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Case Number: 00-2201-EL-CRS

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Section: 1 of 2

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Description of Document: Renewal application for a Certificate

FILE

PUCO

The Public Utilities Commission of Ohio

Original CRS Case Number	Version
00 - 2201 -EL-CRS	July 2002

RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit A-11 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

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A. RENEWAL INFORMATION

A-1 Applicant intends to be renewed as: (check all that apply)

☑ Retail Generation Provider ☑ Power Broker
☑ Power Marketer ☑ Aggregator

A-2 Applicant's legal name, address, telephone number, PUCO certificate number, and web site address

Legal Name **AEP Ohio Commercial & Industrial Retail Company, LLC**
Address **One Riverside Plaza, Columbus, OH, 43215**
PUCO Certificate # and Date Certified **00-037 (1); 12-19-2000**
Telephone # **(614) 223-1000** Web site address (if any)

A-3 List name, address, telephone number and web site address under which Applicant does business in Ohio

Legal Name **dba AEP Plus**
Address **155 West Nationwide Blvd., Columbus, OH. 43215**
Telephone # **(866) 823-6738** Web site address (if any) **aepretailenergy.com**

A-4 **List all names under which the applicant does business in North America**

AEP Ohio C & I Retail Co. LLC

AEP Plus

AEP Retail Energy

A-5 **Contact person for regulatory or emergency matters**

Name **David Ozment**
Title **Regulatory Specialist**
Business address **One Riverside Plaza, Columbus, OH 43215**
Telephone # **(614) 223-2348** Fax # **(614) 223-1555**
E-mail address (if any) **dozment@aep.com**

A-6 **Contact person for Commission Staff use in investigating customer complaints**

Name **Tiffany A. Allenbach**
Title **Manager**
Business address **155 West Nationwide Blvd.**
Telephone # **(614) 583-6552** Fax # **(614) 583-1623**
E-mail address (if any) **tallenbach@aep.com**

A-7 **Applicant's address and toll-free number for customer service and complaints**

Customer Service address **155 West Nationwide Blvd.**
Toll-free Telephone # **(866) 823-6738** Fax # **(614) 583-1623**
E-mail address (if any) **aepretailenergy.com**

A-8 **Applicant's federal employer identification number #** **31-1738616**

A-9 **Applicant's form of ownership (check one)**

☐ Sole Proprietorship ☐ Partnership
☐ Limited Liability Partnership (LLP) ☑ Limited Liability Company (LLC)
☐ Corporation ☐ Other ____________

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

A-10 **Exhibit A-10 "Principal Officers, Directors & Partners"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

A-11 **Exhibit A-11 "Corporate Structure,"** provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America.

B. MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

B-1 **Exhibit B-1 "Jurisdictions of Operation,"** provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services.

B-2 **Exhibit B-2 "Experience & Plans,"** provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

B-3 **Exhibit B-3 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

B-4 Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

☑ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-4 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

B-5 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service denied, curtailed, suspended, revoked, or cancelled within the past two years.

☑ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

C. FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why.

C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

C-3 **Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business.

C-4 **Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.,).

C-5 **Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant's CRES operation, along with a list of assumptions, and the name, address, e-mail address, and telephone number of the preparer.

C-6 **Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a *similar organization. In instances where an applicant does not have its own credit ratings,* it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.

C-7 **Exhibit C-7 "Credit Report,"** provide a copy of the applicant's credit report from Experion, Dun and Bradstreet or a similar organization.

C-8 **Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.

C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the five most recent years preceding the application.

D. TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

D-1 **Exhibit D-1 "Operations"** provide a written description of the operational nature of the applicant's business. Please include whether the applicant's operations include the generation of power for retail sales, the scheduling of retail power for transmission and delivery, the provision of retail ancillary services as well as other services used to arrange for the purchase and delivery of electricity to retail customers.

D-2 **Exhibit D-2 "Operations Expertise,"** given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations.

D-3 **Exhibit D-3 "Key Technical Personnel,"** provide the names, titles, e-mail addresses, telephone numbers, and the background of key personnel involved in the operational aspects of the applicant's business.

D-4 **Exhibit D-4 "FERC Power Marketer License Number,"** provide a statement disclosing the applicant's FERC Power Marketer License number. (Power Marketers only)

____
Signature of Applicant and Title

Sworn and subscribed before me this 8th **day of** November, 2003
Month **Year**

Sandra K. Williams
Signature of official administering oath

Sandra K. Williams
Print Name and Title

My commission expires on SANDRA K. WILLIAMS, Attorney at Law
~~NOTARY PUBLIC,~~ STATE OF OHIO
My Commission Has No Expiration Date
Section 147.03 O.R.C.

AFFIDAVIT

State of Ohio :

Columbus ss.
(Town)

County of Franklin :

Jeffrey D. Cross, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He/She is the Vice President (Office of Affiant) of AEP Ohio Commercial & Industrial Retail Company LLC (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.

2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.

3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.

4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.

5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.

6. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.

7. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.

8. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.

9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.

10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

Signature of Affiant & Title

Sworn and subscribed before me this 8th day of December, 2003
Month Year

Sandra K Williams
Signature of official administering oath

Sandra K. Williams
Print Name and Title

My commission expires on SANDRA K. WILLIAMS, Attorney at Law
~~NOTARY PUBLIC,~~ STATE OF OHIO
My Commission Has No Expiration Date
Section 147.03 O.R.C.

THE PUBLIC UTILITIES COMMISSION OF OHIO
RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS
AEP OHIO COMMERCIAL & INDUSTRIAL RETAIL COMPANY, LLC

Exhibit A-10 "Principal Officers, Directors & Partners,"

Provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

Principal Officers, Managers, and Members

AEP Ohio Commercial and Industrial Retail Company, LLC

Primary Address

1 Riverside Plaza
Columbus, OH 43215 (United States)
Phone: 614-223-1000

Officers	Title
Thomas V. Shockley, III	Chairman of the Board
Thomas V. Shockley, III	President
Geoffrey S. Chatas	Vice President
Jeffrey D. Cross	Vice President
Armando A. Pena	Vice President
Timothy A. King	Secretary
Armando A. Pena	Treasurer
Geoffrey S. Chatas	Assistant Geoffrey
Wendy G. Hargus	Assistant Treasure

Managers	Title
Armando A. Pena	Manager
Jeffrey D. Cross	Manager
Thomas V. Shockley, III	Manager

Other	Title
AEP C&I Company, LLC	Member

THE PUBLIC UTILITIES COMMISSION OF OHIO
RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS

AEP OHIO COMMERCIAL & INDUSTRIAL RETAIL COMPANY, LLC

Exhibit A-11 "Corporate Structure,"

Provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale natural gas or electricity to customers in North America.

Description of AEP Ohio Commercial & Industrial Retail Company, LLC

AEP Ohio Commercial & Industrial Retail Company, LLC is a direct subsidiary of AEP C & I Company LLC, which is a direct subsidiary of American Electric Power Company, Inc.

Graphical depiction of corporate structure:

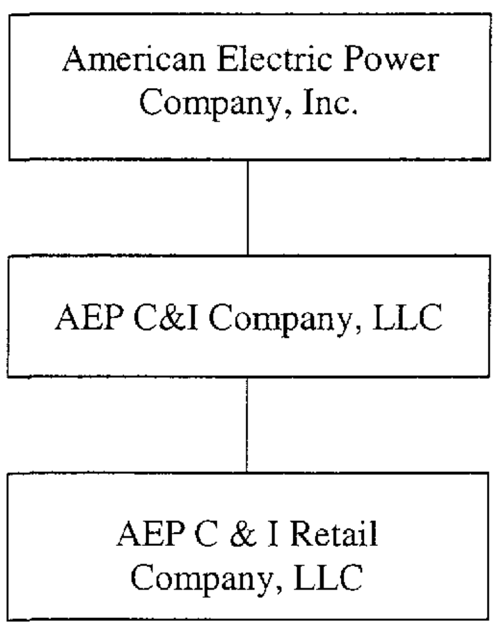


Exhibit A-11 "Corporate Structure,"

List of affiliate and subsidiary companies that supply retail or wholesale natural gas or electricity to customers in North America:

<u>States in which competition has been implemented</u>

Ohio
- Columbus Southern Power Company
- Ohio Power Company
- AEP Ohio Commercial & Industrial Retail Company, LLC
- AEP Ohio Retail Energy, LLC

Texas
- Central Power and Light Company
- West Texas Utilities
- Mutual Energy CPL, LP
- Mutual Energy WTU, LP
- Mutual Energy SWEPCO, LP
- AEP Texas Commercial & Industrial Retail Limited Partnership
- POLR Power, LP

Virginia
- Appalachian Power Company (Virginia, West Virginia)
- AEP Retail Energy, LLC

Pennsylvania
- AEP Ohio Commercial & Industrial Retail Company, LLC

Michigan
- Indiana Michigan Power Company
- AEP Ohio Commercial & Industrial Retail Company, LLC

<u>States in which competition has not been implemented</u>

Arkansas, Louisiana, Texas (Southwest Power Pool Region)
- Southwestern Electric Power Company (Tx, Ar, La.)

Indiana
- Indiana Michigan Power Company

Kentucky
- Kentucky Power Company

Oklahoma
- Public Service Company of Oklahoma

Tennessee
- Kingsport Power Company

West Virginia
- Wheeling Power Company
- Appalachian Power Company (Virginia, West Virginia)

THE PUBLIC UTILITIES COMMISSION OF OHIO
RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS
AEP OHIO COMMERCIAL & INDUSTRIAL RETAIL COMPANY, LLC

Exhibit B-1 "Jurisdictions of Operations"

Provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services including aggregation services.

List of jurisdictions in which any affiliated interest of the applicant is at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric service:

States in which competition has been implemented
Ohio
Texas
Virginia
Pennsylvania
Michigan

United States-Wholesale Business

States in which competition has not been implemented
Arkansas
Indiana
Kentucky
Oklahoma
Tennessee
West Virginia
Louisiana

THE PUBLIC UTILITIES COMMISSION OF OHIO
RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS
AEP OHIO COMMERCIAL & INDUSTRIAL RETAIL COMPANY, LLC

Exhibit B-2 "Experience & Plans,"

Provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code and contained in Chapter 4928.10 of the Revised Code.

Description of experience and plans:

Even though AEP Ohio Commercial & Industrial (C&I) Retail Company, LLC is not currently serving or marketing to electric choice customers in Ohio, AEP retail entities are currently serving significant numbers of electric customers in Texas and natural gas customers in Ohio. Enrollments, switching, contracting, billing, scheduling, customer inquiries, and complaints are managed through a combination internal resources/systems and services provided by external service agreements. AEP C&I have trained staff to manage customer inquiries and complaints and to oversee processes provided by other internal service groups (e.g. corporate or business unit shared services) and external service contracts.

THE PUBLIC UTILITIES COMMISSION OF OHIO
RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS
AEP OHIO COMMERCIAL & INDUSTRIAL RETAIL COMPANY, LLC

Exhibit B-3 "Disclosure of Liabilities and Investigations,"

Provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

There are no disclosures of liabilities and investigations to report for AEP Ohio Commercial & Industrial Retail Company, LLC.

THE PUBLIC UTILITIES COMMISSION OF OHIO
RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS

AEP OHIO COMMERCIAL & INDUSTRIAL RETAIL COMPANY, LLC

Exhibit C-1 "Annual Reports"

Provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information, labeled as Exhibit C-1, or indicate that Exhibit C-1 is not applicable and why.

AEP Ohio Commercial & Industrial Retail Company, LLC does not produce an annual report or similar information, but the two most recent annual reports of American Electric Power Company, Inc., the parent company of AEP Ohio Commercial & Industrial Retail Company, LLC, are enclosed behind this page.

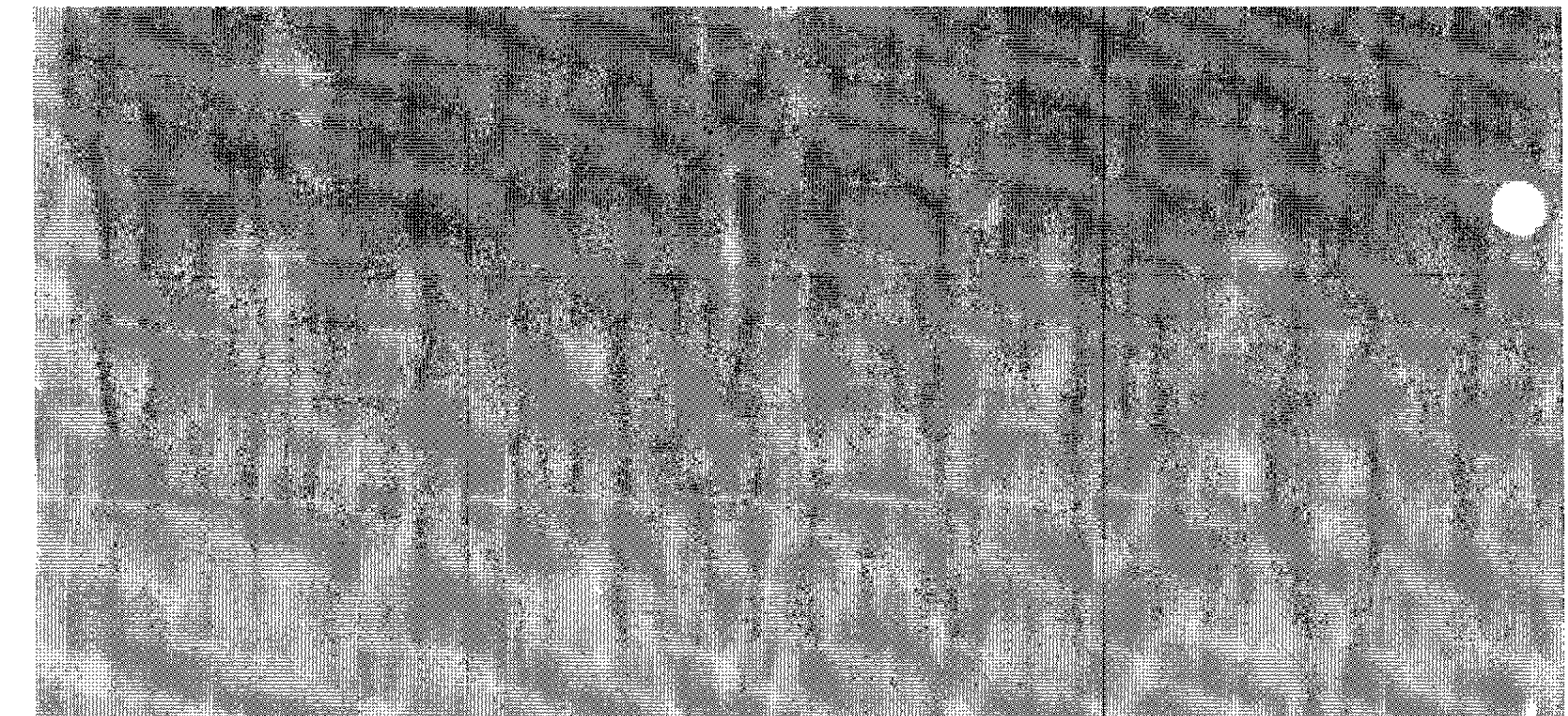
Exhibit C-1
"Annual Reports"

AMERICAN
ELECTRIC
POWER

strength + agility = performance

/ Summary Report to Shareholders 2001

15



strength + agility = performance

Strength and agility are important qualities today and will be even more important tomorrow. And they are qualities that AEP embraces.

AEP has always been an asset-rich company. Technical excellence and resourcefulness have been hallmarks of the company since its earliest years. These attributes have helped us to become a leading diversified energy company.

But strength alone will not ensure success in today's competitive environment. AEP is becoming more agile to respond better and faster to changes in market conditions and regulatory climate, and to seize opportunities. We will use our strength and agility to improve performance and increase shareholder value.

AEP is not the company it was 10, or even two, years ago. We invite you to read more about how we see ourselves, and who we aspire to be, on page 13.

This discussion includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect assumptions, and involve a number of risks and uncertainties. Among the factors, both foreign and domestic, that could cause actual results to differ materially from forward-looking statements are: electric load and customer growth; abnormal weather conditions; available sources of and prices for coal and gas; availability of generating capacity; risks related to energy trading and construction under contract; the speed and degree to which competition is introduced to our power generation business; the structure and timing of a competitive market for electricity and its impact on prices; the ability to recover net regulatory assets, other stranded costs and implementation costs in connection with deregulation of generation in certain states; the timing of the implementation of AEP's restructuring plan; new legislation and government regulations; the ability to successfully control costs; the success of new business ventures; international developments affecting our foreign investments; the economic climate and growth in our service and trading territories, both domestic and foreign; the ability of the company to comply with and to successfully challenge new environmental regulations and to successfully litigate claims that the company violated the Clean Air Act; inflationary trends; litigation concerning AEP's merger with CSW; changes in electricity and gas market prices and interest rates; fluctuations in foreign currency exchange rates; and other risks and unforeseen events.

Cover Photo: Al Seib Costumes: Dominique Lemieux ©1999 Cirque du Soleil Inc.

Our 2001 ongoing earnings of $3.38 per share represented a 25 percent increase over 2000.

highlights of 2001

2001 reported earnings of $3.01 per share adjusted for merger costs ($0.05 per share), write-off of Houston Pipe Line-related Enron purchase obligations ($0.08 per share), severance accruals ($0.08 per share), non-recurring adjustment for taxes other than *FIT ($0.04 per share), disposition* and writedown of assets ($0.01 per share) and an extraordinary loss from discontinuance of regulatory accounting for generation in certain states ($0.16 per share), offset by the cumulative effect of SFAS 133 transition adjustment ($0.05), produces ongoing earnings of $3.38 per share.

2000 reported earnings of $0.83 per share adjusted for the disallowance of a tax deduction for corporate-owned life insurance (COLI) ($0.99 per share), merger costs ($0.55 per share), the non-regulated subsidiary write-offs ($0.19 per share), write-down in value of AEP's UK investment ($0.09 per share) and an extraordinary loss from discontinuance of regulatory accounting for generation in certain states ($0.11 per share), offset by equity earnings of a UK subsidiary sold ($0.05 per share), produces ongoing earnings of $2.71 per share.

* Costs of the Cook Nuclear Plant outage and restart efforts, excluding amortization, reduced earnings as reported and ongoing by $0.74 per share in 2000.

	2001	2000	% Change
Net Income (in millions)			
ongoing	**$1,087**	$871	24.8
as reported	**$971**	$267	263.7
Earnings Per Share*			
ongoing	**$3.38**	$2.71	24.7
as reported	**$3.01**	$0.83	262.7
Revenues (in billions)	**$61.3**	$36.7	67.0
Cash Dividends	**$2.40**	$2.40	—
Year-End Closing Stock Price	**$43.53**	$46.50	(6.4)
Book Value at Year-End	**$25.54**	$25.01	2.1
Total Assets (in billions)	**$47.3**	$53.4	(11.4)
U.S. Customers (at year-end) (in thousands)	**4,930**	4,893	0.8
Global Employment (at year-end)	27,726	26,376	5.1

Our robust and agile wholesale business combined with our stable regulated business provides a balanced, asset-backed portfolio that will continue to deliver value as industry restructuring evolves.

Our Chairman's Letter to Shareholders

Dear fellow shareholders: **The speed and magnitude of industry change, complicated by the California energy crisis and the Enron collapse, are truly astounding. Together with the September 11th terrorist attacks, these events have had far-reaching impact on our nation and our industry.**

But our industry showed its strength and its ability to weather the disruptions. And I remain excited about our opportunities. I am proud to report that AEP continues to be strong and successful. Our robust and agile wholesale business combined with our solid regulated business provides a balanced, asset-backed portfolio that will continue to deliver value as industry restructuring evolves. AEP's diversified portfolio can produce earnings growth of 6 percent to 8 percent over the long term, and our dividend yield currently exceeds 5 percent.

Let me alleviate your concerns at the outset. AEP's wholesale business continues to be viable and profitable. It's producing real cash and real profits. And our longstanding conservative and risk-averse culture means that we apply

prudent accounting, financial disclosure and risk management practices to the business. We evaluate these practices on an ongoing basis to ensure our financial integrity and minimize adverse effects on our business.

Last October we hosted a meeting for investors and analysts – A Day in the Life of an AEP Energy Merchant – at our Columbus headquarters. For many attendees, it was their first air travel since September 11th. For us, it was the first time our wholesale business leaders met with the financial community to talk about the breadth and depth of our energy marketing operations and the impressive assets that support them.

We wanted our guests to see firsthand how we have linked entrepreneurial talent, our technical and operational prowess and the strength of our assets, which include:

- More than 42,000 megawatts of worldwide electric generating capacity, including the largest generation fleet in America,
- 128 billion cubic feet of gas storage,
- 6,400 miles of natural gas pipeline,
- More than 7,000 rail cars,
- 1,800 barges and 37 tug boats, making us the nation's fourth-largest inland barge company, and
- The capability of producing 10 million tons of coal annually.

Our tightly controlled risk management processes have contributed to our track record of consistent, steady returns.

The benefits of this unique integration of resources are reflected in our 2001 results. The company's wholesale electricity and natural gas marketing activities contributed $968 million in gross margins in 2001, an increase of $290 million over 2000. Cash realized during 2001 accounted for approximately 73 percent of that total, and we expect to receive more than half the balance this year.

In addition, AEP's nationwide ranking in natural gas volume rose dramatically last year and we remained a leader in electricity volume. Our domestic wholesale natural gas volume last year was 3,874 billion cubic feet, a 178 percent increase from 2000, and our electricity volume rose 48 percent to 576 million megawatt-hours.

2001 performance

Our 2001 ongoing earnings of $3.38 per share represented a 25 percent increase over 2000. Earnings as reported totaled $3.01 per share, reflecting – among other items – costs associated with the completion of AEP's merger with Central and South West Corp. and write-off of Enron obligations related to our purchase of Houston Pipe Line.

Cook Nuclear Plant added 61 cents per share to earnings over its 2000 contribution. Cook has been a very solid performer since returning to service in 2000, as expected, and has exceeded its capacity factor goals for 2001.

We are seeking a 20-year extension of the two Cook units' operating licenses, which expire in 2014 and 2017.

Our stock price fell 6.4 percent from year-end 2000 to year-end 2001 and our total shareholder return (stock price plus the value of cash dividends) for 2001 was down 1.2 percent, compared with 54.9 percent growth in total return the prior year. But we performed better than the electric utility sector, which was down 8.2 percent; the Standard & Poor's 500 Index, down 11.9 percent; and the NASDAQ, down 20.8 percent. AEP last year ranked 10th in total return among the 26 companies in the S&P Electric Utilities Index, up from 15th at the close of 2000.

Last year marked the first full year since completion of the merger with CSW. We met our 2001 net merger savings target and are on track to meet our overall savings goal for post-merger initiatives of $2 billion plus another $1 billion saved through process improvements.

Priorities: credit quality, risk management

Credit quality has always been a cornerstone of AEP's financial strength. We will strive to maintain our overall credit rating of A-/Baa1 by reducing debt, ensuring strong cash flows, closely monitoring risks and potential liabilities and maintaining liquidity.

Our tightly controlled risk management processes have contributed to our track record of consistent, steady returns. In our wholesale marketing business, trading desk managers have prescribed risk limits and several independent risk oversight committees monitor overall activity.

Last spring we created the position of chief risk officer and appointed Scott Smith to take on that role. Scott brings years of senior-level risk management experience with various corporate and government entities to AEP. He and his team are working to ensure that AEP makes informed and prudent risk management decisions around financial, strategic and operational matters.

Benefits of corporate separation

A year ago, we predicted that the legal and functional separation of our regulated and unregulated businesses would be facilitated by industry deregulation. While progress on deregulation has slowed, due in part to concerns triggered by California's energy crisis, I am confident that we will complete our corporate separation soon.

Among the 11 states where AEP operates, only Ohio, Texas, Virginia and Michigan have implemented deregulation legislation. Our unregulated generation capacity represents nearly half our domestic generation portfolio of more than 38,000 megawatts. We continue to support deregulation plans that offer benefits to all utility customers, shareholders and the industry overall.

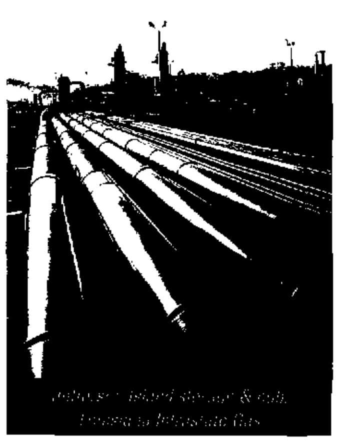
Corporate separation will lead to the creation of two wholly owned subsidiaries, one containing AEP's unregulated businesses and the other housing our regulated businesses. The separation makes strategic sense for the company and its constituents. It will allow AEP to comply with restructuring legislation in Ohio and Texas and better meet the wide-ranging needs of our various customer segments. It will also unlock shareholder value by helping investors more clearly assess each business, permit more efficient financing, and pave the way for future reorganization options.

We are working closely with the rating agencies to design appropriate capital structures to help us meet our goals, and we pledge to maintain our credit quality and our commitments to existing debtholders throughout the corporate separation process.

Extracting value along the energy chain

AEP's wholesale business – which includes our generation and related assets and associated marketing activities – contributed $2.40 per share to ongoing earnings in 2001 before capital costs, up from $1.93 in 2000. This reflects Cook's return to service and the fast growth of our wholesale gas business.

Our wholesale strategy is simple. We are committed to extracting value all along the "energy chain," which starts with procuring, storing and transporting fuel and progresses to generating power, marketing energy and managing risk for our customers. Our wholesale acquisitions over the past year show the robust activity along this chain.



Our acquisition of Houston Pipe Line from Enron last June immediately gave us new information about the natural gas industry and expanded our gas business, which we launched in 1998 with the acquisition of Louisiana Intrastate Gas. Our gas assets and the market understanding they give us have helped catapult AEP nearly to the top rung in wholesale natural gas volume. HPL's Bammel Gas Storage Facility, one of North

America's largest storage fields, gives us a competitive edge by allowing our marketers to buy large volumes at low prices and store until selling when prices are high.

In November we acquired MEMCO Barge Line, greatly expanding our transportation resources and, again, providing information to help maximize our merchant operations' effectiveness. In addition to transporting coal for our own plants, AEP barges move a wide variety of commodities for many other customers. We expect our fleet will move some 50 million tons of dry bulk commodities annually along the Ohio and lower Mississippi rivers and their tributaries, and along the Gulf Coast.

AEP sold its affiliate mining operations in Ohio and West Virginia last summer because they had become too costly to maintain. However, several months later we purchased the coal mining operations and associated facilities and reserves of Quaker Coal Co. We were able to obtain these assets at a very attractive price through Quaker's bankruptcy reorganization proceedings, and we are confident we'll be able to operate them at lower cost. As you know, AEP has many decades of experience in the coal business. Coal remains a critical asset for us, representing roughly 68 percent of our generation.

At the end of 2001 we completed the purchase of 4,000 megawatts of coal-fired generation in the United Kingdom. Waiting to acquire the right properties at the right price has paid off. We paid approximately $200 per kilowatt for the Fiddler's Ferry and Ferrybridge generating stations, compared with more than $500 per kilowatt paid by the prior owner in 1999. These new AEP assets will link to our London-based wholesale trading and marketing organization, paralleling the relationship between our U.S. merchant organization and domestic generating and gas pipeline assets.

Another important transaction in December 2001 was the acquisition of Enron's international coal marketing operation, also based in London. The transaction included marketing offices and a 22-member staff with proven track records in the UK, Germany, Australia and China, and contracts in Europe, Australia, Africa and South America.

This January we hired 35 former employees of Enron Nordic Energy and assumed operation of existing energy marketing offices in Oslo and Stockholm. This gives AEP ready-made capability for electricity and weather derivative trading, origination and portfolio management in five European nations where we didn't have a presence previously.

Our European operations now include power marketing in eight nations, natural gas marketing in the UK and gas and coal marketing throughout northwestern Europe.

Strong, agile, asset-backed and far-reaching –
that's AEP's wholesale business.

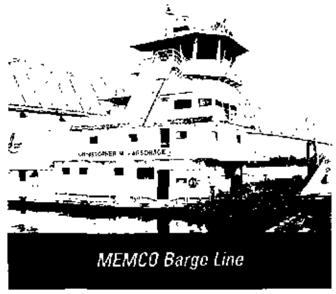
Strong, agile, asset-backed and far-reaching – that's AEP's wholesale business.

The wholesale generation advantage

We are recruiting the best and brightest for our wholesale marketing team and our plant operators continue to be rewarded for thinking like business people. Our goal is to make sure information about plant availability and expected demand flows freely between the generating plant floor and the trading floor to permit decisive actions that ensure system reliability and optimize plant economics.

For example, at AEP's Mitchell Plant in West Virginia last November, plant operators applied keen technical knowledge and ingenuity to returning a generating unit to service several days earlier than projected. This prompt action added about $900,000 to AEP's bottom line.

In recent years, we have taken a contrarian approach to building new generating capacity. We don't believe investing in new plants is the best use of investor capital. Instead, we look for ways to participate in merchant plant development in specific markets or circumstances where we can earn adequate returns.



MEMCO Barge Line

Commercial operation of AEP's Trent Mesa Wind Project near Abilene, Texas, began last summer. Output of the 150-megawatt project is committed to TXU Corp. We also purchased the 160-megawatt Indian Mesa Wind Power Project from Enron Wind. City Public Service, the municipal electric utility for San Antonio, Texas, will buy all the power generated from the Indian Mesa turbines under long-term agreements. Wind power now accounts for nearly 1 percent of AEP's generation. We are evaluating other renewable technologies, such as solar energy and biomass, as well.

Some projects give us access to the excess megawatts not required by our business partners without having to invest our capital. We can sell this generation in the wholesale market just as we would if we owned the physical assets. The cogeneration projects that AEP Pro Serv, Inc., is developing for such customers as Dow Chemical (900 megawatts) and Buckeye Power (510 megawatts) offer these benefits. AEP Pro Serv provides engineering, environmental, maintenance and construction management services to external customers.

Our ability to meet federal standards to control nitrogen oxide emissions continues to focus on use of selective catalytic reduction (SCR) technology. We have installed the technology on two 1,300-megawatt units and SCR installation is scheduled for two more 1,300-megawatt units this year. Another five generating units have been approved for SCR installation.

All told, compliance with nitrogen oxide emission standards could cost the company an estimated $1.6 billion in capital expenditures.

AEP also is growing megawatts at reduced cost by repowering older generating units, such as our 40-year-old, gas-fired Northeastern Station in Oologah, Oklahoma. By adding two gas combustion turbines and two heat-recovery steam generators, we were able to increase Northeastern's capacity from 160 megawatts to 475 megawatts. The project was completed last fall at a cost of $135 million, or $428 per kilowatt. The cost of building new gas-fired combined cycle capacity is $500 to $600 per kilowatt. Natural gas fuels approximately 22 percent of AEP's generating fleet.

We don't expect our fuel mix to change appreciably, but one area that saw significant growth this year is our renewables generation. In fact, AEP has become one of the largest wind generators in the nation.

Trent Mesa Wind Project

With its reasonably predictable earnings and cash flow, AEP's wires business provides a balance to our wholesale business that makes us even stronger.

Our wires business is focused on value creation, or identifying opportunities to do things better and smarter and then working with regulators to share the benefits with both customers and shareholders. This business contributed $2.30 per share to 2001 ongoing earnings before capital costs, up a dime from 2000. Greater revenue and flat operating and maintenance expenses led to the improvement.

Employees in our wires operations are ferreting out ways to reduce capital expenditures by $800 million and annual operation and maintenance expenses by $100 million over the next four years.

Our regulated businesses are coming up with innovative ways to trim costs, raise revenue and – at the same time – improve service. For instance, wires employees are combining extensive training, the latest technology and years of experience to perform maintenance on energized power lines. The more maintenance that can be done safely on lines without removing them from service, the more transmission capacity that's available to serve retail and wholesale customers.

Use of AEP lines for wholesale transactions with unaffiliated parties has also become a significant source of revenue for us, growing to $154 million in 2001 from $60 million five years ago. And our employees are generating revenue by teaching live-line maintenance procedures to contractors and line personnel from other utilities.

Maximizing return

Maximizing the regulated return we can earn on our substantial transmission and distribution assets is an ongoing goal. Our 38,000-mile transmission network has a net book value of more than $3.4 billion and our regulated distribution assets have a net book value exceeding $5.8 billion.

As I mentioned in last year's letter, AEP believes for-profit management of the transmission portion of our wires business will enhance its value to investors while meeting customers' and regulators' requirements. In our view, this business model will bolster competitive generation markets by providing seamless, nondiscriminatory transmission access while encouraging capital investment for transmission improvements and expansion.

AEP has been very involved over the past few years in forming the Alliance RTO (regional transmission organization), which is based on this model. We and our Alliance partners, at the Federal Energy Regulatory Commission's (FERC) direction, are exploring whether the for-profit entity can fit under another RTO's umbrella. FERC has approved a wholly owned subsidiary of National Grid as the Alliance's independent managing member. National Grid has extensive background in successfully operating transmission systems in North America and the UK.

Adding to our track record

I'm excited about our prospects for 2002. AEP has demonstrated it has the resources, expertise and leadership to deliver value to shareholders in all economic conditions. We expect our balanced portfolio of businesses to provide ongoing earnings per share of $3.60 to $3.75 in 2002. That estimate is based on some confidence the economy will recover and on our potential issuance of equity to support corporate separation, fund new growth and strengthen our balance sheet.

We anticipate our acquisitions of HPL, MEMCO Barge Line, Quaker Coal and the UK generating stations to add approximately 22 cents per share to 2002 earnings.

We are exploring options for our electric distribution and electric and gas supply subsidiary in southeast England (SEEBOARD) and our electricity distribution and retail sales subsidiary in Melbourne, Australia (CitiPower). We will evaluate possible divestiture of these investments, but any divestiture is not likely before the third quarter.

We expect AEP's unregulated wholesale business to contribute approximately 38 percent of total earnings before interest and taxes in 2002, with our regulated energy distribution business contributing 26 percent; regulated energy transmission business, 19 percent; and regulated generation business, 17 percent.

Continued strategic acquisitions and development of wholesale products and geographic regions will fuel much of our 6 percent to 8 percent projected growth. A full year of operation of assets we acquired in 2001 also will contribute heavily.

Improving our capital structure and reducing our short-term debt remain goals for 2002. At the close of 2001, short-term debt accounted for 13 percent of our capitalization, down from 18 percent a year earlier. We are targeting a consolidated equity ratio of at least 40 percent.

We're confident the challenge raised to Securities and Exchange Commission approval of the AEP-CSW merger in a federal appeals court will result in confirmation of the approval — sometime this year, we hope.

Giving credit where credit is due

In closing, I want to thank AEP employees for the dedication, energy and resilience they demonstrated in 2001. Without their efforts and successes, day in and day out, AEP would not be the strong, balanced and agile enterprise it has become. Our nearly 28,000 people worldwide are the face and spirit of AEP.

How very fitting that our employees' hard work was recognized last year with the Edison Electric Institute's Emergency Response Award. Two ice storms ravaged the western part of our service territory in the last few weeks of 2000, cutting power to several hundred thousand customers. The EEI award honors the nearly 5,000 AEP employees, contractors, support personnel and visiting crews who worked around the clock to repair damage and restore electric service.

I appreciate the efforts of my senior management team in adjusting to the new duties many of them assumed last fall as part of AEP's management realignment. Tom Shockley, vice chairman, has the new additional title of chief operating officer and has overall responsibility for AEP's regulated and unregulated businesses. Susan Tomasky is now chief financial officer in addition to her responsibilities in the policy and strategy arena. Henry Fayne, formerly chief financial officer, heads our regulated business, filling the very big shoes left by Bill Lhota's retirement late last year. Eric van der Walde oversees our wholesale line of business.

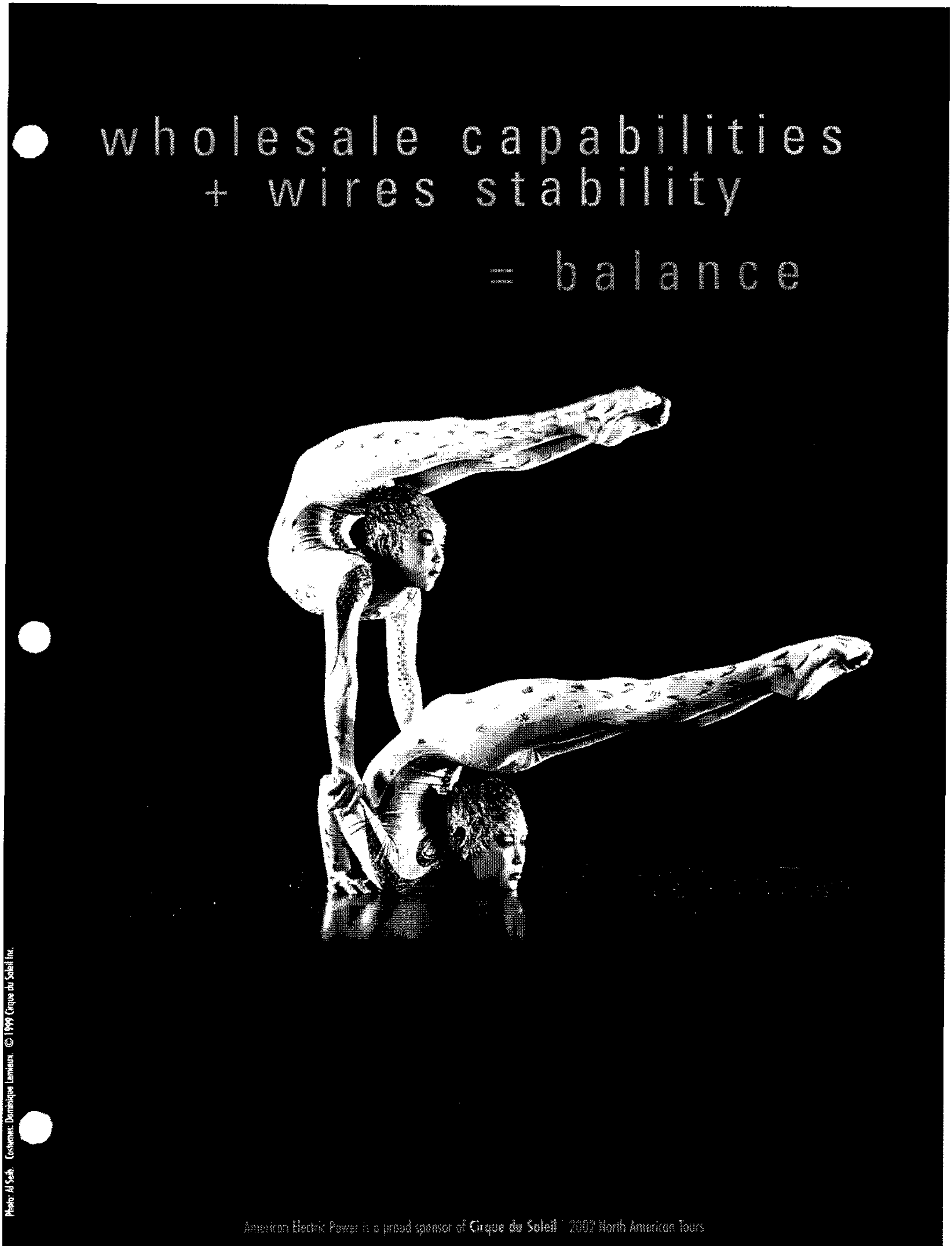
Bob Powers continues to have executive oversight for our nuclear operations while assuming new responsibilities in non-nuclear engineering and research and development, and Chris Bakken is chief nuclear officer based at the Cook plant site. Joe Vipperman continues to oversee our shared services organization.

No expression of thanks would be complete without noting my appreciation for the contributions of our Board of Directors. In particular, I want to recognize James Powell, who retires from the board this year. Jimmie joined our board when the AEP-CSW merger was completed and has served on the audit, policy, and directors and corporate governance committees. He had served on CSW's board since 1987. We will miss Jimmie's wise counsel and informed guidance and wish him all the best in retirement.

Last but surely not least, thank you to AEP's customers and investors. Your role in our success cannot be overstated. We will continue to work diligently to earn your business and your loyalty.

E. R. Draper

E. Linn Draper, Jr.
Chairman, President & Chief Executive Officer
February 27, 2002


wholesale capabilities
+ wires stability
= balance
Photo: Al Seib. Costumes: Dominique Lemieux. © 1999 Cirque du Soleil Inc.
American Electric Power is a proud sponsor of **Cirque du Soleil** 2002 North American Tours

AEP: a balan

AEP's balanced portfolio of businesses and assets features a wide spectrum of wholesale energy operations and a low-cost, diversified regulated business. The company is America's largest generator of electricity and has substantial gas assets, including pipelines and storage. These resources support AEP's position as a top marketer in power and gas. AEP also is a major coal producer and transports that fuel, as well as products for others, using a massive fleet of barges and rail cars. The company is one of the nation's largest electricity distribution companies and its transmission network represents a large section of America's transmission backbone.

AEP's strong presence in virtually every link of the energy value chain reduces volatility and diversifies overall r[illegible]vides market information that makes us more competitive. It [illegible]s. And it helps enhance earnings.

Energy Marketing ▼

Bammel ▲ *Gas Storage dehydration station*

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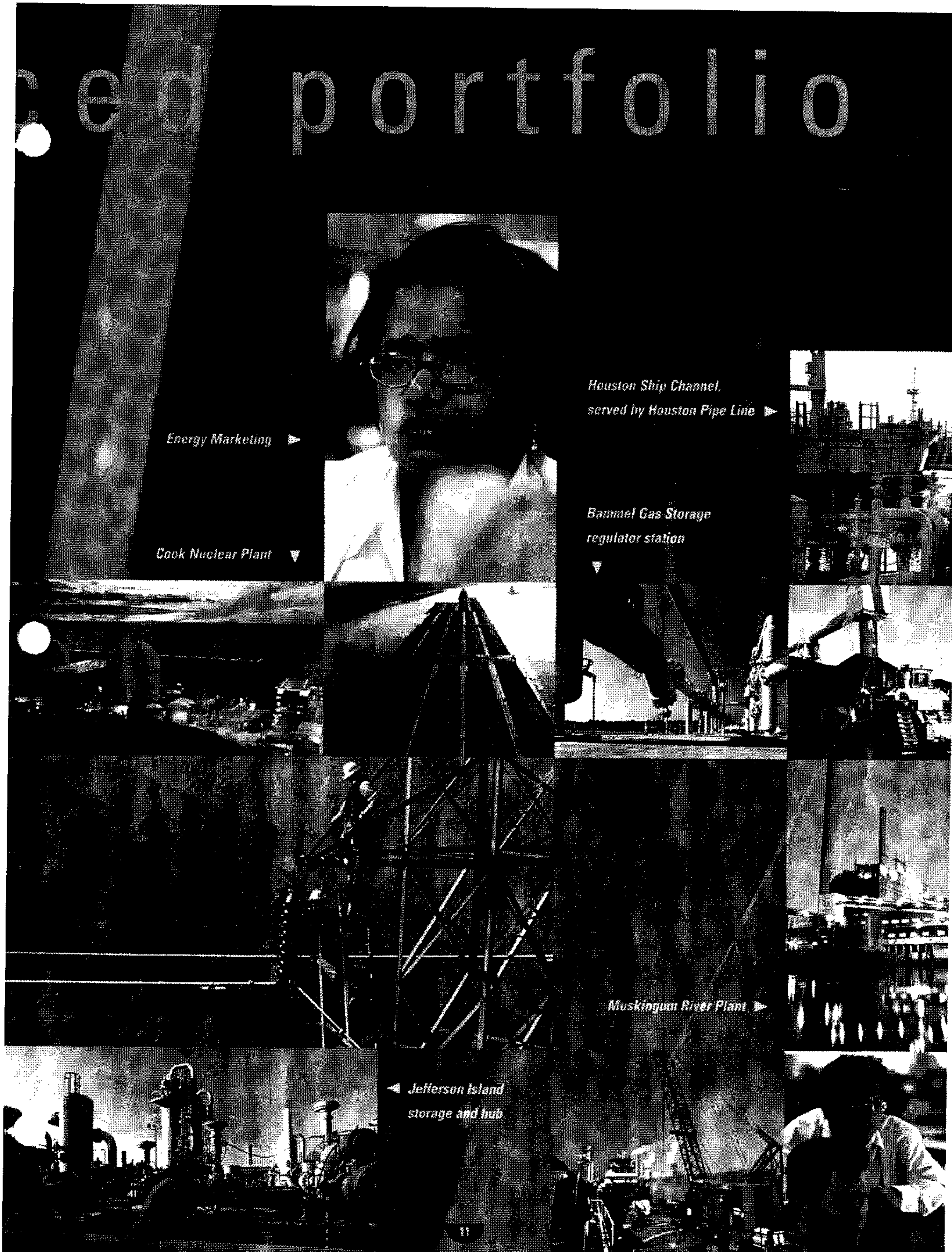
Energy Marketing ▼

Bammel ▲
Gas Storage dehydration station

ced portfolio



Energy Marketing

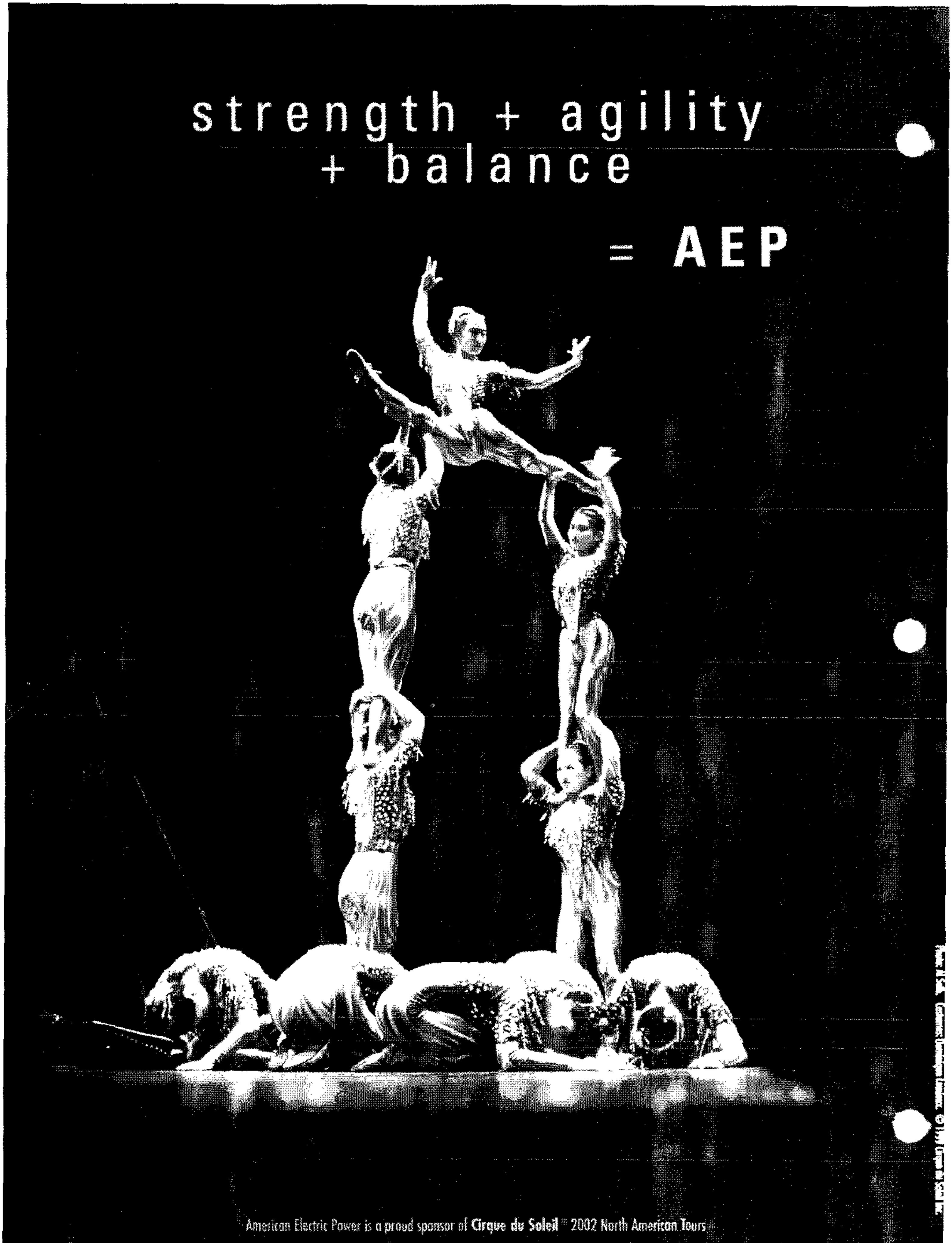
Cook Nuclear Plant

Houston Ship Channel, served by Houston Pipe Line

Bammel Gas Storage regulator station

Muskingum River Plant

Jefferson Island storage and hub



strength + agility
+ balance
= AEP
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AEP launched a repositioning program in early March to reinforce what the company stands for, what distinguishes us from our peers and who we aspire to be.

