



Legal Department

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Columbus, OH 43215-2373
AEP.com

PUCO

October 16, 2008

The Honorable Greta See
The Honorable Kimberly Bojko
Attorney Examiners
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

**Re: In the Matter of the Applications of
Columbus Southern Power Co. and Ohio
Power Co., Case Nos. 08-917-EL-SSO and
08-918-EL-SSO**

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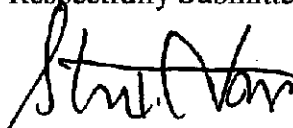
Dear Examiners:

With its July 31, 2008 applications, Columbus Southern Power Company and Ohio Power Company ("AEP Ohio" or the "Companies") filed a motion for waivers relating to then-proposed rules concerning SSO filing requirements that were being considered for adoption by the Commission in Case No. 08-777-EL-ORD. On September 17, 2008, the PUCO issued a Finding and Order initially adopting rules that, when ultimately effective, will govern MRO and ESP applications. On September 19, 2008, the Attorney Examiner issued an Entry in these proceedings that denied the Companies' waiver requests and directed AEP Ohio (in paragraph 5) to file additional information encompassed by the tentative rules. The Attorney Examiner issued a subsequent Entry on September 23, 2008 which directed the Staff and AEP Ohio to establish a reasonable timeline for submitting the financial information and descriptions necessary to supplement AEP Ohio's SSO filings.

In response to those Entries and after reviewing the tentative rules, AEP Ohio personnel met with the Commission's Staff to establish what additional information needed to be filed in order to ensure that AEP Ohio's applications substantially comply with the rules, when ultimately effective, concerning SSO filing requirements. As a result of those discussions, it was determined that the enclosed information brings AEP Ohio's applications into substantial compliance with the tentative rules. Accordingly, AEP Ohio requests that the Commission make a determination, in accordance with Section 4928.143(A), Ohio Revised Code, that AEP Ohio has timely conformed its application to the tentative rules.

Thank you for your attention to this matter.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Steven T. Nourse", written over a horizontal line.

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cc: Parties of record

AEP Ohio ESP

Fuel Procurement, AEP Ohio Generation Units, and Other Fuel Related Information

a. General Fuel Requirements

The generating units of CSP and OPCO (AEP Ohio) and the other AEP System-East Zone operating companies, which are predominantly coal-fired, are managed to ensure adequate fuel supplies to meet normal burn requirements in both the short-term and the long-term. American Electric Power Service Corporation (AEPSC), acting as agent for AEP Ohio, is responsible for the procurement and delivery of fuel and chemicals used for environmental compliance (consumables) to AEP Ohio's generating stations. AEPSC's primary objective is to assure a continuous supply of quality fuel at the lowest cost reasonably possible. Deliveries are arranged so that sufficient fuel and consumables are available at all times. The quality of the delivered coal is fundamental to achieving and maintaining compliance with the applicable environmental limitations and operating efficiencies. AEP Ohio proposes to pass any net gains on the sale of emission allowances through the FAC. AEP does not have a practice of re-selling coal contracts, however, if it did so it would pass any cost savings or profits related to Ohio generating resources through the FAC.

b. Coal and Gas Procurement Process

Coal delivery requirements are determined by taking into account existing coal inventory, forecasted coal consumption, and adjustments for contingencies that necessitate an increase or decrease in coal inventory levels. Sources of coal are determined by taking into account contractual obligations and existing sources of supply. AEP Ohio's total coal requirements are met using a portfolio of long-term arrangements, and spot-market purchases. Long-term contracts support a relatively stable and consistent supply of coal. Spot purchases are used to provide flexibility in scheduling

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contract deliveries, to accommodate changing demand, and to cover shortfalls in deliveries caused by force majeure and other unforeseeable or unexpected circumstances. Occasionally, spot purchases are also made to test-burn any promising and potential new long-term sources of coal in order to determine their acceptability as a fuel source in a given power plant's generating units.

