger of Kentucky Power and NEWCO Kentucky as part of the transfer, (4) authorizing Kentucky Power Company in accordance with Financial Accounting Standards Board Standards Codification 980-340-25-1 ("FASB Codification 980-340-25-1") to accumulate and defer for review and recovery in its next base rate proceeding the approximately $30 million of costs incurred from 2004 through present in connection with the Company's on-going efforts to meet Federal Clean Air Act and other environmental requirements with respect to Big Sandy Unit 2; and (5) granting all other required relief or approvals. In support thereof Kentucky Power states:

Introduction

1. As a result of current and evolving environmental requirements, Kentucky Power faces important choices about how to obtain sufficient resources and base load generation to meet the capacity and energy needs of its customers over the long term. At this crossroad, and as promised earlier this year when Kentucky Power withdrew its application to retrofit Big Sandy Unit 2, the Company has conducted in-depth analyses of reasonable portfolio alternatives to determine the best path to ensure adequate and reliable capacity and energy for its customers. As described more in detail in this Application and supporting testimony, the Company's plan for the transfer of an undivided fifty percent interest in the Mitchell generating station to Kentucky Power in lieu of retrofitting the Big Sandy Unit 2 generating station with environmental controls is the least cost and best alternative.

2. The Mitchell units are attractive for many reasons. They are of a similar size, design, and capacity to Big Sandy Unit 2, and thus represent technology with which the Company and the Commission are already familiar. The units are sized to meet the needs of Kentucky Power, and are environmentally-controlled units already equipped with both flue gas desulfurization ("FGD") and selective catalytic reduction ("SCR") systems. The Mitchell units will be transferred at their net book value and thus at a fraction of the cost of retrofitting Big Sandy Unit 2. Taken together, and for the additional reasons set forth in this Application and

attached testimony, the transfer to Kentucky Power of a fifty percent interest in the Mitchell generating station is the right choice for the Company's customers and Kentucky Power.

3. The relief sought in this application, including the receipt of all necessary Commission approvals to consummate the transfer of an undivided fifty percent interest in the Mitchell station, along with the Mitchell generation station associated assets, contracts, liabilities and debt, to Kentucky Power, and receipt of authority to defer the Company's prudently incurred costs associated with its Phase I investigation into retrofitting Big Sandy Unit 2, represent the best alternative to address the capacity and energy needs of Kentucky Power's customers and the Company over the long term.

Applicant

4. Kentucky Power is an electric utility organized as a corporation under the laws of the Commonwealth of Kentucky in 1919. A certified copy of Kentucky Power's Articles of Incorporation and all amendments thereto was attached to the Joint Application in Case No. 99-149[1] as Exhibit 1. The post office address of Kentucky Power is 101A Enterprise Drive, P.O. 5190, Frankfort, Kentucky 40602-5190. Kentucky Power is engaged in the generation, purchase, transmission, distribution, and sale of electric power. Kentucky Power serves approximately 173,000 customers in the following 20 counties of eastern Kentucky: Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike and Rowan. Kentucky Power also supplies electric power

[1] *In the Matter of: The 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 wholesale to other utilities and municipalities in Kentucky for resale. Kentucky Power is a utility as that term is defined at KRS 278.010.

5. Kentucky Power is a direct, wholly-owned subsidiary of American Electric Power Company, Inc. ("AEP.") AEP is a multi-state public utility holding company whose operating companies provide electric utility service to customers in parts of eleven states – Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia.

Non-Party Entities

6. Ohio Power Company ("Ohio Power") is a corporation organized under the laws of the State of Ohio and provides electric utility service to approximately 1.5 million retail customers in Ohio. Ohio Power does not provide utility service in the Commonwealth of Kentucky and is not a utility subject to the provisions of Chapter 278 of the Kentucky Revised Statutes. Ohio Power, which is a direct, wholly-owned subsidiary of AEP, has offices located at 850 Tech Center Drive, Gahanna, Ohio 43230.

7. AEP Generation Resources Inc.[2] ("AEP Generation Resources") is a corporation organized under the laws of the State of Delaware. It is a direct subsidiary of Ohio Power and an indirect, wholly-owned subsidiary of AEP. AEP Generation Resources was created for the purpose of organizing and operating the generating assets of Ohio Power. AEP Generation Resources does not provide utility service in the Commonwealth of Kentucky and is not a utility

[2] AEP Generation Resources Inc. is a corporation distinct from AEP Generating Company, which owns a portion of the Rockport generating station.

subject to the provisions of Chapter 278 of the Kentucky Revised Statutes. Its corporate address is 1 Riverside Plaza, Columbus, Ohio 43215.

8. NEWCO Kentucky is a yet-to-be formed corporation to be organized under the laws of the State of Delaware for the limited purpose of transferring the subject assets and liabilities. It will not survive closing. NEWCO Kentucky will exist and hold assets transitorily only for a brief period immediately prior to NEWCO Kentucky's merger with Kentucky Power. It will be an indirect wholly-owned subsidiary of AEP Generation Resources. Although NEWCO Kentucky will briefly own certain generating facilities if the proposed transaction occurs, it will not provide utility service in the Commonwealth of Kentucky, and will not be a utility subject to the provisions of Chapter 278 of the Kentucky Revised Statutes.

9. Appalachian Power Company ("APCo") is a corporation organized under the laws of the Commonwealth of Virginia and provides electric utility service to approximately 1,000,000 retail customers in Virginia and West Virginia. APCo does not provide utility service in the Commonwealth of Kentucky and is not a utility subject to the provisions of Chapter 278 of the Kentucky Revised Statutes. APCo, which is a direct, wholly-owned subsidiary of AEP, maintains an office at 707 Virginia Street East, Charleston, West Virginia 25301.

10. American Electric Power Service Corporation ("AEPSC") is a corporation organized under the laws of the State of New York, AEPSC is a wholly-owned subsidiary of AEP and provides management and professional services to AEP and its utility operating subsidiaries.

Overview Of The Proposed Transaction

11. In the proposed transaction an undivided fifty percent interest in Unit 1 and Unit 2 of Mitchell generating station and associated assets will be transferred in a series of near-simultaneous transactions to Kentucky Power at their December 31, 2013 net book value. The net book value of the fifty percent interest as of December 31, 2011 was $519 million and presently is forecasted to be approximately $536 million at time of closing. The fifty percent undivided interest in the Mitchell generating station constitutes approximately 780 MW of average annual capacity.[3] In conjunction with the transaction, Kentucky Power will also assume an undivided fifty percent interest in the liabilities associated with the Mitchell Plant as well as certain related liabilities.

The Assets To Be Transferred

12. The Mitchell generating station consists of two base load coal-fired electric generating units with a total average annual capacity rating of 1,560 MW. Unit 1 of the Mitchell generating station has an average annual capacity rating of 770 MW; Unit 2 has an average annual capacity rating of 790 MW. Both units are equipped with FGD and SCR systems. The Mitchell generating station currently is owned by Ohio Power and is located approximately twelve miles south of Moundsville, West Virginia.

13. Along with the undivided fifty percent interest in the Mitchell generating station, a like share of all related equipment and facilities associated with the Mitchell generating station will be transferred to Kentucky Power, including the appurtenant interconnection facilities, the

[3] Kentucky Power intends to issue a competitive solicitation in the first part of 2013 for up to 250 MW of long-term capacity and energy and to explore other options with respect to Big Sandy Unit 1. The Company will evaluate the results of the solicitation and study of Big Sandy Unit 1 and return to the Commission in 2013 to seek all necessary approvals.

associated real property, inventories, leases, permits, emission allowances, equipment, machinery, and the other assets described in Section 2.01 of the Form of the Asset Contribution Agreement between AEP Generation Resources and NEWCO Kentucky ("Asset Contribution Agreement").[4] Collectively the fifty percent undivided interest in the Mitchell generating station and related assets to be transferred to Kentucky Power constitute the "Transferred Assets." Excluded from the definition of Transferred Assets are the assets described in Section 2.02 of the Asset Contribution Agreement.

The Liabilities To Be Assumed

14. In conjunction with the transfer of the Transferred Assets, the Company will assume a fifty percent undivided interest in the liabilities described in Section 2.03 of the Asset Contribution Agreement between AEP Generation Resources Inc. and NEWCO Kentucky (Collectively these liabilities constitute the "Assumed Liabilities.") Excluded from Assumed Liabilities are those liabilities described in Section 2.04 of the Asset Contribution Agreement.

The Proposed Transaction

15. The Transferred Assets and Assumed Liabilities will be transferred to Kentucky Power through a series of near-simultaneous transactions described in Paragraphs 22-26 below ("Transfer and Assumption Transaction.") At the conclusion of the Transfer and Assumption Transaction, the Company will own the Transferred Assets and be subject to the Assumed Liabilities.

(a) Purpose Of The Proposed Transaction.

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[4] A copy of the Asset Contribution Agreement is attached as EXHIBIT 1 to this Application for information purposes only.

16. Kentucky Power is a party to the Interconnection Agreement dated July 6, 1951, as amended, by and between APCo, Kentucky Power, Indiana Michigan Power Company ("I&M"), Ohio Power,[5] and AEPSC, as agent, ("Pool Agreement") that defines the sharing of costs and benefits of their respective generating plants. The Pool Agreement "is a tariff that contains rates and terms of service for the wholesale sale of power and is subject to regulation by … [the Federal Energy Regulatory Commission ("FERC")]. The members of the … [Pool Agreement] share generating capacity and either make or receive capacity-related payments pursuant to FERC-approved rates."[6]

17. In recent years, the electric industry has undergone major regulatory, environmental, and market changes.[7] These changes have produced movement toward industry deregulation, increased competition in wholesale generation markets, and resulted in changes in Pool Agreement member costs and load, and the availability of supply and demand-side resources.

18. As result of these changes, on December 17, 2010 each member of the Pool Agreement gave notice of its decision to terminate the Pool Agreement pursuant to Section 13.2 of the Pool Agreement, effective January 1, 2014. On October 31, 2012, the members of the

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[5] Prior to its December 31, 2011 merger with Ohio Power, Columbus Southern Power Company also was a party to the Pool Agreement.

[6] Order, *In the Matter of: The Application of Kentucky Power Company for Approval of An Amended Compliance Plan for Purposes of Recovering Additional Costs of Pollution Control Facilities And To Amend Its Environmental Cost Recovery Surcharge Tariff*, Case No. 2006-00307 at 2-3 (Ky. P.S.C. January 24, 2007).

[7] These changes are described in greater detail in the October 31, 2012 Section 205 filing at FERC made on behalf of Kentucky Power and other AEP companies. A copy of the Section 205 filing, along with the other FERC filings described in but not attached as exhibits to this Application, may be found at http://www.aep.com/investors/currentRegulatoryactivity/regulatory/ferc.aspx .

Pool Agreement filed a notice with FERC of their intent to terminate the Pool Agreement and the AEP System Interim Allowance Agreement.

19. Following termination of the Pool Agreement, the Company will be required to have sufficient generation to meet its load and reserve obligations.

20. Big Sandy Unit 2 is an 800 MW coal-fired steam electric generating unit completed in 1969. Unless Big Sandy Unit 2 is retrofitted with extensive and costly environmental controls, including a FGD unit, the Company will be required to retire Big Sandy Unit 2 by June 2015.

21. The Transfer and Assumption Transaction is intended to permit the Company to meet its long-term capacity obligations and to provide base load generation to meet its customers' energy requirements. It is the least cost alternative for meeting these obligations and requirements. As required by the Commission's Order dated July 24, 2012 in Case No. 2008-00408,[8] the Company fully evaluated cost-effective energy efficiency resources in determining the least cost alternative to meet its long-term capacity obligations and energy requirements.

(b) <u>The Transfer And Assumption Process.</u>

22. On October 31, 2012, AEPSC filed an application on behalf of Ohio Power and AEP Generation Resources pursuant to Section 203 of the Federal Power Act and Part 33 of the Regulations of FERC seeking authorization for an internal corporate reorganization that will separate Ohio Power's generation and power marketing businesses from its distribution and

[8] *In the Matter of: Consideration Of The New Federal Standards Of Energy Independence And Security Act Of 2007*, Case No. 2008-00408 at 18 (Ky. P.S.C. July 24, 2012).

transmission businesses. The full structural separation is required by Ohio restructuring law and the Ohio Power restructuring plan approved by the Public Utilities Commission of Ohio.

23. Under the corporate restructuring plan approved by the Public Utilities Commission of Ohio, Ohio Power will transfer its generation assets to AEP Generation Resources ("Corporate Separation Transaction.") Among the generation assets to be transferred is Ohio Power's 100% interest in the Mitchell generating station. The generation assets will be transferred by Ohio Power to AEP Generation Resources at Ohio Power's net book value. AEP Generation Resources also will assume the liabilities associated with the Mitchell generating station, including the Assumed Liabilities.

24. Immediately upon the closing of the Corporate Separation Transaction, a fifty percent undivided interest in the Mitchell generating station and the other Transferred Assets will be transferred in a near-simultaneous series of transactions to NEWCO Kentucky.[9] In addition, NEWCO Kentucky will assume liability for the Assumed Liabilities. These actions will all occur on or about December 31, 2013, and are designed to ensure that the transfer of the Mitchell generating station will be accomplished without incurring unintended tax consequences. The contribution of the fifty percent undivided interest in the Mitchell generating station, and assumption of the Assumed Liabilities, will be made in accordance with the terms and conditions of the Asset Contribution Agreement.

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[9] The remaining fifty percent undivided interest in the Mitchell generating station will be transferred to NEWCO Appalachian. This fifty percent undivided interest in the Mitchell generating station will be transferred to APCo in a series of near-simultaneous transactions that parallel those by which the fifty percent undivided interest in the Mitchell generating station will be transferred to Kentucky Power.

25. In the final step, NEWCO Kentucky will merge with Kentucky Power, with the Company being the surviving entity. The merger will take place in accordance with the terms and conditions of the Form of Agreement and Plan of Merger of Kentucky Power Company and NEWCO Kentucky attached as EXHIBIT 2 to this application.[10] The merger is expected to close on or about December 31, 2013.

26. At the conclusion of these transactions, Kentucky Power will own a fifty percent undivided interest in the Transferred Assets. In addition, Kentucky Power will be liable for the Assumed Liabilities. The net book value at which the fifty percent undivided interest in the Mitchell generating station will be transferred to Kentucky Power is projected to be $536 million, or approximately $687 per kW, at the time of the closing, which is expected to occur on or about December 31, 2013.

