BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbus Southern Power Company for Approval of its Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets.	)	Case No. 08-917-EL-SSO
In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan; and an Amendment to its Corporate Separation Plan.	)	Case No. 08-918-EL-SSO

INDUSTRIAL ENERGY USERS-OHIO'S MEMORANDUM CONTRA AEP-OHIO'S APPLICATION FOR REHEARING

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April 27, 2009

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I. INTRODUCTION

On March 18, 2009, the Public Utilities Commission of Ohio ("PUCO" or "Commission") issued an Opinion and Order ("Order") addressing the proposed electric security plan ("ESP") of Columbus Southern Power Company and Ohio Power Company (individually "CSP" and "OP", respectively, and collectively "Companies" or "AEP-Ohio"). On April 17, 2009, AEP-Ohio filed an Application for Rehearing claiming that the Order is unreasonable and unlawful for numerous reasons. As explained in more detail below, AEP-Ohio's Application for Rehearing and, more specifically, the relief sought by AEP-Ohio through its Application for Rehearing are without merit.

Formulating IEU-Ohio's reply to AEP-Ohio's Application for Rehearing was quite challenging for a number of reasons. But the root cause of IEU-Ohio's threshold difficulty is traceable to the Commission's Order itself which awarded AEP-Ohio increased revenues of about $1.5 billion during the three-year ESP period.[1] As IEU-Ohio demonstrated in its Application for Rehearing, the Order lacks information required to track how the Commission resolved contested issues and arrived at, where there are any, conclusions of law and findings of fact. The mystery created by the Order is somewhat confirmed by the frequency with which AEP-Ohio's Application for Rehearing asks the Commission to "clarify" its Order.

Before taking on the specific allegations of errors contained in AEP-Ohio's rehearing application, it may be useful to step back and examine the bigger picture implications of AEP-Ohio's challenges to the Commission's Order. Prior to filing its Application for Rehearing, AEP-Ohio implemented, under the Commission's supervision, rate increases while notifying the Commission that AEP-Ohio may still elect to withdraw and terminate its ESP depending on the results during the rehearing phase of this proceeding. The excessive effect of AEP-Ohio's use of the Order for purposes of increasing electric rates has, so far, evaded the Commission's attention. But it is clear that customers' bills have gone up much more sharply than the total bill increase limits plainly stated in the Order.

By IEU-Ohio's count, the rate increases put in motion by the March 18, 2009 Order will require customers to come up with about **$1.5 billion** more to pay for their electricity service just during the thirty-three month ESP period with nearly all customers seeing double digit increases in 2009 and no customers able to tell what is coming in

[1] As the Commission knows, the $1.5 billion three-year total increase has been crammed into a period of thirty-three months.

2010. Over the thirty-three month ESP period, the Order increases rates by **$45.5 million per month** or **$1.5 million per day**.

IEU-Ohio's analysis of the changes sought by AEP-Ohio through its rehearing application indicates that, if the changes are approved, the additional $1.5 billion burden on customers will grow to just under $2 billion with the bulk of this additional increase (about $350 million) tied to AEP-Ohio's complaint that the PUCO did not approve AEP-Ohio's unexplained, unsupported and outlandish request for automatic annual increases in non-fuel adjustment clause ("FAC") generation costs.

AEP-Ohio confirmed IEU-Ohio's analysis on an earnings call regarding the first quarter of 2009 on April 24, 2009. Specifically, the Ohio Companies' gross margin per megawatt hour ("MWh") built into AEP's 2009 guidance (expected earnings) indicates a large jump relative to 2008 actual.

2008 Actual: $3.24

2009E: $2.75-$3.05

American Electric Power
2008 Actual vs. 2009 Guidance

		Performance Driver	2008 Actual ($ millions)	Performance Driver	2009 Guidance ($ millions)
	UTILITY OPERATIONS:				
	Gross Margin:				
1	East Regulated Integrated Utilities	72,725 GWh @ $31.3 MWhr =	2,278	68,579 GWh @ $36.8 MWhr =	2,523
2	Ohio Companies	52,181 GWh @ $46.6 MWhr =	2,431	49,597 GWh @ $58.1 MWhr =	2,879
3	West Regulated Integrated Utilities	41,907 GWh @ $25.2 MWhr =	1,057	40,065 GWh @ $29.0 MWhr =	1,163
4	Texas Wires	27,075 GWh @ $19.8 MWhr =	537	27,267 GWh @ $20.6 MWhr =	561
5	Off-System Sales	29,365 GWh @ $28.8 MWhr =	845	22,763 GWh @ $11.4 MWhr =	260
6	Transmission Revenue - 3rd Party		329		364
7	Other Operating Revenue		569		636
8	Utility Gross Margin		8,046		8,386

See American Electric Power, 1Q09 Earnings Release Presentation (April 24, 2009) (attached hereto as "Exhibit A"). This appears to be a result of what Mr. Morris called the ***phenomenal*** results from regulators. *See also American Electric Power,* Strategic Direction & Financial Outlook & 1Q09 Earnings Presentation at 30 (April 24, 2009) (attached hereto as "Exhibit B"). Specifically, AEP notes that the fuel adjustment clause

("FAC") provides AEP-Ohio with complete recovery of all current and future costs of carbon regulation and that AEP-Ohio continues to have the opportunity to further increase rates through a distribution rate case. Moreover, while Mr. Morris repeated statements that AEP-Ohio is the low cost provider, it is worth noting that the 2009 estimated gross margin for the Ohio companies is listed as $58.1/MWh while the next highest gross margin is for the regulated utilities in the East at $36.8/MWh. Stated differently, as a result of the Commission's approval of AEP-Ohio's ESP, AEP-Ohio's gross margins are over $21/MWh higher than anywhere else in AEP's service territory.

Overview of Ohio

AEP OHIO - ELECTRIC SECURITY PLAN
FINANCIAL HIGHLIGHTS OF ESP

Description	2009 ESP Appl.	2009 PUCO Order	2010 ESP Appl.	2010 PUCO Order	2011 ESP Appl.	2011 PUCO Order	Cumulative ESP Appl.	Cumulative PUCO Order
	Incremental Revenue		Incremental Revenue		Incremental Revenue		Incremental Revenue	
Total Fuel Adjustment Clause (FAC) (Incl. OVEC of $60.8M)	214.5M	64.3M	455.1M	228.6M	510.0M	265.7M	2064.6M	916.0M
Non- FAC								
Environmental Capital (Carrying Costs)	110.0M	110.0M	0.0M	0.0M	0.0M	0.0M	330.0M	330.0M
Generation Assets	0.0M	51.0M	0.0M	0.0M	0.0M	0.0M	0.0M	153.0M
Non-FAC Generation (3% & 7%)	56.0M	0.0M	59.3M	0.0M	62.8M	0.0M	349.3M	0.0M
POLR	114.8M	100.1M	0.0M	0.0M	0.0M	0.0M	344.3M	300.3M
Distribution	45.0M	34.9M	48.1M	6.2M	51.4M	3.6M	282.6M	120.7M
Energy Efficiency/Demand Response	30.4M	0.0M	32.6M	0.0N	21.4M	0.0M	177.8M	0.0M
Other	-107.7M	-113.8M	0.0M	0.0M	38.0M	0.0M	-285.2M	-341.4M
Total Non-FAC	248.3M	182.2M	140.0M	6.2M	173.6M	3.6M	1198.7M	562.6M
Total Cash Increase	462.8M	246.5M	595.1M	234.9M	684.4M	269.4M	3263.3M	1478.6M
	Other Components		Other Components		Other Components		Other Components	
Partnership with Ohio Fund	-25.0M	-5.0M	0.0M	0.0M	0.0M	0.0M	-75.0M	-15.0M

- Revenue increases:

	2009	2010	2011
OPCo	8%	7%	8%
CSPCo	7%	6%	6%

- Fuel recovery mechanism
  - Any under-recoveries earn WACC similar to plant investment
  - Deferred fuel balances at end of ESP are amortized and recovered 2012-2018
  - Recovery of future costs of carbon regulation explicitly included in FAC
- Opportunity for distribution rate cases

AEP AMERICAN ELECTRIC POWER

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In other words, in a proceeding where the Commission's Order has, right or wrong, given AEP-Ohio nearly everything that AEP-Ohio might rationally have defined for itself as a "best case" outcome, AEP-Ohio continues to advise the Commission that it may withdraw and terminate its ESP application unless the Commission further enhances the ESP.[2]

With this larger picture in mind, the Commission may better understand how and why customer representatives in this proceeding have attacked the March 18, 2009 Order and what AEP-Ohio has done in the name of said Order as unfair, unjust and unlawful and why they have acted to secure relief that will strike a fair balance between the interests of AEP-Ohio and its customers.

Below, IEU-Ohio responds to some but not all of the specific allegations of error contained in AEP-Ohio's Application for Rehearing. IEU-Ohio's failure to address each and every specific allegation of error advanced by AEP-Ohio is not a concession by IEU-Ohio that any allegation unaddressed by IEU-Ohio has merit.

II. ASSIGNMENTS OF ERROR WITH WHICH IEU-OHIO AGREES

AEP-Ohio asserted thirteen errors in the Commission's Order upon which it seeks rehearing. Perhaps surprisingly, IEU-Ohio does not disagree with AEP-Ohio on all of its assignments of error. For example, IEU-Ohio agrees with AEP-Ohio that it was unreasonable and unlawful for the Commission to set aside Section 4928.66, Revised

[2] On the same day that AEP-Ohio filed its application for rehearing (April 17, 2009), the Ohio Department of Jobs and Family Services ("ODJFS") issued a press release announcing that the unemployment rate in Ohio rose to 9.7 percent in March 2009, up from 9.5 percent in February. The release indicated that 578,000 workers were unemployed in Ohio in March, the number of Ohioans unemployed had increased by 211,000 in the past 12 months and that the largest decrease in employment was in the manufacturing sector. The ODJFS release is available *via* the Internet at http://jfs.ohio.gov/RELEASES/unemp/200904/UnempPressRelease.asp. Separate press reports regarding ODJFS's announcement, indicated that ODJFS's spokesperson, Brian Harter, stated that: the March unemployment percentage was the highest since April 1984; and, observers expect the rate to cross the 10 percent mark soon and reach as high as 11 percent. http://www.dispatch.com/live/content/local_news/stories/2009/04/17/ohio_jobless.html?sid=101. Other press reports on ODJFS's announcement included information on expected job cuts announced by major Ohio companies, including The Timken Company (Canton, Ohio), Columbus-based Nationwide Mutual Insurance Co. and a loss of 650 jobs as a result of Wal-Mart Stores Inc. closing an optical lab near Columbus, Ohio (http://www.hudsonhubtimes.com/news/article/4571119).

Code, and determine that the Companies' interruptible load should not be counted in the Companies' determination of its energy efficiency and peak demand reduction compliance "unless and until the load is actually interrupted." AEP-Ohio Application for Rehearing at 20. (internal citations omitted). For the reasons stated by AEP-Ohio and IEU-Ohio in their Applications for Rehearing, the Commission should permit AEP-Ohio to count its interruptible load in its determination of its energy efficiency and peak demand reduction compliance regardless of whether the load is actually interrupted.

Similarly, IEU-Ohio agrees with AEP-Ohio regarding its argument on nonresidential line extensions to the limited extent that AEP-Ohio is recommending that the Commission apply the rules adopted in Case No. 06-653-EL-ORD regarding nonresidential line extensions to AEP-Ohio upon their effective date. AEP-Ohio Application for Rehearing at 8.

III. THE COMMISSION'S AUTHORITY UNDER SECTION 4928.143, REVISED CODE

AEP-Ohio's Application for Rehearing asserts that the Commission is without authority to modify an ESP unless and until it determines that the ESP as proposed by the electric distribution utility ("EDU") is not better in the aggregate than the results that would otherwise apply under Section 4928.142, Revised Code (the market rate option or "MRO"). AEP-Ohio Application for Rehearing at 4. AEP-Ohio is wrong on the law.

Section 4928.143(C)(1), Revised Code, states in part that:

> ...Subject to division (D) of this section, the commission by order shall ***approve or modify and approve an application*** filed under division (A) of this section if it finds that ***the electric security plan so approved***, including its pricing and all other terms and conditions, including any deferrals and any future recovery of deferrals, is more favorable in the aggregate as compared to the expected results that would otherwise apply under section 4928.142 of the Revised Code. (Emphasis added).

The scope of the Commission's authority under Section 4928.143, Revised Code, has been previously addressed by the Commission.[3] By the General Assembly's command, it is the ESP ***so approved*** by the Commission that must be better in the aggregate than an MRO. The ***so approved*** ESP is, in this context, the ESP with the modifications made by the Commission, not the ESP proposed by the EDU in its ESP application. If the EDU does not like the ESP ***so approved*** by the Commission, the EDU can withdraw and terminate its ESP application and thereby avoid whatever modifications that Commission may have made to the as-filed ESP. Section 4928.143(C)(1), Revised Code.

The legal interpretation of Section 4928.143(C)(1), Revised Code, offered by AEP-Ohio would effectively: (1) transfer the burden of proof that the EDU bears with regard to each provision included in its ESP application to the Commission; and (2) require the Commission to approve a provision that is unjust, unlawful or unreasonable, unless the Commission can first conclude that the aggregated ESP is worse than the MRO alternative.

AEP-Ohio's first allegation of error raises no new issues, is without merit and does not therefore require the Commission to grant rehearing. But, the ultimate value of the Commission's authority in this proceeding depends on how the Commission chooses to exercise that authority. And on this score, IEU-Ohio's Application for Rehearing demonstrates that there is much need and room for the Commission to improve upon the results contained in the March 18, 2009 Order.

[3] *See In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code in the Form of an Electric Security Plan*, Case No. 08-935-EL-SSO, Opinion and Order at 9-10 (December 19, 2008).

IV. PHASE-IN

AEP-Ohio alleges that the Commission erred by modifying AEP-Ohio's phase-in proposal noting that the Commission "... substantially adjusted the balance between the charges that would be collected during the ESP and the amount of ... deferrals that will accumulate during the ESP period." *AEP-Ohio Application for Rehearing* at 12. AEP-Ohio carefully avoids specifically identifying the balance it believes the Commission struck perhaps due to its recognition that the total bill increase limits specified in the Commission's Order were knowingly and intentionally violated[4] by the rates which AEP-Ohio put into effect on a bills rendered basis.

IEU-Ohio agrees that the Commission's Order struck an unjust and unreasonable balance. The difference between AEP-Ohio and IEU-Ohio arises from the fact that AEP-Ohio's rehearing request would not correct the unjustness or unreasonableness of the Order.

In view of the significant and customer-unfriendly mismatch between the total bill percentage increase limits clearly specified by the Commission in the Order and the total percentage bill increases actually caused by the rates that AEP-Ohio is now billing and collecting under the Commission's supervision, IEU-Ohio also agrees with AEP-Ohio that it is imperative that the Commission take action. Indeed, IEU-Ohio did everything possible to get the Commission to act on this important question before AEP-Ohio began billing and collecting rate increases that are greatly in excess of the amounts specified by the Commission. In the current context, it is, bluntly stated, insulting for AEP-Ohio to suggest that "...clarification is needed in order for the

[4] Section 4903.25, Revised Code, makes it unlawful for a public utility to knowingly violate an order or direction of the Commission. Section 4903.99, Revised Code, classifies a violation of Section 4903.25, Revised Code, as a criminal offense and felony of the fourth degree.