All long-term and most spot purchases of coal for AEP Ohio's plants are made based on the evaluation of competitive bids. Additional short term purchases are made based on an evaluation of offers (both solicited and unsolicited) from suppliers compared to current published market prices as well as other offers for tonnage of acceptable quality. In all cases, the goal is securing the lowest reasonable delivered price on a cents per million BTU-basis.

AEP-Ohio's day-to-day needs for natural gas are generally unpredictable and are generally purchased on a day-ahead and intra-day basis as needed for peaking requirements. Natural gas is competitively purchased and primarily obtained in the spot market with prices on a daily index or a daily fixed price. The Company has arranged for both firm and interruptible transportation service from various inter-state pipelines, which provide flexible supplies from multiple production areas.

c. Inventory

AEP Ohio attempts to maintain in storage at each plant an adequate coal and consumables supply to meet normal burn requirements. However, in situations where coal supplies fall below prescribed minimum levels, the Company attempts to conserve coal supplies. In the event of a severe coal shortage, AEP Ohio and the AEP System-East

AEP Ohio ESP
Fuel Procurement, AEP Ohio Generation Units, and Other Fuel Related
Information

Zone operating companies would implement procedures for the orderly reduction of the consumption of electricity, in accordance with the Emergency Operating Plan.

d. Units

The generating units that AEP Ohio owns are included in the table below. The table also lists major environmental equipment that has been added to the units: Flue Gas Desulfurization (FGD) for the control of SO₂ emissions, and Selective Catalytic Reduction (SCR) for the control of NO_x emissions. The costs associated with these units are included in the FAC for 2009 as set out in the Company's testimony in its ESP filing.

AEP Ohio ESP
Fuel Procurement, AEP Ohio Generation Units, and Other Fuel Related
Information

AEP Ohio
Existing Generation Capacity as of June 1, 2008

Plant Name	Unit No.	In-Service Date	Mode of Operation	Fuel Type	SCR	FGD	FGD Upgr
CSP							
Beckjord	6	1969	Base	Coal	--	2012	--
Conesville	3	1962	Base	Coal	--	--	--
Conesville	4	1973	Base	Coal	2009	2009	--
Conesville	5	1976	Base	Coal	2014	1976	--
Conesville	6	1978	Base	Coal	2014	1978	2008
Picway	5	1955	Base	Coal	--	--	--
Stuart	1	1971	Base	Coal	2004	2008	--
Stuart	2	1970	Base	Coal	2004	2008	--
Stuart	3	1972	Base	Coal	2004	2008	--
Stuart	4	1974	Base	Coal	2004	2008	--
Zimmer	1	1991	Base	Coal	2004	1991	2009
Waterford (CC)	1-6	2002 (a)	Intermediate/Pkg	Gas	2002	--	--
Darby (CT)	1-6	2002	Peaking (CT)	Gas	2002	--	--
Stuart Diesel		1969	Peaking	Oil	--	--	--
OPCo							
Amos	3	1973	Base	Coal	2004	2008	--
Cardinal	1	1967	Base	Coal	2004	2008	--
Gavin	1	1974	Base	Coal	2004	1994	2010
Gavin	2	1975	Base	Coal	2004	1994	2010
Kammer	1	1958	Base	Coal	--	--	--
Kammer	2	1958	Base	Coal	--	--	--
Kammer	3	1959	Base	Coal	--	--	--
Mitchell	1	1971	Base	Coal	2007	2007	--
Mitchell	2	1971	Base	Coal	2007	2007	--
Muskingum River	1	1953	Base	Coal	--	--	--
Muskingum River	2	1954	Base	Coal	--	--	--
Muskingum River	3	1957	Base	Coal	--	--	--
Muskingum River	4	1958	Base	Coal	--	--	--
Muskingum River	5	1968	Base	Coal	2005	2015	--
Sporn	2	1950	Base	Coal	--	--	--
Sporn	4	1952	Base	Coal	--	--	--
Sporn	5	1960	Base	Coal	--	--	--
Racine Hydro		1983	Base	Hydro	--	--	--

(a) Acquired in 2005.

