FILE

PUCO EXHIBIT FILING

Date of Hearing: 5/18/12

Case No. 11-346-EL-SSO, et al.

PUCO Case Caption: Columbus Souther Power and Ohio Power

Volume II

List of exhibits being filed:

IEU Exs. 101, 103, 104, 105 and 112

FES Exs. 106 and 107

OCC Exs. 101 and 102

Reporter's Signature: Maria DiPaolo Jones

Date Submitted:

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1 BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

2 - - -

3 In the Matter of the :
Application of Columbus :
4 Southern Power Company :
and Ohio Power Company :
5 for Authority to Establish:
a Standard Service Offer : Case No. 11-346-EL-SSO
6 Pursuant to §4928.143, : Case No. 11-348-EL-SSO
Ohio Rev. Code, in the :
7 Form of an Electric :
Security Plan. :
8
In the Matter of the :
9 Application of Columbus :
Southern Power Company : Case No. 11-349-EL-AAM
10 and Ohio Power Company : Case No. 11-350-EL-AAM
for Approval of Certain :
11 Accounting Authority. :

12 - - -

13 PROCEEDINGS

14 before Ms. Greta See and Mr. Jonathan Tauber,

15 Attorney Examiners, and Commissioner Andre Porter, at

16 the Public Utilities Commission of Ohio, 180 East

17 Broad Street, Room 11-A, Columbus, Ohio, called at

18 10:00 a.m. on Friday, May 18, 2012.

19 - - -

20 VOLUME II

21 - - -

22 ARMSTRONG & OKEY, INC.
222 East Town Street, Second Floor
23 Columbus, Ohio 43215-5201
(614) 224-9481 - (800) 223-9481
24 Fax - (614) 224-5724

25 - - -

Title:	Corporate Political Contributions	Date:	February 24, 2012
Owner:	Executive Vice President & Chief Operating Officer, Robert P. Powers	Sponsoring Area(s):	AEP Utilities Operations, Legal

Policy Statement:

This policy addresses the processes for requesting and authorizing the making of Corporate Political Contributions and periodic public reporting about the Corporate Political Contributions that have been made. It incorporates, expands upon and replaces a previous Corporate Political Contributions policy dated February 27, 2007, which addressed only the processes for requesting and authorizing Corporate Political Contributions.

Detail:

Scope
This policy applies to the entire corporation.

Narrative
Corporate Political Contributions are corporate contributions that are given from the general funds of the corporation (as opposed to money from a company-sponsored political action committee or PAC). Before February 8, 2006, when the repeal of the Public Utility Holding Company Act of 1935 (PUHCA) took effect, American Electric Power Company, Inc. and its subsidiaries (Collectively, "AEP") were prohibited from making Corporate Political Contributions. Even in those states that permitted corporate contributions, AEP was prohibited due to its status as a registered Public Utility Holding Company. That prohibition no longer applies.

As of February 24, 2012,

- AEP ***can*** lawfully make Corporate Political Contributions to candidates for elected office in Arkansas, Illinois, Indiana, Louisiana, Missouri, and Virginia.
- AEP ***cannot*** lawfully make Corporate Political Contributions to candidates for elected office in Kentucky, Michigan, Ohio, Oklahoma, Tennessee, Texas and West Virginia.
- AEP ***cannot*** lawfully make Corporate Political Contributions to candidates for federal office or to national political parties for general campaign purposes.
- The legality of Corporate Political Contributions to support national party-affiliated organizations, such as the Republican and Democratic Governors' Associations; or party events, including participation at national conventions and state or federal inaugurals needs to be examined on a case by case basis.

Standards

Any and all Corporate Political Contributions made by AEP must comply with all applicable federal and state laws, rules and regulations. The various AEP operating companies may have their own guidelines applicable to Corporate Political Contributions, provided that any such guidelines must be consistent with and subject to this policy.

1. **Policy about making Political Contributions**

   a. As an energy company in many states, AEP is affected daily by the decisions of federal, state and local governments. It is appropriate that AEP be an active participant in the political process

so that its perspectives are heard and so that it develops strong working relationships with governmental decision-makers.

b. AEP is committed to being a good citizen of the communities it serves. Being a good citizen includes becoming informed about issues, encouraging our employees to volunteer and participate in their communities, speaking publicly about the important issues of the day, sponsoring political action committees (PACs) and other opportunities for AEP employees to participate in the political process, and within the limits of the law, contributing corporate funds to political candidates, political parties, political parties and other entities organized and operating under section 527 of the Internal Revenue Code.

2. **Authorization to make Political Contributions**

a. Only the Chief Executive Officer, the President, the Chief Operating Officer, and presidents of AEP's operating companies may initiate or make Corporate Political Contributions. An operating company president desiring to make a Corporate Political Contribution should submit the request to the Chief Operating Officer and, simultaneously, to the Legal Department for review. If the Chief Executive Officer, the President, or the Chief Operating Officer wishes to make Political Contributions, he or she should send a description to the Legal Department for review.

b. The Legal Department will analyze the request to determine if it is permissible under state and federal election laws, and will provide a legal opinion to the requesting person and the Chief Operating Officer.

c. Following receipt of the Legal Department's legal opinion, the Chief Operating Officer will confer with the officer having budgetary responsibility for making charitable and political contributions. If the Chief Executive Officer, the President, or the Chief Operating Officer initiated the request, then the Chief Operating Officer will execute the request provided that a favorable legal opinion has been issued.

d. The decision to approve or deny a request from an operating company president may be made by the Chief Executive Officer, President or Chief Operating Officer and will be communicated in writing to the operating company president.

e. Requests, distribution, and tracking of corporate political contributions will be managed through the office of the Chief Operating Officer.

3. **Annual Publication of a Report about Political Contributions**

a. AEP will publish and make available to shareholders and other stakeholders an annual report about its Corporate Political Contributions. Summary parts of the report will be printed and other parts of the report will be available electronically.

b. If AEP pays dues or makes other payments to trade associations and a portion of those dues or payments are used by those trade associations for expenditures or contributions that if made directly by AEP would not be deductible under section 162(e)(1) of the Internal Revenue Code, the report will set forth the dollar amounts that those trade associations inform AEP are not deductible under section 162(e)(1), subject to reasonable de minimis limits.

Exceptions

Contributions to charitable non-profit entities qualified under section 501(c)(3) of the Internal Revenue Code are not included under this policy. Contributions to entities qualified under sections 501(c)(4) and 501(c)(6) of the Internal Revenue Code are not included under this policy provided the contributions will

not be used for political purposes. Contributions made as a result of a decision of the AEP PAC Operating Committee or the operating committees of AEP state PACs are not included under this policy.

References

Federal and state campaign finance law, as well as various government related rules and guidelines.

Review / Revision:

Prepared by: David M. Feinberg, Senior Vice President, General Counsel and Secretary — February 29, 2012

Reviewed by: Anthony P. Kavanagh, Vice President – Governmental Affairs — February 29, 2012

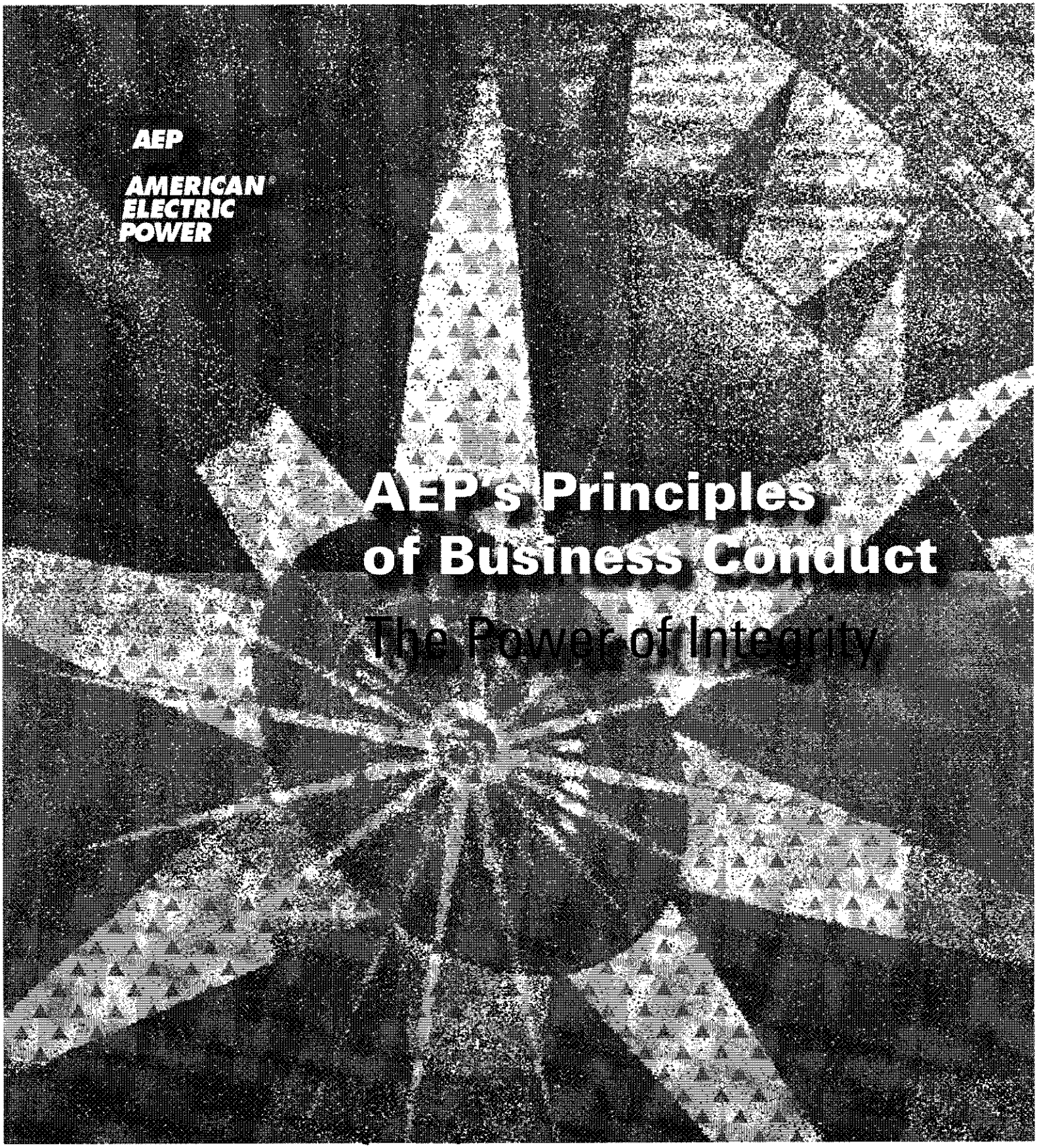
Approved by: Sandra K. Williams, Vice President and Chief Compliance Officer — February 24, 2012

Approved by: Robert P. Powers, Executive Vice President and Chief Operating Officer — February 24, 2012

Approved by: Executive Council by: Nicholas K. Akins, President and Chief Executive Officer — February 29, 2012

Approved by: AEP Board of Directors by: Nicholas K. Akins, President and Chief Executive Officer — February 29, 2012

IEh 103



AEP

AMERICAN® ELECTRIC POWER

AEP's Principles of Business Conduct

The Power of Integrity

AEP's Principles of Business Conduct

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In order to keep this document brief and readable, certain sections reference other policies, standards, and guidelines that expand the topic area. These documents are readily available to all employees and may be found on the AEP Intranet site at the Policy Central Home page (http://policycentral) or upon request from your manager or supervisor.