Other Agreements

(a) The Mitchell Plant Operating Agreement.

27. On October 31, 2012, AEPSC requested on behalf of APCo and Kentucky Power that FERC accept for filing without condition or modification the Mitchell Plant Operating Agreement. Under the Mitchell Plant Operating Agreement APCo will operate and maintain the Mitchell generating station in accordance with good utility practices. The Mitchell Plant Operating Agreement also provides Kentucky Power with the right to call on at any and all times its pro rata share of the available output of the Mitchell generating station. The monthly Mitchell generating station operating and maintenance costs are apportioned between APCo and

[10] Kentucky Power is seeking a declaratory ruling from the Commission in this Application that the merger of NEWCO Kentucky and Kentucky Power, with Kentucky Power being the surviving entity, does not require approval under KRS 278.020(5) or KRS 278.020(6).

Kentucky Power in accordance with their respective ownership interests. The Mitchell Plant Operating Agreement also provides for an Operating Committee, made up of representatives of APCo, Kentucky Power, and AEPSC as agent, to review and approve annual budgets, capital expenditures, and other matters regarding the operation of the Mitchell generating station. Finally, the Mitchell Plant Operating Agreement governs other aspects of the operation of the Mitchell generating station as well as relations among the parties to the agreement. An unexecuted copy of the Mitchell Plant Operating Agreement is attached to this Application as EXHIBIT 3.

28. In addition to the Mitchell Plant Operating agreement, the transfer of ownership of the Mitchell generating station will involve the assumption by APCo (in its role as operator of the plant) of the rights and obligations under various executory contracts necessary for the operation of Mitchell. These contracts include contracts for supplies of coal, transportation of coal, consumables for the operation of environmental control facilities (e.g., limestone, urea, and trona), and other matters. All of these contracts are existing, necessary for the operation of the Mitchell generating station, are significant in number, and may be subject to change prior to the transfer. A representative list of the principal agreements to be assumed by APCo is attached as EXHIBIT 4 to provide a sense of the nature of the agreements to be assumed by APCo. Under the Mitchell Plant Operating Agreement, Kentucky Power will reimburse APCo for Kentucky Power's pro rata share of the expenses under the contracts assumed by APCo.[11]

(b) The Bridge Agreement.

[11] The Mitchell Plant Operating Agreement is a mechanism to fairly allocate Kentucky Power's ratable expenses in connection with its ownership of a fifty percent undivided interest in the Mitchell generating station; it is not an assumption of liability by the Company. To the extent the Commission disagrees, the Company respectfully requests all necessary approvals under KRS 278.300.

29. On October 31, 2012, AEPSC requested on behalf of APCo, I&M, Ohio Power, Kentucky Power, AEP Generation Resources, and AEPSC, as agent, that FERC accept the Bridge Agreement for filing without condition or modification. The Bridge Agreement is an interim agreement among APCo, I&M, Ohio Power, Kentucky Power, AEP Generation Resources, and AEPSC, as agent, and governs the treatment of purchases and sales made on behalf of the parties before, but that extend beyond, the termination of the Pool Agreement. In addition, the Bridge Agreement addresses the manner in which APCo, I&M, Ohio Power, and Kentucky Power will meet their collective obligation under the PJM Reliability Assurance Agreement through May 31, 2015 (PJM planning year 2014/2015). A copy of the unexecuted Bridge Agreement was filed at FERC as an exhibit to the Company's October 31, 2012 Section 205 filings. The Company's Section 205 filing may be found at the following website: http://www.aep.com/investors/currentRegulatoryactivity/regulatory/ferc.aspx.

(c) The Power Coordination Agreement.

30. On October 31, 2012 AEPSC, as agent, requested on behalf of APCo, I&M, and Kentucky Power that FERC accept the Power Coordination Agreement for filing without condition or modification. Unlike the Pool Agreement, there is no requirement under the Power Coordination Agreement for generation to be planned on a system-wide basis. APCO, I&M, and Kentucky Power individually will be required to have sufficient generation to meet their respective load and reserve obligations.[12] Consequently, there are no capacity equalization payments required under the Power Coordination Agreement. Because there are no minimum payment or take-or-pay obligations under the agreement no approval is required under KRS

[12] Parties to the Power Coordination Agreement are not precluded from jointly owning units with, or buying capacity from or selling capacity to, other parties to the agreement, through separate agreements.

278.300. A copy of the unexecuted Power Coordination Agreement was filed at FERC as an exhibit to the Company's October 31, 2012 Section 205 filings and may be found at http://www.aep.com/investors/currentRegulatoryactivity/regulatory/ferc.aspx

31. State commission approval is not required for the Bridge Agreement, the Power Coordination Agreement, or the Mitchell Plant Operating Agreement, which upon acceptance by FERC, will be FERC-filed rate schedules under Section 205 of the Federal Power Act.

32. Following their execution, Kentucky Power will file with the Commission executed copies of:

(a) the Agreement and Plan of Merger of Kentucky Power and NEWCO Kentucky; and

(b) the Mitchell Plant Operating Agreement among APCo, Kentucky Power, and AEPSC, as agent.

Compliance With The Affiliate Transaction Statute

33. To the extent the statute is applicable, the Transfer and Assumption Transaction and the Mitchell Plant Operating Agreement fully comply with the requirements of KRS 278.2207 and the other provisions of KRS 278.2201 *et seq.*[13]

[13] To the extent the Commission concludes to the contrary, the Company respectfully requests all required waivers pursuant to KRS 278.2213

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

34. To obtain a certificate of public convenience and necessity a utility is required to "demonstrate a need for such facilities and the absence of wasteful duplication."[14] Need in turn requires a demonstration:

> of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated.
>
> [T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.[15]

35. The Transferred Assets are required to permit Kentucky Power to meet its long-term capacity obligations and to provide base load generation to meet its customers' energy requirements. The Transfer and Assumption Transaction is the least cost alternative for meeting these obligations and requirements.

36. The Transferred Assets will not result in wasteful duplication. "'Wasteful duplication' is defined as 'an excess of capacity over need' and 'an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties.'"[16] Kentucky Power performed a thorough review of reasonable alternatives to meet its capacity and

[14] *In The Matter Of: Joint Application Of Louisville Gas And Electric Company And Kentucky Utilities Company For A Certificate Of Public Convenience And Necessity And Site Compatibility Certificate For The Construction Of A Combined Cycle Combustion Turbine At The Cane Run Generation Station And The Purchase Of Existing Simple Cycle Combustion Turbine Facilities From Bluegrass Generation Company, LLC In LaGrange, Kentucky*, Case No. 2011-00375 at 13-14 (Ky. P.S.C. May 3, 2012).

[15] *Id.* at 14.

[16] *Id.*

energy requirements, including energy efficiency resources, and determined the Transferred Assets are the least cost, reasonable alternative for meeting the Company's capacity and energy requirements.

37. Kentucky Power will submit requests to modify existing Title V permits, and other permits and licenses to reflect its transfer of an undivided fifty percent interest in the Transferred Assets. The Company is not required to seek any franchises in connection with the transfer of the Transferred Assets and hence 807 KAR 5:001, Section 9(1) is inapplicable. [807 KAR 5:001, Section 9(2)(b).]

38. The book value of the Transferred Assets will be fixed at the time of closing. The book value, net of accumulated depreciation, of the Transferred Assets as of December 31, 2011 was $678 million. The book value of the Assumed Liabilities will be also fixed at the time of closing. The book value of the Assumed Liabilities, excluding debt, as of December 31, 2011 was $159 million. Therefore, the net book value of the Transferred Assets, net of assumed liabilities and indebtedness, as of December 31, 2011 was $519 million and will initially be financed with a combination of paid-in-capital and an intercompany note. *See also* Paragraph 44 of this Application. [807 KAR 5:001, Section 9(2)(e).]

39. Using the actual 2011 cost incurred as an estimate of Kentucky Power's annual operation and maintenance cost of the Transferred Assets, these costs were $134.9 million for operations and $15.5 million for maintenance in 2011. [807 KAR 5:001, Section 9(2)(f).] In addition, using these and other 2011 values to reflect the effects of the Mitchell transfer and the termination of the current Pool Agreement on KPCo, the Company's cost of service would have increased approximately eight percent.

40. In conformity with 807 KAR 5:001, Section 9(2)(c), (d), three sets of maps to suitable scale showing the location of the Transferred Assets, including the Mitchell generating station which is located near Moundsville, West Virginia, and the location and identification of the ownership of any like facilities owned by others located within the map area are filed with this Application as **EXHIBIT 5**. The Transferred Assets will not compete with any other utility, corporation or person as described in the regulation.

APPLICATION FOR APPROVAL OF ASSUMPTION OF INDEBTEDNESS BY KENTUCKY POWER COMPANY

41. As part of the Transfer and Assumption Transaction Kentucky Power will acquire the Assumed Liabilities. The Assumed Liabilities include fifty percent of the liabilities described in Section 2.03 of the Asset Contribution Agreement. Excluded from the Assumed Liabilities are those liabilities described in Section 2.04 of Asset Contribution Agreement.

42. The book value of the Assumed Liabilities will be fixed at the time of closing. The book value of the Assumed Liabilities, excluding debt, as of December 31, 2011 was $159 million.

43. The net book value of the Transferred Assets will initially be financed with a combination of paid-in-capital and an intercompany note. Based on the net book value of $519 million at December 31, 2011, the estimate of Paid-in-Capital is $319 million and the anticipated intercompany note is $200 million. The actual capitalization will be determined at the time of closing based on the actual net assets transferred on or about December 31, 2013.

44. No new debt will be issued by Kentucky Power at the time of the Transfer and Assumption Transaction. Within six months of the closing of the Transfer and Assumption

Transaction, Kentucky Power anticipates issuing debt in the approximate amount of $275 million. The proceeds will be used to retire the intercompany note that will be assumed in connection with the Transfer and Assumption Transaction, and to recapitalize Kentucky Power to restore its debt-capital ratio to levels approximating the levels prior to the Transfer and Assumption Transaction. In addition, the rights and liabilities associated with the West Virginia Economic Development Authority ("WVEDA") Pollution Control Revenue Bond ("PCRB").[17] that partially financed the FGD units constructed at the Mitchell generating station will be transferred to Kentucky Power. This $65 million WVEDA bond for Mitchell is currently held in trust by Ohio Power and may be reissued by Kentucky Power. Kentucky Power will seek all necessary approvals under KRS 278.300 for any financing activities subsequent to the Transfer and Assumption Transaction. [807 KAR 5:001, Section 11(1)(e).]

(a) Regulatory Requirements – 807 KAR 5:001, Section 11.

45. A general description of Kentucky Power's property and its field of operation, together with the statement of its original cost and its cost to Kentucky Power, is attached as **EXHIBIT 6**. [807 KAR 5:001, Section 11(1)(a).]

46. The Assumed Liabilities in their entirety are being acquired by Kentucky Power as part of the Transfer and Assumption Transaction, which will permit Kentucky Power to meet its long-term capacity obligations and to provide base load generation to meet its customers' energy requirements. The Transfer and Assumption Transaction, which includes the assumption of the assumed liabilities, is the least cost alternative for meeting these obligations and

[17] West Virginia Economic Development Authority $65,000,000 Series 2008A Mitchell PCRB.

requirements. The property to be acquired and the liabilities and debt to be assumed are described in more detail above. [807 KAR 5:001, Section 11(1)(c).]

47. The assets to be acquired include an undivided fifty percent interest in:

(a) the Mitchell generating station; and

(b) the assets described in Section 2.01 of the Asset Contribution Agreement.

Excluded from the assets to be acquired in connection with the assumption of indebtedness are the assets described in Section 2.02 of the Asset Contribution Agreement. Maps and drawings showing the property to be acquired are attached as **EXHIBIT 5**. No contracts have been made for the Transferred Assets or the disposition of any indebtedness or liabilities. [807 KAR 5:001, Section 11(1)(d).]

48. There are no outstanding trust deeds or mortgages relating to Kentucky Power or its property. There are no trust deeds or mortgages relating to the Transferred Assets. [807 KAR 5:001, Section 11(2)(b).]

49. The information required by 807 KAR 5:001, Section 11(2)(c) is attached as **EXHIBIT 5**.

50. Kentucky Power will not issue any stock as part of the Transfer and Assumption Transaction. [807 KAR 5:001, Section 11(1)(b).]

(b) Regulatory Requirements – 807 KAR 5:001, Section 6 (Financial Exhibit).[18]

51. Kentucky Power has the following stock authorized, issued and outstanding:

[18] 807 KAR 5:001, Section 11(2)(a).

(a) Common Stock: 2,000,000,000 shares authorized and 1,009,000 shares outstanding. [807 KAR 5:001, Section 6(1), (2)]; and

(b) Kentucky Power has no authorized preferred stock. [807 KAR 5:001, Section 6(3).]

52. There are no mortgages encumbering Kentucky Power's property or the Transferred Assets. [807 KAR 5:001, Section 6(4).]

53. The bonds identified in **EXHIBIT 7** to this Application constitute the Company's authorized and issued bonds. [807 KAR 5:001, Section 6(5).]

54. The note identified in **EXHIBIT 7** to this Application constitutes the Company's existing note. [807 KAR 5:001, Section 6(6).]

55. Kentucky Power has no other indebtedness outstanding. [807 KAR 5:001, Section 6(7).]

56. During the past five years Kentucky Power paid the dividends identified in **EXHIBIT 7** to this Application. [807 KAR 5:001, Section 6(8).]

57. A detailed income statement and a detailed balance sheet for Kentucky Power for the twelve month period ending September 30, 2012 are attached as **EXHIBIT 8** and **EXHIBIT 9** respectively. [807 KAR 5:001, Section 6(9).]

(c) The Transfer And Assumption Transaction Satisfies The Requirements Of KRS 278.300 .

58. The Assumed Liabilities are being acquired by Kentucky Power in connection with the transfer of the Transferred Assets. The Transferred Assets will permit Kentucky Power to meet its long-term capacity obligations and to provide base load generation to meet its customers' energy requirements. The Transfer and Assumption Transaction, which includes the assumption of the assumed liabilities, is the least cost alternative for meeting these obligations and requirements. As such, the liabilities are being assumed in connection with a lawful object within the corporate purposes of Kentucky Power, and are necessary and appropriate for, and consistent with, the proper performance by the Company of its provision of electric utility service to the public. The assumption by the Company of the Assumed Liabilities as part of the Transfer and Assumption Transaction satisfies the requirements of KRS 278.300.