AEP Ohio ESP

Fuel Procurement, AEP Ohio Generation Units, and Other Fuel Related Information

As a result of the different air emission standards, environmental equipment installed on the units, and differences in the boiler designs, the coal supplies for the various coal units vary in order to match the differing quality requirements of the units.

e. Purchased Power

AEP Ohio makes power purchases from affiliates, non-affiliated companies and through the PJM market that will be included in the Companies' proposed FAC. AEP Ohio has contracts to purchase power from OVEC and Buckeye Power generating units, and from its affiliate, American Electric Generating Company's (AEG) Lawrenceburg plant. AEP Ohio also proposes to solicit some of its power requirements through an RFP process to serve Ohio retail load.

f. AEP Power Pool and PJM

The 2009 FAC reflects the AEP Ohio generating resources being operated under the AEP Interconnection agreement. AEP is a member of PJM and operates its fleet, including AEP Ohio's generating resources, in accordance with PJM protocols.

g. Economic Dispatch

AEP, along with other generators in PJM, "offer(s)" available generating units into the PJM market on a daily basis. PJM performs an economic dispatch for the PJM footprint to meet the load requirements with all available generation. After the end of the month AEP reconstructs, for cost allocation purposes, the economic dispatch for its units based on hourly generating unit output. This reconstruction assigns the generation used for Off-System sales for each hour of the month. The units at the top of the stack, i.e., the

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more expensive units, are assigned to Off-System Sales resulting in lower generation costs assigned to internal load customers. The 2009 FAC reflects the forecasted cost reconstruction of the AEP generating units.

Assumptions Used in the Projected Financial Statements

- The AEP Interconnection Agreement, the AEP Transmission Agreement and the Interim Allowance Agreement continue.
- All current AEP Ohio generation assets and entitlements are maintained through the forecast period.
- Utility Operations sells generation beyond the system internal load requirements into the wholesale market.
- The assumed load forecast is provided below.

GWh		2009	2010	2011
AEP Ohio	Residential	15,380	15,524	15,576
	Commercial	14,967	15,206	15,350
	Industrial	20,150	20,008	19,959
	Other Ultimate	139	139	140
	Total Retail	50,636	50,877	51,025
CSP	Residential	7,702	7,794	7,837
	Commercial	9,011	9,164	9,271
	Industrial	5,753	5,676	5,631
	Other Ultimate	55	55	56
	Total Retail	22,520	22,688	22,796
OPCO	Residential	7,679	7,731	7,738
	Commercial	5,956	6,042	6,079
	Industrial	14,397	14,332	14,328
	Other Ultimate	84	84	84
	Total Retail	28,116	28,189	28,229

- Market purchases were included representing 5%/10%/15% of OPCo and CSP retail load in 2009/2010/2011.
- The AEP east operating companies continue to operate in the PJM ISO.
- The AEP OATT is based upon the formula rate currently under review by FERC.
- Pole attachment revenues in the forecast are based on the trending of actual revenues. No negative adjustment is assumed in pole attachment revenues from the FCC's Notice of Proposed Rulemaking posted on the Federal Register February 2008 due to uncertainty of outcome.
- Long-term interest rates are assumed to be 8% for all new issuances.
- The capital structures of the companies are maintained at approximately 50% debt and 50% equity throughout the forecast period.
- Current depreciation rates were assumed to continue through the forecast period.
- Projections were developed on an individual operating company basis and the combined results are the simple addition of the forecasted results for the two companies.
- The financially significant components of the companies' ESP filings are included in these projections.