The Power of Integrity

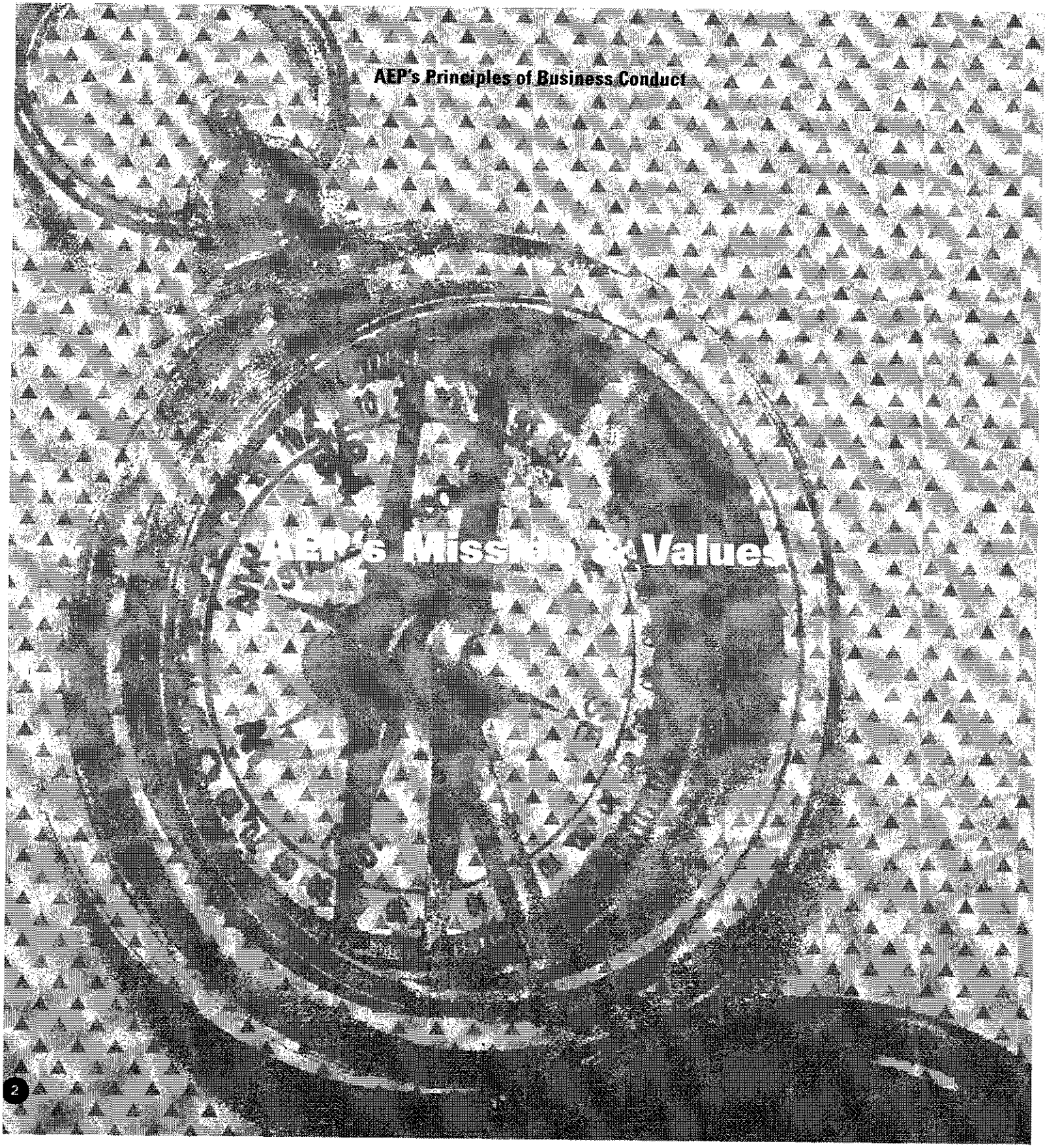
Dear Fellow Employee,

AEP's Principles of Business Conduct are derived from the ethical and legal principles that apply to all employees working for the AEP System. AEP's commitment in high standards of business ethics is built on the collective ethics, character, and reputation of our employees. Every day we demonstrate our commitment to excellence by the way we live and work according to our shared beliefs about the way we will treat each other, our customers, and the communities we serve.

Ethical conduct means doing the right thing at the right time, every time. It means applying our core values in all our business decisions. It means adhering to the laws, regulations, and policies related to the performance of our jobs. And, it means demonstrating our leadership, integrity, and compassion as a valued corporate citizen of every community we serve. We all share responsibility for maintaining the power of AEP's integrity.

As AEP employees, you are accountable for your actions and for living up to the highest standards of business ethics. Please take the time to read and understand *AEP's Principles of Business Conduct* and ask questions if you need further clarification.

Michael G. Morris
Chairman, President & Chief Executive Officer



AEP's Mission & Values

The Power of Integrity

Our Mission

Our mission, simply stated, is bringing comfort to our customers, supporting business and commerce, and building strong communities.

Our Values

Safety

No operating condition or urgency of service can ever justify endangering the life of anyone. At all times, our first thought and primary consideration is safety for all employees, for customers and for the general public.

Justice & Fairness

Doing the right thing at the right time, every time.

Trustworthiness

Cultivating a reputation of honesty and straightforward communication.

Responsibility

Accepting accountability for your actions and living up to high ethical expectations.

Citizenship

Developing a sense of community among all those you encounter.

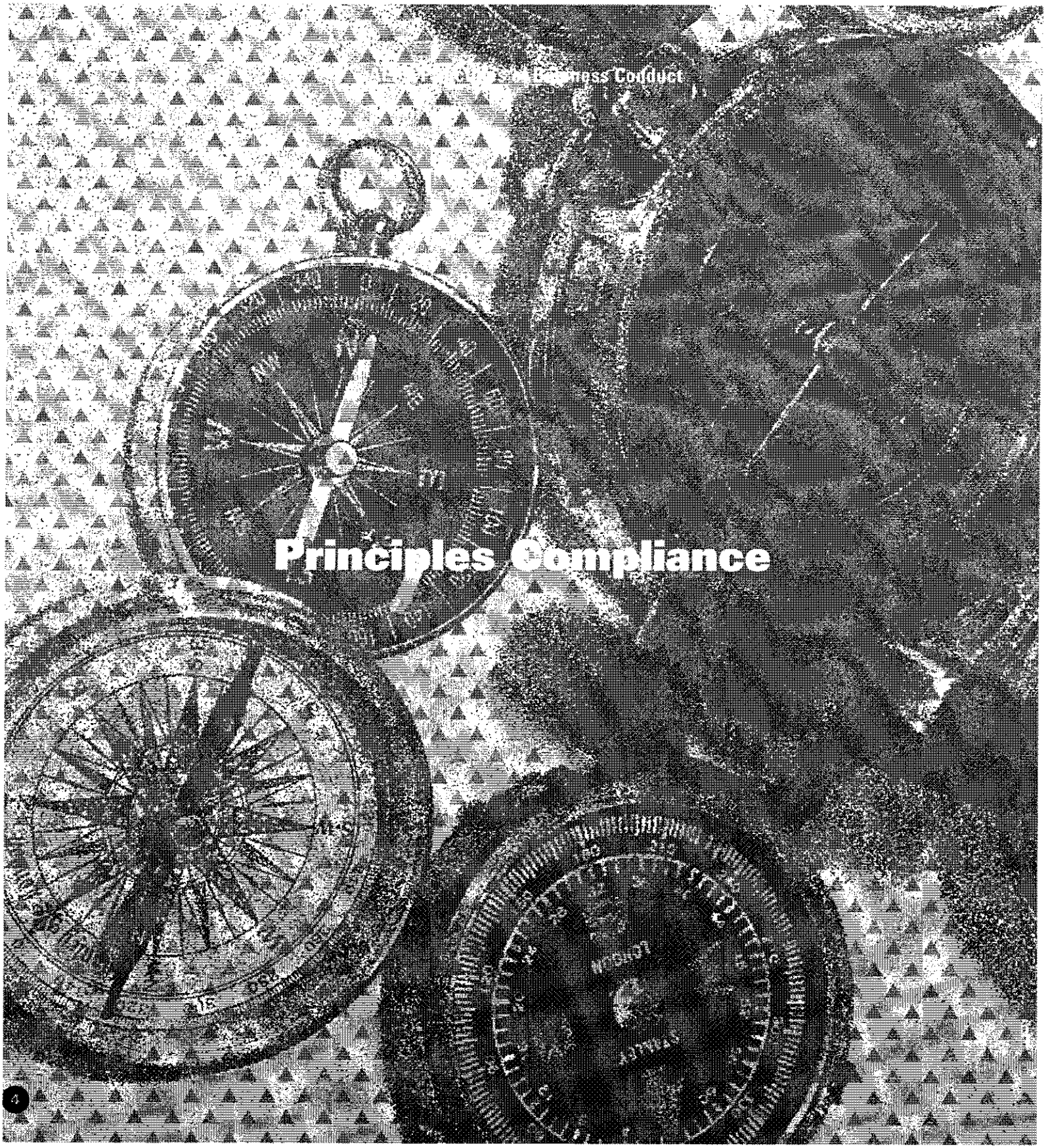
Respect

Treating others the way we want to be treated, regardless of position, and valuing each person's talents, perspectives, and experience.

Caring

Maintaining a sincere desire to make the world a better place.

Principles Compliance



The Power of Integrity

AEP employees have every right to demand that the company for which they work and their fellow employees all uphold high ethical standards. Since the tone for any organization is set at the top, employees should feel encouraged that AEP's management tone is one of uncompromising integrity.

AEP expects all employees, at all levels and at all times, to comply with their legal and ethical obligations and with these *Principles of Business Conduct.*

AEP regards violation of these *Principles of Business Conduct* policies as a serious matter. A breach can put the Company, its employees and its products or services at substantial risk. Every employee is accountable for his or her own behavior. Anyone who violates the policies described in these *Principles of Business Conduct* will be subject to disciplinary action up to and including termination.

Office of the Chief Compliance Officer

In addition to monitoring and enforcing employees' legal and ethical compliance, AEP's Office of the Chief Compliance Officer is committed to raising the level of awareness of all AEP employees about the importance of ethics and compliance in the workplace. AEP's Business Ethics & Corporate Compliance group reports to the Chief Compliance Officer and administers AEP's ethics and compliance program.

An effective ethics and compliance program promotes an organizational culture that encourages the highest ethical standards of business conduct and a commitment to compliance with the law. AEP's ethics and compliance program is an invaluable tool in mediating between the demands for superior economic performance and the need to meet these demands in an ethical and law-abiding manner.

Reporting Concerns/Help With Ethical Issues

If you become aware of any illegal conduct or behavior in violation of *AEP's Principles of Business Conduct* by anyone working for or on behalf of AEP, or if you have any business ethics questions or concerns, you are first encouraged to discuss your concern with your supervisor or others in your management.

If you are unable or unwilling to discuss your concerns with your supervisor or others in your management, or if your previous concerns have not been addressed to your satisfaction, you can call the AEP Concerns Line, toll free, 24 hours a day at 1-800-750-5001. We will make every effort to maintain the confidentiality of the information and the anonymity of anyone disclosing the information. Your name is not requested or needed to address most concerns.

Likewise, when we receive a call, we assume neither that an allegation is accurate nor that it is false. When a claim is investigated, an equal effort is devoted to honoring the rights of the person who is alleged to have committed the wrongdoing. Unless and until satisfactory evidence of wrongdoing is found, the reputation of each individual involved is protected to the maximum extent possible.

Questions seeking guidance on ethical issues not requiring anonymity can be addressed directly to AEP Business Ethics & Corporate Compliance through the Business Ethics Helpline at Audinet 8-200-OCCO (6226) or 614-716-6226.

Retaliation Against Employees

Retaliation against an employee for reporting an issue or raising a concern he or she believes to be true involving a violation of company policy, law, or regulation is strictly prohibited. Retaliation can take many forms, such as demotions, undesirable assignments, inappropriate performance ratings and termination of employment. Retaliation may also include verbal harassment, intimidation, and threats of retaliation.

Allegations of retaliation for reporting concerns are very serious. Any such allegation will be thoroughly investigated. Employees may not attempt to determine who reported an incident or placed a call to the AEP Concerns Line. Confirmed allegations of retaliation will result in appropriate disciplinary action, including termination.

Relationships With Employees, Customers, Suppliers & the Environment

The Power of Integrity

Safety is the primary cornerstone of all of our relationships. At all times, our first thought and primary consideration is safety for all of our employees, for our customers, and for the general public. No operating condition or urgency of service can ever justify endangering the life of anyone.

Relationships With Employees

Employees and their contributions to the workplace are AEP's most valuable assets. Our commitment to respect our people and give them the opportunity to be as successful as they can be means that we will:

- Respect each other as individuals and manage by motivation, not intimidation.
- Treat others the way we want to be treated, regardless of position, and value each person's talents, perspectives and experience.
- Promote trust, teamwork and work/life balance.

Relationships With Customers

A key to AEP's business success lies in our ability to please our customers by meeting their needs in ways that improve their quality of life. This includes delivering safe, efficient, and reliable services of consistently high value and promoting our products truthfully. If we please our customers, we will please our regulators, our financial results will reward shareholders, and our employees can reap significant rewards.

AEP depends on long-term, continuing relationships with satisfied customers. Cultivating a reputation of honesty and straightforward communication is fundamental to this long-range approach.

Relationships With Suppliers

AEP often depends on suppliers to accomplish our work objectives. Maintaining a healthy working relationship with suppliers is important. AEP believes that promoting a healthy business relationship with suppliers starts with a procurement process that is open, fair, and emphasizes competitive bidding in contracts.