APPLICATION FOR DECLARATORY AND OTHER RELIEF

59. KRS 278.020(5) requires Commission approval for any acquisition or transfer of ownership of, control, or the right to control "any utility under the jurisdiction of the commission."

60. KRS 278.020(6) likewise requires Commission approval of the acquisition of control of any utility furnishing service in the Commonwealth. Excluded from the requirements of KRS 278.020(6) is the acquisition of control of a utility providing service in the Commonwealth where both the acquiring entity and the entity to be acquired are under common control. KRS 278.020(7)(b).

61. The final step of the Transfer and Assumption Transaction is the merger of NEWCO Kentucky with Kentucky Power. Through the merger, Kentucky Power will be the

surviving entity and the Transferred Assets and the Assumed Liabilities will be transferred to the Company.

62. NEWCO Kentucky will be created and briefly exist at the time of the merger to facilitate the transaction. Although during this brief period NEWCO Kentucky will own assets that could be used in connection with the generation of electricity to the public for compensation for lights, heat, power, and other uses, NEWCO Kentucky will not be a utility under the jurisdiction of the Commission. Its corporate existence will cease upon its merger with Kentucky Power. As a result, the merger is not subject to the requirements of KRS 278.020(5), which is limited to the acquisition or transfer of ownership or control of a utility under the jurisdiction of the Commission.

63. For the same reasons, NEWCO Kentucky will not be providing utility service in the Commonwealth. Accordingly, the merger is not subject to the requirements of KRS 278.020(6), which is limited to the acquisition of control of a utility furnishing service in the Commonwealth. In addition, NEWCO Kentucky will be under common control with Kentucky Power. As such, the merger of NEWCO Kentucky and Kentucky Power is not subject to the requirements of KRS 278.020(6). KRS 278.020(7)(b).

64. Kentucky Power requests that the Commission enter an Order declaring that the merger of NEWCO Kentucky and Kentucky Power is not subject to the requirements of KRS 278.020(5) or KRS 278.020(6) on or before February 15, 2013. If the Commission determines that the merger of NEWCO Kentucky and Kentucky Power is subject to review under KRS 278.020(5) or KRS 278.020(6), or, if the Commission is unable to determine by February 15, 2013 whether approval under KRS 278.020(5) or KRS 278.020(6) is required in connection with

the merge, Kentucky Power will file an application seeking approval for the merger under KRS 278.020(5) or KRS 278.020(6), or both, as the case may be. Kentucky Power will also request that this second application be consolidated with this proceeding.

APPLICATION TO ESTABLISH REGULATORY ASSETS AND LIABILITIES

(a) The Company's Investigation Of Environmental And Other Controls Or Measures On Or Relating To Big Sandy Unit 2 To Meet Clean Air Act And Other Environmental Requirements

65. Beginning in 2004 Kentucky Power, in collaboration with AEPSC, began a Phase I investigation into the measures necessary to permit Big Sandy Unit 2 to continue to operate in compliance with the Federal Clean Air Act and other environmental requirements. Among the environmental requirements addressed in the Phase I investigation were the former Cross-State Air Pollution Rule, the Clean Air Interstate Rule, the former Electric Generating Unit Maximum Achievable Control Technology Rule, the Mercury and Air Toxic Standards ("MATS") Rule, and the requirements imposed by the 2007 NSR Consent Decree.

66. As part of the Phase I investigation the Company engaged an architect/engineer to perform the engineering, design, and feasibility studies in connection with the investigation. In Phase I the architect/engineer, with input from a team of AEPSC engineers and managers, defined the scope of the project, prepared work plans, and developed a budgetary cost estimate and schedule for implementation. Preliminary environmental permitting work also began. Finally, because the Company was investigating the use of a "wet" FGD unit ("WFGD") a WFGD supplier was engaged to begin conceptual engineering of the WFGD unit.

67. In 2006, Kentucky Power suspended, but did not cancel, the Phase I investigation into retrofitting Big Sandy Unit 2. Work was suspended because the Company concluded the WFGD was not the most economic means of addressing the environmental requirements for the continued operation of Big Sandy Unit 2 and as a result of the decreased projected price spread between low and higher sulfur coals. At the time of suspension, the Phase I investigation and related expenditures for which deferral is sought totaled approximately $15.2 million. $1.69 million of these expenditures were related to the landfill.

68. Following further investigation into the least cost alternative for meeting Kentucky Power's capacity and energy needs in light of the environmental requirements affecting Big Sandy Unit 2, the Company reinitiated its Phase I investigation in October 2011. This work was a continuation of the work that began in 2004 and was suspended in 2006. As part of this investigation the Company evaluated the available FGD technologies and concluded that the best suitable technology was a dry FGD ("DFGD") unit. Finally, the Company also undertook the necessary engineering and other required activities to support the Company's application in Case No. 2011-00401.

69. On May 31, 2012, the Commission granted the Company's motion for leave to withdraw without prejudice its application in Case No. 2011-00401 to permit the Company to re-evaluate the continued operation of the Big Sandy generating station in light of the 2007 NSR Consent Decree, the Cross-State Air Pollution Rule, the MATS Rule, and other environmental standards.

70. Based upon the Company's re-evaluation, Kentucky Power concluded that the transfer of a fifty percent undivided interest in the Mitchell generating station and the retirement

of Big Sandy Unit 2 by June 2015 is the least cost alternative for meeting its long-term capacity obligations and to provide base load generation to meet its customers' energy requirements. As a consequence of Big Sandy Unit 2's proposed retirement, the unit will not be retrofitted with environmental controls. The expenses incurred by the Company in connection with its Phase I investigation into the measures necessary to permit Big Sandy Unit 2 to continue to operate in compliance with the Federal Clean Air Act and other environmental requirements were necessary, proper, and prudently incurred.

(b) The Amount To Be Accumulated And Deferred.

71. As of November 30, 2012, the incremental costs associated with the Phase I investigation that would not have been incurred but for the investigation totaled $29,287,494. The expenditures through October 31, 2012 for which deferral is being sought are:

Description	Landfill[19]	WFGD	DFGD	Total
Internal Labor	$ 798	$ 81,918	$ 186,833	$ 269,549
Outside Services	$ 1,760,535	$ 11,246,162	$ 7,102,097	$20,108,794
Service Corporation Charges	$ 469,771	$ 1,306,534	$ 2,119,992	$ 3,896,297
Land Purchase	$ 630,376	$ -	$ -	$ 630,376
Overheads	$ 678,412	$ 921,489	$ 2,686,515	$ 4,286,416
Other	$ 20,130	$ 7,474	$ 68,458	$ 96,062
Total	$ 3,560,022	$ 13,563,577	$12,163,895	$29,287,494

The Company does not anticipate any additional costs will be incurred in connection with its Big Sandy Unit 2 Phase 1 investigation, but will supplement this Application with any updated

[19] A Landfill would have been required for both the WFGD and DFGD.

values.

72. Kentucky Power currently has recorded, subject to Commission approval, its total Phase I investigation expenditures with respect to Big Sandy Unit 2 on its balance sheet as an asset. If the Company is authorized to defer these Phase I investigation costs the regulatory asset will be recorded under Account No. 1823 – Other Regulatory Assets.

73. Kentucky Power's base rates currently contain no expenses relating to the Phase I investigation of Big Sandy Unit 2.

74. Kentucky Power seeks authorization from the Commission to accumulate and defer for review and recovery in Kentucky Power's next base rate proceeding the net actual costs incurred as part of the Big Sandy Unit 2 Phase I investigation from 2004 to date. The current amount to be established as a regulatory asset in Account No. 1823 is $29,287,494.

(c) <u>Basis For The Requested Accounting Treatment</u>

75. FASB Codification 980-340-25-1provides for the creation under prescribed circumstances of a regulatory asset such as Kentucky Power proposes. FASB Codification 980-340-25-1 states in pertinent part:

> Rate actions of a regulator can provide reasonable assurance of the existence of an asset. ***An enterprise shall capitalize all or part of an incurred cost that would otherwise be charged to expense if both of the following criteria are met***:
>
> a. It is probable (as defined in Topic 450) that future revenue in an amount at least equal to the capitalized cost will result from the inclusion of that cost in the allowable costs for ratemaking purposes.
>
> b. Based on the available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs....[20]

[20] (emphasis supplied).

76. The Commission typically has exercised its discretion to approve a regulatory asset upon demonstration that the expenses to be deferred fall into one of four categories:

> (1) an extraordinary nonrecurring expense which could not have reasonably been anticipated or included in the utility's planning; (2) an expense resulting from a statutory or administrative directive; (3) an expense in relation to an industry sponsored initiative; or (4) an extraordinary nonrecurring expense that over time will result in a savings that fully offsets the costs.[21]

77. The Big Sandy Phase I investigation expenditures that are the subject of this application result from statutory and administrative directives, including those requirements identified in Paragraph 65 of this application.

78. In accordance with FASB Codification 980-340-25-1 and Commission precedent, Kentucky Power requests the Commission to exercise its authority under KRS 278.220 to prescribe the manner in which the Company keeps its accounts by entering an order permitting Kentucky Power to accumulate and defer for review and recovery in its next base rate proceeding the $29,287,494 in incurred by the Company in conducting its Big Sandy Unit 2 Phase I and related investigations from 2004 to present.

[21] *In The Matter Of: The Application of East Kentucky Power Cooperative, Inc. For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To Certain Replacement Power Costs Resulting From Generation Forced Outages*, Case No. 2008-00436 at 4 (Ky. P.S.C. December 23, 2012),

Requested Date For Final Order

79. In light of the time required to consummate the transaction after all approvals are received, Kentucky Power requests that, with the exception of the request for declaratory relief for which the Company is requesting an earlier determination, the Commission issue its order granting the requested relief no later than June 30, 2013.

Exhibits And Testimony

80. The exhibits and testimony listed in the Appendix to this Application are attached to and made a part of this Application.

Communications

81. The Applicant respectfully requests that communications in this matter be addressed to:

Mark R. Overstreet
R. Benjamin Crittenden
STITES & HARBISON PLLC
P.O. Box 634
Frankfort, Kentucky 40602-0634

Kenneth J. Gish, Jr.
STITES & HARBISON PLLC
250 West Main Street, Suite 2300
Lexington, Kentucky 40507-1758

Ranie K. Wohnhas
Kentucky Power Company
P.O. Box 5190
Frankfort, Kentucky 40602-5190

ON BEHALF OF KENTUCKY POWER

WHEREFORE, Kentucky Power Company requests that the Commission issue an Order:

(a) Granting Kentucky Power a Certificate of Public Convenience and Necessity pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9 approving the transfer to Kentucky Power of an undivided fifty percent interest in the Transferred Assets;

(b) Approving pursuant to KRS 278.300 and 807 KAR 5:001, Section 11 of the assumption by Kentucky Power of the Assumed Liabilities;

(c) Declaring on or before February 15, 2013 that approval is not required pursuant to KRS 278.020(5) or KRS 278.020(6) for the merger of Kentucky Power and NEWCO Kentucky;

(d) Authorizing Kentucky Power Company in accordance with FASB Codification 980-340-25-1 to accumulate and defer for review and recovery in its next base rate proceeding before the Commission the approximately $30 million of costs incurred from 2004 through present in connection with the Company's on-going efforts to meet Federal Clean Air Act and other environmental requirements with respect to Big Sandy Unit 2; and

(e) Granting Kentucky Power such other relief or approvals as may be appropriate or required to consummate transactions set forth in this Application, including the Transfer and Acquisition Transaction, and the accounting deferral and authorization to create a regulatory asset.

Respectfully submitted,

Mark R. Overstreet
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COUNSEL FOR:
KENTUCKY POWER COMPANY

VERIFICATION

I, Gregory G. Pauley, President and Chief Operating Officer of Kentucky Power Company, after being duly sworn, state that the facts contained in this Application are true and accurate to the best of my knowledge.

Gregory G. Pauley

Gregory G. Pauley

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FRANKLIN)

Subscribed and sworn to before me by Gregory G. Pauley on this the 18th day of December, 2012.

Judy K Rosquist

Notary Public State at Large

My Commission Expires:

January 23, 2013

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served as indicated below upon:

Michael L. Kurtz
Jody M. Kyler
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202

By Overnight Delivery

Jennifer Black Hans
Dennis G. Howard II
Lawrence W. Cook
Kentucky Attorney General's Office
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

By Overnight Delivery

on this the 19th day of December, 2012.

Mark R. Overstreet

APPENDIX

TESTIMONY

Witness	Subject Matter
Gregory G. Pauley	Discusses the basis for Kentucky Power's re-evaluation of the Big Sandy generating station in light of existing and pending environmental requirements; details the decision to transfer of an undivided fifty percent interest in the Mitchell generating station to Kentucky Power; and provides an overview of this Application.
Mark A. Becker	Describes the Strategist® modeling application used by Kentucky Power.
Karl R. Bletzacker	Addresses the forecasts for natural gas prices, CO2 prices, coal prices, energy prices, and capacity values used in Company Witnesses Becker and Weaver's analyses and how the forecasts were derived.
Jeffery D. LaFleur	Describes the Mitchell generating station and its operational characteristics and compares the Big Sandy and Mitchell generating stations.
Karl A. McDermott	Provides a review of the proposed asset transfer for consistency with regulatory principles.
John M. McManus	Discusses the current and future environmental requirements affecting the Company's generating assets and the Mitchell generating station and planned compliance measures.
Scott C. Weaver	Describes the Kentucky Power generation resources modeled, the modeling process used, and the resulting analyses.
Ranie K. Wohnhas	Provides an overview of the accounting and financing activities associated with the proposed asset transfer; summarizes the estimated customer rate impact due to the transfer of the Mitchell generating station and the termination of the current Pool Agreement; explains the Company's request for the deferral of costs and establishment of a regulatory asset in connection with the Phase I investigation of the Big Sandy Unit 2 scrubber project.

LIST OF EXHIBITS

EXHIBIT 1: Asset Contribution Agreement (Paragraph 13 of the Application).

EXHIBIT 2: Form of Agreement and Plan of Merger of Kentucky Power Company and NEWCO Kentucky (Paragraph 25 of the Application).

EXHIBIT 3: Unexecuted copy of the Mitchell Plant Operating Agreement among APCo, Kentucky Power, and AEPSC, as agent (Paragraph 27 of the Application).

EXHIBIT 4: Representative list of principal agreements to be assumed by APCo (Paragraph 28 of the Application).

EXHIBIT 5: Maps and drawings to suitable scale showing location and layout of Transferred Assets and the location of nearby like facilities. (Paragraphs 40, 47, and 49 of the Application).