Projected Financial Statements Prepared Consistent with Filing

Line	<u>INCOME STATEMENT</u>		
	(\$000)		
(1) Combined AEP Ohio			
	2009	2010	2011
(2) REVENUE			
(3) Sales of Electricity	5,798,122	6,491,099	7,192,142
(4) Other Operating Revenue	140,828	143,725	140,261
(5) Total Revenue	<u>5,938,951</u>	<u>6,634,825</u>	<u>7,332,403</u>
(6) COST OF SALES			
(7) Total Cost of Sales	<u>3,257,043</u>	<u>3,515,574</u>	<u>3,987,969</u>
(8) Gross Margin	<u>2,681,907</u>	<u>3,119,251</u>	<u>3,344,435</u>
(9) OPERATING EXPENSES			
(10) Operations & Maintenance	1,204,992	1,251,829	1,263,890
(11) Taxes Other Than Income	<u>384,421</u>	<u>408,413</u>	<u>426,691</u>
(12) TOTAL OPERATING EXPENSES	<u>1,589,413</u>	<u>1,660,241</u>	<u>1,690,581</u>
(13) Operating Margin/EBITDA	1,092,495	1,459,010	1,653,854
(14) Depreciation & Amortization	499,331	521,261	532,708
(15) Other (Income) / Deductions	<u>(30,780)</u>	<u>(35,323)</u>	<u>(32,018)</u>
(16) EBIT	<u>623,944</u>	<u>973,072</u>	<u>1,153,164</u>
(17) Total Interest Expense	256,077	292,146	299,787
(18) Total Income Taxes	105,527	213,612	271,537
(19) Preferred Stock Dividends	733	733	733
(20) NET INCOME	<u>261,607</u>	<u>466,582</u>	<u>581,107</u>
(21) ROE*	5.7%	9.7%	11.7%

* Excludes the OSS margin effect on ROE of 4.3% in 2009, 3.1% in 2010 and 3.4% in 2011.

Projected Financial Statements Prepared Consistent with Filing

Line	<u>BALANCE SHEET</u>		
	(\$000)		
(1) Combined AEP Ohio	2009	2010	2011
(2) Assets			
(3) Gross Plant in Service	15,367,843	16,034,981	16,722,637
(4) Construction Work In Progress	209,731	289,115	341,547
(5) Gross Plant in Service	15,577,574	16,324,096	17,064,184
(6) Accumulated Depreciation	5,498,035	5,883,620	6,283,208
(7) Net Utility Plant	10,079,539	10,440,476	10,780,976
(8) Other Property and Investments	492,758	486,183	483,088
(9) Current and Accrued Assets	974,616	978,057	980,531
(10) Unamortized Debt Expense	27,352	24,976	22,962
(11) Unamortized Loss on Reacquired Debt	18,277	18,277	18,277
(12) Regulatory Assets	851,948	1,013,596	1,089,419
(13) Other Net Deferrals	507,059	508,843	509,809
(14) Total Assets	12,951,549	13,470,409	13,885,062
(15) Equity and Liabilities			
(16) Common Stock	4,689,743	4,881,577	5,019,055
(17) Preferred Stock	16,627	16,627	16,627
(18) Other Comprehensive Earnings	(68,994)	(69,152)	(69,309)
(19) Total Equity	4,637,376	4,829,052	4,966,373
(20) Long-Term Debt	4,589,485	4,765,461	4,916,147
(21) Capital Leases	34,311	34,311	34,311
(22) Other Non-Current Liabilities	307,829	307,829	307,829
(23) Short-Term Debt	24,323	38,489	33,798
(24) Other Current and Accrued Liabilities	1,345,237	1,352,997	1,352,232
(25) Deferred Credits	2,012,987	2,142,269	2,274,373
(26) Total Equity and Liabilities	12,951,549	13,470,409	13,885,062
(27) Total Debt/Capital	50.1%	50.0%	50.1%