Companies and the intervenors to fully understand the import of the Commission's Order." AEP-Ohio Application for Rehearing at 13.

At least for IEU-Ohio, there is no mystery or lack of understanding about the mathematical consequences of the Commission-specified limitation of 7 percent or 8 percent on the amount of the increase in the total bill. The mystery arises from the much larger rate increase results that AEP-Ohio extracted from the Order for purposes of billing and collecting for electric service.

AEP-Ohio's Application for Rehearing also asks the Commission to grant rehearing for the purpose of finding that some categories of rate increases that affect the total bill should be ignored for purposes of applying the total bill percentage increases. In other words, AEP-Ohio wants the Commission to give AEP-Ohio more of the customers' acreage to grow and harvest its cash crop even though the actual rates now being billed and collected by AEP-Ohio produced total bill percentage increases that blew through the total bill increase limits specified by the Commission.

If the words "total bill" mean something less than the total bill in today's world of transparent regulation or if 7 percent and 8 percent increase limits really enable double digit percentage increases, then IEU-Ohio hopes that the Commission will, through the rehearing process, provide intervenors with information that will allow them to "... fully understand the import of the Commission's Order."

V. ANNUAL AUTOMATIC NON-FAC INCREASES

AEP-Ohio contests the Order's failure to allow AEP-Ohio to automatically and annually increase the non-FAC portion of generation charges by 3 percent and 7 percent for CSP and OP, respectively. AEP-Ohio Application for Rehearing at 14.

IEU-Ohio's analysis of this plank in the AEP-Ohio rate increase platform indicates that giving AEP-Ohio additional authority to implement its proposed automatic annual non-FAC increases would, over the thirty-three month ESP period, result in customers paying an additional $87 million to CSP, and an additional $263 million to OP (a total of about $350 million). So this plank is the "big ticket" item in AEP-Ohio's rehearing portfolio. Nonetheless, AEP-Ohio's rehearing application does nothing to shed any light on why AEP-Ohio's non-cost-based generation rates should have been automatically increased annually for costs that were never identified in the record. AEP-Ohio's Application for Rehearing likewise does not explain how the Commission might lawfully increase generation rates for future environmental costs without first complying with the requirements of Section 4928.143(B)(2)(b), Revised Code, and the requirements of Section 4928.143(C)(1), Revised Code.

AEP-Ohio's allegation of error regarding its proposed annual automatic increases to the non-FAC portion of the generation rate raises no new issues, is without merit and does not therefore require the Commission to grant rehearing.

VI. DEMAND RESPONSE PROGRAMS

While IEU-Ohio agrees with AEP-Ohio that the Commission had sufficient information to decide the issue of retail participation in PJM demand response programs, IEU-Ohio disagrees that the Commission should "default to no participation if it is going to defer its ultimate decision on this issue." AEP-Ohio Application for Rehearing at 25. AEP-Ohio argues that the default position should be that the Commission prohibit participation in PJM demand response programs for four reasons, each of which is inaccurate and/or misleading.

First, AEP-Ohio asserts that the Indiana Public Utilities Commission recently "granted a request by AEP to continue the Commission's default prohibition against retail participation in the PJM demand response programs while it further considers a more permanent resolution to the issue (otherwise only entertaining individual customer requests to participate on case-by-case basis)." AEP-Ohio Application for Rehearing at 25. AEP-Ohio implies that the Commission should follow the explanation of Indiana's decision provided by AEP-Ohio. Indiana's default position is irrelevant. The irrelevance is highlighted by the fact that Indiana still operates under cost-based ratemaking while that is clearly no longer the case in Ohio. Additionally, the Indiana Commission specifically stated:

> The initiation of the Commission's investigation in this Cause did not alter the Commission's existing regulatory practice of requiring approval prior to direct participation by a retail customer in an RTO DRP. ***Nor did the Commission's investigation prohibit Indiana end-use customers desiring to participate in PJM's DRPs from filing a petition seeking approval from the Commission.*** Instead, the Commission commenced this investigation to determine whether, and in what manner, the Commission's regulatory procedure should be modified or ***streamlined to address requests by end-use customers based on the importance of demand response and the increased interest in participation in RTO DRPs.***

In the Matter of the Commission's Investigation Into Any And All Matters Related to Commission Approval of Participation By Indiana End-Use Customers in Demand Response Programs Offered by the Midwest ISO and PJM Interconnection, Cause No. 43566, Order at 5 (February 25, 2009) (emphasis added) (hereinafter "*Indiana Order*").

In other words, there is no prohibition on customer participation in regional transmission organization ("RTO") demand response programs.[5]

Second, AEP-Ohio argues that delaying a decision on this issue will "cause AEP Ohio's compliance costs to increase significantly due to the exportation of Ohio's demand response resources through retail participation in the PJM programs that currently benefit the East Coast." AEP-Ohio Application for Rehearing at 25. This is simply not true. AEP-Ohio could elect to be a curtailment service provider and, in effect, have all of its customer-sited capabilities committed towards AEP-Ohio's compliance with the peak demand reduction mandates of SB 221. Moreover, AEP-Ohio is implicitly conceding that the PJM demand response programs are more valuable to customers than the interruptible rates being offered by AEP-Ohio. Given that SB 221 gives mercantile customers a choice about whether to dedicate their customer-sited capabilities to the Companies for integration into the Companies' portfolio, the Commission should uphold the customers' right to select how and when their demand response capabilities should be deployed.[6]

Third, AEP-Ohio argues that delaying a decision on this issue will "cause additional long-term capacity costs on other non-participating customers due to AEP Ohio's obligation to continue providing firm service even though the participating customers are using their load in a manner that is akin to interruptible service." AEP-Ohio Application for Rehearing at 25-26. This is misleading at best. Should any additional long-term capacity costs be incurred, it would not be the result of customers

[5] It is also worth noting that the *Indiana Order* indicates that of the customers that requested to participate in the RTO demand response programs, three requests were approved and two are still pending. None were rejected. *Id.*

[6] IEU-Ohio Exhibit 1 at 12.

participating in RTO demand response programs, but rather, AEP-Ohio's commitment to meet the generation resource adequacy requirement of all retail suppliers within its PJM zone for a period of five years through PJM's Fixed Resource Requirement or "FRR" program. *See* IEU-Ohio Post Hearing Brief at 30.

Finally, AEP-Ohio mentions that it would like to "emulate the PJM demand response programs at the retail level, to the extent possible." AEP-Ohio Application for Rehearing at 26. (internal citations omitted). As already mentioned, AEP-Ohio's current offerings are not as attractive or valuable to customers as those offered by PJM. The Commission should not limit customers to inferior programs.

For these reasons, the Commission should deny AEP-Ohio's request to prohibit customer participation in RTO demand response programs at all, let alone as the default outcome.

VII. THE FAC

AEP-Ohio's Application for Rehearing includes one paragraph asserting that the Commission's authorization of the FAC for only the term of the ESP is unreasonably restrictive. AEP-Ohio's request for an FAC that goes on in perpetuity is without merit. AEP-Ohio's ESP is for a three-year term. There is no good reason to have an FAC that outlives the ESP. AEP-Ohio has an obligation to have a standard service offer ("SSO") and, thus, at the expiration of this ESP, AEP-Ohio must seek Commission authorization for either another ESP or MRO, which, according to AEP-Ohio, will include an FAC as well. AEP-Ohio Application for Rehearing at 38. The Commission should deny AEP's request.

VIII. GRIDSMART AND OTHER DISTRIBUTION INCREASES

Notwithstanding the fact that the distribution rate increases awarded to the Companies are for proposals that have not yet been implemented, were not shown to satisfy the cost-effectiveness requirements of Sections 4928.02(D) and 4928.64(E), Revised Code, and have not been demonstrated to be prudent, AEP-Ohio argues that it was unreasonable and unlawful for the Commission to find that the remainder of AEP-Ohio's "distribution proposals must be examined through a distribution rate case...." AEP-Ohio Application for Rehearing at 27. Additionally, AEP-Ohio argues that the Order is unlawful and unreasonable to the extent that it intended to allow only half of the required funding for its gridSMART proposal. AEP-Ohio Application for Rehearing at 35.

As IEU-Ohio already pointed out in its Application for Rehearing, the combination of the gridSMART and vegetation management cost recovery riders produces distribution rate increases that exceed the automatic distribution rate increases of 7 percent for CSP and 6.5 percent for OP requested in AEP-Ohio's ESP proposal, at least for 2009. Moreover, the Commission's holding does not foreclose AEP-Ohio from requesting distribution rate increases to recover the costs of its proposed programs, provided that AEP-Ohio can demonstrate through a rate case that an increase is necessary.[7] Nonetheless, AEP-Ohio is requesting rehearing to further increase distribution rates. Because there is simply no basis in fact or law for cost recovery of the proposals and because the Order already increased distribution rates in 2009 by

[7] *See* Exhibit B at 30.

more than the level proposed by AEP-Ohio, the Commission should deny AEP-Ohio's request for rehearing.

IX. THE SEET

Finally, AEP-Ohio requested rehearing for the purpose of getting clarification that AEP-Ohio's proposal to apply the significantly excessive earnings test ("SEET") to CSP and OP on a combined basis is reasonable and that a common SEET methodology does not require an identical SEET methodology for each Ohio EDU. While IEU-Ohio does not take a position at this point on the substance of AEP-Ohio's request, IEU-Ohio does not believe that a clarification is necessary in an Entry on Rehearing. IEU-Ohio believes that, as the Commission determined, such issues are more appropriately deferred to a workshop. Thus, the Commission should defer clarifications and deny the requested rehearing.

X. CONCLUSION

AEP-Ohio's Application for Rehearing raises no new issues, is without merit and therefore does not warrant action by the Commission to grant rehearing.

Respectfully submitted,

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EXHIBIT A

AEP AMERICAN® ELECTRIC POWER

1Q09 Earnings Release Presentation

April 24, 2009

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

This presentation contains forward-looking statements, which are subject to risks and uncertainties. These factors include electric load and customer growth; weather conditions, including storms; available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters; availability of generating capacity and performance of generating plants including our ability to restore Indiana Michigan Power Company's Donald C. Cook Nuclear Plant Unit 1 in a timely manner; the ability to recover regulatory assets and stranded costs in connection with deregulation; the ability to recover increases in fuel and other energy costs through regulated or competitive electric rates; the ability to build or acquire generating capacity and transmission lines (including our ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs (including the costs of projects that are cancelled) through applicable rate cases or competitive rates; new legislation, litigation and government regulation, including requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances; timing and resolution of pending and future rate cases, negotiations and other regulatory decisions (including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance); resolution of litigation (including disputes arising from the bankruptcy of Enron Corp. and related matters); our ability to constrain operation and maintenance costs; the economic climate and growth or contraction in our service territory and changes in market demand and demographic patterns; inflationary or deflationary interest rate trends; volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impacting our ability to finance new capital projects and refinance existing debt at attractive rates; the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurred cots and recovery is long and the costs are material; our ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas and other energy related commodities; changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading market; actions of rating agencies, including changes in the ratings of debt; volatility and changes in markets for electricity, natural gas, coal, nuclear fuel and other energy-related commodities; changes in utility regulation, including the implementation of the recently-passed utility law in Ohio and the allocation of costs within regional transmission organizations, including PJM and SPP; accounting pronouncements periodically issued by accounting standard-setting bodies; the impact of volatility in the capital markets on the value of the investments held by our pension, other postretirement benefit plans and nuclear decommissioning trust and the impact on future funding requirements; prices for power we generate and sell at wholesale; changes in technology, particularly with respect to new, developing or alternative sources of generation; other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes and other catastrophic events; and other factors discussed in the reports, including Forms 10-K and 10-Q, filed from time to time by the company with the SEC.

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AEP®

1Q09 Earnings

	$ millions			Earnings Per Share		
	1st Qtr 2008	1st Qtr 2009	Change	1st Qtr 2008	1st Qtr 2009	Change
Utility Operations	409	343	(66)	1.02	0.84	(0.18)
Transmission Operations	1	0	(1)	0.00	0.00	0.00
Non-Utility Operations	8	35	27	0.02	0.09	0.07
Parent & Other	(8)	(18)	(10)	(0.02)	(0.04)	(0.02)
AEP On-Going Earnings	410	360	(50)	1.02	0.89	(0.13)
Special Items	163	0	(163)	0.41	0.00	(0.41)
Reported Earnings (GAAP)	573	360	(213)	1.43	0.89	(0.54)

1Q09 Earnings Release

1Q09 Performance

American Electric Power
Financial Results for 1st Quarter 2009 Actual vs 1st Quarter 2008 Actual

		2008 Actual ($ millions)	2008 Actual EPS	2009 Actual ($ millions)	2009 Actual EPS
	UTILITY OPERATIONS:				
	Gross Margin:				
1	East Regulated Integrated Utilities	594		691	
2	Ohio Companies	696		639	
3	West Regulated Integrated Utilities	223		239	
4	Texas Wires	122		127	
5	Off-System Sales	221		85	
6	Transmission Revenue - 3rd Party	80		84	
7	Other Operating Revenue	145		206	
8	Utility Gross Margin	2,081		2,071	
9	Operations & Maintenance	(747)		(803)	
10	Depreciation & Amortization	(355)		(373)	
11	Taxes Other than Income Taxes	(194)		(194)	
12	Interest Exp & Preferred Dividend	(210)		(221)	
13	Other Income & Deductions	41		31	
14	Income Taxes	(207)		(168)	
15	**Utility Operations On-Going Earnings**	409	1.02	343	0.84
16	**Transmission Operations On-Going Earnings**	1	-	-	-
17	AEP River Operations	7	0.02	11	0.03
18	Generation & Marketing	1	-	24	0.06
19	**Parent & Other On-Going Earnings**	(8)	(0.02)	(18)	(0.04)
20	ON-GOING EARNINGS	410	1.02	360	0.89

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

1Q09 Performance Drivers:

- Retail Sales (lines 1-4):
  - Rate relief of $101MM (Primarily APCo and PSO)
  - Lower OSS sharing of $54MM
  - Offset by:
    - $58MM favorable variance in the prior year related to a coal contract amendment
    - $20MM credit for fuel to I&M customers from a portion of Cook Unit 1 accidental outage policy proceeds
    - Load contraction of $6MM, primarily from industrial customers in I&M and the Ohio companies
  - Weather had no EPS impact vs. prior year or normal
- Off-System Sales (line 5):
  - Off System Sales were lower primarily due to lower volumes and market prices which reflect weak market demand and a significant drop in natural gas prices
- Other Operating Revenue (line 7):
  - Increase due to accidental outage insurance payments related to the DC Cook Unit 1 outage ($54MM)
- Operations & Maintenance (line 9):
  - Higher O&M costs related to the 1Q08 PSO storm deferral of $72MM, 2009 storms ($38MM) and an accrual of$15MM for the Partnership with Ohio Fund, offset by the Red Rock write-off in 1Q08($10MM) and a decrease in employee-related expenses ($34MM).
- Interest Expense & Preferred Dividend (line 12):
  - Higher due to increased long-term debt outstanding and higher interest rates
- Income Taxes (line 14):
  - Effective tax rate for utility operations was 32.9% in 2009 and 33.6% in 2008
- River Operations increased due to gains on the sale of two older towboats.
- Generation & Marketing increased as a result of higher gross margin from marketing activities in ERCOT.
- Parent and Other decreased primarily due to higher interest expense at the Parent.