Our goal is to ensure that potential investors and customers correctly perceive AEP as the company we are today: resource-rich, technically expert, smart, integrated, analytical and responsively aggressive.

An advertising campaign is part of our repositioning initiative, but we intend to communicate with our external ... in other ways, too.

AEP has forged a part ... through sponsorship of Cirque du Soleil's 2002 North A ... internationally renowned live entertainment gro ... ce and music, combined with risk and ... s and dazzling costumes. Cirque transc ... is to invoke the imagination, provoke th ... evoke the emotions of peop ... the world.

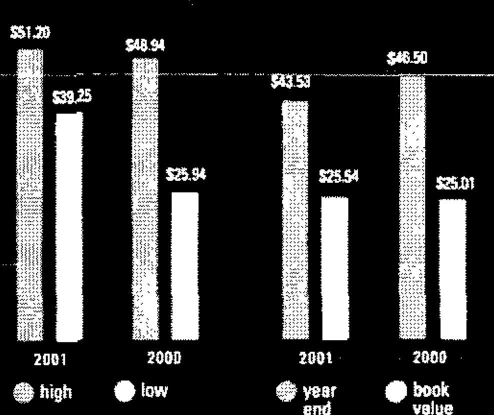
AEP and Cirque du Soleil share performance-driving qualities: strength, balance, agility, experience and teamwork.

Summary Analysis of Results of Operations and Financial Condition

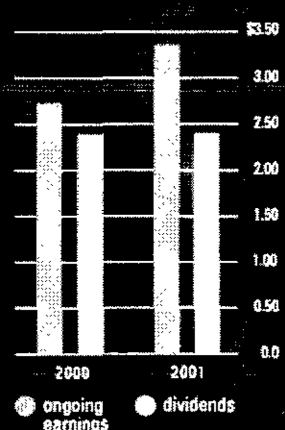
Introduction:

This condensed financial presentation should not be considered a substitute for the full financial statements, inclusive of footnotes and Management's Discussion and Analysis of Results of Operations and Financial Condition, provided to all shareholders as Appendix A to the Proxy Statement and included in the annual Form 10-K filing with the Securities and Exchange Commission (SEC). A copy of the Form 10-K and/or the Appendix A to the Proxy Statement that includes the full financial statements can be obtained by calling 1-800-551-1AEP or through the Internet at www.aep.com.

Market Price – Common Stock



Earnings & Dividends



The following discussion is a summary analysis of AEP's results of operations for the year 2001 compared with 2000 and an overview of the company's business strategy, outlook, financial condition, revenue recognition policies and market risk. A complete analysis of the results of operations and discussion of the financial condition of the company can be found in the Management's Discussion and Analysis of Results of Operations and Financial Condition portion of the Appendix A to the Proxy Statement. Appendix A and Form 10-K also contain detailed discussions of major uncertainties, *contingencies, significant accounting policies, risks and other* issues that the company faces.

Business Strategy

Our strategy is to deliver a balanced business model of regulated and unregulated businesses backed by assets, supported by enterprise-wide risk management and a strong balance sheet which delivers earnings growth of 6 to 8%. We have been focused on the wholesale side of the business since it provides the greater growth opportunities. But, this is complemented by a robust regulated business that has a predicable earnings stream and cash flows. Strong risk management and a disciplined analysis of markets protected us from the California energy crisis and Enron's bankruptcy filing.

Our balanced business model is one where AEP integrates its assets, marketing, trading and analytical resources to create a superior knowledge about the commodity markets which keeps us a step ahead of our competition. Our power, gas, coal and barging assets and operations provide us with market knowledge and customer connectivity, giving us the ability to make informed marketing and trading decisions and to customize our products and services.

AEP provides investors with a balanced portfolio composed of:

- a growing unregulated wholesale energy marketing and trading business
- a predictable cash flow and earnings stream from the regulated electricity business, and
- a high dividend yield relative to today's low interest-rate environment.

We are currently in the process of restructuring our assets and operations to separate the regulated operations from the non-regulated operations.

We filed with the SEC for approval to form two separate legal holding company subsidiaries of AEP Co. Inc., the parent company. Approval is needed from the SEC under the Public Utility Holding Company Act and the FERC to make these organizational changes. Certain state regulatory commissions have intervened in the FERC *proceedings. We have reached a settlement with those state com*missions and are awaiting the FERC's approval before the SEC will make a final ruling on our filing.

We are implementing a corporate separation restructuring plan to support our objective of unlocking shareholder value for our domestic businesses. Our plan provides for:

- transparency and clarity to investors,
- a simpler structure to conduct business, and to anticipate and monitor performance,
- compliance with states' restructuring laws promoting customer choice, and
- more efficient financing.

Consolidated Condensed Balance Sheets

At December 31
(In Millions)

	2001	2000
Assets		
Cash and Cash Equivalents	**$ 333**	$ 342
Energy Trading and Derivative Contracts – Current	**8,572**	15,497
Other Current Assets	**3,658**	5,062
Property, Plant and Equipment	**40,709**	38,088
Accumulated Depreciation and Amortization	**(16,166)**	(15,695)
Net Property, Plant and Equipment	**24,543**	22,393
Regulatory Assets	**3,162**	3,698
Other Assets	**7,013**	6,358
Total	**$47,281**	$53,350
Capitalization and Liabilities		
Energy Trading and Derivative Contracts – Current	**$8,311**	$15,671
Other Current Liabilities	**9,788**	10,266
Long-Term Debt	**9,753**	9,602
Deferred Income Taxes and Investment Tax Credits	**5,314**	5,403
Minority Interest in Financing Subsidiary	**750**	—
Other Liabilities	**4,980**	4,193
Total Liabilities	**38,896**	45,135
Cumulative Preferred Stocks of Subsidiaries	**156**	161
Common Shareholders' Equity	**8,229**	8,054
Total	**$47,281**	$53,350

The new corporate structure will consist of a regulated holding company and an unregulated holding company. The regulated holding company's investments will be in integrated utilities and Ohio and Texas wires. The unregulated holding company's investments will be in Ohio and Texas generation, independent power producers, gas pipeline and storage, UK generation, barging, coal mining and marketing and trading.

The risks in our business are:
- Margin erosion on electric trading as markets mature,
- Diminished opportunities for significant gains as volatility declines,
- Retail price reductions mandated with the implementation of customer choice in Texas and Ohio,
- Movement toward re-regulation in California through market caps and other challenges to the continuation of deregulation of the retail electricity supply business in the U.S., and
- The continued negative impact of a slowly recovering economy.

Our business plan considers these risks and we believe that we can deliver earnings growth of 6-8% annually across the energy value chain through the disciplined integration of strategic assets and intellectual capital to generate these returns for our shareholders.

Our strategies to achieve our business plan are:

Unregulated
- Disciplined approach to asset acquisition and disposition
- Value-driven asset optimization through the linkage of superior commercial, analytical and technical skills
- Broad participation across all energy markets with a disciplined and opportunistic allocation of risk capital
- Continued investment in both technology and process improvement to enhance AEP's competitive advantages
- Continued expansion of intellectual capital through ongoing recruiting, performance-linked compensation and the development of a structure and culture that promotes sound decision-making and innovation at all levels

Regulated
- Maintain moderate but steady earnings growth
- Maximize value of transmission assets and protect revenue stream through RTO/Alliance membership
- Continue process improvement to maintain distribution service quality while enhancing financial performance
- Optimize generation assets through enhanced availability of off-system sales
- Manage the regulatory process to maximize retention of earnings improvement

Our significant accomplishments in 2001 were:
- Adding the following assets to integrate with and support our trading and marketing competitive advantage:
  - 4,200 miles of gas pipeline, 118 Bcf gas storage and related gas marketing contracts
  - 1,200 hopper barges and 30 tugboats
  - 4,000 megawatts of coal-fired generation in England
  - 160 megawatts of wind generation in Texas
  - Coal mining properties, coal reserves, mining operations and royalty interests in Colorado, Kentucky, Ohio, Pennsylvania and West Virginia

- Entering into new markets through the acquisition of existing contracts and hiring key staff, including 57 employees from Enron's London-based international coal trading group in December 2001 and Enron's Nordic energy trading group in January 2002. We now trade power and gas in the UK, France, Germany, and the Netherlands and coal throughout the world

- Adding other energy-related commodities to our power and gas portfolio i.e. coal, SO_2 allowances, natural gas liquids (NGLs) and oil

- Disposing of the following assets that did not fit our strategy:
  - 120 MWs of generation in Mexico,
  - Above-market coal mines in Ohio and West Virginia,
  - A 50 % investment in Yorkshire, a UK electric supply and distribution company,
  - An investment in a Chilean electric company, and
  - Datapult[SM], an energy information data and analysis tool.

In addition we sold 500 MWs of generating capacity in Texas under a FERC order that approved our merger with CSW.

Our divestiture of non-strategic assets is somewhat limited by the pooling of interest accounting requirements applied to the merger of CSW and AEP in June 2000. We are presently evaluating certain foreign investments for possible disposal and have not yet decided whether to dispose of such investments. Disposal of investments determined to be non-strategic will be considered in accordance with the pooling of interests restrictions which end in June 2002. We are committed to continually evaluate the need to reallocate resources to areas with greater potential, to match investments with our strategy and to pare investments that do not produce sufficient return and shareholder value. Any investment dispositions could affect results of operations.

Outlook for 2002

Growth in 2002 will be driven in part by our continued strategic development of wholesale products and geographies, as demonstrated in recent months by our move into global coal markets and Nordic energy. A full year of operation of assets acquired in 2001 – Houston Pipe Line, Quaker Coal, the MEMCO barge line and two power plants in the United Kingdom – will also contribute to growth in 2002 earnings.

Although we expect that the future outlook for results of operations is excellent, there are contingencies and challenges. We fully discuss these matters in the Notes to Consolidated Financial Statements and in the Management Discussion and Analysis in the Appendix A to the Proxy. We intend to work diligently to resolve these matters by finding workable solutions that balance the interests of our customers, our employees and our shareholders.

Results of Operations
In 2001 AEP's principal operating business segments and their major activities were:

- *Wholesale:*
  - Generation of electricity for sale to retail and wholesale customers
  - Gas pipeline and storage services
  - Marketing and trading of electricity, gas and coal
  - Coal mining, bulk commodity barging operations and other energy supply-related business
- Energy Delivery
  - Domestic electricity transmission
  - Domestic electricity distribution
- Other Investments
  - Foreign electric distribution and supply investments
  - Telecommunication services

Revenue Recognition Policies
Traditional Regulated Electricity Supply and Delivery Activities

As the owner of cost-based rate-regulated electric public utility companies, AEP Co., Inc.'s consolidated financial statements recognize revenues on an accrual basis for traditional electricity supply sales and for electricity transmission and distribution delivery services. These revenues are recognized in our income statement when the energy is delivered to the customer and thus include unbilled as well as billed amounts. In general, expenses are recorded when incurred. As a result of our cost-based rate-regulated operations, our financial statements reflect the actions of regulators that can result in the recognition of revenues and expenses in different time periods than enterprises that are not rate regulated. In accordance with SFAS 71, "Accounting for the Effects of Certain Types of Regulation," regulatory assets (deferred expenses) and regulatory liabilities (future revenue reductions or refunds) are recorded to reflect the economic effects of regulation by matching in the same accounting period regulated expenses with their recovery through regulated revenues.

Application of SFAS 71 for the generation portion of the business was discontinued in Ohio in September 2000, in Virginia and West Virginia in June 2000, and in Texas and Arkansas in September 1999 in recognition of the passage of legislation to transition to customer choice and market pricing for the supply of electricity. These discontinuances of the application of SFAS 71 resulted in extraordinary losses from the stranding of certain net regulatory assets that are not recoverable under the restructuring legislation and competitive market pricing.

Wholesale Energy Marketing and Trading Activities
We engage in non-regulated wholesale electricity and natural gas marketing and trading transactions (trading activities). Trading activities involve the purchase and sale of energy under forward contracts at fixed and variable prices and buying and selling financial energy contracts which include exchange futures and options and over-the-counter options and swaps. Although trading contracts are generally short-term, there are also long-term trading contracts. We recognize revenues from trading activities generally based on changes in the fair value of energy trading contracts.

Recording the net change in the fair value of trading contracts as revenues prior to settlement is commonly referred to as mark-to-market accounting. It represents the change in the unrealized gain or loss throughout the contract's term. When the contract actually settles, that is, the energy is actually delivered in a sale or received in a purchase or the parties agree to forego delivery and receipt and net settle in cash, the unrealized gain or loss is reversed out of revenues and the actual realized cash gain or loss is recognized in revenues for a sale or in purchased energy expense for a purchase. Therefore, over the term of the trading contracts an unrealized gain or loss is recognized as the contract's market value changes. When the contract settles the total gain or loss is realized in cash but only the difference between the accumulated unrealized net gains or losses recorded in prior months and the cash proceeds is recognized. Unrealized mark-to-market gains and losses are included in the Balance Sheet as energy trading and derivative contract assets or liabilities as appropriate.

The majority of our trading activities represent physical electricity and gas contracts that are typically settled by entering into offsetting contracts. An example of our trading activities is when in January we enter into a forward sales contract to deliver electricity or gas in July. At the end of each month until the contract settles in July, we would record any difference between the contract price and the market price as an unrealized gain or loss in revenues. In July when the contract settles, we would realize the gain or loss in cash and reverse to revenues the previously recorded unrealized gain or loss. Prior to settlement, the change in the fair value of physical sale and purchase contracts is included in revenues on a net basis. Upon settlement of a forward trading contract, the amount realized is included in revenues for a sales contract and realized costs are included in purchased energy expense for a purchase contract with the prior change in unrealized fair value reversed in revenues.

Continuing with the above example, assume that later in January or sometime in February through July we enter into an offsetting forward contract to buy electricity or gas in July. If we do nothing else with these contracts until settlement in July and if the commodity type, volumes, delivery point, schedule and other key terms match, then the difference between the sale price and the purchase price represents a fixed value to be realized when the contracts settle in July. If the purchase contract is perfectly matched with the sales contract, we have effectively fixed a profit or loss; specifically it is the difference between the contracted settlement price of the two contracts. Mark-to-market accounting for these contracts will have no further impact on operating results but has an offsetting and equal effect on trading contract assets and liabilities. Of course we could also do similar transactions but enter into a purchase contract prior to entering into a sales contract. If the sale and purchase contracts do not match exactly as to commodity type, volumes, delivery point, schedule and other key terms, then there could be continuing mark-to-market effects on revenues from recording changes in fair values.

Trading of electricity and gas options, futures and swaps represents financial transactions with unrealized gains and losses from changes in fair values reported net in revenues until the contracts settle. When these contracts settle, we record the net proceeds in revenues and reverse to revenues the prior unrealized gain or loss. The fair value of open short-term trading contracts is based on exchange prices and broker quotes. We mark-to-market open long-term trading contracts based mainly on company developed valuation models. These models estimate future energy prices based on existing market and broker quotes and supply and demand market data and assumptions. The fair values determined are reduced by reserves to adjust for credit risk and liquidity risk. Credit risk is the risk that the counterparty to the contract will fail to perform or fail to pay amounts due AEP. Liquidity risk represents the risk that imperfections in the market will cause the price to be less than or more than what the price should be based purely on supply and demand. There are inherent risks related to the underlying assumptions in models used to fair value open long-term trading contracts. We have independent controls to evaluate the reasonableness of our valuation models. However, energy markets, especially electricity markets, are imperfect and volatile and unforeseen events can and will cause reasonable price curves to differ from actual prices throughout a contract's term and when contracts settle. Therefore, there could be significant adverse effects on future results of operations and cash flows if market prices do not correlate with the company-developed price curves.

We also mark to market derivatives that are not trading contracts in accordance with generally accepted accounting principles. Derivatives are contracts whose value is derived from the market value of an underlying commodity.

Our revenues of $61 billion for 2001 included $257 million of unrealized net gains from marking to market open trading and derivative contracts. AEP's net revenues (revenues less fuel and energy purchases) excluding mark-to-market revenues totaled $8.3 billion and were realized in cash during 2001. Unrealized net mark-to-market revenues are only 3% of total net revenues. Most of the

Consolidated Condensed Statements of Income

Year Ended December 31
(In Millions – Except Per Share Amounts)

	2001	2000	% Change
Revenues	**$ 61,257**	$ 36,706	66.9
Expenses:			
Fuel and Purchased Energy	**52,753**	28,718	83.7
Maintenance and Other Operation	**4,037**	3,841	5.1
Non-Recoverable Merger Costs	**21**	203	(89.7)
Depreciation and Amortization	**1,383**	1,250	10.6
Taxes Other Than Income Taxes	**668**	690	(3.2)
Total Expenses	**58,862**	34,702	69.6
Other Income (net)	**172**	55	212.7
Income Before Interest, Preferred Dividends, Minority Interest and Income Taxes	**2,567**	2,059	24.7
Interest, Preferred Dividends and Minority Interest	**995**	1,160	(14.2)
Income Taxes	**569**	597	(4.7)
Income Before Extraordinary Items and Cumulative Effect	**1,003**	302	232.1
Extraordinary Losses (net of tax):			
Discontinuance of Regulatory Accounting for Generation	**(48)**	(35)	37.1
Loss on Reacquired Debt	**(2)**	—	N.M.
Cumulative Effect of Accounting Change	**18**	—	N.M.
Net Income	**$ 971**	$ 267	263.7
Average Number of Shares Outstanding	**322**	322	—
Earnings Per Share:			
Income Before Extraordinary Items and Cumulative Effect	**$ 3.11**	$ 0.94	230.9
Extraordinary Losses	**(0.16)**	(0.11)	45.5
Cumulative Effect	**0.06**	—	N.M.
Net Income	**$ 3.01**	$ 0.83	262.7
Cash Dividends Paid Per Share	**$ 2.40**	$ 2.40	—

N.M.=Not Meaningful

net unrealized revenues from marking to market trading contracts and derivatives included in our balance sheet at December 31, 2001, as energy trading and derivative contract assets and liabilities, which net to $448 million before any regulatory deferrals, will be realized in 2002.

We defer as regulatory assets or liabilities the effect on net income of marking to market open electricity trading contracts in our regulated jurisdictions since these transactions are included in cost of service on a settlement basis for ratemaking purposes. Changes in mark-to-market valuations impact net income in our non-regulated business.

Volatility in energy commodities markets affects the fair values of all of our open trading and derivative contracts, exposing us to market risk and causing our results of operations to be more volatile. See "Market Risks" section below for a discussion of the policies and procedures we use to manage our exposure to market and other risks from trading activities.

Net Income

Net income increased to $971 million or $3.01 per share from $267 million or $0.83 per share. The increase of $704 million or $2.18 per share was due to the growth of AEP's wholesale marketing and trading business, increased revenues and the controlling of our operating and maintenance costs in the energy delivery business, and declining capital costs. Also contributing to the earnings improvement in 2001 was the effect of 2000 charges for a disallowance of COLI-related tax deductions, expenses of the merger with CSW, write-offs related to certain non-regulated investments and restart costs of the Cook Nuclear Plant. The favorable effect on comparative net income of these 2000 charges was offset in part by current year charges for severance accruals, losses from Enron's bankruptcy and extraordinary losses from the effects of deregulation and a loss on reacquired debt. A strong performance in the first nine months of 2001 was partially offset by unfavorable operating conditions in the fourth quarter. Extremely mild November and December weather combined with weak economic conditions in the fourth quarter reduced retail energy sales and wholesale margins. Heating degree days in the fourth quarter were down 33% from the same period in 2000. Although the fourth quarter was disappointing, 2001 net income before extraordinary items and cumulative effect of accounting changes reached the $1 billion mark.

Our wholesale business continues to perform well despite a slowing economy that reduced both wholesale energy margins and energy use by industrial customers. Our wholesale business, which includes power generation, retail and wholesale sales of power and natural gas and trading of power and natural gas and natural gas pipeline and storage services, contributed to the earnings increase by successfully returning the Cook Plant to service in 2000 and by growing AEP's wholesale business.

Our energy delivery business, which consists of domestic electricity transmission and distribution services, contributed to the increase in earnings by controlling operating and maintenance expenses and by increasing revenues. Capital costs decreased due primarily to interest paid to the IRS in 2000 on a COLI deduction disallowance and declining short-term market interest rate conditions.

Revenues

For the Year Ended December 31 (In Millions)	2001	2000
Wholesale Business		
Residential	**$ 3,553**	$ 3,511
Commercial	**2,328**	2,249
Industrial	**2,388**	2,444
Other retail customers	**419**	414
Marketing and Trading-Electricity	**35,339**	18,858
Marketing and Trading-Gas	**14,369**	6,127
Unrealized MTM Income:		
Electric	**210**	38
Gas	**47**	132
Other	**632**	838
Less transmission and distribution revenues assigned to Energy Delivery*	**(3,356)**	(3,174)
Total Wholesale Business	**55,929**	31,437
Energy Delivery Business:		
Transmission	**1,029**	1,009
Distribution	**2,327**	2,165
Total Energy Delivery	**3,356**	3,174
Other Investments:		
SEEBOARD	**1,451**	1,596
CitiPower	**350**	338
Other	**171**	161
Total Other Investments	**1,972**	2,095
Total Revenues	**$61,257**	$36,706

*Certain revenues in the wholesale business include energy delivery revenues due primarily to bundled tariffs that are assignable to the Energy Delivery business.

Our revenues have increased significantly from the marketing and trading of electricity and natural gas. The level of electricity trading transactions tends to fluctuate due to the highly competitive nature of the short-term (spot) energy market and other factors, such as affiliated and unaffiliated generating plant availability, weather conditions and the economy. The FERC's introduction of a greater degree of competition into the wholesale energy market has had a major favorable effect on the volume of wholesale power marketing and trading, especially in the short-term market. Our total revenues increased 66.9% in 2001 due mainly to the growth of our wholesale marketing and trading operations.

The $25 billion increase in 2001 revenues was due to substantial increases in electric and gas trading volumes. Wholesale natural gas trading volume for 2001 was 3,874 Bcf, a 178% increase from 2000 volume of 1,391 Bcf. Electric trading volume increased 48% to 576 million MWH. The increase in gas trading volume is due to:

- Continued expansion of our trading team,
- The HPL acquisition on June 1, 2001, and
- Expansion into new markets.

While marketing and trading volumes rose, sales to industrial customers decreased. This decrease was due to the economic recession in 2001. In the fourth quarter sales to residential, commercial and wholesale customers declined. The recession reduced demand and wholesale prices, especially in the fourth quarter.

Operating Expenses Increase

Changes in the components of operating expenses were as follows:

For the Year Ended December 31 (In Millions)	2001 Increase(Decrease)	%
Fuel and Purchased Energy	**$24,035**	83.7
Maintenance & Other Operation	**196**	5.1
Non-recoverable Merger Costs	**(182)**	(89.7)
Depreciation & Amortization	**133**	10.6
Taxes Other Than Income Taxes	**(22)**	(3.2)
Total	**$24,160**	69.6

Our fuel and purchased energy expense in 2001 increased 84% due to increased trading volume and an increase in nuclear generation cost. The return to service of the Cook Plant's two nuclear generating units in June 2000 and December 2000 accounted for the increase in nuclear generation costs.

Maintenance and other operation expense rose in 2001 mainly as a result of additional traders' incentive compensation and accruals for severance costs related to corporate restructuring.

With the consummation of the merger with CSW, certain deferred merger costs were expensed in 2000. The merger costs charged to expense included transaction and transition costs not allocable to and recoverable from ratepayers under regulatory commission-approved settlement agreements to share net merger savings. As expected, merger costs declined in 2001 after the merger was consummated.

Depreciation and amortization expense increased in 2001 primarily as a result of the commencement of the amortization of transition generation-related regulatory assets in the Ohio, Virginia and West Virginia jurisdictions due to passage of restructuring legislation, the new businesses acquired in 2001 and *additional investments in property, plant and equipment.*

Interest, Preferred Stock Dividends, Minority Interest

Interest expense decreased 15% in 2001 due to the effect of interest paid to the IRS on a COLI deduction disallowance in 2000 and lower average outstanding short-term debt balances and a decrease in average short-term interest rates.

In 2001 we issued a preferred member interest to finance the acquisition of HPL and paid a preferred return of $13 million to the preferred member interest.

Other Income

The sale in March 2001 of Frontera, a generating plant required to be divested under a FERC-approved merger settlement agreement, produced a pretax $73 million gain which accounted for the increase in other income in 2001.

Income Taxes

Although pre-tax book income increased considerably, income taxes decreased due to the effect of recording prior year federal income taxes as a result of the disallowance of COLI interest deductions by the IRS in 2000 and nondeductible merger-related costs in 2000.

Extraordinary Losses and Cumulative Effect

In 2001 we recorded an extraordinary loss of $48 million net of tax to write off prepaid Ohio excise taxes stranded by Ohio deregulation. In 2000 we recorded an extraordinary loss from the discontinuance of the application of regulatory accounting for Ohio, Virginia and West Virginia jurisdictions of $35 million due to the passage of restructuring legislation. New accounting rules that became effective in 2001 regarding accounting for derivatives required us to mark to market certain fuel supply contracts that qualify as financial derivatives. The effect of initially adopting the new rules on July 1, 2001, was a favorable $18 million, net of tax, which is reported as a cumulative effect of an accounting change.

Financial Condition

We measure the financial condition of the company by the strength of its balance sheet and the liquidity provided by cash flows and earnings.

Balance sheet capitalization ratios and cash flow ratios are principal determinants of the company's credit quality.The ratings are presently stable. Our year end ratings of subsidiaries' first mortgage bonds were: Moody's A1 to Baa1, S&P A to A-, Fitch A+ to BBB+. Our subsidiaries' year end ratings for senior unsecured debt were: Moody's A2 to Baa1, S&P BBB+, Fitch A to BBB. The parent company's commercial paper program has short-term ratings of A2 and P2 by Moody's and Standard and Poor's, respectively.

AEP's common equity to total capitalization declined to 33% in 2001 from 34% in 2000. Total capitalization includes long-term debt due within one year, minority interests and short-term debt. Preferred stock at 1% remained unchanged. Long-term debt increased from 47% to 50% while short-term debt decreased from 18% to 13% and minority interest for financing increased to 3%. In 2001 and 2000, the company did not issue any shares of common stock to meet the requirements of the Dividend *Reinvestment and Direct Stock Purchase Plan and the Employee* Savings Plan.

We plan to strengthen the company's balance sheet in 2002 by issuing common stock and mandatory convertible preferred stock and using the proceeds from asset sales to reduce debt. The issuance of common stock has the potential to dilute future earnings per share but will enhance the equity to capitalization ratio.

Rating agencies have become more focused in their evaluation of credit quality as a result of the Enron bankruptcy. They are focusing especially on the composition of the balance sheet with particular interest in off-balance sheet leases and debt and special purpose financing structures, the cash liquidity profile and the impact of credit quality downgrades on financing transactions. We have worked closely with the agencies to provide them with all the information they need, but we are unable to predict

Consolidated Condensed Statements of Cash Flows

Year Ended December 31
(In Millions)

	2001	2000
Operating Activities		
Net Income	**$ 971**	$ 267
Adjustments for Noncash Items	**1,982**	1,166
Net Cash Flows from Operating Activities	**2,953**	1,433
Investing Activities		
Construction Expenditures–Worldwide	**(1,832)**	(1,773)
Purchase of Houston Pipe Line	**(727)**	—
Purchase of UK Generation	**(943)**	—
Purchase of Quaker Coal Co.	**(101)**	—
Purchase of MEMCO	**(266)**	—
Purchase of Indian Mesa	**(175)**	—
Sale of Yorkshire	**383**	—
Sale of Frontera	**265**	—
Other	**(36)**	19
Net Cash Flows Used for Investing Activities	**(3,432)**	(1,754)
Financing Activities		
Issuance of Common Stock	**10**	14
Issuance of Minority Interest	**747**	—
Change in Long-term Debt (net)	**1,096**	(441)
Change in Short-term Debt (net)	**(597)**	1,308
Dividends Paid on Common Stock	**(773)**	(805)
Other	**(10)**	(20)
Net Cash Flows from Financing Activities	**473**	56
Effect of Exchange Rate Change on Cash	**(3)**	23
Net Decrease in Cash and Cash Equivalents	**(9)**	(242)
Cash and Cash Equivalents January 1	**342**	584
Cash and Cash Equivalents December 31	**$ 333**	$ 342

what actions, if any, they may take regarding the company's current ratings.

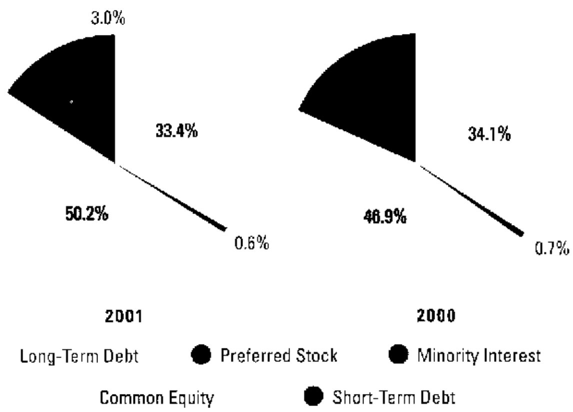
During 2001 cash flow from operations was $2.9 billion, including $971 million from net income and $1.5 billion from depreciation, amortization and deferred taxes. Capital expenditures including acquisitions were $4 billion and dividends on common stock were $773 million. Cash from operations less dividends on common stock financed 52% of capital expenditures and new investments.

During 2001, the proceeds of the $1.25 billion global notes issuance and proceeds from the sale of a UK distribution company and two generating plants provided cash to purchase assets, fund construction, retire debt and pay dividends. Major construction expenditures include amounts for a wind generating facility and emission control technology on several coal-fired generating units. Asset purchases include HPL, coal mines, a barge line, a wind generating facility and two coal-fired generating plants in the UK.

These acquisitions accounted for the increase in total debt in 2001. During the third quarter of 2001, permanent financing was completed for the acquisition of HPL by the issuance of a minority interest which provided $735 million net of expenses. HPL's permanent financing increased funds available for other corporate purposes. Long-term financings for the other acquisitions will be announced as arranged. Long-term funding arrangements for specific assets are often complex and typically not completed until after the acquisition.

Earnings for 2001 resulted in a dividend payout ratio of 80%, a considerable improvement over the 289% payout ratio in 2000. The abnormally high ratio in 2000 was the result of the adverse impact on 2000 earnings of the Cook Plant extended outage and related restart expenditures, merger costs, the COLI tax disallowance and the write-off of non-regulated subsidiaries. We expect continued improvement of the payout ratio as a result of earnings growth in 2002.

Capitalization Ratio



Cash from operations and short-term borrowings provide working capital and meet other short-term cash needs. We generally use short-term borrowings to fund property acquisitions and construction until long-term funding mechanisms are arranged. Some acquisitions of existing business entities include the assumption of their outstanding debt and certain liabilities. Sources of long-term funding include issuance of AEP common stock, minority interest or long-term debt and sale-leaseback or leasing arrangements. We operate a money pool and sell accounts receivables to provide liquidity for the domestic electric subsidiaries. Short-term borrowings in the U.S. are supported by two revolving credit agreements. At December 31, 2001, approximately $554 million remained available for short-term borrowings in the U.S.

Subsidiaries that trade energy commodities in Europe have a separate multicurrency revolving loan and letter of credit agreement allowing them to borrow up to €150 million of which €42 million was available on December 31, 2001. In February 2002 they also originated a temporary second line of €50 million for three months, which is expected to be replaced with a €150 million line. SEEBOARD, Nanyang and CitiPower, which operate in the UK, China and Australia, respectively, each have independent financing arrangements which provide for borrowing in the local currency. SEEBOARD has a £320 million revolving credit agreement it uses for short-term funding purposes. At December 31, 2001, £203 million was available.

AEP issued $1.25 billion of global notes in May 2001 (with intermediate maturities). The proceeds were used to pay down outstanding commercial paper. In 2001 CSPCo and OPCo, AEP's Ohio subsidiaries, redeemed $295.5 million and $175.6 million, respectively, of first mortgage bonds in preparation for corporate separation.

AEP Credit purchases, without recourse, the accounts receivable of most of the domestic utility operating companies and certain non-affiliated electric utility companies. AEP Credit's financing for the purchase of receivables changed during 2001. Starting December 31, 2001, AEP Credit entered into a sale of receivables agreement with certain banks. The agreement allows AEP Credit to sell certain receivables and receive cash, meeting the requirements for the receivables to be removed from the balance sheet.

The agreement with the banks expires in May 2002 and is expected to be renewed. At December 31, 2001, AEP Credit had $1.1 billion sold under this agreement of which $590 million was a result of non-affiliate factoring. A factoring of receivable agreement for a non-affiliated company was ended in January 2002.

In February 2002 CPL issued $797 million of securitization notes that were approved by the PUCT as part of Texas restructuring to help decrease rates and recover regulatory assets. The proceeds were used to reduce debt and equity through a dividend to CPL's parent company.

In 2002 the company plans to continue restructuring its debt for corporate separation, assuming receipt of all necessary regulatory approvals. Corporate separation will require the transfer of assets between legal entities. With corporate separation, a newly created holding company for the unregulated business is expected to issue all debt needed to fund the wholesale business and unregulated generating companies. The size and maturity lengths of the original offering is presently being determined.

The regulated holding company is expected to issue the debt needed by the wires companies in Ohio and Texas. The regulated integrated utility companies will continue their current debt structure until the state regulatory commissions approve changes. At that time, the regulated holding company may also issue the debt for the regulated companies' funding needs.

We have requested credit ratings for the holding companies consistent with our existing credit quality, but we cannot predict what the outcome will be.

AEP uses a money pool to meet the short-term borrowings for certain of its subsidiaries, primarily the domestic electric utility operations. Following corporate separation, we will evaluate the advantages of establishing a money pool for the unregulated business subsidiaries. The current money pool which was approved by the appropriate regulatory authorities will continue to service the regulated business subsidiaries. Presently, AEP also funds the short-term debt requirements of other subsidiaries that are not included in the money pool. As of December 31, 2001, AEP had credit facilities totaling $3.5 billion to support its commercial paper program. At December 31, 2001, AEP had $2.9 billion outstanding in commercial paper borrowings subject to these credit facilities.

Market Risks

As a major power producer and trader of wholesale electricity and natural gas, we have certain market risks inherent in our business activities. These risks include commodity price risk, interest rate risk, foreign exchange risk and credit risk. They represent the risk of loss that may impact us due to changes in the underlying market prices or rates.

Policies and procedures are established to identify, assess and manage market risk exposures in our day-to-day operations. Our risk policies have been reviewed with the Board of Directors, approved by a Risk Management Committee and administered by a Chief Risk Officer. The Risk Management Committee establishes risk limits, approves risk policies, assigns responsibilities regarding the oversight and management of risk and monitors risk levels. This committee receives daily, weekly and monthly reports regarding compliance with policies, limits and procedures. The committee meets monthly and consists of the Chief Risk Officer, Chief

Credit Officer, V. P. - Market Risk Oversight, and senior financial and operating managers.

We use a risk measurement model that calculates Value at Risk (VaR) to measure our commodity price risk. The VaR *is based on the variance - covariance method using historical* prices to estimate volatilities and correlations and assuming a 95% confidence level and a one-day holding period. Based on this VaR analysis, at December 31, 2001, a near-term typical change in commodity prices is not expected to have a material effect on our results of operations, cash flows or financial condition. The following table shows the high, average, and low market risk as measured by VaR at:

December 31, (in Millions)					
	2001			**2000**	
High	Average	Low	High	Average	Low
$28	$14	$5	$32	$10	$1

We also utilize a VaR model to measure interest rate market risk exposure. The interest rate VaR model is based on a Monte Carlo simulation with a 95% confidence level and a one-year holding period. The volatilities and correlations were based on three years of weekly prices. The risk of potential loss in fair value attributable to AEP's exposure to interest rates, primarily related to long-term debt with fixed interest rates, was $673 million at *December 31, 2001, and $998 million at December 31, 2000.* However, since we would not expect to liquidate our entire debt portfolio in a one-year holding period, a near-term change in interest rates should not materially affect results of operations or consolidated financial position.

AEP is exposed to risk from changes in the market prices of coal and natural gas used to generate electricity where generation is no longer regulated or where existing fuel clauses are suspended or frozen. The protection afforded by fuel clause recovery mechanisms has either been eliminated by the implementation of customer choice in Ohio (effective January 1, 2001) and in the ERCOT area of Texas (effective January 1, 2002) or frozen by settlement agreements in Indiana, Michigan and West Virginia. To the extent all of the fuel supply of the generating units in these states is not under fixed price long-term contracts, AEP is subject to market price risk. AEP continues to be protected against market price changes by active fuel clauses in Oklahoma, Arkansas, Louisiana, Kentucky, Virginia and the SPP area of Texas.

We employ physical forward purchase and sale contracts, exchange futures and options, over-the-counter options, swaps *and other derivative contracts to offset price risk where appropri*ate. However, we engage in trading of electricity, gas and to a lesser degree, coal, and as a result the company is subject to price risk. The amount of risk taken by the traders is controlled by the management of the trading operations and the company's Chief Risk Officer and his staff. When the risk from trading activities exceeds certain pre-determined limits, the positions are modified or hedged to reduce the risk to the limits unless specifically approved by the Risk Management Committee.

We employ fair value hedges, cash flow hedges and swaps to mitigate changes *in interest rates on short- and long-term debt* when management deems it necessary. We do not hedge all interest rate risk.

We employ cash flow forward hedge contracts to lock in prices on purchased assets denominated in foreign currencies where *deemed necessary. International subsidiaries use currency swaps* to hedge exchange rate fluctuations in debt denominated in foreign currency. We do not hedge all foreign currency exposure. AEP limits credit risk by extending unsecured credit to entities based on internal ratings. In addition, AEP uses Moody's Investor Service, Standard and Poor's and qualitative and quantitative data to independently assess the financial health of counterparties on an ongoing basis. This data, in conjunction with the ratings information, is used to determine appropriate risk parameters. AEP also requires cash deposits, letters of credit and parental/affiliate guarantees as security from certain below-investment grade *counterparties in our normal course of business.*

We trade electricity and gas contracts with numerous counterparties. Because our energy trading contracts are based on changes in market prices of the related commodities, our exposures change daily. We believe that our credit and market exposures with any one counterparty are not material to financial condition at December 31, 2001. The following table approximates the counterparty credit quality and exposure expressed in terms of net mark-to-market assets at December 31, 2001. 5% of the net counterparties were below investment grade. Net mark-to-market *assets is the aggregate difference (either positive or negative)* between the forward market price for the remaining term of the contract and the contractual price.

Counterparty Credit Quality: December 31, 2001	Futures Forward & Swap Contracts	Options (in millions)	Total
AAA/Exchanges	$ 147	$ —	$ 147
AA	140	4	144
A	304	7	311
BBB	932	34	966
Below Investment Grade	56	23	79
Total	$1,579	$68	$1,647

We enter into transactions for electricity and natural gas as part of wholesale trading operations. Electric transactions are executed over-the-counter with counterparties. Gas transactions are executed through brokerage accounts with brokers, who are registered with the Commodity Futures Trading Commission. Brokers *and counterparties require cash or cash-related instruments to be* deposited on these transactions as margin against open positions. The combined margin deposits at December 31, 2001 and 2000 was $11 million and $95 million. We can be subject to further margins should the related commodity prices change.

We recognize the net change in the fair value of all open trading contracts, a practice commonly called mark-to-market accounting, in accordance with generally accepted accounting principles and include the net change in mark-to-market amounts on a net discounted basis in revenues. Unrealized mark-to-market revenues totalled $257 million in 2001. The fair values of open short-term trading contracts are based on exchange prices and broker quotes. The fair value of open long-term trading contracts is based mainly on company-developed valuation models. The valuation models produce an estimated fair value of open long-term trading contracts. This fair value is present valued and reduced by appropriate reserves by counterparty credit risks and liquidity risk. The models are derived from internally assessed market prices with the exception of the NYMEX gas curve, where we use daily settled prices. Forward price curves are developed for inclusion in the model based on broker quotes and other available market data. The curves are within the range between the bid and ask prices. The end of the month liquidity reserve is based on the difference in price between the price curve and the bid price of the bid ask prices if we have a long position and the ask price if we have a short position. This provides for a conservative valuation net of the reserves.

The use of these models to fair value open long-term trading contracts has inherent risks relating to the underlying assumptions employed by such models. Independent controls are in place to evaluate the reasonableness of the price curve models. Significant adverse effects on future results of operations and cash flows could occur if market prices, at the time of settlement, do not correlate with the company-developed price curves.

The effect on the Consolidated Statements of Income of marking to market open physical electricity trading contracts in the company's regulated jurisdictions is deferred as regulatory assets or liabilities since these transactions are included in cost of service on a settlement basis for ratemaking purposes. Unrealized mark-to-market revenues impact earnings only for the nonregulated electric and gas businesses. Unrealized mark-to-market gains and losses from trading are reported as trading and derivative contract assets or liabilities.

The following table shows net revenues (revenues less fuel and purchased energy expense) and its relationship to unrealized mark-to-market revenues (the change in fair market value of open trading contracts).

	December 31	
	2001	2000
	(in millions)	
Revenues including Mark-to-Market Net Adjustments	$ 61,257	$ 36,706
Fuel and Purchased Energy Expense	52,753	28,718
Net Revenue	$ 8,504	$ 7,988
Net Mark-to-Market Revenues	$ 257	$ 170
Percentage of Net Revenues Represented by Unrealized Mark-to-Market	3%	2%

The net fair value of open energy trading contracts was a net asset of $448 million and $63 million at December 31, 2001 and 2000, respectively. The change in the net fair value of open energy trading contracts recognized in revenues resulting from mark-to-market accounting and unrealized at December 31, 2001, was $257 million.

We have investments in debt and equity securities which are held in nuclear trust funds. The trust investments and their fair value in these trust funds have not been included in the market risk calculation for interest rates as these instruments are marked to market and changes in market value of these instruments are reflected in a corresponding decommissioning liability. Any differences between the trust fund assets and the ultimate liability are expected to be recovered through regulated rates from our regulated customers and should not impact future earnings.

Inflation affects our cost of replacing utility plant and the cost of operating and maintaining plant. The rate-making process limits recovery to the historical cost of assets, resulting in economic losses when the effects of inflation are not recovered from customers on a timely basis. However, economic gains that result from the repayment of long-term debt with inflated dollars partly offset such losses.

Contingencies

As previously indicated, we have exposure to a number of significant contingencies including, but not limited to, the following matters, which are fully discussed in Management's Discussion and Analysis of Results of Operations and Financial Condition and the Notes to Consolidated Financial Statements contained in Appendix A to the Proxy Statement and Form 10-K:

- realization of expected merger cost savings, some of which are shared with customers under merger-related, state-approved settlement agreements;
- the resolution of proposed new environmental standards;
- litigation and other actions related to air quality and coal-fired generating plant emissions and the cost to achieve ultimately required emission reductions;
- the recovery of regulatory assets and other stranded cost in Texas;
- merger litigation concerning the requirements of the Public Utility Holding Company Act;
- completion of a transmission line in Virginia and West Virginia;
- resolution of complaints by certain wholesale customers in Texas;
- any further losses that could be incurred from Enron's bankruptcy; and
- market risks for changes in energy commodity prices, interest rates, fuel prices, financial derivative instruments and foreign currency rates.

Investors should read our full financial statements and related disclosures included in Appendix A to the Proxy Statement and our Form 10-K filing with the SEC prior to making any investment decisions.

Independent Auditors' Report

To the Shareholders and Board of Directors of American Electric Power Company, Inc.:

We have audited the consolidated balance sheets of American Electric Power Company, Inc., and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, common shareholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2001. Such consolidated financial statements and our report thereon dated February 22, 2002, expressing an unqualified opinion (which are not included herein) are included in Appendix A to the proxy statement for the 2001 annual meeting of shareholders. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2001 and 2000 and the related condensed consolidated statements of income and of cash flows for the years then ended is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

Columbus, Ohio

February 22, 2002

Corporate Officers

American Electric Power Company, Inc.