Projected Financial Statements Prepared Consistent with Filing

Line	<u>CASH FLOW</u> (\$000)			
(1) Combined AEP Ohio		2009	2010	2011
(2) Operating Activities				
(3) Balance for Common		261,607	466,582	581,107
(4) Adjustments to Net Income				
(5) Depreciation and Amortization		499,331	521,261	532,708
(6) Deferred Income Tax		90,843	126,662	128,682
(7) Changes in Regulatory Assets		(410,361)	(152,426)	(60,928)
(8) Changes in Working Capital		27,424	7,390	8,201
(9) Other Adjustments to Net Income		418,939	228,279	170,970
(10) Cash From Operations		887,784	1,197,748	1,360,740
(11) Investing Activities				
(12) Construction Expenditures		(894,632)	(839,287)	(827,026)
(13) AFUDC Debt/Capitalized Interest		(22,120)	(19,075)	(20,726)
(14) Cash Used in Investing		(916,752)	(858,362)	(847,751)
(15) Financing Activities				
(16) Issuance of Long-Term Debt		608,714	625,000	150,000
(17) Retirement of Long-Term Debt		(477,500)	(450,000)	
(18) Change in Short-Term Debt		(127,043)	11,653	(10,254)
(19) Equity Contributions		100,000		
(20) Dividends Paid		(75,000)	(525,000)	(650,000)
(21) Other Financing Activity		(733)	(733)	(733)
(22) Cash From Financing Activities		28,438	(339,080)	(510,987)
(23) Total Change in Cash		(530)	306	2,001
(24) Beginning Cash and Cash Equivalents		2,450	1,920	2,226
(25) Ending Cash and Cash Equivalents		1,920	2,226	4,227

Projected Financial Statements Prepared Consistent with Filing

Line	<u>INCOME STATEMENT</u>		
	(\$000)		
(1) Ohio Power			
	2009	2010	2011
(2) REVENUE			
(3) Sales of Electricity	3,409,812	3,789,517	4,149,233
(4) Other Operating Revenue	94,104	93,291	88,032
(5) Total Revenue	<u>3,503,916</u>	<u>3,882,807</u>	<u>4,237,264</u>
(6) COST OF SALES			
(7) Total Cost of Sales	<u>2,001,613</u>	<u>2,185,763</u>	<u>2,403,150</u>
(8) Gross Margin	<u>1,502,303</u>	<u>1,697,044</u>	<u>1,834,114</u>
(9) OPERATING EXPENSES			
(10) Operations & Maintenance	704,544	731,361	736,525
(11) Taxes Other Than Income	<u>203,771</u>	<u>213,940</u>	<u>222,706</u>
(12) TOTAL OPERATING EXPENSES	<u>908,315</u>	<u>945,301</u>	<u>959,232</u>
(13) Operating Margin/EBITDA	593,988	751,743	874,882
(14) Depreciation & Amortization	325,502	334,673	341,234
(15) Other (Income) / Deductions	<u>(18,590)</u>	<u>(23,693)</u>	<u>(23,980)</u>
(16) EBIT	<u>287,077</u>	<u>440,763</u>	<u>557,628</u>
(17) Total Interest Expense	173,051	195,840	200,767
(18) Total Income Taxes	27,233	72,994	112,092
(19) Preferred Stock Dividends	733	733	733
(20) NET INCOME	<u>86,060</u>	<u>171,197</u>	<u>244,035</u>