AEP®

1Q2009 Cash Flow

($ millions)	2008	2009
Operating Activities		
Net Income -- Reported	$ 573	$ 360
Discontinued Operations	-	-
Continuing Earnings	573	360
Depreciation, Amortization & Deferred Taxes	427	543
Changes in Components of Working Capital	(74)	(468)
Other Assets & Liabilities	(298)	(117)
Cash Flows From Operating Activities	628	318
Investing Activities		
Capital Expenditures	(778)	(897)
Proceeds on Sale of Assets	18	172
Change in Other Temporary Cash Investments, net	(17)	90
Acquisition of Nuclear Fuel	(98)	(76)
Other Investing, net	(19)	(16)
Cash Flows Used for Investing Activities	(894)	(727)
Financing Activities		
Common Shares Issued, net	45	47
Long-term Debt Issuances, net	627	854
Short-term Debt Decrease, net	(251)	(1)
Other Financing	(14)	(25)
Dividends Paid	(164)	(167)
Cash Flows From Financing Activities	243	708
Cash From Continuing Operations	$ (23)	$ 299
Beginning Cash & Cash Equivalent Balances	178	411
Ending Cash & Cash Equivalent Balances	$ 155	$ 710

1Q2009 Cash Flow Drivers:

Operating Activities

- Changes in working capital largely driven by fuel (coal) stock increase and G&A type items
- Changes in other assets and liabilities largely driven by changes in un-recovered fuel

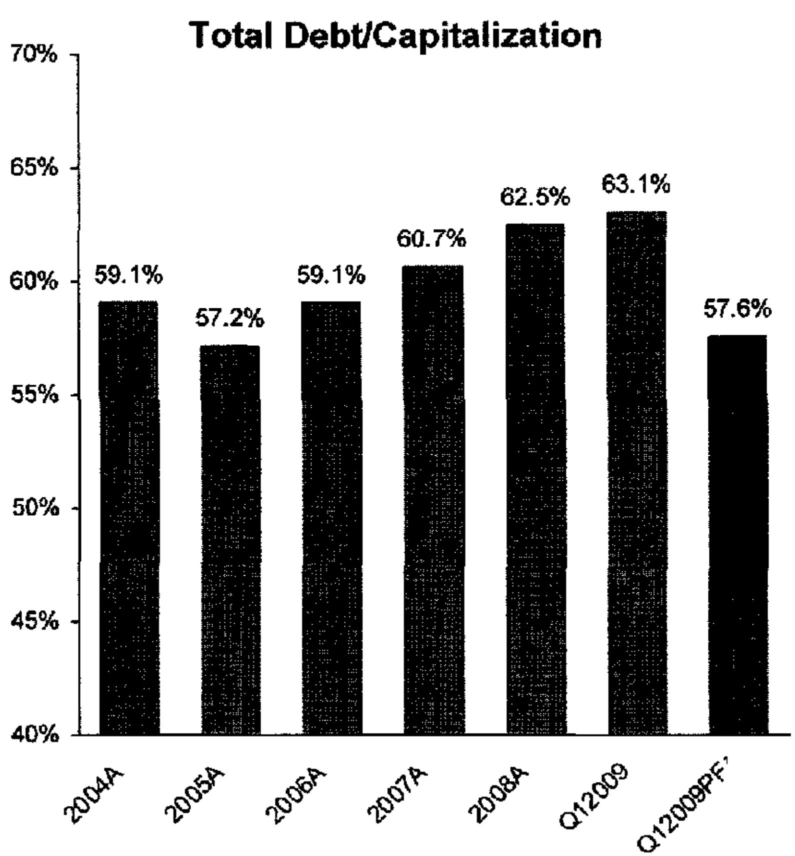
Investing Activities

- Cash outlay of $897MM for 2009 YTD capital investment.
- 2009 asset sale proceeds primarily relate to the transfer of assets from TCC to ETT ($60MM) and the payments from the third-party owners of the Turk Plant ($104MM)

Financing Activities

- Long-term debt issuances of $854MM primarily related to I&M and APCo senior notes.

Maintaining Strong Capitalization & Liquidity



Note: Total Debt is calculated according to GAAP and includes securitized debt
[1] Pro forma assumes proceeds from the equity offering were used to reduce debt

Current Liquidity Summary

- Liquidity provided by 27 banks
- Our largest lender accounts for less than 10% of bank commitments

($mm)	04/20/2009	Maturity
Revolving credit facility	$1,500	March 2011
Revolving credit facility	1,454	April 2012
Revolving credit facility	627	April 2011
Total Credit Facilities	**$3,581**	
Plus: AEP, *Inc.* cash and investments	1,135	
Less: Draw on credit facilities	(969)	
Less: Letters of credit issued	(492)	
Net Available Liquidity	**$3,255**	

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Quarterly Performance Comparison

American Electric Power
Financial Results for 1st Quarter 2009 Actual vs 1st Quarter 2008 Actual

		2008 Performance Driver	2008 Actual ($ millions)	2008 Actual EPS	2009 Performance Driver	2009 Actual ($ millions)	2009 Actual EPS
	UTILITY OPERATIONS:						
	Gross Margin:						
1	East Regulated Integrated Utilities	19,542 GWh @ $ 30.4 /MWhr =	594		18,661 GWh @ $ 37.0 /MWhr =	691	
2	Ohio Companies	13,901 GWh @ $ 50.0 /MWhr =	696		13,134 GWh @ $ 48.7 /MWhr =	639	
3	West Regulated Integrated Utilities	9,869 GWh @ $ 22.6 /MWhr =	223		9,063 GWh @ $ 26.4 /MWhr =	239	
4	Texas Wires	5,823 GWh @ $ 21.0 /MWhr =	122		5,738 GWh @ $ 22.1 /MWhr =	127	
5	Off-System Sales	8,236 GWh @ $ 26.8 /MWhr =	221		2,595 GWh @ $ 32.7 /MWhr =	85	
6	Transmission Revenue - 3rd Party		80			84	
7	Other Operating Revenue		145			206	
8	Utility Gross Margin		2,081			2,071	
9	Operations & Maintenance		(747)			(803)	
10	Depreciation & Amortization		(355)			(373)	
11	Taxes Other than Income Taxes		(194)			(194)	
12	Interest Exp & Preferred Dividend		(210)			(221)	
13	Other Income & Deductions		41			31	
14	Income Taxes		(207)			(168)	
15	**Utility Operations On-Going Earnings**		409	1.02		343	0.84
16	**Transmission Operations On-Going Earnings**		1	-		-	-
	NON-UTILITY OPERATIONS:						
17	AEP River Operations		7	0.02		11	0.03
18	Generation & Marketing		1	-		24	0.06
19	**Parent & Other On-Going Earnings**		(8)	(0.02)		(18)	(0.04)
20	ON-GOING EARNINGS		410	1.02		360	0.89

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

Detailed Ongoing Earnings Guidance

2008 Actual: $3.24

2009E: $2.75-$3.05

American Electric Power
2008 Actual vs. 2009 Guidance

		2008 Performance Driver	2008 Actual ($ millions)	2009 Performance Driver	2009 Guidance ($ millions)
	UTILITY OPERATIONS:				
	Gross Margin:				
1	East Regulated Integrated Utilities	72,725 GWh @ $ 31.3 /MWhr =	2,278	68,579 GWh @ $ 36.8 /MWhr =	2,523
2	Ohio Companies	52,181 GWh @ $ 46.6 /MWhr =	2,431	49,597 GWh @ $ 58.1 /MWhr =	2,879
3	West Regulated Integrated Utilities	41,907 GWh @ $ 25.2 /MWhr =	1,057	40,065 GWh @ $ 29.0 /MWhr =	1,163
4	Texas Wires	27,075 GWh @ $ 19.8 /MWhr =	537	27,267 GWh @ $ 20.6 /MWhr =	561
5	Off-System Sales	29,365 GWh @ $ 28.8 /MWhr =	845	22,763 GWh @ $ 11.4 /MWhr =	260
6	Transmission Revenue - 3rd Party		329		364
7	Other Operating Revenue		569		636
8	Utility Gross Margin		**8,046**		**8,386**
9	Operations & Maintenance		(3,366)		(3,361)
10	Depreciation & Amortization		(1,450)		(1,524)
11	Taxes Other than Income Taxes		(749)		(785)
12	Interest Exp & Preferred Dividend		(872)		(918)
13	Other Income & Deductions		168		97
14	Income Taxes		(567)		(608)
15	**Utility Operations On-Going Earnings**		**1,210**		**1,287**
16	**Transmission Operations On-Going Earnings**		**2**		**3**
	NON-UTILITY OPERATIONS:				
17	AEP River Operations		55		48
18	Generation & Marketing		65		43
	Non-Utility Operations On-Going Earnings		**120**		**91**
19	**Parent & Other On-Going Earnings**		**(31)**		**(78)**
20	**ON-GOING EARNINGS**		**1,301**		**1,303**

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

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1Q09 Retail Performance

	Load Growth (weather normalized)
	1Q09 vs. 1Q08
East Regulated Integrated Utilities	-5.0%
Ohio Companies	-5.6%
West Regulated Integrated Utilities	-7.8%
Texas Wires	0%
Impact on EPS	$0.01

	Weather Impact
	1Q09 vs. 1Q08
East Regulated Integrated Utilities	$0.00
Ohio Companies	($0.00)
West Regulated Integrated Utilities	($0.00)
Texas Wires	($0.00)
Impact on EPS	$0.00

Retail Performance - con't

	Rate Relief (in millions)
	1Q09 vs. 1Q08
East Regulated Integrated Utilities	$73
Ohio Companies	$13*
West Regulated Integrated Utilities	$20
Texas Wires	($5)
AEP System Total	$101
Impact on EPS	$0.16

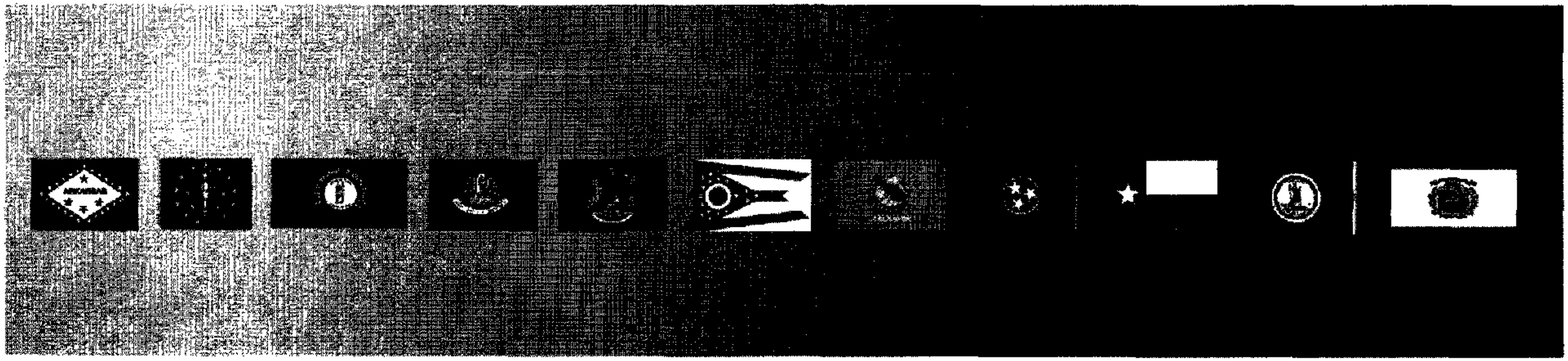
* - excludes activation of revised fuel recovery mechanism of $6MM

Off System Sales Gross Margin Detail

	1Q08			1Q09		
	GWh	Realization	($ millions)	GWh	Realization	($ millions)
OSS Physical Sales	8,236	$ 21.49	$ 177	2,595	$ 11.18	$ 29
Oklaunion Payment	-		$ 13	-		$ 15
Marketing/ Trading	-		$ 31	-		$ 41
Pre-Sharing Gross Margin	8,236		$ 221	2,595		$ 85

- Reduction in Pre-Sharing OSS Physical Sales primarily due to lower demand and significantly lower realized prices as a result of natural gas price contraction

EXHIBIT B



AMERICAN ELECTRIC POWER

Strategic Direction & Financial Outlook

& 1Q09 Earnings Presentation

April 24, 2009

AEP AMERICAN ELECTRIC POWER®

— STRONG —

— FLEXIBLE —

— ADAPTABLE —

Mike Morris, Chairman, President & CEO

AMERICAN ELECTRIC POWER

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

This presentation contains forward-looking statements, which are subject to risks and uncertainties. These factors include electric load and customer growth; weather conditions, including storms; available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters; availability of generating capacity and performance of generating plants including our ability to restore Indiana Michigan Power Company's Donald C. Cook Nuclear Plant Unit 1 in a timely manner; the ability to recover regulatory assets and stranded costs in connection with deregulation; the ability to recover increases in fuel and other energy costs through regulated or competitive electric rates; the *ability to build or acquire* generating capacity and transmission lines (including our ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs (including the costs of projects that are cancelled) through applicable rate cases *or competitive rates;* new legislation, litigation and government regulation, including requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances; timing and resolution of pending and future rate cases, negotiations and other regulatory decisions (including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance); resolution of litigation (including disputes arising from the bankruptcy of Enron Corp. and related matters); our ability to constrain operation and maintenance costs; the economic climate and growth or contraction in our service territory and changes in market demand and demographic patterns; inflationary or deflationary interest rate trends; volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impacting our ability to finance new capital projects and refinance existing debt at attractive rates; the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurred cots and recovery is long and the costs are material; our ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas and other energy related commodities; changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading market; actions of rating agencies, including changes in the ratings of debt; volatility and changes in markets for electricity, natural gas, coal, nuclear fuel and other energy-related commodities; changes in utility regulation, including the implementation of the recently-passed utility law in Ohio and the allocation of costs within regional transmission organizations, including PJM and SPP; accounting pronouncements periodically issued by accounting standard-setting bodies; the impact of volatility in the capital markets on the value of the investments held by our pension, other postretirement benefit plans and nuclear decommissioning trust and the impact on future funding requirements; prices for power we generate and sell at wholesale; changes in technology, particularly with respect to new, developing or alternative sources of generation; other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes and other catastrophic events; and other factors discussed in the reports, including Forms 10-K and 10-Q, filed from time to time by the company with the SEC.