E. Linn Draper, Jr.
Chairman, President and Chief Executive Officer

Thomas V. Shockley, III
Vice Chairman

Henry W. Fayne
Vice President

Armando A. Peña
Treasurer

Susan Tomasky
Vice President, Secretary and Chief Financial Officer

Joseph M. Buonaiuto
Controller and Chief Accounting Officer

American Electric Power Service Corporation

E. Linn Draper, Jr.
Chairman, President and Chief Executive Officer

Thomas V. Shockley, III
Vice Chairman and Chief Operating Officer

Henry W. Fayne
Executive Vice President

Robert P. Powers
Executive Vice President – Nuclear Generation and Technical Services

Susan Tomasky
Executive Vice President – Policy, Finance and Strategic Planning, and Assistant Secretary

Joseph H. Vipperman
Executive Vice President – Shared Services

Melinda S. Ackerman
Senior Vice President – Human Resources

Nicholas J. Ashooh
Senior Vice President – Corporate Communications

J. Craig Baker
Senior Vice President – Regulation and Public Policy

A. Christopher Bakken, III
Senior Vice President – Nuclear Operations

Joseph M. Buonaiuto
Senior Vice President, Controller and Chief Accounting Officer

Jeffrey D. Cross
Senior Vice President, General Counsel and Assistant Secretary

Thomas M. Hagan
Senior Vice President – Governmental Affairs

Dale E. Heydlauff
Senior Vice President – Environmental Affairs

Michael F. Moore
Senior Vice President – Information Technology and Chief Information Officer

Richard E. Munczinski
Senior Vice President – Corporate Planning and Budgeting

John F. Norris, Jr.
Senior Vice President – Operations and Technical Services

Armando A. Peña
Senior Vice President – Finance and Treasurer

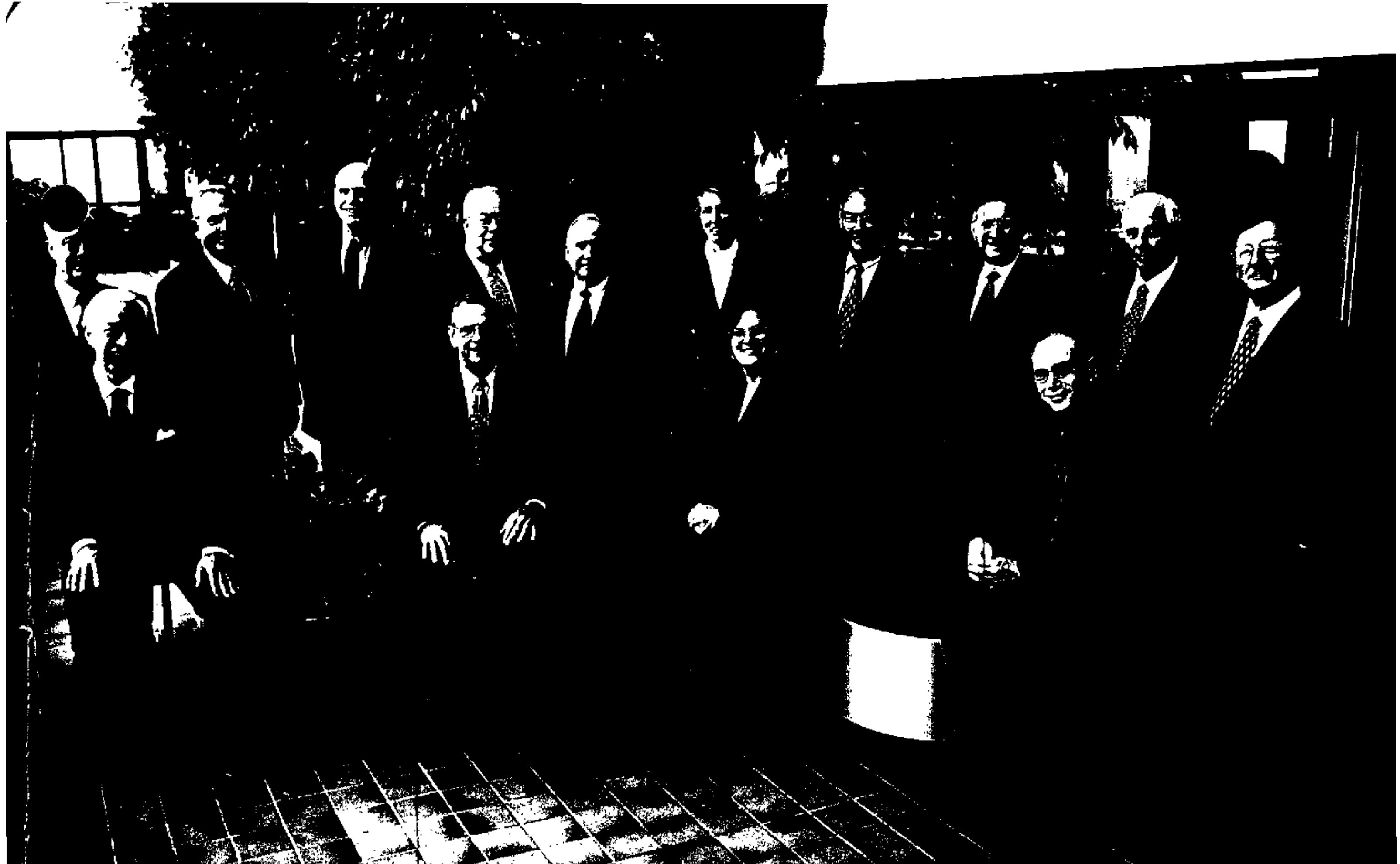
Scott N. Smith
Senior Vice President and Chief Risk Officer

AEP Energy Services, Inc.

Steven A. Appelt
Executive Vice President – Administration

Eric J. van der Walde
Executive Vice President – Marketing and Trading

Seated Henry Fayne, Bob Powers **Standing** Tom Shockley, Linn Draper, Joe Vipperman, Susan Tomasky, Eric van der Walde



Seated Lester A. Hudson, Jr., E. R. Brooks, Kathryn D. Sullivan, Richard L. Sandor **Standing** Robert W. Fri, William R. Howell, Donald M. Carlton, Thomas V. Shockley, III, John P. DesBarres, Linda Gillespie Stuntz, E. Linn Draper, Jr., Leonard J. Kujawa, James L. Powell, Donald G. Smith

Dr. E. Linn Draper, Jr., 60
Chairman, President
& Chief Executive Officer
(1992) E

E. R. Brooks, 64
Retired Chairman
& Chief Executive Officer,
Central & South West Corporation
Granbury, Texas
(2000) F, N, P

Dr. Donald M. Carlton, 64
Retired President
& Chief Executive Officer,
Radian International, LLC
Austin, Texas
(2000) A, E, N, P

John P. DesBarres, 62
Investor/Consultant
Park City, Utah
(1997) E, H, N, P

Robert W. Fri, 66
Director, National Museum
of Natural History
Smithsonian Institution
Washington, D.C.
(1995) H, N, P

William R. Howell, 66
Chairman Emeritus,
J. C. Penney Company, Inc.
Dallas, Texas
(2000) D, H, P

Dr. Lester A. Hudson, Jr., 62
Professor of Business Strategy
Clemson University
Greenville, South Carolina
(1987) A, D, P

Leonard J. Kujawa, 69
International Energy Consultant
Atlanta, Georgia
(1997) D, F, P

James L. Powell, 72
Ranching and Investments
Fort McKavett, Texas
(2000) A, D, P

Dr. Richard L. Sandor, 60
Chairman & Chief
Executive Officer,
Environmental Financial
Products, LLC
Chicago, Illinois
(2000) D, F, P

Thomas V. Shockley, III, 56
Vice Chairman
(2000)

Donald G. Smith, 66
Chairman, President
& Chief Executive Officer
Roanoke Electric Steel Corporation
Roanoke, Virginia
(1994) H, N, P

Linda Gillespie Stuntz, 47
Partner, Stuntz, Davis &
Staffier, P.C.
Washington, D.C.
(1993) D, E, F, P

Dr. Kathryn D. Sullivan, 50
President & Chief Executive Officer
Center of Science & Industry
Columbus, Ohio
(1997) A, N, P

Committees of the Board:

The chairman is listed in ( ).
A Audit (Carlton),
D Directors and Corporate Governance (Hudson),
E Executive (Draper),
F Finance (Stuntz),
H Human Resources (DesBarres),
N Nuclear Oversight (Sullivan),
P Policy (Fri)

Dates in parentheses indicate year elected to Board

Shareholder Information

Annual Meeting – The 95th annual meeting of shareholders of American Electric Power Company will be held at 9:30 a.m. Tuesday, April 23, 2002, at The Ohio State University's Fawcett Center, 2400 Olentangy River Road, Columbus, Ohio. Admission is by ticket only. To obtain a ticket, please note the instructions in the Notice of Annual Meeting mailed to shareholders or call the Company. If you hold your shares through a broker, please bring proof of share ownership as of the record date.

Shareholder Inquiries – If you have questions about your account, contact the Company's transfer agent, listed below. You should have your Social Security number or account number ready; the transfer agent will not speak to third parties about an account without the shareholder's approval or appropriate documents.

Transfer Agent & Registrar
EquiServe
(formerly First Chicago Trust Company of New York)
P.O. Box 2500
Jersey City, NJ 07303-2500
Telephone Response Group: 1-800-328-6955;
Internet address: www.equiserve.com
Hearing Impaired #: TDD: 201-222-4955

Internet Access to Your Account – If you are a registered shareholder, you can access your account information through the Internet at www.equiserve.com. Information about obtaining a password is available toll-free at 1-877-843-9327.

Replacement of Dividend Checks – If you do not receive your dividend check within five business days after the dividend payment date, or if your check is lost, destroyed or stolen, you should notify the transfer agent for a replacement.

Lost or Stolen Stock Certificates – If your stock certificate is lost, destroyed or stolen, you should notify the transfer agent immediately so a "stop transfer" order can be placed on the missing certificate. The transfer agent then will send you the required documents to obtain a replacement certificate.

Address Changes – It is important that we have your current address on file so that you do not become a lost shareholder. Please contact the transfer agent for address changes for both record and dividend mailing addresses. We also can provide automatic seasonal address changes.

Stock Transfer – Please contact the transfer agent if you have questions regarding the transfer of stock and related legal requirements.

Dividend Reinvestment and Direct Stock Purchase Plan –
A Dividend Reinvestment and Direct Stock Purchase Plan is available to all investors. It is an economical and convenient method of purchasing shares of AEP common stock. You may obtain the Plan prospectus and enrollment authorization form by contacting the transfer agent.

Direct Deposit of Dividends – The Company does offer electronic deposit of your dividends. Contact the transfer agent for details.

Stock Held in Brokerage Account ("Street Name") – When you purchase stock and it is held for you by your broker, it is listed with the Company in the broker's name or "street name." AEP does not know the identity of individual shareholders who hold their shares in this manner; we simply know that a broker holds a certain number of shares which may be for any number of customers. If you hold your stock in street name, you receive all dividend payments, annual reports and proxy materials through your broker. Therefore, if your shares are held in this manner, any questions you may have about your account should be directed to your broker.

How to Consolidate Accounts – If you want to consolidate your separate accounts into one account, you should contact the transfer agent to obtain the necessary instructions. When accounts are consolidated, it may be necessary to reissue the stock certificates.

How to Eliminate Duplicate Mailings – If you want to maintain more than one account but eliminate additional mailings of annual reports, you may do so by contacting the transfer agent, indicating the names you wish to keep on the mailing list for annual reports and the names you wish to delete. This will affect only these mailings; dividend checks and proxy materials will continue to be sent to each account.

Stock Trading – The Company's common stock is traded principally on the New York Stock Exchange under the ticker symbol AEP. In 1999, AEP stock had been traded on the NYSE 50 years.

Taxes on Dividends – The Company paid $2.40 in cash dividends in 2001, all of which are taxable for federal income tax purposes. AEP has paid consecutive quarterly dividends since 1910.

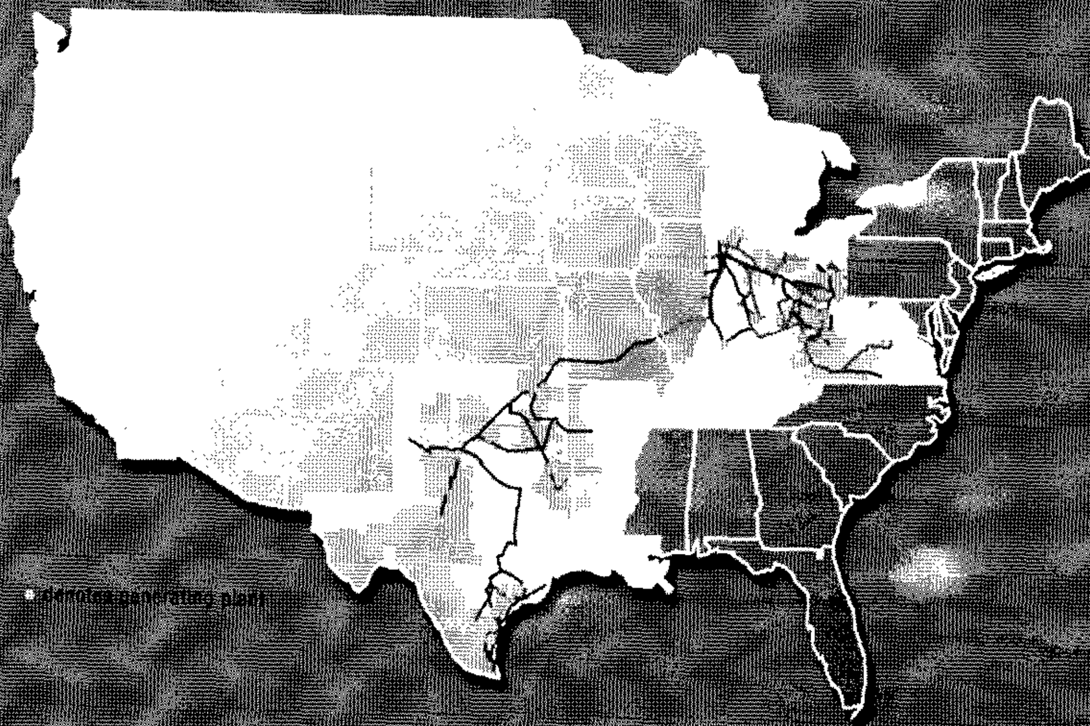
Shareholder Direct – An array of timely recorded messages about AEP, including dividend and earnings information and recent news releases, is available from AEP Shareholder Direct at 1-800-551-1AEP (1237) anytime day or night. Hard copies of information can be obtained via fax or mail. Requests for annual reports, 10-K's, 10-Q's, Proxy Statements and Summary Annual Reports should be made through Shareholder Direct.

Financial Community Inquiries – Institutional investors or securities analysts who have questions about the Company should direct inquiries to Bette Jo Rozsa, 614-223-2840, bjrozsa@aep.com, or Julie Sloat, 614-223-2885, jsloat@aep.com; individual shareholders should contact Kathleen Kozero, 614-223-2819, klkozero@aep.com, or April Dawson, 614-223-2591, addawson@aep.com.

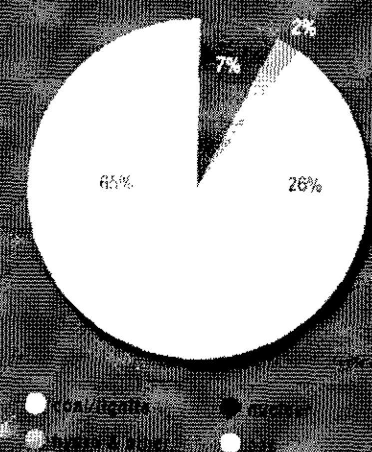
Internet Home Page – Information about AEP, including financial documents, SEC filings, news releases and customer service information, is available on the Company's home page on the Internet at www.aep.com.

Annual Report and Proxy Materials – You can receive future annual reports, proxy statements and proxies electronically rather than by mail; if you are a registered holder, log on to www.econsent.com/aep. If you hold your shares in street name, contact your broker.

AT A GLANCE



Fuel Diversity



AEP has more than 4.8 million domestic customers in 11 states – *Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia.*

AEP operates one of the largest transmission and distribution systems in the world, encompassing 38,000 circuit miles of transmission lines and 186,000 miles of overhead and underground distribution lines in its U.S. service territory. The company's U.S. distribution service area covers 197,500 square miles.

With an ownership interest in 89 generating facilities, AEP is one of the largest generating companies in the United States. The company's domestic generating capacity is more than 38 million kilowatts. AEP also is a leading wholesale energy marketer and trader, ranking second in the nation in electricity volume.

Outside the United States, AEP holds interests in the *United Kingdom, Australia, Brazil, China, Mexico and the Pacific Region.*

This summary annual report highlights the steps AEP is taking to participate in a more competitive energy industry. It contains condensed financial statements and a summary analysis of results of operations and financial condition. Full disclosure of all financial information is included in the Appendix A to the Proxy Statement. Additional information about AEP also is available on the Internet at www.aep.com.

American Electric Power
1 Riverside Plaza
Columbus, OH 43215-2373
614-223-1000
www.aep.com

Exhibit C-1
"Annual Reports"

***n.* 1.** **a building where electricity is generated. 2.** a person or group with great energy and unlimited potential for success.

16

UNLIMITED POTENTIAL

POWERHOUSE

In many ways, American Electric Power has been an industry powerhouse for decades. We pioneered many technologies and techniques that have become standard in the electric utility industry.

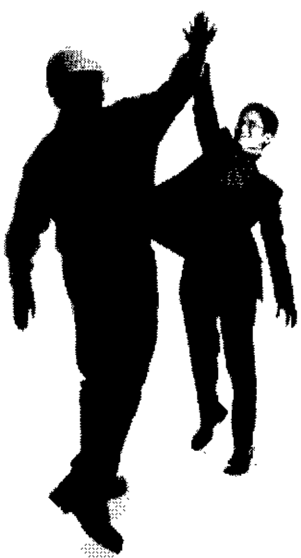
Thanks to the inventiveness, skill and drive of its people, AEP remains at the forefront of the restructured electric utility industry. Our achievements in 2000 provide a platform for even better performance in the years ahead.

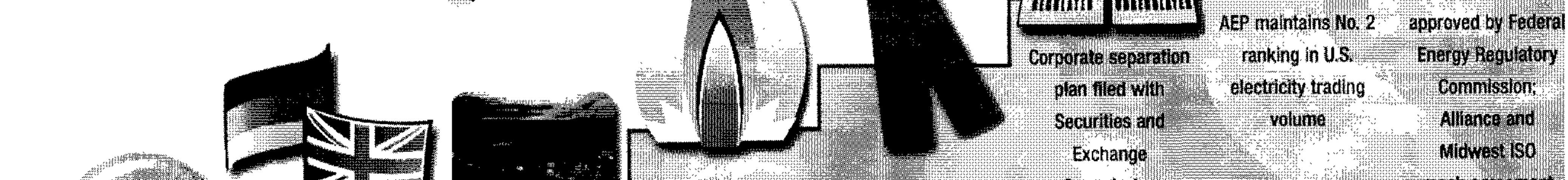
Energy, information and people will be the primary ingredients for our future success. We are committed to being a powerhouse of energy and shareholder value.

This discussion includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect assumptions, and involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially from forward-looking statements are: electric load and customer growth; abnormal weather conditions; available sources and costs of fuels; availability of generating capacity; the impact of the merger with CSW, including actual merger savings being less than the rate reductions given to certain regulated customers under settlement agreements; the speed with and degree to which competition is introduced to our power generation business; the structure and timing of a competitive market and its impact on energy prices or fixed rates; the ability to recover net regulatory assets and other stranded costs in connection with deregulation of generation; new legislation and government regulations; the ability to successfully control costs; the success of new business ventures; international developments affecting our foreign investments; the economic climate and growth in our service territory; the ability of the Company to successfully challenge new environmental regulations and to successfully litigate claims that the Company violated the Clean Air Act; inflationary trends; changes in electricity and gas market prices; interest rates; and other risks and unforeseen events.

TARGETS MET GOALS ACHIEVED

2000 and early 2001 were marked by many significant accomplishments and developments. Over the next year, AEP intends to build on this progress and deliver results that should enhance shareholder confidence.





AEP-CSW merger completed

AEP initiates wholesale trading in the United Kingdom and Germany

Both Cook Nuclear Plant units successfully return to service

AEP Pro Serv begins developing 510-megawatt, gas-fired plant in northwest Ohio for Buckeye Power

AEP ranks second among electric utilities in the annual American Customer Satisfaction Index announced in May

Corporate separation plan filed with Securities and Exchange Commission

AEP maintains No. 2 ranking in U.S. electricity trading volume

AEP's participation in Alliance RTO approved by Federal Energy Regulatory Commission; Alliance and Midwest ISO reach agreement

LETTER

Dear Fellow Shareholders:

2000 was a turnaround year for AEP. We closed the merger with Central and South West Corp., returned the Cook Nuclear Plant to service, and substantially grew our wholesale business earnings. Our stock price closed nearly 45 percent higher by year-end. We ranked 15th in total shareholder return out of the 26 utilities in the Standard & Poor's Utilities Index, up from 21st in 1999. And we paid dividends at the rate of $2.40 per share.

I applaud our employees for their incredible effort. Our 2000 ongoing earnings of $2.76 per share were in line with analyst expectations although down from $2.86 in 1999 due to expenses incurred to restart the Cook plant. Our reported earnings for 2000 were $0.83 per share, reflecting costs associated with the merger; disallowance of a tax deduction related to corporate-owned life insurance; a net extraordinary loss due to introduction of customer choice in Ohio, Virginia and West Virginia jurisdictions; write-down of our investment in Yorkshire Power Group; and adjustments at various non-regulated entities.

We currently project ongoing earnings per share of $3.40 to $3.50 for 2001. Driving this growth will be a continuing focus on our wholesale business and ongoing momentum across all of our businesses for speed and efficiency in execution.

We've already had a burst of activity in 2001. In January, we agreed to purchase Houston Pipe Line Co. In February, we announced the sale of our interest in Yorkshire, a regulated distribution and supply business in the United Kingdom.

We also are executing our plan to separate our wholesale and other businesses in a corporate reorganization. This will position AEP to unlock future value for shareholders and intensify our focus on each line of business and its specific customers.

Wholesale emphasis and leverage

AEP's portfolio of businesses and assets positions us uniquely for success in the high-growth wholesale segment. These key assets form the foundation of our overall corporate strategy: AEP's 38,000 megawatts of low-cost electric generation, one of the largest generation fleets in the nation; our expanding intrastate pipelines and gas storage facilities; and the knowledge capital that resides among our people. Principal competencies within our wholesale business include fuel procurement, electric plant generation, and wholesale marketing and trading.

We've come very far, very quickly. In barely three years, our trading organization has leapfrogged the competition to gain the No. 2 spot in electricity trading volume. We sold nearly 389 billion kilowatt-hours last year, up from 307 billion kilowatt-hours in 1999. This equates to more than one-tenth of U.S. electricity consumption. In natural gas, where we ranked among the top 15 last year, our volume grew to 1,391 billion cubic

Highlights of

	2000	1999	% Change
Net Income (in millions)			
ongoing	**$889**	$917	(3.1)
as reported	**$267**	$972	(72.5)
Earnings Per Share*			
ongoing	**$2.76**	$2.86	(3.5)
as reported	**$0.83**	$3.03	(72.6)
Operating Revenues (in billions)	**$13.7**	$12.4	10.4
Cash Dividends	**$2.40**	$2.40	—
Year-End Closing Stock Price	**$46 ½**	$32 ⅛	44.7
Book Value at Year-End	**$25.01**	$26.96	(7.2)
Total Assets (in billions)	**$54.5**	$35.7	52.7
U.S. Customers (at year-end) (in thousands)	**4,893**	4,833	1.2
U.S. Energy Sales (in billions of kilowatthours)	**206**	196	5.1
Global Employment (at year-end)	**26,376**	28,229	(6.6)

*Costs of the Cook Nuclear Plant outage and restart efforts, excluding amortization, reduced earnings as reported and ongoing by $0.74 per share in 2000 compared with $0.26 per share in 1999.

2000 reported earnings of $0.83 per share adjusted for the disallowance of a tax deduction for corporate-owned life insurance (COLI) ($0.99 per share), merger costs ($0.55 per share), the non-regulated subsidiary write-offs ($0.19 per share), write-down in value of AEP's U.K. investment ($0.09 per share) and an extraordinary loss from discontinuance of regulatory accounting for generation in certain states ($0.11 per share) produces ongoing earnings of $2.76 per share.

1999 reported earnings of $3.03 per share adjusted for the gain from the sale of the Sweeney Plant ($0.10 per share), favorable foreign tax adjustments ($0.11 per share) and an extraordinary loss ($0.04 per share) results in ongoing earnings of $2.86 per share.

We're already reaping the benefits of this new way of thinking and acting – this new way of performing business. Our stock price closed nearly 45 percent higher by year-end.

E. Linn Draper, Jr.
Chairman, President & Chief Executive Officer

"We've come very far, very quickly. In barely three years, our trading organization has leapfrogged the competition to gain the No. 2 spot in electricity trading volume."

feet in 2000 from 977 billion cubic feet in 1999. And we took steps to significantly expand our natural gas standing with the purchase of Houston Pipe Line Co.

While rankings measure our progress, we must never lose sight of what is most important: the ability of our people to capture incremental profits across the entire wholesale value chain. In 2000, wholesale marketing and trading contributed an additional 41 cents per share to earnings over the prior year.

We are committed to continuing to grow our wholesale business and are excited by the prospects. We have assembled the talent and put in place proprietary, sophisticated information systems that make us one of a select few truly equipped to reap rewards for our shareholders in this competency-based business.

Key underpinnings of our wholesale growth plan include expansion of the commodities that we trade, pursuit of related businesses, and geographic expansion to further leverage our competitive advantage in trading. Our early initiatives to scale our trading organization by moving into the United Kingdom and Germany have been very successful. Last year, our first as a power trader in Germany, we ranked second in volume.

A different mind-set

What most distinguishes our wholesale business is something less tangible. It's our ability to link our commercial and operational skills to seize the opportunities in volatile markets. On a hot summer day last year at our Mountaineer power plant in West Virginia, we saw the difference this can make.

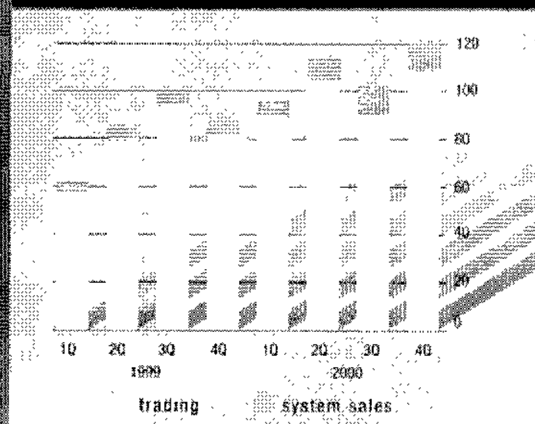
Temperatures were climbing on Wednesday, August 30, and forecasters were projecting higher-than-expected demand the following day. But in this already tight electric market, the 1,300-megawatt, coal-fired Mountaineer Plant was operating at only half-load. Equipment needed to boost the unit's heat cycle efficiency was not working.

Our marketing people who dispatch power from our plants began to shop for additional power to meet AEP's needs. But the Mountaineer team was not going to give up.

Under usual circumstances, a unit outage needed to make repairs would have taken several days. In this case, however, inspired problem solving and plain hard work produced unusual results. Employees returned the plant to service a mere 22 hours after going off-line. The payoff: approximately $1 million in generation revenue that would have been lost had Mountaineer remained at half-load until the weekend.

Integrating the expertise of our marketing and trading people with the experience of our operators and technicians allows us to grow a merchant culture throughout the company. Across 11 states, AEP's employees

Domestic Trading Volume
(in millions of MWH)



at 134 generating units stay in close touch with our commercial experts who monitor the pulse of energy markets. When they arrive at work, power plant operators get detailed information about expected forward prices for energy. This shows them – graphically – the value of having a unit in service.

Incentive compensation

We've designed an incentive compensation plan to support the growth of this commercial mind-set. Meeting targets related to the availability of generating units, fuel efficiency, and operation and maintenance budgets helps to determine the total compensation for all plant employees. This, in turn, aligns operations and marketing so that our shareholders are rewarded from the reliable operation of our system. Because most of our employees also are shareholders, we benefit doubly when we succeed.

Pro Serv: generating plants as profit centers

Our commercial mind-set is reflected in the growing success of AEP Pro Serv, Inc. The for-profit company, which was formed in early 2000, is made up of AEP's engineering and technical support employees. These people are replacing many of the outside contractors and consultants we used in the past because they are willing to travel and work where their skills are needed. The result is that we can retain experienced employees and reduce our contract expenses. These internal troubleshooters provide engineering, environmental and maintenance services both inside and outside the company.

This past year, Pro Serv – working with trading and marketing staff – won contracts to build, operate and market power plants for Dow Chemical (900 megawatts), Buckeye Power (510 megawatts) and Columbia Energy (500 megawatts). The beauty of these agreements is that we provide the expertise while our customers provide the capital. We also get to market a substantial amount of the plants' output.

This arrangement supports our capital efficiency goals. It speaks volumes about our pride in being one of only a very few companies in the entire industry with the full complement of skills to site, design, construct and operate power plants and to provide fuel supply and power marketing services to others.

Executing with urgency

Commercially focused people don't need to be reminded of the need for swift, effective execution. Since 1998, our power plant teams have reduced operations and maintenance expenses by nearly 13 percent. Last year, plant availability increased 4.2 percent in our eastern region and 1 percent in our western region – to record levels of 91.8 percent and 92.5 percent, respectively.

We are moving ahead at a rapid pace to realize savings from the CSW merger. We forecast these savings to total $2 billion over the next decade. Process improvements are projected to add another $1 billion to that total. We have developed operating plans to hold operations and maintenance expenses flat despite anticipated business growth and inflation.

Merger savings in 2000 totaled $61 million, as planned, and an additional $142 million is targeted for 2001.

Communication is critical in helping employees to execute with the urgency needed to meet our goals. This year, we created a biweekly financial newsletter for all employees to report on how their actions are reflected in our financial performance and stock price. In February, I joined two colleagues in a company-wide live webcast to discuss our year-end results with employees. The response was incredible. Approximately half of our employees tuned in to the live webcast or accessed it later.

Safety

Even as we focus on savings, we will not sacrifice our commitment to maintaining the highest standards of safety. While we made some strides in 2000, we have had three fatalities in the past 15 months. We extend our sympathy to these employees' families. Any fatality is one too many. Our commitment to safety, while strong, must become even stronger.

Fuel diversity

Natural gas, which has been the preferred fuel for new power plants because of its environmental and cost advantages, shot up in price this past year. Even as I write, it is trading at levels we've not seen since the early 1980s. This makes coal, which fuels about 65 percent of our generation, a much more attractive fuel. It also provides us with a natural hedge to mitigate the impact of today's high gas prices.

But we're still believers in natural gas. It now accounts for roughly 26 percent of our generation mix and – in fact – we are the third largest user in the nation. Our purchase of Houston Pipe Line Co. from Enron Corp. includes significant gas storage capacity which, coupled with our acquisition of Louisiana Intrastate Gas in 1998, will help us to achieve our goal of becoming a top-10 gas trader and marketer this year.

Cook Nuclear Plant

In an environment of rising fuel prices, the economics of nuclear generation become even more compelling. The Cook plant, historically among the leaders in U.S. nuclear generation and a low-cost generator for AEP, has had a solid track record since restart. Our Cook team, under the leadership of Bob Powers, will work diligently to meet the plant's annual total capacity factor goals of 84 percent for 2001 and 88 percent for 2002, with employee incentive compensation tied to these metrics.

Because we expect the two Cook units to continue to play an important role in our generation strategy, we are planning to apply for a 20-year extension of their operating licenses, which are scheduled to expire in 2014 and 2017.

What's ahead?

2001 will be a year of execution and delivery of results. As I mentioned earlier, we expect earnings per share to grow substantially over last year's performance. We expect our cash flow to be strong and sufficient to support our capital expenditures and dividends. Proceeds from asset sales will be used to pay down short-term debt and reduce our leverage in order to bolster credit quality, which is very important to our business. We aim for a consolidated equity ratio of at least 40 percent and will be working closely with the rating agencies to achieve appropriate capital structures for our separate business units.

Corporate separation

We are working hard to achieve a corporate separation of our regulated and unregulated businesses by the end of this year. Corporate separation, simply stated, means we will form two wholly owned subsidiaries – one with unregulated businesses and the other with regulated businesses.

Why are we doing this? It will enable investors to value our businesses separately and will improve our ability to manage the realities of electric deregulation. Employees will be better able to focus on the differing capital requirements of each business. Under old-style, cost-of-service regulation, our growth resulted from investing capital and earning a return set by regulators. While some of our businesses will continue to earn regulated returns, now more than ever before, our earnings growth will come from our ability to be smarter, quicker and more efficient in using our invested capital. Customers will be better served because this separation allows us to focus on meeting their unique needs. And investors will have a clearer view of the value to be unlocked in each business.

Separation of the regulated and unregulated enterprises will enable our management to respond more readily to regulatory changes and requirements. By the end of this year, we expect Ohio, Texas and Virginia to have implemented legislation permitting us to move our generation into an unregulated business subsidiary. This would make AEP's unregulated generation portfolio of approximately 22,000 megawatts one of the largest and lowest-cost in the nation.

While the timing will differ by state, the transition to competitive generation markets follows a similar process in all states.

During the transition period, AEP will supply retail customers with power at fixed rates and will sell excess power on the wholesale market at market rates. Customers will be free to choose other electric suppliers, but AEP will continue to deliver the energy required. At the end of this transition, customers will buy power at market rates from supply companies that, in turn, will buy power from competitive wholesale generators such as AEP. Our corporate separation anticipates the need to unbundle these supply and distribution functions.

Any discussion about industry restructuring and corporate separation would not be complete without mentioning what has happened in California. The problems that precipitated the energy crisis there have received a great deal of public attention. Rightly or wrongly, the state's attempt at deregulation has been blamed for the situation. We cannot predict how this will affect the decisions of lawmakers and regulators in other states charged with implementing electricity deregulation.

Nevertheless, we believe the circumstances in California – woefully insufficient supply, total reliance on the spot market and capped pricing of power to retail customers – are not likely to be replicated elsewhere. In fact, the lessons learned in California ought to improve the transition process in other jurisdictions. We will continue to work hard to ensure that deregulation works to the benefit of all stakeholders.

Efficiently managing our wires business

The job of our wires business will be to manage our existing assets more efficiently to satisfy customers' and regulators' requirements, and to enhance their value to investors. The business consists of our 38,000-mile transmission network, which has a net book value of more than $3.4 billion, and our regulated distribution assets, which have a net book value of more than $5.8 billion.

This is why we have long advocated the for-profit management of the transmission part of our wires business. Our goal is to maximize the regulated return we can earn on transmission and distribution assets.

As an early leader in forming the jointly owned Alliance RTO (regional transmission organization), we made progress last year in getting this for-profit transmission company up and running. We were pleased when the Federal Energy Regulatory Commission approved our filing earlier this year. And we were even more excited when we were able to effect a settlement agreement with the Midwest ISO (independent system operator) and the Alliance that will allow growth for the Alliance and cooperation between the organizations.

We believe the independently owned Alliance RTO will create the conditions FERC seeks to provide seamless, nondiscriminatory transmission access that facilitates competitive generation markets. It also gives partners the potential to monetize their transmission investments. We believe this system will more fairly and efficiently allow capital to be raised for needed transmission expansions. The Alliance RTO is expected to be operational by December 15, 2001, when the partners will turn over operational control of their assets.

We will continue to spend the capital needed to maintain our distribution system. We will advocate policies that ensure prices customers pay for power realistically support the cost of delivering that power. And we will do what we've always done: provide excellent customer service.

Environmental commitment

AEP's strategy to comply with federal standards to control nitrogen oxide emissions focuses on installation of selective catalytic reduction technology (SCR) dedicated employees worked tirelessly to restore power to our customers

on a number of our generating units. At our 2,600-megawatt Gen. James M. Gavin Plant in Ohio, we expect to reduce nitrogen oxide emissions by 85 percent to 90 percent starting this year. Two 1,300-megawatt units in West Virginia – the Mountaineer Plant and one of the units at John E. Amos Plant – are targeted to have SCR technology operational during 2002. Five other units also have been approved for SCR installation.

In 2000, AEP created a special unit within our wholesale business to incubate technologies that will reduce emissions. We are investing in companies that are developing state-of-the-art technologies to reduce nitrogen oxides, sulfur dioxide, particulate matter, mercury and other emissions from coal-fired generating plants. We are financing the first commercial-scale demonstration of Thermal Energy International's THERMALONOx™ nitrogen oxide emission reduction system at our Conesville Plant in Ohio.

In the tradition of Johnny Appleseed, AEP planted nearly 2.75 million trees in 2000. In fact, since the 1940s, we have planted more than 56 million trees in one of the longest-standing tree planting programs in the industry. This many trees, planted in rows close together, would blanket 125 square miles. And AEP continues as a partner in innovative programs designed to reduce carbon emissions by preserving threatened tropical forests in Bolivia and Brazil.

Bringing out the best

The environment tested us in other ways this past year. We saw again how adversity can bring out the best in our people.

Two devastating ice storms raged through parts of Texas, Oklahoma, Arkansas and Louisiana, sending our people from their homes into blowing winds and freezing temperatures. Rather than opening presents on Christmas morning with their families, these dedicated employees worked tirelessly to restore power to our customers.

People affected by these storms had high praise for AEP. We received thank-you notes and phone calls from schoolchildren, senior citizens and small business owners. Church congregations provided our crews with free meals. While the weather is unpredictable, the reliability of AEP employees is not.

The communities we serve also rely on AEP as a partner. Last year, the company contributed millions of dollars to local organizations, such as United Way, that help make life better for others. In addition, our people and their families regularly donate their time, talents and resources to schools, churches, and a host of social service and community action organizations.

I want to recognize and thank Morris Tanenbaum, who is retiring from our board after more than 11 years of service. We will miss his sound judgment and informed insights honed from years of navigating change in the telecommunications business. He has been a valuable resource during this period of uncertainty in our industry and has served on several committees, most recently chairing the human resources committee. Morry, our best wishes go with you!

Our combination of energy, information and people continues to be a winning formula for AEP. My confidence in AEP's bright future is grounded in our human talent, our strong asset base and the strength of our position in high-growth businesses.

I thank my fellow employees, customers and investors for their support. I also thank our regulatory partners who work to keep dialogue open and seek to resolve difficult issues.

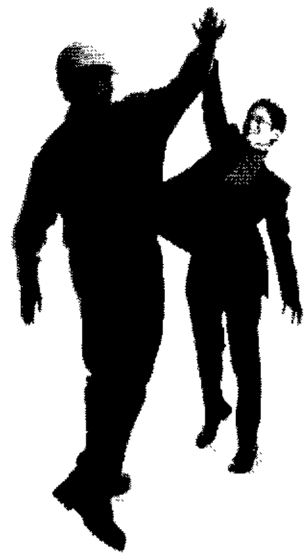
I particularly thank loyal shareholders who have stuck with us over the past few years. AEP will endeavor to continue earning your loyalty by building on our successes to deliver strong future results.

E. R. Draper

E. Linn Draper, Jr.
Chairman, President & Chief Executive Officer
February 28, 2001

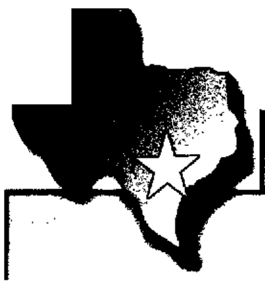
TARGETS MET GOALS ACHIEVED

2000 and early 2001 were marked by many significant accomplishments and developments. Over the next year, AEP intends to build on this progress and deliver results that should enhance shareholder confidence.



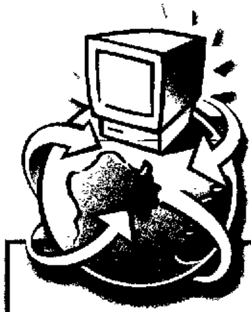
"Continuous monitoring of Conesville's water-in-steam cycle increases the reliability of our six generating units. With the importance now placed on commercial availability, sharing of information among unit operators, load dispatchers and power marketers is essential."

Stacey Pitcock,
senior performance/industrial hygiene technician,
Conesville Plant

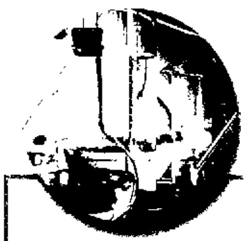


AEP sells its 500-megawatt Frontera power plant in Texas to TECO Power Services to satisfy conditions of the merger with CSW

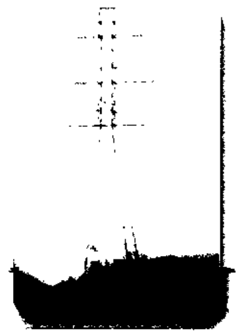
Columbia Energy awards AEP Pro Serv contract to design, build and provide project management of gas-fired, 500-megawatt plant in Ceredo, W.Va.



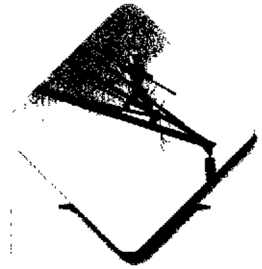
AEP becomes a partner in Intercontinental Exchange, the world's largest on-line, over-the-counter market for energy and metals



AEP and Dow Chemical sign agreement to build 900-megawatt, natural gas-fired plant at Dow's Plaquemine, La., complex. The plant, to be built by AEP Pro Serv, will produce steam and electricity for Dow and additional power for the wholesale market.



First-of-its-kind electrical tie that uses new high-voltage direct-current technology links the AEP transmission system with the Mexican transmission system owned and operated by Comision Federal de Electricidad via AEP's substation at Eagle Pass, Texas



AEP and Lower Colorado River Authority (LCRA) form innovative partnership to build a section of proposed high-voltage power line in West Texas. Plans call for AEP to manage line construction, maintain the line and perform local field operations, and for LCRA to handle construction financing and own the assets.

pantellos

AEP joins 14 other North American energy and utility companies in forming a consortium, Pantellos, to operate and manage an independent Internet marketplace for purchase of goods and services between the energy industry and its suppliers. Additional companies join later.

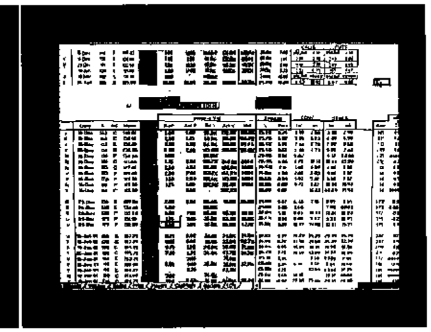
AEP pilots its E-LAB (Environmental Learning and Adventure) program in Bolivia; five high school students and five teachers participate. The program will be offered annually.

"Our natural gas team has come of age at the perfect time. As the synergies between power and natural gas are coming to the forefront of energy trading, we've put a team on the field with the knowledge and experience to be a force in natural gas trading."

Kayvan Malek, energy trader

"After graduating from Cambridge University, trading foreign exchange for a major U.S. investment bank and running my own managed futures and foreign exchange fund, I joined AEP in 1999 to trade the UK power book. The risk management skills I developed place me in very good stead to maximize opportunities presented by today's high level of volatility."

Simon Wilson, energy trader, United Kingdom



"Help Services handles about 5,000 computer access-related requests, and the Help Desk answers around 16,000 calls or e-mails, every month. We add value to AEP by being the first point of contact and the 'communications hub' for IT."

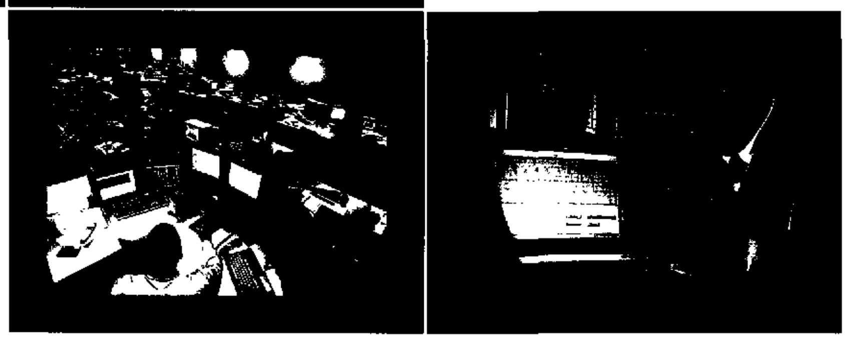
Beverly Dittmar, manager - Information Technology, Help Services

"Creating value at the wholesale level requires ongoing communication with our plants, constant attention to weather forecasts, a keen sense of risk and reward, and an ability to recognize value in an extremely volatile market."

Marcus Moreland, energy trader

"Our goal is to help employees learn the computer skills and processes needed to [illegible]ace new systems and complete their jobs efficiently. We are challenged to be more customer focused and to ensure that we're giving our internal customers what they want and not what we believe they need."

Stacey Stoffer, group leader - Information Technology Training

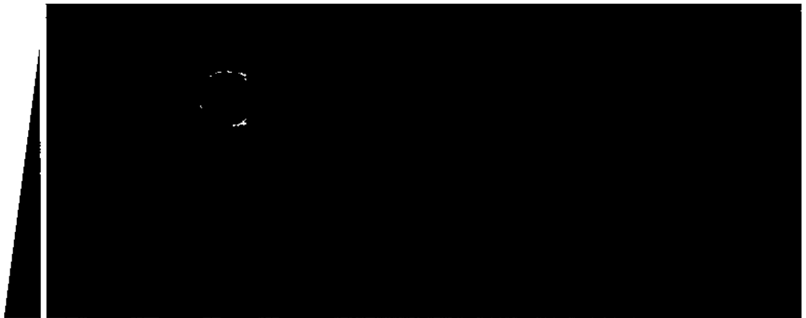


"With the training, tools and equipment provided by AEP, I'm prepared to meet any situation that may arise safely, confidently and efficiently."