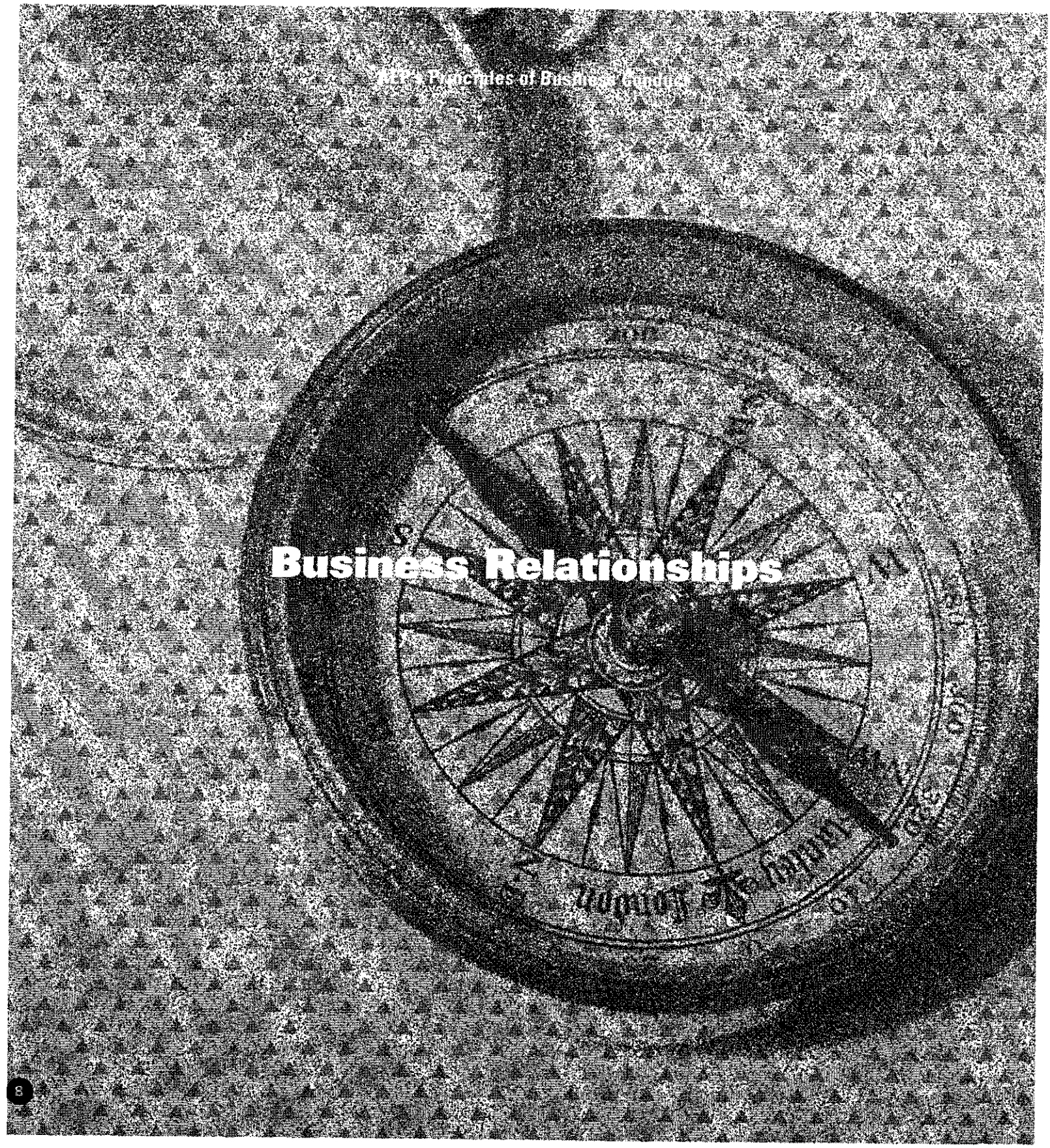
The highest standards of personal conduct and business ethics are required of each employee who is directly involved in buying goods and services, as well as other employees who are in a position to influence purchase decisions or relationships. In addition, every employee involved in the buying process must ensure that their actions are on an arms-length basis with suppliers and in accordance with the corporate procurement policy. No bribes, kickbacks, or similar unlawful or improper payments may be given to any person or entity for the purpose of obtaining or retaining business for AEP.

Relationship With The Environment

AEP is committed to environmental excellence and leadership to achieve the highest level of environmental protection and enhancement, in full compliance with all applicable laws and regulations, consistent with providing a reliable and economical supply of energy. Employee awareness and commitment to compliance with environmental requirements are key to meeting our legal obligations and protecting the environment today and for generations to come.

Striving for environmental excellence depends on the individual efforts of thousands of AEP employees, working together with a shared commitment to environmental protection and enhancement. All employees are expected to assume responsibility for environmental protection and will be held accountable for willful violations of environmental laws or regulations.

Business Relationships



Each employee and officer should deal fairly with our customers, suppliers, competitors, and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Antitrust

All employees are responsible for ensuring that our business is conducted in compliance with state and federal antitrust laws. Antitrust laws are complex. The premise, however, is simply that the economy and public will benefit most if businesses compete vigorously, free from unreasonable restraints on competition and trade. In general, the antitrust laws prohibit:

- Joint action, by means of conspiracies, agreements and other understandings between two or more competitors regarding prices, customers, territories, and other policies or conduct that unreasonably restrain competition.
- Unilateral action that is exclusionary and tends to create or maintain monopoly power in the marketplace for some particular product or service.
- Discrimination in the prices to buyers of similar goods, who are similarly situated, during the same market conditions, subject to several complex defenses and conditions.
- False or misleading advertising that either disparages a competing product or service, or conveys materially misleading information about our own product or service.
- Mergers and acquisitions that tend to reduce competition.

Violation of these laws can carry severe civil and criminal penalties for both AEP and the individual. All employees should be alert to business situations that raise antitrust issues. Employees who fail to comply with the antitrust laws may be subject to disciplinary action, which could include termination of employment. If you have any questions about the laws' applicability to your conduct – or if you are uncertain whether a situation involves antitrust issues – do not continue the conduct or conversation until you have consulted with your supervisor or contacted the AEP Legal Department.

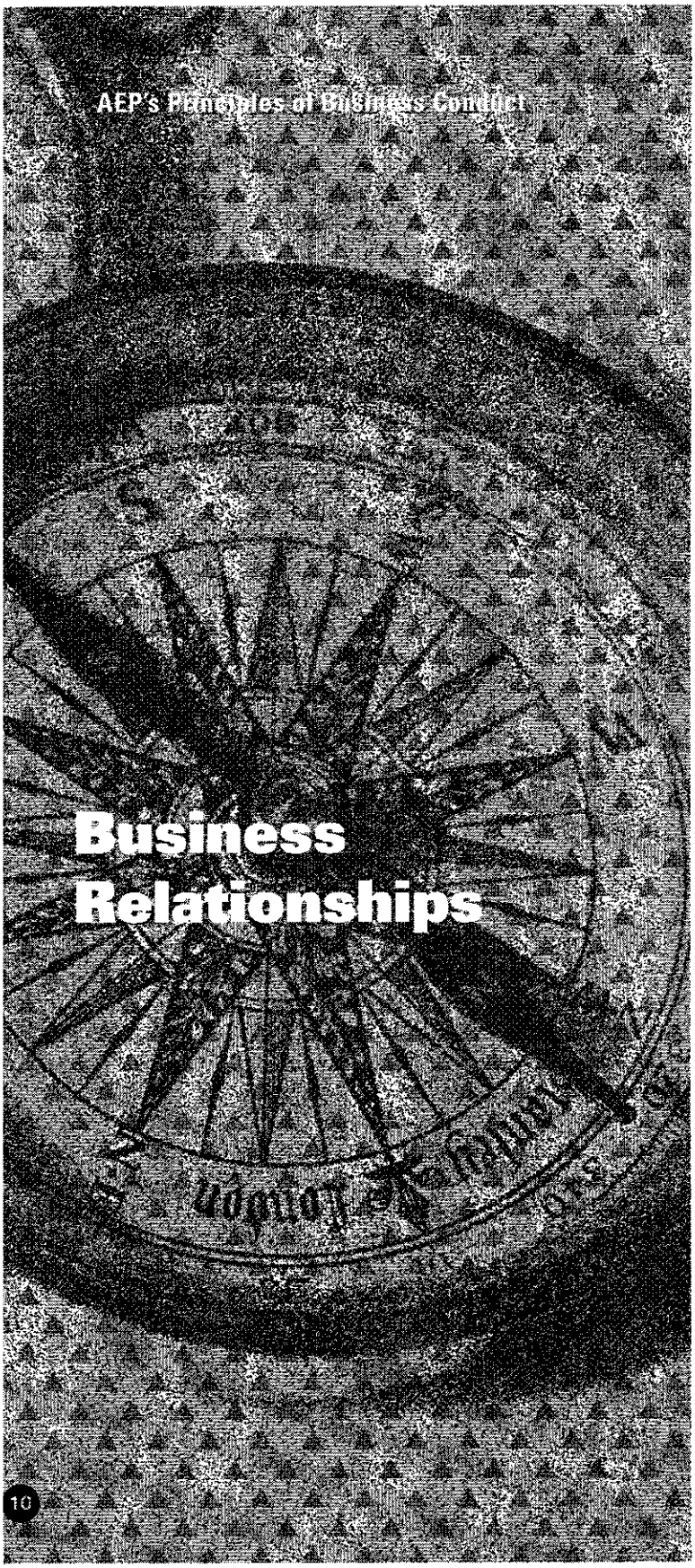
Gifts And Entertainment

All business decisions should be made objectively, solely on the basis of quality, service, price, and similar competitive factors. Employees may not accept gifts, favors, services, payments, privileges, or special treatment of any kind from a customer, supplier, or contractor, nor may employees give them to anyone in a business relationship unless to do so would be: 1) consistent with good business practices; 2) of a nature not construed to be a business inducement; 3) of a nominal value; and 4) not embarrassing to AEP if there were public disclosure.

Gifts not in compliance with the standard that are received by an employee must be returned to the donor, accompanied with an explanation about this standard. If perishable, the gift should be donated to a charitable organization and the donor notified of the action taken.

Meals and other social events, the main purpose of which is to establish and maintain necessary business relationships, are considered legitimate business practices. Employees may not accept or provide any offers of lavish business meals or entertainment that are not related directly to the conduct of business or that could be interpreted or appear as having been made with the intent to influence the business judgment of the recipient.

Employees should also refrain from accepting meals and entertainment offers from suppliers on a regular basis, where the appearance of routine acceptance might lead others to assume that business judgment could be influenced. Other forms of entertainment such as theater tickets, sports event tickets, golf dates, or other outings may be acceptable if it is practical to reciprocate. The employee must obtain supervisory approval if reciprocation is not practical but the employee feels it is in AEP's best interest to attend.



Business Relationships

AEP recognizes that under certain circumstances, providing or accepting invitations to functions that involve travel or overnight stays could be in the best interests of AEP and contribute to good working relationships with customers or suppliers. AEP will pay all expenses for the employees who participate in supplier or potential supplier-sponsored trips and activities to the extent practical. The supervisor of the attending employee must approve the attendance at these functions. Employees must also have appropriate management approval for the provision of these benefits.

Conflicts of Interests

Conflicts of interest arise when an employee's position or responsibilities present an opportunity for personal gain or when an employee's personal interests could influence the employee's professional conduct to the benefit of the employee. Employees, individually or in collusion with others, must avoid any business, financial or other relationship where personal interests actually conflict with, or would appear to conflict with, the interests of the Company or its shareholders.

For the purposes of *AEP's Principles of Business Conduct,* a "financial relationship" is defined as one that is significant enough to materially affect an individual's activities. This definition does not apply to an interest as a security holder in companies whose securities are listed on any national securities exchange or traded over the counter by members of the National Association of Securities Dealers, unless the holdings in the company exceed 1% of voting control.

Examples of potential conflicts of interest are: outside employment; investing or participating in another company in competition with AEP; investing or participating with another company that supplies goods and services to AEP; and accepting gifts, payments or loans conferred as a result of an employee's position with AEP. These activities should be undertaken only with great caution or should be avoided altogether. Prior approval is required for any employee to perform work or services for or have a financial interest

in an outside entity that does or seeks to do business with the Company (other than as a customer of the Company) or that competes with services provided by the Company.

Employees considering, or who currently have, such relationships must notify their supervisor in writing. The supervisor will forward the written notification to AEP Business Ethics & Corporate Compliance, who will make a determination if the relationship is consistent with *AEP's Principles of Business Conduct.*

Corporate Opportunities

Employees must not use AEP property, information, or position for personal gain or to compete with AEP. Employees must not take for themselves opportunities that belong to the Company. Any business venture or opportunity that employees learn about or develop in the course of their employment that is related to any current or prospective business of AEP rightfully belongs to the Company and not to employees or their representatives who may be in a position to divert the opportunity to themselves.

Insider Information

The federal securities laws prohibit the buying or selling of a company's stock based on information that is not generally known to the investing public. The use by an AEP employee of non-public information about the Company or any other company, such as a supplier with whom the Company does business, for his or her own financial benefit is not only unethical but is also a violation of the securities laws and may subject the employee to fines and imprisonment.

Insider information includes any material, non-public Company information an employee learns about through his or her employment. Examples of material information include financial results, news of a pending or proposed company transaction, regulatory actions or proceedings, development of legal proceedings, significant changes in corporate strategy, news of a significant sale of assets, changes in dividend policies, financial liquidity changes, or other events that may impact the Company's earnings. Employees must not buy or sell any of the Company's stock until after the public has received the information and the stock market has had time to react to it.

Employees must not disclose inside information to third persons, including family, friends, and acquaintances. Third persons who trade AEP stock based on insider information obtained from an employee of the Company may subject the employee to criminal and/or civil liability under the securities laws, whether or not the employee benefits from the transaction. All employees should refer to the AEP Insider Trading Policy to ensure compliance with the securities laws that govern insider trading.

Employees Engaged in Trading Activities

In addition to complying with *AEP's Principles of Business Conduct,* all AEP employees engaging in trading activities must also certify compliance with the AEP Commercial Operations Risk Policy on a periodic basis. This periodic certification also applies to employees who conduct or support energy market-related activities or employees who are directly responsible for supporting, reviewing, or authorizing AEP's energy commodity market activities, whether physical or financial. The Commercial Operations Risk Policy incorporates a separate Code of Conduct, which reflects AEP's internal principles and practices, as well as rules promulgated by the Federal Energy Regulatory Commission (FERC).