Projected Financial Statements Prepared Consistent with Filing

Line	<u>BALANCE SHEET</u>		
	(\$000)		
(1) Ohio Power			
	2009	2010	2011
(2) Assets			
(3) Gross Plant in Service	9,973,181	10,343,694	10,727,978
(4) Construction Work In Progress	90,602	118,388	121,443
(5) Gross Plant in Service	10,063,783	10,462,062	10,849,422
(6) Accumulated Depreciation	3,455,427	3,702,653	3,956,385
(7) Net Utility Plant	6,608,356	6,759,409	6,893,037
(8) Other Property and Investments	325,166	323,380	326,947
(9) Current and Accrued Assets	624,883	630,979	633,679
(10) Unamortized Debt Expense	19,205	17,525	16,064
(11) Unamortized Loss on Reacquired Debt	8,226	8,226	8,226
(12) Regulatory Assets	594,799	818,700	943,160
(13) Other Net Deferrals	332,632	332,632	332,632
(14) Total Assets	8,513,265	8,890,850	9,153,744
(15) Equity and Liabilities			
(16) Common Stock	3,108,267	3,251,491	3,356,817
(17) Preferred Stock	16,627	16,627	16,627
(18) Other Comprehensive Earnings	(44,234)	(44,234)	(44,234)
(19) Total Equity	3,080,661	3,223,884	3,329,210
(20) Long-Term Debt	3,053,361	3,204,009	3,279,408
(21) Capital Leases	27,057	27,057	27,057
(22) Other Non-Current Liabilities	210,377	210,377	210,377
(23) Short-Term Debt	15,970	19,798	21,950
(24) Other Current and Accrued Liabilities	790,348	788,615	782,255
(25) Deferred Credits	1,335,491	1,417,111	1,503,488
(26) Total Equity and Liabilities	8,513,265	8,890,850	9,153,744
(27) Total Debt/Capital	50.1%	50.2%	50.0%

Projected Financial Statements Prepared Consistent with Filing

Line	<u>CASH FLOW</u> (\$000)			
(1) Ohio Power		2009	2010	2011
(2) Operating Activities				
(3) Balance for Common		86,060	171,197	244,035
(4) Adjustments to Net Income				
(5) Depreciation and Amortization		325,502	334,673	341,234
(6) Deferred Income Tax		50,995	78,415	82,669
(7) Changes in Regulatory Assets		(303,084)	(213,751)	(109,692)
(8) Changes in Working Capital		19,288	6,166	9,562
(9) Other Adjustments to Net Income		270,833	195,215	121,857
(10) Cash From Operations		449,593	571,915	689,665
(11) Investing Activities				
(12) Construction Expenditures		(480,529)	(458,955)	(445,553)
(13) AFUDC Debt/Capitalized Interest		(13,797)	(13,541)	(13,267)
(14) Cash Used in Investing		(494,325)	(472,497)	(458,820)
(15) Financing Activities				
(16) Issuance of Long-Term Debt		516,930	350,000	75,000
(17) Retirement of Long-Term Debt		(477,500)	(200,000)	
(18) Change in Short-Term Debt		(94,397)	1,314	(3,411)
(19) Equity Contributions		100,000		
(20) Dividends Paid			(250,000)	(300,000)
(21) Other Financing Activity		(733)	(733)	(733)
(22) Cash From Financing Activities		44,300	(99,418)	(229,144)
(23) Total Change in Cash		(432)	(0)	1,701
(24) Beginning Cash and Cash Equivalents		432	(0)	(0)
(25) Ending Cash and Cash Equivalents		(0)	(0)	1,701

Projected Financial Statements Prepared Consistent with Filing

Line	<u>INCOME STATEMENT</u>		
	(\$000)		
(1) Columbus Southern Power			
	2009	2010	2011
(2) REVENUE			
(3) Sales of Electricity	2,388,310	2,701,583	3,042,910
(4) Other Operating Revenue	46,724	50,434	52,229
(5) Total Revenue	<u>2,435,034</u>	<u>2,752,017</u>	<u>3,095,139</u>
(6) COST OF SALES			
(7) Total Cost of Sales	<u>1,255,430</u>	<u>1,329,810</u>	<u>1,584,818</u>
(8) Gross Margin	<u>1,179,604</u>	<u>1,422,207</u>	<u>1,510,321</u>
(9) OPERATING EXPENSES			
(10) Operations & Maintenance	500,448	520,468	527,364
(11) Taxes Other Than Income	<u>180,649</u>	<u>194,472</u>	<u>203,985</u>
(12) TOTAL OPERATING EXPENSES	<u>681,098</u>	<u>714,940</u>	<u>731,348</u>
(13) Operating Margin/EBITDA	498,507	707,267	778,972
(14) Depreciation & Amortization	173,830	186,588	191,474
(15) Other (Income) / Deductions	<u>(12,190)</u>	<u>(11,631)</u>	<u>(8,039)</u>
(16) EBIT	<u>336,867</u>	<u>532,309</u>	<u>595,537</u>
(17) Total Interest Expense	83,027	96,307	99,019
(18) Total Income Taxes	78,294	140,617	159,445
(19) Preferred Stock Dividends			
(20) NET INCOME	<u>175,546</u>	<u>295,385</u>	<u>337,073</u>

