AMERICAN ELECTRIC POWER CO INC
Form 11-K
June 29, 2005

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

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

[   ] TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to

AMERICAN ELECTRIC POWER SYSTEM
RETIREMENT SAVINGS PLAN
(Full title of the plan)

AMERICAN ELECTRIC POWER COMPANY, INC.
1 Riverside Plaza, Columbus, Ohio 43215
(Name of issuer of the securities held
pursuant to the plan and the address
of its principal executive office)

AMERICAN ELECTRIC POWER SYSTEM RETIREMENT SAVINGS PLAN

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AMERICAN ELECTRIC POWER SYSTEM RETIREMENT SAVINGS PLAN

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Benefits Finance Committee has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

By: /s/ J. Steven Kiser

J. Steven Kiser, Secretary

Date: June 24, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

American Electric Power Service Corporation, as Plan Administrator:

We have audited the accompanying statements of net assets available for benefits of the American Electric Power System Retirement Savings Plan (the "Plan") as of December 31, 2004 and 2003, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by Plan management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/DELOITTE & TOUCHE LLP
DELOITTE & TOUCHE LLP
Columbus, Ohio
June 22, 2005

AMERICAN ELECTRIC POWER SYSTEM RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2004 AND 2003

	2004	2003
ASSETS:		
Investments:		
Group Annuity, Bank Investment and Other Fixed Income Contracts	$ 924,361,737	$ 895,748,232
American Electric Power Company, Inc. - Common Stock	488,809,605	470,722,315
Registered Investment Company Funds	1,209,821,237	1,052,591,732
Fidelity Institutional Cash Portfolio Fund	33,481,013	26,050,684
Participant Loans	53,684,903	49,590,440
Total Investments	2,710,158,495	2,494,703,403
Other Receivables	491,464	209,543
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,710,649,959	$ 2,494,912,946

See notes to financial statements.

AMERICAN ELECTRIC POWER SYSTEM
RETIREMENT SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
NET INVESTMENT INCOME:		
Interest	$ 38,968,135	$ 43,406,916
Dividends	52,708,305	42,632,439
Net Appreciation in Fair Value of Investments	142,596,400	262,171,920
Total Net Investment Income	234,272,840	348,211,275
CONTRIBUTIONS:		
Participants	122,961,189	124,043,826
Employer	52,615,477	52,709,876
Total Contributions	175,576,666	176,753,702
DISTRIBUTIONS TO PARTICIPANTS	(192,347,527)	(195,389,863)
ADMINISTRATIVE AND MANAGEMENT FEES	(1,764,966)	(1,514,837)
INCREASE IN NET ASSETS	215,737,013	328,060,277
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	2,494,912,946	2,166,852,669
NET ASSETS AVAILABLE FOR BENEFITS END OF YEAR	$ 2,710,649,959	$ 2,494,912,946

See notes to financial statements.

AMERICAN ELECTRIC POWER SYSTEM RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

1. PLAN DESCRIPTION

The following description of the American Electric Power System Retirement Savings Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

The Plan is a defined contribution plan that became effective and commenced operations on January 1, 1978. The Plan covers eligible regularly scheduled full-time and part-time employees of the participating subsidiaries of American Electric Power Company, Inc. ("AEP" or the "Company"). Eligible employees may enroll in the Plan upon commencement of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Generally, eligible employees participating in the Plan may make contributions in 1% increments up to 30% of their eligible pay (within IRS limits). Participants who are age 50 and older are able to save additional pre-tax dollars; the catch-up contribution limit was $2,000 for 2003 and $3,000 for 2004. The Company contributes to the Plan, on behalf of each participant, an amount equal to 75% of the participant's contributions up to 6% of the participant's eligible compensation for each payroll period, subject to certain limitations. All contributions are deposited to the American Electric Power System Retirement Savings Plan Trust after each pay period. The Plan, in a manner consistent with the requirements under section 401 et seq., of the Internal Revenue Code, restricts the amount that certain participants who are deemed highly compensated may contribute to the Plan. Participants are allowed to change investment elections, change investment percentages in the funds, or move existing fund balances on a daily basis. Participants are immediately vested in their pre-tax, after-tax and the Company matching contributions, including earnings thereon.