Politics & Government Relations

AEP is committed to nurturing strong and productive relationships with our public officials and regulators. Employees must conduct Company business before public officials and regulators openly and honestly, exercising the utmost integrity at all times. When in doubt on any ethical question, always choose the highest standard.

Employee Political Participation

Employees are encouraged to participate in political and civic activities. However, they must ensure they are fully able to meet the responsibilities of their job and that no conflict of interest exists between their employment and their duties in the public or civic arena. Employees seeking an elective office must be sensitive to potential conflicts of interest.

The Company recognizes that major corporate issues can be at stake in the political arena and maintains a public policy program to advocate the Company's positions on these issues. Such advocacy often involves communication with elected officials. However, the Company will exert no pressure, direct or indirect, to influence decisions of employees who serve in public positions.

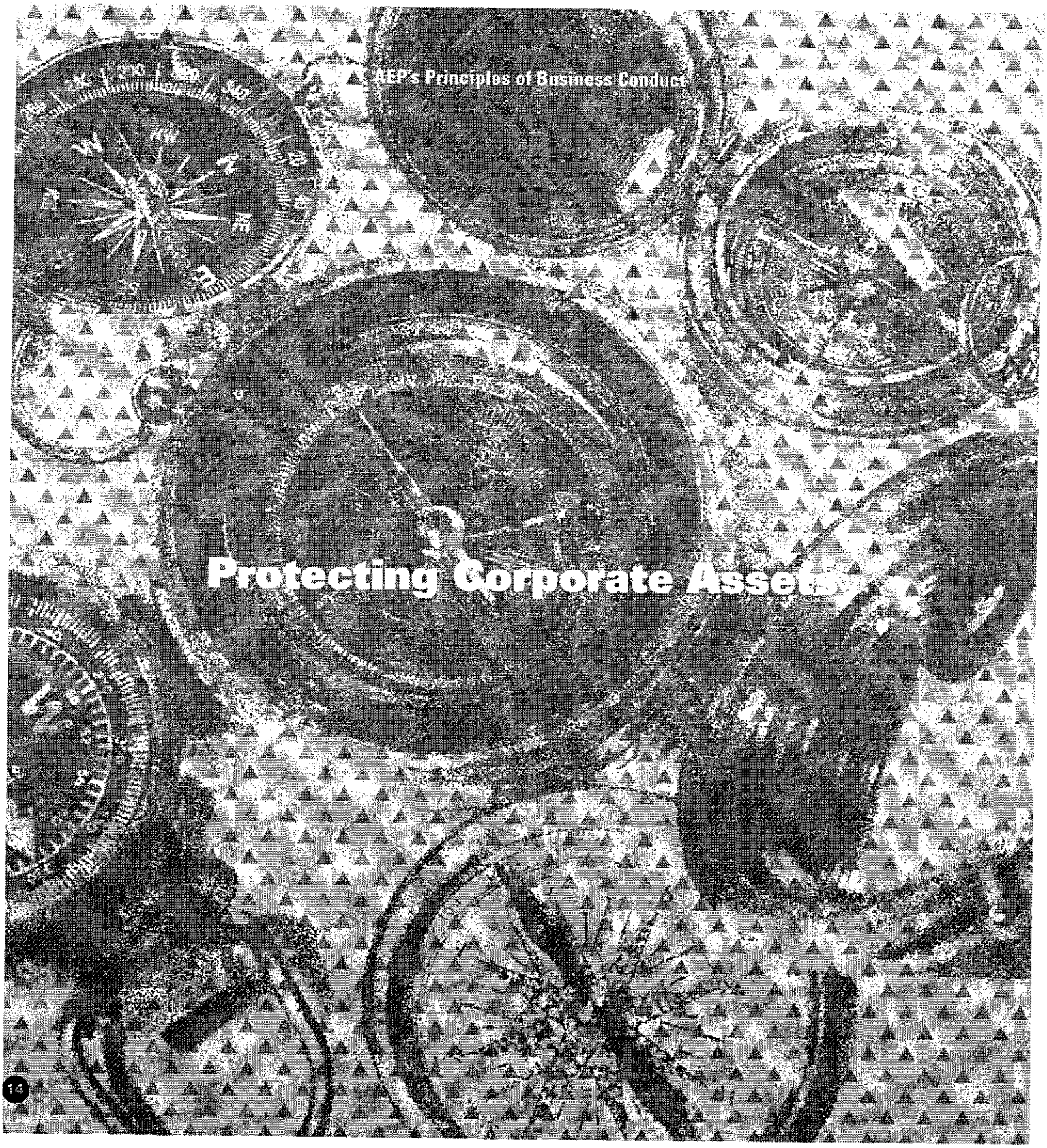
AEP expects employee officeholders confronted with potential conflicts of interest to act in the public interest, guided by their consciences. Whether or not those decisions affect the Company, employee officeholders must avoid even the appearance of conflicts of interest. Such consideration by the employee may include the need to recuse oneself from such decisions. Employees expressing their personal views on political issues or candidates must indicate clearly that such views are their own; they are not acting on behalf of the Company.

Personal Political Contributions

Employees must comply fully with federal, state, and local laws that forbid the use of corporate funds or resources for support of political parties or candidates. Every employee has the right to participate in political matters and decide to whom or to what organization to contribute any personal political contribution. Company pressure of any kind, direct or implied, is not permitted.

Government Relations

Many federal, state and local laws or policies strictly prohibit or severely limit the furnishing of meals, gratuities, entertainment or anything else of value to state and local government officials, employees, or candidates for any such office by employees on behalf of the Company. Employees responsible for contacts with state and federal agencies and other levels of government must be totally familiar with, and fully abide by, any specific standards adopted by the various agencies or other government bodies. In addition, these employees must comply fully with all lobbyist registration and reporting requirements, as prescribed by applicable law.



Protecting Corporate Assets

The Power of Integrity

Everyone working for the AEP System has a duty to safeguard the Company's assets against theft, loss, or misuse. These assets belong to the Company, provide AEP employees with their means of livelihood, and should be used only for legitimate business purposes. These assets include information, as well as money, equipment, supplies, facilities, and materials.

Every precaution should be taken to prevent passing information to unauthorized persons particularly in those areas where confidential information and technologies play a major role in business strategy. Constant vigilance in protecting AEP System trade secrets and business and technological data against improper use is essential. Similarly, an accurate accounting for uses made of the Company's assets, as well as employee time is required. Company resources must not be diverted for inappropriate or unauthorized uses.

Accurate Accounting

Many people, both inside and outside the Company, have a legitimate interest in AEP System operations. They rely on the timeliness, accuracy, and integrity of our information to make decisions concerning a wide range of important matters. These include rates, investments, permits, inventories, maintenance, certifications, purchases, contracts, taxes, and insurance rates.

Therefore, every individual involved in creating, transmitting or entering information into financial and operational records is responsible for doing so fully, accurately, and with appropriate supporting documentation. Full compliance with established accounting procedures and controls is expected and required. The Company's records, books, and documents must accurately reflect all transactions and provide a full account of the organization's assets, liabilities, revenues, and expenses in order to accomplish the above and to comply with related laws and generally accepted accounting principles. Knowingly entering inaccurate or fraudulent information into AEP's accounting system is unacceptable, may be illegal, and is grounds for discipline including termination of employment. Every employee must cooperate with the Company's authorized internal and external auditors.

All employees share the responsibility for the detection and prevention of fraud and similar inappropriate conduct. Employees must immediately report actual or suspected instances of fraud to an appropriate member of management, or to a Vice President or Director within Audit Services, Business Ethics & Corporate Compliance, or Human Resources. Suspected fraud can also be reported confidentially and anonymously through the AEP Concerns Line at 1-800-750-5001.

Intercompany Relations

Subsidiaries of American Electric Power Company, Inc. are governed by laws and regulatory rules that regulate transactions between them. These laws and rules are intended to prevent cross-subsidies and to avoid the misstatement of expenses and earnings. The AEPSC Accounting Department or the AEP Legal Department should be consulted for assistance in these areas.

SEC Reporting and Public Communications

All AEP employees participating in the preparation of reports or documents filed with or submitted to the SEC or engaging in public communications made on behalf of the Company shall endeavor to ensure full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with or submits to the SEC and in other communications made on behalf of the Company.

Internal Control Requirements

Management is responsible for developing, implementing, and monitoring an effective system of business controls for the purpose of providing all stakeholders reasonable assurance that laws are being obeyed, financial reporting is accurate and operations are managed efficiently and effectively. All employees are responsible for complying with the policies and procedures that incorporate these controls.

Security of Property and Confidential Information

All employees with access to Company funds, property, or information have a responsibility to manage them with the highest level of integrity and to avoid any misuse of these assets. Fraud, theft, embezzlement, or other improper means of obtaining corporate funds are not only unethical but also illegal.

Preventing the theft, misuse, or misappropriation of Company property by others should concern every employee. These losses can often be limited through normal precautions such as securing equipment, supplies, and materials and by handling Company assets in a careful and prudent manner.

All employees must protect the Company's and third parties' confidential information and prevent the information from being improperly disclosed to others inside or outside the Company. Confidential information includes all non-public information about the Company's customers and suppliers, the Company's business plans, and the Company's operational information. It may also include information that suppliers and customers provide to us.

Records Retention

Records must be retained in accordance with AEP's Records Retention Manual. However, records that are subject to a litigation hold, including requests from a government agency, private individual, or corporation as part of a legal proceeding, or records that are relevant to pending or anticipated litigation, must be preserved. This document preservation obligation supersedes any document retention period specified by any record retention policy.

The AEP Legal Department will advise employees of the need to preserve all documents, in all media formats. Employees with questions regarding the disposition of a particular document should contact the AEP Legal Department before disposing of the document.

Intellectual Property

AEP has made major investments in intellectual property, such as technological developments and designs, computer software, and strategic plans. Protecting these properties against misappropriation is a priority for the Company.

No one working for the AEP System may disclose to unauthorized individuals – whether inside or outside of the Company – any information which would tend to compromise proprietary technologies or trade secrets. In addition, reasonable precautions must be taken to prevent the inadvertent disclosure of this information. Employees are encouraged to communicate regarding *these matters only with those who have a need to know and are authorized* to have the information.

The handling of property rights in inventions, knowledge and employee work products is significant to the AEP System. Experience has shown that new developments or inventions by employees generally occur in the course of their work assignment, on company time, using company facilities.

AEP's ownership rights for inventions, knowledge, and employee work product ("Intellectual Property") must be established and protected under applicable laws and utilized for the benefit of the Company. The Company owns all Intellectual Property made, developed or conceived by an employee during the employee's term of employment through the use of company resources, time or facilities, or which in any way relate to the employee's employment or the electric utility field. Employees who discover new Intellectual Property have an obligation to report those discoveries to their supervisor.

Just as we expect our intellectual property rights to be observed, we will *respect the intellectual property rights of others. Employees may not intercept,* duplicate, or appropriate through electronic or other means, materials such as computer software, audio or video recordings, publications, or other protected intellectual property except by permission of the intellectual property right holder. Additionally, any offer of confidential information from outside sources must be refused until the AEP Legal Department has been consulted and permission from Legal has been obtained.