Projected Financial Statements Prepared Consistent with Filing

Line	<u>BALANCE SHEET</u>		
	(\$000)		
(1) Columbus Southern Power	2009	2010	2011
(2) Assets			
(3) Gross Plant in Service	5,394,862	5,691,287	5,994,659
(4) Construction Work In Progress	119,128	170,747	220,103
(5) Gross Plant in Service	5,513,791	5,862,034	6,214,762
(6) Accumulated Depreciation	2,042,608	2,180,967	2,326,823
(7) Net Utility Plant	3,471,182	3,681,067	3,887,939
(8) Other Property and Investments	167,593	162,803	156,141
(9) Current and Accrued Assets	349,733	347,079	346,852
(10) Unamortized Debt Expense	8,148	7,451	6,898
(11) Unamortized Loss on Reacquired Debt	10,051	10,051	10,051
(12) Regulatory Assets	257,149	194,896	146,259
(13) Other Net Deferrals	174,428	176,211	177,178
(14) Total Assets	4,438,284	4,579,558	4,731,318
(15) Equity and Liabilities			
(16) Common Stock	1,581,476	1,630,086	1,662,238
(17) Preferred Stock			
(18) Other Comprehensive Earnings	(24,760)	(24,918)	(25,075)
(19) Total Equity	1,556,716	1,605,168	1,637,163
(20) Long-Term Debt	1,536,124	1,561,452	1,636,739
(21) Capital Leases	7,255	7,255	7,255
(22) Other Non-Current Liabilities	97,452	97,452	97,452
(23) Short-Term Debt	8,353	18,691	11,848
(24) Other Current and Accrued Liabilities	554,889	564,382	569,977
(25) Deferred Credits	677,496	725,158	770,885
(26) Total Equity and Liabilities	4,438,284	4,579,558	4,731,318
(27) Total Debt/Capital	49.9%	49.7%	50.3%

Projected Financial Statements Prepared Consistent with Filing

Line	<u>CASH FLOW</u>		
	(\$000)		
(1) Columbus Southern Power			
	2009	2010	2011
(2) Operating Activities			
(3) Balance for Common	175,546	295,385	337,073
(4) Adjustments to Net Income			
(5) Depreciation and Amortization	173,830	186,588	191,474
(6) Deferred Income Tax	39,849	48,246	46,013
(7) Changes in Regulatory Assets	(107,276)	61,325	48,763
(8) Changes in Working Capital	8,136	1,224	(1,361)
(9) Other Adjustments to Net Income	148,106	33,065	49,113
(10) Cash From Operations	438,191	625,833	671,075
(11) Investing Activities			
(12) Construction Expenditures	(414,104)	(380,332)	(381,472)
(13) AFUDC Debt/Capitalized Interest	(8,323)	(5,534)	(7,459)
(14) Cash Used in Investing	(422,427)	(385,866)	(388,931)
(15) Financing Activities			
(16) Issuance of Long-Term Debt	91,784	275,000	75,000
(17) Retirement of Long-Term Debt		(250,000)	
(18) Change in Short-Term Debt	(32,646)	10,338	(6,843)
(19) Equity Contributions			
(20) Dividends Paid	(75,000)	(275,000)	(350,000)
(21) Other Financing Activity			
(22) Cash From Financing Activities	(15,862)	(239,662)	(281,843)
(23) Total Change in Cash	(98)	306	301
(24) Beginning Cash and Cash Equivalents	2,018	1,920	2,226
(25) Ending Cash and Cash Equivalents	1,920	2,226	2,527