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AEP AMERICAN ELECTRIC POWER

AEP Highlights

Premier utility platform

- Leadership position in electric generation, transmission and distribution operations
- Cash flow, earnings and regulatory diversity with more than 5 million customers in 11 states
- $6.3 billion capital expenditure program (2009-2011) will continue to drive rate base growth

Effective regulatory relationships

- Traditional recovery mechanisms with equitable risk allocation enhance both earnings and cash flow
- Emerging energy policies play to AEP's strengths (transmission, energy efficiency, reliability)
- Constructive local relationships deliver successful regulatory outcomes

High-growth transmission business

- The leading US transmission owner, operator, and developer
- Exceptional portfolio of high-quality development projects and project partners
- Attractive ROEs, regulatory support and access to capital will drive earnings growth beyond our traditional utility footprint

Stable financial position

- Maximization of shareholder value through regulated utility and transmission investments
- Balanced approach to cost containment and capital allocation
- Commitment to investment grade profile, prudent balance sheet, and liquidity management
- Conservative dividend payout with attractive yield

AEP AMERICAN ELECTRIC POWER

Equity Offering – Successful Execution

Landmark Offering

- Largest US regulated electric utility equity offering in history:
  - 69MM shares (upsized 20%)
  - Gross proceeds of $1.69B
  - Largest equity offering to-date in 2009
  - Lowest file / offer discount of any non-financial follow-on offering since June 2007 at (2.3%)

Focus on Fundamentals

- Achieved key objectives:
  - Strengthened balance sheet and enhanced liquidity
  - Supports stable investment grade ratings and financial flexibility
  - No further equity proceeds needed in medium term (excluding the DRP)
  - Focused investors on operational and financial strength and unique transmission investment growth prospects, which provide diversified earnings growth and an attractive dividend yield

AEP AMERICAN ELECTRIC POWER

Energy Policy Initiatives are Core to Our Strategy

Greenhouse Gas Reduction & Regulation

- Actively engaging in CO_2 policy debate – support cap & trade with allocated credits
- Leadership position in development of carbon capture and storage technology
- Reducing carbon footprint via offsets and other measures
- Founding member of Chicago Climate Exchange

Renewable Energy

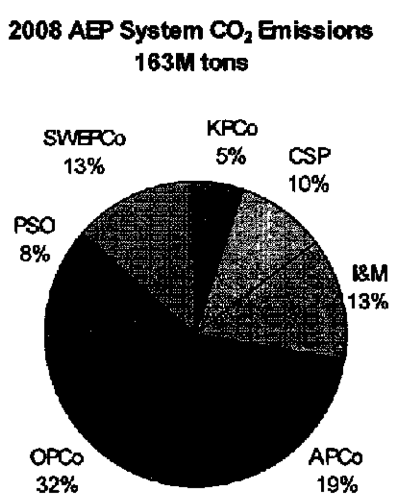
- Develop "transmission superhighway" to facilitate renewable energy projects
- Satisfy RES requirements in our jurisdictions
- Add 1,000MW of wind capacity via long-term PPAs – 903MW achieved to-date

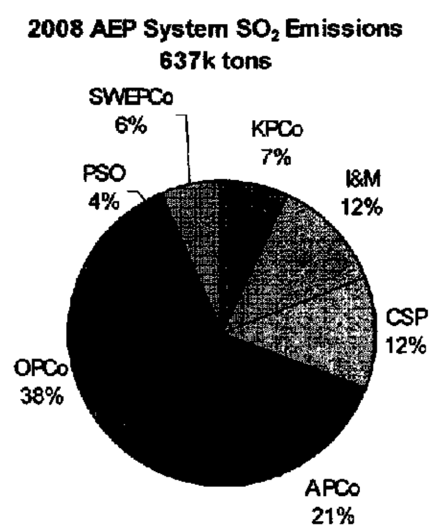
Energy Efficiency, Security & Reliability

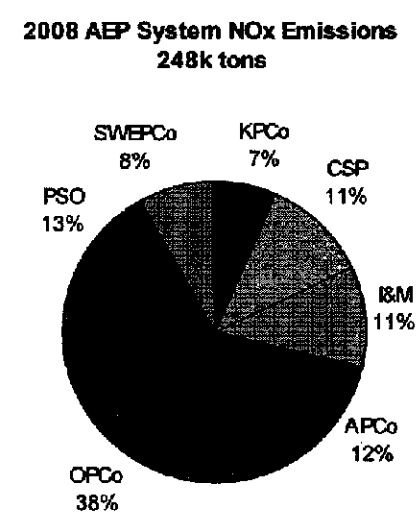
- Develop high-voltage transmission projects to strengthen America's power grid
- Build generation to ensure reliable supply
- Reduce 1,000MW of demand by 2012
- Diversify our fuel mix; have added 3,705MW of gas-fired capacity since 2005 and have 1,080MW under construction

AEP AMERICAN ELECTRIC POWER

CO_2 Cost Recovery – Should Follow SO_2 & NOx





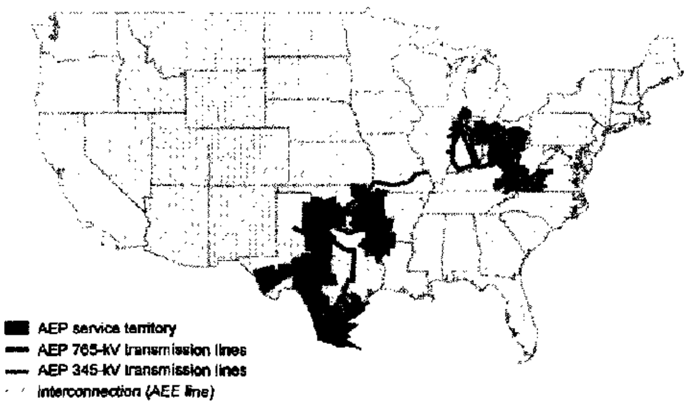


- 100% of SO_2 and NOx allowance costs currently recovered through tracker or similar mechanisms
- Prudently incurred costs associated with carbon-based taxes and other carbon-related regulations explicitly included in Ohio Fuel Adjustment Clause

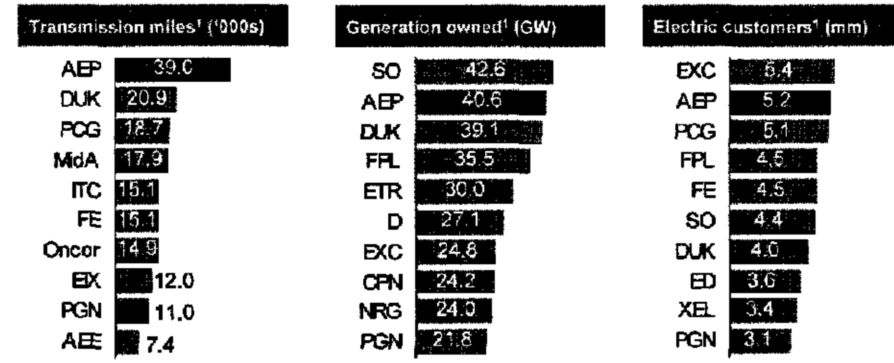
AMERICAN ELECTRIC POWER

Premier Regulated Utility Platform

Overview

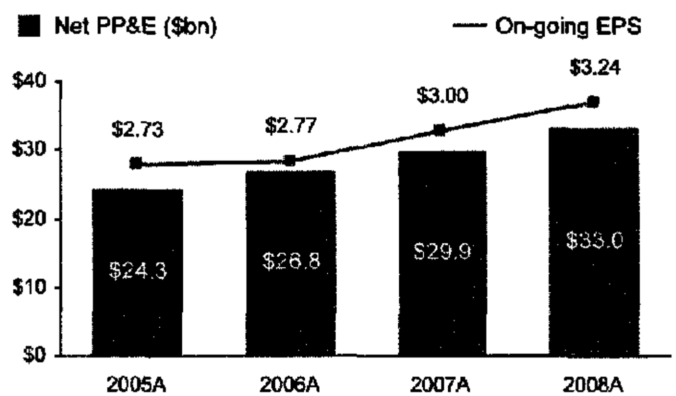


AEP's Leadership Position

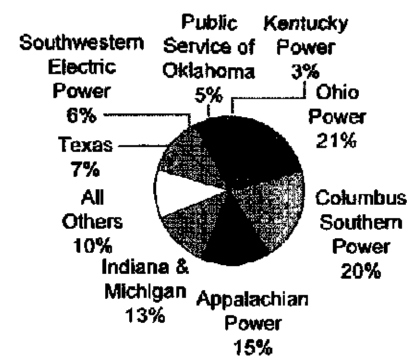


* - AEP generation includes long-term PPAs and generation under construction

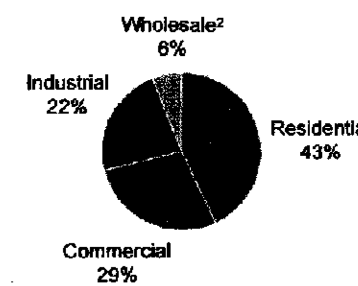
Regulated Operations



- Net PP&E CAGR of 10.7% since 2005
- Earnings CAGR of 5.9% since 2005



2008 On-going Earnings = $1.3bn



2008 Retail Base Revenue = $6.4bn

- Highly diversified regulated utility earnings contribution
- Balanced customer mix

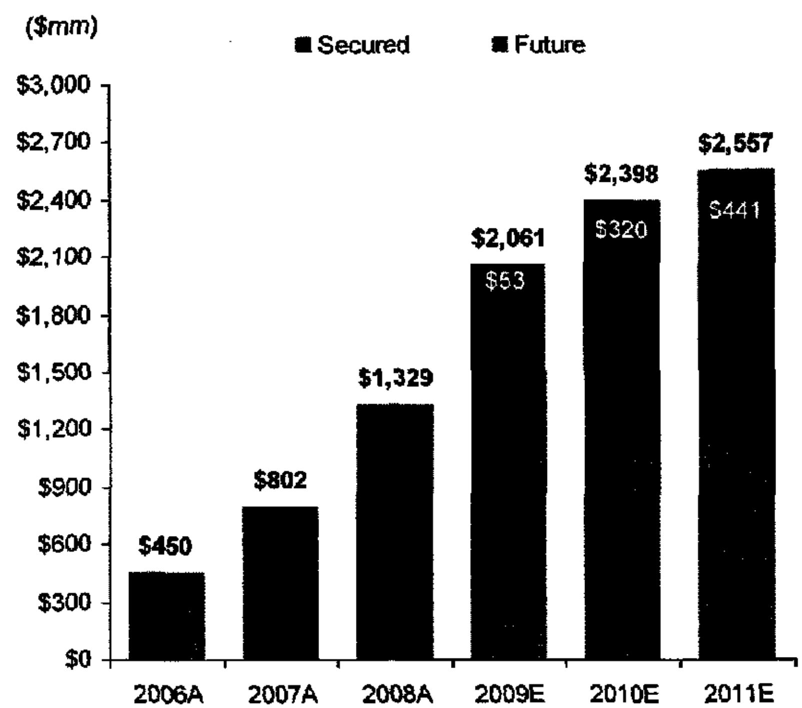
[1] Source: Company filings

[2] Wholesale includes sales to municipal and cooperative power systems, other wholesale, and other retail sales

AEP AMERICAN ELECTRIC POWER

Track Record of Successful Regulatory Outcomes

Cumulative Rate Relief



Annual rate increases, $mm	$450	$352	$527	$732	$337[1]	$159[1]

[1] $70mm and $38mm was secured for 2010 and 2011, respectively, as of March 31, 2009

AEP AMERICAN ELECTRIC POWER

Our Regulatory Approach:

Maximize utility company returns:

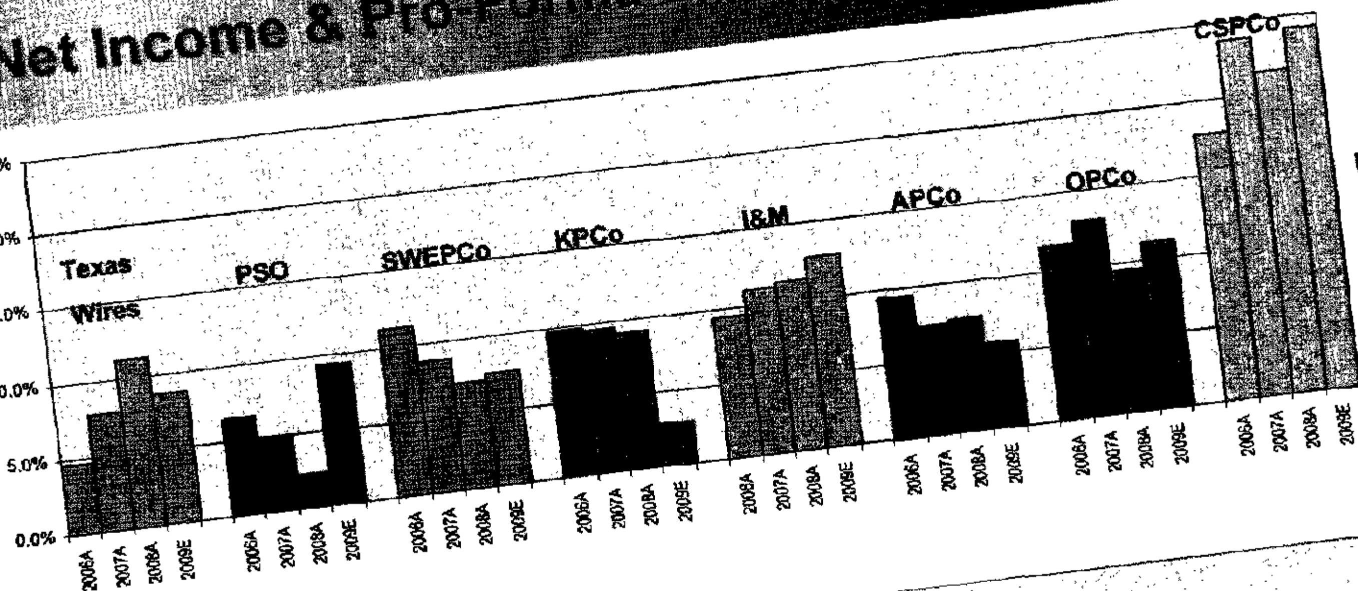
- Successfully secured significant rate relief
- 2009 rate relief:
  - ✓ Ohio ($455MM) ✓ I&M ($52MM)
  - ✓ APCo ($58MM) ✓ PSO ($74MM)
- Pending rate relief including amount requested:
  - ✓ APCo WV ($25MM – in ENEC filing)
  - ✓ SWEPCo ($56MM) ✓ Texas ($7MM)
- Anticipated filings:
  - APCo VA and others to be determined

Minimize regulatory lag:

- Active fuel adjustment clauses now in place in <u>all</u> jurisdictions
- Increased frequency of rate cases
- Employing tracking features

Strong local relationships with regulators

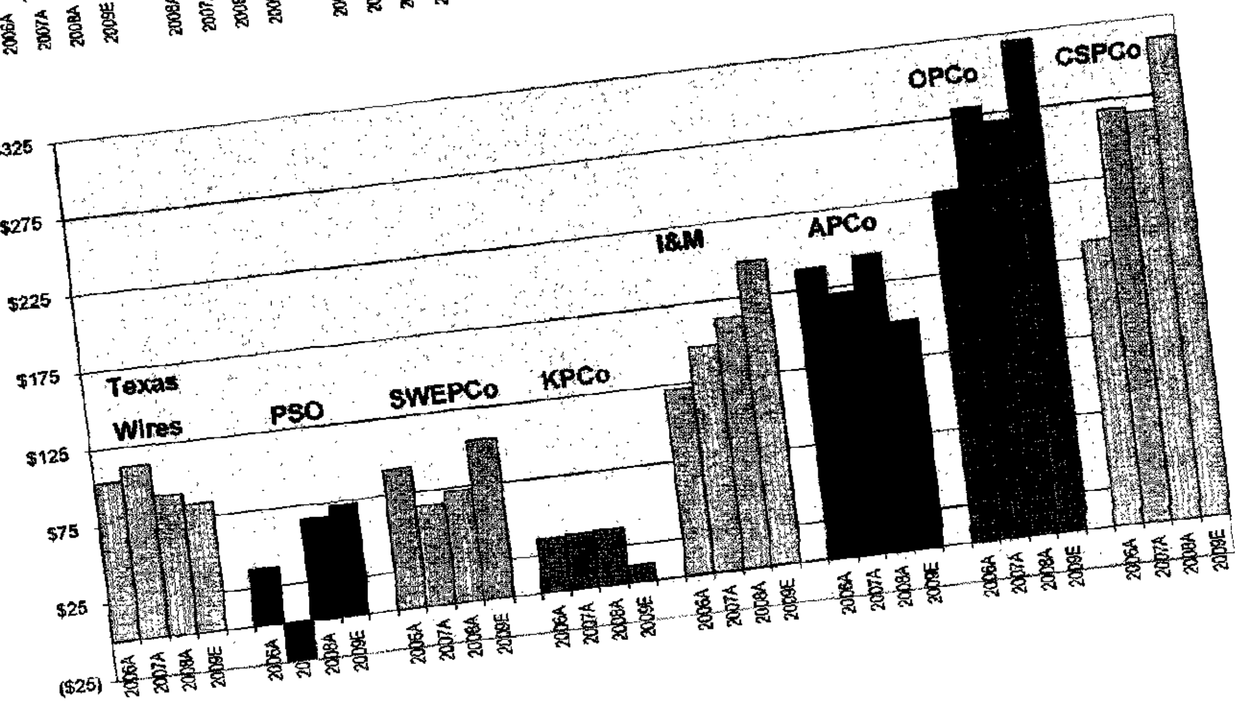
Net Income & Pro-Forma Earned ROE by Operating Company