Real World Applications

Principles of Business Conduct

Relationships with Employees

Q&A

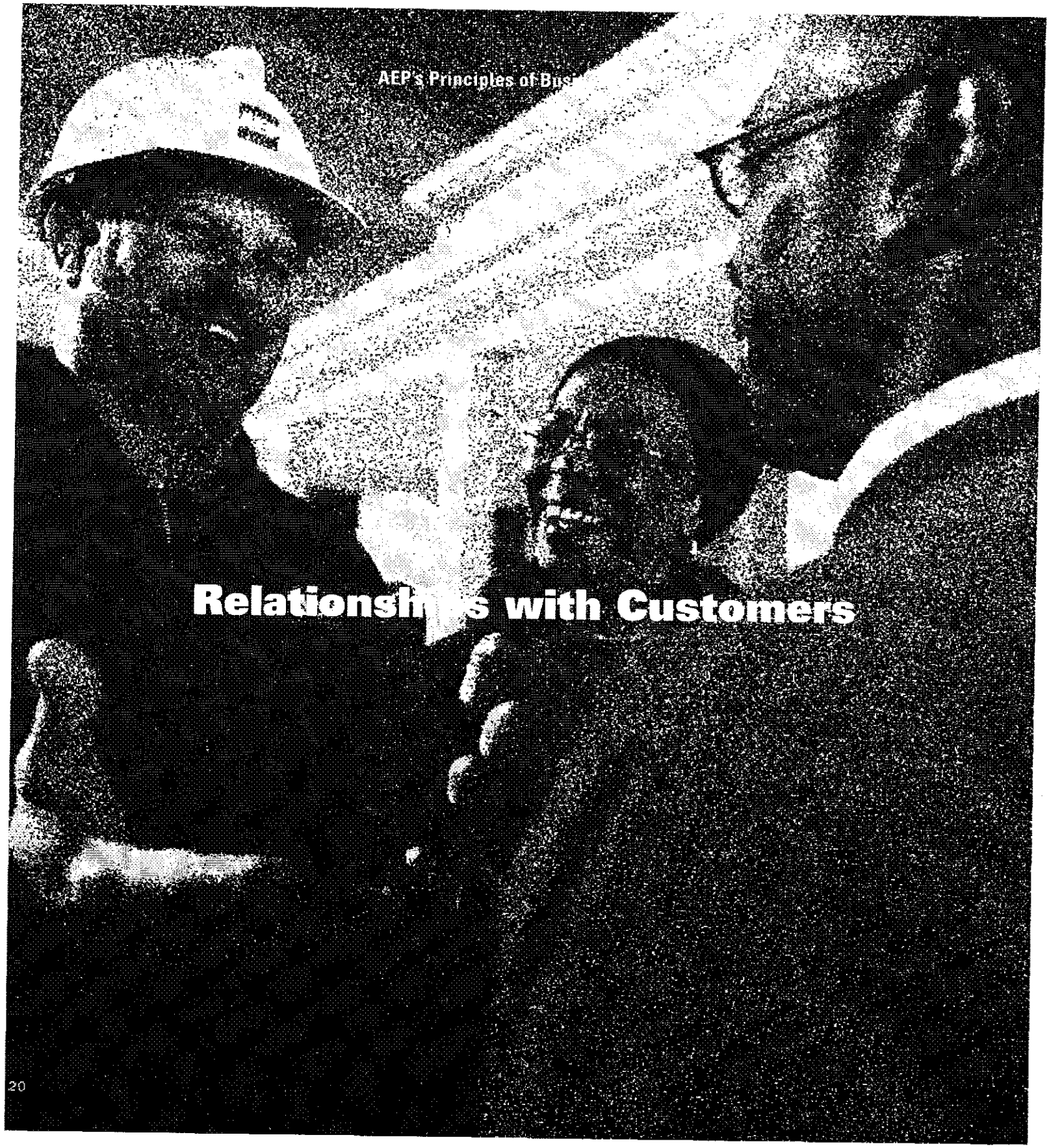
Exhibiting integrity in our relationships with our fellow employees is vitally important to AEP as a corporation and to you as an individual. At all times, our first thought and primary consideration is safety for all employees, for customers, and for the general public. As we rely on one another for the information and services needed in our daily activities, treating each other with respect and fairness creates a work culture that encourages open communication and teamwork.

Our Values:

Safety – No operating condition or urgency of service can ever justify endangering the life of anyone. At all times, our first thought and primary consideration is safety for all employees, for customers and for the general public.

Q Our group is under a lot of pressure to get projects completed and sometimes my supervisor takes shortcuts that bypass normal safety procedures. I don't want to cause problems, but I don't want to get in trouble if something goes wrong because of those shortcuts. What should I do?

A Following company procedures is important, but it is never more critical than in the area of safety. No operating condition or urgency of service can ever justify endangering the life of anyone. Your supervisor's conduct could result in grave harm to you, your co-workers, the company, and the public. Safety procedures should never be sacrificed to save time or money or for any other reason. You should first discuss these issues with your supervisor. If that presents a problem or you're not satisfied with his or her explanation, pursue your concern through higher levels of supervision or call the AEP Concerns Line at 1-800-750-5001. Your call will be treated in a confidential manner.



Relationships with Customers

Integrity in our relationships with our customers means providing high-quality, courteous service. AEP's aim is to please the customer by meeting their needs in ways that improve their quality of life. That means giving one kind of service to everyone . . . the best possible.

Our Values:

Justice & Fairness – Doing the right thing at the right time, every time.

Q&A

Q I recently arranged to have a project completed ahead of schedule for one of our major customers. To show their appreciation, the customer has invited me to attend an upcoming PGA tour event. Additionally, they have offered to cover my airfare, lodging, and entrance fee to the golf tournament. I would hate to disappoint this customer. They have a big account with AEP and we have a good working relationship.

A AEP recognizes that under certain circumstances, accepting invitations to functions that involve travel or overnight stays could be in the best interest of AEP and contribute to good working relationships with customers. However, you should carefully consider how your acceptance of this event could be perceived or interpreted by other customers and the general public. Generally, you may be able to accept this form of entertainment if it is practical to reciprocate. You must obtain supervisory approval to attend if reciprocation is not practical. If your supervisor agrees that it is in AEP's best interest that you attend, AEP will pay all expenses for the employee to the extent practical.

Partnerships with Suppliers

Maintaining integrity in our relationships with suppliers has a positive and long lasting impact on our reputation in the industry. The news of unfair dealings with a supplier can spread quickly to other suppliers and potential customers. As a result, our company's image and reputation could be damaged and difficult to repair.

Bias and favoritism have no place in our procurement decisions. Instead, suppliers should expect to receive nothing less than fairness and honesty in their dealings with AEP. Each of us who are involved in procurement decisions must be ever conscious of the perception created by our interaction with, and treatment of, our suppliers.

Our Values:

Trustworthiness – Cultivating a reputation of honesty and straightforward communication.

Q&A

Q I am currently renovating my house. One of AEP's suppliers that I have dealings with informed me that I could purchase lumber and other materials using his account number and receive his company's discount. I will be paying all the expenses including delivery. May I accept this offer?

A Employees must never place themselves under actual or apparent obligations by accepting gifts or other favors from suppliers. No matter how innocent the intent, it could create the perception that the favors were done to influence the employee in the performance of Company duties. Gifts include not only material goods but also services, discounts, and personal purchases of goods and services that are not available to the general public. You may not buy the materials using the supplier's discount.

Relationship with the Environment

Q&A

Integrity in our relationship with our environment means working together with a shared commitment to environmental protection and enhancement. AEP is committed to being an environmental leader in our industry and the communities we serve by protecting the environment today and for generations to come.

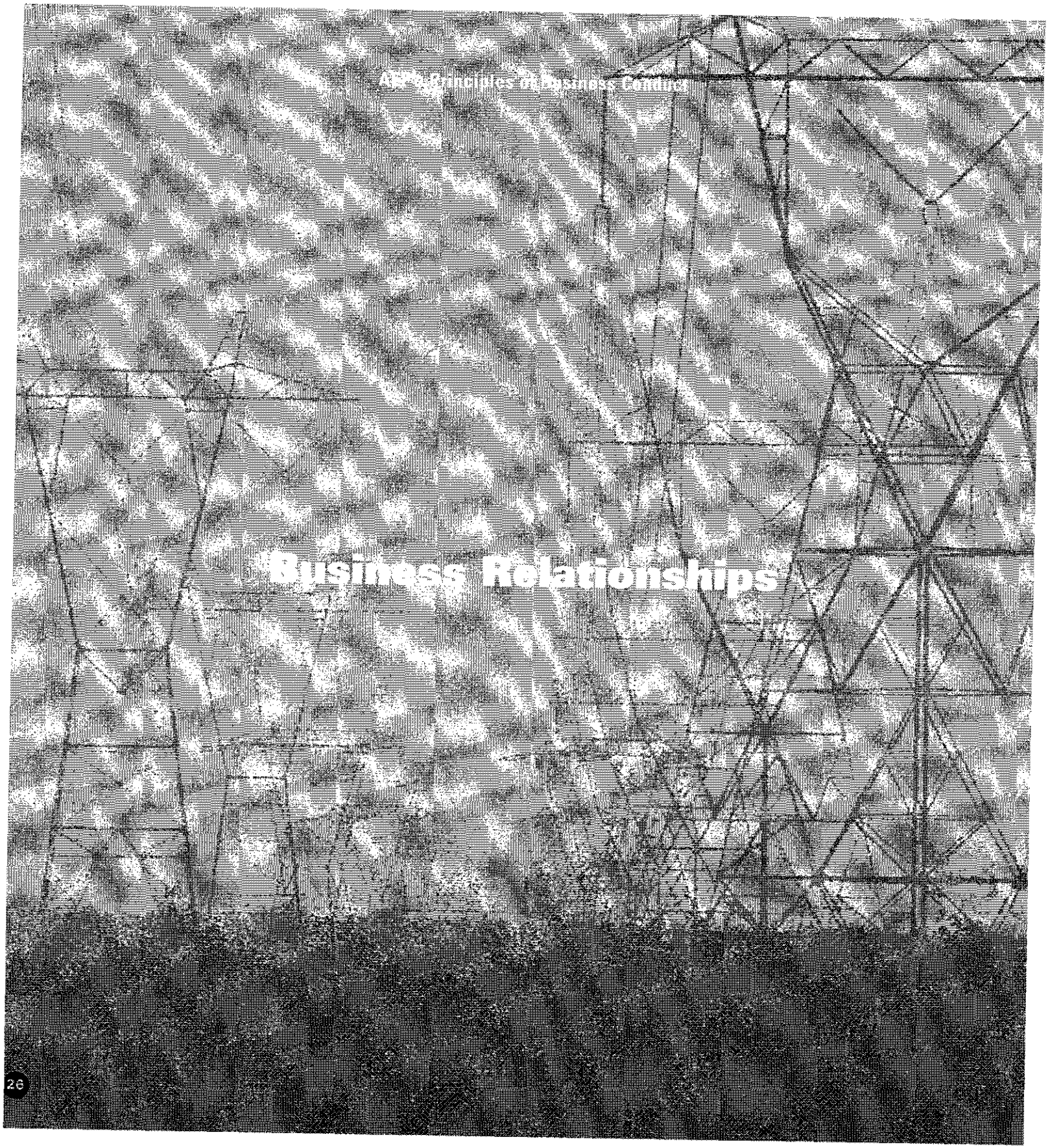
Our Values:

Caring – Maintaining a sincere desire to make the world a better place.

Q I'm not exactly certain, but I think I saw someone pouring chemical waste into the drainage system at our plant. What should I do?

A Chemical waste that is improperly disposed of could pose some significant problems. Even if you are unsure, the best thing to do is to report the incident to your supervisor so that it can be investigated. If this is not practical, try others in management at your location. If you do not feel comfortable speaking with your management, call the AEP Concerns Line at 1-800-750-5001. Your call will be treated in a confidential manner.

Business Relationships



Utilizing our power of integrity in our business relationships means providing our leadership, integrity, and compassion as a corporate citizen of every community we serve. It means playing by the rules and dealing fairly with our customers, suppliers, competitors, and employees.

Our Values:

Respect - Treating others the way we want to be treated, regardless of position, and valuing each person's talents, perspective, and experience.

Q&A

Q My brother works as a controller for an engineering firm that is bidding on a project for AEP. My department does not award the contracts but does help facilitate the payment for the services rendered. Is there a potential conflict of interest if his firm is awarded the contract?

A The situation does present a potential conflict of interest to you as an AEP employee. In this situation, you should remove yourself from the entire process including the payment of invoices. You should notify your supervisor in writing of the situation who will then forward the written notification to AEP Business Ethics & Corporate Compliance. A review will be made to determine if the relationship is consistent with *AEP's Principles of Business Conduct*.

Politics & Government Relations

Q&A

Acting with integrity in all our dealings in the political arena helps to ensure that the public's perception of AEP is an admirable one. AEP is committed to nurturing strong and productive relationships with our public officials and regulators.

Our Values:

Citizenship – Developing a sense of community among all those you encounter.

Q I was recently elected to a political office in my hometown. My manager was aware that I was a candidate and we've come up with a workable agreement to ensure that there is minimal impact on my work responsibilities at AEP. The position I've been elected to may result in me voting on decisions that involve AEP. Am I allowed to be involved in these discussions? Am I still allowed to vote?

A AEP fully supports employees who wish to engage in civic activities or hold public office, as long as it does not interfere with job performance. Additionally, employees must remember to abstain from discussing and/or voting on any issue involving AEP.

Protecting Our Company

When it comes to protecting AEP, integrity means being alert to the possibility of fraud or theft and reporting suspicious behavior. All employees must do their part to help ensure that AEP property and other assets under their control are adequately secure.

Our Values:

Responsibility – Accepting accountability for your actions and living up to the highest ethical expectations.

Q&A

Q Because of our job responsibilities, some employees in our department were recently made aware of some new acquisitions. I recently overheard one of my co-workers sharing this information by phone with what sounded like an outside party. I don't want to approach my co-worker about this. What are my options?

A On the surface, it appears your co-worker may have inappropriately shared confidential information that is a violation of policy and may violate certain laws and regulations. Depending on the significance of the acquisitions, there could be an additional concern of sharing insider information if someone were to trade AEP stock based on the information received. One option would be to report this to your supervisor. If you are not comfortable talking to your supervisor, try taking the issue to others in management. If this is not practical or you do not feel your concerns are being adequately addressed, please call the AEP Concerns Line at 1-800-750-5001. Your call will be treated in a confidential manner.

AEP's Business Ethics Goals

- Affirm high standards of business ethics and the company's commitment to honor them.
- Continually communicate high standards of business ethics throughout the company so that the message is clearly and consistently understood.
- Acknowledge and address obstacles inhibiting our goal of honoring high standards of business ethics.
- Assure that every employee can identify the ethical issues in his or her work.
- Realize organizational integrity – walk our business ethics talk.