EXHIIBT 6: General description of Kentucky Power's property, the Company's field of operation, and cost information (Paragraph 45 of the Application).

EXHIBIT 7: Information regarding bonds, note, and dividends paid (Paragraphs 53, 54, and 56 of the Application).

EXHIBIT 8: Detailed income statement of Kentucky Power for the year ended September 30, 2012 (Paragraph 57 of the Application).

EXHIBIT 9: Detailed balance sheet of Kentucky Power for the year ended September 30, 2012 (Paragraph 57 of the Application).

Kentucky Power Company

REQUEST

Please provide the quarterly capitalization amounts and ratios, including and excluding short-term debt, for the past three years for Kentucky Power Company and AEP. Please provide the data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

RESPONSE

Please see AG 1-16 Attachment 1 for Kentucky Power quarterly capitalization amounts and ratios.

Please see AG 1-16 Attachment 2 for AEP quarterly capitalization amounts and ratios.

WITNESS: Marc D Reitter

Kentucky Power Company
Case No. 2013-00197
Quarterly Capital Structures (INCLUDING Short Term Debt)
For the Periods as Shown
"000 Omitted"

2013	6/30/2013		3/31/2013	
Type of Capital	Amount	Ratio	Amount	Ratio
Long-term Debt	549,305	52.82%	549,264	52.28%
Short-term Debt	-	0.00%	11,039	1.05%
Preferred & Preference Stock		0.00%	-	0.00%
Common Equity	490,680	47.18%	490,340	46.67%
Other (Itemize by Type)		0.00%	-	0.00%
Total Capitalization	1,039,985	100.00%	1,050,643	100.00%

2012	12/31/2012		9/30/2012		6/30/2012		3/31/2012	
Type of Capital	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Long-term Debt	549,222	52.70%	549,180	53.54%	549,138	53.88%	549,097	54.24%
Short-term Debt	13,359	1.28%	-	0.00%	-	0.00%	-	0.00%
Preferred & Preference Stock	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Common Equity	479,610	46.02%	476,638	46.46%	470,108	46.12%	463,313	45.76%
Other (Itemize by Type)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Capitalization	1,042,191	100.00%	1,025,818	100.00%	1,019,246	100.00%	1,012,410	100.00%

2011	12/31/2011		9/30/2011		6/30/2011		3/31/2011	
Type of Capital	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Long-term Debt	549,055	54.39%	549,013	54.38%	548,972	54.58%	548,930	54.50%
Short-term Debt	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Preferred & Preference Stock	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Common Equity	460,416	45.61%	460,487	45.62%	456,789	45.42%	458,221	45.50%
Other (Itemize by Type)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Capitalization	1,009,471	100.00%	1,009,500	100.00%	1,005,761	100.00%	1,007,151	100.00%

2010	12/31/2010		9/30/2010	
Type of Capital	Amount	Ratio	Amount	Ratio
Long-term Debt	548,888	55.16%	548,847	55.79%
Short-term Debt	-	0.00%	-	0.00%
Preferred & Preference Stock	-	0.00%	-	0.00%
Common Equity	446,216	44.84%	434,919	44.21%
Other (Itemize by Type)	-	0.00%	-	0.00%
Total Capitalization	995,104	100.00%	983,766	100.00%

Kentucky Power Company
Case No. 2013-00197
Quarterly Capital Structures (EXCLUDING Short Term Debt)
For the Periods as Shown
"000 Omitted"

2013		6/30/2013		3/31/2013	
	Type of Capital	Amount	Ratio	Amount	Ratio
	Long-term Debt	549,305	52.82%	549,264	52.83%
	Preferred & Preference Stock		0.00%	-	0.00%
	Common Equity	490,680	47.18%	490,340	47.17%
	Other (Itemize by Type)		0.00%	-	0.00%
	Total Capitalization	1,039,985	100.00%	1,039,604	100.00%

2012		12/31/2012		9/30/2012		6/30/2012		3/31/2012	
	Type of Capital	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	Long-term Debt	549,222	53.38%	549,180	53.54%	549,138	53.88%	549,097	54.24%
	Preferred & Preference Stock	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	Common Equity	479,610	46.62%	476,638	46.46%	470,108	46.12%	463,313	45.76%
	Other (Itemize by Type)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	Total Capitalization	1,028,832	100.00%	1,025,818	100.00%	1,019,246	100.00%	1,012,410	100.00%

2011		12/31/2011		9/30/2011		6/30/2011		3/31/2011	
	Type of Capital	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	Long-term Debt	549,055	54.39%	549,013	54.38%	548,972	54.58%	548,930	54.50%
	Preferred & Preference Stock	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	Common Equity	460,416	45.61%	460,487	45.62%	456,789	45.42%	458,221	45.50%
	Other (Itemize by Type)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	Total Capitalization	1,009,471	100.00%	1,009,500	100.00%	1,005,761	100.00%	1,007,151	100.00%

2010		12/31/2010		9/30/2010	
	Type of Capital	Amount	Ratio	Amount	Ratio
	Long-term Debt	548,888	55.16%	548,847	55.79%
	Preferred & Preference Stock	-	0.00%	-	0.00%
	Common Equity	446,216	44.84%	434,919	44.21%
	Other (Itemize by Type)	-	0.00%	-	0.00%
	Total Capitalization	995,104	100.00%	983,766	100.00%

American Electric Power Company
Kentucky Case No. 2013-00197
Quarterly Capital Structures (INCLUDING Short Term Debt)
For the Periods as Shown
"$ in Millions"

2013

	6/30/2013		3/31/2013	
Type of Capital	Amount	Ratio	Amount	Ratio
Long-term Debt	17,618	50.76%	17,573	51.23%
Short-term Debt	1,538	4.43%	1,307	3.81%
Preferred & Preference Stock		0.00%	-	0.00%
Common Equity	15,537	44.78%	15,421	44.96%
Other (Itemize by Type)		0.00%	-	0.00%
Total Capitalization	34,693	100.00%	34,301	100.00%

2012

	12/31/2012		9/30/2012		6/30/2012		3/31/2012	
Type of Capital	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Long-term Debt	17,757	52.26%	17,227	51.04%	17,302	51.62%	17,320	52.13%
Short-term Debt	981	2.89%	1,216	3.60%	1,208	3.61%	1,050	3.16%
Preferred & Preference Stock	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Common Equity	15,237	44.85%	15,306	45.35%	15,007	44.77%	14,857	44.71%
Other (Itemize by Type)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Capitalization	33,975	100.00%	33,749	100.00%	33,517	100.00%	33,227	100.00%

2011

	12/31/2011		9/30/2011		6/30/2011		3/31/2011	
Type of Capital	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Long-term Debt	16,516	50.31%	16,450	50.71%	16,635	51.54%	17,052	52.75%
Short-term Debt	1,650	5.03%	1,279	3.94%	1,639	5.08%	1,433	4.43%
Preferred & Preference Stock	-	0.00%	-	0.00%	-	0.00%	60	0.19%
Common Equity	14,664	44.67%	14,652	45.17%	13,939	43.19%	13,779	42.63%
Other (Itemize by Type)	-	0.00%	60	0.18%	60	0.19%	-	0.00%
Total Capitalization	32,830	100.00%	32,441	100.00%	32,273	100.00%	32,324	100.00%

2010

	12/31/2010		9/30/2010	
Type of Capital	Amount	Ratio	Amount	Ratio
Long-term Debt	16,811	52.80%	17,281	53.23%
Short-term Debt	1,346	4.23%	1,466	4.52%
Preferred & Preference Stock	60	0.19%	60	0.18%
Common Equity	13,622	42.78%	13,656	42.07%
Other (Itemize by Type)	-	0.00%	-	0.00%
Total Capitalization	31,839	100.00%	32,463	100.00%

American Electric Power Company
Kentucky Case No. 2013-00197
Quarterly Capital Structures (EXCLUDING Short Term Debt)
For the Periods as Shown
"$ in Millions"

2013		6/30/2013		3/31/2013	
	Type of Capital	Amount	Ratio	Amount	Ratio
	Long-term Debt	17,618	53.14%	17,573	53.26%
	Preferred & Preference Stock		0.00%	-	0.00%
	Common Equity	15,537	46.86%	15,421	46.74%
	Other (Itemize by Type)		0.00%	-	0.00%
	Total Capitalization	33,155	100.00%	32,994	100.00%

2012		12/31/2012		9/30/2012		6/30/2012		3/31/2012	
	Type of Capital	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	Long-term Debt	17,757	53.82%	17,227	52.95%	17,302	53.55%	17,320	53.83%
	Preferred & Preference Stock	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	Common Equity	15,237	46.18%	15,306	47.05%	15,007	46.45%	14,857	46.17%
	Other (Itemize by Type)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	Total Capitalization	32,994	100.00%	32,533	100.00%	32,309	100.00%	32,177	100.00%

2011		12/31/2011		9/30/2011		6/30/2011		3/31/2011	
	Type of Capital	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	Long-term Debt	16,516	52.97%	16,450	52.79%	16,635	54.30%	17,052	55.20%
	Preferred & Preference Stock	-	0.00%	-	0.00%	-	0.00%	60	0.19%
	Common Equity	14,664	47.03%	14,652	47.02%	13,939	45.50%	13,779	44.61%
	Other (Itemize by Type)	-	0.00%	60	0.19%	60	0.20%	-	0.00%
	Total Capitalization	31,180	100.00%	31,162	100.00%	30,634	100.00%	30,891	100.00%

2010		12/31/2010		9/30/2010	
	Type of Capital	Amount	Ratio	Amount	Ratio
	Long-term Debt	16,811	55.13%	17,281	55.75%
	Preferred & Preference Stock	60	0.20%	60	0.19%
	Common Equity	13,622	44.67%	13,656	44.06%
	Other (Itemize by Type)	-	0.00%	-	0.00%
	Total Capitalization	30,493	100.00%	30,997	100.00%

Kentucky Power Company

REQUEST

Please provide all data, assumptions, calculations, work papers and source documents used in the development of the Company's proposed capital structure. Please provide the data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

RESPONSE

Please see KIUC 1-1 Attachment 13 which supports the proposed capital structure presented in Section V Schedule 3 Columns 3 & 4.

WITNESS: Marc D Reitter

Kentucky Power Company

REQUEST

Please provide all data, assumptions, calculations, work papers and source documents used in the development of the Company's proposed long-term debt cost rate. Please provide the data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

RESPONSE

Please see "Effective Cost of LTD 33113" tab on KIUC 1-1 Attachment 13.

WITNESS: Marc D Reitter

Kentucky Power Company

REQUEST

Please provide all data, assumptions, calculations, work papers and source documents used in the development of the Company's proposed short-term debt cost rate and accounts receivable cost rate. Please provide the data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

RESPONSE

Please see Section V Workpaper S-3 Page 2 of 4 for short-term debt cost rate, which was provided in KIUC 1-1 Attachment 10.

Please see "Accts Rec Financing" tab on KIUC 1-1 Attachment 13 for accounts receivable cost rate.

WITNESS: Marc D Reitter

Kentucky Power Company

REQUEST

With reference to page 8, line 1, please provide: (1) copies of all workpapers and data used to derives the 150 basis point yield differential; and (2) the data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

RESPONSE

There are no workpapers or data that is responsive to this request. Please refer to page 8, lines 11-20, of Company witness Reitter's testimony which outlines the basis of the credit spread description. Further detail is provided in the Company's response to KPSC 2-32 subpart a.

WITNESS: Marc D Reitter

Kentucky Power Company

REQUEST

Questions 21-52 reference General Questions and Revenue Requirement

With regard to uncollectible expenses, please provide the following information:

a. The actual account 904 uncollectible expenses and residential, commercial and public authority revenues for FY 2013 YTD, FY 2012, FY 2011, FY 2010, FY 2010 and FY 2009, as well as the ratios of uncollectible expenses to the total of residential, commercial and public authority revenues. Please show calculation of ratios; and

b. The basis for any uncollectible ratio.

RESPONSE

a. Please see AG 1-21 Attachment 1 and the electronic copy enclosed on CD.

b. The ratio of uncollectible expense was based on the percentage of revenue per customer class times the amount of uncollectible expense recorded on the books for the corresponding period.

WITNESS: Lila P Munsey

KENTUCKY POWER COMPANY
ANALYSIS OF UNCOLLECTIBLE EXPENSE (ACCOUNT 904)

Revenue Class	2009 Revenues	% of Revenues Per Class	Allocation of Uncollectibles Expense
Residential	$ 192,262,523.93	39.40%	$ 3,701.53
Commercial	115,966,273.13	23.76%	$ 2,232.64
Industrial	178,452,706.51	36.57%	$ 3,435.66
Public Authority	1,316,086.62	0.27%	$ 25.33
	$ 487,997,590.19	100.00%	$ 9,395.16
2009 Uncollectible Expense Recorded in Account 904.			$ 9,395.16

Revenue Class	2010 Revenues	% of Revenues Per Class	Allocation of Uncollectibles Expense
Residential	$ 225,937,613.80	41.76%	$ 4,262.61
Commercial	129,946,413	24.02%	$ 2,451.61
Industrial	183,743,139	33.96%	$ 3,466.55
Public Authority	1,452,301	0.27%	$ 27.40
	$ 541,079,465.88	100.00%	$ 10,208.17
2010 Uncollectible Expense Recorded in Account 904.			$ 10,208.17

Revenue Class	2011 Revenues	% of Revenues Per Class	Allocation of Uncollectibles Expense
Residential	$ 226,169,378.43	40.45%	$ 5,844.09
Commercial	135,517,406	24.24%	$ 3,501.69
Industrial	195,863,609	35.03%	$ 5,061.00
Public Authority	1,618,697	0.29%	$ 41.83
	$ 559,169,090.38	100.00%	$ 14,448.61
2011 Uncollectible Expense Recorded in Account 904.			$ 14,448.61

KENTUCKY POWER COMPANY
ANALYSIS OF UNCOLLECTIBLE EXPENSE (ACCOUNT 904)

Revenue Class	2012 Revenues	% of Revenues Per Class	Allocation of Uncollectibles Expense
Residential	$ 205,799,147.04	41.07%	$ 62,686.39
Commercial	125,716,958	25.09%	$ 38,293.37
Industrial	167,974,954	33.53%	$ 51,165.15
Public Authority	1,545,674	0.31%	$ 470.81
	$ 501,036,732.40	100.00%	$ 152,615.72
2012 Uncollectible Expense Recorded in Account 904.			$ 152,615.72