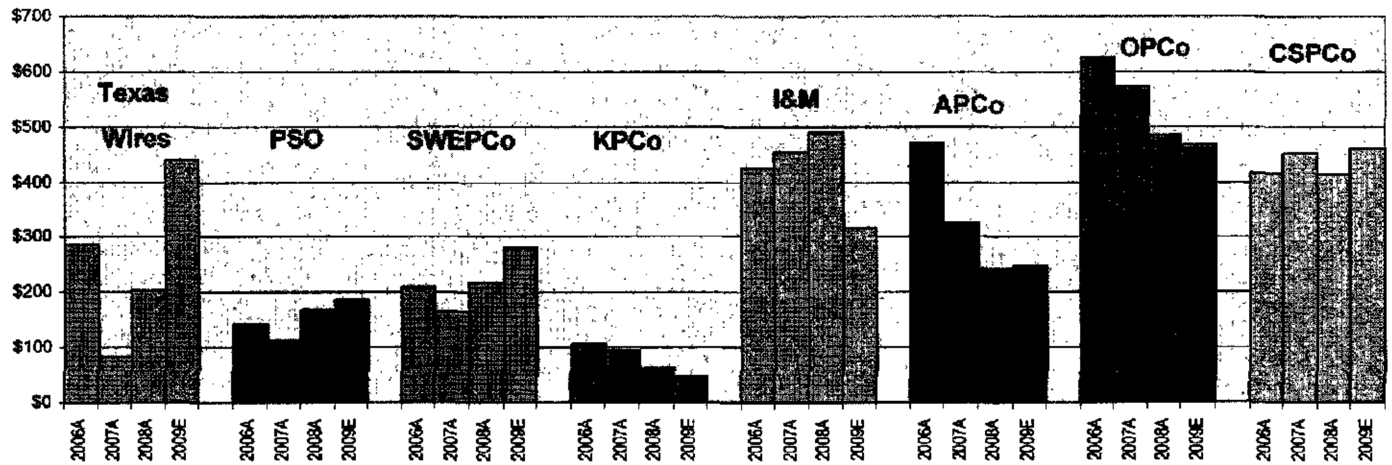
Pro-Forma Earned ROEs

Earned ROEs represent 12 months ended December 31. Regulatory Lag ranges from 3-15 months by jurisdiction.

Net Income by Operating Company
($ in millions)



Cash Flow and Capex by Operating Company

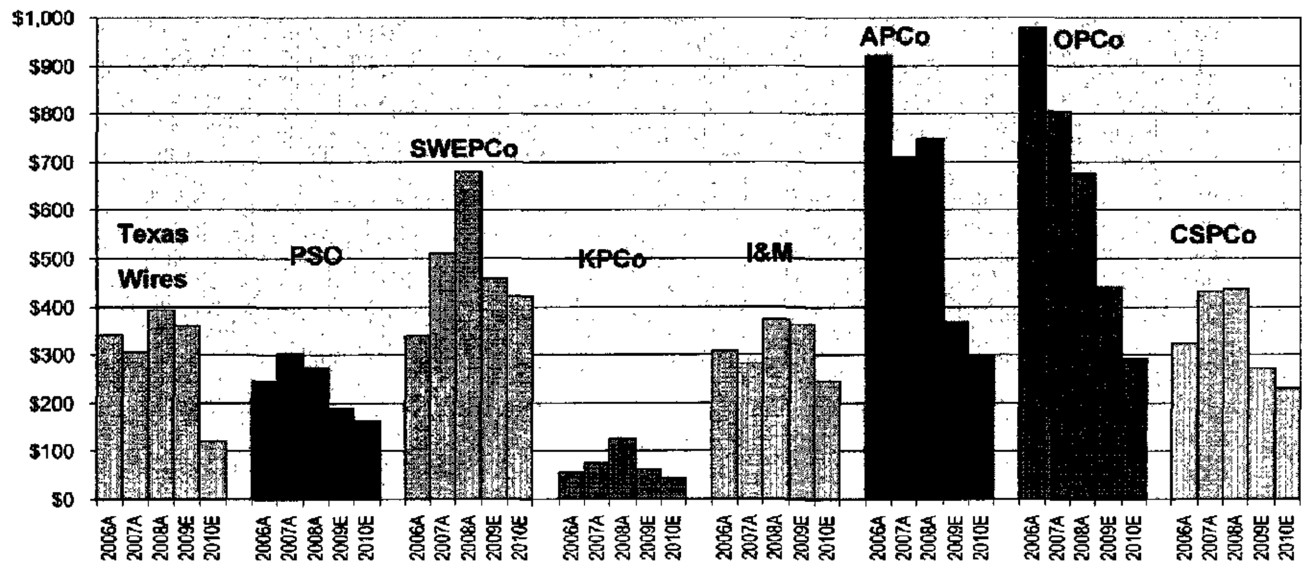


Cash Flow from Operations by Operating Company

($ in millions)

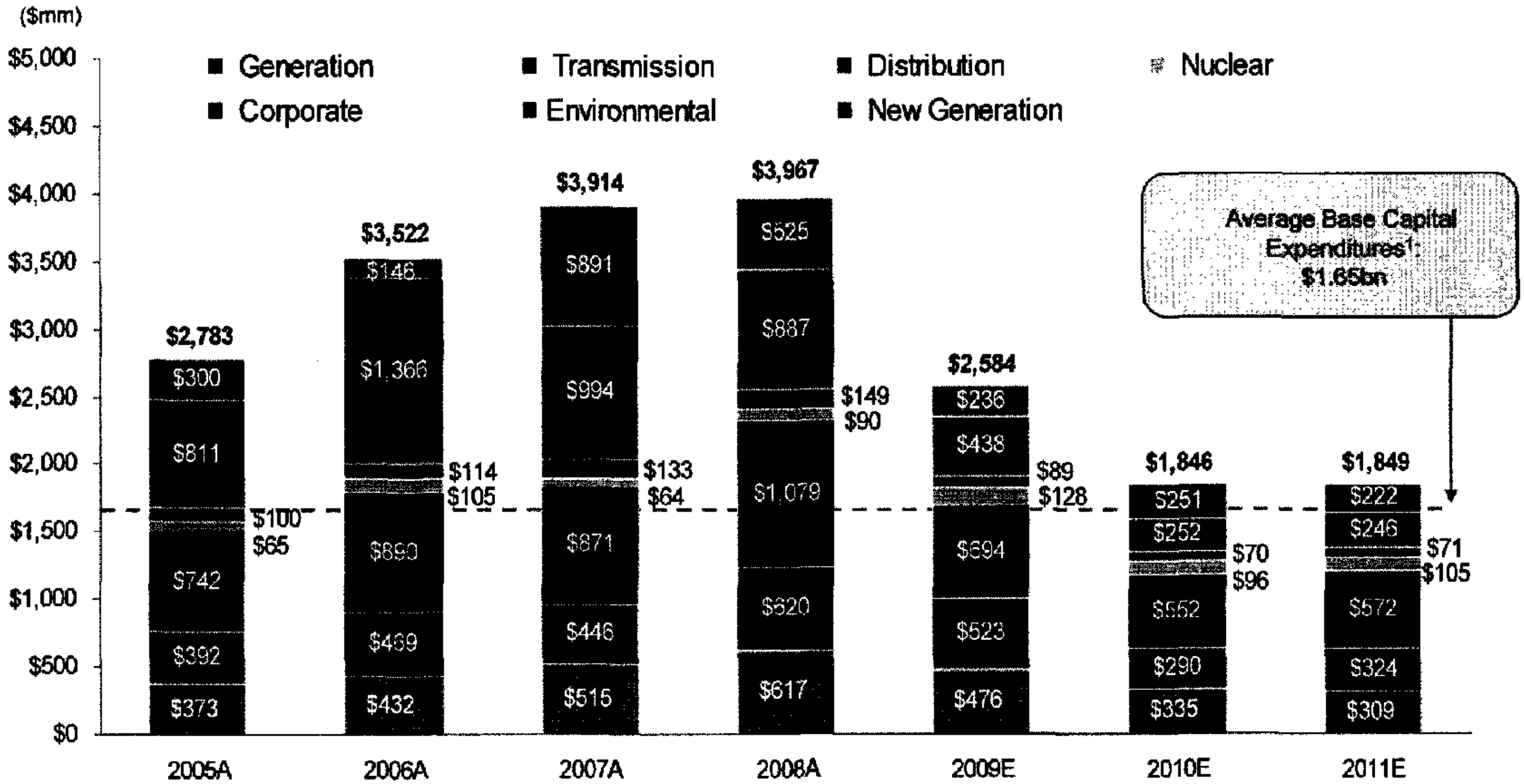
Capex by Operating Company

($ in millions)



AEP AMERICAN ELECTRIC POWER

Utility Capital Expenditures Support Growth of 2 - 4%



Net PP&E ($bn)	$24.3	$26.8	$29.9	$33.0	$34.5	$35.2	$35.8

Note: Capital Expenditures shown exclude AFUDC
[1] Reflects 2002-2008 average base expenditures (excluding New Generation and Environmental)

Annual $1.8 billion capital program creates rate base growth over annual depreciation expense of $1.2 billion

AEP AMERICAN ELECTRIC POWER

Transmission Opportunities

Uniquely Positioned for Nationwide Grid Expansion

Active Projects:

Pioneer — COD: 2015

- 240 miles of 765 kV
- Partner: Duke Energy (50%)
- Estimated Cost: $1 billion
- ROE: 12.54%

PATH-WV — COD: 2014

- 244 miles of 765 kV
- Partner: Allegheny Energy (50%)
- Estimated Cost: $1.2 billion
- ROE: 14.3%

Tallgrass — COD: 2013-14

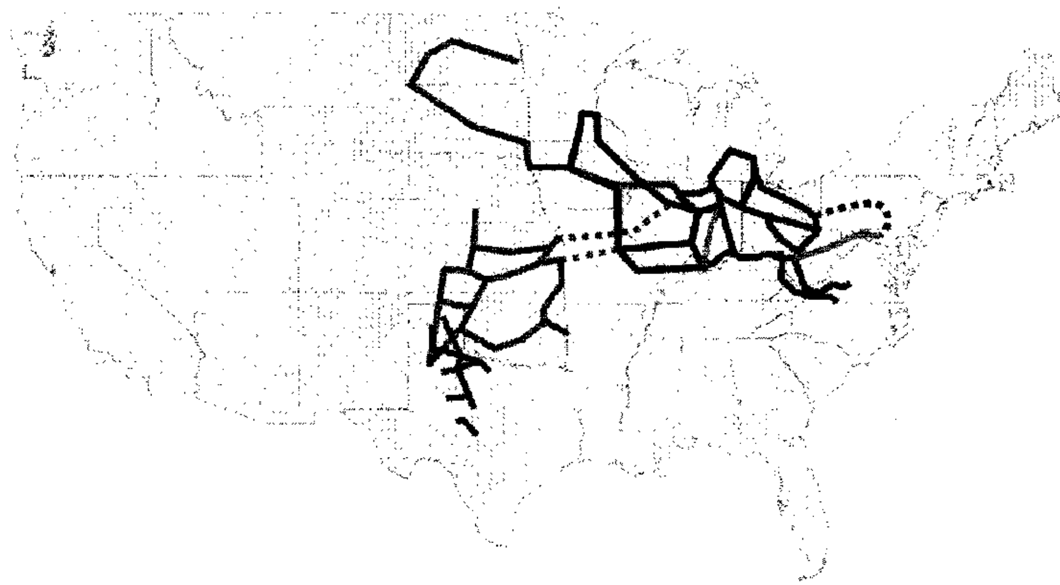
- 170 miles of 765 kV
- Partners: OG&E (50%) & MidAmerican Energy (25%)
- Estimated Cost: $500 million
- ROE: 12.8%

Prairie Wind — COD: 2013-14

- 230 miles of 765 kV
- Partners: Westar Energy (50%) & MidAmerican Energy (25%)
- Estimated Cost: $600 million
- ROE: 12.8%

ETT — COD: 2013

- 345 kV in ERCOT
- Partner: MidAmerican Energy (50%)
- Estimated Cost: $400 million
- ROE: 9.96%



Future Projects:

EHV Michigan — COD: ~2020

- 700 miles of 765 kV
- Partner: ITC

PJM Projects

- Enhance existing 765/345 kV

Hartland — COD: ~2020

- 1000+ miles of 765 kV
- Partner: Hartland Wind LLC

MISO Vision Plan

- 765 kV Backbone

SPP Overlay — COD: 2013-14

- 765 kV Backbone

ETT — COD: ~2018

- 345 kV in ERCOT

AEP AMERICAN ELECTRIC POWER

Note: The lines shown are conceptual in nature and do not represent actual routes. Plans are subject to change.