Compliance with *AEP's Principles of Business Conduct*

Put simply, our reputation is earned by our conduct. Unfortunately, the actions of one individual can damage the reputation of all. Since perception is often reality for our customers and other stakeholders, we must take care to guard our reputation by acting with integrity in everything we do. We can also guard our reputation by voicing our concerns through available channels when someone compromises existing policies or laws.

Integrity in complying with *AEP's Principles of Business Conduct* means:

Reading and becoming familiar with *AEP's Principles of Business Conduct*.

Q&A

Q If I call the AEP Concerns Line, how can I be sure there will be no retaliation for doing so?

A AEP will not tolerate any form of retaliation against an employee for reporting a concern and will discipline any supervisor or manager who retaliates against an employee for reporting misconduct. Even attempting to determine who may have placed a call is forbidden. Callers to the AEP Concerns Line have senior management's assurance that all steps possible will be taken to prevent any such retaliation. You should contact AEP Business Ethics & Corporate Compliance directly or via the AEP Concerns Line at 1-800-750-5001 if you believe you or someone you know has experienced retaliation for reporting misconduct and the matter will be thoroughly investigated.

Q&A

Q How are you going to stop people from using the AEP Concerns Line as a weapon to scare or punish their supervisor or others they dislike?

A We cannot guarantee that an employee won't try to use the AEP Concerns Line as a weapon. However, AEP Business Ethics & Corporate Compliance looks at all sides of the issues it investigates. When a call is received, nothing is assumed. We refrain from advocating one side's position and make no judgments as to the validity of an accusation until an adequate amount of research points us toward a supportable conclusion. Managers and supervisors are expected to do the same.

AEP's Principles of Business Conduct

This philosophy of service was first stated in 1934 by former AEP President George Tidd. It has been slightly modified from the original version.

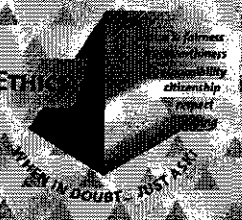
Our job is producing energy and getting it wherever our customers use it – with efficiency and with respect for the environment. We're in this business because it is concerned with the supply of a fundamental requirement of modern living, because it's an honorable one, because we like it, and because we want to earn a living at it.

We aim to give one kind of service to everyone ... the best that's possible. That means supplying our customers with what they want when they want it. It means being courteous and easy to do business with at all times. It means doing everything we can to keep complaints from arising, and it means prompt and fair handling of those that do.

We are citizens of each community we serve and take an active part in its affairs. Like any other citizen, we want our neighbors to think well of us. Besides, it makes good business sense. We prosper only as the community prospers; so we help it thrive in every way we can.

Such is our job as we see it. We are trying to do it well and do it better all the time.

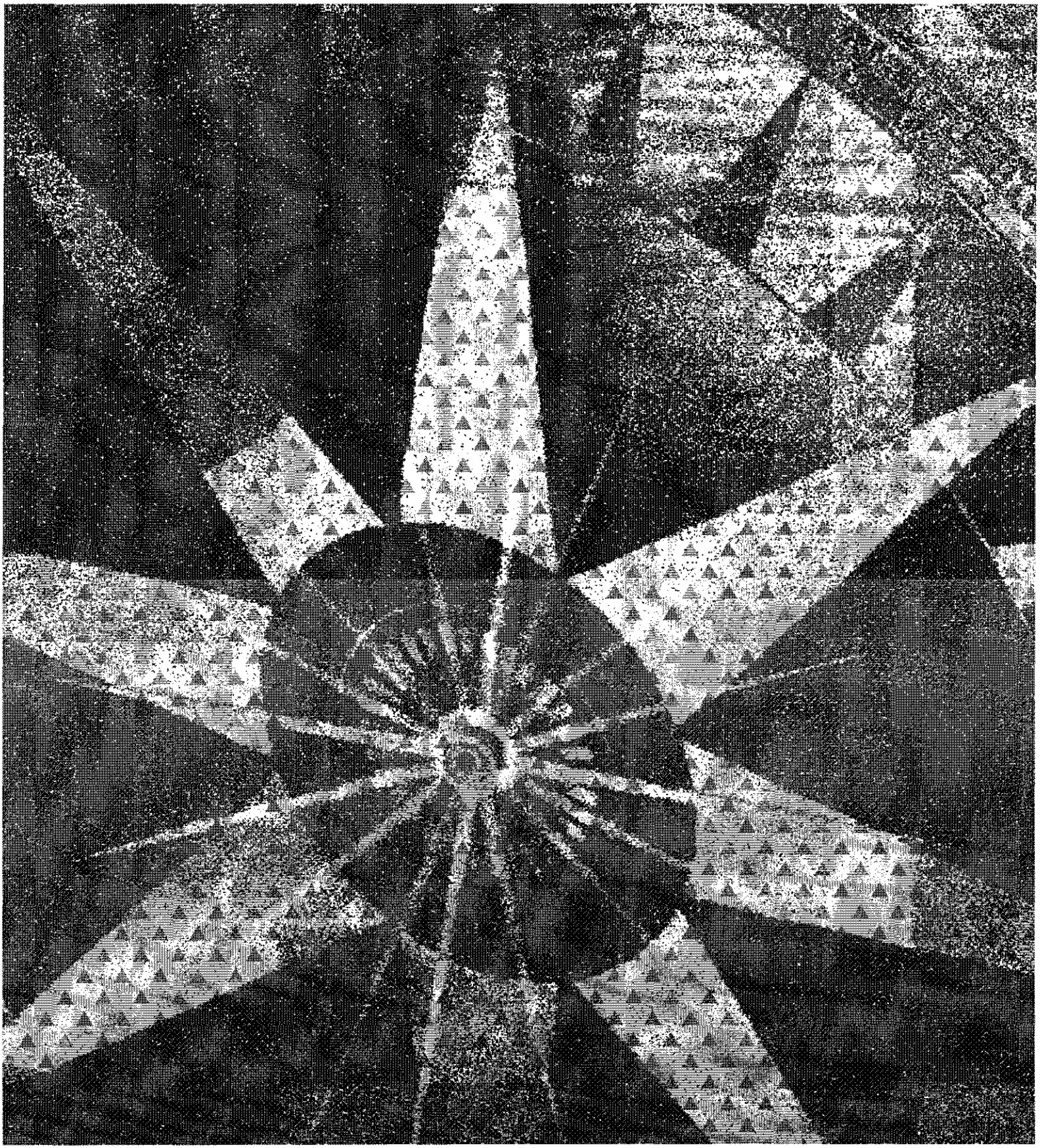
—AEP President George Tidd, 1934

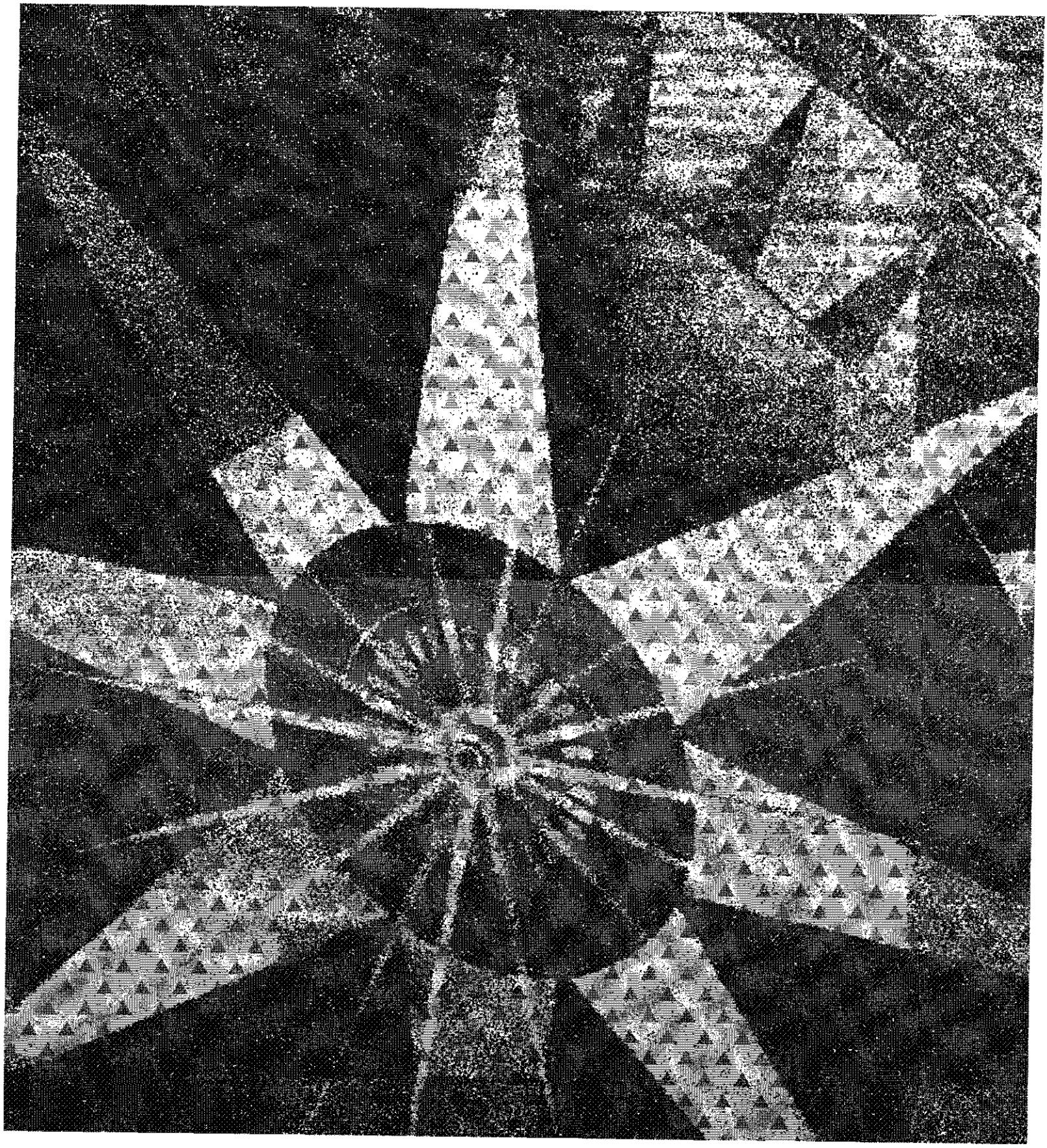


AEP Business Ethics & Corporate Compliance

1 Riverside Plaza

Columbus, OH 43215





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SUMMARY OF
THE COMMISSION'S OPINION AND ORDER OF SEPTEMBER 28, 2000
IN THE COLUMBUS SOUTHERN POWER COMPANY AND OHIO POWER COMPANY
ELECTRIC TRANSITION PLAN CASES
CASE NOS. 99-1729-EL-ETP AND 99-1730-EL-ETP

On June 22, 1999, the Ohio General Assembly passed legislation requiring the restructuring of the electric utility industry and providing for retail competition with regard to the generation component of electric service (Amended Substitute Senate Bill No. 3 of the 123rd General Assembly). Governor Bob Taft signed this legislation (SB 3) on July 6, 1999, and most provisions of SB 3 became effective on October 5, 1999. Section 4928.31, Revised Code, requires each electric utility to file with the Commission a transition plan for the company's provision of retail electric service in the state of Ohio.

On December 30, 1999, Columbus Southern Power Company and Ohio Power Company (hereinafter jointly referred to as "AEP") filed transition plans, as well as requests for receipt of transition revenues. On May 8, 2000, a stipulation and recommendation on AEP's transition plans, was filed on behalf of the following 23 parties:

AEP,
Appalachian People's Action Coalition,
Association for Hospitals and Health Systems, also d/b/a the Ohio Hospital Association,
Buckeye Power, Inc.,
Columbia Energy Services Corporation,
Columbia Energy Power Marketing Corporation,
Enron Energy Services, Inc.,
Industrial Energy Users-Ohio,
The Kroger Company,
Mid-Atlantic Power Supply Association,
National Energy Marketers Association,
NewEnergy Midwest, LLC,
Ohio Consumers' Counsel,
Ohio Council of Retail Merchants,
Ohio Department of Development,
Ohio Manufacturers' Association,
Ohio Partners for Affordable Energy,
Ohio Rural Electric Cooperatives, Inc.,
Peco Energy Company, d/b/a Exelon Energy,
Public Utilities Commission staff,
Strategic Energy L.L.P.,
WPS Energy Services, Inc., and
WSOS Community Action Commission, Inc.

Dynegy, Inc. and Ohio Environmental Council have stated that they do not oppose the May 8, 2000 stipulation. The evidentiary hearings were held on May 9, 31, and June 7, 8, and 12, 2000. Local public hearings were held on June 5, 2000, in East Liverpool, Ohio and on June 22,2000, in Columbus, Ohio. On June 19, 2000, AEP and Ameritech New Media, Inc. filed a stipulation to resolve their differences.