Revenue Class	2013 YTD Revenues	% of Revenues Per Class	Allocation of Uncollectibles Expense
Residential	$ 147,504,778.88	42.37%	$ (49,999.46)
Commercial	86,199,177	24.76%	$ (29,218.80)
Industrial	113,404,332	32.57%	$ (38,440.49)
Public Authority	1,037,339	0.30%	$ (351.62)
	$ 348,145,626.38	100.00%	$ (118,010.37)
2013 YTD Uncollectible Expense Recorded in Account 904.			$ (118,010.37)

KENTUCKY POWER COMPANY - REVENUES BY CLASS

Revenue Class	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Residential	25,608,075.34	21,047,532.00	17,844,703.61	12,227,826.20	12,184,660.11	14,385,032.06	17,158,789.55	15,628,658.08	11,227,205.97	10,214,917.67	15,091,431.69	19,643,691.65
Commercial	11,131,031.60	9,153,206.78	9,475,370.63	8,360,758.22	9,566,427.63	11,129,004.13	11,190,871.00	10,931,380.37	8,247,099.46	8,400,253.66	8,933,531.06	9,447,338.59
Industrial	15,889,062.13	13,545,316.86	15,458,231.66	14,891,966.45	15,567,295.55	16,311,694.62	15,607,424.84	16,954,197.93	12,149,645.91	14,709,978.33	14,193,559.33	13,174,332.90
Public Authority	106,015.04	104,506.83	120,021.82	101,643.13	105,178.17	119,706.85	105,894.48	108,096.49	122,595.56	111,888.02	112,452.21	98,088.02
	52,734,184.11	43,850,562.47	42,898,327.72	35,582,194.00	37,423,561.46	41,945,437.66	44,062,979.87	43,622,332.87	31,746,546.90	33,437,037.68	38,330,974.29	42,363,451.16

Revenue Class	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Residential	27,864,348.82	23,801,996.93	17,119,958.64	10,061,899.09	12,283,685.19	14,671,300.59	22,052,115.78	20,668,560.49	13,122,224.34	14,266,829.29	16,694,791.18	33,329,903.46
Commercial	10,791,339.04	10,738,557.02	8,262,602.63	7,810,328.87	10,133,307.82	10,395,358.11	13,170,792.85	12,570,919.44	9,684,312.92	11,583,784.66	10,583,964.80	14,221,144.50
Industrial	13,249,538.10	15,944,491.62	13,465,546.38	13,680,529.22	16,155,546.76	14,725,861.70	16,305,120.97	17,654,862.16	12,110,181.45	16,175,666.45	16,495,285.22	17,780,508.50
Public Authority	89,435.89	133,894.83	102,313.98	105,725.71	109,413.85	84,352.66	176,108.86	133,253.75	109,767.05	139,183.31	141,688.73	127,162.27
	51,994,661.85	50,618,940.40	38,950,421.63	31,658,482.89	38,681,953.62	39,876,873.06	51,704,138.46	51,027,595.84	35,026,485.76	42,165,463.71	43,915,729.93	65,458,718.73

Revenue Class	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Residential	33,307,964.38	20,715,693.55	20,146,226.70	14,379,338.77	13,812,523.27	17,116,539.16	19,786,990.63	19,874,036.58	12,953,984.17	14,582,845.80	16,918,416.75	22,574,818.67
Commercial	12,256,874.26	10,152,663.11	11,693,975.53	9,597,310.35	11,674,333.41	11,731,867.62	12,844,603.50	11,995,600.59	10,083,385.42	12,269,890.75	9,901,791.29	11,315,110.10
Industrial	15,355,334.12	16,535,043.83	15,670,957.85	14,616,555.68	17,413,469.55	17,609,077.54	17,060,848.47	15,443,112.46	14,997,931.59	17,276,167.31	17,178,296.79	16,706,813.40
Public Authority	118,531.17	103,068.44	148,570.90	162,469.90	139,137.00	133,694.94	128,664.93	124,406.97	130,017.50	154,175.48	136,737.97	139,222.23
	61,038,703.93	47,506,468.93	47,659,730.98	38,755,674.70	43,039,463.23	46,591,179.26	49,821,107.53	47,437,156.60	38,165,318.68	44,283,079.34	44,135,242.80	50,735,964.40

Revenue Class	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Residential	25,557,106.47	20,341,420.91	16,312,339.17	11,389,603.55	13,797,914.71	14,432,464.61	18,927,441.61	17,718,542.02	13,089,943.89	14,648,765.39	18,118,035.25	21,465,569.46
Commercial	11,298,722.91	10,468,418.90	9,602,210.51	9,502,861.46	10,269,546.56	10,260,333.37	11,386,067.10	11,145,614.81	10,009,251.51	11,784,663.74	10,266,459.63	9,722,807.26
Industrial	16,155,713.69	14,814,505.76	15,392,487.12	14,177,736.12	13,928,768.81	13,781,861.98	13,445,764.95	12,564,865.51	12,569,091.63	15,026,868.91	14,323,637.45	11,793,651.90
Public Authority	136,681.34	130,600.86	129,401.98	127,591.70	124,200.21	124,594.52	121,960.84	125,408.32	128,084.41	138,133.87	131,774.31	127,241.41
	53,148,224.41	45,754,946.43	41,436,438.78	35,197,792.83	38,120,430.29	38,599,254.48	43,881,234.50	41,554,430.66	35,796,371.44	41,598,431.91	42,839,906.64	43,109,270.03

Revenue Class	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Residential	24,690,455.39	22,397,752.68	21,963,604.14	15,025,979.13	13,599,231.80	15,034,867.25	17,652,621.33	17,140,267.16	-	-	-	-
Commercial	11,135,707.08	10,499,654.70	10,925,475.11	8,822,585.13	11,249,753.68	10,953,326.08	11,150,649.63	11,462,025.25	-	-	-	-
Industrial	13,079,153.20	14,340,125.38	13,229,531.15	13,522,084.67	15,701,353.10	14,488,970.72	14,932,845.78	14,110,268.15	-	-	-	-
Public Authority	126,282.45	132,058.27	128,222.38	126,834.81	135,503.89	130,693.38	127,941.07	129,802.44	-	-	-	-
	49,031,598.12	47,369,591.03	46,246,832.78	37,497,483.74	40,685,842.47	40,607,857.43	43,864,057.81	42,842,363.00	-	-	-	-

Kentucky Power Company

REQUEST

Please provide the following actual test-year amounts by class or rate schedule as available:

a. Late payment charges,
b. Customer deposits,
c. Customer advances, and,
d. Uncollectibles expense.

RESPONSE

The test-year amounts are not available by class or rate schedule, but are described in the testimony of Company witness Stegall on pages 17 and 20 and allocated in the Class Cost-of-Service study shown in Exhibit JMS-2 pages 3 and 4 of 30 as follows:

a. late payment charges were allocated on FORF_DISC_FXNL
b. customer deposits were allocated on CUST_DEP_FXNL
c. customer advances were allocated on TDPLANT
d. uncollectible expense was allocated on CUST_TOTAL

WITNESS: Jason M Stegall

Kentucky Power Company

REQUEST

Please provide the annual level of write-offs by rate schedule for each of the last five (5) years (net of surrendered deposits).

RESPONSE

The annual level of write-offs for each of the last five years is listed below. This data is not tracked by individual rate schedule.

2008 = $1,063,277
2009 = $1,202,066
2010 = $ 990,177
2011 = $1,830,096
2012 = $1,129,976

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Provide by account the monthly amortization of rate case expenses incurred in Case No. 2009-00459

RESPONSE

KPCo is not amortizing costs from the last rate case.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Provide estimated rate case expenses filed in both the application and in response to applicable data requests filed in Case No. 2009-00459.

RESPONSE

Please see AG 1-25 Attachment 1.

WITNESS: Lila P Munsey

Kentucky Power Company
Amortization of Rate Case Expense
Test Year Twelve Months Ended 9/30/2009

Section V
Workpaper S-4
Page 17

Ln No (1)	Description (2)	Amount (3)
	Estimated Cost:	
1	Legal Expense	$275,000
2	Other Professional Services	$20,000
3	Publication Notices	$175,000
4	KPCo Miscellaneous Out of Pocket Costs	$16,000
5	Tree Inventory Report	$75,000
6	Total Estimated Costs	$561,000
7	Number of Years	3
8	Annual Average Rate Case Costs (Ln 6/ Ln 7)	$187,000
9	Less: Rate Case Expense in Test Year	$0
10	Adjustment to Test Year O&M Expense	$187,000
11	Allocation Factor - SPECIFIC	1.000
12	KPSC Jurisdiction Amount (Ln 10 X Ln 11)	$187,000

Witness: E. K. Wagner

Kentucky Power Company

REQUEST

Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:
   (1) Accounting;
   (2) Engineering;
   (3) Legal;
   (4) Consultants; and
   (5) Other Expenses (identify separately).

For each category, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of any invoices, contracts, or other documentation that support charges incurred in the preparation of this rate case. Indicate any costs incurred for this case that occurred during the test year.

b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above. Updates will be due the last business day of each month, through the month of the public hearing.

RESPONSE

a, b & c. Please refer to the attached pages as of January 29, 2010.

WITNESS: Errol K Wagner

Kentucky Power Company
Case No. 2009-00459
As of January 29, 2010

Ln No (1)	Description	Hours	Hourly Rate	As Filed Estimate	Actual as of 31-Dec-09
1	Accounting:				
2	Engineering:				
3	Legal:	1,000	$275	$275,000	$56,223
4	Consultants:				
5	Demolition Study			$5,000	$5,000
6	Tree Inventory			$75,000	$73,950
7	Cost of Equity			$15,000	$9,725
8	Publication Notices			$175,000	
9	Ky Press Association				$243,567
10	Customer Mailed Notices				$34,833
11	KPCo Miscellaneous Out of Pocket Costs			$16,000	
12	Office Max				$3,050
13	Car Rental				$95
14	UPS				$228
15	Total			$561,000	$426,671

Kentucky Power Company
Case No. 2009-00459
As of December 31, 2009

Ln No (1)	Vendor (2)	Date (3)	Purchase or Check Number (4)	Voucher ID (5)	Vendor ID (6)	Invoice No.	Amount (7)	Description (8)
1	Brandenburg Industrial Services Company	10/30/2009	3000025740	79702	201456	67659A	$5,000	Update Demolition Study
2	Sub-Total						$5,000.00	
3	Financial Concepts Applic.	11/17/2009	3000026099	167964	191902	1836	$1,300	Cost of Equity
4	Financial Concepts Applic.	12/28/2009	3000027012	169522	191902	1836	$6,775	Cost of Equity
5	Financial Concepts Applic.	1/15/2010	3000027493	170403	191902	1836	$1,650	Cost of Equity*
6	Sub-Total						$9,725	
7	Advanced Applications	12/14/2009	3000027122	169041	5100590601	278066	$11,092.50	Tree Inventory
8	Advanced Applications	12/14/2009	3000027122	169041	5100590601	278066	$62,857.50	
9	Sub-Total						$73,950	
10	Stites & Harbison	11/13/2009	3000244191	1255201	6872	793493	$945.00	Legal
11	Stites & Harbison	12/18/2009	3000247687	1268351	6872	800138	$9,223.50	Legal
12	Stites & Harbison				6872	809225	$46,054.68	Legal
13	Sub-Total						$56,223.18	
14	Office Max	Various	Credit Card				$3,050.21	Office Supplies
15	UPS	Various	Credit Card				$108.41	Shipping
16	Car Rental	12/28/2009	Credit Card				$55	Transportation cost
17	Associated gas	12/28/2009	Credit Card				$39.80	Transportation cost
18	Postmaster	1/14/2010	3000275588	1275479	48856	KPCo	$34,832.58	Notice Postage*
19	Kentucky Press	1/26/2010	3000027655	170778	36308	09125KKS	$243,567.45	Newspaper Notice*
20	UPS	Various	Credit Card				$119.86	Mailing Case Info*
21	Total						$426,671	

* Revised January 29, 2010

Kentucky Power Company - PSC Case No. 2009-00459

Summary of Legal Fees and Expenses
Stites & Harbison, PLLC

Ln No (1)	Thru Date (2)	Timekeeper (3)	Rate (4)	Hours (5)	Fee (6)	Expenses (7)	Grand Total (8)
1	10/31/2009	M R Overstreet	$270.00	3.5	$945.00	$0.00	$945.00
2	11/30/2009	B F Clark	$345.00	10.3	$3,553.50	$0.00	$3,553.50
3	11/30/209	M R Overstreet	$270.00	21	$5,670.00	$0.00	$5,670.00
4	12/31/2009	B F Clark	$345.00	66.6	$22,977.00	$11.68	$22,988.68
5	12/31/2009	M R Overstreet	$270.00	82.1	$22,167.00	$0.00	$22,167.00
6	12/31/2009	R B Crittenden	$175.00	5	$875.00	$0.00	$875.00
7	12/31/2009	P J Tipton	$60.00	0.4	$24.00	$0.00	$24.00
		Sub-Total					$56,223.18

KENTUCKY PRESS SERVICE

101 CONSUMER LANE
FRANKFORT,KY 40601-
Voice (502) 223-8821 Fax (502) 875-2624

KENTUCKY PRESS SERVICE

Friday, January 15, 2010 09:53 AM

Invoice

Agency: JUDY ROSQUIST
KENTUCKY POWER COMPANY
P.O. BOX 5190
REGULATORY SERVICES
101A ENTERPRISE DR.
FRANKFORT, KY 40602

PO Number
Order 09125KK5

Client KY POWER COMPANY

Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
ASHLAND DAILY INDEPENDENT							
Notice to KY Power Customers--PAGE 1	12/22/2009	8 x 21	$25.62	SAU	$0.00	0.0000%	$4,304.16
Notice to KY Power Customers--PAGE 2	12/22/2009	8 x 21	$25.62	SAU	$0.00	0.0000%	$4,304.16
Notice to KY Power Customers--PAGE 3	12/22/2009	8 x 21	$25.62	SAU	$0.00	0.0000%	$4,304.16
Notice to KY Power Customers--PAGE 1	12/29/2009	8 x 21	$25.62	SAU	$0.00	0.0000%	$4,304.16
Notice to KY Power Customers--PAGE 2	12/29/2009	8 x 21	$25.62	SAU	$0.00	0.0000%	$4,304.16
Notice to KY Power Customers--PAGE 3	12/29/2009	8 x 21	$25.62	SAU	$0.00	0.0000%	$4,304.16
Notice to KY Power Customers--PAGE 1	01/05/2010	8 x 21	$25.62	SAU	$0.00	0.0000%	$4,304.16
Notice to KY Power Customers--PAGE 2	01/05/2010	8 x 21	$25.62	SAU	$0.00	0.0000%	$4,304.16
Notice to KY Power Customers--PAGE 3	01/05/2010	8 x 21	$25.62	SAU	$0.00	0.0000%	$4,304.16
BOONEVILLE SENTINEL							
Notice to KY Power Customers--PAGE 1	12/23/2009	6 x 21	$6.33	CLDIS	$0.00	0.0000%	$797.58
Notice to KY Power Customers--PAGE 2	12/23/2009	6 x 21	$6.33	CLDIS	$0.00	0.0000%	$797.58
Notice to KY Power Customers--PAGE 3	12/23/2009	6 x 21	$6.33	CLDIS	$0.00	0.0000%	$797.58
Notice to KY Power Customers--PAGE 1	12/30/2009	6 x 21	$6.33	CLDIS	$0.00	0.0000%	$797.58
Notice to KY Power	12/30/2009	6 x 21	$6.33	CLDIS	$0.00	0.0000%	$797.58

ANY QUESTIONS CONCERNING TEARSHEETS AND ALL REQUESTS FOR ACCOUNT CREDIT MUST BE MADE WITHIN FIVE DAYS OF THE DATE OF THIS INVOICE. IF THE REQUEST IS NOT RECEIVED WITHIN FIVE DAYS, THE CLIENT IS RESPONSIBLE FOR FULL PAYMENT OF THE INVOICE AMOUNT.