Ernie Holloway, line mechanic A, Southeast Service Center, Columbus

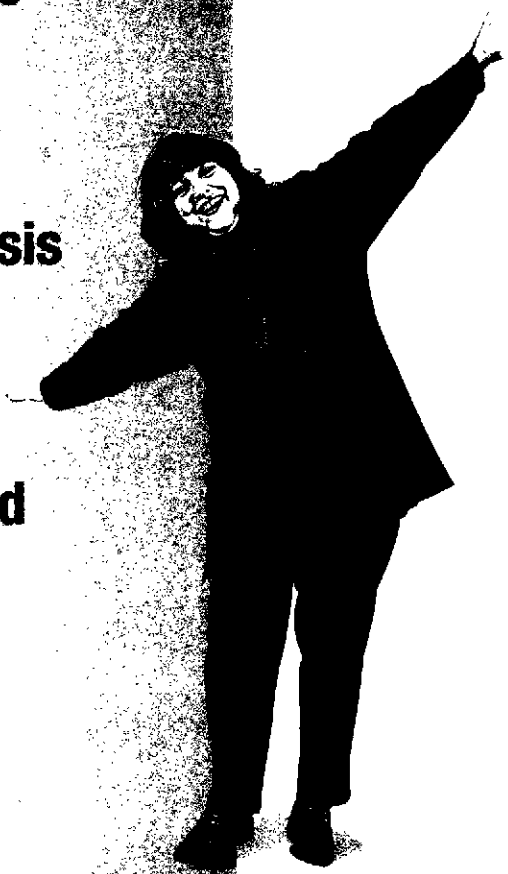
TO SUCCEED

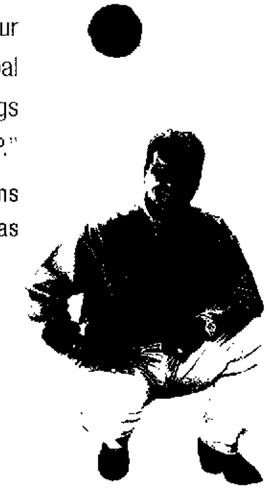
The people of AEP are **committed to** making our **company the best** it can **be. They have** the skills, **dedication and** energy to **take us boldly** into the **new century** and the new **millennium. AEP's** unique **combination** of energy, **information** and people **makes us** a **powerhouse in our industry.**



BEST

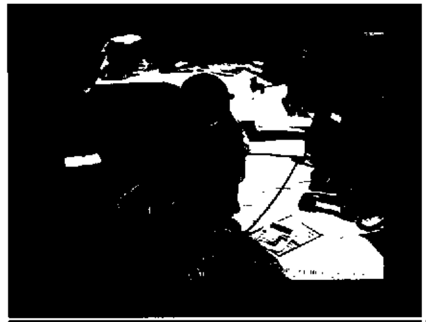
Employees know the value created through their job performance leads to success for AEP. The company is placing more emphasis than ever on finding meaningful ways to recognize and reward employees for their contributions.

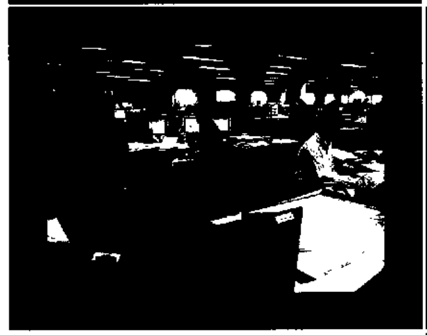


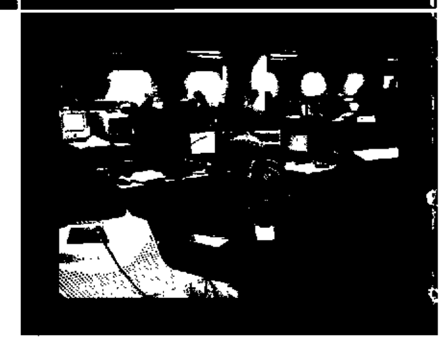


"Ensuring the safety of my employees is number one with me. And providing our customers with exemplary service is a goal of mine. My 26 years of experience brings value to the customer and AEP."

Eddie Pallarez, distribution systems construction supervisor, Marfa, Texas







"One of my beliefs is that it's a good day when you learn something new. I've been having many, many good days. I've been fortunate to have a great team of people to work with, learn from, and get through the tough lessons of new-plant construction. I'll be a better engineer as a result."

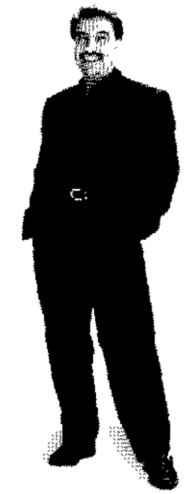
Lynn Congos, senior electrical engineer, AEP Pro Serv

"In the changing energy marketplace, the marketing team has created long-term solutions for customers by using Energy Services' superior trading, analytical and operational skills. Together, with the entire Energy Services team, we explore, structure and execute solutions that add value."

Greg Hall, energy marketer

"I assume a lead role in managing corporate relationships with local and state governments and the media, and in pursuing economic development opportunities. At the end of the day I know my involvement with these external parties has made a significant contribution to AEP's goals."

Roland Peña
community services manager
AEP West Texas Utilities, Alpine, Texas



"My job is to spend a series of months working as a member of each group in Energy Services — analysis, trading, marketing, economic development — in order to understand how the entire puzzle fits together. We add value in the transfer of information, ideas and processes to make Energy Services better as a whole."

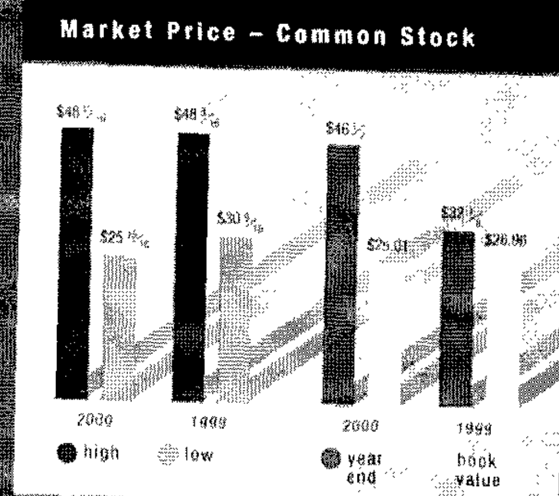
Courtney Tiscornia, energy associate

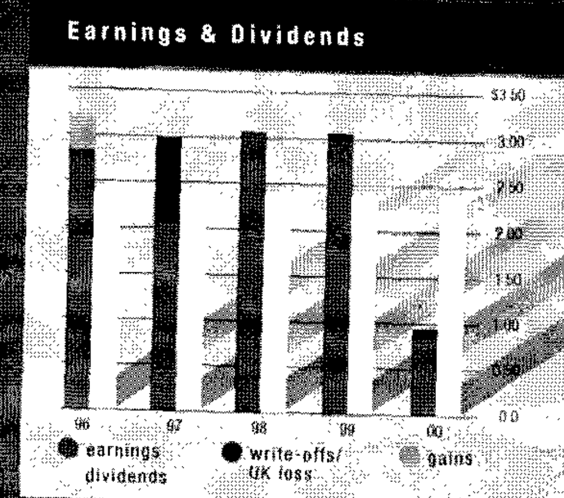
SUMMARY ANALYSIS

OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Introduction:

This condensed financial presentation should not be considered a substitute for the full financial statements, inclusive of footnotes and Management's Discussion and Analysis of Results of Operations and Financial Condition, provided to all shareholders as Appendix A to the Proxy Statement and included in the annual Form 10-K filing with the Securities and Exchange Commission (SEC). A copy of the Form 10-K and/or the Appendix A to the Proxy Statement that includes the full financial statements can be obtained by calling 1-800-551-1AEP or through the Internet at www.aep.com.





The following discussion is a summary analysis of AEP's results of operations for the year 2000 compared with 1999 and an overview of the Company's business outlook and financial condition. A complete analysis of the results of operations and discussion of the financial condition of the Company can be found in the Management's Discussion and Analysis of Results of Operations and Financial Condition portion of the Appendix A to the Proxy Statement. Appendix A and Form 10-K also contain detailed discussion of major uncertainties, contingencies, risks and other issues that the Company faces.

Although 2000 was a year marked by significant accomplishments that position the Company for earnings growth, it resulted in a reduction in earnings and earnings per share due mainly to non-recurring items, such as: the write-off of certain merger costs; the disallowance of corporate owned life insurance-related tax deductions; the expensing of Cook Nuclear Plant restart costs in contrast to 1999 when a significant portion was deferred with regulatory approval; the write-off of extraordinary costs and liabilities incurred in connection with the restructuring of regulation of the electric utility business in Ohio, Virginia and West Virginia to transition the generation portion of the Company s domestic electricity utility business from cost-based rate regulation to customer choice and market pricing; losses associated with a CSW investment in Chile that

Consolidated Condensed Statements of Income

Year Ended December 31

(In Millions – Except Per Share Amounts)

	2000	1999	% Change
Revenues:			
Domestic Electric Utility Operations	$ 10,827	$ 9,838	10.1
Worldwide Electric and Gas Operations	2,867	2,569	11.6
Total Revenues	13,694	12,407	10.4
Expenses:			
Fuel and Purchased Power	4,128	3,449	19.7
Maintenance and Other Operation	3,017	2,675	12.8
Non-Recoverable Merger Costs	203	—	N.M.
Depreciation and Amortization	1,062	1,011	5.0
Taxes Other Than Income Taxes	671	664	1.1
Total Expenses of Domestic Regulated Electric Utility Operations	9,081	7,799	16.4
Worldwide Electric and Gas Operations	2,587	2,283	13.3
Total Expenses	11,668	10,082	15.7
Other Income (net)	33	139	(76.3)
Income Before Interest, Preferred Dividends and Income Taxes	2,059	2,464	(16.4)
Interest & Preferred Dividends	1,160	996	16.5
Income Taxes	597	482	23.9
Income Before Extraordinary Items	302	986	(69.4)
Extraordinary Losses:			
Discontinuance of Regulatory Accounting for Generation	(35)	(8)	(337.5)
Loss on Reacquired Debt	—	(6)	N.M.
Net Income	$ 267	$ 972	(72.5)
Average Number of Shares Outstanding	322	321	0.3
Earnings Per Share:			
Income Before Extraordinary Items	$ 0.94	$ 3.07	(69.4)
Extraordinary Losses	(0.11)	(0.04)	(175.0)
Net Income	$ 0.83	$ 3.03	(72.6)
Cash Dividends Paid Per Share	$ 2.40	$ 2.40	—

N.M.=Not Meaningful

was sold in the fourth quarter; write-down in value of AEP's investment in Yorkshire to reflect the proposed sale in 2001; and write-offs of unrecoverable contract costs and goodwill on certain of CSW's non-regulated businesses.

Earnings in 2001 are expected to improve significantly with the return to service of the Cook Nuclear Plant's 2,110 MW of generating capacity and the growth of our wholesale business.

Our focus for 2001 will be on completing our corporate separation plan to separate our regulated and unregulated businesses. *We believe that a successful* implementation of this plan will support our business needs by grouping the growth businesses together, focusing management attention and permitting more efficient financing; will unlock shareholder value by providing a simpler structure through which business unit performance can be more easily anticipated and monitored:

Number of Customers
At December 31
(In Thousands)

	2000	1999
Residential	4,224	4,178
Commercial	598	583
Industrial	43	44
Wholesale & Other	28	[illegible]
Total Customers	4,893	4,833

KWH Sales by Class
(In Millions)

	2000	1999
Residential	52,540	50,604
Commercial	41,649	40,095
Industrial	62,509	68,291
Wholesale	46,137	33,371
Other	3,446	3,309
Total KWH Sales	206,281	195,670

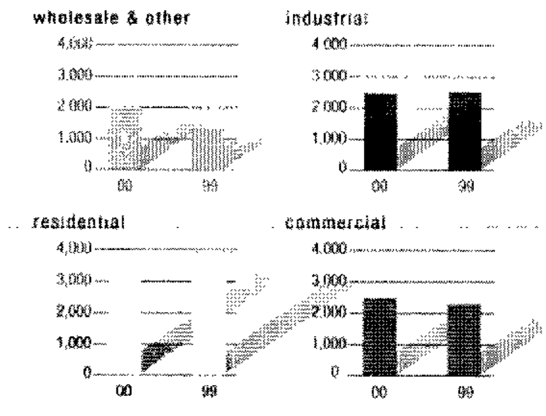
and will enable AEP to meet the regulatory codes of conduct required as part of the industry restructuring initiative.

Although management expects that the future outlook for results of operations is excellent, there are contingencies and challenges to overcome and manage, such as new, more stringent federal EPA environmental requirements and recent complaints and related litigation; further delays in transition to competition supported in part by concerns that California's energy crisis could happen in our service territory; the recovery of regulatory assets and other stranded costs in Texas and other state jurisdictions where we can successfully promote the adoption of customer choice and a transition to market pricing from regulated rate setting; franchise fee litigation in Texas; litigation concerning the Company's financial disclosures regarding the extended Cook plant safety outage and timing of the successful completion of restart efforts; the amortization of transition regulatory assets from the introduction of competition to our previously regulated domestic generation business; the amortization of deferred costs from the successful effort to restart Cook plant; the amortization of costs deferred in some states to merge the Company and CSW; and the outcome of litigation to recover from customers a duplicate tax expense from May 2001 to April 2002, resulting from restructuring in Ohio. These challenges and contingencies, which are discussed in detail in the *Notes to Consolidated Financial Statements*, are receiving management's full attention, and we intend to work diligently in 2001 and the future to resolve these matters by finding workable solutions that balance the interests of all stakeholders.

Results of Operations

Although revenues increased by $1.3 billion, net income declined in 2000 to $267 million or $0.83 per share from $972 million or $3.03 per share. The decrease was primarily due to Cook plant restart costs, disallowance of a tax deduction for COLI interest expense, expensing of costs related to the recently completed merger with CSW, write-offs related to non-regulated subsidiaries, and an extraordinary loss for the discontinuance of regulatory accounting for generation in certain states.

Revenues by Class
(in millions of dollars)



Revenues

The Company's revenues include a significant number of transactions from the trading of electricity and natural gas with other utilities and energy marketers. Revenues from trading activities are recorded net of purchases as domestic electric utility wholesale revenues for power forward contracts within the Company's traditional marketing area (up to two transmission systems from the Company service territory) and as worldwide electric and gas revenues for natural gas transactions and power forward contracts if the transactions are beyond two transmission systems from the Company.

The Company's total revenues increased $1.3 billion or 10% in 2000. Although worldwide electric and gas operations revenues increased 12%, most of the increase in total revenues was from AEP's domestic electric utility operations.

Revenues from domestic electric utility operations increased primarily due to a 38% increase in wholesale sales volume and increased retail fuel clause revenues in order to recover the higher cost of natural gas burned in the Company's Texas generating units. The increase in wholesale sales volume, which accounted for a 60% increase in wholesale revenues, resulted from AEP's growing electricity marketing and trading operations, favorable market conditions, the availability of additional generation due to the return to service of one of the Cook nuclear units in June 2000, and improved generating unit availability due mainly to improved outage management. The second Cook plant unit, which returned to service in December 2000, did not have a significant impact on 2000 revenues.

The 12% increase in revenues from worldwide electric and gas operations was due to increased natural gas and gas liquid product prices. Volumes of natural gas remained consistent with the prior year; however, prices increased significantly in 2000.

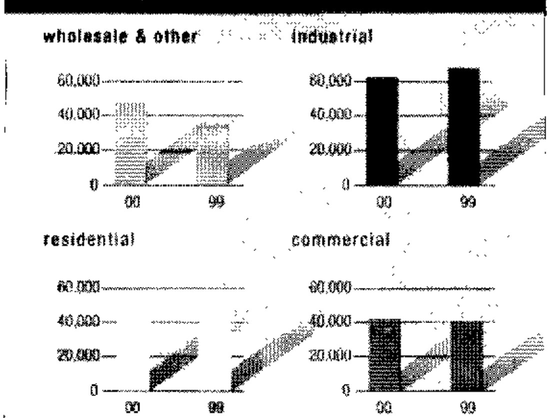
Total Expenses

A 16% increase in total expenses in 2000 is attributable to merger costs and significant increases in the cost of natural gas used for generation.

Fuel and purchased power expense increased 20% in 2000 due to a significant increase in the cost of natural gas used for generation. Natural gas usage for generation declined 5% while the cost of natural gas consumed rose 60%. Net income was not impacted by these significant cost increases due to the operation of regulatory fuel recovery mechanisms. These fuel recovery mechanisms generally provide for the deferral of fuel costs above the amounts included in rates or the accrual of revenues for fuel costs not yet recovered. Upon regulatory commission review and approval of the unrecovered fuel costs, the accrued or deferred amounts are billed to customers.

The increase in maintenance and other operation expense was due mainly to increased expenditures to prepare the Cook plant nuclear units for restart following an extended NRC-monitored outage and increased usage of and prices for emission allowances. The increase in Cook

KWH Sales by Class
(in millions)



plant restart costs resulted from both the effect of deferring restart costs in 1999 and an increase in the restart expenditure level. The increase in emission allowance usage and prices resulted from the stricter air quality standards of Phase II of the 1990 Clean Air Act Amendments, which became effective on January 1, 2000.

With the consummation of the merger with CSW, certain merger costs were expensed. The merger costs expensed included transaction and transition costs not allocable to and recoverable from ratepayers under regulatory commission-approved settlement agreements to share net merger savings.

Worldwide electric and gas operations expense for 2000 increased 13% to $2.6 billion from $2.3 billion. The increase was due to the increase in natural gas prices, losses associated with a CSW investment in a Chilean-based electric company that was sold in December 2000, and the effect of a gain in 1999 on the sale of a 50% interest in the Sweeney cogeneration project.

Interest and Preferred Dividends

In 2000, interest and preferred stock dividends increased 16% due to the expensing of previously deferred interest expense as a result of the ruling on litigation with the government disallowing COLI related tax deductions and the Company's intention to maintain flexibility for corporate separation by issuing short-term debt at floating rates. The use of fixed-interest rate swaps has been employed to mitigate the risk associated with floating interest rates.

Other Income

Other income decreased from $139 million in 1999 to $33 million in 2000 primarily due to a write-down of AEP's Yorkshire investment to reflect the proposed sale in 2001, losses of non-regulated subsidiaries accounted for on an equity basis and a charge for the discontinuance of an electric water heater demand-side management program.

Consolidated Condensed Balance Sheets

At December 31
($ Millions)

	2000	1999
Assets		
Cash and Cash Equivalents	$ 437	$ 609
Energy Trading Contracts	16,627	1,001
Other Current Assets	4,967	3,388
Property, Plant and Equipment	38,088	36,938
Accumulated Depreciation and Amortization	(15,695)	(15,073)
Net Property, Plant and Equipment	22,393	21,865
Regulatory Assets	3,698	3,464
Other Assets	6,426	5,392
Total	$54,548	$35,719
Capitalization and Liabilities		
Energy Trading Contracts	$16,801	$ 964
Other Current Liabilities	10,266	7,102
Long-Term Debt	9,602	10,157
Deferred Income Taxes and Investment Tax Credits	5,403	5,730
Other Liabilities	4,261	2,911
Total Liabilities	46,333	26,864
Cumulative Preferred Stocks of Subsidiaries	161	182
Common Shareholders' Equity	8,054	8,673
Total	$54,548	$35,719

Income Taxes

Income taxes increased in 2000 primarily due to an unfavorable ruling in the Company's suit against the government over interest deductions claimed for AEP's COLI program and nondeductible merger-related costs.

Industry Restructuring

In 2000, California's deregulated energy market experienced high energy prices, short energy supply, and financial difficulties for retail distribution utilities and default electricity suppliers whose prices are fixed. The California energy crisis has highlighted the importance of risk management and has contributed to concerns that state regulatory and legislative actions could delay the start of, and transition to, customer choice and market-based pricing for retail electricity supply in the states in which AEP operates. Seven of the 11 state retail jurisdictions in which AEP's domestic electric utility companies operate either have enacted or are in the process of enacting restructuring legislation. In general, this legislation provides for a transition from cost-based regulation of bundled electric service to customer choice market pricing for the supply of electricity. As a result of this legislation, the application of SFAS 71 regulatory accounting for generation has been discontinued for six of AEP's electric operating companies doing business in five of the seven states that have passed or are passing restructuring legislation. The seven states in various stages of restructuring to transition generation to market-based pricing are Arkansas, Michigan, Ohio, Oklahoma, Texas, Virginia and West Virginia. The Company has not discontinued its regulatory accounting for its subsidiaries doing business in Michigan and Oklahoma pending the implementation of the legislation.

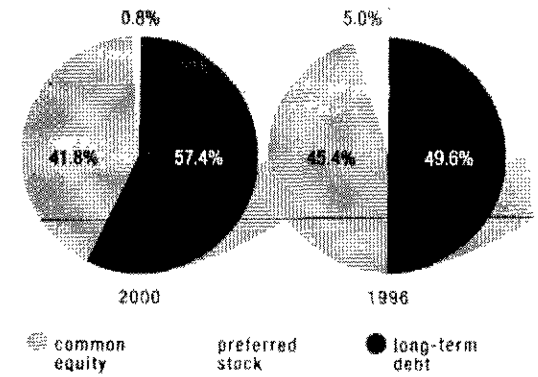
Financial Condition

The Cook Nuclear Plant's restart expenditures and merger costs negatively affected 2000 earnings and cash flows. Although the 2000 dividend payout ratio was 289% due mainly to the Cook plant restart, the disallowance of the COLI deduction and the write-off of merger costs, it is expected that the payout ratio will improve significantly in 2001. It is management's objective to reduce the dividend payout ratio by increasing earnings. Management expects to grow future earnings by growing the wholesale business and by controlling operations and maintenance costs.

Common Stock Market Price Range

	2000		1999	
	High	Low	High	Low
First Quarter	$34 9/16	$25 13/16	$48 3/16	$39 1/2
Second Quarter	$38 1/2	$29 7/8	$44 1/4	$37 7/16
Third Quarter	$40	$29 13/16	$37 1/4	$33 1/2
Fourth Quarter	$48 15/16	$36 1/8	$35 13/16	$30 9/16

Capitalization Ratio



AEP's common equity to total capitalization, including long-term debt due within one year and short-term debt, decreased from 37% in 1999 to 34% in 2000. Preferred Stock at 1% of total capitalization remained unchanged. Long-term debt decreased from 50% to 47% of total capitalization, while short-term debt increased from 12% to 18%. The Company's intention is to maintain flexibility during corporate separation and restructuring by issuing floating-rate debt. Sales of common stock and/or equity-linked securities may be necessary in the future to support the Company's plan to grow the business.

Cash flows decreased in 2000 by $172 million due to reduced cash from operations and increased expenditures for plant, property and equipment.

Contingencies

As previously indicated, the Company has exposure to a number of significant contingencies including, but not limited to, *the following matters, which are fully discussed* in the Management's Discussion and Analysis of Results of Operations and Financial Condition and the Notes to Consolidated Financial Statements contained in Appendix A to the Proxy Statement and Form 10-K: realization of expected merger cost savings, some of which are shared with customers under merger-related, state-approved settlement agreements; the resolution of proposed new environmental standards, litigation and other actions related to air quality and coal-fired generating plant emissions and the cost to achieve ultimately required emission reductions; the recovery of regulatory assets and other stranded costs in Texas; franchise fee litigation in Texas; litigation concerning financial disclosures regarding Cook Nuclear Plant safety outage and restart efforts; and market risks for changes in interest rates, fuel prices, financial derivative instruments and foreign currency. Investors should read the Company's full financial statements and related disclosures included in Appendix A to the Proxy Statement and the Company's Form 10-K filing with the SEC prior to making any investment decisions.

Consolidated Condensed Statements of Cash Flows

Year Ended December 31

(in Millions)

	2000	1999
Operating Activities		
Net Income	$ 267	$ 972
Adjustments for Noncash Items	1,236	642
Net Cash Flows from Operating Activities	1,503	1,614
Investing Activities		
Construction Expenditures–Worldwide	(1,773)	(1,680)
Other	19	7
Net Cash Flows Used for Investing Activities	(1,754)	(1,673)
Financing Activities		
Issuance of Common Stock	14	93
Retirement of Cumulative Preferred Stock	(20)	(170)
Change in Long-term Debt (net)	(441)	476
Change in Short-term Debt (net)	1,308	812
Dividends Paid on Common Stock	(805)	(833)
Other Financing Activities	—	(43)
Net Cash Flows from Financing Activities	56	335
Effect of Exchange Rate Change on Cash	23	(2)
Net Increase (Decrease) in Cash and Cash Equivalents	(172)	274
Cash and Cash Equivalents January 1	609	335
Cash and Cash Equivalents December 31	$ 437	$ 609

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of American Electric Power Company, Inc.:

We have audited the consolidated balance sheets of American Electric Power Company, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, common shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. Such consolidated financial statements and our report thereon dated February 26, 2001, expressing an unqualified opinion (which are not included herein) are included in Appendix A to the proxy statement for the 2000 annual meeting of shareholders. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2000 and 1999 and the related condensed consolidated statements of income and of cash flows for the years then ended is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

Deloitte & Touche LLP

Columbus, Ohio

February 26, 2001

American Electric Power Company, Inc.

E. Linn Draper, Jr.
Chairman, President and Chief Executive Officer

Thomas V. Shockley, III
Vice Chairman

Henry W. Fayne
Vice President and Chief Financial Officer

Armando A. Peña
Treasurer

Susan Tomasky
Secretary

Leonard V. Assante
Deputy Controller

American Electric Power Service Corporation

E. Linn Draper, Jr.
Chairman, President and Chief Executive Officer

Thomas V. Shockley, III
Vice Chairman

Paul D. Addis
Executive Vice President – Wholesale/Energy Services

Donald M. Clements, Jr.
Executive Vice President – Corporate Development

Henry W. Fayne
Executive Vice President – Finance and Analysis

William J. Lhota
Executive Vice President – Energy Delivery

Susan Tomasky
Executive Vice President – Legal, Policy and Corporate Communications, General Counsel and Assistant Secretary

Joseph H. Vipperman
Executive Vice President – Shared Services

Nicholas J. Ashooh
Senior Vice President – Corporate Communications

J. Craig Baker
Senior Vice President – Regulation and Public Policy

Jeffrey D. Cross
Senior Vice President, Deputy General Counsel and Assistant Secretary

Thomas M. Hagan
Senior Vice President – Governmental Affairs

Dale E. Heydlauff
Senior Vice President – Environmental Affairs

Michael F. Moore
Senior Vice President – Information Technology and Chief Information Officer

Richard E. Munczinski
Senior Vice President – Corporate Planning and Budgeting

John F. Norris, Jr.
Senior Vice President – Operations and Technical Services

Armando A. Peña
Senior Vice President – Finance and Treasurer

Rodney B. Plimpton
Senior Vice President – Human Resources

Robert P. Powers
Senior Vice President – Nuclear Operations

Linn Draper Henry Fayne Don Clements Joe Vipperman Susan Tomasky Tom Shockley Paul Addis Bill Lhota

DIRECTORS

Dr. E. Linn Draper, Jr., 59
Chairman, President
& Chief Executive Officer
(1992) [E]

Dr. Lester A. Hudson, Jr., 61
Chairman
H&E Associates
Greenville, South Carolina
(1987) [A,D,H,P]

Dr. Morris Tanenbaum, 72
Short Hills, New Jersey
Retired Vice Chairman
& Chief Financial Officer
AT&T
(1989) [E,F,H,N,P]

Linda Gillespie Stuntz, 46
Partner, Stuntz, Davis &
Staffier, P.C.
Washington, D.C.
(1993) [D,E,F,N,P]

First row
Morris Tanenbaum
Kathryn D. Sullivan
John P. DesBarres
Lester A. Hudson, Jr

Second row
William R. Howell
James L. Powell
Richard L. Sandor
Robert W. Fri
E. Linn Draper, Jr

Third row
Donald G. Smith
E.R. Brooks
Donald M. Carlton
Leonard J. Kujawa
Linda Gillespie Stuntz
Thomas V. Shockley, III

Donald G. Smith, 65
Chairman, President
& Chief Executive Officer
Roanoke Electric Steel
Corporation
Roanoke, Virginia
(1994) [F,H,P]

Robert W. Fri, 65
Director, National Museum
of Natural History
Smithsonian Institution
Washington, D.C.
(1995) [A,D,N,P]

John P. DesBarres, 61
Investor/Consultant
Rancho Palos Verdes, California
(1997) [A,H,N,P]

Leonard J. Kujawa, 68
International Energy Consultant
Atlanta, Georgia
(1997) [D,F,P]

Dr. Kathryn D. Sullivan, 49
President and
Chief Executive Officer
Center of Science & Industry
Columbus, Ohio
(1997) [A,N,P]

E. R. Brooks, 63
Retired Chairman
& Chief Executive Officer,
Central and South West
Corporation
Granbury, Texas
(2000) [P]

Dr. Donald M. Carlton, 63
Retired President
& Chief Executive Officer,
Radian International, LLC
Austin, Texas
(2000) [A,N,P]

William R. Howell, 65
Chairman Emeritus,
J. C. Penney Company, Inc.
Dallas, Texas
(2000) [F,H,P]

James L. Powell, 71
Ranching and Investments
Fort McKavett, Texas
(2000) [D,P]

Dr. Richard L. Sandor, 59
Chairman & Chief
Executive Officer,
Environmental Financial
Products, LLC
Chicago, Illinois
(2000) [A,F,P]

Thomas V. Shockley, III, 55
Vice Chairman
(2000)

Dates in parentheses indicate year elected to board

Committees of the Board: The chairman is listed in ( ). [A] Audit (Carlton), [D] Directors (Hudson), [E] Executive (Draper), [F] Finance (Stuntz) [H] Human Resources (Tanenbaum), [N] Nuclear Oversight (DesBarres), [P] Public Policy (Fri)

SHAREHOLDER INFORMATION

Annual Meeting – The 94th annual meeting of shareholders of American Electric Power Company will be held at 9:30 a.m., Central daylight time, Wednesday, April 25, 2001, at the Bayfront Plaza Convention Center, 1901 North Shoreline Boulevard, Corpus Christi, Texas. Admission is by ticket only. To obtain a ticket, please note the instructions in the Notice of Annual Meeting mailed to shareholders or call the Company. If you hold your shares through a broker, please bring proof of share ownership as of the record date.

Shareholder Inquiries – If you have questions about your account, contact the Company's transfer agent, listed below. You should have your Social Security number or account number ready; the transfer agent will not speak to third parties about an account without the shareholder's approval or appropriate documents.

Transfer Agent & Registrar
First Chicago Trust Company of New York
c/o EquiServe
P.O. Box 2500
Jersey City, NJ 07303-2500
Telephone Response Group: 800-328-6955;
Internet address: www.equiserve.com
Hearing Impaired #: TDD: 201/222-4955

Internet Access to Your Account – If you are a registered shareholder, you can access your account information through the Internet at www.equiserve.com. Information about obtaining a password is available toll-free at 877-843-9327.

Replacement of Dividend Checks – If you do not receive your dividend check within five business days after the dividend payment date, or if your check is lost, destroyed or stolen, you should notify the transfer agent for a replacement.

Lost or Stolen Stock Certificates – If your stock certificate is lost, destroyed or stolen, you should notify the transfer agent immediately so a "stop transfer" order can be placed on the missing certificate. The transfer agent then will send you the required documents to obtain a replacement certificate.

Address Changes – It is important that we have your current address on file so that you do not become a lost shareholder. Please contact the transfer agent for address changes for both record and dividend mailing addresses. We also can provide automatic seasonal address changes.

Stock Transfer – Please contact the transfer agent if you have questions regarding the transfer of stock and related legal requirements.

Dividend Reinvestment and Direct Stock Purchase Plan – A Dividend Reinvestment and Direct Stock Purchase Plan is available to all investors. It is an economical and convenient method of purchasing shares of AEP common stock. You may obtain the Plan prospectus and enrollment authorization form by contacting the transfer agent.

Direct Deposit of Dividends – The Company does offer electronic deposit of your dividends. Contact the transfer agent for details.

Stock Held in Brokerage Account ("Street Name") – When you purchase stock and it is held for you by your broker, it is listed with the Company in the broker's name or "street name." AEP does not know the identity of individual shareholders who hold their shares in this manner; we simply know that a broker holds a certain number of shares which may be for any number of customers. If you hold your stock in street name, you receive all dividend payments, annual reports and proxy materials through your broker. Therefore, if your shares are held in this manner, any questions you may have about your account should be directed to your broker.

How to Consolidate Accounts – If you want to consolidate your separate accounts into one account, you should contact the transfer agent to obtain the necessary instructions. When accounts are consolidated, it may be necessary to reissue the stock certificates.

How to Eliminate Duplicate Mailings – If you want to maintain more than one account but eliminate additional mailings of annual reports, you may do so by contacting the transfer agent, indicating the names you wish to keep on the mailing list for annual reports and the names you wish to delete. This will affect only these mailings; dividend checks and proxy materials will continue to be sent to each account.

Stock Trading – The Company's common stock is traded principally on the New York Stock Exchange under the ticker symbol AEP. In 1999, AEP stock had been traded on the NYSE 50 years.

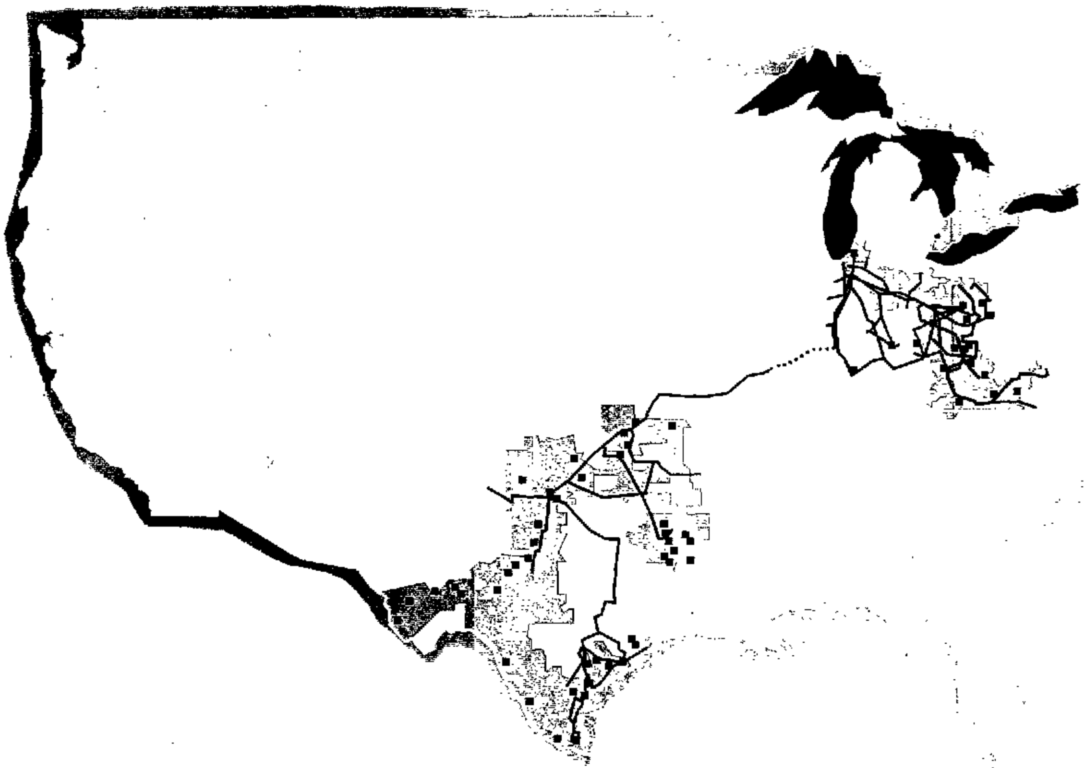
Taxes on Dividends – The Company paid $2.40 in cash dividends in 2000, all of which are taxable for federal income tax purposes. AEP has paid consecutive quarterly dividends since 1910.

Shareholder Direct – An array of timely recorded messages about AEP, including dividend and earnings information and recent news releases, is available from AEP Shareholder Direct at 800-551-1AEP (1237) anytime day or night. Hard copies of information can be obtained via fax or mail. Requests for annual reports, 10-K's, 10-Q's, Proxy Statements, and Summary Annual Reports should be made through Shareholder Direct.

Financial Community Inquiries – Institutional investors or securities analysts who have questions about the Company should direct inquiries to Tom Hughes, 614-223-2852, tlhughes@aep.com, or Bette Jo Rozsa, 614-223-2840, bjrozsa@aep.com; individual shareholders should contact Kathleen Kozero, 614-223-2819, klkozero@aep.com.

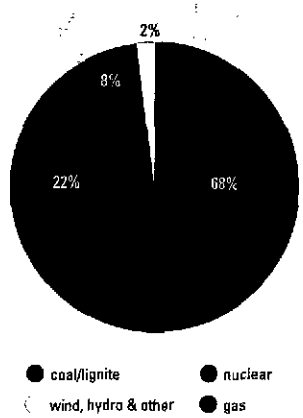
Internet Home Page – Information about AEP, including financial documents, SEC filings, news releases and customer service information, is available on the Company's home page on the Internet at www.aep.com.

Annual Report and Proxy Materials – You can receive future annual reports, proxy statements and proxies electronically rather than by mail; if you are a registered holder, log on to www.econsent.com/aep. If you hold your shares in street name, contact your broker.



■ denotes generating plant

Fuel diversity



AEP is a diversified energy company with a balanced portfolio of businesses and assets. The company owns and operates more than 42,000 megawatts of world-wide generating capacity and is America's largest generator of electricity. AEP's assets also include 128 billion cubic feet of gas storage and more than 6,400 miles of natural gas pipeline, 7,000 rail cars and 1,800 barges.

AEP ranks among the leaders in North America in wholesale energy marketing and trading volume of both power and natural gas.

The company provides retail electricity to more than 7 million customers world-wide, including more than 4.9 million retail customers in 11 states — Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia.

AEP operates one of the largest transmission and distribution systems in the world, encompassing 38,000 circuit miles of transmission lines and 186,000 miles of overhead and underground distribution lines in its U.S. service territory. AEP's domestic distribution service area covers 197,500 square miles.

Outside the United States, AEP holds interests in the United Kingdom, Australia, Brazil, China, Mexico and the Pacific Region.

This summary annual report contains condensed financial statements and a summary analysis of results of operations and financial condition. Full disclosure of all financial information is included in the Appendix A to the Proxy Statement. Additional information about AEP is available on the Internet at www.aep.com.

AEP's 2001 Community Connections report is the first such document devoted to the company's community involvement efforts. The report highlights science and safety education, corporate donations, employee volunteerism and activities that support AEP's corporate goal to play an active, positive role in the communities where employees live and work. A copy is available on the Internet at www.aep.com or by writing to AEP Community Relations, 1 Riverside Plaza, Columbus, OH 43215-2373.

American Electric Power
1 Riverside Plaza
Columbus, OH 43215-2373
614-223-1000
www.aep.com

THE PUBLIC UTILITIES COMMISSION OF OHIO
RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS
AEP OHIO COMMERCIAL & INDUSTRIAL RETAIL COMPANY, LLC

Exhibit C-2 "SEC Filings"

Provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

AEP Ohio Commercial & Industrial Retail Company, LLC does not make 10-K/8-K filings but has enclosed behind this page the most recent 10-K of American Electric Power Company, Inc., the parent company.

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

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

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

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

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

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

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

Registrant	Title of each class	Name of each exchange on which registered
AEP Generating Company	None	
American Electric Power Company, Inc.	Common Stock, $6.50 par value	New York Stock Exchange
Appalachian Power Company	8-1/4% Junior Subordinated Deferrable Interest Debentures, Series A, Due 2026	New York Stock Exchange
	8% Junior Subordinated Deferrable Interest Debentures, Series B, Due 2027	New York Stock Exchange
	7.20% Senior Notes, Series A, Due 2038	New York Stock Exchange
	7.30% Senior Notes, Series B, Due 2038	New York Stock Exchange
Columbus Southern Power Company	8-3/8% Junior Subordinated Deferrable Interest Debentures, Series A, Due 2025	New York Stock Exchange
	7.92% Junior Subordinated Deferrable Interest Debentures, Series B, Due 2027	New York Stock Exchange
CPL Capital I	8.00% Cumulative Quarterly Income Preferred Securities, Series A, Liquidation Preference $25 per Preferred Security	New York Stock Exchange
Indiana Michigan Power Company	8% Junior Subordinated Deferrable Interest Debentures, Series A, Due 2026	New York Stock Exchange
	7.60% Junior Subordinated Deferrable Interest Debentures, Series B, Due 2038	New York Stock Exchange
Kentucky Power Company	8.72% Junior Subordinated Deferrable Interest Debentures, Series A, Due 2025	New York Stock Exchange
Ohio Power Company	8.16% Junior Subordinated Deferrable Interest Debentures, Series A, Due 2025	New York Stock Exchange
	7.92% Junior Subordinated Deferrable Interest Debentures Series B, Due 2027	New York Stock Exchange
	7-3/8% Senior Notes, Series A, Due 2038	New York Stock Exchange
PSO Capital I	8.00% Trust Originated Preferred Securities, Series A, Liquidation Preference $25 per Preferred Security	New York Stock Exchange
SWEPCo Capital I	7.875% Trust Preferred Securities, Series A, Liquidation amount $25 per Preferred Security	New York Stock Exchange

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

Registrant	Title of each class
AEP Generating Company	None
American Electric Power Company, Inc.	None
Appalachian Power Company	None
Central Power and Light Company	4.00% Cumulative Preferred Stock, Non-Voting, $100 par value 4.20% Cumulative Preferred Stock, Non-Voting, $100 par value
Columbus Southern Power Company	None
Indiana Michigan Power Company	4.125% Cumulative Preferred Stock, Non-Voting, $100 par value
Kentucky Power Company	None
Ohio Power Company	4.50% Cumulative Preferred Stock, Voting, $100 par value
Public Service Company of Oklahoma	None
Southwestern Electric Power Company	4.28% Cumulative Preferred Stock, Non-Voting, $100 par value 4.65% Cumulative Preferred Stock, Non-Voting, $100 par value 5.00% Cumulative Preferred Stock, Non-Voting, $100 par value
West Texas Utilities Company	None

	Aggregate market value of voting and non-voting common equity held by non-affiliates of the registrants at February 1, 2002	**Number of shares of common stock outstanding of the registrants at February 1, 2002**
AEP Generating Company	None	1,000 ($1,000 par value)
American Electric Power Company, Inc.	$13,478,213,062	322,368,167 ($6.50 par value)
Appalachian Power Company	None	13,499,500 (no par value)
Central Power and Light Company	None	6,755,535 ($25 par value)
Columbus Southern Power Company	None	16,410,426 (no par value)
Indiana Michigan Power Company	None	1,400,000 (no par value)
Kentucky Power Company	None	1,009,000 ($50 par value)
Ohio Power Company	None	27,952,473 (no par value)
Public Service Company of Oklahoma	None	9,013,000 ($15 par value)
Southwestern Electric Power Company	None	7,536,640 ($18 par value)
West Texas Utilities Company	None	5,488,560 ($25 par value)

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

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

DOCUMENTS INCORPORATED BY REFERENCE

Description	Part of Form 10-K Into Which Document Is Incorporated
Portions of Annual Reports of the following companies for the fiscal year ended December 31, 2001: AEP Generating Company American Electric Power Company, Inc. Appalachian Power Company Central Power and Light Company Columbus Southern Power Company Indiana Michigan Power Company Kentucky Power Company Ohio Power Company Public Service Company of Oklahoma Southwestern Electric Power Company West Texas Utilities Company	Part II
Portions of Proxy Statement of American Electric Power Company, Inc. for 2002 Annual Meeting of Shareholders, to be filed within 120 days after December 31, 2001	Part III
Portions of Information Statements of the following companies for 2002 Annual Meeting of Shareholders, to be filed within 120 days after December 31, 2001: Appalachian Power Company Ohio Power Company	Part III

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

TABLE OF CONTENTS

GLOSSARY OF TERMS

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

Abbreviation or Acronym	Definition
AEGCo	AEP Generating Company, an electric utility subsidiary of AEP.
AEP	American Electric Power Company, Inc.
AEP System or the System	The American Electric Power System, an integrated electric utility system, owned and operated by AEP's electric utility subsidiaries.
AFUDC	Allowance for funds used during construction. Defined in regulatory systems of accounts as the net cost of borrowed funds used for construction and a reasonable rate of return on other funds when so used.
APCo	Appalachian Power Company, an electric utility subsidiary of AEP.
Btu	British thermal unit.
Buckeye	Buckeye Power, Inc., an unaffiliated corporation.
C3	C3 Communications, Inc.
CAA	Clean Air Act.
CAAA	Clean Air Act Amendments of 1990.
CCD Group	CSPCo, CG&E and DP&L.
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980.
CG&E	The Cincinnati Gas & Electric Company, an unaffiliated utility company.
CO_2	Carbon dioxide.
Cook Plant	The Donald C. Cook Nuclear Plant, owned by I&M, located near Bridgman, Michigan.
CPL	Central Power and Light Company, an electric utility subsidiary of AEP.
CSPCo	Columbus Southern Power Company, an electric utility subsidiary of AEP.
CSW	Central and South West Corporation.
DOE	United States Department of Energy.
DP&L	The Dayton Power and Light Company, an unaffiliated utility company.
East Zone Companies of AEP	APCo, CSPCo, I&M, KEPCo and OPCo.
ERCOT	Electric Reliability Council of Texas.
EWG	Exempt wholesale generator.
Federal EPA	United States Environmental Protection Agency.
FERC	Federal Energy Regulatory Commission (an independent commission within the DOE).
FUCO	Foreign utility company as defined by PUHCA.
I&M	Indiana Michigan Power Company, an electric utility subsidiary of AEP.
IURC	Indiana Utility Regulatory Commission.
KEPCo	Kentucky Power Company, an electric utility subsidiary of AEP.
MTM	Mark-to-market.
NO_x	Nitrogen oxide.
NPDES	National Pollutant Discharge Elimination System.
NRC	Nuclear Regulatory Commission.
Ohio EPA	Ohio Environmental Protection Agency.
OPCo	Ohio Power Company, an electric utility subsidiary of AEP.
OVEC	Ohio Valley Electric Corporation, an electric utility company in which AEP and CSPCo own a 44.2% equity interest.
PCBs	Polychlorinated biphenyls.

Abbreviation or Acronym	Definition
PSO	Public Service Company of Oklahoma, an electric utility subsidiary of AEP.
PUCO	The Public Utilities Commission of Ohio.
PUHCA	Public Utility Holding Company Act of 1935, as amended.
QF	Qualifying facility as defined in the Public Utility Regulatory Policies Act of 1978.
RCRA	Resource Conservation and Recovery Act of 1976, as amended.
Rockport Plant	A generating plant, consisting of two 1,300,000-kilowatt coal-fired generating units, near Rockport, Indiana.
SEC	Securities and Exchange Commission.
SEEBOARD	SEEBOARD Group plc, Crawley, West Sussex, United Kingdom.
Service Corporation	American Electric Power Service Corporation, a service subsidiary of AEP.
SO_2	Sulfur dioxide.
SO_2 Allowance	An allowance to emit one ton of sulfur dioxide granted under the Clean Air Act Amendments of 1990.
SPP	Southwest Power Pool.
STPNOC	STP Nuclear Operating Company, a non-profit Texas corporation which operates STP on behalf of its joint owners including CPL.
SWEPCo	Southwestern Electric Power Company, an electric utility subsidiary of AEP.
TVA	Tennessee Valley Authority.
Vale	Empresa De Electricidade Vale Paranapanema SA, a Brazilian Electric Distribution Company.
VEPCo	Virginia Electric and Power Company, an unaffiliated utility company.
Virginia SCC	Virginia State Corporation Commission.
West Virginia PSC	Public Service Commission of West Virginia.
West Zone Companies of AEP	CPL, PSO, SWEPCo and WTU.
WTU	West Texas Utilities Company, an electric utility subsidiary of AEP.
Zimmer or Zimmer Plant	Wm. H. Zimmer Generating Station, a 1,300,000-kilowatt coal-fired generating unit commonly owned by CSPCo (25.4%), CG&E (46.5%) and DP&L (28.1%), and operated by CG&E.