Equity Contributions Enhance Growth to 4 – 5%

AEP is the leader

- Largest US transmission footprint
- Interstate EHV highway vision
- National renewables transmission strategy

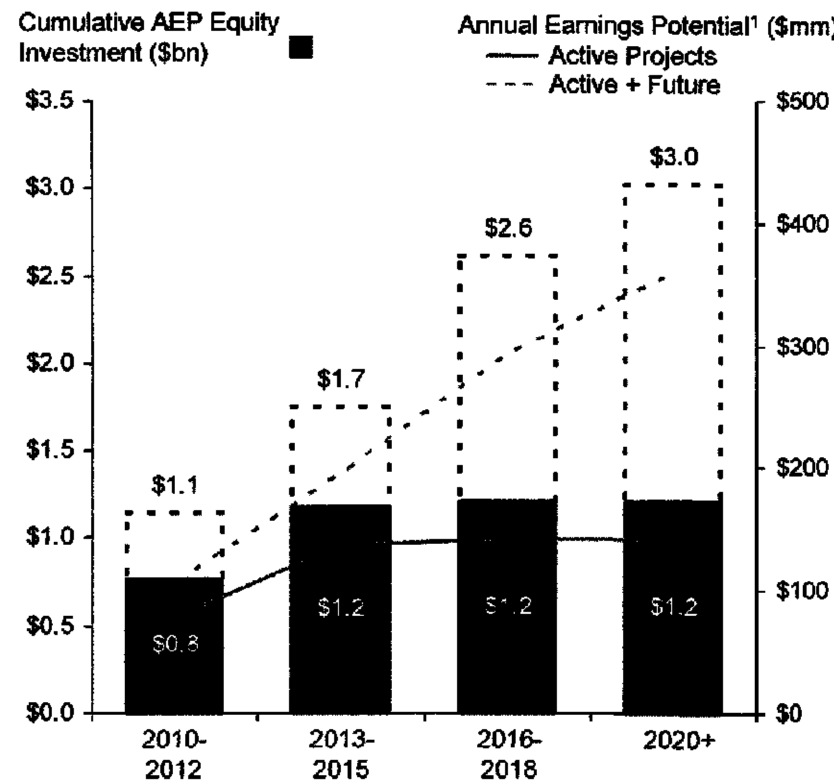
Quality projects

- 4 FERC-approved ($3.3 billion)
- Independent ERCOT transmission JV company (up to $2.6 billion)
- Robust pipeline of future 765 kV projects (up to $15 billion)

Attractive returns

- FERC incentive rates (12.5-14.3%)
- Strong cash flow with CWIP
- Long-term earnings potential of ~$140-$360 million annually[1]

Illustrative Earnings Potential of New Transmission Initiatives



[1] Illustrative calculation assumes 50/50 debt/equity capitalization and incentive ROE of ~13.0% for FERC projects and a 60/40 debt/equity capitalization and 10.5% ROE for ERCOT projects

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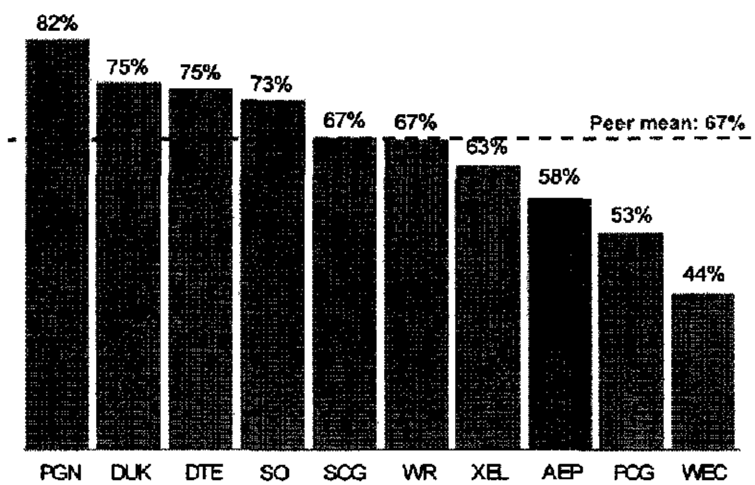
Dividend Overview

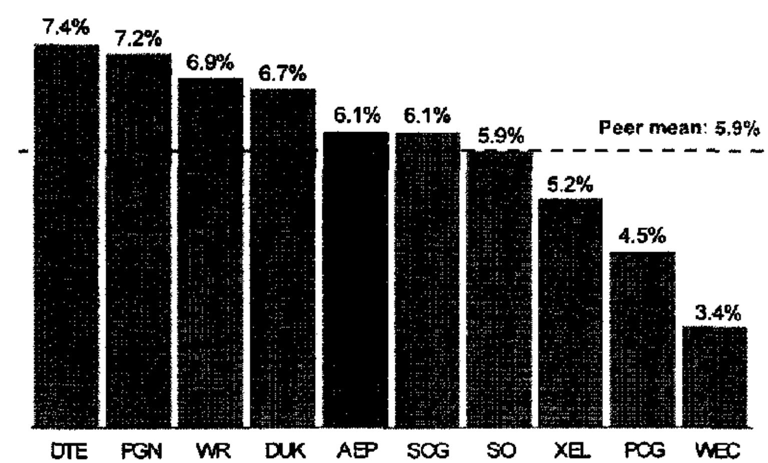
- We have paid 395 consecutive quarterly dividends to shareholders
- Dividend - $1.64/share
- Attractive yield
- Target dividend payout ratio of 50 – 60%

Payout Ratio vs. Integrated Electric Peers



Note: Payout ratio equals the indicated dividend rate annualized divided by First Call 2009 consensus estimate
Source: Bloomberg & First Call earnings estimates as of 4/20/09

Dividend Yield vs. Integrated Electric Peers

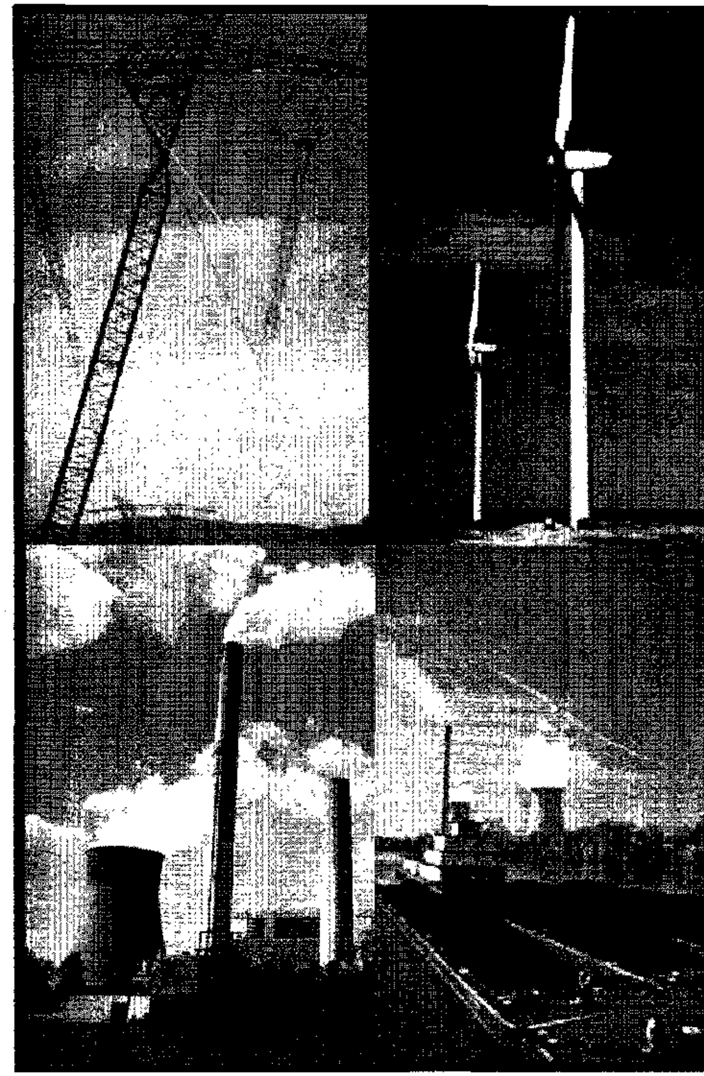


Note: Dividend yield equals the indicated dividend rate annualized divided by the share price
Source: ThomsonONE as of 4/20/09

AMERICAN ELECTRIC POWER

AEP is a Compelling Investment

- Market leading assets and operations
- Attractive pipeline of growth capital opportunities
- Successful regulatory management supports earnings continuity
- Strengthened balance sheet, liquidity and credit profile
- Diversified earnings growth and attractive dividend



AEP AMERICAN ELECTRIC POWER

2009 Financial Outlook and 1st Quarter 2009 Results

Holly Koeppel, EVP & CFO

Overview of 2009 Guidance

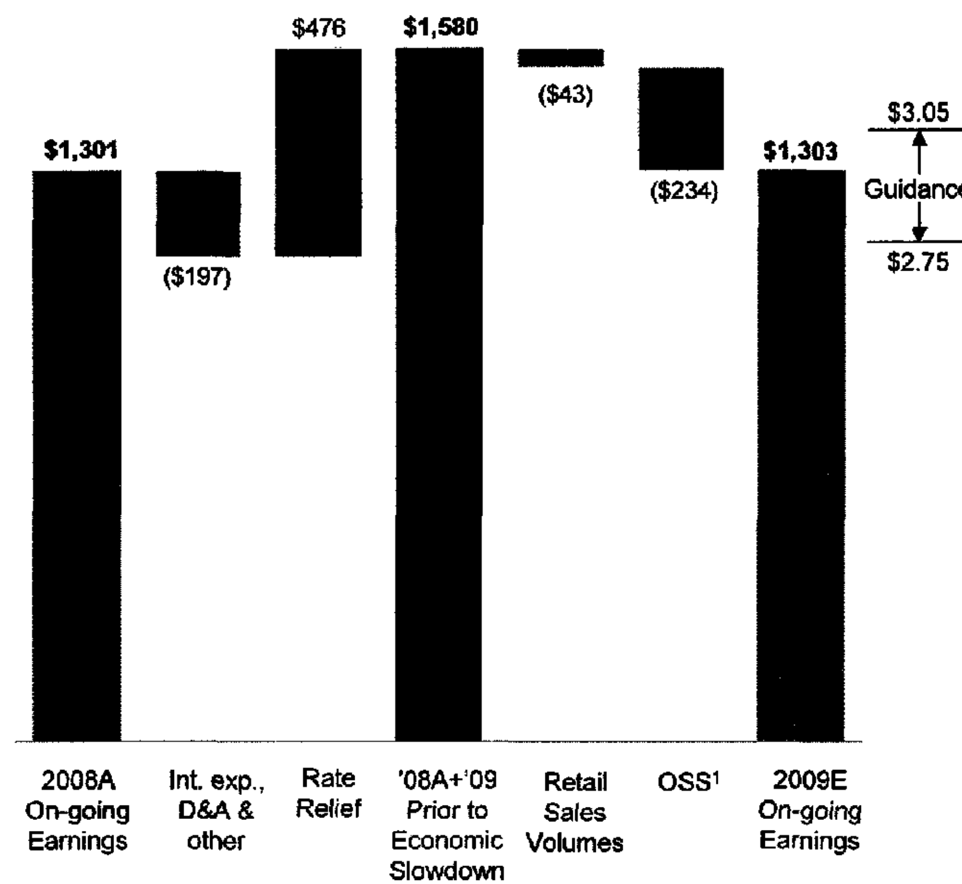
2009 Earnings Drivers:

- ↑ Positive Ohio outcome
- ↑ Rate relief - $732mm
- ↓ Economic slowdown
  - — Lower OSS revenues
  - — Lower loads

Long-term Earnings Drivers:

- ↑ Rate base investments
- ↑ Additional rate relief
- ↑ OSS/Retail load
- ↑ Transmission JV earnings

2008A-2009E Earnings Bridge ($mm)



Note all items are presented after-tax
[1] Net of sharing
[2] Assumes 2009 average shares outstanding ~ 450 million

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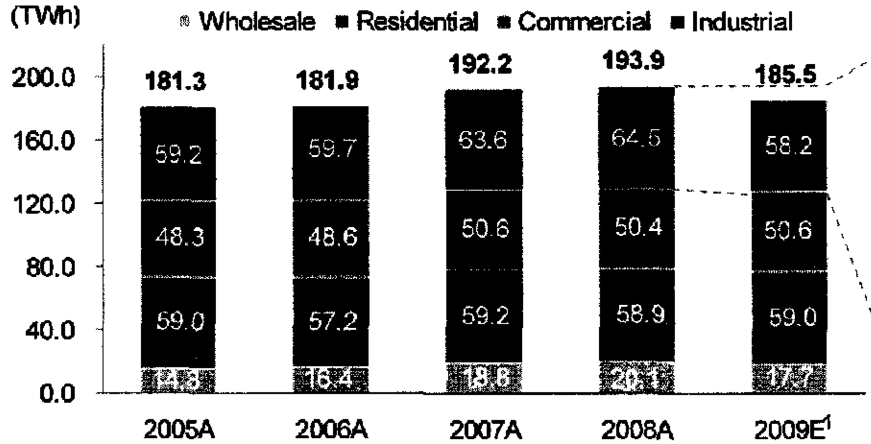
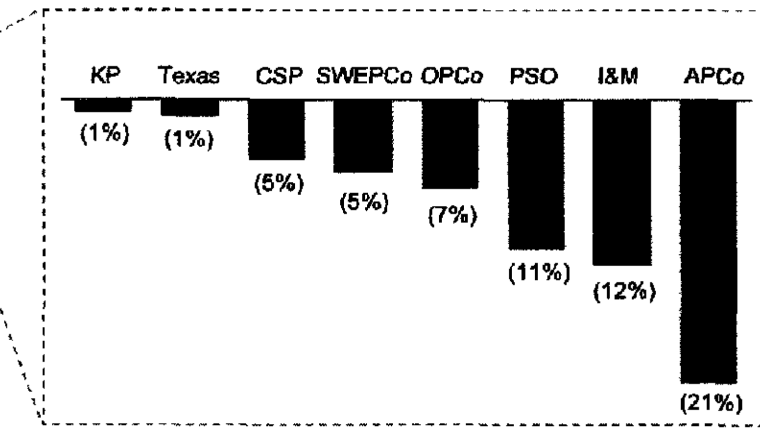
Key Drivers of Revised 2009 Guidance: Retail Sales

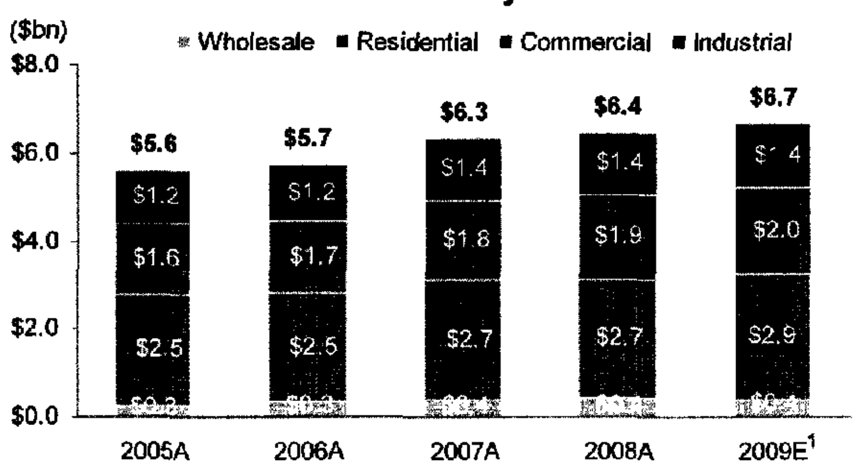
Retail Load by Customer Class



Forecast Drop in 2009 Industrial Sales



Retail Base Revenue[2] by Customer Class



Key Contributors to 2009E Industrial Volume Decline

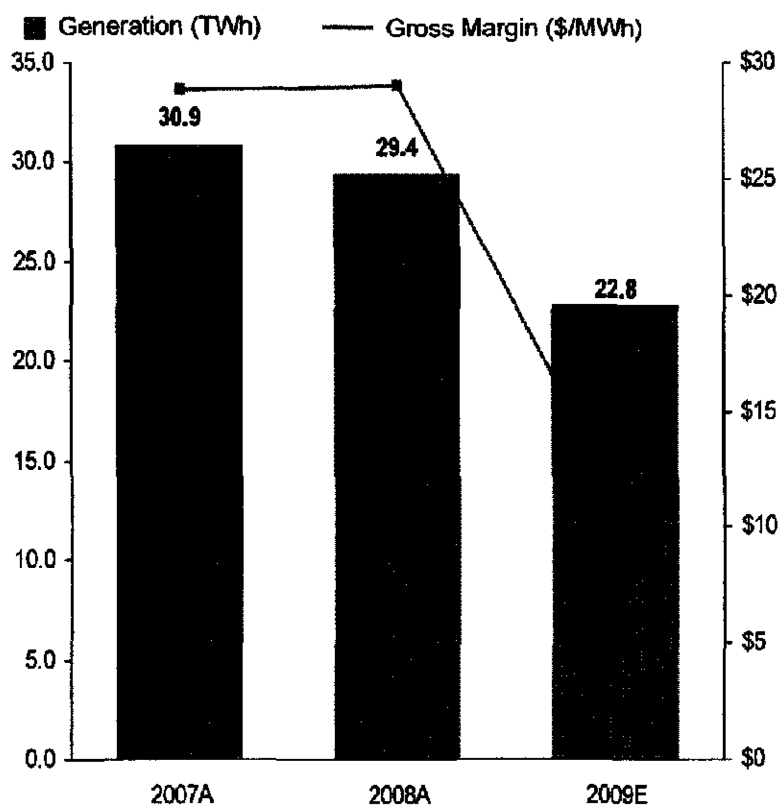
- Primary metals (APCo, I&M, OPCo, CSP, SWEPCo, KP)
- Basic industries (I&M)
- Paper (PSO, SWEPCo)
- Oil & Gas extraction (PSO, SWEPCo)