Amount Due Subject to 1.5% Service Charge After 30 Days
Please Pay From This Invoice. No Statement Will Be Sent.

KENTUCKY PRESS SERVICE

KENTUCKY PRESS SERVICE

101 CONSUMER LANE
FRANKFORT, KY 40601-
Voice (502) 223-8821 Fax (502) 875-2624

Friday, January 15, 2010 09:53 AM

Invoice

Agency JUDY ROSQUIST
KENTUCKY POWER COMPANY
P.O. BOX 5190
REGULATORY SERVICES
101A ENTERPRISE DR.
FRANKFORT, KY 40602

PO Number
Order 09125KK5

Client KY POWER COMPANY

Newspaper

Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
Customers--PAGE 2							
Notice to KY Power Customers--PAGE 3	12/30/2009	6 x 21	$6.33	CLDIS	$0.00	0.0000%	$797.58
Notice to KY Power Customers--PAGE 1	01/06/2010	6 x 21	$6.33	CLDIS	$0.00	0.0000%	$797.58
Notice to KY Power Customers--PAGE 2	01/06/2010	6 x 21	$6.33	CLDIS	$0.00	0.0000%	$797.58
Notice to KY Power Customers--PAGE 3	01/06/2010	6 x 21	$6.33	CLDIS	$0.00	0.0000%	$797.58
GRAYSON JOURNAL-ENQUIRER							
Notice to KY Power Customers--PAGE 1	12/23/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 2	12/23/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 3	12/23/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 1	12/30/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 2	12/30/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 3	12/30/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 1	01/06/2010	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 2	01/06/2010	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 3	01/06/2010	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40

ANY QUESTIONS CONCERNING TEARSHEETS AND ALL REQUESTS FOR ACCOUNT CREDIT MUST BE MADE WITHIN FIVE DAYS OF THE DATE OF THIS INVOICE. IF THE REQUEST IS NOT RECEIVED WITHIN FIVE DAYS, THE CLIENT IS RESPONSIBLE FOR FULL PAYMENT OF THE INVOICE AMOUNT.

Amount Due Subject to 1.5% Service Charge After 30 Days
Please Pay From This Invoice. No Statement Will Be Sent.

KPS
KENTUCKY PRESS SERVICE

KENTUCKY PRESS SERVICE

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FRANKFORT,KY 40601-
Voice (502) 223-8821 Fax (502) 875-2624

Friday, January 15, 2010 09:53 AM

Invoice

Agency
JUDY ROSQUIST
KENTUCKY POWER COMPANY
P.O. BOX 5190
REGULATORY SERVICES
101A ENTERPRISE DR.
FRANKFORT, KY 40602

PO Number
Order 09125KK5

Client KY POWER COMPANY

Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
GREENUP NEWS							
Notice to KY Power Customers--PAGE 1	12/24/2009	8 x 21	$5.05	CLDIS	$0.00	0.0000%	$848.40
Notice to KY Power Customers--PAGE 2	12/24/2009	8 x 21	$5.05	CLDIS	$0.00	0.0000%	$848.40
Notice to KY Power Customers--PAGE 3	12/24/2009	8 x 21	$5.05	CLDIS	$0.00	0.0000%	$848.40
Notice to KY Power Customers--PAGE 1	12/31/2009	8 x 21	$5.05	CLDIS	$0.00	0.0000%	$848.40
Notice to KY Power Customers--PAGE 2	12/31/2009	8 x 21	$5.05	CLDIS	$0.00	0.0000%	$848.40
Notice to KY Power Customers--PAGE 3	12/31/2009	8 x 21	$5.05	CLDIS	$0.00	0.0000%	$848.40
Notice to KY Power Customers--PAGE 1	01/07/2010	8 x 21	$5.05	CLDIS	$0.00	0.0000%	$848.40
Notice to KY Power Customers--PAGE 2	01/07/2010	8 x 21	$5.05	CLDIS	$0.00	0.0000%	$848.40
Notice to KY Power Customers--PAGE 3	01/07/2010	8 x 21	$5.05	CLDIS	$0.00	0.0000%	$848.40
HAZARD HERALD							
Notice to KY Power Customers--PAGE 1	12/22/2009	9 x 21.5	$9.25	CLDIS	$0.00	0.0000%	$1,789.88
Notice to KY Power Customers--PAGE 2	12/22/2009	9 x 21.5	$9.25	CLDIS	$0.00	0.0000%	$1,789.88
Notice to KY Power Customers--PAGE 3	12/22/2009	9 x 21.5	$9.25	CLDIS	$0.00	0.0000%	$1,789.88
Notice to KY Power Customers--PAGE 1	12/30/2009	9 x 21.5	$9.25	CLDIS	$0.00	0.0000%	$1,789.88
Notice to KY Power	12/30/2009	9 x 21.5	$9.25	CLDIS	$0.00	0.0000%	$1,789.88

ANY QUESTIONS CONCERNING TEARSHEETS AND ALL REQUESTS FOR ACCOUNT CREDIT MUST BE MADE WITHIN FIVE DAYS OF THE DATE OF THIS INVOICE. IF THE REQUEST IS NOT RECEIVED WITHIN FIVE DAYS, THE CLIENT IS RESPONSIBLE FOR FULL PAYMENT OF THE INVOICE AMOUNT.

Amount Due Subject to 1.5% Service Charge After 30 Days
Please Pay From This Invoice. No Statement Will Be Sent.

KPS KENTUCKY PRESS SERVICE

KENTUCKY PRESS SERVICE

101 CONSUMER LANE
FRANKFORT,KY 40601-
Voice (502) 223-8821 Fax (502) 875-2624

Friday, January 15, 2010 09:53 AM

Invoice

Agency JUDY ROSQUIST
KENTUCKY POWER COMPANY
P.O. BOX 5190
REGULATORY SERVICES
101A ENTERPRISE DR.
FRANKFORT, KY 40602

PO Number
Order 09125KK5

Client KY POWER COMPANY

Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
Customers--PAGE 2							
Notice to KY Power Customers--PAGE 3	12/30/2009	9 x 21.5	$9.25	CLDIS	$0.00	0.0000%	$1,789.88
Notice to KY Power Customers--PAGE 1	01/06/2010	9 x 21.5	$9.25	CLDIS	$0.00	0.0000%	$1,789.88
Notice to KY Power Customers--PAGE 2	01/06/2010	9 x 21.5	$9.25	CLDIS	$0.00	0.0000%	$1,789.88
Notice to KY Power Customers--PAGE 3	01/06/2010	9 x 21.5	$9.25	CLDIS	$0.00	0.0000%	$1,789.88
HINDMAN TROUBLESOME CREEK TIMES							
Notice to KY Power Customers--PAGE 1	12/24/2009	9 x 21.5	$8.56	CLDIS	$0.00	0.0000%	$1,656.36
Notice to KY Power Customers--PAGE 2	12/24/2009	6 x 21	$8.56	CLDIS	$0.00	0.0000%	$1,078.56
Notice to KY Power Customers--PAGE 3	12/24/2009	6 x 21	$8.56	CLDIS	$0.00	0.0000%	$1,078.56
Notice to KY Power Customers--PAGE 1	12/31/2009	9 x 21.5	$8.56	CLDIS	$0.00	0.0000%	$1,656.36
Notice to KY Power Customers--PAGE 2	12/31/2009	6 x 21	$8.56	CLDIS	$0.00	0.0000%	$1,078.56
Notice to KY Power Customers--PAGE 3	12/31/2009	6 x 21	$8.56	CLDIS	$0.00	0.0000%	$1,078.56
Notice to KY Power Customers--PAGE 1	01/06/2010	6 x 21	$8.56	CLDIS	$0.00	0.0000%	$1,078.56
Notice to KY Power Customers--PAGE 2	01/06/2010	6 x 21	$8.56	CLDIS	$0.00	0.0000%	$1,078.56
Notice to KY Power Customers--PAGE 3	01/06/2010	6 x 21	$8.56	CLDIS	$0.00	0.0000%	$1,078.56

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FRANKFORT, KY 40602

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Client KY POWER COMPANY

Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
HYDEN LESLIE CO. NEWS							
Notice to KY Power Customers--PAGE 1	12/24/2009	6 x 21	$7.00	CLDIS	$0.00	0.0000%	$882.00
Notice to KY Power Customers--PAGE 2	12/24/2009	6 x 21	$7.00	CLDIS	$0.00	0.0000%	$882.00
Notice to KY Power Customers--PAGE 3	12/24/2009	6 x 21	$7.00	CLDIS	$0.00	0.0000%	$882.00
Notice to KY Power Customers--PAGE 1	12/31/2009	6 x 21	$7.00	CLDIS	$0.00	0.0000%	$882.00
Notice to KY Power Customers--PAGE 2	12/31/2009	6 x 21	$7.00	CLDIS	$0.00	0.0000%	$882.00
Notice to KY Power Customers--PAGE 3	12/31/2009	6 x 21	$7.00	CLDIS	$0.00	0.0000%	$882.00
Notice to KY Power Customers--PAGE 2	01/05/2010	6 x 21	$7.00	CLDIS	$0.00	0.0000%	$882.00
Notice to KY Power Customers--PAGE 3	01/05/2010	6 x 21	$7.00	CLDIS	$0.00	0.0000%	$882.00
Notice to KY Power Customers--PAGE 1	01/07/2010	6 x 21	$7.00	CLDIS	$0.00	0.0000%	$882.00
INEZ MOUNTAIN CITIZEN							
Notice to KY Power Customers--PAGE 1	12/23/2009	6 x 21	$6.17	CLDIS	$0.00	0.0000%	$777.42
Notice to KY Power Customers--PAGE 2	12/23/2009	6 x 21	$6.17	CLDIS	$0.00	0.0000%	$777.42
Notice to KY Power Customers--PAGE 3	12/23/2009	6 x 21	$6.17	CLDIS	$0.00	0.0000%	$777.42
Notice to KY Power Customers--PAGE 1	12/30/2009	6 x 21	$6.17	CLDIS	$0.00	0.0000%	$777.42
Notice to KY Power	12/30/2009	6 x 21	$6.17	CLDIS	$0.00	0.0000%	$777.42

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JUDY ROSQUIST
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P.O. BOX 5190
REGULATORY SERVICES
101A ENTERPRISE DR.
FRANKFORT, KY 40602

PO Number
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Client KY POWER COMPANY

Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
Customers--PAGE 2							
Notice to KY Power Customers--PAGE 3	12/30/2009	6 x 21	$6.17	CLDIS	$0.00	0.0000%	$777.42
Notice to KY Power Customers--PAGE 1	01/06/2010	6 x 21	$6.17	CLDIS	$0.00	0.0000%	$777.42
Notice to KY Power Customers--PAGE 2	01/06/2010	6 x 21	$6.17	CLDIS	$0.00	0.0000%	$777.42
Notice to KY Power Customers--PAGE 3	01/06/2010	6 x 21	$6.17	CLDIS	$0.00	0.0000%	$777.42
Jackson Times-Voice							
Notice to KY Power Customers--PAGE 1	12/24/2009	6 x 21	$6.11	CLDIS	$0.00	0.0000%	$769.86
Notice to KY Power Customers--PAGE 2	12/24/2009	6 x 21	$6.11	CLDIS	$0.00	0.0000%	$769.86
Notice to KY Power Customers--PAGE 3	12/24/2009	6 x 21	$6.11	CLDIS	$0.00	0.0000%	$769.86
Notice to KY Power Customers--PAGE 1	12/31/2009	6 x 21	$6.11	CLDIS	$0.00	0.0000%	$769.86
Notice to KY Power Customers--PAGE 2	12/31/2009	6 x 21	$6.11	CLDIS	$0.00	0.0000%	$769.86
Notice to KY Power Customers--PAGE 3	12/31/2009	6 x 21	$6.11	CLDIS	$0.00	0.0000%	$769.86
Notice to KY Power Customers--PAGE 1	01/07/2010	6 x 21	$6.11	CLDIS	$0.00	0.0000%	$769.86
Notice to KY Power Customers--PAGE 2	01/07/2010	6 x 21	$6.11	CLDIS	$0.00	0.0000%	$769.86
Notice to KY Power Customers--PAGE 3	01/07/2010	6 x 21	$6.11	CLDIS	$0.00	0.0000%	$769.86