American Electric Power Service Corporation (AEPSC) is the plan administrator (Plan Administrator) and plan sponsor. AEPSC is a wholly-owned subsidiary of AEP. Fidelity Management Trust Company (Fidelity) is the trustee for all funds and is the record keeper for the entire Plan.

Effective January 1, 2002, the AEP Stock Fund, a Plan investment option, was converted to an Employee Stock Ownership Plan (ESOP). As a result, participants can elect to have dividends generated from their AEP Stock Fund holdings paid out in cash, rather than automatically reinvested in the fund. The dividend payouts are made each December and are treated as ordinary income for tax purposes. The 10 percent early withdrawal penalty for individuals under age 59½ does not apply to these dividend payouts.

Participants may transfer the value of their own cumulative contributions, in any whole percentage or dollar amount, among investments, and change their investment elections on a daily basis. Participants may change their payroll contribution elections coinciding with company payroll periods. Excluding their pre-tax contributions, participants may make an unlimited number of withdrawals of their interest in the Plan, including company matching contributions, which are immediately vested. Pre-tax contributions are not eligible for withdrawal by participants not yet age 59½, except under hardship as defined by the Plan or severance of employment.

Participants may borrow from their savings plan accounts, a minimum of $1,000 but no more than the lesser of $50,000 or 50% of their account balance. Loan terms range from 12 months to 60 months, or any monthly increment in-between. Interest rates, fixed for the life of the loan, are calculated by adding 1% to the prime rate, as reported in the Eastern edition of the Wall Street Journal, in effect as of the first business day of the calendar quarter in which the loan is taken. Active employees make principal and interest payments through payroll deductions. Retirees/surviving spouses make monthly payments using a coupon book. Participant loans and the accrued interest are collateralized by the account balance, and upon default, the outstanding balance is subjected to income taxes and possibly penalty taxes.

2. **ACCOUNTING POLICIES**

The accompanying financial statements are prepared on the accrual basis of accounting.

Investments have been recorded based on the trade-date and are reported in the Statements of Net Assets Available for Benefits at fair value or contract value. The AEP Stock Fund investments are valued at year-end quoted AEP common stock closing prices. The year-end valuations for the various Fidelity funds are based on the closing market prices for the underlying securities as provided by the Trustee. The Managed Income Fund contracts are valued at book value, which is equal to cost (contributions), plus interest, less withdrawals. All participant loans are valued at cost, which approximates fair value at the time the loan is processed.

Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. These amounts are reinvested by the Trustee in the same funds that generated such income with the exception of the AEP Stock Fund, which pays out or reinvests dividends at the participants' discretion. Administrative and Management Fees include short-term redemption fees and management fees for the Managed Income Fund. Fees paid to Fidelity totaled $842,014 and $760,921 for 2004 and 2003 respectively. Other Plan administration expenses are paid by the employer and not included in the accompanying statement of changes in net assets available for benefits.

Distributions are recorded when paid. There were no amounts due to participants who requested distributions from the Plan as of December 31, 2004 and 2003.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Certain 2003 amounts have been reclassified to conform to the 2004 presentation.

3. **INVESTMENT CONTRACT VALUATION**

The Plan has a Managed Income Fund with Fidelity as trustee, which invests primarily in fully benefit responsive investment contracts. Fidelity maintains the assets in a custodian account. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The account is credited with earnings on the underlying investments and charged for Plan withdrawals (credited interest rates ranged from 5.65% to 3.76% and 6.60% to 2.21% for 2004 and 2003, respectively). The average yield was 4.16% and 4.83% for fiscal years ending December 31, 2004 and 2003, respectively. The investment is recorded in the financial statements based on the contract value of the underlying investment contracts as reported to the Plan by Fidelity. Contract value represents contributions made under the contract, plus earnings, less withdrawals.

4. **INVESTMENTS EXCEEDING 5% OF THE PLAN NET ASSETS**

Investments exceeding five percent of net assets as of December 31, 2004 and 2003 were:

	Fair Value 2004	Fair Value 2003
AEP Common Stock	$ 488,809,605	$ 470,722,315
Fidelity Blue Chip Growth Fund	$ 260,990,466	$ 260,146,938
Fidelity US Equity Index Commingled Pool	$	