AMERICAN ELECTRIC POWER

[1] 2009E assumes normalized weather
[2] Excludes the impact of current year rate relief, fuel over/under recovery, PJM costs and consumables

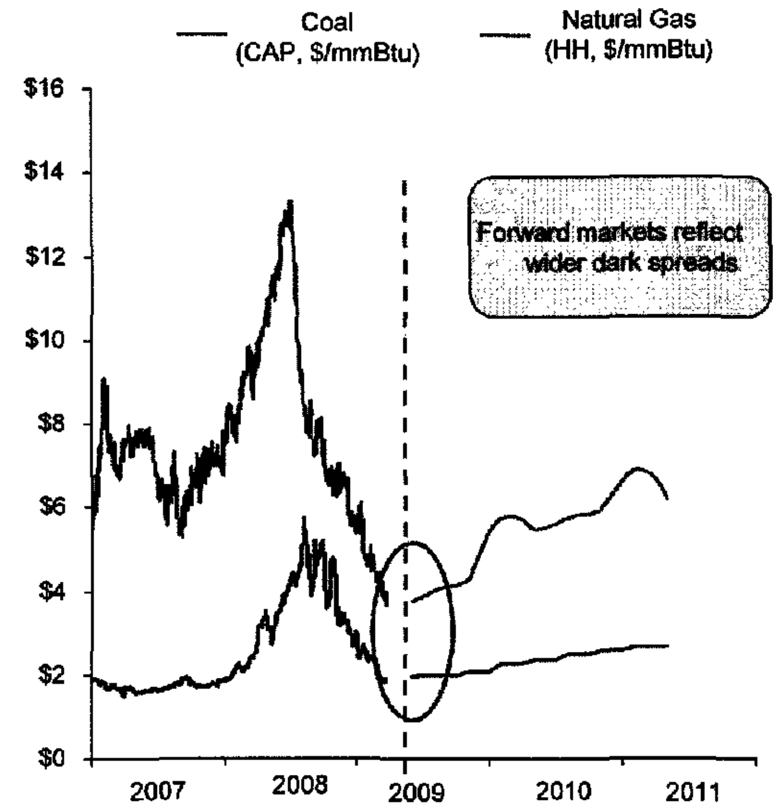
Key Drivers of Revised 2009 Guidance: Off-System Sales

Off-System Sales Metrics



$ in millions		2007A		2008A		2009E
OSS Physical Sales	$	674	$	718	$	106
Oklaunion Payment		46		45		49
Marketing/Trading		170		82		105
Pre-sharing Gross Margin	$	890	$	845	$	260

Natural Gas and Central Appalachian Coal Prices



Source: Bloomberg, Ventyx, CAP Coal Btu content of 12,000 Btu/lb
· 1 Month Forward NYMEX CAP coal price; Future values reflect NYMEX CAP coal forward strip
· Spot NYMEX Henry Hub natural gas price; Future values reflect NYMEX Henry Hub forward strip

AMERICAN ELECTRIC POWER

Capital Investment Funding Plan

$ in millions

	Actual 2008	Projection 2009
Planned Capital Investment (Excluding AFUDC)	$ (3,967)	$ (2,584)
Planned Transmission Initiatives (JV Equity Contributions)	0	(49)
Dividend on Common Stock	(660)	(755)
Cash Sources (Uses)		
Cash from Operations	2,576	2,514
Proceeds from Sale of Assets	90	172
Common Stock Issued	159	1,763
Change in Debt, Net	2,266	(773)
Other	(231)	(498)
Change in Cash	233	(210)
Ending Cash Balance	$ 411	$ 201

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

AMERICAN ELECTRIC POWER

1Q09 Performance

American Electric Power
Financial Results for 1st Quarter 2009 Actual vs 1st Quarter 2008 Actual

		2008 Actual		2009 Actual	
		($ millions)	EPS	($ millions)	EPS
	UTILITY OPERATIONS:				
	Gross Margin:				
1	East Regulated Integrated Utilities	594		691	
2	Ohio Companies	696		639	
3	West Regulated Integrated Utilities	223		239	
4	Texas Wires	122		127	
5	Off-System Sales	221		85	
6	Transmission Revenue - 3rd Party	80		84	
7	Other Operating Revenue	145		206	
8	Utility Gross Margin	2,081		2,071	
9	Operations & Maintenance	(747)		(803)	
10	Depreciation & Amortization	(355)		(373)	
11	Taxes Other than Income Taxes	(194)		(194)	
12	Interest Exp & Preferred Dividend	(210)		(221)	
13	Other Income & Deductions	41		31	
14	Income Taxes	(207)		(168)	
15	**Utility Operations On-Going Earnings**	409	1.02	343	0.84
16	**Transmission Operations On-Going Earnings**	1	-	-	-
17	AEP River Operations	7	0.02	11	0.03
18	Generation & Marketing	1	-	24	0.06
19	**Parent & Other On-Going Earnings**	(8)	(0.02)	(18)	(0.04)
20	ON-GOING EARNINGS	410	1.02	360	0.89

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

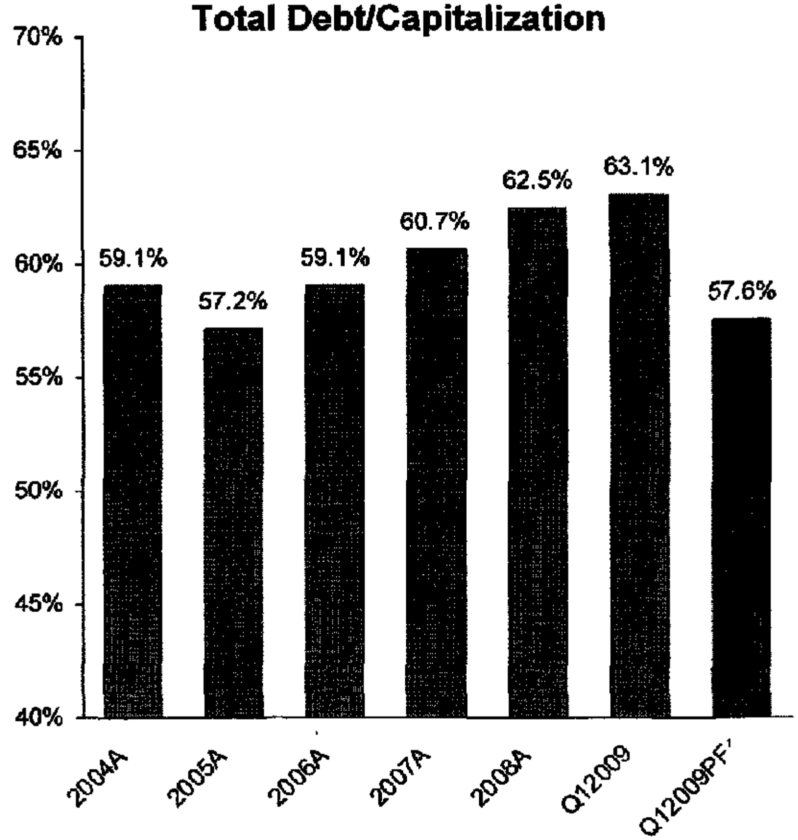
AEP AMERICAN ELECTRIC POWER

1Q09 Performance Drivers:

- *Retail Sales (lines 1-4):*
  - *Rate relief of $101MM (Primarily APCo and PSO)*
  - *Lower OSS sharing of $54MM*
  - *Offset by:*
    - *$58MM favorable variance in the prior year related to a coal contract amendment*
    - *$20MM credit for fuel to I&M customers from a portion of Cook Unit 1 accidental outage policy proceeds*
    - *Load contraction of $6MM, primarily from industrial customers in I&M and the Ohio companies*
  - *Weather had no EPS impact vs. prior year or normal*
- *Off-System Sales (line 5):*
  - *Off System Sales were lower primarily due to lower volumes and market prices which reflect weak market demand and a significant drop in natural gas prices*
- *Other Operating Revenue (line 7):*
  - *Increase due to accidental outage insurance payments related to the DC Cook Unit 1 outage ($54MM)*
- *Operations & Maintenance (line 9):*
  - *Higher O&M costs related to the 1Q08 PSO storm deferral of $72MM, 2009 storms ($38MM) and an accrual of$15MM for the Partnership with Ohio Fund, offset by the Red Rock write-off in 1Q08($10MM) and a decrease in employee-related expenses ($34MM)*
- *Interest Expense & Preferred Dividend (line 12):*
  - *Higher due to increased long-term debt outstanding and higher interest rates*
- *Income Taxes (line 14):*
  - *Effective tax rate for utility operations was 32.9% in 2009 and 33.6% in 2008*
- *River Operations increased due to gains on the sale of two older towboats.*
- *Generation & Marketing increased as a result of higher gross margin from marketing activities in ERCOT.*
- *Parent and Other decreased primarily due to higher interest expense at the Parent.*

Maintaining Strong Capitalization & Liquidity

Total Debt/Capitalization



Note: Total Debt is calculated according to GAAP and includes securitized debt
[1] Pro forma assumes proceeds from the equity offering were used to reduce debt

Current Liquidity Summary

- Liquidity provided by 27 banks
- Our largest lender accounts for less than 10% of bank commitments

($mm)	04/20/2009	Maturity
Revolving credit facility	$1,500	March 2011
Revolving credit facility	1,454	April 2012
Revolving credit facility	627	April 2011
Total Credit Facilities	**$3,581**	
Plus: AEP, Inc. cash and investments	1,135	
Less: Draw on credit facilities	(969)	
Less: Letters of credit issued	(492)	
Net Available Liquidity	**$3,255**	

AMERICAN ELECTRIC POWER

Appendix

Detailed Ongoing Earnings Guidance

2008A: $3.24/share

2009E: $2.75-$3.05/share

American Electric Power
2008 Actual vs. 2009 Guidance

		2008 Performance Driver	2008 Actual ($ millions)	2009 Performance Driver	2009 Guidance ($ millions)
	UTILITY OPERATIONS:				
	Gross Margin:				
1	East Regulated Integrated Utilities	72,725 GWh @ $ 31.3 /MWhr =	2,278	68,579 GWh @ $ 36.8 /MWhr =	2,523
2	Ohio Companies	52,181 GWh @ $ 46.6 /MWhr =	2,431	49,597 GWh @ $ 58.1 /MWhr =	2,879
3	West Regulated Integrated Utilities	41,907 GWh @ $ 25.2 /MWhr =	1,057	40,065 GWh @ $ 29.0 /MWhr =	1,163
4	Texas Wires	27,075 GWh @ $ 19.8 /MWhr =	537	27,267 GWh @ $ 20.6 /MWhr =	561
5	Off-System Sales	29,365 GWh @ $ 28.8 /MWhr =	845	22,763 GWh @ $ 11.4 /MWhr =	260
6	*Transmission Revenue - 3rd Party*		329		364
7	Other Operating Revenue		569		636
8	Utility Gross Margin		**8,046**		**8,386**
9	Operations & Maintenance		(3,366)		(3,361)
10	Depreciation & Amortization		(1,450)		(1,524)
11	Taxes Other than Income Taxes		(749)		(785)
12	Interest Exp & Preferred Dividend		(872)		(918)
13	Other Income & Deductions		168		97
14	Income Taxes		(567)		(608)
15	**Utility Operations On-Going Earnings**		**1,210**		**1,287**
16	**Transmission Operations On-Going Earnings**		**2**		**3**
	NON-UTILITY OPERATIONS:				
17	AEP River Operations		55		48
18	Generation & Marketing		65		43
	Non-Utility Operations On-Going Earnings		**120**		**91**
19	**Parent & Other On-Going Earnings**		**(31)**		**(78)**
20	**ON-GOING EARNINGS**		**1,301**		**1,303**

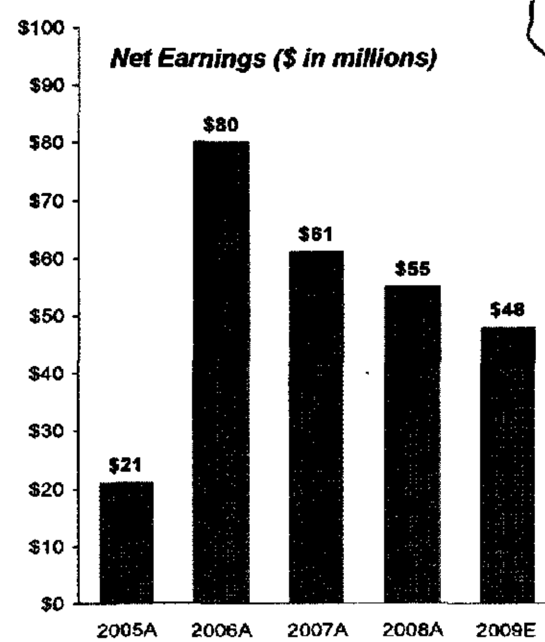
Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.