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FRANKFORT, KY 40602

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Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
LOUISA BIG SANDY NEWS							
Notice to KY Power Customers--PAGE 1	12/23/2009	8 x 21	$9.00	CLDIS	$0.00	0.0000%	$1,512.00
Notice to KY Power Customers--PAGE 2	12/23/2009	8 x 21	$9.00	CLDIS	$0.00	0.0000%	$1,512.00
Notice to KY Power Customers--PAGE 3	12/23/2009	8 x 21	$9.00	CLDIS	$0.00	0.0000%	$1,512.00
Notice to KY Power Customers--PAGE 1	12/30/2009	8 x 21	$9.00	CLDIS	$0.00	0.0000%	$1,512.00
Notice to KY Power Customers--PAGE 2	12/30/2009	8 x 21	$9.00	CLDIS	$0.00	0.0000%	$1,512.00
Notice to KY Power Customers--PAGE 3	12/30/2009	8 x 21	$9.00	CLDIS	$0.00	0.0000%	$1,512.00
Notice to KY Power Customers--PAGE 1	01/06/2010	8 x 21	$9.00	CLDIS	$0.00	0.0000%	$1,512.00
Notice to KY Power Customers--PAGE 2	01/06/2010	8 x 21	$9.00	CLDIS	$0.00	0.0000%	$1,512.00
Notice to KY Power Customers--PAGE 3	01/06/2010	8 x 21	$9.00	CLDIS	$0.00	0.0000%	$1,512.00
MANCHESTER ENTERPRISE							
Notice to KY Power Customers--PAGE 1	12/24/2009	8 x 21	$10.13	CLDIS	$0.00	0.0000%	$1,701.84
Notice to KY Power Customers--PAGE 2	12/24/2009	8 x 21	$10.13	CLDIS	$0.00	0.0000%	$1,701.84
Notice to KY Power Customers--PAGE 3	12/24/2009	8 x 21	$10.13	CLDIS	$0.00	0.0000%	$1,701.84
Notice to KY Power Customers--PAGE 1	12/31/2009	8 x 21	$10.13	CLDIS	$0.00	0.0000%	$1,701.84
Notice to KY Power	12/31/2009	8 x 21	$10.13	CLDIS	$0.00	0.0000%	$1,701.84

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FRANKFORT, KY 40601-
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Agency	JUDY ROSQUIST KENTUCKY POWER COMPANY P.O. BOX 5190 REGULATORY SERVICES 101A ENTERPRISE DR. FRANKFORT, KY 40602	PO Number Order	 09125KK5
Client	KY POWER COMPANY		

Newspaper

Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
Customers--PAGE 2							
Notice to KY Power Customers--PAGE 3	12/31/2009	8 x 21	$10.13	CLDIS	$0.00	0.0000%	$1,701.84
Notice to KY Power Customers--PAGE 1	01/07/2010	8 x 21	$10.13	CLDIS	$0.00	0.0000%	$1,701.84
Notice to KY Power Customers--PAGE 2	01/07/2010	8 x 21	$10.13	CLDIS	$0.00	0.0000%	$1,701.84
Notice to KY Power Customers--PAGE 3	01/07/2010	8 x 21	$10.13	CLDIS	$0.00	0.0000%	$1,701.84
MOREHEAD NEWS							
Notice to KY Power Customers--PAGE 1	12/22/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 2	12/22/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 3	12/22/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 1	12/29/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 2	12/29/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 3	12/29/2009	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 1	01/05/2010	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 2	01/05/2010	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40
Notice to KY Power Customers--PAGE 3	01/05/2010	8 x 21	$11.05	CLDIS	$0.00	0.0000%	$1,856.40

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Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
PAINTSVILLE HERALD							
Notice to KY Power Customers--PAGE 1	12/23/2009	8 x 21	$6.97	CLDIS	$0.00	0.0000%	$1,170.96
Notice to KY Power Customers--PAGE 2	12/23/2009	8 x 21	$6.97	CLDIS	$0.00	0.0000%	$1,170.96
Notice to KY Power Customers--PAGE 3	12/23/2009	8 x 21	$6.97	CLDIS	$0.00	0.0000%	$1,170.96
Notice to KY Power Customers--PAGE 1	12/30/2009	8 x 21	$6.97	CLDIS	$0.00	0.0000%	$1,170.96
Notice to KY Power Customers--PAGE 2	12/30/2009	8 x 21	$6.97	CLDIS	$0.00	0.0000%	$1,170.96
Notice to KY Power Customers--PAGE 3	12/30/2009	8 x 21	$6.97	CLDIS	$0.00	0.0000%	$1,170.96
Notice to KY Power Customers--PAGE 1	01/06/2010	8 x 21	$6.97	CLDIS	$0.00	0.0000%	$1,170.96
Notice to KY Power Customers--PAGE 2	01/06/2010	8 x 21	$6.97	CLDIS	$0.00	0.0000%	$1,170.96
Notice to KY Power Customers--PAGE 3	01/06/2010	8 x 21	$6.97	CLDIS	$0.00	0.0000%	$1,170.96
PIKEVILLE APPALACHIAN NEWS-EXPRESS							
Notice to KY Power Customers--PAGE 1	12/23/2009	9 x 21	$11.20	CLDIS	$0.00	0.0000%	$2,116.80
Notice to KY Power Customers--PAGE 2	12/23/2009	9 x 21	$11.20	CLDIS	$0.00	0.0000%	$2,116.80
Notice to KY Power Customers--PAGE 3	12/23/2009	9 x 21	$11.20	CLDIS	$0.00	0.0000%	$2,116.80
Notice to KY Power Customers--PAGE 1	12/30/2009	9 x 21	$11.20	CLDIS	$0.00	0.0000%	$2,116.80
Notice to KY Power	12/30/2009	9 x 21	$11.20	CLDIS	$0.00	0.0000%	$2,116.80

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Customers--PAGE 2							
Notice to KY Power Customers--PAGE 3	12/30/2009	9 x 21	$11.20	CLDIS	$0.00	0.0000%	$2,116.80
Notice to KY Power Customers--PAGE 1	01/06/2010	9 x 21	$11.20	CLDIS	$0.00	0.0000%	$2,116.80
Notice to KY Power Customers--PAGE 2	01/06/2010	9 x 21	$11.20	CLDIS	$0.00	0.0000%	$2,116.80
Notice to KY Power Customers--PAGE 3	01/06/2010	9 x 21	$11.20	CLDIS	$0.00	0.0000%	$2,116.80
PRESTONSBURG FLOYD COUNTY TIMES							
Notice to KY Power Customers--PAGE 1	12/22/2009	9 x 21	$7.80	CLDIS	$0.00	0.0000%	$1,474.20
Notice to KY Power Customers--PAGE 2	12/22/2009	9 x 21	$7.80	CLDIS	$0.00	0.0000%	$1,474.20
Notice to KY Power Customers--PAGE 3	12/22/2009	9 x 21	$7.80	CLDIS	$0.00	0.0000%	$1,474.20
Notice to KY Power Customers--PAGE 1	12/30/2009	9 x 21	$7.80	CLDIS	$0.00	0.0000%	$1,474.20
Notice to KY Power Customers--PAGE 2	12/30/2009	9 x 21	$7.80	CLDIS	$0.00	0.0000%	$1,474.20
Notice to KY Power Customers--PAGE 3	12/30/2009	9 x 21	$7.80	CLDIS	$0.00	0.0000%	$1,474.20
Notice to KY Power Customers--PAGE 1	01/06/2010	9 x 21	$7.80	CLDIS	$0.00	0.0000%	$1,474.20
Notice to KY Power Customers--PAGE 2	01/06/2010	9 x 21	$7.80	CLDIS	$0.00	0.0000%	$1,474.20
Notice to KY Power Customers--PAGE 3	01/06/2010	9 x 21	$7.80	CLDIS	$0.00	0.0000%	$1,474.20

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Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
SALYERSVILLE INDEPENDENT							
Notice to KY Power Customers--PAGE 1	12/24/2009	9 x 21	$5.75	CLDIS	$0.00	0.0000%	$1,086.75
Notice to KY Power Customers--PAGE 2	12/24/2009	9 x 21	$5.75	CLDIS	$0.00	0.0000%	$1,086.75
Notice to KY Power Customers--PAGE 3	12/24/2009	9 x 21	$5.75	CLDIS	$0.00	0.0000%	$1,086.75
Notice to KY Power Customers--PAGE 1	01/07/2010	9 x 21	$5.75	CLDIS	$0.00	0.0000%	$1,086.75
Notice to KY Power Customers--PAGE 2	01/07/2010	9 x 21	$5.75	CLDIS	$0.00	0.0000%	$1,086.75
Notice to KY Power Customers--PAGE 3	01/07/2010	9 x 21	$5.75	CLDIS	$0.00	0.0000%	$1,086.75
Notice to KY Power Customers--PAGE 1	01/14/2010	9 x 21	$5.75	CLDIS	$0.00	0.0000%	$1,086.75
Notice to KY Power Customers--PAGE 2	01/14/2010	9 x 21	$5.75	CLDIS	$0.00	0.0000%	$1,086.75
Notice to KY Power Customers--PAGE 3	01/14/2010	9 x 21	$5.75	CLDIS	$0.00	0.0000%	$1,086.75
SANDY HOOK ELLIOTT COUNTY NEWS							
Notice to KY Power Customers--PAGE 1	12/25/2009	6 x 21	$4.25	CLDIS	$0.00	0.0000%	$535.50
Notice to KY Power Customers--PAGE 2	12/25/2009	6 x 21	$4.25	CLDIS	$0.00	0.0000%	$535.50
Notice to KY Power Customers--PAGE 3	12/25/2009	6 x 21	$4.25	CLDIS	$0.00	0.0000%	$535.50
Notice to KY Power Customers--PAGE 1	01/01/2010	6 x 21	$4.25	CLDIS	$0.00	0.0000%	$535.50
Notice to KY Power	01/01/2010	6 x 21	$4.25	CLDIS	$0.00	0.0000%	$535.50

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Please Pay From This Invoice. No Statement Will Be Sent.

KPS
KENTUCKY PRESS SERVICE

KENTUCKY PRESS SERVICE

101 CONSUMER LANE
FRANKFORT,KY 40601-
Voice (502) 223-8821 Fax (502) 875-2624

Friday, January 15, 2010 09:53 AM

Invoice

	JUDY ROSQUIST		
Agency	KENTUCKY POWER COMPANY	PO Number	
	P.O. BOX 5190	Order	09125KK5
	REGULATORY SERVICES		
	101A ENTERPRISE DR.		
	FRANKFORT, KY 40602		
Client	KY POWER COMPANY		

Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
Customers--PAGE 2							
Notice to KY Power Customers--PAGE 3	01/01/2010	6 x 21	$4.25	CLDIS	$0.00	0.0000%	$535.50
Notice to KY Power Customers--PAGE 1	01/08/2010	6 x 21	$4.25	CLDIS	$0.00	0.0000%	$535.50
Notice to KY Power Customers--PAGE 2	01/08/2010	6 x 21	$4.25	CLDIS	$0.00	0.0000%	$535.50
Notice to KY Power Customers--PAGE 3	01/08/2010	6 x 21	$4.25	CLDIS	$0.00	0.0000%	$535.50
VANCEBURG LEWIS COUNTY HERALD							
Notice to KY Power Customers--PAGE 1	12/22/2009	6 x 21	$3.50	CLDIS	$0.00	0.0000%	$441.00
Notice to KY Power Customers--PAGE 2	12/22/2009	6 x 21	$3.50	CLDIS	$0.00	0.0000%	$441.00
Notice to KY Power Customers--PAGE 3	12/22/2009	6 x 21	$3.50	CLDIS	$0.00	0.0000%	$441.00
Notice to KY Power Customers--PAGE 1	12/29/2009	6 x 21	$3.50	CLDIS	$0.00	0.0000%	$441.00
Notice to KY Power Customers--PAGE 2	12/29/2009	6 x 21	$3.50	CLDIS	$0.00	0.0000%	$441.00
Notice to KY Power Customers--PAGE 3	12/29/2009	6 x 21	$3.50	CLDIS	$0.00	0.0000%	$441.00
Notice to KY Power Customers--PAGE 1	01/05/2010	6 x 21	$3.50	CLDIS	$0.00	0.0000%	$441.00
Notice to KY Power Customers--PAGE 2	01/05/2010	6 x 21	$3.50	CLDIS	$0.00	0.0000%	$441.00
Notice to KY Power Customers--PAGE 3	01/05/2010	6 x 21	$3.50	CLDIS	$0.00	0.0000%	$441.00

ANY QUESTIONS CONCERNING TEARSHEETS AND ALL REQUESTS FOR ACCOUNT CREDIT MUST BE MADE WITHIN FIVE DAYS OF THE DATE OF THIS INVOICE. IF THE REQUEST IS NOT RECEIVED WITHIN FIVE DAYS, THE CLIENT IS RESPONSIBLE FOR FULL PAYMENT OF THE INVOICE AMOUNT.

Amount Due Subject to 1.5% Service Charge After 30 Days
Please Pay From This Invoice. No Statement Will Be Sent.

KENTUCKY PRESS SERVICE

KENTUCKY PRESS SERVICE

101 CONSUMER LANE
FRANKFORT, KY 40601-
Voice (502) 223-8821 Fax (502) 875-2624

Friday, January 15, 2010 09:53 AM

Invoice

JUDY ROSQUIST

Agency KENTUCKY POWER COMPANY
P.O. BOX 5190
REGULATORY SERVICES
101A ENTERPRISE DR.
FRANKFORT, KY 40602

PO Number
Order 09125KK5

Client KY POWER COMPANY

Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
WEST LIBERTY LICKING VALLEY COURIER							
Notice to KY Power Customers--PAGE 1	12/24/2009	6 x 21	$4.69	CLDIS	$0.00	0.0000%	$590.94
Notice to KY Power Customers--PAGE 2	12/24/2009	6 x 21	$4.69	CLDIS	$0.00	0.0000%	$590.94
Notice to KY Power Customers--PAGE 3	12/24/2009	6 x 21	$4.69	CLDIS	$0.00	0.0000%	$590.94
Notice to KY Power Customers--PAGE 1	12/31/2009	6 x 21	$4.69	CLDIS	$0.00	0.0000%	$590.94
Notice to KY Power Customers--PAGE 2	12/31/2009	6 x 21	$4.69	CLDIS	$0.00	0.0000%	$590.94
Notice to KY Power Customers--PAGE 3	12/31/2009	6 x 21	$4.69	CLDIS	$0.00	0.0000%	$590.94
Notice to KY Power Customers--PAGE 1	01/07/2010	6 x 21	$4.69	CLDIS	$0.00	0.0000%	$590.94
Notice to KY Power Customers--PAGE 2	01/07/2010	6 x 21	$4.69	CLDIS	$0.00	0.0000%	$590.94
Notice to KY Power Customers--PAGE 3	01/07/2010	6 x 21	$4.69	CLDIS	$0.00	0.0000%	$590.94
WHITESBURG MOUNTAIN EAGLE							
Notice to KY Power Customers--PAGE 1	12/23/2009	8 x 21	$8.00	CLDIS	$0.00	0.0000%	$1,344.00
Notice to KY Power Customers--PAGE 2	12/23/2009	8 x 21	$8.00	CLDIS	$0.00	0.0000%	$1,344.00
Notice to KY Power Customers--PAGE 3	12/23/2009	8 x 21	$8.00	CLDIS	$0.00	0.0000%	$1,344.00
Notice to KY Power Customers--PAGE 1	12/30/2009	8 x 21	$8.00	CLDIS	$0.00	0.0000%	$1,344.00
Notice to KY Power	12/30/2009	8 x 21	$8.00	CLDIS	$0.00	0.0000%	$1,344.00

ANY QUESTIONS CONCERNING TEARSHEETS AND ALL REQUESTS FOR ACCOUNT CREDIT MUST BE MADE WITHIN FIVE DAYS OF THE DATE OF THIS INVOICE. IF THE REQUEST IS NOT RECEIVED WITHIN FIVE DAYS, THE CLIENT IS RESPONSIBLE FOR FULL PAYMENT OF THE INVOICE AMOUNT.