FORWARD-LOOKING INFORMATION

This report made by AEP and certain of its subsidiaries includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect assumptions and involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially from forward-looking statements are:

- Electric load and customer growth.
- Abnormal weather conditions.
- Available sources of and prices for coal and gas.
- Availability of generating capacity.
- Litigation concerning AEP's merger with CSW.
- The timing of the implementation of AEP's restructuring plan.
- Risks related to energy trading and construction under contract.
- The speed and degree to which competition is introduced to our power generation business.
- The ability to recover net regulatory assets, other stranded costs and implementation costs in connection with deregulation of generation in certain states.
- New legislation and government regulations.
- The structure and timing of a competitive market for electricity and its impact on prices.
- The ability of AEP to successfully control its costs.
- The success of new business ventures.
- International developments affecting AEP's foreign investments.
- The effects of fluctuations in foreign currency exchange rates.
- The economic climate and growth in AEP's service and trading territories, both domestic and foreign.
- The ability of AEP to comply with or to challenge successfully new environmental regulations and to litigate successfully claims that AEP violated the CAA.
- Inflationary trends.
- Changes in electricity and gas market prices and interest rates.
- Other risks and unforeseen events.

PART I

Item 1. Business

General

AEP was incorporated under the laws of the State of New York in 1906 and reorganized in 1925. It is a public utility holding company which owns, directly or indirectly, all of the outstanding common stock of its domestic electric utility subsidiaries and varying percentages of other subsidiaries. Substantially all of the operating revenues of AEP and its subsidiaries are derived from the marketing and trading of power and gas and the furnishing of electric service.

The service area of AEP's domestic electric utility subsidiaries covers portions of the states of Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia. The generating and transmission facilities of AEP's subsidiaries are physically interconnected, and their operations are coordinated, as a single integrated electric utility system. Transmission networks are interconnected with extensive distribution facilities in the territories served. The electric utility subsidiaries of AEP, which do business as "American Electric Power," have traditionally provided electric service, consisting of generation, transmission and distribution, on an integrated basis to their retail customers.

At December 31, 2001, the subsidiaries of AEP had a total of 27,726 employees. AEP, as such, has no employees. The operating subsidiaries of AEP are:

APCo (organized in Virginia in 1926) is engaged in the generation, sale, purchase, transmission and distribution of electric power to approximately 917,000 retail customers in the southwestern portion of Virginia and southern West Virginia, and in supplying electric power at wholesale to other electric utility companies and municipalities in those states and in Tennessee. At December 31, 2001, APCo and its wholly owned subsidiaries had 2,629 employees. Among the principal industries served by APCo are coal mining, primary metals, chemicals and textile mill products. In addition to its AEP System interconnections, APCo also is interconnected with the following unaffiliated utility companies: Carolina Power & Light Company, Duke Energy Corporation and VEPCo. A comparatively small part of the properties and business of APCo is located in the northeastern end of the Tennessee Valley. APCo has several points of interconnection with TVA and has entered into agreements with TVA under which APCo and TVA interchange and transfer electric power over portions of their respective systems.

CPL (organized in Texas in 1945) is engaged in the generation, sale, purchase, transmission and distribution of electric power to approximately 689,000 customers in southern Texas, and in supplying electric power at wholesale to other utilities, municipalities and rural electric cooperatives. At December 31, 2001, CPL had 1,374 employees. Among the principal industries served by CPL are oil and gas extraction, food processing, apparel, metal refining, chemical and petroleum refining, plastics, and machinery equipment.

CSPCo (organized in Ohio in 1937, the earliest direct predecessor company having been organized in 1883) is engaged in the generation, sale, purchase, transmission and distribution of electric power to approximately 678,000 customers in Ohio, and in supplying electric power at wholesale to other electric utilities and to municipally owned distribution systems within its service area. At December 31, 2001, CSPCo had 1,222 employees. CSPCo's service area is comprised of two areas in Ohio, which include portions of twenty-five counties. One area includes the City of Columbus and the other is a predominantly rural area in south central Ohio. Among the principal industries served are food processing, chemicals, primary metals, electronic machinery and paper products. In addition to its AEP System interconnections, CSPCo also is interconnected with the following unaffiliated utility companies: CG&E, DP&L and Ohio Edison Company.

I&M (organized in Indiana in 1925) is engaged in the generation, sale, purchase, transmission and distribution of electric power to approximately 567,000 customers in northern and eastern Indiana and southwestern Michigan, and in supplying electric power at wholesale to other electric utility companies, rural electric cooperatives and municipalities. At December 31, 2001, I&M had 2,851 employees. Among the principal industries served are primary metals, transportation equipment, electrical and electronic machinery, fabricated metal products, rubber and miscellaneous plastic products and chemicals and allied products. Since 1975, I&M has leased and operated the assets of the municipal system of the City of Fort Wayne, Indiana. In addition to its AEP System interconnections, I&M also is interconnected with the following unaffiliated utility companies: Central Illinois Public Service Company, CG&E, Commonwealth Edison Company, Consumers Energy Company, Illinois Power Company, Indianapolis Power & Light Company, Louisville Gas and Electric Company, Northern Indiana Public Service Company, PSI Energy Inc. and Richmond Power & Light Company.

KEPCo (organized in Kentucky in 1919) is engaged in the generation, sale, purchase, transmission and distribution of electric power to approximately 173,000 customers in an area in eastern Kentucky, and in supplying electric power at wholesale to other utilities and municipalities in Kentucky. At December 31, 2001, KEPCo had 427 employees. In addition to its AEP System interconnections, KEPCo also is interconnected with the following unaffiliated utility companies: Kentucky Utilities Company and East Kentucky Power Cooperative Inc. KEPCo is also interconnected with TVA.

Kingsport Power Company (organized in Virginia in 1917) provides electric service to approximately 45,000 customers in Kingsport and eight neighboring communities in northeastern Tennessee. Kingsport Power Company has no generating facilities of its own. It purchases electric power distributed to its customers from APCo. At December 31, 2001, Kingsport Power Company had 58 employees.

OPCo (organized in Ohio in 1907 and re-incorporated in 1924) is engaged in the generation, sale, purchase, transmission and distribution of electric power to approximately 698,000 customers in the northwestern, east central, eastern and southern sections of Ohio, and in supplying electric power at wholesale to other electric utility companies and municipalities. At December 31, 2001, OPCo and its wholly owned subsidiaries had 2,297 employees. Among the principal industries served by OPCo are primary metals, rubber and plastic products, stone, clay, glass and concrete products, petroleum refining and chemicals. In addition to its AEP System interconnections, OPCo also is interconnected with the following unaffiliated utility companies: CG&E, The Cleveland Electric Illuminating Company, DP&L, Duquesne Light Company, Kentucky Utilities Company, Monongahela Power Company, Ohio Edison Company, The Toledo Edison Company and West Penn Power Company.

PSO (organized in Oklahoma in 1913) is engaged in the generation, sale, purchase, transmission and distribution of electric power to approximately 502,000 customers in eastern and southwestern Oklahoma, and in supplying electric power at wholesale to other utilities, municipalities and rural electric cooperatives. At December 31, 2001, PSO had 989 employees. Among the principal industries served by PSO are natural gas and oil production, oil refining, steel processing, aircraft maintenance, paper manufacturing and timber products, glass, chemicals, cement, plastics, aerospace manufacturing, telecommunications, and rubber goods.

SWEPCo (organized in Delaware in 1912) is engaged in the generation, sale, purchase, transmission and distribution of electric power to approximately 431,000 customers in northeastern Texas, northwestern Louisiana, and western Arkansas, and in supplying electric power at wholesale to other utilities, municipalities and rural electric cooperatives. At December 31, 2001, SWEPCo had 1,375 employees. Among the principal industries served by SWEPCo are natural gas and oil production, petroleum refining, manufacturing of pulp and paper, chemicals, food processing, and metal refining. The territory served by SWEPCo also includes several military installations, colleges, and universities.

Wheeling Power Company (organized in West Virginia in 1883 and reincorporated in 1911) provides electric service to approximately 41,000 customers in northern West Virginia. Wheeling Power Company has no generating facilities of its own. It purchases electric power distributed to its customers from OPCo. At December 31, 2001, Wheeling Power Company had 64 employees.

WTU (organized in Texas in 1927) is engaged in the generation, sale, purchase, transmission and distribution of electric power to approximately 189,000 customers in west and central Texas, and in supplying electric power at wholesale to other utilities, municipalities and rural electric cooperatives. At December 31, 2001, WTU had 689 employees. The principal industry served by WTU is agriculture. The territory served by WTU also includes several military installations and correctional facilities.

Another principal electric utility subsidiary of AEP is AEGCo, which was organized in Ohio in 1982 as an electric generating company. AEGCo sells power at wholesale to I&M and KEPCo. AEGCo has no employees.

See Item 2 for information concerning the properties of the subsidiaries of AEP.

The Service Corporation provides accounting, administrative, information systems, engineering, financial, legal, maintenance and other services at cost to the AEP System companies. The executive officers of AEP and its public utility subsidiaries are all employees of the Service Corporation.

The AEP System is an integrated electric utility system and, as a result, the member companies of the AEP System have contractual, financial and other business relationships with the other member companies, such as participation in the AEP System savings and retirement plans and tax returns, sales of electricity, transportation and handling of fuel, sales or rentals of property and interest or dividend payments on the securities held by the companies' respective parents.

AEP-CSW Merger

On June 15, 2000, CSW merged with and into a wholly owned merger subsidiary of AEP with CSW being the surviving corporation. The merger was pursuant to an Agreement and Plan of Merger, dated as of December 21, 1997, that AEP and CSW had entered into. As a result of the merger, each outstanding share of common stock, par value \$3.50 per share, of CSW (other than shares owned by AEP or CSW) was converted into 0.6 of a share of common stock, par value \$6.50 per share, of AEP. CSW's four wholly-owned domestic electric utility subsidiaries are CPL, PSO, SWEPCo and WTU.

AEP is complying or intends to comply with the following conditions imposed by the FERC as part of the FERC's order approving the merger:

- Transfer operational control of AEP's east and west transmission systems to fully-functioning, FERC-approved regional transmission organizations. See *Transmission Services for Non-Affiliates.*

- Two interim transmission-related mitigation measures consisting of market monitoring and independent calculation and posting of available transmission capacity to monitor the operation of AEP's east transmission system. AEP implemented these measures upon the consummation of the merger.

- Divestiture of 550 MW of generating capacity comprised of 300 MW of capacity in SPP and 250 MW of capacity in ERCOT. AEP must complete divestiture of the SPP capacity by July 1, 2002. AEP has completed divestiture of the ERCOT capacity.

The FERC found that certain energy sales of SPP and ERCOT capacity would be reasonable and effective interim mitigation measures until completion of the required SPP and ERCOT divestitures. As required by the FERC, the proposed interim energy sales were in effect when the merger was consummated.

Litigation: On January 18, 2002, the U.S. Court of Appeals for the District of Columbia ruled that the SEC failed to prove that the merger met the requirements of PUHCA and remanded the case to the SEC for further review. The court held that the SEC must explain its conclusion that the merger met PUHCA requirements that utilities be "physically interconnected" and justify its finding that the merger will result in a combined entity that is confined to a "single area or region."

In its June 2000 approval of the merger, the SEC agreed with AEP that AEP's and CSW's systems are interconnected because they have transmission access rights to a single high-voltage line through Missouri and also meet the PUHCA's single region requirement because it is now technically possible to centrally control the output of power plants across many states. In its ruling, the court held that the SEC failed to explain its conclusions that the transmission integration and single region requirements are satisfied.

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

Regulation

General

AEP and its subsidiaries are subject to the broad regulatory provisions of PUHCA administered by the SEC. The public utility subsidiaries' retail rates and certain other matters are subject to regulation by the public utility commissions of the states in which they operate. Such subsidiaries are also subject to regulation by the FERC under the Federal Power Act in respect of rates for interstate sale at wholesale and transmission of electric power, accounting and other matters and construction and operation of hydroelectric projects. I&M and CPL are subject to regulation by the NRC under the Atomic Energy Act of 1954, as amended, with respect to the operation of the Cook Plant and STP, respectively.

Possible Change to PUHCA

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

On June 20, 1995, the SEC released a report from its Division of Investment Management recommending a conditional repeal of PUHCA, including its limits on financing and on geographic and business diversification. Specific federal authority, however, would be preserved over access to the books and records of registered holding company systems, audit authority over registered holding companies and their subsidiaries and oversight over affiliate transactions. This authority would be transferred to the FERC. Following the report, legislation was introduced in Congress to repeal PUHCA and transfer certain federal authority to the FERC as recommended in the SEC report. Since 1997, such PUHCA repeal language has been reintroduced in each session of Congress both as a separate bill and as part of broader legislation regarding changes in the electric industry. Legislative hearings were held but neither the House of Representatives nor the Senate passed any PUHCA repeal legislation. A number of bills contemplating PUHCA repeal separately and with the restructuring of the electric utility industry have been introduced in the current Congress. See *Competition and Business Change*. If PUHCA is repealed, registered holding company systems, including the AEP System, will be able to compete in the changing industry without the constraints of PUHCA. Management of AEP believes that removal of these constraints would be beneficial to the AEP System.

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

Conflict of Regulation

Public utility subsidiaries of AEP can be subject to regulation of the same subject matter by two or more jurisdictions. In such situations, it is possible that the decisions of such regulatory bodies may conflict or that the decision of one such body may affect the cost of providing service, and so the rates, in another jurisdiction. In a case involving OPCo, the U.S. Court of Appeals for the District of Columbia held that the determination of costs to be charged to associated companies by the SEC under PUHCA precluded the FERC from determining that such costs were unreasonable for ratemaking purposes. The U.S. Supreme Court also has held that a state commission may not conclude that a FERC approved wholesale power agreement is unreasonable for state ratemaking purposes. Certain actions that would overturn these decisions or otherwise affect the jurisdiction of the SEC and FERC are under consideration by the U.S. Congress and these regulatory bodies. Such conflicts of jurisdiction often result in litigation and, if resolved adversely to a public utility subsidiary of AEP, could have a material adverse effect on the results of operations or financial condition of such subsidiary or AEP.

Rates

The rates charged by the electric utility subsidiaries of AEP are approved by the FERC or one of the state utility commissions as applicable. The FERC regulates wholesale rates and the state commissions regulate retail rates. In recent years the number of rate increase applications filed by the operating subsidiaries of AEP with their respective state commissions and the FERC has decreased. Under current rate regulation, if increases in operating, construction and capital costs exceed increases in revenues resulting from previously granted rate increases and increased customer demand, then it may be appropriate for certain of AEP's electric utility subsidiaries to file rate increase applications in the future.

Generally the rates of AEP's operating subsidiaries are determined based upon the cost of providing service including a reasonable return on investment, except for the states of Ohio, Texas and Virginia as noted below. Certain states served by the AEP System allow alternative forms of rate regulation in addition to the traditional cost-of-service approach. However, the rates of AEP's operating subsidiaries in those states continue to be cost-based. The IURC may approve alternative regulatory plans which could include setting customer rates based on market or average prices, price caps, index-based prices and prices based on performance and efficiency.

AEP is exposed to risk from changes in the market prices of coal and natural gas used to generate electricity where generation is no longer regulated or where existing fuel clauses are suspended or frozen. The protection afforded by fuel clause recovery mechanisms has either been eliminated by the implementation of customer choice in Ohio (effective January 1, 2001) and in the ERCOT power grid area of Texas (effective January 1, 2002) or frozen by settlement agreements in Indiana, Michigan, and West Virginia. To the extent the fuel supply of the generating units in these states is not under fixed price long-term contracts, AEP is subject to market price risk. AEP continues to be protected against market price changes by active fuel clauses in Oklahoma, Arkansas, Louisiana, Kentucky, Virginia and the SPP area of Texas.

AEP cannot predict the timing or probability of approvals regarding applications for additional rate changes, the outcome of action by regulatory commissions or courts with respect to such matters, or the effect thereof on the earnings and business of the AEP System. In addition, current rate regulation may, and in the case of Ohio, Texas and Virginia has been, subject to significant revision. See *Competition and Business Change* and the footnote to the financial statements entitled *Customer Choice and Industry Restructuring*.

Classes of Service

The principal classes of service from which the domestic electric utility subsidiaries of AEP derive revenues and the amount of such revenues during the year ended December 31, 2001 are as follows:

	AEP System(a)	AEGCo	APCo	CPL	CSPCo
			(in thousands)		
Wholesale Business:					
Residential	$ 3,553,216	$ 0	$ 587,062	$ 660,884	$ 477,341
Commercial	2,328,383	0	267,312	473,337	426,444
Industrial	2,388,354	0	353,070	345,071	141,583
Other Retail Customers	419,232	0	77,258	49,007	46,948
Energy Delivery	(3,356,000)	0	(575,036)	(473,182)	(483,219)
Total Retail	5,333,185	0	709,666	1,055,117	609,097
Marketing and Trading-Electricity	35,339,641	227,338	5,571,750	1,671,686	3,117,136
Marketing and Trading-Gas	14,368,857	0	0	0	0
Unrealized MTM Income:					
Electric	209,660	0	29,334	19,930	16,730
Gas	46,990	0	0	0	0
Other	631,016	210	113,644	101,812	73,681
Total Wholesale Business	55,929,349	227,548	6,424,394	2,848,545	3,816,644
Energy Delivery Business:					
Transmission	1,029,000	0	180,244	162,734	109,824
Distribution	2,327,000	0	394,792	310,448	373,395
Total Energy Delivery	3,356,000	0	575,036	473,182	483,219
Other Investments:					
SEEBOARD	1,451,233	0	0	0	0
CitiPower	349,773	0	0	0	0
Other	170,645	0	0	0	0
Total Other Investments	1,971,651	0	0	0	0
Total Revenues	$ 61,257,000	$ 227,548	$ 6,999,430	$ 3,321,727	$ 4,299,863

	I&M	KEPCo	OPCo	PSO	SWEPCo	WTU
			(in thousands)			
Wholesale Business:						
Residential	$ 350,600	$ 109,882	$ 444,418	$ 381,515	$ 321,022	$ 160,520
Commercial	218,818	47,369	235,220	305,525	226,946	98,153
Industrial	323,157	92,215	526,431	215,038	273,096	60,032
Other Retail Customers	59,983	16,058	68,968	12,746	33,271	44,318
Energy Delivery	(314,410)	(134,619)	(552,713)	(261,877)	(333,004)	(169,036)
Total Retail	638,148	130,905	722,324	652,947	521,331	193,987
Marketing and Trading-Electricity	3,783,302	1,364,877	4,848,386	1,258,861	1,653,208	648,527
Marketing and Trading-Gas	0	0	0	0	0	0
Unrealized MTM Income:						
Electric	0	0	23,139	0	10,830	4,390
Gas	0	0	0	0	0	0
Other	67,765	28,994	115,840	27,564	56,075	48,331
Total Wholesale Business	4,489,215	1,524,776	5,709,689	1,939,372	2,241,444	895,235
Energy Delivery Business:						
Transmission	122,345	53,697	167,399	63,045	81,324	75,443
Distribution	192,065	80,922	385,314	198,832	251,680	93,593
Total Energy Delivery	314,410	134,619	552,713	261,877	333,004	169,036
Other Investments:						
SEEBOARD	0	0	0	0	0	0
CitiPower	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Other Investments	0	0	0	0	0	0
Total Revenues	$ 4,803,625	$ 1,659,395	$ 6,262,402	$ 2,201,249	$ 2,574,448	$ 1,064,271

(a) Includes revenues of other subsidiaries not shown and elimination of intercompany transactions.

Sale of Power

AEP's electric utility subsidiaries own or lease generating stations with total generating capacity of approximately 38,300 megawatts. See Item 2. *Properties,* for more information regarding the generating stations. They operate their generating plants as a single interconnected and coordinated electric utility system and, in the east zone, share the costs and benefits in the AEP System Power Pool. As discussed below under *AEP System Power Pool,* after corporate separation, the public utility subsidiaries that are no longer regulated at the state level will participate in a separate power pool. Most of the electric power generated at AEP's generating stations is sold, in combination with transmission and distribution services, to retail customers of AEP's utility subsidiaries in their service territories. See *Regulation—Rates*. Some of the electric power is sold at wholesale to non-affiliated companies.

AEP System Power Pool

APCo, CSPCo, I&M, KEPCo and OPCo are parties to the Interconnection Agreement, dated July 6, 1951, as amended (the Interconnection Agreement), defining how they share the costs and benefits associated with their generating plants. This sharing is based upon each company's "member-load-ratio," which is calculated monthly on the basis of each company's maximum peak demand in relation to the sum of the maximum peak demands of all five companies during the preceding 12 months. In addition, since 1995, APCo, CSPCo, I&M, KEPCo and OPCo have been parties to the AEP System Interim Allowance Agreement which provides, among other things, for the transfer of SO_2 Allowances associated with transactions under the Interconnection Agreement. As part of AEP's restructuring settlement agreement filed with the FERC, CSPCo and OPCo would no longer be parties to the Interconnection Agreement and certain other modifications to its terms would also be made. See *Competition and Business Change—AEP Restructuring Plan.*

Power marketing and trading transactions (trading activities) are conducted by the AEP Power Pool and shared among the parties under the Interconnection Agreement. Trading activities involve the purchase and sale of electricity under physical forward contracts at fixed and variable prices and the trading of electricity contracts including exchange traded futures and options and over-the-counter options and swaps. The majority of these transactions represent physical forward contracts in the AEP System's traditional marketing area and are typically settled by entering into offsetting contracts. The regulated physical forward contracts are recorded on a gross basis in the month when the contract settles.

In addition, the AEP Power Pool enters into transactions for the purchase and sale of electricity options, futures and swaps, and for the forward purchase and sale of electricity outside of the AEP System's traditional marketing area.

The following table shows the net credits or (charges) allocated among the parties under the Interconnection Agreement and Interim Allowance Agreement during the years ended December 31, 1999, 2000 and 2001:

	1999(a)	2000(a)	2001(a)
		(in thousands)	
APCo	$(89,100)	$(274,000)	$(256,700)
CSPCo	(184,500)	(250,400)	(251,200)
I&M	(61,700)	93,900	166,200
KEPCo	23,700	(21,500)	(27,600)
OPCo	311,600	452,000	369,300

(a) Includes credits and charges from allowance transfers related to the transactions.

CPL, PSO, SWEPCo, WTU, and AEP Service Corporation are parties to a Restated and Amended Operating Agreement originally dated as of January 1, 1997 (CSW Operating Agreement). The CSW Operating Agreement requires the operating companies of the west zone to maintain specified annual planning reserve margins and requires the subsidiaries that have capacity in excess of the required margins to make such capacity available for sale to other AEP subsidiaries as capacity commitments. The CSW Operating Agreement also delegates to AEP Service Corporation the authority to coordinate the acquisition, disposition, planning, design and construction of generating units and to supervise the operation and maintenance of a central control center. As part of AEP's restructuring settlement agreement filed with the FERC, CPL and WTU would no longer be parties to the CSW Operating Agreement and certain other modifications to its terms would also be made. See *Competition and Business Change—AEP Restructuring Plan.*

Wholesale Sales of Power to Non-Affiliates

AEP's electric utility subsidiaries also sell electric power on a wholesale basis to non-affiliated electric utilities and power marketers. Such sales are either made (i) by individual companies pursuant to various long-term power agreements or (ii) under the Interconnection Agreement (AEP Power Pool) or the CSW Operating Agreement. Sales made under the Interconnection Agreement are allocated among the East Zone subsidiaries based on member-load ratios. Sales made under the CSW Operating Agreement are allocated among the West Zone subsidiaries based on participation ratios.

Reference is made to the footnote to the financial statements entitled *Commitments and Contingencies* that is incorporated by reference in Item 8 for information with respect to AEP's long-term agreements to sell power.

Transmission Services

AEP's electric utility subsidiaries own and operate transmission and distribution lines and other facilities to deliver electric power. See Item 2 for more information regarding the transmission and distribution lines. AEP's electric utility subsidiaries operate their transmission lines as a single interconnected and coordinated system and share the cost and benefits in the AEP System Transmission Pool. Most of the transmission and distribution services are sold, in combination with electric power, to retail customers of AEP's utility subsidiaries in their service territories. These sales are made at rates that are established by the public utility commissions of the state in which they operate. See *Regulation—Rates*. As discussed below, some transmission services also are separately sold to non-affiliated companies.

AEP System Transmission Pool

APCo, CSPCo, I&M, KEPCo and OPCo are parties to the Transmission Agreement, dated April 1, 1984, as amended (the Transmission Agreement), defining how they share the costs associated with their relative ownership of the extra-high-voltage transmission system (facilities rated 345 kv and above) and certain facilities operated at lower voltages (138 kv and above). Like the Interconnection Agreement, this sharing is based upon each company's "member-load-ratio." See *Sale of Power*.

The following table shows the net (credits) or charges allocated among the parties to the Transmission Agreement during the years ended December 31, 1999, 2000 and 2001:

	1999	2000	2001
		(in thousands)	
APCo..........	$(8,300)	$(3,400)	$(3,100)
CSPCo	39,000	38,300	40,200
I&M.............	(43,900)	(43,800)	(41,300)
KEPCo........	(4,300)	(6,000)	(4,600)
OPCo...........	17,500	14,900	8,800

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

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

Transmission Services for Non-Affiliates

AEP's electric utility subsidiaries and other System companies also provide transmission services for non-affiliated companies.

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

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

On July 9, 1996, the AEP System companies filed a tariff conforming with the FERC's *pro-forma* transmission tariff.

Since 1998 AEP has engaged in discussions with a group of Midwestern utilities regarding the development of the Alliance RTO which may take the form of an ISO or an independent transmission company (Transco), depending upon the occurrence of certain conditions. The Transco, if formed, would operate transmission assets that it would own, and also would operate other owners' transmission assets on a contractual basis.

In 2001 the Alliance companies filed with the FERC a proposed business plan for the Alliance RTO. In December 2001, the FERC issued an order approving the proposal of the Midwest ISO (an independent operator of transmission assets in the Midwest) for an RTO and rejecting the Alliance RTO's business plan and finding that the Alliance RTO lacks sufficient scope and regional configuration to exist as a stand-alone RTO. The FERC directed the Alliance companies to negotiate with the Midwest ISO and others to explore possible combinations. Following such discussions, on March 5, 2002, the Alliance RTO filed with the FERC a request for a declaratory order seeking resolution of these issues.

Coordination of East and West Zone Operating Subsidiaries

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

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

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

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

Certain Power Agreements

OVEC

AEP, CSPCo and several unaffiliated utility companies jointly own OVEC, which supplies the power requirements of a uranium enrichment plant near Portsmouth, Ohio, owned by the DOE. The aggregate equity participation of AEP and CSPCo in OVEC is 44.2%. The aggregate power participation ratio of APCo, CSPCo, I&M and OPCo is 42.1%. The proceeds from the sale of power by OVEC are designed to be sufficient for OVEC to meet its operating expenses and fixed costs and to provide a return on its equity capital. On September 29, 2000, DOE issued a notice of cancellation of the DOE/OVEC power agreement, such cancellation to be effective no later than April 30, 2003. In conjunction with this notice, DOE released all future rights to OVEC's generating capacity, effective September 1, 2001. DOE was therefore not entitled to any OVEC capacity beyond August 31, 2001, and the sponsoring companies became entitled to receive and pay for all OVEC capacity (approximately 2,200MW) in proportion to their power participation ratios at that time.

Buckeye

Contractual arrangements among OPCo, Buckeye and other investor-owned electric utility companies in Ohio provide for the transmission and delivery, over facilities of OPCo and of other investor-owned utility companies, of power generated by the two units at the Cardinal Station owned by Buckeye and back-up power to which Buckeye is entitled from OPCo under such contractual arrangements, to facilities owned by 25 of the rural electric cooperatives which operate in the State of Ohio at 337 delivery points. Buckeye is entitled under such arrangements to receive, and is obligated to pay for, the excess of its maximum one-hour coincident peak demand plus a 15% reserve margin over the 1,226,500 kilowatts of capacity of the generating units which Buckeye currently owns in the Cardinal Station. Such demand, which occurred on August 8, 2001, was recorded at 1,344,315 kilowatts.

Reference is made to *Wholesale Business Operations — Structured Arrangements Involving Capacity, Energy, and Ancillary Services* for a discussion of an agreement with an affiliate of Buckeye to construct and operate a gas-fired electric generating peaking facility.

Century Aluminum

Century Aluminum of West Virginia, Inc. (formerly Ravenswood Aluminum Corporation), operates a major aluminum reduction plant in the Ohio River Valley at Ravenswood, West Virginia. The power requirement of such plant presently is approximately 357,000 kilowatts. OPCo is providing electric service pursuant to a contract approved by the PUCO for the period July 1, 1996 through July 31, 2003.

AEGCo

Since its formation in 1982, AEGCo's business has consisted of the ownership and financing of its 50% interest in the Rockport Plant and, since 1989, leasing of its 50% interest in Unit 2 of the Rockport Plant. The operating revenues of AEGCo are derived from the sale of capacity and energy associated with its interest in the Rockport Plant to I&M and KEPCo pursuant to unit power agreements. Pursuant to these unit power agreements, AEGCo is entitled to recover its full cost of service from the purchasers and will be entitled to recover future increases in such costs, including increases in fuel and capital costs. See *Unit Power Agreements*. Pursuant to a capital funds agreement, AEP has agreed to provide cash capital contributions, or in certain circumstances subordinated loans, to AEGCo, to the extent necessary to enable AEGCo, among other things, to provide its proportionate share of funds required to permit continuation of the commercial operation of the Rockport Plant and to perform all of its obligations, covenants and agreements under, among other things, all loan agreements, leases and related documents to which AEGCo is or becomes a party. See *Capital Funds Agreement*.

Unit Power Agreements

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

Pursuant to an assignment between I&M and KEPCo, and a unit power agreement between KEPCo and AEGCo, AEGCo sells KEPCo 30% of the power (and the energy associated therewith) available to AEGCo from both units of the Rockport Plant. KEPCo has agreed to pay to AEGCo in consideration for the right to receive such power the same amounts which I&M would have paid AEGCo under the terms of the I&M Power Agreement for such entitlement. The KEPCo unit power agreement expires on December 31, 2004. As part of AEP's restructuring settlement agreement pending with the FERC, the KEPCo unit power agreement would be extended to December 31, 2009 for Unit 1 and December 7, 2022 for Unit 2. See *Competition and Business Change—AEP Restructuring Plan.*

Capital Funds Agreement

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

Seasonality

Sales of electricity by the AEP System tend to increase and decrease because of the use of electricity by residential and commercial customers for cooling and heating and relative changes in temperature.

Franchises

The operating companies of the AEP System hold franchises to provide electric service in various municipalities in their service areas. These franchises have varying provisions and expiration dates. In general, the operating companies consider their franchises to be adequate for the conduct of their business.

Competition and Business Change

General

The public utility subsidiaries of AEP, like many other electric utilities, have traditionally provided electric generation and energy delivery, consisting of transmission and distribution services, as a single product to their retail customers. Proposals are being made and/or legislation has been enacted in Arkansas, Michigan, Ohio, Oklahoma, Texas, Virginia and West Virginia that would also require electric utilities to sell distribution services separately. These measures generally allow competition in the generation and sale of electric power, but not in its transmission and distribution. However, movement toward retail deregulation in certain of these states is slowing as a consequence of, among other things, adverse developments related to deregulation of the electric industry in California.

Competition in the generation and sale of electric power will require resolution of complex issues, including who will pay for the unused generating plant of, and other stranded costs incurred by, the utility when a customer stops buying power from the utility; will all customers have access to the benefits of competition; how will the rules of competition be established; what will happen to conservation and other regulatory-imposed programs; how will the reliability of the transmission system be ensured; and how will the utility's obligation to serve be changed. As competition in generation and sale of electric power is instituted, the public utility subsidiaries of AEP believe that they have a favorable competitive position because of their relatively low costs. If stranded costs are not recovered from customers, however, the public utility subsidiaries of AEP, like all electric utilities, will be required by existing accounting standards to recognize any stranded investment losses.

Reference is made to *Management's Discussion and Analysis of Results of Operations* and *Management's Discussion and Analysis of Financial Condition, Contingencies and Other Matters* and the footnote to the financial statements entitled *Customer Choice and Industry Restructuring* incorporated by reference in Items 7 and 8, respectively, for further information with respect to competition and business change.

AEP Position on Competition

AEP favors freedom for customers to purchase electric power from anyone that they choose. Generation and sale of electric power would be in the competitive marketplace. To facilitate reliable, safe and efficient service, AEP supports creation of independent system operators to operate the transmission system in a region of the United States. AEP's working model for industry restructuring envisions a progressive transition to full customer choice. Implementation of these measures would require legislative changes and regulatory approvals.

The legislatures and/or the regulatory commissions in many states, including some in AEP's service territory, are considering or have adopted "retail customer choice" which, in general terms, means the transmission by an electric utility of electric power generated by an entity of the customer's choice over its transmission and distribution system to a retail customer in such utility's service territory. A requirement to transmit directly to retail customers would have the result of permitting retail customers to purchase electric power, at the election of such customers, not only from the electric utility in whose service area they are located but from another electric utility, an independent power producer or an intermediary, such as a power marketer. Although AEP's power generation would have competitors under some of these proposals, its transmission and distribution would not. As competition develops in retail power generation, the public utility subsidiaries of AEP believe that they should have a favorable competitive position because of their relatively low costs.

Wholesale

The public utility subsidiaries of AEP, like the electric industry generally, face increasing competition to sell available power on a wholesale basis, primarily to other public utilities and also to power marketers. The Energy Policy Act of 1992 was designed, among other things, to foster competition in the wholesale market (a) through amendments to PUHCA, facilitating the ownership and operation of generating facilities by "exempt wholesale generators" (which may include independent power producers as well as affiliates of electric utilities) and (b) through amendments to the Federal Power Act, authorizing the FERC under certain conditions to order utilities which own transmission facilities to provide wholesale transmission services for other utilities and entities generating electric power. The principal factors in competing for such sales are price (including fuel costs), availability of capacity and reliability of service. The public utility subsidiaries of AEP believe that they maintain a favorable competitive position on the basis of all of these factors. However, because of the availability of capacity of other utilities and the lower fuel prices in recent years, price competition has been, and is expected for the next few years to be, particularly important.

FERC orders 888 and 889, issued in April 1996, provide that utilities must functionally unbundle their transmission services, by requiring them to use their own tariffs in making off-system and third-party sales. See *Transmission Services*. The public utility subsidiaries of AEP have functionally separated their wholesale power sales from their transmission functions, as required by orders 888 and 889.

Retail

The public utility subsidiaries of AEP have the exclusive right to sell electric power at retail within their service areas in the states of Arkansas, Indiana, Kentucky, Louisiana, Oklahoma, Tennessee and West Virginia. Furthermore, while customer choice commenced in Michigan on January 1, 2002, I&M does not have any competing suppliers active in its Michigan service territory at this time. However, AEP's public utility subsidiaries do compete with self-generation and with distributors of other energy sources, such as natural gas, fuel oil and coal, within their service areas. The primary factors in such competition are price, reliability of service and the capability of customers to utilize sources of energy other than electric power. With respect to self-generation, the public utility subsidiaries of AEP believe that they maintain a favorable competitive position on the basis of all of these factors. With respect to alternative sources of energy, the public utility subsidiaries of AEP believe that the reliability of their service and the limited ability of customers to substitute other cost-effective sources for electric power place them in a favorable competitive position, even though their prices may be higher than the costs of some other sources of energy.

Significant changes in the global economy in recent years have led to increased price competition for industrial companies in the United States, including those served by the AEP System. Such industrial companies have requested price reductions from their suppliers, including their suppliers of electric power. In addition, industrial companies which are downsizing or reorganizing often close a facility based upon its costs, which may include, among other things, the cost of electric power. The public utility subsidiaries of AEP cooperate with such customers to meet their business needs through, for example, various off-peak or interruptible supply options and believe that, as low cost suppliers of electric power, they should be less likely to be materially adversely affected by this competition and may be benefited by attracting new industrial customers to their service territories.

AEP Restructuring Plan

As a result of deregulating legislation that has been enacted or is being considered in several of the states in which the AEP public utility subsidiaries provide service, AEP has reassessed the corporate ownership of its public utility subsidiaries' assets. Deregulating legislation in some of the states requires the separation of generation assets from transmission and distribution assets. On November 1, 2000, AEP filed with the SEC under PUHCA for approval of a restructuring plan in part to meet the requirements of this legislation. This application is pending.

On July 24, 2001, AEP filed with the FERC for approval of the restructuring plan and on December 21, 2001, a settlement agreement with six state regulatory commissions and other major parties was filed with the FERC. The settlement agreement is pending approval. FERC approval is necessary before the SEC will issue its order.

AEP's restructuring plan is designed to align its legal structure and business activities with the requirements of deregulation. AEP's plan contemplates the formation of two first tier subsidiaries that would hold the following public utility assets:

- A subsidiary would hold the assets of public utility subsidiaries that remain subject to regulation as to rates by at least one state utility commission. AEP intends for this subsidiary ultimately to hold all transmission and distribution assets.
- A subsidiary would hold (i) public utility and non-utility subsidiaries that derive their revenues from competitive activity and (ii) foreign utility subsidiaries and other investments. AEP intends for this subsidiary to ultimately hold all generation assets not subject to regulation.

Wholesale Business Operations

AEP's wholesale business operations focus on value-driven asset optimization at each link of the energy chain through the following activities:

- A diversified portfolio of owned assets and structured third party arrangements, including:

- Power generation facilities and renewable energy sources.
- Natural gas pipeline, storage and processing facilities.
- Coal mines and related facilities.
- Barge, rail and other fuel transportation related assets.

- Trade and market energy commodities, including electric power, natural gas, natural gas liquids, oil, coal, and SO_2 allowances in North America and Europe.
- Price-risk management services and liquidity through a variety of energy-related financial instruments, including exchange-traded futures and over-the-counter forward, option, and swap agreements.
- Long-term transactions to buy or sell capacity, energy, and ancillary services of electric generating facilities, either existing or to be constructed, at various locations in North America and Europe.

Power Generation Facilities and Renewable Energy Sources

In addition to approximately 38,300 MW listed under Item 2. *Properties,* AEP has ownership interests in the generating facilities listed under *AEP-Other Generation* of approximately 1,900 MW domestically and 6,700 MW internationally, of which approximately 1,100 MW is from renewable energy sources.

Natural Gas Pipeline, Storage and Processing Facilities

In June 2001, AEP acquired Houston Pipe Line Company (HPL) and Lodisco LLC for $727 million from Enron Corp. The acquired assets include: (i) a 4,200-mile intrastate gas pipeline in Texas with capacity of approximately 2.4 billion cubic feet per day; (ii) the exclusive right (for 30 years with an additional 20-year extension) to the underground Bammel Storage Facility (one of the largest natural gas storage facilities in North America) with 118 billion cubic feet of storage capacity and appurtenant pipelines including the Bammel Loop, Houston City Loop and the Texas City Loop; and (iii) certain gas marketing contracts.

AEP acquired Louisiana Intrastate Gas Company, LLC ("LIG") in 1998. LIG's midstream gas assets include: (i) a 2,000-mile intrastate gas pipeline in Louisiana with capacity of approximately 800 million cubic feet per day; (ii) five natural gas processing plants that straddle the pipeline; and (iii) a ten billion cubic foot underground natural gas storage facility directly connected to the Henry Hub, one of the most active gas trading areas in North America.

Coal Mines and Related Facilities

In October 2001, to enhance its coal trading and marketing activities, AEP acquired substantially all the assets of Quaker Coal Company as part of a bankruptcy proceeding restructuring. AEP paid $101 million to Quaker's creditors and assumed additional liabilities of approximately $58 million. The acquisition included property, coal reserves, mining operations and royalty interests in Colorado, Kentucky, Ohio, Pennsylvania and West Virginia. AEP will continue to operate the mines and facilities which have approximately 800 employees.

Barge, Rail and Other Fuel Transportation Related Assets

In November 2001, AEP acquired MEMCO Barge Line Inc. for $270 million as part of its overall asset optimization program. MEMCO is engaged in the transportation of coal and dry bulk commodities, primarily on the Ohio, Illinois, and Lower Mississippi rivers. MEMCO owns or leases 1,200 hopper barges and 30 towboats. The addition of MEMCO's barge assets to AEP's existing fleet places AEP among the leading barge operators in the country. See *Fuel Supply—Coal and Lignite* for other barges and towboats leased by I&M and OPCo.

Trading and Marketing of Energy Commodities

Sales: Based upon volumetric sales in the U.S., *Power Markets Weekly* ranked AEP's wholesale trading business No. 2 in electric sales for the first, second and third quarters of 2001. *Platts Gas Daily* ranked AEP Nos. 14, 10 and 2 in gas sales for the first, second and third quarters, respectively, of 2001.

ICEX: To gain access to additional liquidity trading points, AEP acquired an interest in the internet-based electronic trading system, Intercontinental Exchange, L.L.C. (ICEX), in 2000 that enables participants to initiate, negotiate, and execute trades in the crude oil, natural gas, and spot and forward energy markets. Other investors include global energy companies and leading investment banking firms.

Structured Arrangements Involving Capacity, Energy, and Ancillary Services

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

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

International Electric

Other international holdings of AEP include the following.

Australia: CitiPower Pty. is an electric distribution and retail sales company in Victoria, Australia. CitiPower serves approximately 240,000 customers in the city of Melbourne. With about 3,100 miles of distribution lines in a service area that covers approximately 100 square miles, CitiPower distributes about 4,800 gigawatt-hours annually. AEP acquired CitiPower in 1998 for U.S.$1.1 billion.

UK: SEEBOARD, headquartered in Crawley, West Sussex and acquired as part of AEP's merger with CSW, is one of the 12 regional electricity companies formed as a result of the restructuring and subsequent privatization of the United Kingdom electricity industry in 1990. CSW acquired indirect control of SEEBOARD in April 1996. SEEBOARD's principal businesses are the distribution and supply of electricity. In addition, SEEBOARD is engaged in other businesses, including gas supply, electricity generation, and electrical contracting. SEEBOARD has approximately 2,000,000 customers and its service area covers approximately 3,000 square miles in Southeast England with the majority of its customers in Kent, Sussex and parts of Surrey.

Possible Divestitures: On February 3, 2002, AEP announced the appointment of investment banks to advise AEP on the prospects for divestment of CitiPower and/or SEEBOARD. Because of pooling of interests accounting restrictions, imposed as part of AEP's merger with CSW and which expire in June 2002, any possible divestment of CitiPower and/or SEEBOARD is not anticipated until after these restrictions lapse.

Pro Serv

Pro Serv offers engineering, construction, project management and other consulting services for projects involving transmission, distribution or generation of electric power both domestically and internationally.

AEP Communications

AEP Communications markets wholesale, high capacity, fiber optic services, colocation, and wireless tower infrastructure services under the C3 brand with operations in Arkansas, Kansas, Louisiana, Oklahoma and Texas.

AEP Communications joined with several other energy and telecommunications companies to form AFN Communications, LLC. (AFN). AFN is a super regional telecommunications company that provides long haul fiber optic capacity to competitive local exchange carriers, wireless carriers and long distance companies. AFN does business in New York, Pennsylvania, Virginia, West Virginia, Ohio, Indiana, Michigan, Illinois, and Kentucky and has approximately 10,000 route miles of fiber optic network.

C3, an entity that was acquired through the merger with CSW, is engaged in providing fiber optic and collocation services in Texas, Louisiana, Oklahoma, Arkansas, and Kansas. C3 does business as C3 Networks and has approximately 5,300 route miles of fiber optic network.

Management is evaluating certain of AEP's telecommunications investments for possible disposal.

Construction Program

General

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

Generation

Committed or anticipated capability changes to the AEP System's generation resources includes the expiration of the Rockport Unit 2 sale of 250 megawatts to Carolina Power & Light Company, an unaffiliated company, on December 31, 2009. See *AEP-CSW Merger* for a discussion of the divestiture of generating capacity as part of the merger.

Apart from these changes and temporary power purchases that can be arranged, there are no specific commitments for additions of new generation resources on the AEP System. Given the restructuring taking place in the industry, the extent of the need of AEP's operating companies for any additional generation resources in the foreseeable future is highly uncertain.

Proposed Transmission Facilities

On September 30, 1997, APCo refiled applications in Virginia and West Virginia for certificates to build a Wyoming-Cloverdale 765,000-volt Project. The preferred route for this line was approximately 132 miles in length, connecting APCo's Wyoming Station in southern West Virginia to APCo's Cloverdale Station near Roanoke, Virginia.

APCo originally announced this project in 1990. Since then it has been in the process of trying to obtain federal permits and state certificates. At the federal level, the U.S. Forest Service (Forest Service) is directing the preparation of an Environmental Impact Statement (EIS), which is required prior to granting permits for crossing lands under federal jurisdiction. Permits are needed from the (i) Forest Service to cross federal forests, (ii) Army Corps of Engineers to cross the New River and a watershed near the Wyoming Station, and (iii) National Park Service or Forest Service to cross the Appalachian National Scenic Trail.

In June 1996, the Forest Service released a Draft EIS and preliminarily identified a "No Action Alternative" as its preferred alternative for the original Wyoming-Cloverdale Project. If this alternative were incorporated into a Final EIS, APCo would not be authorized to cross federal forests administered by the Forest Service. The Forest Service stated that it would not prepare the Final EIS until after Virginia and West Virginia determined need and routing issues on non-federal lands.

West Virginia: On May 27, 1998, the West Virginia PSC issued an order granting APCo's application for a certificate to construct the Wyoming-Cloverdale 765,000-volt Project. On March 13, 2002, the West Virginia PSC issued an order granting APCo's request to construct the line with a terminus at Jacksons Ferry substation in Virginia instead of the Cloverdale substation as discussed below under *Virginia.*

Virginia: Following several procedural delays and Hearing Examiner's rulings, APCo filed a study in May 1999 identifying the Wyoming-Jacksons Ferry Project as an alternative project to the Wyoming-Cloverdale Project. The Jacksons Ferry Project proposes a line from Wyoming Station in West Virginia to APCo's existing 765,000-volt Jacksons Ferry Station in Virginia. APCo estimates that the Wyoming-Jacksons Ferry line would be 90 miles in length, including 32 miles in West Virginia previously certified. In May 2000, the Virginia SCC held an evidentiary hearing to consider both projects. On October 2, 2000, the Hearing Examiner's report to the Virginia SCC recommended approval of the Wyoming-Jacksons Ferry Alternative Project. On May 31, 2001, the Virginia SCC issued an order granting APCo's application for a certificate to construct the Wyoming-Jacksons Ferry 765,000-volt Project.