AEP AMERICAN ELECTRIC POWER

AEP River Operations

- Full-service inland waterways carrier
  - 2,978 hopper barges
  - 58 towboats/25 harbor boats
- Tonnage & Commodity
  - Captive: 37MM tons of coal
  - Commercial: 35MM tons of coal/grain/bulk
- Gulf Operations
  - Barge cleaning and repair
  - Fleeting and shifting
  - Midstream transfers
- Operating Centers in Lakin, WV, Cape Girardeau, MO, Paducah, KY, Convent and Belle Chase, LA
- 2009 earnings forecast lower than 2008 due to economic downturn

Inland Waterway Routes For AEP River Operations



AEP AMERICAN ELECTRIC POWER

Generation and Marketing

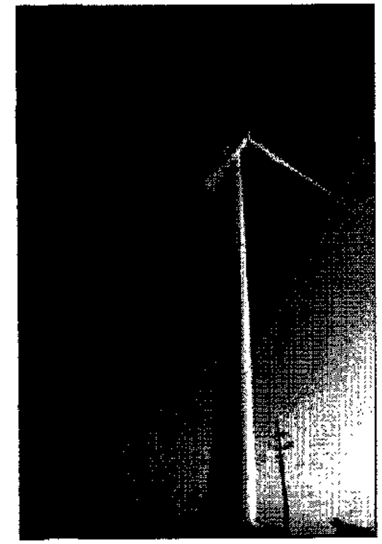
- Business Purpose: To own and operate or contract for electric generation assets and provide innovative power supply products to municipals, electric cooperatives and other market participants

- Owns and Operates 2 Texas Wind Farms – 310MW

- Marketing and Risk Management Activities in ERCOT

- FERC-approved, 20-year PPA with AEP Texas North for TNC's capacity and energy of the Oklaunion plant (54.69%)

- 2009 earnings forecast lower than 2008 due to lower optimization activities around the Oklaunion output and lower revenues from the wind farms



Trent Wind Farm

Oklaunion Plant

AEP AMERICAN ELECTRIC POWER

Jurisdictional Off-System Sales Sharing Summary

STATE	OSS Sharing?	Detail
Arkansas	Yes, above and below base levels	Up to $758,600 annual margin, ratepayers receive 100%. From $758,601 to $1,167,078, ratepayers receive 85%. Above $1,167,078, ratepayers receive 50%.
Indiana	Yes	There is $37.5 million built into Indiana's base rates. Above $37.5 million, ratepayers received 50%
Kentucky	Yes, above and below base levels	Sharing occurs above and below levels included in base rates of $24,855,326. Between $0 and $30 million, ratepayers receive 70%. Above $30 million, ratepayers receive 60%.
Louisiana	Yes, above base levels	Up to $874,000 annual margin, ratepayers receive 100%. From $874,001 to $1,314,000, ratepayers receive 85%. Above $1,314,000, ratepayers receive 50%.
Michigan	Yes	There are two jurisdictions: St Joe and Three Rivers. For St Joe, 100% of profits are shared with ratepayers. No profits are shared in Three Rivers, including base rates. St Joe represents 66% of the Michigan market.
Ohio	No	n/a
Oklahoma	Yes	75% of profits are shared with ratepayers.
Tennessee	No	n/a
Texas (SPP)	Yes	90% of profits are shared with ratepayers.
Virginia	Yes	75% of profits are shared with ratepayers.
West Virginia	Yes	100% of profits passed back to ratepayers through the Expanded Net Energy Cost (ENEC) clause.

AEP AMERICAN ELECTRIC POWER

Overview of Ohio ESP Order

AEP OHIO - ELECTRIC SECURITY PLAN
FINANCIAL HIGHLIGHTS OF ESP

Description	2009 ESP Appl.	2009 PUCO Order	2010 ESP Appl.	2010 PUCO Order	2011 ESP Appl.	2011 PUCO Order	Cumulative ESP Appl.	Cumulative PUCO Order
	Incremental Revenue		Incremental Revenue		Incremental Revenue		Incremental Revenue	
Total Fuel Adjustment Clause (FAC)	214.5M	64.3M	455.1M	228.6M	510.8M	265.7M	2064.6M	916.0M
(Incl. OVEC of $68.8M)								
Non- FAC								
Environmental Capital (Carrying Costs)	110.0M	110.0M	0.0M	0.0M	0.0M	0.0M	330.0M	330.0M
Generation Assets	0.0M	51.0M	0.0M	0.0M	0.0M	0.0M	0.0M	153.0M
Non-FAC Generation (3% & 7%)	56.0M	0.0M	59.3M	0.0M	62.8M	0.0M	349.3M	0.0M
POLR	114.8M	100.1M	0.0M	0.0M	0.0M	0.0M	344.3M	300.3M
Distribution	45.0M	34.9M	48.1M	6.2M	51.4M	3.6M	282.6M	120.7M
Energy Efficiency/Demand Response	30.4M	0.0M	32.6M	0.0M	21.4M	0.0M	177.8M	0.0M
Other	-107.7M	-113.8M	0.0M	0.0M	38.0M	0.0M	-285.2M	-341.4M
Total Non-FAC	248.3M	182.2M	140.0M	6.2M	173.6M	3.6M	1198.7M	562.6M
Total Cash Increase	462.8M	246.5M	595.1M	234.9M	684.4M	269.4M	3263.3M	1478.6M
	Other Components		Other Components		Other Components		Other Components	
Partnership with Ohio Fund	-25.0M	-5.0M	0.0M	0.0M	0.0M	0.0M	-75.0M	-15.0M

- Revenue increases:

	2009	2010	2011
OPCo	8%	7%	8%
CSPCo	7%	6%	6%

- Fuel recovery mechanism
  - Any under-recoveries earn WACC similar to plant investment
  - Deferred fuel balances at end of ESP are amortized and recovered 2012-2018
  - Recovery of future costs of carbon regulation explicitly included in FAC
- Opportunity for distribution rate cases

AEP AMERICAN ELECTRIC POWER

Summary Rate Case Information

SWEPCo Arkansas General Rate Case

On February 19, 2009 SWEPCo filed a general base rate case with the Arkansas Public Service Commission (APSC) requesting an increase of $53.9 million. (Docket #:09-008-U). An order is expected in December 2009.

Projected Capital Structure - Company Position (12/31/08)

	% of Capitalization	Cost Rate	Weighted Return
Long-Term Debt	41.73%	6.61%	2.76%
Preferred Stock	0.12%	4.87%	0.01%
Common Equity	35.68%	11.50%	4.10%
Other Items	22.47%	various	0.13%
Total	100%		7.00%

Procedural Schedule

6/26/2009	Staff and intervenor testimony due
7/24/2009	Rebuttal testimony due
8/18/2009	Staff and intervenor rebuttal testimony due
8/25/2009	Surrebuttal testimony due
10/20/2009	Public hearing commences

Required Rate Relief - Company Position (12/31/08)

($ in millions)

Adjusted Rate Base	$	608.9 *
Required Rate of Return		7.00%
Required Operating Income	$	42.6
Adjusted Operating Income	$	27.3
Difference	$	15.3
Revenue Conversion Factor		1.65
Revenue Deficiency	$	25.2
Generation Recovery Rider	$	28.7
Total Required Rate Relief	$	53.9

*Rate base as of December 31, 2008, updated for known and measurable changes through December 31, 2009.

AMERICAN ELECTRIC POWER

Pension and OPEB Estimates

- Our pension plan and OPEB funds investment returns were each down about 24% in 2008.

- Discount rates are assumed to be 6.0% for pension and 6.1% for OPEB.

- Investment losses increase plan expense for both pension and OPEB, but the investment losses are smoothed in over several years.

- We expect 2009 pension and OPEB expense to increase $104MM from 2008 to 2009 (pre-tax and pre-capitalization).

- OPEB contributions will increase along with OPEB expense, in accordance with agreements in most of our regulatory jurisdictions.

- We do not expect any mandatory contributions to pension in 2009. Pension trust contributions are estimated to be $475MM in 2010 and $283MM in 2011.

AEP AMERICAN ELECTRIC POWER

Use of Equity Proceeds – Reduce Leverage

69 million shares issued at $24.50 / share

Net Proceeds: $1.64 billion

External Settlements

$1.44 billion Facility Pay-down

Intercompany transfers

Money Pool borrowing reduction

Approximate Equity Contributions: $1.14 billion*

- OPCo: $550 million
- APCo: $250 million
- I&M: $120 million
- KPCo: $30 million
- PSO: $20 million
- SWEPCO: $125 million
- TCC: $35 million
- TNC: $10 million

* - subject to AEP board of director approval

AMERICAN ELECTRIC POWER

Credit Ratings and Metrics

Current Ratings for AEP, Inc. & Subsidiaries

Company	Moody's Senior Unsecured	Moody's Outlook	S&P Senior Unsecured	S&P Outlook	Fitch Senior Unsecured	Fitch Outlook
American Electric Power Company Inc.	Baa2	N	BBB	S	BBB	S
AEP, Inc. Short Term Rating	P2	S	A2	S	F2	S
AEP Texas Central Company	Baa2	R	BBB	S	BBB+	S
AEP Texas North Company	Baa1	R	BBB	S	A-	S
Appalachian Power Company	Baa2	S	BBB	S	BBB+	N
Columbus Southern Power Company	A3	S	BBB	S	A-	S
Indiana Michigan Power Company	Baa2	S	BBB	S	BBB	S
Kentucky Power Company	Baa2	S	BBB	S	BBB	S
Ohio Power Company	A3	R	BBB	S	BBB+	S
Public Service Company of Oklahoma	Baa1	S	BBB	S	BBB+	S
Southwestern Electric Power Company	Baa1	R	BBB	S	BBB+	S

S=Stable, N=Negative Outlook, R=Review for Downgrade

2008 Operating Company Metrics

Company	FFO Interest Coverage	FFO-to-Debt	Debt-to-Capitalization
American Electric Power Company Inc.	3.65x	15.6%	61.6%
Appalachian Power Company	1.71x	4.6%	58.5%
Columbus Southern Power Company	5.24x	26.3%	55.1%
Indiana Michigan Power Company	4.44x	22.0%	60.8%
Kentucky Power Company	2.51x	9.9%	58.1%
Ohio Power Company	3.12x	13.3%	56.7%
Public Service Company of Oklahoma	4.30x	27.2%	56.0%
Southwestern Electric Power Company	3.26x	16.0%	56.1%
Texas Wires	4.12x	20.9%	57.4%

AEP AMERICAN ELECTRIC POWER

Long-term Debt Maturity Profile

($ in millions)
(as of March 31, 2009)

Year	2009	2010	2011
AEP, Inc.	$ -	$ 490	$ -
AEP Generating Company	$ -	$ -	$ 130
Appalachian Power	$ 150	$ 200	$ 250
Columbus Southern Power	$ -	$ 150	$ -
Kentucky Power	$ -	$ -	$ -
Indiana Michigan Power	$ -	$ -	$ -
Ohio Power	$ 70	$ 679	$ -
Public Service of Oklahoma	$ 50	$ 150	$ 75
Southwestern Electric Power	$ -	$ -	$ 50
Texas Central Company	$ -	$ 122	$ 120
Texas North Company	$ -	$ -	$ -
Total	$ 270	$ 1,791	$ 625

AMERICAN ELECTRIC POWER

Capital Investment Drives Operating Company Growth

($ in millions)	2008A	2009E	2010E	Total
APCo	$749	$369	$297	**$1,415**
I&M	$372	$363	$246	**$981**
KPCo	$126	$62	$45	**$233**
TCC	$265	$222	$95	**$582**
TNC	$129	$138	$28	**$295**
PSO	$274	$189	$162	**$625**
SWEPCo	$680	$458	$423	**$1,561**
CSP	$438	$271	$231	**$940**
OPCo	$675	$441	$294	**$1,410**
Other Companies *	$259	$71	$25	**$355**
Total Capex	**$3,967**	**$2,584**	**$1,846**	**$8,397**

*** - Other Companies represents AEGCo, Kingsport Power, Wheeling Power and River Operations**

Note: amounts exclude AFUDC

AEP AMERICAN ELECTRIC POWER

DC Cook Unit 1 Update

- Previously identified technical challenges have solutions
  - Low pressure turbine rotors have been straightened
  - Foundation repair work is in progress and is the critical path
  - Generator and high pressure turbine repair work supports the critical path
- The unit is scheduled to return to service in the fourth quarter of 2009
  - The unit will operate without the last stage blades at 30 MW (summer) to 100 MW (winter) reduced capacity
- Root cause: "A blade-rotor system design that failed to provide adequate stress margin"
  - The root cause also found no operational or installation issues
- The replacement rotors are scheduled for installation in the spring of 2011
  - Different design with several years of fault-free commercial operation.
- We continue to receive $3.5MM per week from the accidental outage policy
  - Insurance proceeds are reflected as other operating revenue; During 1Q09, approximately 40% of the insurance payments ($20MM) were used to offset increased fuel costs to customers

AMERICAN ELECTRIC POWER

Quarterly Performance Comparison

American Electric Power
Financial Results for 1st Quarter 2009 Actual vs 1st Quarter 2008 Actual

		2008 Actual Performance Driver	2008 Actual ($ millions)	2008 Actual EPS	2009 Actual Performance Driver	2009 Actual ($ millions)	2009 Actual EPS
	UTILITY OPERATIONS:						
	Gross Margin:						
1	East Regulated Integrated Utilities	19,542 GWh @ $ 30.4 /MWhr =	594		18,661 GWh @ $ 37.0 /MWhr =	691	
2	Ohio Companies	13,901 GWh @ $ 50.0 /MWhr =	696		13,134 GWh @ $ 48.7 /MWhr =	639	
3	West Regulated Integrated Utilities	9,869 GWh @ $ 22.6 /MWhr =	223		9,063 GWh @ $ 26.4 /MWhr =	239	
4	Texas Wires	5,823 GWh @ $ 21.0 /MWhr =	122		5,738 GWh @ $ 22.1 /MWhr =	127	
5	Off-System Sales	8,236 GWh @ $ 26.8 /MWhr =	221		2,595 GWh @ $ 32.7 /MWhr =	85	
6	Transmission Revenue - 3rd Party		80			84	
7	Other Operating Revenue		145			206	
8	Utility Gross Margin		2,081			2,071	
9	Operations & Maintenance		(747)			(803)	
10	Depreciation & Amortization		(355)			(373)	
11	Taxes Other than Income Taxes		(194)			(194)	
12	Interest Exp & Preferred Dividend		(210)			(221)	
13	Other Income & Deductions		41			31	
14	Income Taxes		(207)			(168)	
15	**Utility Operations On-Going Earnings**		409	1.02		343	0.84
16	**Transmission Operations On-Going Earnings**		1	-		-	-
	NON-UTILITY OPERATIONS:						
17	AEP River Operations		7	0.02		11	0.03
18	Generation & Marketing		1	-		24	0.06
19	**Parent & Other On-Going Earnings**		(8)	(0.02)		(18)	(0.04)
20	ON-GOING EARNINGS		410	1.02		360	0.89

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

AEP AMERICAN ELECTRIC POWER

1Q2009 Cash Flow

($ millions)	2008	2009
Operating Activities		
Net Income -- Reported	$ 573	$ 360
Discontinued Operations	-	-
Continuing Earnings	573	360
Depreciation, Amortization & Deferred Taxes	427	543
Changes in Components of Working Capital	(74)	(468)
Other Assets & Liabilities	(298)	(117)
Cash Flows From Operating Activities	628	318
Investing Activities		
Capital Expenditures	(778)	(897)
Proceeds on Sale of Assets	18	172
Change in Other Temporary Cash Investments, net	(17)	90
Acquisition of Nuclear Fuel	(98)	(76)
Other Investing, net	(19)	(16)
Cash Flows Used for Investing Activities	(894)	(727)
Financing Activities		
Common Shares Issued, net	45	47
Long-term Debt Issuances, net	627	854
Short-term Debt Decrease, net	(251)	(1)
Other Financing	(14)	(25)
Dividends Paid	(164)	(167)
Cash Flows From Financing Activities	243	708
Cash From Continuing Operations	$ (23)	$ 299
Beginning Cash & Cash Equivalent Balances	178	411
Ending Cash & Cash Equivalent Balances	$ 155	$ 710

AEP AMERICAN ELECTRIC POWER

1Q2009 Cash Flow Drivers:

Operating Activities

- Changes in working capital largely driven by fuel (coal) stock increase and G&A type items
- Changes in other assets and liabilities largely driven by changes in un-recovered fuel

Investing Activities

- Cash outlay of $897MM for 2009 YTD capital investment.
- 2009 asset sale proceeds primarily relate to the transfer of assets from TCC to ETT ($60MM) and payments from the third-party owners of the Turk Plant ($104MM)

Financing Activities

- Long-term debt issuances of $854MM primarily related to I&M and APCo senior notes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *INDUSTRIAL ENERGY USERS-OHIO'S MEMORANDUM CONTRA AEP-OHIO'S APPLICATION FOR REHEARING* was served upon the following parties of record this 27th day of April 2009, *via* electronic transmission, hand-delivery or first class mail, postage prepaid.

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