Amount Due Subject to 1.5% Service Charge After 30 Days
Please Pay From This Invoice. No Statement Will Be Sent.

KENTUCKY PRESS SERVICE

KENTUCKY PRESS SERVICE
101 CONSUMER LANE
FRANKFORT,KY 40601-
Voice (502) 223-8821 Fax (502) 875-2624

Friday, January 15, 2010 09:53 AM

Invoice

Agency JUDY ROSQUIST
KENTUCKY POWER COMPANY
P.O. BOX 5190
REGULATORY SERVICES
101A ENTERPRISE DR.
FRANKFORT, KY 40602

PO Number
Order 09125KK5

Client KY POWER COMPANY

Newspaper Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
Customers--PAGE 2							
Notice to KY Power Customers--PAGE 3	12/30/2009	8 x 21	$8.00	CLDIS	$0.00	0.0000%	$1,344.00
Notice to KY Power Customers--PAGE 1	01/06/2010	8 x 21	$8.00	CLDIS	$0.00	0.0000%	$1,344.00
Notice to KY Power Customers--PAGE 2	01/06/2010	8 x 21	$8.00	CLDIS	$0.00	0.0000%	$1,344.00
Notice to KY Power Customers--PAGE 3	01/06/2010	8 x 21	$8.00	CLDIS	$0.00	0.0000%	$1,344.00

Total Advertising	$243,567.45
Discounts	$0.00
Tax: USA	$0.00
Total Invoice	$243,567.45
Payments	$0.00
Adjustments	$0.00
Balance Due	$243,567.45

TEARSHEETS
CANNOT BE REPLACED

ANY QUESTIONS CONCERNING TEARSHEETS AND ALL REQUESTS FOR ACCOUNT CREDIT MUST BE MADE WITHIN FIVE DAYS OF THE DATE OF THIS INVOICE. IF THE REQUEST IS NOT RECEIVED WITHIN FIVE DAYS, THE CLIENT IS RESPONSIBLE FOR FULL PAYMENT OF THE INVOICE AMOUNT.

Amount Due Subject to 1.5% Service Charge After 30 Days
Please Pay From This Invoice. No Statement Will Be Sent.

Kentucky Power Company

REQUEST

Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:
   (1) Accounting;
   (2) Engineering;
   (3) Legal;
   (4) Consultants; and
   (5) Other Expenses (identify separately).

For each category, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of any invoices, contracts, or other documentation that support charges incurred in the preparation of this rate case. Indicate any costs incurred for this case that occurred during the test year.

b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above. Updates will be due the last business day of each month, through the month of the public hearing.

RESPONSE

a, b & c. Please refer to the attached pages as of February 28, 2010.

WITNESS: Errol K Wagner

Kentucky Power Company
PSC Case No. 2009-00459
As of January 31, 2010

Line No (1)	Vendor (2)	Date (3)	Purchase or Check Number (4)	Voucher ID (5)	Vendor ID (6)	Invoice ID (7)	Amount (8)	Description (9)
1	Brandenburg Industrial Services Company	10/30/2009	3000025740	79702	201456	67859A	$5,000.00	Update Demolition Study
2	Subtotal						$5,000.00	
3	Financial Concepts Applic.	11/17/2009	3000026099	167964	191902	1836	$1,300.00	Cost of Equity
4	Financial Concepts Applic.	12/28/2009	3000027012	169522	191902	1836	$6,775.00	Cost of Equity
5	Financial Concepts Applic.	01/05/2010	3000027493	170403	191902	1836	$1,650.00	Cost of Equity
6	Subtotal						$9,725.00	
7	Advanced Applications	12/14/2009	3000027122	169041	5100590601	278066	$11,092.50	Tree Inventory
8	Advanced Applications	12/14/2009	3000027122	169041	5100590601	278066	$62,857.50	Tree Inventory
9	Subtotal						$73,950.00	
10	Stites & Harbison	11/13/2009	3000244191	1255201	6872	793493	$945.00	Legal
11	Stites & Harbison	12/18/2009	300247687	1268351	6872	800138	$9,223.50	Legal
12	Stites & Harbison	02/01/2010	3000251390	1280384	6872	809225	$43,191.18	Legal*
13	Stites & Harbison	02/17/2010	3000252858	1285217	6872	813710	$8,540.50	Legal
14	Subtotal						$61,900.18	
15	Office Max	Various					$5,395.49	Office Supplies*
16	UPS	Various					$108.41	Shipping
17	Car Rental	12/28/2009					$55.00	Transportation Cost
18	Associated Gas	12/28/2009					$39.80	Transportation Cost
19	Postmaster	Various					$34,832.58	Notice Postage
20	Kentucky Press	Various					$243,567.45	Newspaper Notice
21	UPS	Various					$321.09	Mailing Rate Case Information*
22	Kinko's	Various					$678.40	Data Request Copies
23	Total						$435,573.40	

* Revised March 05, 2010

Kentucky Power Company
PSC Case No. 2009-00459
Summary of Legal Fees and Expenses
Stites & Haribson, PLLC

Line No (1)	Thru Date (2)	Timekeeper (3)	Rate (4)	Hours (5)	Fee (6)	Expenses (7)	Grand Total (8)
1	10/31/2009	M R Overstreet	$270.00	3.5	$945.00	$0.00	$945.00
2	11/30/2009	B F Clark	$345.00	10.3	$3,553.50	$0.00	$3,553.50
3	11/30/2009	M R Overstreet	$270.00	21.0	$5,670.00	$0.00	$5,670.00
4	12/31/2009	B F Clark	$345.00	58.3	$20,113.50	$11.68	$20,125.18
5	12/31/2009	M R Overstreet	$270.00	82.1	$22,167.00	$0.00	$22,167.00
6	12/31/2009	R B Crittenden	$175.00	5.0	$875.00	$0.00	$875.00
7	12/31/2009	P J Tipton	$60.00	0.4	$24.00	$0.00	$24.00
8	01/31/2010	B F Clark	$345.00	7.2	$2,484.00	$128.00	$2,612.00
9	01/31/2010	M R Overstreet	$270.00	15.8	$4,266.00	$0.00	$4,266.00
10	01/31/2010	R B Crittenden	$175.00	9.5	$1,662.50	$0.00	$1,662.50
		Subtotal					$61,900.18

STITES & HARBISON PLLC
ATTORNEYS

421 WEST MAIN STREET
P. O. BOX 634
FRANKFORT, KY 40602-0634
(502) 223-3477
FAX (502) 223-4124
www.stites.com

JANUARY 19, 2010

KENTUCKY POWER COMPANY
MR. ERROL K. WAGNER
PO BOX 5190
FRANKFORT, KY 40602-5190

2009 RATE CASE
AEP LAW PACK MATTER: AEP0020620 — INVOICE NO. 809225

KE057-KE221 — TAX ID: 61-0680249

MRO — TERMS: PAYABLE UPON RECEIPT

PROFESSIONAL SERVICES, for the period ended DECEMBER 31, 2009

Fees for legal services rendered in connection with the above captioned matter through DECEMBER 31, 2009 and as reflected by the attached summary	$43,179.50
Additional Services	$11.68
Subtotal	$43,191.18
Prior Balance	$0.00
TOTAL BALANCE DUE	$43,191.18

STITES & HARBISON PLLC

ATTORNEYS

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(502) 223-3477
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www.stites.com

FEBRUARY 8, 2010

KENTUCKY POWER COMPANY
MR. ERROL K. WAGNER
PO BOX 5190
FRANKFORT, KY 40602-5190

2009 RATE CASE
AEP LAW PACK MATTER: AEP0020620

INVOICE NO. 813710

KE057-KE221

TAX ID: 61-0680249

MRO

TERMS: PAYABLE UPON RECEIPT

PROFESSIONAL SERVICES, for the period ended JANUARY 31, 2010

Fees for legal services rendered in connection with the above captioned matter through JANUARY 31, 2010 and as reflected by the attached summary	$8,412.50
Additional Services	$128.00
Subtotal	$8,540.50
Prior Balance	$0.00
TOTAL BALANCE DUE	$8,540.50

Kentucky Power Company

REQUEST

Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:
   (1) Accounting;
   (2) Engineering;
   (3) Legal;
   (4) Consultants; and
   (5) Other Expenses (identify separately).

For each category, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of any invoices, contracts, or other documentation that support charges incurred in the preparation of this rate case. Indicate any costs incurred for this case that occurred during the test year.

b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above. Updates will be due the last business day of each month, through the month of the public hearing.

RESPONSE

a, b & c. Please refer to the attached pages as of March 31, 2010.

WITNESS: Errol K. Wagner

Kentucky Power Company
PSC Case No. 2009-00459
As of March 31, 2010

Line No (1)	Vendor (2)	Date (3)	Purchase or Check Number (4)	Voucher ID (5)	Vendor ID (6)	Invoice ID (7)	Amount (8)	Description (9)
1	Brandenburg Industrial Services Company	10/30/2009	3000025740	79702	201456	67859A	$5,000.00	Update Demolition Study
2	Subtotal						$5,000.00	
3	Financial Concepts Applic.	11/17/2009	3000026099	167964	191902	1836	$1,300.00	Cost of Equity
4	Financial Concepts Applic.	12/28/2009	3000027012	169522	191902	1836	$6,775.00	Cost of Equity
5	Financial Concepts Applic.	01/05/2010	3000027493	170403	191902	1836	$1,650.00	Cost of Equity
6	Subtotal						$9,725.00	
7	Advanced Applications	12/14/2009	3000027122	169041	5100590601	278066	$11,092.50	Tree Inventory
8	Advanced Applications	12/14/2009	3000027122	169041	5100590601	278066	$62,857.50	Tree Inventory
9	Subtotal						$73,950.00	
10	Stites & Harbison	11/13/2009	3000244191	1255201	6872	793493	$945.00	Legal
11	Stites & Harbison	12/18/2009	300247687	1268351	6872	800138	$9,223.50	Legal
12	Stites & Harbison	02/01/2010	3000251390	1280384	6872	809225	$43,191.18	Legal
13	Stites & Harbison	02/17/2010	3000252858	1285217	6872	813710	$8,540.50	Legal
14	Stites & Harbison	03/24/2010	3000256186	1296416	6872	820305	$16,115.72	Legal*
15	Subtotal						$78,015.90	
16	Office Max	Various					$5,395.49	Office Supplies
17	UPS	Various					$108.41	Shipping
18	Car Rental	12/28/2009					$55.00	Transportation Cost
19	Associated Gas	12/28/2009					$39.80	Transportation Cost
20	Postmaster	Various					$34,832.58	Notice Postage
21	Kentucky Press	Various					$243,567.45	Newspaper Notice
22	UPS	Various					$321.09	Mailing Rate Case Information
23	Kinko's	Various					$678.40	Data Request Copies
24	Office Max	Various					$1,261.61	Office Supplies*
25	Total						$452,950.73	

* Revised April 06, 2010

Kentucky Power Company
PSC Case No. 2009-00459
Summary of Legal Fees and Expenses
Stites & Haribson, PLLC

Line No (1)	Thru Date (2)	Timekeeper (3)	Rate (4)	Hours (5)	Fee (6)	Expenses (7)	Grand Total (8)
1	10/31/2009	M R Overstreet	$270.00	3.5	$945.00	$0.00	$945.00
2	11/30/2009	B F Clark	$345.00	10.3	$3,553.50	$0.00	$3,553.50
3	11/30/2009	M R Overstreet	$270.00	21.0	$5,670.00	$0.00	$5,670.00
4	12/31/2009	B F Clark	$345.00	58.3	$20,113.50	$11.68	$20,125.18
5	12/31/2009	M R Overstreet	$270.00	82.1	$22,167.00	$0.00	$22,167.00
6	12/31/2009	R B Crittenden	$175.00	5.0	$875.00	$0.00	$875.00
7	12/31/2009	P J Tipton	$60.00	0.4	$24.00	$0.00	$24.00
8	01/31/2010	B F Clark	$345.00	7.2	$2,484.00	$128.00	$2,612.00
9	01/31/2010	M R Overstreet	$270.00	15.8	$4,266.00	$0.00	$4,266.00
10	01/31/2010	R B Crittenden	$175.00	9.5	$1,662.50	$0.00	$1,662.50
11	02/28/2010	B F Clark	$345.00	26.1	$9,004.50	$12.72	$9,017.22
12	02/28/2010	M R Overstreet	$270.00	21.3	$5,751.00	$0.00	$5,751.00
13	02/28/2010	R B Crittenden	$175.00	7.7	$1,347.50	$0.00	$1,347.50
		Subtotal					$78,015.90

STITES & HARBISON PLLC
ATTORNEYS

421 WEST MAIN STREET
P. O. BOX 634
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MARCH 8, 2010

KENTUCKY POWER COMPANY
MR. ERROL K. WAGNER
PO BOX 5190
FRANKFORT, KY 40602-5190

2009 RATE CASE
AEP LAW PACK MATTER: AEP0020620

INVOICE NO. 820305

KE057-KE221

TAX ID: 61-0680249

MRO

TERMS: PAYABLE UPON RECEIPT

PROFESSIONAL SERVICES, for the period ended FEBRUARY 28, 2010

Fees for legal services rendered in connection with the above captioned matter through FEBRUARY 28, 2010 and as reflected by the attached summary	$16,103.00
Additional Services	$12.72
Subtotal	$16,115.72
Prior Balance	$0.00
TOTAL BALANCE DUE	**$16,115.72**