Proposed Completion Schedule and Estimated Cost: Subsequent to Virginia and West Virginia granting certificates to construct the Project, the Forest Service restarted the EIS process and is scheduled to complete and release a supplement to the Draft EIS in April 2002. The Final EIS process should continue for the balance of 2002, with a decision on the federal permits anticipated in Spring 2003. APCo has also begun required consultation with the U.S. Fish and Wildlife Service under the Endangered Species Act, which should be completed concurrently with the EIS process.

Given the status of the Project permitting process, and assuming that the projected schedule of the EIS process will be met, management estimates that the Wyoming-Jacksons Ferry 765,000-volt Project cannot be completed before Summer 2006.

Depending upon the outcome of the EIS permitting process by the Forest Service, APCo's estimated cost for the Wyoming-Jacksons Ferry Project ranges from $250 to $280 million, assuming a Summer 2006 in-service date.

Construction Expenditures

The following table shows construction expenditures during 1999, 2000 and 2001 and current estimates of 2002 construction expenditures, in each case including AFUDC but excluding assets acquired under leases.

	1999 Actual	2000 Actual	2001 Actual	2002 Estimate
		(in thousands)		
AEP System (a)....	$1,679,600	$1,773,400	$1,832,000	$1,820,400
AEGCo.............	8,300	5,200	6,900	45,600
APCo................	211,400	199,300	306,000	258,200
CPL..................	255,800	199,500	194,100	172,300
CSPCo..............	115,300	128,000	132,500	145,400
I&M..................	165,300	171,100	91,100	205,400
KEPCo..............	44,300	36,200	37,200	128,800
OPCo................	193,900	254,000	344,600	349,700
PSO..................	104,500	176,900	124,900	80,600
SWEPCo...........	112,900	120,200	112,100	111,900
WTU.................	52,600	64,500	39,800	51,800

(a) Includes expenditures of other subsidiaries not shown.

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

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

From time to time, as the System companies have encountered the industry problems described above, such companies also have encountered limitations on their ability to secure the capital necessary to finance construction expenditures.

Environmental Expenditures: Expenditures related to compliance with air and water quality standards, included in the gross additions to plant of the System, during 1999, 2000 and 2001 and the current estimate for 2002 are shown below. Substantial expenditures in addition to the amounts set forth below may be required by the System in future years in connection with the modification and addition of facilities at generating plants for environmental quality controls in order to comply with air and water quality standards which have been or may be adopted.

	1999 Actual	2000 Actual	2001 Actual	2002 Estimate
		(in thousands)		
AEGCo	$ 8	$ 70	$ 3,500	27,700
APCo	24,500	2,100	99,200	86,500
CPL	(a)	(a)	2,500	200
CSPCo	10,600	6,600	22,500	25,500
I&M	4,500	1,900	700	28,500
KEPCo	1,900	400	11,200	60,200
OPCo	37,400	91,200	125,300	103,900
PSO	(a)	(a)	400	400
SWEPCo	(a)	(a)	9,200	9,600
WTU	(a)	(a)	800	3,000
AEP System (a)	$ 78,908	$102,270	$275,300	$345,500

(a) Amounts not available for west zone companies of AEP prior to AEP-CSW merger.

Financing

It has been the practice of AEP's operating subsidiaries to finance current construction expenditures in excess of available internally generated funds by initially issuing unsecured short-term debt, principally commercial paper and bank loans, at times up to levels authorized by regulatory agencies, and then to reduce the short-term debt with the proceeds of subsequent sales by such subsidiaries of long-term debt securities and cash capital contributions by AEP. If one or more of the subsidiaries are unable to continue the issuance and sale of securities on an orderly basis, such company or companies will be required to consider the curtailment of construction and other outlays or the use of alternative financing arrangements, if available, which may be more costly.

AEP's subsidiaries have also utilized, and expect to continue to utilize, additional financing arrangements, such as unsecured debt and leasing arrangements, including the leasing of utility assets and coal mining and transportation equipment and facilities. Pollution control revenue bonds have been used in the past and may be used in the future in connection with the construction of pollution control facilities; however, Federal tax law has limited the utilization of this type of financing except for purposes of certain financing of solid waste disposal facilities and of certain refunding of outstanding pollution control revenue bonds issued before August 16, 1986.

New projects undertaken by AEP's unregulated subsidiaries are generally financed through equity funds provided by AEP, non-recourse debt incurred on a project-specific basis, debt issued by such subsidiaries or through a combination thereof. See *Wholesale Business Operations* and Item 7 for additional information concerning AEP's unregulated subsidiaries.

AEP's revolving credit agreements include covenants and events of default typical for this type of facility, including a maximum debt/capital test and a $50 million cross-acceleration provision. At December 31, 2001, AEP was in compliance with its debt covenants. With the exception of a voluntary bankruptcy or insolvency, any event of default has either or both a cure period or notice requirement before termination of the agreements. A voluntary bankruptcy or insolvency would be considered an immediate termination event.

Reference is made to *Management's Discussion and Analysis of Results of Operations* and *Management's Discussion and Analysis of Financial Condition, Contingencies and Other Matters* incorporated by reference in Item 7 for information with respect to AEP's plans to restructure its debt to implement corporate separation. See *Competition and Business Change—AEP Restructuring Plan* herein.

Fuel Supply

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

	1997	1998	1999	2000	2001
Coal	76%	79%	79%	78%	74%
Gas	12%	14%	15%	13%	12%
Nuclear	8%	3%	3%	5%	11%
Hydroelectric and other	4%	4%	3%	4%	3%

Variations in the generation of nuclear power are primarily related to refueling outages and, in 1997 through 2000, the shutdown of the Cook Plant to respond to issues raised by the NRC.

Natural Gas

AEP consumed over 240 billion cubic feet of natural gas during 2001 for the system operating companies. A majority of the gas fired electric generation plants are connected to at least two natural gas pipelines, which provides greater access to competitive supplies and improves reliability. Natural gas requirements for each plant are supplied by a portfolio of long-term and short-term purchase and transportation agreements that are acquired on a competitive basis and based on market prices.

Coal and Lignite

The Clean Air Act Amendments of 1990 provide for the issuance of annual allowance allocations covering sulfur dioxide emissions at levels below historic emission levels for many coal-fired generating units of the AEP System. Phase I of this program began in 1995 and Phase II began in 2000, with both phases requiring significant changes in coal supplies and suppliers. The full extent of such changes, particularly in regard to Phase II, however, has not been determined. See *Environmental and Other Matters — Air Pollution Control — Title IV Acid Rain Program* for the current compliance plan.

In order to meet emission standards for existing and new emission sources, the AEP System companies will, in any event, have to obtain coal supplies by entering into additional supply agreements, either on a long-term or spot basis, at prices and upon terms which cannot now be predicted.

Although AEP believes that in the long run it will be able to secure coal of adequate quality and in adequate quantities to enable existing and new units to comply with emission standards applicable to such sources, no assurance can be given that coal of such quality and quantity will in fact be available. No assurance can be given either that statutes or regulations limiting emissions from existing and new sources will not be further revised in future years to specify lower sulfur contents than now in effect or other restrictions. See *Environmental and Other Matters* herein.

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

System companies have developed programs to conserve coal supplies at System plants which involve, on a progressive basis, limitations on sales of power and energy to neighboring utilities, appeals to customers for voluntary limitations of electric usage to essential needs, curtailment of sales to certain industrial customers, voltage reductions and, finally, mandatory reductions in cases where current coal supplies fall below minimum levels. Such programs have been filed and reviewed with officials of Federal and state agencies and, in some cases, the state regulatory agency has prescribed actions to be taken under specified circumstances by System companies, subject to the jurisdiction of such agencies.

Western coal purchased by System companies is transported to AEP generating stations by rail and via an affiliated river terminal for subsequent transloading to barges for final delivery. CPL, PSO and SWEPCo own (in the aggregate) 2,982 coal hopper cars and APCo, I&M and OPCo lease (in the aggregate) an additional 4,066 coal hopper cars to be used in unit train movements. I&M and OPCo lease (in the aggregate) 15 towboats, 454 jumbo barges and 143 standard barges. Certain subsidiaries of AEP also own or lease coal transfer facilities at various other locations.

See *Wholesale Business Operations—Barge, Rail and Other Fuel Transportation Related Assets* herein for information with respect to the acquisition of MEMCO Barge Line Inc. in 2001.

The System generating companies procure coal through purchases pursuant to long-term contracts or spot purchases from affiliated and unaffiliated producers. The following table shows the amount of coal delivered to the AEP System during the past five years, the proportion of such coal which was obtained either from coal-mining subsidiaries, from unaffiliated suppliers under long-term contracts or through spot or short-term purchases, and the average delivered price of spot coal purchased by System companies:

	1997(a)	1998(a)	1999(a)	2000	2001
Total coal delivered to AEP operated plants (thousands of tons)	54,292	54,004	54,306	73,259	73,889
Sources (percentage):					
Subsidiaries	14%	14%	12%	9%	4%
Long-term contracts	66%	66%	64%	67%	68%
Spot or short-term purchases	20%	20%	24%	24%	28%
Average price per ton of spot-purchased coal	$24.38	$25.05	$27.18	$24.03	$27.30

(a) Includes east zone companies only.

The average cost of coal consumed during the past five years by all AEP System companies is shown below. AEP System companies' data for 1997 includes only AEGCo, APCo, CSPCo, I&M, KEPCo and OPCo.

	1997	1998	1999	2000	2001
	Dollars per Ton				
AEP System Companies	$ 29.68	$ 29.87	$ 30.01	$ 31.39	$ 28.55
AEGCo	19.30	19.37	20.79	20.65	21.01
APCo	36.09	34.81	33.29	32.84	32.41
CPL	26.93	26.93	26.49	25.95	26.78
CSPCo	31.69	31.63	29.94	28.50	30.63
I&M	23.68	22.61	24.54	23.44	23.57
KEPCo	26.76	27.42	26.76	25.35	25.02
OPCo	36.00	38.94	40.56	46.52	35.06
PSO	21.11	20.37	20.94	21.21	20.45
SWEPCo	23.16	23.02	21.34	22.59	24.22
WTU	18.19	21.37	21.72	22.26	23.81

	1997	1998	1999	2000	2001
	Cents per Million BTU's				
AEP System Companies	140.13	142.17	141.95	149.12	136.85
AEGCo	115.21	112.63	116.90	116.23	118.89
APCo	146.54	141.76	135.40	134.86	135.88
CPL	136.40	137.00	135.78	137.86	140.22
CSPCo	134.44	134.15	127.42	120.83	131.64
I&M	123.36	118.02	121.90	117.99	121.27
KEPCo	110.37	112.15	109.91	104.88	104.97
OPCo	151.66	164.44	169.23	194.77	146.87
PSO	120.91	116.73	119.54	121.83	116.33
SWEPCo	152.79	150.62	143.34	144.96	153.88
WTU	109.13	126.22	129.13	131.56	143.21

The coal supplies at AEP System plants vary from time to time depending on various factors, including customers' usage of electric power, space limitations, the rate of consumption at particular plants, labor unrest and weather conditions which may interrupt deliveries. At December 31, 2001, the System's coal inventory was approximately 41 days of normal System usage. This estimate assumes that the total supply would be utilized by increasing or decreasing generation at particular plants.

The following tabulation shows the total consumption during 2001 of the coal-fired generating units of AEP's principal electric utility subsidiaries, coal requirements of these units over the remainder of their useful lives and the average sulfur content of coal delivered in 2001 to these units. Reference is made to *Environmental and Other Matters* for information concerning current emissions limitations in the AEP System's various jurisdictions and the effects of the Clean Air Act Amendments.

	Total Consumption During 2001 (In Thousands of Tons)	Estimated Requirements for Remainder of Useful Lives (In Millions of Tons)	Average Sulfur Content of Delivered Coal	
			By Weight	Pounds of SO_2 Per Million Btu's
AEGCo (a)	4,829	215	0.3%	0.7
APCo	10,529	375	0.7%	1.2
CPL	2,470	36	0.3%	0.7
CSPCo	5,637	213(b)	2.4%	4.1
I&M (c)	7,026	244	0.6%	1.2
KEPCo	2,981	80	0.9%	1.5
OPCo	19,392	546(d)	2.1%	3.5
PSO	4,049	41	0.4%	0.9
SWEPCo	12,254	117	0.6%	1.6
WTU	1,370	32	0.4%	0.8

(a) Reflects AEGCo's 50% interest in the Rockport Plant.
(b) Includes coal requirements for CSPCo's interest in Beckjord, Stuart and Zimmer Plants.
(c) Includes I&M's 50% interest in the Rockport Plant.
(d) Total does not include OPCo's portion of Sporn Plant.

AEGCo: See *Fuel Supply — I&M* for a discussion of the coal supply for the Rockport Plant.

APCo: Substantially all of the coal consumed at APCo's generating plants is obtained from unaffiliated suppliers under long-term contracts and/or on a spot purchase basis.

The average sulfur content by weight of the coal received by APCo at its generating stations approximated 0.7% during 2001, whereas the maximum sulfur content permitted, for emission standard purposes, for existing plants in the regions in which APCo's generating stations are located ranged between 0.78% and 2% by weight depending in some circumstances on the calorific value of the coal which can be obtained for some generating stations.

CPL: CPL has coal supply agreements of one year or less duration with two coal suppliers and various coal trading firms for the delivery of approximately 2,400,000 tons of coal for the year 2002. Approximately one half of the coal delivered to Coleto Creek is from Wyoming with the other half from Colorado. Both sources supply low sulfur coal with a limit of 1.2 lbs/MMBtu.

CSPCo: CSPCo has coal supply agreements with unaffiliated suppliers for the delivery of approximately 3,780,000 tons in 2002. Some of this coal is washed to improve its quality and consistency for use principally at Unit 4 of the Conesville Plant.

CSPCo has been informed by CG&E and DP&L that, with respect to the CCD Group units partly owned but not operated by CSPCo, sufficient coal has been contracted for or is believed to be available for the approximate lives of the respective units operated by them. Under the terms of the operating agreements with respect to CCD Group units, each operating company is contractually responsible for obtaining the needed fuel.

I&M: I&M has historically received coal under two coal supply agreements with unaffiliated Wyoming suppliers for low sulfur coal from surface mines principally for consumption at the Rockport Plant. As a result of litigation involving future deliveries from one of these suppliers, there will not be any coal delivered under this contract in 2002. Under the other agreement, the supplier will sell to I&M, for consumption by I&M at the Rockport Plant or consignment to other System companies, coal with an average sulfur content not exceeding 1.2 pounds of sulfur dioxide per million Btu's of heat input. This contract, which expires on December 31, 2004, has remaining deliveries of approximately 22,800,000 tons.

All of the coal consumed at I&M's Tanners Creek Plant is obtained from unaffiliated suppliers under long-term contracts and/or on a spot purchase basis.

KEPCo: Substantially all of the coal consumed at KEPCo's Big Sandy Plant is obtained from unaffiliated suppliers under long-term contracts and/or on a spot purchase basis. KEPCo has coal supply agreements with unaffiliated suppliers pursuant to which KEPCo will receive approximately 648,000 tons of coal in 2002. To the extent that KEPCo has additional coal requirements, it may purchase coal from the spot market and/or suppliers under contract to supply other System companies.

OPCo: The coal consumed at OPCo's generating plants has historically been supplied from both affiliated and unaffiliated suppliers. As a result of the 2001 sale of AEP's coal mines in Ohio and West Virginia and an agreement to purchase approximately 34,000,000 tons of coal through 2008 from the purchaser of the mines, coal consumed at OPCo's plants in 2002 will be supplied from unaffiliated suppliers under long-term contracts and/or on a spot purchase basis.

PSO: PSO takes all its coal from one coal supplier under a contract that provides for the entire plant requirements with at least 16,830,000 tons remaining to be delivered between 2002 and 2007. The coal is supplied from Wyoming and has a maximum sulfur content of 1.2 lbs. SO_2 per MMBtu.

SWEPCo: SWEPCo receives coal at its plants under a combination of agreements, including one long-term coal contract with a Wyoming producer, one affiliate mine-mouth lignite operation and agreements with various producers and coal trading firms. SWEPCo's long-term coal supply contract provides approximately half of the requirements for both coal plants. SWEPCo must take delivery of 25,625,000 tons of coal through 2006, with the remainder of its coal requirements met through short-term spot agreements for low sulfur (less than 1.2 lbs. SO_2 per MMBtu) coal with various Wyoming coal suppliers and trading companies.

WTU: WTU has one long-term coal supply contract that provides approximately two-thirds of the coal requirements for the Oklaunion Power Station. This contract has approximately 9,180,000 tons of coal remaining to be delivered between 2002 and mid-2006. The remaining coal requirements for Oklaunion are being purchased under short-term agreements with various Wyoming coal suppliers and coal trading firms, with such coal being low sulfur (less than 1.2 lbs. SO_2 per MMBtu).

Nuclear

I&M and STPNOC have made commitments to meet certain of the nuclear fuel requirements of the Cook Plant and STP, respectively. The nuclear fuel cycle consists of:

- Mining and milling of uranium ore to uranium concentrates.
- Conversion of uranium concentrates to uranium hexafluoride.
- Enrichment of uranium hexafluoride.
- Fabrication of fuel assemblies.
- Utilization of nuclear fuel in the reactor.
- Disposition of spent fuel.

Steps currently are being taken, based upon the planned fuel cycles for the Cook Plant, to review and evaluate I&M's requirements for the supply of nuclear fuel. I&M has made and will make purchases of uranium in various forms in the spot, short-term, and mid-term markets until it decides that deliveries under long-term supply contracts are warranted.

CPL and the other STP participants have entered into contracts with suppliers for 100% of the uranium concentrate sufficient for the operation of both STP units through Spring 2006 and with an additional 50% of the uranium concentrate needed for STP through Spring 2007. In addition, CPL and the other STP participants have entered into contracts with suppliers for 100% of the nuclear fuel conversion service sufficient for the operation of both STP units through Spring 2003, with additional flexible contracts to provide at least 50% of the conversion service needed for STP through 2008. CPL and the other STP participants have entered into flexible contracts to provide for 100% of enrichment through Fall 2004, with additional flexible contracts to provide at least 50% of enrichment services through Fall 2008. Also, fuel fabrication services have been contracted for operation through 2028 for Unit 1 and 2029 for Unit 2.

For purposes of the storage of high-level radioactive waste in the form of spent nuclear fuel, I&M has completed modifications to its spent nuclear fuel storage pool. AEP anticipates that the Cook Plant has storage capacity to permit normal operations through 2012.

STP has on-site storage facilities with the capability to store the spent nuclear fuel generated by the STP units over their licensed lives.

The costs of nuclear fuel consumed by I&M and CPL do not assume any residual or salvage value for residual plutonium and uranium.

Nuclear Waste and Decommissioning

Reference is made to *Management's Discussion and Analysis of Results of Operations* and *Management's Discussion and Analysis of Financial Condition, Contingencies and Other Matters* in the financial statements and *Commitments and Contingencies* in the footnotes to these statements that are incorporated by reference in Items 7 and 8, respectively, for information with respect to nuclear waste and decommissioning and related litigation.

The ultimate cost of retiring the Cook Plant and STP may be materially different from estimates and funding targets as a result of the:

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

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

Low-Level Waste: The Low-Level Waste Policy Act of 1980 (LLWPA) mandates that the responsibility for the disposal of low-level waste rests with the individual states. Low-level radioactive waste consists largely of ordinary refuse and other items that have come in contact with radioactive materials. To facilitate this approach, the LLWPA authorized states to enter into regional compacts for low-level waste disposal subject to Congressional approval. The LLWPA also specified that, beginning in 1986, approved compacts may prohibit the importation of low-level waste from other regions, thereby providing a strong incentive for states to enter into compacts. Michigan, the state where the Cook Plant is located, was a member of the Midwest Compact, but its membership was revoked in 1991. As a result, Michigan is responsible for developing a disposal site for the low-level waste generated in Michigan.

Although Michigan amended its law regarding low-level waste site development in 1994 to allow a volunteer to host a facility, little progress has been made to date. A bill was introduced in 1996 to further address the issue but no action was taken. Development of required legislation and progress with the site selection process has been inhibited by many factors, and management is unable to predict when a new disposal site for Michigan low-level waste will be available.

Texas is a member of the Texas Compact, which includes the states of Maine and Vermont. Texas had identified a disposal site in Hudspeth County for construction of a low-level waste disposal facility. During the licensing process for the Hudspeth site, that site was found to be unsuitable. No additional site has been considered. Management is unable to predict when a disposal site for Texas low-level waste will be available.

On July 1, 1995, the disposal site in South Carolina reopened to accept waste from most areas of the U.S., including Michigan and Texas. This was the first opportunity for the Cook Plant to dispose of low-level waste since 1990. To the extent practicable, the waste formerly placed in storage and the waste presently generated by the Cook Plant and STP are now being sent to the disposal site.

Under state law, the amounts of low-level radioactive waste being disposed of at the South Carolina facility from non-regional generators, such as the Cook Plant and STP, are limited and being reduced. Non-regional access to the South Carolina facility is currently allowed through the end of fiscal year 2008.

Environmental and Other Matters

AEP's subsidiaries are subject to regulation by federal, state and local authorities with regard to air and water-quality control and other environmental matters, and are subject to zoning and other regulation by local authorities. In addition to imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for noncompliance, including fines, injunctive relief and other sanctions.

It is expected that:

- Costs related to environmental requirements will eventually be reflected in the rates of AEP's electric utility subsidiaries, or where states are deregulating generation, unbundled transition period generation rates, stranded cost wires charges and future market prices for electricity.
- AEP's electric utility subsidiaries will be able to provide for required environmental controls.

However, some customers may curtail or cease operations as a consequence of higher energy costs. There can be no assurance that all such costs will be recovered. Moreover, legislation adopted by certain states and proposed at the state and federal level governing restructuring of the electric utility industry may also affect the recovery of certain costs. *See Competition and Business Change.*

Except as noted herein, AEP's subsidiaries that own or operate generating, transmission and distribution facilities are in substantial compliance with pollution control laws and regulations.

AEP's international operations are subject to regulation with respect to air, waste and water quality standards and other environmental matters by various authorities within the host countries. Under certain circumstances, these authorities may require modifications to these facilities and operations or impose fines and other costs for violations of applicable statutes and regulations. From time to time, these operations are made aware of various environmental issues or are named as parties to various legal claims, actions, complaints or other proceedings related to environmental matters. Management does not expect disposition of any such pending environmental proceedings to have a material adverse effect on AEP's consolidated results of operations or financial condition.

Reference is made to *Management's Discussion and Analysis of Results of Operations* and *Management's Discussion and Analysis of Financial Condition, Contingencies and Other Matters* and the footnote to the financial statements entitled

Commitments and Contingencies incorporated by reference in Items 7 and 8, respectively, for further information with respect to environmental matters, including discussion of legislative proposals under consideration by the Administration and Congress focused on reductions in emissions of CO_2, NO_x, SO_2, mercury and other constituents.

Air Pollution Control

For the AEP System operating companies, compliance with the CAA is requiring substantial expenditures that generally are being recovered through the rates of AEP's operating subsidiaries. Certain matters discussed below may require significant additional operating and capital expenditures. However, there can be no assurance that all such costs will be recovered. *See Construction Program — Construction Expenditures.*

Title I National Ambient Air Quality Standards Attainment: In July 1997, Federal EPA revised the ozone and particulate matter National Ambient Air Quality Standards (NAAQS), creating a new eight-hour ozone standard and establishing a new standard for particulate matter less than 2.5 microns in diameter ($PM_{2.5}$). In addition to the potential financial consequences discussed above, both of these new standards have the potential to affect adversely the operation of AEP System generating units. In May 1999, the U.S. Court of Appeals for the District of Columbia Circuit remanded the ozone and $PM_{2.5}$ NAAQS to Federal EPA. In February 2001, the U.S. Supreme Court issued an opinion reversing in part and affirming in part the Court of Appeals decision. The Supreme Court remanded the case to the Court of Appeals for further proceedings, including a review of whether adoption of the standards was arbitrary and capricious and directed Federal EPA to develop a policy for implementing the revised ozone standard in conformity with the CAA. The Court of Appeals held oral argument on the remanded issues in December 2001.

NO_x SIP Call: In October 1998, Federal EPA issued a final rule (NO_x transport SIP call or NO_x SIP Call) establishing state-by-state NO_x emission budgets for the five-month ozone season to be met beginning May 1, 2003. The NO_x budgets originally applied to 22 eastern states and the District of Columbia and are premised mainly on the assumption of controlling power plant NO_x emissions projected for the year 2007 to 0.15 lb. per million Btu (approximately 85% below 1990 levels), although the reductions could be substantially greater for certain State Implementation Plans. The SIP call was accompanied by a proposed Federal Implementation Plan, which could be implemented in any state that fails to submit an approvable SIP. The NO_x reductions called for by Federal EPA are targeted at coal-fired electric utilities and may adversely impact the ability of electric utilities to construct new facilities or to operate affected facilities without making significant capital expenditures.

In October 1998, the AEP System operating companies joined with certain other parties seeking a review of the final NO_x SIP Call rule in the U.S. Court of Appeals for the District of Columbia Circuit. In March 2000, the court issued a decision upholding the major provisions of the rule. The court subsequently extended the date for submission of SIP revisions until October 30, 2000, and the compliance deadline until May 31, 2004. In March 2001, the U.S. Supreme Court denied petitions filed by industry petitioners, including AEP System operating companies, seeking review of the Court of Appeals decision.

In May 1999 and March 2000, Federal EPA finalized the NO_x budget allocations to be implemented through the NO_x SIP Call. AEP and other parties filed petitions for review in the U.S. Court of Appeals for the District of Columbia Circuit and in June 2000 the court issued an opinion remanding the budget determinations for further consideration of certain growth factor assumptions made by Federal EPA. In December 2000, Federal EPA issued a determination that eleven states, including certain states in which AEP System operating companies have sources covered by the NO_x SIP Call rule, had failed to submit complying SIP revisions. AEP System operating companies and unaffiliated utilities appealed this determination to the U.S. Court of Appeals for the District of Columbia Circuit and the court has stayed the proceeding pending Federal EPA action on the remand of growth factor issues.

In April 2000, the Texas Natural Resource Conservation Commission adopted rules requiring significant reductions in NO_x emissions from utility sources, including those of CPL and SWEPCo. The rule compliance date is May 2003 for CPL and May 2005 for SWEPCo.

Management's estimates indicate that compliance with the revised NO_x SIP Call rule, and SIP revisions already adopted, could result in required capital expenditures for the AEP System of approximately $1.6 billion, of which approximately $450 million has been expended through December 31, 2001. Reference is made to the footnote to the financial statements entitled *Commitments and Contingencies* incorporated by reference in Item 8 for information with respect to AEP registrant subsidiaries' compliance cost estimates and amounts expended.

In May 2001, OPCo completed a $175 million installation of selective catalytic reduction (SCR) technology to reduce NO_x emissions on its two-unit 2,600 MW Gavin Plant and, during the 2001 ozone season (May through September), operated the SCR units. Construction of selective catalytic reduction technology on Amos Plant Unit 3, which is jointly owned by OPCo and APCo, and on APCo's Mountaineer Plant, began in 2001. The Amos and Mountaineer projects (expected to be completed in 2002) are estimated to cost a total of $230 million. Management has undertaken the Gavin, Amos and Mountaineer projects to meet applicable NO_x emission reduction requirements. Additional expenditures of approximately $7 million are planned or undertaken to address certain operational issues arising during initial operation of the Gavin SCR units.

Since compliance costs cannot be estimated with certainty, the actual costs to comply could be significantly different from management's estimates depending upon the compliance alternatives selected to achieve reductions in NO_x emissions. Unless capital and operating costs of any additional pollution control equipment necessary for compliance are recovered from customers through regulated rates and market prices for electricity, they could have a material adverse effect on future results of operations, cash flows and possibly financial condition of AEP and its affected subsidiaries.

Section 126 Petitions: In January 2000, Federal EPA adopted a revised rule granting petitions filed by certain northeastern states under Section 126 of the CAA. The petitions sought significant reductions in nitrogen oxide emissions from utility and industrial sources. The rule imposed emission reduction requirements comparable to the NO_x SIP Call rule beginning May 1, 2003, for most of AEP's coal-fired generating units. Certain AEP System operating companies and other utilities filed petitions for review in the U.S. Court of Appeals for the District of Columbia Circuit. In May 2001, the court issued an opinion which upheld substantially the entire rule. The court did not agree that Federal EPA had properly supported the growth factors for the NO_x allowance budgets. In August 2001, the court issued an order tolling the May 1, 2003, compliance date pending resolution of the remand of the growth factor issues. In January 2002, Federal EPA advised that it intends to establish May 31, 2004, as the final compliance date for the rule. Cost estimates for compliance with Section 126 are projected to be somewhat less than those set forth above for the NO_x SIP Call rule reflecting the fact that Section 126 does not apply to AEGCo's and I&M's Rockport Plant.

West Virginia SO_2 Limits: West Virginia promulgated SO_2 limitations, which Federal EPA approved in February 1978. The emission limitations for OPCo's Mitchell Plant have been approved by Federal EPA for primary ambient air quality (health-related) standards only. West Virginia is obligated to reanalyze SO_2 emission limits for the Mitchell Plant with respect to secondary ambient air quality (welfare-related) standards. Because the CAA provides no specific deadline for approval of emission limits to achieve secondary ambient air quality standards, it is not certain when Federal EPA will take dispositive action regarding the Mitchell Plant.

In August 1994, Federal EPA issued a Notice of Violation to OPCo alleging that Kammer Plant was operating in violation of the applicable federally enforceable SO_2 emission limit. In May 1996, the Notice of Violation and an enforcement action subsequently filed by Federal EPA were resolved through the entry of a consent decree in the

U.S. District Court for the Northern District of West Virginia. Kammer Plant has achieved and maintained compliance with the applicable SO_2 emission limit for a period in excess of one year, pursuant to the provisions of the consent decree. In May 2001, the court terminated the consent decree.

Short Term SO_2 Limits: In January 1997, Federal EPA proposed a new intervention level program under the authority of Section 303 of the CAA to address five-minute peak SO_2 concentrations believed to pose a health risk to certain segments of the population. The proposal establishes a "concern" level and an "endangerment" level. States must investigate exceedances of the concern level and decide whether to take corrective action. If the endangerment level is exceeded, the state must take action to reduce SO_2 levels. In January 2001, Federal EPA published a *Federal Register* notice inviting comment with respect to its decision not to promulgate a five-minute SO_2 NAAQS and intent to take final action on the intervention level program by the summer of 2001. The effect of this proposed intervention program on AEP operations or financial performance cannot be predicted at this time.

Hazardous Air Pollutants: Hazardous air pollutant (HAP) emissions from utility boilers are potentially subject to control requirements under Title III of the CAAA which specifically directed Federal EPA to study potential public health impacts of HAPs emitted from electric utility steam generating units. In December 2000, Federal EPA announced its intent to regulate emissions of mercury from coal and oil-fired power plants, concluding that these emissions pose significant hazards to public health. A decision on whether to regulate other HAPs emissions from these sources was deferred.

Federal EPA added coal and oil-fired electric utility steam generating units to the list of "major sources" of HAPs under Section 112 (c) of the CAA, which compels the development of "Maximum Achievable Control Technology" (MACT) standards for these units. Listing under Section 112 (c) also compels a preconstruction permitting obligation to establish case-by-case MACT standards for each new or reconstructed source in the category. MACT standards for utility mercury emissions are scheduled to be proposed by December 2003 and finalized by December 2004. The Utility Air Regulatory Group (which includes AEP System operating companies as members) filed a petition with Federal EPA seeking reconsideration of the decision to regulate mercury emissions from power plants under Section 112(c) of the CAA.

In addition, Federal EPA is required to study the deposition of hazardous pollutants in the Great Lakes, the Chesapeake Bay, Lake Champlain, and other coastal waters. As part of this assessment, Federal EPA is authorized to adopt regulations to prevent serious adverse effects to public health and serious or widespread environmental effects. In 1998, Federal EPA determined that the CAA is adequate to address any adverse public health or environmental effects associated with the atmospheric deposition of hazardous air pollutants in the Great Lakes. The potential impact of adverse developments in these programs on AEP operations or financial performance cannot be predicted at this time.

Title IV Acid Rain Program: The Acid Rain Program (Title IV) of the CAAA created an emission allowance program pursuant to which utilities are authorized to emit a designated quantity of SO_2, measured in tons per year.

Phase II of the Acid Rain Program, which affects all fossil fuel-fired steam generating units with capacity greater than 25 megawatts imposed more stringent SO_2 emission control requirements beginning January 1, 2000. If a unit emitted SO_2 in 1985 at a rate in excess of 1.2 pounds per million Btu heat input, the Phase II allowance allocation is premised upon an emission rate of 1.2 pounds at 1985 utilization levels. Future SO_2 requirements will be met through accumulation or acquisition of allowances, the use of controls or fuels, or a combination thereof. See *Fuel Supply—Coal and Lignite*.

Title IV of the CAAA also regulates emissions of NO_x. Federal EPA has promulgated NO_x emission limitations for all boiler types in the AEP System at levels significantly below original design, which were to be achieved by January 1, 2000 on a unit-by-unit or System-wide average basis. AEP sources subject to Title IV of the CAAA are in compliance with the provisions thereof.

Regional Haze: In July 1999, Federal EPA finalized rules to regulate regional haze attributable to anthropogenic emissions. The primary goal of the new regional haze program is to address visibility impairment in and around "Class I" protected areas, such as national parks and wilderness areas. Because regional haze precursor emissions are believed by Federal EPA to travel long distances, the rules address the potential regulation of such precursor emissions in every state. Under the rule, each state must develop a regional haze control program that imposes controls necessary to steadily reduce visibility impairment in Class I areas on the worst days and that ensures that visibility remains good on the best days. In addition, Federal EPA intends to require Best Available Retrofit Technology (BART) for power plants and other large emission sources constructed between 1962 and 1977.

In January 2001, Federal EPA proposed guidelines for states to use in setting BART emission limits for power plants and other large emission sources and in determining which sources are subject to those limits. The proposed rule calls for technologies which Federal EPA estimates are capable of reducing SO_2 emissions by 90 to 95 percent. The proposed rule also contemplates that other visibility-impairing emissions must be reduced. Emission trading programs could be used in lieu of unit-by-unit BART requirements under the proposal, provided they yield greater visibility improvement and emission reductions.

The AEP System is a significant emitter of fine particulate matter and other precursors of regional haze and a number of AEP's generating units could be subject to BART controls. Federal EPA's regional haze rule may have an adverse financial impact on AEP as it may trigger the requirement to install costly new pollution control devices to control emissions of fine particulate matter and its precursors (including SO_2 and NO_x). The actual impact of the regional haze regulations cannot be determined at this time. AEP System operating companies and other utilities filed a petition seeking a review of the regional haze rule in the U.S. Court of Appeals for the District of Columbia Circuit in August 1999.

Permitting and Enforcement: The CAAA expanded the enforcement authority of the federal government by:

- Increasing the range of civil and criminal penalties for violations of the CAA and enhancing administrative civil provisions.
- Imposing a national operating permit system, emission fee program and enhanced monitoring, recordkeeping and reporting requirements.

Section 103 of CERCLA and Section 304 of the Emergency Planning and Community Right-to-Know Act require notification to state and federal authorities of releases of reportable quantities (RQs) of hazardous and extremely hazardous substances. A number of these substances are emitted by AEP's power plants and other sources. Until recently, emissions of these substances, whether expressly limited in a permit or otherwise subject to federal review or waiver (*e.g.*, mercury), were deemed "federally permitted releases" which did not require emergency notification. In December 1999, Federal EPA published interim guidance in the *Federal Register*, which provided that any hazardous substance or extremely hazardous substance not expressly and individually limited in a permit must be reported if they are emitted at levels above an RQ. Specifically, constituents of regulated pollutants (*e.g.*, metals contained in particulate matter) were not deemed to be federally permitted. AEP System operating companies have provided supplemental information regarding air releases from their facilities and are submitting follow-up reports. Federal EPA suspended its December 1999 guidance as it considers certain revisions to the guidance. Settlement discussions regarding the guidance are underway.

Global Climate Change: In December 1997, delegates from 167 nations, including the U.S., agreed to a treaty, known as the "Kyoto Protocol," establishing legally-binding emission reductions for gases suspected of causing climate change. The Protocol requires ratification by at least 55 nations that account for at least 55% of developed countries' 1990 emissions of CO_2 to enter into force.

Although the U.S. signed the treaty on November 12, 1998, it was not sent to the Senate for its advice and consent to ratification. In a letter dated March 13, 2001 from President Bush to four U. S. senators, he indicated his opposition to the Kyoto Protocol and said he does not believe that the government should impose mandatory emissions reductions for CO_2 on the electric utility sector.

Despite U.S. opposition to the treaty, at the Seventh Conference of the Parties to the United Nations Framework Convention on Climate Change, held in Marrakech, Morocco in November 2001, the parties finalized the rules, procedures and guidelines required to facilitate ratification of the treaty by most nations, and entry into force is expected by 2003.

Since the AEP System is a significant emitter of carbon dioxide, its results of operations, cash flows and financial condition could be materially adversely affected by the imposition of limitations on CO_2 emissions if compliance costs cannot be fully recovered from customers. In addition, any program to reduce CO_2 emissions could impose substantial costs on industry and society and erode the economic base that AEP's operations serve. However, it is management's belief that the Kyoto Protocol is highly unlikely to be ratified or implemented in the U.S. in its current form. AEP's 4,000 MW of coal-fired generation in the United Kingdom acquired in 2001 may be exposed to potential carbon dioxide emission control obligations since the U.K. is expected to be a party to the Kyoto Protocol. AEP is developing an emissions mitigation plan for these plants to ensure compliance as necessary.

On February 14, 2002, President Bush announced new climate change initiatives for the U.S. Among the policies to be pursued is a voluntary commitment to reduce the "greenhouse gas intensity" of the economy by 18% within the next ten years. It is anticipated that the Administration will seek to partner with various industrial sectors, including the electric utility industry, to reach this goal. AEP is unable to predict at this time the effect that this program will have upon its operations or financial performance in the future.

New Source Review: In July 1992, Federal EPA published final regulations governing application of new source rules to generating plant repairs and pollution control projects undertaken to comply with the CAA. Generally, the rule provides that plants undertaking pollution control projects will not trigger New Source Review (NSR) requirements. The Natural Resources Defense Council and a group of utilities, including five AEP System operating companies, filed petitions in the U.S. Court of Appeals for the District of Columbia Circuit seeking a review of the regulations. In July 1998, Federal EPA requested comment on proposed revisions to the New Source Review rules, which would change New Source Review applicability criteria by eliminating exclusions contained in the current regulation. The Administration and Congress are considering initiatives to reform the NSR requirements, but no regulatory revisions have been proposed to date.

New Source Review Litigation: On November 3, 1999, following issuance by Federal EPA of substantial information requests to AEP System operating companies, the Department of Justice (DOJ), on Federal EPA's behalf, filed a complaint in the U.S. District Court for the Southern District of Ohio that alleges AEP made modifications to generating units at certain of its coal-fired generating plants over the course of the past 20 years that extend unit operating lives or restore or increase unit generating capacity without a preconstruction permit in violation of the CAA. The complaint named OPCo's Cardinal Unit 1, Mitchell, Muskingum River, and Sporn plants and I&M's Tanners Creek plant. Federal EPA also issued Notices of Violation to AEP alleging similar violations at certain other AEP plants.

In March 2000, DOJ filed an amended complaint that added allegations for certain of the AEP plants previously named in the complaint as well as counts for APCo's Amos, Clinch River, and Kanawha River plants, CSPCo's Conesville Plant, and OPCo's Kammer Plant. In addition to the allegations regarding New Source Review and New Source Performance Standard violations, DOJ included allegations regarding visible particulate emission violations for Cardinal and Muskingum River plants.

A number of northeastern and eastern states have been allowed to intervene in the litigation, and a number of special interest groups filed a separate complaint based on substantially similar allegations, which has been consolidated with the DOJ complaint. In addition to the plants named by the government and special interest groups, the intervenor states have included allegations concerning OPCo's Gavin Plant.

In May 2000, AEP filed a motion to dismiss with the District Court, which, if granted, would dispose of most of the claims of the government and intervenors.

In February 2001, the plaintiffs filed a motion for partial summary judgment seeking a determination that four projects undertaken on units at Sporn, Cardinal, and Clinch River Plants do not constitute "routine maintenance, repair and replacement" as used in the NSR programs. In August 2001, the court issued an order denying the plaintiffs' motion as premature. Management believes its maintenance, repair and replacement activities were in conformity with the CAA and intends to vigorously pursue its defense.

A number of unaffiliated utilities have also received notices of violation, complaints, or administrative orders relating to NSR. A notice of violation was issued in June 2000 to DP&L with respect to its ownership interest in Stuart Station, in which CSPCo also owns a 26 percent interest. W.C. Beckjord Unit 6, operated by CG&E, in which CSPCo owns a 12.5 percent interest, is also the subject of an enforcement action. Cinergy Corp., the parent company of CG&E, has entered into an agreement in principle with the DOJ in an attempt to resolve the litigation relating to W.C. Beckjord Unit 6 and other plants owned or operated by Cinergy and its subsidiaries. This agreement in principle also covers the Zimmer Plant which has not been the subject of an enforcement action. VEPCo has also entered into a similar agreement in principle. Neither CG&E nor VEPCo have reached final agreements with the DOJ. Two other unaffiliated utilities, Tampa Electric Company and PSEG Fossil, LLC, have reached settlements with the Federal government.

In November 2000, several environmental groups filed a petition with Ohio EPA seeking to have the draft Title V operating permits for OPCo's Cardinal and Muskingum River plants as well as the Beckjord Plant and a plant owned by an unaffiliated utility, modified to incorporate requirements and timetables for compliance with New Source Review requirements. In December 2000, a petition was filed by these groups with the Administrator of Federal EPA seeking a similar modification of the final Title V permit for CSPCo's Conesville Plant. Ohio EPA has refused to consider these petitions outside the regular Title V permit processing procedures or to interfere with the resolution of these issues by the District Court.

The CAA authorizes civil penalties of up to $27,500 per day per violation at each generating unit ($25,000 per day prior to January 30, 1997). In March 2001, the District Court issued orders holding that claims for civil penalties based on alleged activities that occurred more than five years prior to the filing of the complaint are barred. Although the plaintiffs' claims for injunctive relief are not barred, the court noted that the nature of the relief ordered may be impacted by the plaintiffs' delay in filing the complaints.

Management is unable to estimate the loss or range of loss related to the contingent liability for civil penalties under the CAA proceedings and unable to predict the timing of resolution of these matters due to the number of alleged violations and issues to be determined by the court. In the event the AEP System companies do not prevail, any capital and operating costs of additional pollution control equipment that may be required as well as any penalties imposed could materially adversely affect future results of operations, cash flows and possibly financial condition unless such costs can be recovered through regulated rates and market prices for electricity.

Water Pollution Control

The Clean Water Act prohibits the discharge of pollutants to waters of the United States from point sources except pursuant to an NPDES permit issued by Federal EPA or a state under a federally authorized state program.

Under the Clean Water Act, effluent limitations requiring application of the best available technology economically achievable are to be applied, and those limitations require that no pollutants be discharged if Federal EPA finds elimination of such discharges is technologically and economically achievable.

The Clean Water Act provides citizens with a cause of action to enforce compliance with its pollution control requirements. Since 1982, many such actions against NPDES permit holders have been filed. To date, no AEP System plants have been named in such actions.

All AEP System generating plants are required to have NPDES permits and have received them. NPDES permit conditions and effluent limitations are reviewed during the permit renewal process. Under Federal EPA's regulations, operation under an expired NPDES permit is authorized provided an application is filed at least 180 days prior to expiration. Renewal applications are being prepared or have been filed for renewal of NPDES permits that expire in 2002.

The NPDES permits generally require that certain thermal impact study programs be undertaken. These studies have been completed for all System plants. Thermal variances are in effect for all plants with once-through cooling water. The thermal variances for CSPCo's Conesville and OPCo's Muskingum River plants impose thermal management conditions that could result in load curtailment under certain conditions, but the cost impacts are not expected to be significant. Based on favorable results of in-stream biological studies, the thermal limits for both Conesville and Muskingum River plants were raised in the renewed permits issued in 1996. Consequently, the potential for load curtailment and adverse cost impacts was further reduced. In early 2002, AEP submitted a petition to Ohio EPA requesting additional less stringent thermal loading limitations for these plants.

Section 316(b) of the Clean Water Act requires that cooling water intake structures reflect the best technology available (BTA) for minimizing adverse environmental impact. Federal EPA issued final regulations defining BTA for new sources that were published in the *Federal Register* on December 18, 2001. New sources are those commencing construction after January 17, 2002. On February 28, 2002, Federal EPA issued a proposed rule addressing BTA for intake structures at existing plants. This proposal is expected to be published in the *Federal Register* for comment in April 2002. Under a previous court-established schedule, Federal EPA is required to issue final regulations for existing plants by August 2003. Federal EPA's rulemaking could result in a definition of BTA that could ultimately require retrofitting of certain existing plant intake structures. Such changes would involve costs for AEP System operating companies, but the significance of these costs cannot be determined at this time.

Certain mining operations conducted by System companies as discussed under *Fuel Supply* are also subject to federal and state water pollution control requirements, which may entail substantial expenditures for control facilities, not included at present in the System's construction cost estimates set forth herein.

Section 303 of the Federal Clean Water Act requires states to adopt stringent water quality standards for a large category of toxic pollutants and to identify specialized control measures for dischargers to waters where it is shown that water quality standards are not being met. In order to bring these waters back into compliance, total maximum daily load (TMDL) allocations of these pollutants will be made, and subsequently translated into discharge limits in NPDES permits. Federal EPA has also directed that states take action to adopt enhanced anti-degradation of water quality requirements. In October 2001, Federal EPA issued a rule delaying until April 30, 2003, the effective date of its TMDL rule issued in July 2000, the effective date of which had been previously delayed by Congress. Implementation of these provisions could result in significant costs to the AEP System if biological monitoring requirements and water quality-based effluent limits and requirements are placed in NPDES permits.