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In the opinion and order, the Commission is approving the agreements submitted by the various parties listed above with certain modifications regarding the load shaping service, the operational support plan, and the employee assistance plan. The Commission defers a ruling upon the independent transmission plan, as allowed by Section 4928.34(A)(13), Revised Code. The Commission found that the terms of the agreements, considered in their totality, advance the public interest and provides substantial benefits to all customer classes. The stipulations provide for extended rate freezes, flexibility for larger contract customers not otherwise available, and defined transition periods for AEP. The stipulations, among other things:

(1) Provide a five-percent reduction of AEP's generation component for residential rate schedules;
(2) Create shopping credits that facilitate the development of the retail marketplace;
(3) Commit AEP to absorb certain costs associated with transitioning to a competitive marketplace;
(4) Commit AEP to provide certain types of assistance to transmission users for a period of time;
(5) Commit AEP to provide funds (up to $10 million) for reimbursement of certain transmission costs of suppliers and customers;
(6) Commit AEP to develop and propose resolutions of reciprocity and interface/seams issues;
(7) Provide a credit to suppliers for consolidated billing; and
(8) Provide relief from certain charges for certain customers that switch suppliers between 2006 and 2007.

The Commission also determined that AEP's transition plan filings, as amended by the settlement agreements and subject to the conclusions in the decision, are in compliance with the statutory requirements contained in SB 3. By approving the stipulations as set forth in this decision, the Commission also authorizes certain accounting treatments for AEP to create the necessary regulatory assets, defer costs, and recover those costs through a regulatory transition charge.

This summary was prepared to provide a brief statement of the Commission's action in these cases. It is not part of the Commission's decision and does not supersede the full text of the Commission's opinion and order.

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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Applications of Columbus Southern Power Company and Ohio Power Company for Approval of Their Electric Transition Plans and for Receipt of Transition Revenues.	)))))	Case Nos. 99-1729-EL-ETP 99-1730-EL-ETP

OPINION AND ORDER

The Commission, coming now to consider the stipulations, testimony, and other evidence presented in these proceedings, hereby issues its Opinion and Order.

APPEARANCES:

Marvin I. Resnick, Edward J. Brady, and Kevin F. Duffy, American Electric Power Service Corporation, One Riverside Plaza, Columbus, Ohio 43215, and Porter, Wright, Morris & Arthur, LLP, by Daniel R. Conway and Mary Kay Fenlon, 41 South High Street, Columbus, Ohio 43215-6194, on behalf of Columbus Southern Power Company and Ohio Power Company.

Betty D. Montgomery, Attorney General of the State of Ohio, by Duane W. Luckey, Section Chief, and Thomas W. McNamee and Stephen A. Reilly, Assistant Attorneys General, Public Utilities Section, 180 East Broad Street, 9th Floor, Columbus, Ohio 43215-3793, on behalf of the staff of the Public Utilities Commission of Ohio.

Betty D. Montgomery, Attorney General of the State of Ohio, by Jodi M. Elsass-Locker, Assistant Attorney General, 77 South High Street, 29th Floor, Columbus, Ohio 43215, and Maureen R. Grady, 369 South Roosevelt Avenue, Columbus, Ohio 43209, on behalf of the Ohio Department of Development.

Robert S. Tongren, Ohio Consumers' Counsel, and Colleen L. Mooney, Terry L. Etter, Ann M. Hotz, and Dirken D. Winkler, Assistant Consumers' Counsel, 10 West Broad Street, Suite 1800, Columbus, Ohio 43215-3485, on behalf of the residential customers of Columbus Southern Power Company and Ohio Power Company.

McNees, Wallace & Nurick, by Samuel C. Randazzo, Gretchen J. Hummel, and Kimberly J. Wile, Fifth Third Center, 21 East State Street, Suite 1700, Columbus, Ohio 43215-4228, on behalf of Industrial Energy Users-Ohio.

Boehm, Kurtz & Lowry, by Michael L. Kurtz, 2110 CBLD Center, 36 East Seventh Street, Cincinnati, Ohio 45202, on behalf of The Kroger Company.

Chester, Willcox & Saxbe LLP, by John W. Bentine and Jeffrey L. Small, 17 South High Street, Suite 900, Columbus, Ohio 43215, and William T. Zigli and Ivan L. Henderson, 601 Lakeside Avenue, Room 106, Cleveland, Ohio 44114, and Climaco, Lefkowitz, Peca, Wilcox & Garfoli Co. LPA, by Anthony J. Garfoli, Joe Hegedus, and Scott Simpkins, on behalf of the city of Cleveland.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Columbus Southern Power Company	(1) X An Original (2) A Resubmission	/ /	Dec 31, 2001

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Significant Accounting Policies:

Business Operations - Columbus Southern Power Company (CSPCo) is a public utility engaged in the generation, purchase, sale, transmission and distribution of electric power to 678,000 retail customers in central and southern Ohio. CSPCo is a wholly-owned subsidiary of American Electric Power Company, Inc. (AEP Co., Inc.), a public utility holding company. CSPCo as a member of the AEP Power Pool shares in the revenues and costs of the AEP Power Pool's wholesale sales to neighboring utility systems and power marketers. CSPCo also sells wholesale power to municipalities.

Rate Regulation - As a subsidiary of AEP Co., Inc., CSPCo is subject to the regulation of the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (PUHCA). Retail rates are regulated by the Public Utilities Commission of Ohio (PUCO). The Federal Energy Regulatory Commission (FERC) regulates the Company's wholesale and transmission rates.

Basis of Accounting - The accounting of the Company is subject in certain respects to both the requirements of the PUCO and the FERC. The financial statements of the Company have been prepared in accordance with the accounting requirements of the Uniform System of Accounts prescribed by the FERC. The principal differences from generally accepted accounting principles include accounting for subsidiaries on the equity basis, the exclusion of current maturities of long-term debt from current liabilities, the exclusion of comparative statements of retained earnings and cash flows, the requirement to report deferred tax assets and liabilities separately rather than as a single amount and recording expenses for factored customer accounts receivable and accrued utility revenues as miscellaneous income deductions instead of as operating expenses.

As a cost-based rate-regulated entity, CSPCo's financial statements reflect the actions of regulators that result in the recognition of revenues and expenses in different time periods than enterprises that are not rate regulated. In accordance with Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," regulatory assets (deferred expenses) and regulatory liabilities (deferred revenues) are recorded to reflect the economic effects of regulation by matching expenses with their recovery through regulated revenues. Application of SFAS 71 for the generation portion of the business was discontinued in Ohio and FERC. See Note 3 "Customer Choice and Industry Restructuring" for additional information.

Use of Estimates - The preparation of these financial statements requires in certain instances the use of estimates and assumptions that affect the reported amounts of assets and liabilities along with the disclosure of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property, Plant and Equipment - Electric utility plant is stated at original cost of the acquirer and is generally subject to first mortgage liens. Additions, major replacements and betterments are added to the plant accounts. Retirements

Comprehensive Income - Comprehensive income is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income has two components, net income and other comprehensive income. There were no material differences between net income and comprehensive income.

Segment Reporting - CSPCo has adopted SFAS No. 131, which requires disclosure of selected financial information by business segment as viewed by the chief operating decision-maker. See Note 6 "Business Segments" for further discussion and details regarding segments.

EPS -CSPCo is a wholly-owned subsidiary of AEP and is not required to report EPS.

2. Extraordinary Items and Cumulative Effect:

Extraordinary Items - Extraordinary items were recorded for the discontinuance of regulatory accounting under SFAS 71 for the generation portion of the business in the Ohio state jurisdiction. See Note 3 "Customer Choice and Industry Restructuring" for descriptions of the restructuring plans and related accounting effects. CSPCo recognized an extraordinary loss for stranded Ohio Public Utility Excise Tax (commonly known as the Gross Receipts Tax - GRT) net of allowable Ohio coal credits during the quarter ended June 30, 2001. This loss resulted from regulatory decisions in connection with Ohio deregulation which stranded the recovery of the GRT. Effective with the liability affixing on May 1, 2001, CSPCo recorded an extraordinary loss under SFAS 101. The Company has appealed to the Ohio Supreme Court the PUCO order on Ohio restructuring that the Company believes failed to provide for recovery for the final year of the GRT. The Ohio Supreme Court decision is expected in 2002.

The following table shows the components of the extraordinary items reported on the statement of income:

	Year Ended December 31,	
	2001	2000
	(in millions)	
Extraordinary Items:		
Discontinuance of Regulatory Accounting for Generation:		
Ohio Jurisdiction	$(30)	$(25)

3. Customer Choice and Industry Restructuring:

Prior to 2001 customer choice/industry restructuring legislation was passed in Ohio allowing retail customers to select alternative generation suppliers. Customer choice began on January 1, 2001 in Ohio. During 2001 alternative suppliers registered and were approved by the PUCO as required by the Ohio Act. At January 1, 2002, virtually all customers continue to receive supply service from CSPCo with a legislatively required residential generation rate reduction of

5%. All customers continue to be served by CSPCo for transmission and distribution services.

The Ohio Act provides for a five-year transition period to move from cost based rates to market pricing for electric generation supply services. It granted the PUCO broad oversight responsibility for promulgation of rules for competitive retail electric generation service, approval of a transition plan for each electric utility company and addressed certain major transition issues including unbundling of rates and the recovery of stranded costs including regulatory assets and transition costs.
The Ohio Act made several changes in the taxation of electric companies. Effective January 1, 2001 the assessment percentage for property taxes on all electric company property other than transmission and distribution was lowered from 100% to 25%. The assessment percentage applicable to transmission and distribution property remains at 88%. Also, electric companies were exempted from the excise tax based on receipts. To make up for these tax reductions electric distribution companies became subject to a new KWH based excise tax. Since electric companies no longer paid the gross receipts tax, they became liable, as of January 1, 2002 for the corporation franchise tax and municipal income taxes.

In preparation for the January 1, 2001 start of the transition period, CSPCo filed a transition plan in December 1999. After negotiations with interested parties including the PUCO staff, the PUCO approved a stipulation agreement for CSPCo's transition plan. The approved plan included, among other things, recovery of generation-related regulatory assets over eight years for CSPCo through frozen transition rates for the first five years of the recovery period and through a wires charge for the remaining years. At December 31, 2000, the amount of regulatory assets to be amortized as recovered was $248 million for CSPCo.

The stipulation agreement required the PUCO to consider implementation of a gross receipts tax credit rider as the parties could not reach an agreement.

As of May 1, 2001, electric distribution companies became subject to an excise tax based on KWH sold to Ohio customers. The last tax year for which Ohio electric utilities will pay the excise tax based on gross receipts is May 1, 2001 through April 30, 2002. As required by law, the gross receipts tax is paid in advance of the tax year for which the utility exercises its privilege to conduct business. CSPCo treats the tax payment as a prepaid expense and amortizes it to expense during the tax year.

Following a hearing on the gross receipts tax issue, the PUCO determined that there was no duplicate tax overlap period. The PUCO ordered the gross receipts tax credit rider to be effective May 1, 2001 instead of May 1, 2002 as proposed by the companies. This order reduced CSPCo's revenues by approximately $40 million. CSPCo's request for rehearing of the gross receipts tax issue was also denied by the PUCO. A decision on an appeal of this issue to the Ohio Supreme Court is pending.

As described in Note 2, the PUCO's denial of the request for recovery of the

final year's gross receipts tax and the tax liability affixing on May 1, 2001 stranded the prepaid asset. As a result, an extraordinary loss was recorded in 2001.

One of the intervenors at the hearings for approval of the settlement agreement (whose request for rehearing was denied by the PUCO) filed with the Ohio Supreme Court for review of the settlement agreement. During 2001 that intervenor withdrew from competing in Ohio. The Court dismissed the intervenor's appeal.

CSPCo's fuel costs were no longer subject to PUCO fuel clause recovery proceedings beginning January 1, 2001. The elimination of fuel clause recoveries in Ohio subjects CSPCo to risk of fuel market price variations and could adversely affect their results of operations and cash flows.

Discontinuance of the Application of SFAS 71 Regulatory Accounting in Ohio

The enactment of restructuring legislation and the ability to determine transition rates, wires charges and any resultant gain or loss under restructuring legislation in Ohio enabled CSPCo to discontinue regulatory accounting under SFAS 71 for the generation portion of their business. Under the provisions of SFAS 71, regulatory assets and regulatory liabilities are recorded to reflect the economic effects of regulation by matching expenses with related regulated revenues.

The discontinuance of the application of SFAS 71 in Ohio in accordance with the provisions of SFAS 101 and EITF Issue 97-4 resulted in recognition of extraordinary losses in 2000. The discontinuance of SFAS 71 can require the write-off of regulatory assets and liabilities related to the deregulated operations, unless their recovery is provided through cost-based regulated rates to be collected in a portion of operations which continues to be rate regulated. Additionally, a company must determine if any plant assets are impaired when they discontinue SFAS 71 accounting. At the time the Company discontinued SFAS 71, the analysis showed that there was no accounting impairment of generation assets.

Prior to 1999, CSPCo's financial statements reflected the economic effects of regulation under the requirements of SFAS 71. As a result of deregulation of generation, the application of SFAS 71 for the generation portion of the business in Ohio was discontinued. Remaining generation-related regulatory assets will be amortized as they are recovered under terms of transition plans. Management believes that substantially all generation-related regulatory assets and stranded costs will be recovered under terms of the transition plans. If future events were to make their recovery no longer probable, the Company would write-off the portion of such regulatory assets and stranded costs deemed unrecoverable as a non-cash extraordinary charge to earnings. If any write-off of regulatory assets or stranded costs occurred, it could have a material adverse effect on future results of operations, cash flows and possibly financial condition.