In March 1995, Federal EPA finalized a set of rules that establish minimum water quality standards, anti-degradation policies and implementation procedures for more stringently controlling releases of toxic pollutants into the Great Lakes system. This regulatory package is called the Great Lakes Water Quality Initiative (GLWQI). The most direct compliance cost impact could be

- Optimizing and efficiently managing generation and other energy-related assets.
- Reducing emissions resulting from the burning of fossil fuels (coal and natural gas).
- Improving the efficiency, utilization and reliability of the transmission and distribution systems.
- Exploring the application of new technologies.

AEP System operating companies are members of the Electric Power Research Institute (EPRI), an organization founded in 1973 that manages science and technology initiatives on behalf of its members. EPRI's members include investor owned and public utilities, independent power producers, international organizations and others.

AEP participates in EPRI programs that meet its research and development objectives. Total AEP dues to EPRI were $9,000,000 for 2001, $17,000,000 for 2000 and $22,000,000 for 1999. Of these amounts, the former CSW System paid approximately $7,000,000 in 2000 and $8,000,000 in 1999 for EPRI programs.

Total research and development expenditures by AEP and its subsidiaries, including EPRI dues, were approximately $15,000,000 for 2001, $20,000,000 for 2000 and $25,000,000 for 1999.

Item 2. **Properties**

At December 31, 2001, the AEP System owned (or leased where indicated) generating plants with net power capabilities (east zone subsidiaries-winter rating; west zone subsidiaries-summer rating) shown in the following table:

Company	Stations	Coal MW	Natural Gas MW	Hydro MW	Nuclear MW	Lignite MW	Other MW	Total MW
AEGCo	1(a)	1,300						1,300
APCo	17(b)	5,081		777				5,858
CPL	12(c)(d)	686	3,175	6	630			4,497
CSPCo	6(e)	2,595						2,595
I&M	10(a)	2,295		11	2,110			4,416
KEPCo	1	1,060						1,060
OPCo	8(b)(f)	8,464		48				8,512
PSO	8(c)	1,043	3,169				25(g)	4,237
SWEPCo	9	1,848	1,797			842		4,487
WTU	12(c)	377	999				16(g)	1,392
Totals:	84	24,749	9,140	842	2,740	842	41	38,354

(a) Unit 1 of the Rockport Plant is owned one-half by AEGCo and one-half by I&M. Unit 2 of the Rockport Plant is leased one-half by AEGCo and one-half by I&M. The leases terminate in 2022 unless extended.
(b) Unit 3 of the John E. Amos Plant is owned one-third by APCo and two-thirds by OPCo.
(c) CPL, PSO, and WTU jointly own the Oklaunion power station. Their respective ownership interests are reflected in this table.
(d) Reflects CPL's interest in STP.
(e) CSPCo owns generating units in common with CG&E and DP&L. Its ownership interest of 1,330 MW is reflected in this table.
(f) The scrubber facilities at the General James M. Gavin Plant are leased. The lease terminates in 2010 unless extended.
(g) PSO and WTU have 25 MW and 10 MW respectively of facilities designed primarily to burn oil. WTU has one 6 MW wind farm facility.

AEP-Other Generation: In addition to the generating facilities described above, AEP has ownership interests in other electrical generating facilities, both foreign and domestic. Information concerning these facilities at December 31, 2001 is listed below (except for Bajio which went into commercial operation in March 2002).

Facility	**Fuel**	**Location**	**Capacity Total MW**	**Ownership Interest**	**Status**
Brush II	Natural gas	Colorado	68	47.75%	QF
Eastex	Natural gas	Texas	440	50%	QF
Indian Mesa	Wind	Texas	161	100%	EWG
Mulberry	Natural gas	Florida	120	46.25%	QF
Newgulf	Natural gas	Texas	85	100%	EWG
Orange Cogen	Natural gas	Florida	103	50%	QF
Sweeny	Natural gas	Texas	480	50%	QF
Thermo Cogeneration	Natural gas	Colorado	272	50%	QF
Trent Wind Farm	Wind	Texas	150	100%	EWG
Total U.S.			1,879		
Bajio	Natural gas	Mexico	605	50%	FUCO
Bakun	Hydro	Philippines	70	10%	FUCO
Codrington	Wind	Australia	18	20%	FUCO
Ferrybridge	Coal	United Kingdom	2,000	100%	FUCO
Fiddler's Ferry	Coal	United Kingdom	2,000	100%	FUCO
Medway	Natural gas	United Kingdom	675	37.5%	FUCO
Nanyang	Coal	China	250	70%	FUCO
Ord Hydro	Hydro	Australia	30	20%	FUCO
Southcoast	Natural gas	United Kingdom	380	50%	FUCO
Vale	Hydro/Thermal	Brazil	665	(a)	FUCO
Victoria	Hydro	Australia	10	20%	FUCO
Total International			6,703		

(a) AEP has varying minority interests which aggregate to 168 MW.

See Item 1 under *Fuel Supply* for information concerning coal reserves owned or controlled by subsidiaries of AEP and under *Wholesale Business Operations* for information concerning AEP's natural gas pipeline, storage and processing facilities.

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

	Total Overhead Circuit Miles of Transmission and Distribution Lines	Circuit Miles of 765,000-volt Lines
AEP System (a)	211,300(b)	2,023
APCo	51,295	642
CPL	31,210	---
CSPCo (a)	13,703	---
I&M	20,672	614
KEPCo	10,443	258
OPCo	29,347	509
PSO	18,713	---
SWEPCo	19,873	---
WTU	12,605	---

(a) Includes 766 miles of 345,000-volt jointly owned lines.
(b) Includes 73 miles of transmission lines not identified with an operating company.

related to I&M's Cook Plant. Based on Federal EPA's current policy on intake credits and site specific variables and Michigan's implementation strategy, management does not presently expect the GLWQI will have a significant adverse impact on Cook Plant operations. If Indiana and Ohio eventually adopt the GLWQI criteria for statewide application, AEP System plants located in those states could be adversely affected, although the significance depends on the implementation strategy of those states.

Oil Pollution Act: The Oil Pollution Act of 1990 (OPA) defines certain facilities that, due to oil storage volume, and location, could reasonably be expected to cause significant and substantial harm to the environment by discharging oil. Such facilities must operate under approved spill response plans and implement spill response training and drill programs. OPA imposes substantial penalties for failure to comply. AEP System operating companies with oil handling and storage facilities meeting the OPA criteria have in place required response plans, training and drill programs.

Solid and Hazardous Waste

Section 311 of the Clean Water Act imposes substantial penalties for spills of Federal EPA-listed hazardous substances into water and for failure to report such spills. CERCLA expanded the reporting requirement to cover the release of hazardous substances generally into the environment, including water, land and air. AEP's subsidiaries store and use some of these hazardous substances, including PCBs contained in certain capacitors and transformers, but the occurrence and ramifications of a spill or release of such substances cannot be predicted.

CERCLA, RCRA and similar state laws provide governmental agencies with the authority to require cleanup of hazardous waste sites and releases of hazardous substances into the environment and to seek compensation for damages to natural resources. Since liability under CERCLA is strict, joint and several, and can be applied retroactively, AEP System operating companies which previously disposed of PCB-containing electrical equipment and other hazardous substances may be required to participate in remedial activities at such disposal sites should environmental problems result.

AEP System operating companies are identified as Potentially Responsible Parties (PRPs) for five federal sites where remediation has not been completed, including APCo at one site, CSPCo at one site, I&M at two sites, and OPCo at one site. AEP has also been named a PRP at two sites under state law. Management's present estimates do not anticipate material clean-up costs for identified sites for which AEP subsidiaries have been declared PRPs. In addition, AEP subsidiary companies are engaged in certain remedial projects at various locations, the costs of which are not expected to be material. However, if significant costs are incurred for cleanup, future results of operations and possibly financial condition could be adversely affected unless the costs can be recovered through rates and/or future market prices for electricity where generation is deregulated.

Regulations issued by Federal EPA under the Toxic Substances Control Act govern the use, distribution and disposal of PCBs, including PCBs in electrical equipment. Deadlines for removing certain PCB-containing electrical equipment from service have been met.

In addition to handling hazardous substances, the System companies generate solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash and flue gas desulfurization wastes. These wastes presently are considered to be non-hazardous under RCRA and applicable state law and the wastes are treated and disposed of in surface impoundments or landfills in accordance with state permits or authorization or are beneficially utilized. As required by RCRA, Federal EPA evaluated whether high volume coal combustion wastes (such as fly ash, bottom ash and flue gas desulfurization wastes) should be regulated as hazardous waste. In August 1993, Federal EPA issued a regulatory determination that such high volume coal combustion wastes should not be regulated as hazardous waste. Federal EPA chose to address separately the issue of low volume wastes (such as metal and boiler cleaning wastes) associated with burning coal and other fossil fuels. In May 2000, Federal EPA issued a regulatory determination that such low volume wastes are also excluded from regulation under the RCRA hazardous waste provisions when mixed and co-managed with high volume fossil fuel combustion wastes.

All presently generated hazardous waste is being disposed of at permitted off-site facilities in compliance with applicable federal and state laws and regulations. For System facilities that generate such wastes, System companies have filed the requisite notices and are complying with RCRA and applicable state regulations for generators. Nuclear waste produced at the Cook Plant and STP and regulated under the Atomic Energy Act is excluded from regulation under RCRA.

Underground Storage Tanks: Federal EPA's technical requirements for underground storage tanks containing petroleum required retrofitting or replacement of an appreciable number of tanks. Compliance costs for tank replacement were not significant. Some limited site remediation associated with tank removal is ongoing, but these costs are not expected to be significant.

Electric and Magnetic Fields (EMF)

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

A number of studies in the past several years have examined the possibility of adverse health effects from EMF. While some of the epidemiological studies have indicated some association between exposure to EMF and health effects, the majority of studies have indicated no such association.

The Energy Policy Act of 1992 established a coordinated Federal EMF research program which ended in 1998. In 1999, the National Institute of Environmental Health Sciences (NIEHS), as required by the Act, provided a report to Congress summarizing the results of this program. The report concluded that "the probability that ...EMF is truly a health hazard is currently small" and that the evidence that exists for health effects is "insufficient to warrant aggressive regulatory actions." Nevertheless, the NIEHS identified several areas where further research might be warranted. AEP has supported EMF research through the years and continues to fund the Electric Power Research Institute's EMF research program, contributing over $400,000 to this program in 2001, and intending to contribute a similar amount in 2002. See *Research and Development*.

AEP's participation in these programs is a continuation of its efforts to monitor and support further research and to communicate with its customers and employees about this issue. Residential customers of AEP are provided information and field measurements on request, although there is no scientific basis for interpreting such measurements.

Some states have enacted regulations to limit the strength of magnetic fields at the edge of transmission line rights-of-way. No state which the AEP System serves has done so.

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

Research and Development

AEP and its subsidiaries are involved in over 100 research projects that focus on:

- Exploring new methods of generating electricity, such as through renewable sources (*e.g.*, wind, solar).
- Enhancing energy trading infrastructure.
- Developing more efficient methods of operating generating plants.

Titles

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

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

System Transmission Lines and Facility Siting

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

Peak Demand

The east zone system is interconnected through 121 high-voltage transmission interconnections with 25 neighboring electric utility systems. The all-time and 2001 one-hour peak system demands were 25,940,000 and 25,433,000 kilowatts, respectively (which included 7,314,000 and 5,469,000 kilowatts, respectively, of scheduled deliveries to unaffiliated systems which the system might, on appropriate notice, have elected not to schedule for delivery) and occurred on June 17, 1994 and July 24, 2001, respectively. The net dependable capacity to serve the system load on such date, including power available under contractual obligations, was 23,457,000 and 23,974,000 kilowatts, respectively. The all-time and 2001 one-hour internal peak demand was 20,218,000 kilowatts, and occurred on August 8, 2001. The net dependable capacity to serve the system load on such date, including power dedicated under contractual arrangements, was 23,935,000 kilowatts. The all-time one-hour integrated and internal net system peak demands and 2001 peak demands for the east zone generating subsidiaries are shown in the following tabulation:

	All-time one-hour integrated net system peak demand		2001 one-hour integrated net system peak demand	
	(in thousands)			
	Number of Kilowatts	Date	Number of Kilowatts	Date
APCo........	8,303	January 17, 1997	7,750	January 10, 2001
CSPCo......	4,833	July 23, 2001	4,833	July 23, 2001
I&M	5,403	June 23, 2001	5,403	July 23, 2001
KEPCo	1,860	January 10, 2001	1,860	January 10, 2001
OPCo........	7,291	June 17, 1994	6,668	July 24, 2001

	All-time one-hour integrated net internal peak demand		2001 one-hour integrated net internal peak demand	
	(in thousands)			
	Number of Kilowatts	Date	Number of Kilowatts	Date
APCo	6,908	February 5, 1996	6,402	January 3, 2001
CSPCo........	3,927	August 8, 2001	3,927	August 8, 2001
I&M	4,232	August 8, 2001	4,232	August 8, 2001
KEPCo	1,579	January 3, 2001	1,579	January 3, 2001
OPCo..........	5,705	June 11, 1999	5,341	July 24, 2001

The all-time and 2001 one-hour internal peak demand for the west zone system was 15,048,000 and 14,648,000 kilowatts, respectively, and occurred on August 31, 2000 and July 23, 2001, respectively. The all-time one-hour internal net system peak demands and 2001 peak demands for the west zone generating subsidiaries are shown in the following tabulation:

	All-time one-hour integrated net internal peak demand		2001 one-hour integrated net internal peak demand	
	(in thousands)			
	Number of Kilowatts	Date	Number of Kilowatts	Date
CPL	4,623	September 5, 2000	4,323	June 12, 2001
PSO	3,823	August 30, 2000	3,785	August 9, 2001
SWEPCo.....	4,625	August 31, 2000	4,344	July 18, 2001
WTU	1,537	September 5, 2000	1,472	July 19, 2001

Hydroelectric Plants

AEP has 18 hydro facilities, of which 16 are licensed through FERC. The license for the Elkhart hydroelectric plant in Indiana was issued in January 2001 and extends for a period of thirty years. The license for the Mottville hydroelectric plant in Michigan expires in 2003 and the application for a new license was filed with FERC in September 2001.

Cook Nuclear Plant and STP

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

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

(a) Reflects total plant.
(b) For economic or other reasons, operation of the Cook Plant and STP for the full term of their operating licenses cannot be assured.
(c) The capacity factor for both units of the Cook Plant was *significantly reduced in 2001 due to an unplanned dual maintenance* outage in September 2001 to implement design changes that improved the performance of the essential service water system.
(d) The Cook Plant was shut down in September 1997 to respond to issues raised regarding the operability of certain safety systems. The restart of both units of the Cook Plant was completed with Unit 2 reaching 100% power on July 5, 2000 and Unit 1 achieving 100% power on January 3, 2001.

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

Potential Uninsured Losses

Some potential losses or liabilities may not be insurable or the amount of insurance carried may not be sufficient to meet potential losses and liabilities, including liabilities relating to damage to the Cook Plant or STP and costs of replacement power in the event of a nuclear incident at the Cook Plant or STP. Future losses or liabilities which are not completely insured, unless allowed to be recovered through rates, could have a material adverse effect on results of operations and the financial condition of AEP, CPL, I&M and other AEP System companies.

Reference is made to the footnote to the financial statements entitled *Commitments and Contingencies* that is incorporated by reference in Item 8 for information with respect to nuclear incident liability insurance.

Federal EPA Notice of Violation to OPCo: On August 31, 2000, Region V, Federal EPA, issued a Notice of Violation (NOV) to OPCo's Gavin Plant that alleges violations of the Federal EPA-approved Ohio mass particulate emission limit, opacity, and air pollution nuisance rules. AEP has submitted information in response to the allegations and requested a conference to discuss the NOV with Region V representatives.

Ohio EPA Notices of Violation to OPCo: On August 17, 2001, Ohio EPA issued proposed findings and orders to OPCo's Gavin Plant based on the alleged failure of a mass particulate emissions test on May 17, 2000. OPCo requested a conference to discuss the proposed findings and orders and submitted the results of its investigation of the test procedures, which confirmed that the May 17 test was invalid due to the corrosion and disintegration of the test probe.

On December 27, 2001, Ohio EPA issued two NOVs to OPCo's Gavin Plant, alleging that OPCo failed to notify Ohio EPA of a malfunction of the flyash handling system at the plant, and that OPCo failed to conduct a required mass particulate emissions test. OPCo has submitted additional control plans for the flyash handling system and information regarding the particulate testing completed at the Gavin Plant in response to the NOVs.

COLI Litigation: On February 20, 2001, the U.S. District Court for the Southern District of Ohio ruled against AEP in its suit against the United States over deductibility of interest claimed by AEP in its consolidated federal income tax return related to its COLI program. AEP had filed suit to resolve the IRS' assertion that interest deductions for AEP's COLI program should not be allowed. In 1998 and 1999 AEP paid the disputed taxes and interest attributable to COLI interest deductions for taxable years 1991-98 to avoid the potential assessment by the IRS of additional interest on the contested tax. The payments were included in other assets pending the resolution of this matter. As a result of the U.S. District Court's decision to deny the COLI interest deductions, net income was reduced in 2000 as follows:

	(in millions)
AEP System operating companies......	$ 319
APCo	82
CSPCo	41
I&M	66
KEPCo	8
OPCo	118

The Company has filed an appeal of the U.S. District Court's decision with the U.S. Court of Appeals for the Sixth Circuit.

See Item 1 for a discussion of certain environmental matters.

Reference is made to the footnote to the financial statements entitled *Commitments and Contingencies* incorporated by reference in Item 8 for further information with respect to other legal proceedings.

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

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

AEGCo, CSPCo, KEPCo, PSO and WTU. Omitted pursuant to Instruction I(2)(c).

Executive Officers of the Registrants

AEP. The following persons are, or may be deemed, executive officers of AEP. Their ages are given as of March 1, 2002.

Name	Age	Office (a)
E. Linn Draper, Jr.	60	Chairman of the Board, President and Chief Executive Officer of AEP and of the Service Corporation
Thomas V. Shockley, III.....	56	Vice Chairman and Chief Operating Officer of the Service Corporation
Henry W. Fayne..................	55	Executive Vice President of the Service Corporation
Robert P. Powers	48	Executive Vice President-Nuclear Generation and Technical Services of the Service Corporation
Susan Tomasky...................	48	Executive Vice President-Policy, Finance and Strategic Planning of the Service Corporation
J. H. Vipperman.................	61	Executive Vice President-Shared Services of the Service Corporation

(a) All of the executive officers listed above have been employed by the Service Corporation or System companies in various capacities (AEP, as such, has no employees) during the past five years, except for Messrs. Powers and Shockley and Ms. Tomasky. Prior to joining the Service Corporation in July 1998 as Senior Vice President-Generation, Mr. Powers was Vice President of Pacific Gas & Electric and plant manager of its Diablo Canyon Nuclear Generating Station (1996-1998). Prior to joining the Service Corporation in July 1998 as Senior Vice President, Ms. Tomasky was a partner with the law firm of Hogan & Hartson (August 1997-July 1998) and General Counsel of the Federal Energy Regulatory Commission (May 1993-August 1997). Mr. Powers and Ms. Tomasky became executive officers of AEP effective with their promotions to Executive Vice President on October 24, 2001 and January 26, 2000, respectively. Prior to joining the Service Corporation in his current position upon the merger with CSW, Mr. Shockley was President and Chief Operating Officer of CSW (19972000) and Executive Vice President of CSW (1990-1997). All of the above officers are appointed annually for a one-year term by the board of directors of AEP, the board of directors of the Service Corporation, or both, as the case may be.

APCo, CPL, I&M, OPCo and SWEPCo. The names of the executive officers of APCo, CPL, I&M, OPCo and SWEPCo, the positions they hold with these companies, their ages as of March 1, 2002, and a brief account of their business experience during the past five years appear below. The directors and executive officers of APCo, CPL, I&M, OPCo and SWEPCo are elected annually to serve a one-year term.

Name	Age	Position (a)(b)	Period
E. Linn Draper, Jr.............	60	Director of CPL and SWEPCo	2000-Present
		Chairman of the Board and Chief Executive Officer of CPL and SWEPCo	2000-Present
		Director of APCo, I&M and OPCo	1992-Present
		Chairman of the Board and Chief Executive Officer of APCo, I&M and OPCo	1993-Present
		Chairman of the Board, President and Chief Executive Officer of AEP and the Service Corporation	1993-Present

Name	Age	Position (a)(b)	Period
Thomas V. Shockley, III ..	56	Director and Vice President of APCo, CPL, I&M, OPCo and SWEPCo	2000-Present
		Chief Operating Officer of the Service Corporation	2001-Present
		Vice Chairman of AEP and the Service Corporation	2000-Present
		President and Chief Operating Officer of CSW	1997-2000
		Executive Vice President of CSW	1990-1997
Henry W. Fayne	55	President of APCo, CPL, I&M, OPCo and SWEPCo	2001-Present
		Director of CPL and SWEPCO	2000-Present
		Director of APCo	1995-Present
		Director of OPCo	1993-Present
		Director of I&M	1998-Present
		Vice President of CPL and SWEPCo	2000-2001
		Vice President of APCo, I&M and OPCo	1998-2001
		Vice President of AEP	1998-Present
		Chief Financial Officer of AEP	1998-2001
		Executive Vice President of the Service Corporation	2001-Present
		Executive Vice President-Finance and Analysis of the Service Corporation	2000-2001
		Executive Vice President-Financial Services of the Service Corporation	1998-2000
		Senior Vice President-Corporate Planning & Budgeting of the Service Corporation	1995-1998
Robert P. Powers	48	Director and Vice President of APCo, CPL, OPCo and SWEPCo	2001-Present
		Director of I&M	2001-Present
		Vice President of I&M	1998-Present
		Executive Vice President-Nuclear Generation and Technical Services of the Service Corporation	2001-Present
		Senior Vice President-Nuclear Operations of the Service Corporation	2000-2001
		Senior Vice President-Nuclear Generation of the Service Corporation	1998-2000
		Vice President of Pacific Gas & Electric and Plant Manager of its Diablo Canyon Nuclear Generating Station	1996-1998
Susan Tomasky	48	Director and Vice President of APCo, CPL, I&M, OPCo and SWEPCo	2000-Present
		Executive Vice President-Policy, Finance and Strategic Planning of the Service Corporation	2001-Present
		Executive Vice President-Legal, Policy and Corporate Communications and General Counsel of the Service Corporation	2000-2001
		Senior Vice President and General Counsel of the Service Corporation	1998-2000
		Hogan & Hartson (law firm)	1997-1998
		General Counsel of the FERC	1993-1997

Name	Age	Position (a)(b)	Period
J. H. Vipperman	61	Director and Vice President of CPL and SWEPCo	2000-Present
		Director of APCo	1985-Present
		Director of I&M and OPCo	1996-Present
		Vice President of APCo, I&M and OPCo	1996-Present
		Executive Vice President-Shared Services of the Service Corporation	2000-Present
		Executive Vice President-Corporate Services of the Service Corporation	1998-2000
		Executive Vice President-Energy Delivery of the Service Corporation	1996-1997

(a) Dr. Draper is a director of BCP Management, Inc., which is the general partner of Borden Chemicals and Plastics L.P.
(b) Dr. Draper, Messrs. Fayne, Powers, Shockley and Vipperman and Ms. Tomasky are directors of AEGCo, CSPCo, KEPCo, PSO and WTU. Dr. Draper and Mr. Shockley are also directors of AEP.

PART II

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

AEP. The information required by this item is incorporated herein by reference to the material under *Common Stock and Dividend Information* in the 2001 Annual Report.

AEGCo, APCo, CPL, CSPCo, I&M, KEPCo, OPCo, PSO, SWEPCo and WTU. The common stock of these companies is held solely by AEP. The amounts of cash dividends on common stock paid by these companies to AEP during 2001 and 2000 are incorporated by reference to the material under *Statement of Retained Earnings* in the 2001 Annual Reports.

Item 6. Selected Financial Data

AEGCo, CSPCo, KEPCo, PSO and WTU. Omitted pursuant to Instruction I(2)(a).

AEP, APCo, CPL, I&M, OPCo and SWEPCo. The information required by this item is incorporated herein by reference to the material under *Selected Consolidated Financial Data* in the 2001 Annual Reports.

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

AEGCo, CSPCo, KEPCo, PSO and WTU. Omitted pursuant to Instruction I(2)(a). Management's narrative analysis of the results of operations and other information required by Instruction I(2)(a) is incorporated herein by reference to the material under *Management's Narrative Analysis of Results of Operations* in the 2001 Annual Reports.

AEP, APCo, CPL, I&M, OPCo and SWEPCo. The information required by this item is incorporated herein by reference to the material under *Management's Discussion and Analysis of Results of Operations* and *Management's Discussion and Analysis of Financial Condition, Contingencies and Other Matters* in the 2001 Annual Reports.

Item 7A. **Quantitative and Qualitative Disclosures About Market Risk**

AEGCo, AEP, APCo, CPL, CSPCo, I&M, KEPCo, OPCo, PSO, SWEPCo and WTU. The information required by this item is incorporated herein by reference to the material under *Management's Discussion and Analysis of Financial Condition, Contingencies and Other Matters* in the 2001 Annual Reports.

Item 8. **Financial Statements and Supplementary Data**

AEGCo, AEP, APCo, CPL, CSPCo, I&M, KEPCo, OPCo, PSO, SWEPCo and WTU. The information required by this item is incorporated herein by reference to the financial statements and supplementary data described under Item 14 herein.

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

AEGCo, AEP, APCo, CSPCo, I&M, KEPCo and OPCo. None.

CPL, PSO, SWEPCo and WTU. The information required by this item is incorporated herein by reference to each company's Current Report on Form 8-K dated July 5, 2000.

PART III

Item 10. **Directors and Executive Officers of the Registrants**

AEGCo, CSPCo, KEPCo, PSO and WTU. Omitted pursuant to Instruction I(2)(c).

AEP. The information required by this item is incorporated herein by reference to the material under *Nominees for Director* and *Section 16(a) Beneficial Ownership Reporting Compliance* of the definitive proxy statement of AEP for the 2002 annual meeting of shareholders, to be filed within 120 days after December 31, 2001. Reference also is made to the information under the caption *Executive Officers of the Registrants* in Part I of this report.

APCo and OPCo. The information required by this item is incorporated herein by reference to the material under *Election of Directors* of the definitive information statement of each company for the 2002 annual meeting of stockholders, to be filed within 120 days after December 31, 2001. Reference also is made to the information under the caption *Executive Officers of the Registrants* in Part I of this report.

CPL and SWEPCo. The information required by this item is incorporated herein by reference to the material under *Election of Directors* of the definitive information statement of APCo for the 2002 annual meeting of stockholders, to be filed within 120 days after December 31, 2001. Reference also is made to the information under the caption *Executive Officers of the Registrants* in Part I of this report.

I&M. The names of the directors and executive officers of I&M, the positions they hold with I&M, their ages as of March 12, 2002, and a brief account of their business experience during the past five years appear below and under the caption *Executive Officers of the Registrants* in Part I of this report.

Name	Age	Position (a)	Period
K. G. Boyd	50	Director	1997-Present
		Vice President – Fort Wayne Region Distribution Operations	2000-Present
		Indiana Region Manager	1997-2000
		Fort Wayne District Manager	1994-1997
John E. Ehler	45	Director	2001-Present
		Manager of Distribution Systems-Fort Wayne District	2000-Present
		Region Operations Manager	1997-2000
David L. Lahrman	50	Director and Manager, Region Support	2001-Present
		Fort Wayne District Manager	1997-2001
		Region Operations Manager	1994-1997
Marc E. Lewis	47	Director	2001-Present
		Assistant General Counsel of the Service Corporation	2001-Present
		Senior Counsel of the Service Corporation	2000-2001
		Senior Attorney of the Service Corporation	1994-2000
Susanne M. Moorman	52	Director and General Manager, Community Services	2000-Present
		Manager, Customer Services Operations	1997-2000
		Director, Customer Services	1994-1997
John R. Sampson	49	Director and Vice President	1999-Present
		Indiana State President	2000-Present
		Indiana & Michigan State President	1999-2000
		Site Vice President, Cook Nuclear Plant	1998-1999
		Plant Manager, Cook Nuclear Plant	1996-1998
D. B. Synowiec	58	Director	1995-Present
		Plant Manager, Rockport Plant	1990-Present

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

Item 11. Executive Compensation

AEGCo, CSPCo, KEPCo, PSO and WTU. Omitted pursuant to Instruction I(2)(c).

AEP. The information required by this item is incorporated herein by reference to the material under *Directors Compensation and Stock Ownership Guidelines, Executive Compensation* and the performance graph of the definitive proxy statement of AEP for the 2002 annual meeting of shareholders to be filed within 120 days after December 31, 2001.

APCo and OPCo. The information required by this item is incorporated herein by reference to the material under *Executive Compensation* of the definitive information statement of each company for the 2002 annual meeting of stockholders, to be filed within 120 days after December 31, 2001.

CPL, I&M and SWEPCo. The information required by this item is incorporated herein by reference to the material under *Executive Compensation* of the definitive information statement of APCo for the 2002 annual meeting of stockholders, to be filed within 120 days after December 31, 2001.

Item 12. Security Ownership of Certain Beneficial Owners and Management

AEGCo, CSPCo, KEPCo, PSO and WTU. Omitted pursuant to Instruction I(2)(c).

AEP. The information required by this item is incorporated herein by reference to the material under *Share Ownership of Directors and Executive Officers* of the definitive proxy statement of AEP for the 2002 annual meeting of shareholders to be filed within 120 days after December 31, 2001.

APCo and OPCo. The information required by this item is incorporated herein by reference to the material under *Share Ownership of Directors and Executive Officers* in the definitive information statement of each company for the 2002 annual meeting of stockholders, to be filed within 120 days after December 31, 2001.

CPL and SWEPCo. The information required by this item is incorporated herein by reference to the material under *Share Ownership of Directors and Executive Officers* in the definitive information statement of APCo for the 2002 annual meeting of stockholders, to be filed within 120 days after December 31, 2001.

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

The table below shows the number of shares of AEP Common Stock and stock-based units that were beneficially owned, directly or indirectly, as of January 1, 2002, by each director and nominee of I&M and each of the executive officers of I&M named in the summary compensation table, and by all directors and executive officers of I&M as a group. It is based on information provided to I&M by such persons. No such person owns any shares of any series of the Cumulative Preferred Stock of I&M. Unless otherwise noted, each person has sole voting power and investment power over the number of shares of AEP Common Stock and stock-based units set forth opposite his name. Fractions of shares and units have been rounded to the nearest whole number.

Name	Shares (a)	Stock Units (b)	Total
Karl G. Boyd	6,964	88	7,052
E. Linn Draper, Jr.	238,274(c)	119,218	357,492
John E. Ehler	7	—	7
Henry W. Fayne	72,685(d)	13,735	86,420
David L. Lahrman	360	—	360
Marc E. Lewis	1,117	—	1,117
Susanne M. Moorman	841	—	841
Robert P. Powers	21,269	1,209	22,478
John R. Sampson	5,525	109	5,634
Thomas V. Shockley, III	138,822(d)(e)	—	138,822
David B. Synowiec	2,361	129	2,490
Susan Tomasky	67,322	4,329	71,651
Joseph H. Vipperman	78,043(c)(d)	7,201	85,244
All Directors and Executive Officers	633,590(d)(f)	146,018	779,608

(a) Includes share equivalents held in the AEP Retirement Savings Plan (and for Mr. Shockley, the CSW Retirement Savings Plan) in the amounts listed below:

Name	AEP Retirement Savings Plan (Share Equivalents)	Name	AEP Retirement Savings Plan (Share Equivalents)
Mr. Boyd	1,964	Mr. Powers	436
Dr. Draper	4,280	Mr. Sampson	525
Mr. Ehler	7	Mr. Shockley	6,579
Mr. Fayne	5,412	Mr. Synowiec	695
Mr. Lahrman	360	Ms. Tomasky	656
Mr. Lewis	1,117	Mr. Vipperman	10,498
Ms. Moorman	841	All Directors and Executive Officers	33,370

With respect to the share equivalents held in the AEP Retirement Savings Plan, such persons have sole voting power, but the investment/disposition power is subject to the terms of the Plan.
Also, includes the following numbers of shares attributable to options exercisable within 60 days: Mr. Boyd, 5,000; Dr. Draper, 233,333; Mr. Powers, 20,833; Mr. Sampson, 5,000; Mr. Shockley, 94,450; Mr. Synowiec, 1,666; and Messrs. Fayne and Vipperman and Ms. Tomasky, 66,666.

(b) This column includes amounts deferred in stock units and held under AEP's officer benefit plans.
(c) Includes the following numbers of shares held in joint tenancy with a family member: Dr. Draper, 661; and Mr. Vipperman, 80.
(d) Does not include, for Messrs. Fayne, Shockley and Vipperman, 85,231 shares in the American Electric Power System Educational Trust Fund over which Messrs. Fayne, Shockley and Vipperman share voting and investment power as trustees (they disclaim beneficial ownership). The amount of shares shown for all directors and executive officers as a group includes these shares
(e) Includes the following numbers of shares held by family members over which beneficial ownership is disclaimed: Mr. Shockley, 496.
(f) Represents less than 1% of the total number of shares outstanding

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

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

AEGCo, CSPCo, KEPCo, PSO and WTU.
Omitted pursuant to Instruction I(2)(c).

PART IV

Item 14. **Exhibits, Financial Statement Schedules, and Reports on Form 8-K**

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

1. FINANCIAL STATEMENTS:

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

Page

AEGCo:
Independent Auditors' Report; Statements of Income for the years ended December 31, 2001, 2000, and 1999; Statements of Retained Earnings for the years ended December 31, 2001, 2000 and 1999; Statements of Cash Flows for the years ended December 31, 2001, 2000, and 1999; Balance Sheets as of December 31, 2001 and 2000; Statements of Capitalization as of December 31, 2001 and 2000; Combined Notes to Financial Statements.

AEP and its subsidiaries consolidated:
Consolidated Statements of Income for the years ended December 31, 2001, 2000, and 1999; Consolidated Balance Sheets as of December 31, 2001 and 2000; Consolidated

Statements of Cash Flows for the years ended December 31, 2001, 2000, and 1999; Consolidated Statements of Common Shareholders' Equity and Comprehensive Income for the years ended December 31, 2001, 2000, and 1999; Combined Notes to Financial Statements; Schedule of Consolidated Cumulative Preferred Stocks of Subsidiaries at December 31, 2001 and 2000; Schedule of Consolidated Long-term Debt of Subsidiaries at December 31, 2001 and 2000; Independent Auditors' Reports.

APCo, I&M, and OPCo:

Independent Auditors' Report; Consolidated Statements of Income for the years ended December 31, 2001, 2000, and 1999; Consolidated Statements of Comprehensive Income for the years ended December 31, 2001, 2000 and 1999; Consolidated Balance Sheets as of December 31, 2001 and 2000; Consolidated Statements of Cash Flows for the years ended December 31, 2001, 2000, and 1999; Consolidated Statements of Retained Earnings for the years ended December 31, 2001, 2000, and 1999; Consolidated Statements of Capitalization as of December 31, 2001 and 2000; Schedule of Consolidated Long-term Debt as of December 31, 2001 and 2000; Combined Notes to Financial Statements.

CPL, CSPCo, PSO, and SWEPCo:

Independent Auditors' Report(s); Consolidated Statements of Income for the years ended December 31, 2001, 2000, and 1999; Consolidated Balance Sheets as of December 31, 2001 and 2000; Consolidated Statements of Cash Flows for the years ended December 31, 2001, 2000, and 1999; Consolidated Statements of Retained Earnings for the years ended December 31, 2001, 2000, and 1999; Consolidated Statements of Capitalization as of December 31, 2001 and 2000; Schedule of Consolidated Long-term Debt as of December 31, 2001 and 2000; Combined Notes to Financial Statements.

KEPCo:

Independent Auditors' Report; Statements of Income for the years ended December 31, 2001, 2000, and 1999; Statements of Retained Earnings for the years ended December 31, 2001, 2000, and 1999; Statements of Cash Flows for the years ended December 31, 2001, 2000, and 1999; Statements of Comprehensive Income for the years ended December 31, 2001, 2000 and 1999; Balance Sheets as of December 31, 2001 and 2000; Statements of Capitalization as of December 31, 2001 and 2000; Schedule of Long-term Debt as of December 31, 2001 and 2000; Combined Notes to Financial Statements.

WTU:

Independent Auditors' Reports; Statements of Income for the years ended December 31, 2001, 2000, and 1999; Statements of Retained Earnings for the years ended December 31, 2001, 2000, and 1999; Statements of Cash Flows for the years ended December 31, 2001, 2000, and 1999; Balance Sheets as of December 31, 2001 and 2000; Statements of Capitalization as of December 31, 2001 and 2000; Schedule of Long-term Debt as of December 31, 2001 and 2000; Combined Notes to Financial Statements.

2. FINANCIAL STATEMENT SCHEDULES:

3. EXHIBITS:

(b) No Reports on Form 8-K were filed during the quarter ended December 31, 2001.

SIGNATURES

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

AMERICAN ELECTRIC POWER COMPANY, INC.

BY: /S/ SUSAN TOMASKY
(Susan Tomasky, Vice President, Secretary and Chief Financial Officer)

Date: March 18, 2002

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

Signature	Title	Date
(i) **Principal Executive Officer:**		
*E. LINN DRAPER, JR.	Chairman of the Board, President, Chief Executive Officer And Director	
(ii) **Principal Financial Officer:**		
/S/ SUSAN TOMASKY **(Susan Tomasky)**	Vice President, Secretary and Chief Financial Officer	March 18, 2002
(iii) **Principal Accounting Officer:**		
/S/ JOSEPH M. BUONAIUTO **(Joseph M. Buonaiuto)**	Controller and Chief Accounting Officer	March 18, 2002
(iv) **A Majority of the Directors**:		
*E. R. BROOKS *DONALD M. CARLTON *JOHN P. DESBARRES *ROBERT W. FRI *WILLIAM R. HOWELL *LESTER A. HUDSON, JR. *LEONARD J. KUJAWA *JAMES L. POWELL *RICHARD L. SANDOR *THOMAS V. SHOCKLEY, III *DONALD G. SMITH *LINDA GILLESPIE STUNTZ *KATHRYN D. SULLIVAN		
		March 18, 2002
*By: /S/ SUSAN TOMASKY **(Susan Tomasky, Attorney-in-Fact)**		

SIGNATURES

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

AEP GENERATING COMPANY
APPALACHIAN POWER COMPANY
CENTRAL POWER AND LIGHT COMPANY
COLUMBUS SOUTHERN POWER COMPANY
KENTUCKY POWER COMPANY
OHIO POWER COMPANY
PUBLIC SERVICE COMPANY OF OKLAHOMA
SOUTHWESTERN ELECTRIC POWER COMPANY
WEST TEXAS UTILITIES COMPANY

BY: /S/ SUSAN TOMASKY
(Susan Tomasky, Vice President)

Date: March 18, 2002

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

Signature	Title	Date
(i) Principal Executive Officer:		
*E. LINN DRAPER, JR.	Chairman of the Board, Chief Executive Officer And Director	
(ii) Principal Financial Officer:		
/S/ SUSAN TOMASKY **(Susan Tomasky)**	Vice President And Director	March 18, 2002
(iii) Principal Accounting Officer:		
/S/ JOSEPH M. BUONAIUTO ***(Joseph M. Buonaiuto)***	Controller and Chief Accounting Officer	March 18, 2002
(iv) A Majority of the Directors:		
*HENRY W. FAYNE *A. A. PENA *ROBERT P. POWERS *THOMAS V. SHOCKLEY, III *J. H. VIPPERMAN		
*By: /S/ SUSAN TOMASKY **(Susan Tomasky, Attorney-in-Fact)**		March 18, 2002

SIGNATURES

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

INDIANA MICHIGAN POWER COMPANY

BY: /S/ SUSAN TOMASKY
(Susan Tomasky, Vice President)

Date: March 18, 2002

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

Signature	Title	Date
(i) **Principal Executive Officer:**		
*E. LINN DRAPER, JR.	Chairman of the Board, Chief Executive Officer And Director	
(ii) **Principal Financial Officer:**		
/S/ SUSAN TOMASKY **(Susan Tomasky)**	Vice President And Director	March 18, 2002
(iii) **Principal Accounting Officer:**		
/S/ JOSEPH M. BUONAIUTO **(Joseph M. Buonaiuto)**	Controller and Chief Accounting Officer	March 18, 2002
(iv) **A Majority of the Directors:**		

*K. G. BOYD
*JOHN E. EHLER
*HENRY W. FAYNE
*DAVID L. LAHRMAN
*MARC E. LEWIS
*SUSANNE M. MOORMAN
*ROBERT P. POWERS
*JOHN R. SAMPSON
*THOMAS V. SHOCKLEY, III
*D. B. SYNOWIEC
*J. H. VIPPERMAN

*By: /S/ SUSAN TOMASKY
(Susan Tomasky, Attorney-in-Fact) March 18, 2002

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INDEX TO FINANCIAL STATEMENT SCHEDULES

The following financial statement schedules are included in this report on the pages indicated.

INDEPENDENT AUDITORS' REPORT

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARIES:

We have audited the consolidated financial statements of American Electric Power Company, Inc. and its subsidiaries and the financial statements of certain of its subsidiaries, listed in Item 14 herein, as of December 31, 2001 and 2000, and for each of the three years in the period ended December 31, 2001, and have issued our reports thereon dated February 22, 2002; such financial statements and reports are included in the 2001 Annual Reports and are incorporated herein by reference. Our audits also included the financial statement schedules of American Electric Power Company, Inc. and its subsidiaries and of certain of its subsidiaries, listed in Item 14, except for the financial statement schedules of Central Power and Light Company and subsidiary, Public Service Company of Oklahoma and its subsidiaries, Southwestern Electric Power Company and subsidiaries, and West Texas Utilities Company for the year ended December 31, 1999 and the financial information of Central and South West Corporation and its subsidiaries that is included in the financial statement schedule for American Electric Power Company, Inc. and its subsidiaries for the year ended December 31, 1999. These financial statement schedules are the responsibility of the respective company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the corresponding basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP
Columbus, Ohio
February 22, 2002

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

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for					
Uncollectible Accounts:					
Year Ended December 31, 2001........	$71,722	$124,542	$19,766(a)	$106,589(b)	$109,441
Year Ended December 31, 2000........	$63,207	$ 70,670	$ 8,358(a)	$ 70,513(b)	$ 71,722
Year Ended December 31, 1999........	$52,543	$ 38,347	$15,802(a)	$ 43,485(b)	$ 63,207

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

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

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for					
Uncollectible Accounts:					
Year Ended December 31, 2001........	$2,588	$2,644	$1,017(a)	$4,372(b)	$1,877
Year Ended December 31, 2000........	$2,609	$6,592	$1,526(a)	$8,139(b)	$2,588
Year Ended December 31, 1999........	$2,234	$5,492	$1,995(a)	$7,112(b)	$2,609

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

CENTRAL POWER AND LIGHT AND SUBSIDIARY
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for					
Uncollectible Accounts:					
Year Ended December 31, 2001........	$1,675	$ 186	$ — (a)	$1,675(b)	$ 186
Year Ended December 31, 2000........	$ —	$1,675	$ — (a)	$ — (b)	$1,675
Year Ended December 31, 1999........	$ —	$ —	$ — (a)	$ — (b)	$ —

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

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

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2001	$ 659	$ 331	$ — (a)	$ 245(b)	$ 745
Year Ended December 31, 2000	$3,045	$2,082	$ 1,405(a)	$ 5,873(b)	$ 659
Year Ended December 31, 1999	$2,598	$3,334	$10,782(a)	$13,669(b)	$3,045

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

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

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2001	$ 759	$ 65	$ 3(a)	$ 86(b)	$ 741
Year Ended December 31, 2000	$1,848	$ (235)	$ 907(a)	$1,761(b)	$ 759
Year Ended December 31, 1999	$2,027	$3,966	$1,367(a)	$5,512(b)	$1,848

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

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

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2001	$282	$ —	$(24)(a)	$ (6)(b)	$264
Year Ended December 31, 2000	$637	$ 187	$ 9(a)	$ 551(b)	$282
Year Ended December 31, 1999	$848	$1,032	$ 467(a)	$1,710(b)	$637

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

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

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2001	$1,054	$ 554	$ — (a)	$ 229(b)	$1,379
Year Ended December 31, 2000	$2,223	$ 472	$ 778(a)	$2,419(b)	$1,054
Year Ended December 31, 1999	$1,678	$4,730	$1,273(a)	$5,458(b)	$2,223

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

PUBLIC SERVICE COMPANY OF OKLAHOMA AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2001	$ 467	$ 44	$ — (a)	$ 467(b)	$ 44
Year Ended December 31, 2000	$—	$ 467	$ — (a)	$ — (b)	$ 467
Year Ended December 31, 1999	$—	$ —	$ — (a)	$ — (b)	$—

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

SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning Of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2001	$ 911	$ 89	$ — (a)	$ 911(b)	$ 89
Year Ended December 31, 2000	$4,428	$ 911	$(4,428)(a)	$ — (b)	$ 911
Year Ended December 31, 1999	$3,269	$5,415	$ — (a)	$4,256(b)	$4,428

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

WEST TEXAS UTILITIES COMPANY
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	*Column B*	*Column C*		*Column D*	*Column E*
		Additions			
Description	**Balance at Beginning Of Period**	**Charged to Costs and Expenses**	**Charged to Other Accounts**	**Deductions**	**Balance at End of Period**
			(in thousands)		
Deducted from Assets:					
Accumulated Provision for Uncollectible Accounts:					
Year Ended December 31, 2001	$288	$ 13	$35(a)	$ 140(b)	$196
Year Ended December 31, 2000	$186	$1,499	$46(a)	$1,443(b)	$288
Year Ended December 31, 1999	$497	$ (66)	$43(a)	$ 288(b)	$186

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

EXHIBIT INDEX

Certain of the following exhibits, designated with an asterisk(*), are filed herewith. The exhibits not so designated have heretofore been filed with the Commission and, pursuant to 17 C.F.R. 229.10(d) and 240.12b-32, are incorporated herein by reference to the documents indicated in brackets following the descriptions of such exhibits. Exhibits, designated with a dagger (†), are management contracts or compensatory plans or arrangements required to be filed as an exhibit to this form pursuant to Item 14(c) of this report.