4. Commitments and Contingencies:

Construction and Other Commitments - The company has substantial construction

IEU 112

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

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2011

☐ 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
1-3457	APPALACHIAN POWER COMPANY (A Virginia Corporation)	54-0124790
1-3570	INDIANA MICHIGAN POWER COMPANY (An Indiana Corporation)	35-0410455
1-6543	OHIO POWER COMPANY (An Ohio Corporation)	31-4271000
0-343	PUBLIC SERVICE COMPANY OF OKLAHOMA (An Oklahoma Corporation)	73-0410895
1-3146	SOUTHWESTERN ELECTRIC POWER COMPANY (A Delaware Corporation)	72-0323455
	1 Riverside Plaza, Columbus, Ohio 43215	
	Telephone (614) 716-1000	

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

Registrant	Title of each class	Name of Each Exchange on Which Registered
American Electric Power Company, Inc.	Common Stock, $6.50 par value	New York Stock Exchange
Appalachian Power Company	None	
Indiana Michigan Power Company	None	
Ohio Power Company	None	
Public Service Company of Oklahoma	6% Senior Notes, Series B, Due 2032	New York Stock Exchange
Southwestern Electric Power Company	None	

Securities registered pursuant to Section 12(g) of the Act: None

Lines of Credit and Short-term Debt

We use our commercial paper program to meet the short-term borrowing needs of our subsidiaries. The program is used to fund both a Utility Money Pool, which funds the utility subsidiaries, and a Nonutility Money Pool, which funds the majority of the nonutility subsidiaries. In addition, the program also funds, as direct borrowers, the short-term debt requirements of other subsidiaries that are not participants in either money pool for regulatory or operational reasons. As of December 31, 2011, we had credit facilities totaling $3.25 billion to support our commercial paper program. The maximum amount of commercial paper outstanding during 2011 was $1.2 billion and the weighted average interest rate of commercial paper outstanding during the year was 0.4%. Our outstanding short-term debt was as follows:

	December 31,			
	2011		2010	
Type of Debt	Outstanding Amount	Interest Rate (a)	Outstanding Amount	Interest Rate (a)
	(in millions)		(in millions)	
Securitized Debt for Receivables (b)	$ 666	0.27 %	$ 690	0.31 %
Commercial Paper	967	0.51 %	650	0.52 %
Line of Credit – Sabine (c)	17	1.79 %	6	2.15 %
Total Short-term Debt	$ 1,650		$ 1,346	

(a) Weighted average rate.
(b) Amount of securitized debt for receivables as accounted for under the "Transfers and Servicing" accounting guidance.
(c) This line of credit does not reduce available liquidity under AEP's credit facilities.

Credit Facilities

For a discussion of credit facilities, see "Letters of Credit" section of Note 5.

Securitized Accounts Receivable – AEP Credit

AEP Credit has a receivables securitization agreement with bank conduits. Under the securitization agreement, AEP Credit receives financing from the bank conduits for the interest in the receivables AEP Credit acquires from affiliated utility subsidiaries. AEP Credit continues to service the receivables. These securitized transactions allow AEP Credit to repay its outstanding debt obligations, continue to purchase our operating companies' receivables and accelerate AEP Credit's cash collections.

In July 2011, AEP Credit renewed its receivables securitization agreement. The agreement provides commitments of $750 million from bank conduits to finance receivables from AEP Credit with an increase to $800 million for the months of July, August and September to accommodate seasonal demand. A commitment of $375 million, with the seasonal increase to $425 million for the months of July, August and September, expires in June 2012 and the remaining commitment of $375 million expires in June 2014.

Accounts receivable information for AEP Credit is as follows:

	Years Ended December 31,		
	2011	2010	2009
	(dollars in millions)		
Proceeds from Sale of Accounts Receivable	$ NA	$ NA	$ 7,043
Loss on Sale of Accounts Receivable	NA	NA	3
Average Variable Discount Rate on Sale of Accounts Receivable	NA	NA	0.57 %
Effective Interest Rates on Securitization of Accounts Receivable	0.27 %	0.31 %	NA
Net Uncollectible Accounts Receivable Written Off	37	22	28

NA Not Applicable

	December 31,	
	2011	2010
	(in millions)	
Accounts Receivable Retained Interest and Pledged as Collateral Less Uncollectible Accounts	$ 902	$ 923
Total Principal Outstanding	666	690
Delinquent Securitized Accounts Receivable	38	50
Bad Debt Reserves Related to Securitization/Sale of Accounts Receivable	18	26
Unbilled Receivables Related to Securitization/Sale of Accounts Receivable	370	354

Customer accounts receivable retained and securitized for our operating companies are managed by AEP Credit. AEP Credit's delinquent customer accounts receivable represents accounts greater than 30 days past due.

14. STOCK-BASED COMPENSATION

As approved by shareholder vote, the Amended and Restated American Electric Power System Long-Term Incentive Plan (LTIP) authorizes the use of 20,000,000 shares of AEP common stock for various types of stock-based compensation awards, including stock options, to employees. A maximum of 10,000,000 shares may be used under this plan for full value share awards, which includes performance units, restricted shares and restricted stock units. The AEP Board of Directors and shareholders last approved the LTIP in 2010. The following sections provide further information regarding each type of stock-based compensation award granted by the Human Resources Committee of the Board of Directors (HR Committee).

Stock Options

We did not grant stock options in 2011, 2010 or 2009 but we do have outstanding stock options from grants in earlier periods that vested or were exercised in these years. The exercise price of all outstanding stock options equaled or exceeded the market price of AEP's common stock on the date of grant. All outstanding stock options were granted with a ten-year term and generally vested, subject to the participant's continued employment, in approximately equal 1/3 increments on January 1st of the year following the first, second and third anniversary of the grant date. We record compensation cost for stock options over the vesting period based on the fair value on the grant date. The LTIP does not specify a maximum contractual term for stock options.

The total fair value of stock options vested and the total intrinsic value of options exercised are as follows:

Stock Options	Years Ended December 31,		
	2011	2010	2009
	(in thousands)		
Fair Value of Stock Options Vested	$ -	$ -	$ 25
Intrinsic Value of Options Exercised (a)	1,202	2,058	106

(a) Intrinsic value is calculated as market price at exercise dates less the option exercise price.

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AEP Ohio Return on Equity
$ in Thousands

	Line Item	CSP	OP	TOTAL	NOTES
1	2009 SEET *				
2	Earnings	$238,527	$266,313	$504,840	Source: Case No. 10-1261-EL-UNC
3	Equity	$1,209,169	$2,828,320	$4,037,489	Source: Case No. 10-1261-EL-UNC
4	ROE	**19.73%**	**9.42%**	**12.50%**	Calculation: Line 2 / Line 3
5					
6	2010 SEET **				
7	Earnings	$234,127	$298,853	$532,980	Source: Case No. 11-4571(2)-EL-UNC
8	Equity	$1,334,661	$3,024,665	$4,359,326	Source: Case No. 11-4571(2)-EL-UNC
9	ROE	**17.54%**	**9.88%**	**12.23%**	Calculation: Line 7 / Line 8
10					
11	2011 Actual ***				
12	Earnings			$536,500	Source: Case No. 11-346-EL-SSO
13	Equity			$4,450,179	Source: Case No. 11-346-EL-SSO
14	ROE			**12.06%**	Calculation: Line 12 / Line 13
15					
16	**Average ROE 2009 - 2011**			**12.26%**	Calculation: Average (Lines 4, 9, 14)
17					

* OP from Exhibit TEM-1. CSP from testimony of Staff witness Cahaan and PUCO Order.
** Revised Exhibit TEM-1 filed on September 30, 2011
*** Exhibit WAA-6

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OHIO POWER COMPANY'S RESPONSES
TO THE OFFICE OF THEOHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUESTS
PUCO CASE 11-346-EL-SSO and 11-348-EL-SSO - Modified ESP
SECOND SET

INTERROGATORY

OCC-INT-2-036 Referring to Company Witness Powers testimony at 19, he testifies to the Company's proposal to conduct "energy auctions for 100% of the SSO load, with delivery beginning January 2015":

a. Please identify the Company's rationale for proposing an interim energy auction prior to implementing full-requirement auctions with delivery beginning on June 1, 2015. Please describe the benefits to SSO customers from such an interim energy auction.

b. Please identify the basis for the proposed capacity price of $255/MW-day for auctioned SSO load.

c. Please explain how the Company would recover the proposed price of $255/MW-day for capacity support of auctioned SSO load. Is the Company proposing to recover the cost of capacity support from winning bidders in the interim energy auction or SSO customers?

d. Has the Company developed a forecast of the expected auction clearing price from its proposed interim energy auction?

e. Under the Company's proposal, would the Genco be allowed to participate in the interim energy auction? Please explain.

RESPONSE

a. Refer to the Company's response to OCC- Set 2- INT 34 b. i.
b. The proposed capacity price of $255/MW-day for auction SSO load was developed as part of the overall package proposed in the modified ESP, which is a discount from the Company's full cost of capacity of $355.72 as presented in Case No. 10-2929-EL-UNC.
c. Please refer to the testimony of Company witness Roush, page 13 lines 13 through page 14 line 12.
d. No, the Company has not developed a forecast of expected auction clearing prices for energy auctions with delivery beginning January 2015.
e. Yes.

Prepared by: Philip Nelson

OHIO POWER COMPANY'S RESPONSES
TO THE OFFICE OF THEOHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUESTS
PUCO CASE 11-346-EL-SSO and 11-348-EL-SSO - Modified ESP
SECOND SET

INTERROGATORY

OCC-INT-2-037 Referring to Company Witness Powers testimony at 20, he testifies that from January to May of 2015 a "CBP will determine the price of energy for AEP-Ohio":

a. Please explain how the price of capacity will be determined. Will the price of capacity be set at the proposed rate of $255/MW-day for capacity support of auctioned load?

b. Please identify the Company's estimate of the price of capacity for the period January through May of 2015.

c. Please identify the expected prices for capacity and energy for 2014 as well as those expected for the period January through May of 2015.

RESPONSE

a. Please refer to the testimony of Company witness Powers' page 19, line 22.
b. The price for capacity for the period January through May of 2015 is currently estimated to be $355.72 as supported in Case No. 10-2929-EL-UNC.
c. See the testimony of Company witness Thomas for the development of Competitive Benchmark prices which reflect market pricing of energy and three capacity scenarios as reflected in the Company's ESP proposal. Those include pricing for the 2014/2015 planning year.

Prepared by: Philip Nelson / Laura Thomas

OHIO POWER COMPANY'S RESPONSES
TO THE OFFICE OF THEOHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUESTS
PUCO CASE 11-346-EL-SSO and 11-348-EL-SSO - Modified ESP
SECOND SET

INTERROGATORY

OCC-INT-2-038 Referring to Company Witness Powers testimony at 20-21, he refers to the Company's proposal for a "partial SSO auction prior to 2015":

a. Please explain how the auction-clearing prices from a partial SSO auction would be reflected in generation rates charged to SSO customers.

b. Is the Company proposing to charge for capacity support for the auctioned load? If so, what is the proposed capacity price and who would be charged for capacity support?

c. Please explain how the auction-clearing prices and capacity support charges from a partial SSO auction would be reflected in SSO generation rates while ensuring "no net changes to overall generation base prices for SSO customers," as discussed on page 16.

d. Under the Company's proposal, would the Genco be allowed to participate in the partial SSO auction? Please explain.

RESPONSE

a. Please see the Company's response to OCC-INT-2-36 c.
b. Please see the Company's response to OCC-INT-2-37 a.
c. Please see the Company's response to OCC-INT-2-36 c.
d. Please see the Company's response to OCC-INT-2-36 e.

Prepared by: Philip Nelson

OCC Ex 101

COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
DISCOVERY REQUEST
CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO
FOURTH SET

INTERROGATORY

INT-143. What percentage of OPCo's annual generation for the years 2000 through 2010, by year, was assigned to off-system sales?

RESPONSE

See OCC INT-143 Attachment 1.

Prepared By: Philip J. Nelson

OCC 4-143 Attachment 1

OPCO and CSP Annual Percentage of Generation Assigned to Off-System Sales

	OPCO	CSP
2000	15.40%	17.50%
2001	18.60%	19.90%
2002	19.90%	18.10%
2003	23.60%	24.90%
2004	19.90%	26.20%
2005	18.50%	23.40%
2006	20.20%	20.80%
2007	13.90%	27.30%
2008	11.40%	19.20%
2009	7.50%	15.30%
2010	8.90%	15.30%

OCC Ex 102

COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
DISCOVERY REQUEST
CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO
FOURTH SET

INTERROGATORY

INT-139. What was the actual total margin (profit) from all off-system sales each year, for the years 2000 through present for CSP and for OPCo?

RESPONSE

OPCo & CSP 's OSS margins ($000)

	OPCo	CSP
2010	81,304	73,533
2009	61,879	51,268
2008	181,498	146,560
2007	171,392	142,730
2006	199,737	133,501
2005	145,062	89,921
2004	96,988	64,849
2003	73,629	53,373
2002	77,282	57,333
2001	106,151	75,036
2000	136,352	89,001

Prepared By: Philip J. Nelson