Exhibit Number		Description
AEGCo		
3(a)	—	Copy of Articles of Incorporation of AEGCo [Registration Statement on Form 10 for the Common Shares of AEGCo, File No. 0-18135, Exhibit 3(a)].
3(b)	—	Copy of the Code of Regulations of AEGCo (amended as of June 15, 2000) [Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 2000, File No. 0-18135, Exhibit 3(b)].
10(a)	—	Copy of Capital Funds Agreement dated as of December 30, 1988 between AEGCo and AEP [Registration Statement No. 33-32752, Exhibit 28(a)].
10(b)(1)	—	Copy of Unit Power Agreement dated as of March 31, 1982 between AEGCo and I&M, as amended [Registration Statement No. 33-32752, Exhibits 28(b)(1)(A) and 28(b)(1)(B)].
10(b)(2)	—	Copy of Unit Power Agreement, dated as of August 1, 1984, among AEGCo, I&M and KEPCo [Registration Statement No. 33-32752, Exhibit 28(b)(2)].
10(b)(3)	—	Copy of Agreement, dated as of October 1, 1984, among AEGCo, I&M, APCo and Virginia Electric and Power Company [Registration Statement No. 33-32752, Exhibit 28(b)(3)].
10(c)	—	Copy of Lease Agreements, dated as of December 1, 1989, between AEGCo and Wilmington Trust Company, as amended [Registration Statement No. 33-32752, Exhibits 28(c)(1)(C), 28(c)(2)(C), 28(c)(3)(C), 28(c)(4)(C), 28(c)(5)(C) and 28(c)(6)(C); Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 1993, File No. 0-18135, Exhibits 10(c)(1)(B), 10(c)(2)(B), 10(c)(3)(B), 10(c)(4)(B), 10(c)(5)(B) and 10(c)(6)(B)].
*13	—	Copy of those portions of the AEGCo 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
*24	—	Power of Attorney.
AEP‡		
3(a)	—	Copy of Restated Certificate of Incorporation of AEP, dated October 29, 1997 [Quarterly Report on Form 10-Q of AEP for the quarter ended September 30, 1997, File No. 1-3525, Exhibit 3(a)].
3(b)	—	Copy of Certificate of Amendment of the Restated Certificate of Incorporation of AEP, dated January 13, 1999 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1998, File No. 1-3525, Exhibit 3(b)].
3(c)	—	Composite copy of the Restated Certificate of Incorporation of AEP, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1998, File No. 1-3525, Exhibit 3(c)].
3(d)	—	Copy of By-Laws of AEP, as amended through January 28, 1998 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 3(b)].
*4(a)	—	Indenture (for unsecured debt securities), dated as of May 1, 2001, between AEP and The Bank of New York, as Trustee.

Exhibit Number		Description
*4(b)	—	First Supplemental Indenture, dated as of May 1, 2001, between AEP and The Bank of New York, as Trustee, for 6.125% Senior Notes, Series A, due May 15, 2006.
*4(c)	—	Second Supplemental Indenture, dated as of May 1, 2001, between AEP and The Bank of New York, as Trustee, for 5.50% Putable Callable Notes, Series B, Putable Callable May 15, 2003.
10(a)	—	Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KEPCo, OPCo and I&M and with the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a); Registration Statement No. 2-61009, Exhibit 5(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(a)(3)].
10(b)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KEPCo, OPCo and with the Service Corporation as agent, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(c)	—	Copy of Lease Agreements, dated as of December 1, 1989, between AEGCo or I&M and Wilmington Trust Company, as amended [Registration Statement No. 33-32752, Exhibits 28(c)(1)(C), 28(c)(2)(C), 28(c)(3)(C), 28(c)(4)(C), 28(c)(5)(C) and 28(c)(6)(C); Registration Statement No. 33-32753, Exhibits 28(a)(1)(C), 28(a)(2)(C), 28(a)(3)(C), 28(a)(4)(C), 28(a)(5)(C) and 28(a)(6)(C); and Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 1993, File No. 0-18135, Exhibits 10(c)(1)(B), 10(c)(2)(B), 10(c)(3)(B), 10(c)(4)(B), 10(c)(5)(B) and 10(c)(6)(B); Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1993, File No. 1-3570, Exhibits 10(e)(1)(B), 10(e)(2)(B), 10(e)(3)(B), 10(e)(4)(B), 10(e)(5)(B) and 10(e)(6)(B)].
10(d)	—	Lease Agreement dated January 20, 1995 between OPCo and JMG Funding, Limited Partnership, and amendment thereto (confidential treatment requested) [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1994, File No. 1-6543, Exhibit 10(l)(2)].
10(e)	—	Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KEPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(l)].
10(f)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, By and Among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(f)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of AEP dated December 15, 1999, File No. 1-3525, Exhibit 10].
†10(g)(1)	—	AEP Deferred Compensation Agreement for certain executive officers [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(e)].
†10(g)(2)	—	Amendment to AEP Deferred Compensation Agreement for certain executive officers [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1986, File No. 1-3525, Exhibit 10(d)(2)].
†10(h)	—	AEP Accident Coverage Insurance Plan for directors [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(g)].

Exhibit Number		Description
†10(i)(1)	—	AEP Deferred Compensation and Stock Plan for Non-Employee Directors, as amended June 1, 2000 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(i)(1)].
*†10(i)(2)	—	AEP Stock Unit Accumulation Plan for Non-Employee Directors, as amended January 1, 2002.
†10(j)(1)(A)	—	AEP System Excess Benefit Plan, Amended and Restated as of January 1, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(j)(1)(A)].
†10(j)(1)(B)	—	Guaranty by AEP of the Service Corporation Excess Benefits Plan [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(h)(1)(B)].
†10(j)(2)	—	AEP System Supplemental Retirement Savings Plan, Amended and Restated as of June 1, 2001 (Non-Qualified) [Registration Statement No. 333-66048, Exhibit 4].
†10(j)(3)	—	Service Corporation Umbrella Trust for Executives [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1993, File No. 1-3525, Exhibit 10(g)(3)].
†10(k)	—	Employment Agreement between E. Linn Draper, Jr. and AEP and the Service Corporation [Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 1991, File No. 0-18135, Exhibit 10(g)(3)].
†10(l)	—	AEP System Senior Officer Annual Incentive Compensation Plan[Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(i)(1)].
†10(m)	—	AEP System Survivor Benefit Plan, effective January 27, 1998 [Quarterly Report on Form 10-Q of AEP for the quarter ended September 30, 1998, File No. 1-3525, Exhibit 10].
†10(n)	—	AEP Senior Executive Severance Plan for Merger with Central and South West Corporation, effective March 1, 1999 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1998, File No. 1-3525, Exhibit 10(o)].
*†10(o)	—	AEP Change In Control Agreement.
†10(p)	—	AEP System 2000 Long-Term Incentive Plan [Proxy Statement of AEP, March 10, 2000].
†10(q)	—	Memorandum of agreement between Susan Tomasky and the Service Corporation dated January 3, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(s)].
†10(r)(1)	—	Central and South West System Special Executive Retirement Plan as amended and restated effective July 1, 1997 [Annual Report on Form 10-K of CSW for the fiscal year ended December 31, 1998, File No. 1-1443, Exhibit 18].
*†10(r)(2)	—	Certified CSW Board Resolution of April 18, 1991.
†10(r)(3)	—	CSW 1992 Long-Term Incentive Plan [Proxy Statement of CSW, March 13, 1992].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the AEP 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
*21	—	List of subsidiaries of AEP.
*23(a)	—	Consent of Deloitte & Touche LLP.
*23(b)	—	Consent of Arthur Andersen LLP.
*23(c)	—	Consent of KPMG Audit plc.
*24	—	Power of Attorney.

Exhibit Number		Description
APCo‡		
3(a)	—	Copy of Restated Articles of Incorporation of APCo, and amendments thereto to November 4, 1993 [Registration Statement No. 33-50163, Exhibit 4(a); Registration Statement No. 33-53805, Exhibits 4(b) and 4(c)].
3(b)	—	Copy of Articles of Amendment to the Restated Articles of Incorporation of APCo, dated June 6, 1994 [Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1994, File No. 1-3457, Exhibit 3(b)].
3(c)	—	Copy of Articles of Amendment to the Restated Articles of Incorporation of APCo, dated March 6, 1997 [Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1996, File No. 1-3457, Exhibit 3(c)].
3(d)	—	Composite copy of the Restated Articles of Incorporation of APCo (amended as of March 7, 1997) [Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1996, File No. 1-3457, Exhibit 3(d)].
*3(e)	—	Copy of By-Laws of APCo (amended as of October 24, 2001).
4(a)	—	Copy of Mortgage and Deed of Trust, dated as of December 1, 1940, between APCo and Bankers Trust Company and R. Gregory Page, as Trustees, as amended and supplemented [Registration Statement No. 2-7289, Exhibit 7(b); Registration Statement No. 2-19884, Exhibit 2(1); Registration Statement No. 2-24453, Exhibit 2(n); Registration Statement No. 2-60015, Exhibits 2(b)(2), 2(b)(3), 2(b)(4), 2(b)(5), 2(b)(6), 2(b)(7), 2(b)(8), 2(b)(9), 2(b)(10), 2(b)(12), 2(b)(14), 2(b)(15), 2(b)(16), 2(b)(17), 2(b)(18), 2(b)(19), 2(b)(20), 2(b)(21), 2(b)(22), 2(b)(23), 2(b)(24), 2(b)(25), 2(b)(26), 2(b)(27) and 2(b)(28); Registration Statement No. 2-64102, Exhibit 2(b)(29); Registration Statement No. 2-66457, Exhibits (2)(b)(30) and 2(b)(31); Registration Statement No. 2-69217, Exhibit 2(b)(32); Registration Statement No. 2-86237, Exhibit 4(b); Registration Statement No. 33-11723, Exhibit 4(b); Registration Statement No. 33-17003, Exhibit 4(a)(ii), Registration Statement No. 33-30964, Exhibit 4(b); Registration Statement No. 33-40720, Exhibit 4(b); Registration Statement No. 33-45219, Exhibit 4(b); Registration Statement No. 33-46128, Exhibits 4(b) and 4(c); Registration Statement No. 33-53410, Exhibit 4(b); Registration Statement No. 33-59834, Exhibit 4(b); Registration Statement No. 33-50229, Exhibits 4(b) and 4(c); Registration Statement No. 33-58431, Exhibits 4(b), 4(c), 4(d) and 4(e); Registration Statement No. 333-01049, Exhibits 4(b) and 4(c); Registration Statement No. 333-20305, Exhibits 4(b) and 4(c); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1996, File No. 1-3457, Exhibit 4(b); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1998, File No. 1-3457, Exhibit 4(b)].
4(b)	—	Indenture (for unsecured debt securities), dated as of January 1, 1998, between APCo and The Bank of New York, As Trustee [Registration Statement No. 333-45927, Exhibit 4(a); Registration Statement No. 333-49071, Exhibit 4(b); Registration Statement No. 333-84061, Exhibits 4(b) and 4(c); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1999, File No. 1-3457, Exhibit 4(c); Registration Statement No. 333-81402, Exhibits 4(b), 4(c) and 4(d)].

Exhibit Number		Description
10(a)(1)	—	Copy of Power Agreement, dated October 15, 1952, between OVEC and United States of America, acting by and through the United States Atomic Energy Commission, and, subsequent to January 18, 1975, the Administrator of the Energy Research and Development Administration, as amended [Registration Statement No. 2-60015, Exhibit 5(a); Registration Statement No. 2-63234, Exhibit 5(a)(1)(B); Registration Statement No 2-66301, Exhibit 5(a)(1)(C); Registration Statement No. 2-67728, Exhibit 5(a)(1)(D); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1989, File No. 1-3457, Exhibit 10(a)(1)(F); and Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(1)(B)].
10(a)(2)	—	Copy of Inter-Company Power Agreement, dated as of July 10, 1953, among OVEC and the Sponsoring Companies, as amended [Registration Statement No. 2-60015, Exhibit 5(c); Registration Statement No. 2-67728, Exhibit 5(a)(3)(B); and Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(2)(B)].
10(a)(3)	—	Copy of Power Agreement, dated July 10, 1953, between OVEC and Indiana-Kentucky Electric Corporation, as amended [Registration Statement No. 2-60015, Exhibit 5(e)].
10(b)	—	Copy of Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KEPCo, OPCo and I&M and with the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a); Registration Statement No. 2-61009, Exhibit 5(b); Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(a)(3)].
10(c)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KEPCo, OPCo and with the Service Corporation as agent, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(d)	—	Copy of Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KEPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(l)].
10(e)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, By and Among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(e)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of APCo dated December 15, 1999, File No. 1-3457, Exhibit 10].
†10(f)(1)	—	AEP Deferred Compensation Agreement for certain executive officers [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(e)].
†10(f)(2)	—	Amendment to AEP Deferred Compensation Agreement for certain executive officers [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1986, File No. 1-3525, Exhibit 10(d)(2)].
†10(g)	—	AEP System Senior Officer Annual Incentive Compensation Plan [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(i)(1)].

Exhibit Number		Description
†10(h)(1)	—	AEP System Excess Benefit Plan, Amended and Restated as of January 1, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(j)(1)(A)].
†10(h)(2)	—	AEP System Supplemental Retirement Savings Plan, Amended and Restated as of January 1, 2001 (Non-Qualified) [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(j)(2)].
†10(h)(3)	—	Umbrella Trust for Executives [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1993, File No. 1-3525, Exhibit 10(g)(3)].
†10(i)	—	Employment Agreement between E. Linn Draper, Jr. and AEP and the Service Corporation [Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 1991, File No. 0-18135, Exhibit 10(g)(3)].
†10(j)	—	AEP System Survivor Benefit Plan, effective January 27, 1998 [Quarterly Report on Form 10-Q of AEP for the quarter ended September 30, 1998, File No. 1-3525, Exhibit 10].
†10(k)	—	AEP Senior Executive Severance Plan for Merger with Central and South West Corporation, effective March 1, 1999[Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1998, File No. 1-3525, Exhibit 10(o)].
†10(l)	—	AEP Change In Control Agreement [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(o)].
†10(m)	—	AEP System 2000 Long-Term Incentive Plan [Proxy Statement of AEP, March 10, 2000].
†10(n)	—	Memorandum of agreement between Susan Tomasky and the Service Corporation dated January 3, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(s)].
†10(o)(1)	—	Central and South West System Special Executive Retirement Plan as amended and restated effective July 1, 1997 [Annual Report on Form 10-K of CSW for the fiscal year ended December 31, 1998, File No. 1-1443, Exhibit 18].
†10(o)(2)	—	Certified CSW Board Resolution of April 18, 1991 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(r)(2)].
†10(o)(3)	—	CSW 1992 Long-Term Incentive Plan [Proxy Statement of CSW, March 13, 1992].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the APCo 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
21	—	List of subsidiaries of APCo [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 21].
*24	—	Power of Attorney.
CPL‡		
3(a)	—	Restated Articles of Incorporation Without Amendment, Articles of Correction to Restated Articles of Incorporation Without Amendment, Articles of Amendment to Restated Articles of Incorporation, Statements of Registered Office and/or Agent, and Articles of Amendment to the Articles of Incorporation [Quarterly Report on Form 10-Q of CPL for the quarter ended March 31, 1997, File No. 0-346, Exhibit 3.1].
3(b)	—	By-Laws of CPL (amended as of April 19, 2000) [Annual Report on Form 10-K of CPL for the fiscal year ended December 31, 2000, File No. 0-346, Exhibit 3(b)].

Exhibit Number		Description
4(a)	—	Indenture of Mortgage or Deed of Trust, dated November 1, 1943, between CPL and The First National Bank of Chicago and R. D. Manella, as Trustees, as amended and supplemented [Registration Statement No. 2-60712, Exhibit 5.01; Registration Statement No. 2-62271, Exhibit 2.02; Form U-1 No. 70-7003, Exhibit 17; Registration Statement No. 2-98944, Exhibit 4 (b); Form U-1 No. 70-7236, Exhibit 4; Form U-1 No. 70-7249, Exhibit 4; Form U-1 No. 70-7520, Exhibit 2; Form U-1 No. 70-7721, Exhibit 3; Form U-1 No. 70-7725, Exhibit 10; Form U-1 No. 70-8053, Exhibit 10 (a); Form U-1 No. 70-8053, Exhibit 10 (b); Form U-1 No. 70-8053, Exhibit 10 (c); Form U-1 No. 70-8053, Exhibit 10 (d); Form U-1 No. 70-8053, Exhibit 10 (e); Form U-1 No. 70-8053, Exhibit 10 (f)].
4(b)	—	CPL-obligated, mandatorily redeemable preferred securities of subsidiary trust holding solely Junior Subordinated Debentures of CPL: (1) Indenture, dated as of May 1, 1997, between CPL and the Bank of New York, as Trustee [Quarterly Report on Form 10-Q of CPL dated March 31, 1997, File No. 0-346, Exhibits 4.1 and 4.2]. (2) Amended and Restated Trust Agreement of CPL Capital I, dated as of May 1, 1997, among CPL, as Depositor, the Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustee [Quarterly Report on Form 10-Q of CPL dated March 31, 1997, File No. 0-346, Exhibit 4.3]. (3) Guarantee Agreement, dated as of May 1, 1997, delivered by CPL for the benefit of the holders of CPL Capital I's Preferred Securities [Quarterly Report on Form 10-Q of CPL dated March 31, 1997, File No. 0-346, Exhibit 4.4]. (4) Agreement as to Expenses and Liabilities dated as of May 1, 1997, between CPL and CPL Capital I [Quarterly Report on Form 10-Q of CPL dated March 31, 1997, File No. 0-346, Exhibit 4.5].
4(c)	—	Indenture (for unsecured debt securities), dated as of November 15, 1999, between CPL and The Bank of New York, as Trustee, as amended and supplemented [Annual Report on Form 10-K of CPL for the fiscal year ended December 31, 2000, File No. 0-346, Exhibits 4(c), 4(d) and 4(e)].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the CPL 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
*23(a)	—	Consent of Deloitte & Touche LLP.
*23(b)	—	Consent of Arthur Andersen LLP.
*24	—	Power of Attorney.
CSPCo‡		
3(a)	—	Copy of Amended Articles of Incorporation of CSPCo, as amended to March 6, 1992 [Registration Statement No. 33-53377, Exhibit 4(a)].
3(b)	—	Copy of Certificate of Amendment to Amended Articles of Incorporation of CSPCo, dated May 19, 1994 [Annual Report on Form 10-K of CSPCo for the fiscal year ended December 31, 1994, File No. 1-2680, Exhibit 3(b)].
3(c)	—	Composite copy of Amended Articles of Incorporation of CSPCo, as amended [Annual Report on Form 10-K of CSPCo for the fiscal year ended December 31, 1994, File No. 1-2680, Exhibit 3(c)].
3(d)	—	Copy of Code of Regulations and By-Laws of CSPCo [Annual Report on Form 10-K of CSPCo for the fiscal year ended December 31, 1987, File No. 1-2680, Exhibit 3(d)].

Exhibit Number		Description
4(a)	—	Copy of Indenture of Mortgage and Deed of Trust, dated September 1, 1940, between CSPCo and City Bank Farmers Trust Company (now Citibank, N.A.), as trustee, as supplemented and amended [Registration Statement No. 2-59411, Exhibits 2(B) and 2(C); Registration Statement No. 2-80535, Exhibit 4(b); Registration Statement No. 2-87091, Exhibit 4(b); Registration Statement No. 2-93208, Exhibit 4(b); Registration Statement No. 2-97652, Exhibit 4(b); Registration Statement No. 33-7081, Exhibit 4(b); Registration Statement No. 33-12389, Exhibit 4(b); Registration Statement No. 33-19227, Exhibits 4(b), 4(e), 4(f), 4(g) and 4(h); Registration Statement No. 33-35651, Exhibit 4(b); Registration Statement No. 33-46859, Exhibits 4(b) and 4(c); Registration Statement No. 33-50316, Exhibits 4(b) and 4(c); Registration Statement No. 33-60336, Exhibits 4(b), 4(c) and 4(d); Registration Statement No. 33-50447, Exhibits 4(b) and 4(c); Annual Report on Form 10-K of CSPCo for the fiscal year ended December 31, 1993, File No. 1-2680, Exhibit 4(b)].
4(b)	—	Copy of Indenture (for unsecured debt securities), dated as of September 1, 1997, between CSPCo and Bankers Trust Company, as Trustee [Registration Statement No. 333-54025, Exhibits 4(a), 4(b), 4(c) and 4(d); Annual Report on Form 10-K of CSPCo for the fiscal year ended December 31, 1998, File No. 1-2680, Exhibits 4(c) and 4(d)].
10(a)(1)	—	Copy of Power Agreement, dated October 15, 1952, between OVEC and United States of America, acting by and through the United States Atomic Energy Commission, and, subsequent to January 18, 1975, the Administrator of the Energy Research and Development Administration, as amended [Registration Statement No. 2-60015, Exhibit 5(a); Registration Statement No. 2-63234, Exhibit 5(a)(1)(B); Registration Statement No. 2-66301, Exhibit 5(a)(1)(C); Registration Statement No. 2-67728, Exhibit 5(a)(1)(B); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1989, File No. 1-3457, Exhibit 10(a)(1)(F); and Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(1)(B)].
10(a)(2)	—	Copy of Inter-Company Power Agreement, dated July 10, 1953, among OVEC and the Sponsoring Companies, as amended [Registration Statement No. 2-60015, Exhibit 5(c); Registration Statement No. 2-67728, Exhibit 5(a)(3)(B); and Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(2)(B)].
10(a)(3)	—	Copy of Power Agreement, dated July 10, 1953, between OVEC and Indiana-Kentucky Electric Corporation, as amended [Registration Statement No. 2-60015, Exhibit 5(e)].
10(b)	—	Copy of Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KEPCo, OPCo and I&M and the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a); Registration Statement No. 2-61009, Exhibit 5(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(a)(3)].
10(c)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KEPCo, OPCo, and with the Service Corporation as agent, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(d)	—	Copy of Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KEPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(l)].

Exhibit Number		Description
10(e)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, By and Among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(e)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of CSPCo dated December 15, 1999, File No. 1-2680, Exhibit 10].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the CSPCo 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
*23	—	Consent of Deloitte & Touche LLP.
*24	—	Power of Attorney.
I&M‡		
3(a)	—	Copy of the Amended Articles of Acceptance of I&M and amendments thereto [Annual Report on Form 10-K of I&M for fiscal year ended December 31, 1993, File No. 1-3570, Exhibit 3(a)].
3(b)	—	Copy of Articles of Amendment to the Amended Articles of Acceptance of I&M, dated March 6, 1997 [Annual Report on Form 10-K of I&M for fiscal year ended December 31, 1996, File No. 1-3570, Exhibit 3(b)].
3(c)	—	Composite Copy of the Amended Articles of Acceptance of I&M (amended as of March 7, 1997) [Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1996, File No. 1-3570, Exhibit 3(c)].
*3(d)	—	Copy of the By-Laws of I&M (amended as of November 28, 2001).
4(a)	—	Copy of Mortgage and Deed of Trust, dated as of June 1, 1939, between I&M and Irving Trust Company (now The Bank of New York) and various individuals, as Trustees, as amended and supplemented [Registration Statement No. 2-7597, Exhibit 7(a); Registration Statement No. 2-60665, Exhibits 2(c)(2), 2(c)(3), 2(c)(4), 2(c)(5), 2(c)(6), 2(c)(7), 2(c)(8), 2(c)(9), 2(c)(10), 2(c)(11), 2(c)(12), 2(c)(13), 2(c)(14), 2(c)(15), (2)(c)(16), and 2(c)(17); Registration Statement No. 2-63234, Exhibit 2(b)(18); Registration Statement No. 2-65389, Exhibit 2(a)(19); Registration Statement No. 2-67728, Exhibit 2(b)(20); Registration Statement No. 2-85016, Exhibit 4(b); Registration Statement No. 33-5728, Exhibit 4(c); Registration Statement No. 33-9280, Exhibit 4(b); Registration Statement No. 33-11230, Exhibit 4(b); Registration Statement No. 33-19620, Exhibits 4(a)(ii), 4(a)(iii), 4(a)(iv) and 4(a)(v); Registration Statement No. 33-46851, Exhibits 4(b)(i), 4(b)(ii) and 4(b)(iii); Registration Statement No. 33-54480, Exhibits 4(b)(I) and 4(b)(ii); Registration Statement No. 33-60886, Exhibit 4(b)(I); Registration Statement No. 33-50521, Exhibits 4(b)(I), 4(b)(ii) and 4(b)(iii); Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1993, File No. 1-3570, Exhibit 4(b); Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1994, File No. 1-3570, Exhibit 4(b); Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1996, File No. 1-3570, Exhibit 4(b)].
4(b)	—	Copy of Indenture (for unsecured debt securities), dated as of October 1, 1998, between I&M and The Bank of New York, as Trustee [Registration Statement No. 333-88523, Exhibits 4(a), 4(b) and 4(c); Registration Statement No. 58656, Exhibits 4(b) and 4(c)].
* 4(c)	—	Copy of Company Order and Officers' Certificate, dated December 12, 2001, establishing certain terms of the 6.125% Notes, Series C, due 2006.

Exhibit Number		Description
10(a)(1)	—	Copy of Power Agreement, dated October 15, 1952, between OVEC and United States of America, acting by and through the United States Atomic Energy Commission, and, subsequent to January 18, 1975, the Administrator of the Energy Research and Development Administration, as amended [Registration Statement No. 2-60015, Exhibit 5(a); Registration Statement No. 2-63234, Exhibit 5(a)(1)(B); Registration Statement No. 2-66301, Exhibit 5(a)(1)(C); Registration Statement No. 2-67728, Exhibit 5(a)(1)(D); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1989, File No. 1-3457, Exhibit 10(a)(1)(F); and Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(1)(B)].
10(a)(2)	—	Copy of Inter-Company Power Agreement, dated as of July 10, 1953, among OVEC and the Sponsoring Companies, as amended [Registration Statement No. 2-60015, Exhibit 5(c); Registration Statement No. 2-67728, Exhibit 5(a)(3)(B); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(2)(B)].
10(a)(3)	—	Copy of Power Agreement, dated July 10, 1953, between OVEC and Indiana-Kentucky Electric Corporation, as amended [Registration Statement No. 2-60015, Exhibit 5(e)].
10(a)(4)	—	Copy of Inter-Company Power Agreement, dated as of July 10, 1953, among OVEC and the Sponsoring Companies, as amended [Registration Statement No. 2-60015, Exhibit 5(c); Registration Statement No. 2-67728, Exhibit 5(a)(3)(B); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(2)(B)].
10(a)(5)	—	Copy of Power Agreement, dated July 10, 1953, between OVEC and Indiana-Kentucky Electric Corporation, as amended [Registration Statement No. 2-60015, Exhibit 5(e)].
10(b)	—	Copy of Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KEPCo, I&M, and OPCo and with the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a); Registration Statement No. 2-61009, Exhibit 5(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(a)(3)].
10(c)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KEPCo, OPCo and with the Service Corporation as agent, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(d)	—	Copy of Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KEPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 1, 1996, File No. 1-3525, Exhibit 10(l)].
10(e)	—	Copy of Nuclear Material Lease Agreement, dated as of December 1, 1990, between I&M and DCC Fuel Corporation [Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1993, File No. 1-3570, Exhibit 10(d)].
10(f)	—	Copy of Lease Agreements, dated as of December 1, 1989, between I&M and Wilmington Trust Company, as amended [Registration Statement No. 33-32753, Exhibits 28(a)(1)(C), 28(a)(2)(C), 28(a)(3)(C), 28(a)(4)(C), 28(a)(5)(C) and 28(a)(6)(C); Annual Report on Form 10-K of I&M for the fiscal year ended December 31, 1993, File No. 1-3570, Exhibits 10(e)(1)(B), 10(e)(2)(B), 10(e)(3)(B), 10(e)(4)(B), 10(e)(5)(B) and 10(e)(6)(B)].

Exhibit Number		Description
10(g)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, By and Among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(g)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of I&M dated December 15, 1999, File No. 1-3570, Exhibit 10].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the I&M 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
21	—	List of subsidiaries of I&M [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 21].
*23	—	Consent of Deloitte & Touche LLP.
*24	—	Power of Attorney.
KEPCo‡		
3(a)	—	Copy of Restated Articles of Incorporation of KEPCo [Annual Report on Form 10-K of KEPCo for the fiscal year ended December 31, 1991, File No. 1-6858, Exhibit 3(a)].
3(b)	—	Copy of By-Laws of KEPCo (amended as of June 15, 2000) [Annual Report on Form 10-K of KEPCo for the fiscal year ended December 31, 2000, File No. 1-6858, Exhibit 3(b)].
4(a)	—	Copy of Mortgage and Deed of Trust, dated May 1, 1949, between KEPCo and Bankers Trust Company, as supplemented and amended [Registration Statement No. 2-65820, Exhibits 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), 2(b)(5), and 2(b)(6); Registration Statement No. 33-39394, Exhibits 4(b) and 4(c); Registration Statement No. 33-53226, Exhibits 4(b) and 4(c); Registration Statement No. 33-61808, Exhibits 4(b) and 4(c), Registration Statement No. 33-53007, Exhibits 4(b), 4(c) and 4(d)].
4(b)	—	Copy of Indenture (for unsecured debt securities), dated as of September 1, 1997, between KEPCo and Bankers Trust Company, as Trustee [Registration Statement No. 333-75785, Exhibits 4(a), 4(b), 4(c) and 4(d); Annual Report on Form 10-K of KEPCo for the fiscal year ended December 31, 1999, File No. 1-6858, Exhibit 4(c); Annual Report on Form 10-K of KEPCo for the fiscal year ended December 31, 2000, File No. 1-6858, Exhibit 4(c)].
10(a)	—	Copy of Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KEPCo, I&M and OPCo and with the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a);Registration Statement No. 2-61009, Exhibit 5(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File No. 1-3525, Exhibit 10(a)(3)].
10(b)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KEPCo, OPCo and with the Service Corporation as agent, as amended [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); and Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(c)	—	Copy of Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KEPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(l)].

Exhibit Number		Description
10(d)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, By and Among American Electric Power Company, Inc., Augusta Acquisition Corporation and Central and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(d)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of KEPCo dated December 15, 1999, File No. 1-6858, Exhibit 10].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the KEPCo 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
*24	—	Power of Attorney.
OPCo‡		
3(a)	—	Copy of Amended Articles of Incorporation of OPCo, and amendments thereto to December 31, 1993 [Registration Statement No. 33-50139, Exhibit 4(a); Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1993, File No. 1-6543, Exhibit 3(b)].
3(b)	—	Certificate of Amendment to Amended Articles of Incorporation of OPCo, dated May 3, 1994 [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1994, File No. 1-6543, Exhibit 3(b)].
3(c)	—	Copy of Certificate of Amendment to Amended Articles of Incorporation of OPCo, dated March 6, 1997 [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1996, File No. 1-6543, Exhibit 3(c)].
3(d)	—	Composite copy of the Amended Articles of Incorporation of OPCo (amended as of March 7, 1997) [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1996, File No. 1-6543, Exhibit 3(d)].
3(e)	—	Copy of Code of Regulations of OPCo [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1990, File No. 1-6543, Exhibit 3(d)].
4(a)	—	Copy of Mortgage and Deed of Trust, dated as of October 1, 1938, between OPCo and Manufacturers Hanover Trust Company (now Chemical Bank), as Trustee, as amended and supplemented [Registration Statement No. 2-3828, Exhibit B-4; Registration Statement No. 2-60721, Exhibits 2(c)(2), 2(c)(3), 2(c)(4), 2(c)(5), 2(c)(6), 2(c)(7), 2(c)(8), 2(c)(9), 2(c)(10), 2(c)(11), 2(c)(12), 2(c)(13), 2(c)(14), 2(c)(15), 2(c)(16), 2(c)(17), 2(c)(18), 2(c)(19), 2(c)(20), 2(c)(21), 2(c)(22), 2(c)(23), 2(c)(24), 2(c)(25), 2(c)(26), 2(c)(27), 2(c)(28), 2(c)(29), 2(c)(30), and 2(c)(31); Registration Statement No. 2-83591, Exhibit 4(b); Registration Statement No. 33-21208, Exhibits 4(a)(ii), 4(a)(iii) and 4(a)(iv); Registration Statement No. 33-31069, Exhibit 4(a)(ii); Registration Statement No. 33-44995, Exhibit 4(a)(ii); Registration Statement No. 33-59006, Exhibits 4(a)(ii), 4(a)(iii) and 4(a)(iv); Registration Statement No. 33-50373, Exhibits 4(a)(ii), 4(a)(iii) and 4(a)(iv); Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1993, File No. 1-6543, Exhibit 4(b)].
4(b)	—	Copy of Indenture (for unsecured debt securities), dated as of September 1, 1997, between OPCo and Bankers Trust Company, as Trustee [Registration Statement No. 333-49595, Exhibits 4(a), 4(b) and 4(c); Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1998, File No. 1-6543, Exhibits 4(c) and 4(d); Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1999, File No. 1-6543, Exhibits 4(c) and 4(d); Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 2000, File No. 1-6543, Exhibit 4(c)].

Exhibit Number		Description
10(a)(1)	—	Copy of Power Agreement, dated October 15, 1952, between OVEC and United States of America, acting by and through the United States Atomic Energy Commission, and, subsequent to January 18, 1975, the Administrator of the Energy Research and Development Administration, as amended [Registration Statement No. 2-60015, Exhibit 5(a); Registration Statement No. 2-63234, Exhibit 5(a)(1)(B); Registration Statement No. 2-66301, Exhibit 5(a)(1)(C); Registration Statement No. 2-67728, Exhibit 5(a)(1)(D); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1989, File No. 1-3457, Exhibit 10(a)(1)(F); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(1)(B)].
10(a)(2)	—	Copy of Inter-Company Power Agreement, dated July 10, 1953, among OVEC and the Sponsoring Companies, as amended [Registration Statement No. 2-60015, Exhibit 5(c); Registration Statement No. 2-67728, Exhibit 5(a)(3)(B); Annual Report on Form 10-K of APCo for the fiscal year ended December 31, 1992, File No. 1-3457, Exhibit 10(a)(2)(B)].
10(a)(3)	—	Copy of Power Agreement, dated July 10, 1953, between OVEC and Indiana-Kentucky Electric Corporation, as amended [Registration Statement No. 2-60015, Exhibit 5(e)].
10(b)	—	Copy of Interconnection Agreement, dated July 6, 1951, among APCo, CSPCo, KEPCo, I&M and OPCo and with the Service Corporation, as amended [Registration Statement No. 2-52910, Exhibit 5(a); Registration Statement No. 2-61009, Exhibit 5(b); Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1990, File 1-3525, Exhibit 10(a)(3)].
10(c)	—	Copy of Transmission Agreement, dated April 1, 1984, among APCo, CSPCo, I&M, KEPCo, OPCo and with the Service Corporation as agent [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(b); Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1988, File No. 1-3525, Exhibit 10(b)(2)].
10(d)	—	Copy of Modification No. 1 to the AEP System Interim Allowance Agreement, dated July 28, 1994, among APCo, CSPCo, I&M, KEPCo, OPCo and the Service Corporation [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(l)].
10(e)	—	Copy of Amendment No. 1, dated October 1, 1973, to Station Agreement dated January 1, 1968, among OPCo, Buckeye and Cardinal Operating Company, and amendments thereto [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1993, File No. 1-6543, Exhibit 10(f)].
10(f)	—	Lease Agreement dated January 20, 1995 between OPCo and JMG Funding, Limited Partnership, and amendment thereto (confidential treatment requested) [Annual Repor on Form 10-K of OPCo for the fiscal year ended December 31, 1994, File No. 1-6543 Exhibit 10(l)(2)].
10(g)(1)	—	Agreement and Plan of Merger, dated as of December 21, 1997, by and among American Electric Power Company, Inc., Augusta Acquisition Corporation and Cent and South West Corporation [Annual Report on Form 10-K of AEP for the fiscal ye ended December 31, 1997, File No. 1-3525, Exhibit 10(f)].
10(g)(2)	—	Amendment No. 1, dated as of December 31, 1999, to the Agreement and Plan of Merger [Current Report on Form 8-K of OPCo dated December 15, 1999, File No. 6543, Exhibit 10].

Exhibit Number		Description
†10(h)(1)	—	AEP Deferred Compensation Agreement for certain executive officers [Annual Report on Form 10-K of OPCo for the fiscal year ended December 31, 1985, File No. 1-3525, Exhibit 10(e)].
†10(h)(2)	—	Amendment to AEP Deferred Compensation Agreement for certain executive officers [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1986, File No. 1-3525, Exhibit 10(d)(2)].
†10(i)	—	AEP System Senior Officer Annual Incentive Compensation Plan [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1996, File No. 1-3525, Exhibit 10(i)(1)].
†10(j)(1)	—	AEP System Excess Benefit Plan, Amended and Restated as of January 1, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(j)(1)(A)].
†10(j)(2)	—	AEP System Supplemental Retirement Savings Plan, Amended and Restated as of January 1, 2001 (Non-Qualified) [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(j)(2)].
†10(j)(3)	—	Umbrella Trust for Executives [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1993, File No. 1-3525, Exhibit 10(g)(3)].
†10(k)	—	Employment Agreement between E. Linn Draper, Jr. and AEP and the Service Corporation [Annual Report on Form 10-K of AEGCo for the fiscal year ended December 31, 1991, File No. 0-18135, Exhibit 10(g)(3)].
†10(l)	—	AEP System Survivor Benefit Plan, effective January 27, 1998 [Quarterly Report on Form 10-Q of AEP for the quarter ended September 30, 1998, File No. 1-3525, Exhibit 10].
†10(m)	—	AEP Senior Executive Severance Plan for Merger with Central and South West Corporation, effective March 1, 1999[Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 1998, File No. 1-3525, Exhibit 10(o)].
†10(n)	—	AEP Change In Control Agreement [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(o)].
†10(o)	—	AEP System 2000 Long-Term Incentive Plan [Proxy Statement of AEP, March 10, 2000].
†10(p)	—	Memorandum of agreement between Susan Tomasky and the Service Corporation dated January 3, 2001 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2000, File No. 1-3525, Exhibit 10(s)].
†10(q)(1)	—	Central and South West System Special Executive Retirement Plan as amended and restated effective July 1, 1997 [Annual Report on Form 10-K of CSW for the fiscal year ended December 31, 1998, File No. 1-1443, Exhibit 18].
†10(q)(2)	—	Certified CSW Board Resolution of April 18, 1991 [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 10(r)(2)].
†10(q)(3)	—	CSW 1992 Long-Term Incentive Plan [Proxy Statement of CSW, March 13, 1992].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the OPCo 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
21	—	List of subsidiaries of OPCo [Annual Report on Form 10-K of AEP for the fiscal year ended December 31, 2001, File No. 1-3525, Exhibit 21].
23	—	Consent of Deloitte & Touche LLP.
24	—	Power of Attorney.

Exhibit Number		Description
PSO‡		
3(a)	—	Restated Certificate of Incorporation of PSO [Annual Report on Form U5S of Central and South West Corporation for the fiscal year ended December 31, 1996, File No. 1-1443, Exhibit B-3.1].
3(b)	—	By-Laws of PSO (amended as of June 28, 2000) [Annual Report on Form 10-K of PSO for the fiscal year ended December 31, 2000, File No. 0-343, Exhibit 3(b)].
4(a)	—	Indenture, dated July 1, 1945, between PSO and Liberty Bank and Trust Company of Tulsa, National Association, as Trustee, as amended and supplemented [Registration Statement No. 2-60712, Exhibit 5.03; Registration Statement No. 2-64432, Exhibit 2.02; Registration Statement No. 2-65871, Exhibit 2.02; Form U-1 No. 70-6822, Exhibit 2; Form U-1 No. 70-7234, Exhibit 3; Registration Statement No. 33-48650, Exhibit 4(b); Registration Statement No. 33-49143, Exhibit 4(c); Registration Statement No. 33-49575, Exhibit 4(b); Annual Report on Form 10-K of PSO for the fiscal year ended December 31, 1993, File No. 0-343, Exhibit 4(b); Current Report on Form 8-K of PSO dated March 4, 1996, No. 0-343, Exhibit 4.01; Current Report on Form 8-K of PSO dated March 4, 1996, No. 0-343, Exhibit 4.02; Current Report on Form 8-K of PSO dated March 4, 1996, No. 0-343, Exhibit 4.03].
4(b)	—	PSO-obligated, mandatorily redeemable preferred securities of subsidiary trust holding solely Junior Subordinated Debentures of PSO: (1) Indenture, dated as of May 1, 1997, between PSO and The Bank of New York, as Trustee [Quarterly Report on Form 10-Q of PSO dated March 31, 1997, File No. 0-343, Exhibits 4.6 and 4.7]. (2) Amended and Restated Trust Agreement of PSO Capital I, dated as of May 1, 1997, among PSO, as Depositor, The Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustee [Quarterly Report on Form 10-Q of PSO dated March 31, 1997, File No. 0-343, Exhibit 4.8]. (3) Guarantee Agreement, dated as of May 1, 1997, delivered by PSO for the benefit of the holders of PSO Capital I's Preferred Securities [Quarterly Report on Form 10-Q of PSO dated March 31, 1997, File No. 0-343, Exhibits 4.9]. (4) Agreement as to Expenses and Liabilities, dated as of May 1, 1997, between PSO and PSO Capital I [Quarterly Report on Form 10-Q of PSO dated March 31, 1997, File No. 0-343, Exhibits 4.10].
4(c)	—	Indenture (for unsecured debt securities), dated as of November 1, 2000, between PSO and The Bank of New York, as Trustee [Annual Report on Form 10-K of PSO for the fiscal year ended December 31, 2000, File No. 0-343, Exhibits 4(c) and 4(d)]
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the PSO 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
*23(a)	—	Consent of Deloitte & Touche LLP.
*23(b)	—	Consent of Arthur Andersen LLP.
*24	—	Power of Attorney.
SWEPCo‡		
3(a)	—	Restated Certificate of Incorporation, as amended through May 6, 1997, including Certificate of Amendment of Restated Certificate of Incorporation [Quarterly Report on Form 10-Q of SWEPCo for the quarter ended March 31, 1997, File No. 1-3146, Exhibit 3.4].

Exhibit Number		Description
3(b)	—	By-Laws of SWEPCo (amended as of April 27, 2000) [Quarterly Report on Form 10-Q of SWEPCo for the quarter ended March 31, 2000, File No. 1-3146, Exhibit 3.3].
4(a)	—	Indenture, dated February 1, 1940, between SWEPCo and Continental Bank, National Association and M. J. Kruger, as Trustees, as amended and supplemented [Registration Statement No. 2-60712, Exhibit 5.04; Registration Statement No. 2-61943, Exhibit 2.02; Registration Statement No. 2-66033, Exhibit 2.02; Registration Statement No. 2-71126, Exhibit 2.02; Registration Statement No. 2-77165, Exhibit 2.02; Form U-1 No. 70-7121, Exhibit 4; Form U-1 No. 70-7233, Exhibit 3; Form U-1 No. 70-7676, Exhibit 3; Form U-1 No. 70-7934, Exhibit 10; Form U-1 No. 72-8041, Exhibit 10(b); Form U-1 No. 70-8041, Exhibit 10(c); Form U-1 No. 70-8239, Exhibit 10(a)].
4(b)	—	SWEPCO-obligated, mandatorily redeemable preferred securities of subsidiary trust holding solely Junior Subordinated Debentures of SWEPCo: (1) Indenture, dated as of May 1, 1997, between SWEPCo and the Bank of New York, as Trustee [Quarterly Report on Form 10-Q of SWEPCo dated March 31, 1997, File No. 1-3146, Exhibits 4.11 and 4.12]. (2) Amended and Restated Trust Agreement of SWEPCo Capital I, dated as of May 1, 1997, among SWEPCo, as Depositor, the Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustee [Quarterly Report on Form 10-Q of SWEPCo dated March 31, 1997, File No. 1-3146, Exhibit 4.13]. (3) Guarantee Agreement, dated as of May 1, 1997, delivered by SWEPCo for the benefit of the holders of SWEPCo Capital I's Preferred Securities [Quarterly Report on Form 10-Q of SWEPCo dated March 31, 1997, File No. 1-3146, Exhibit 4.14]. (4) Agreement as to Expenses and Liabilities, dated as of May 1, 1997 between SWEPCo and SWEPCo Capital I [Quarterly Report on Form 10-Q of SWEPCo dated March 31, 1997, File No. 1-3146, Exhibits 4.15].
4(c)	—	Indenture (for unsecured debt securities), dated as of February 4, 2000, between SWEPCo and The Bank of New York, as Trustee [Annual Report on Form 10-K of SWEPCo for the fiscal year ended December 31, 2000, File No. 1-3146, Exhibits 4(c) and 4(d)].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the SWEPCo 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
*23(a)	—	Consent of Deloitte & Touche LLP.
*23(b)	—	Consent of Arthur Andersen LLP.
*24	—	Power of Attorney.
WTU‡		
3(a)	—	Restated Articles of Incorporation, as amended, and Articles of Amendment to the Articles of Incorporation [Annual Report on Form 10-K of WTU for the fiscal year ended December 31, 1996, File No. 0-340, Exhibit 3.5].
3(b)	—	By-Laws of WTU (amended as of May 1, 2000) [Quarterly Report on Form 10-Q of WTU for the quarter ended March 31, 2000, File No. 0-340, Exhibit 3.4].

Exhibit Number		Description
4(a)	—	Indenture, dated August 1, 1943, between WTU and Harris Trust and Savings Bank and J. Bartolini, as Trustees, as amended and supplemented [Registration Statement No. 2-60712, Exhibit 5.05; Registration Statement No. 2-63931, Exhibit 2.02; Registration Statement No. 2-74408, Exhibit 4.02; Form U-1 No. 70-6820, Exhibit 12; Form U-1 No. 70-6925, Exhibit 13; Registration Statement No. 2-98843, Exhibit 4(b); Form U-1 No. 70-7237, Exhibit 4; Form U-1 No. 70-7719, Exhibit 3; Form U-1 No. 70-7936, Exhibit 10; Form U-1 No. 70-8057, Exhibit 10; Form U-1 No. 70-8265, Exhibit 10; Form U-1 No. 70-8057, Exhibit 10(b); Form U-1 No. 70-8057, Exhibit 10(c)].
*12	—	Statement re: Computation of Ratios.
*13	—	Copy of those portions of the WTU 2001 Annual Report (for the fiscal year ended December 31, 2001) which are incorporated by reference in this filing.
*24	—	Power of Attorney.

‡Certain instruments defining the rights of holders of long-term debt of the registrants included in the financial statements of registrants filed herewith have been omitted because the total amount of securities authorized thereunder does not exceed 10% of the total assets of registrants. The registrants hereby agree to furnish a copy of any such omitted instrument to the SEC upon request.

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THE PUBLIC UTILITIES COMMISSION OF OHIO
RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS
AEP OHIO COMMERCIAL & INDUSTRIAL RETAIL COMPANY, LLC

Exhibit C-3 "Financial Statements,"

Provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business.

AEP Ohio Commercial & Industrial Retail Company, LLC does not have audited financial statements, but has enclosed behind this page the most recent Appendix A of the annual report which include three years of results of American Electric Power Company, Inc., the parent company.