

AMERICAN ELECTRIC POWER CO INC  
Form U-1/A  
April 23, 2004

File No. 70-10166

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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AMENDMENT No. 1 to  
FORM U-1  
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APPLICATION OR DECLARATION

Under

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

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AMERICAN ELECTRIC POWER COMPANY, INC.  
AEP GENERATING COMPANY  
AEP TEXAS CENTRAL COMPANY (formerly CENTRAL POWER AND LIGHT COMPANY)  
AEP TEXAS NORTH COMPANY (formerly WEST TEXAS UTILITIES COMPANY)  
AEP UTILITIES, INC. (formerly CENTRAL AND SOUTH WEST CORPORATION)  
AMERICAN ELECTRIC POWER SERVICE CORPORATION  
APPALACHIAN POWER COMPANY  
COLUMBUS SOUTHERN POWER COMPANY  
INDIANA MICHIGAN POWER COMPANY  
KENTUCKY POWER COMPANY  
KINGSPORT POWER COMPANY  
OHIO POWER COMPANY  
PUBLIC SERVICE COMPANY OF OKLAHOMA  
SOUTHWESTERN ELECTRIC POWER COMPANY  
WHEELING POWER COMPANY  
CEDAR COAL COMPANY  
CENTRAL APPALACHIAN COAL COMPANY  
CENTRAL COAL COMPANY  
COLOMET, INC.  
SIMCO, INC.  
SOUTHERN APPALACHIAN COAL COMPANY  
BLACKHAWK COAL COMPANY  
CONESVILLE COAL PREPARATION COMPANY  
FRANKLIN REAL ESTATE COMPANY  
INDIANA FRANKLIN REALTY, INC.

and additional subsidiaries identified on Signature Page.

1 Riverside Plaza, Columbus, Ohio 43215  
(Name of company or companies filing this statement  
and address of principal executive offices)

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AMERICAN ELECTRIC POWER COMPANY, INC.  
1 Riverside Plaza, Columbus, Ohio 43215  
(Name of top registered holding company parent  
of each applicant or declarant)

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Stephen P. Smith, Treasurer  
AMERICAN ELECTRIC POWER SERVICE CORPORATION  
1 Riverside Plaza, Columbus, Ohio 43215

Jeffrey D. Cross, General Counsel  
AMERICAN ELECTRIC POWER SERVICE CORPORATION  
1 Riverside Plaza, Columbus, Ohio 43215  
(Names and addresses of agents for service)

The Application Declaration filed in this proceeding on September 11, 2003, is hereby amended and restated in its entirety to read as follows:

American Electric Power Company, Inc., a New York corporation ("AEP") and AEP Utilities, Inc. (formerly Central and South West Corporation), a Delaware corporation ("AEP Utilities"), both registered holding companies under the Public Utility Holding Company Act of 1935, as amended (the "Act") and the following direct and indirect subsidiaries of AEP ("Applicants"), including the following public utility subsidiaries: AEP Generating Company ("Generating"), AEP Texas Central Company, formerly Central Power and Light Company ("TCC"), AEP Texas North Company, formerly West Texas Utilities Company ("TNC"), Appalachian Power Company ("Appalachian"), Columbus Southern Power Company ("Columbus"), Indiana Michigan Power Company ("Indiana"), Kentucky Power Company ("Kentucky"), Kingsport Power Company ("Kingsport"), Ohio Power Company ("Ohio"), Public Service Company of Oklahoma ("PSO"), Southwestern Electric Power Company ("SWEPCO"), and Wheeling Power Company ("Wheeling") (collectively, "the Public Utility Subsidiaries") and the following nonutility subsidiaries which are currently participants in the AEP Utility Money Pool and are Applicants in this proceeding: American Electric Power Service Corporation, Cedar Coal Company, Central Appalachian Coal Company, Central Coal Company, Colomet, Inc., Simco, Inc., Southern Appalachian Coal Company, Blackhawk Coal Company, Conesville Coal Preparation Company, all coal mining companies and Franklin Real Estate Company, and Indiana Franklin Realty, Inc., both real estate companies, are Applicants in this filing ("Utility Money Pool Participants").

The entities that are currently participants in the Nonutility Money Pool and Applicants in this Filing ("Nonutility Money Pool Participants") are listed on Exhibit A hereto.

In addition, certain additional nonutility subsidiaries are seeking authority to become participants in the Nonutility Money Pool and are Applicants in this proceeding:

| Entity                             | Description  | Authorization |
|------------------------------------|--|---------------|
| AEP Houston Pipe Line Company, LLC | Gas pipeline   | Order 70-9353 |
| AEP Texas POLR GP, LLC             | Marketing of natural gas, electricity or energy related products | Rule 58       |
| AEP Coal Marketing, LLC            | Marketing of natural gas, electricity or energy related products | Rule 58       |
| AEP Emissions Marketing, LLC       | Marketing emissions  | Rule 58       |
| CSW Orange, Inc.                   | Independent Power  | Rule 58       |
| CSW Mulberry, Inc.                 | Independent Power  | Rule 58       |
| Noah I Power GP, Inc.              | Independent Power  | Rule 58       |
| CSW Orange II, Inc.                | Independent Power  | Rule 58       |
| CSW Mulberry II, Inc.              | Independent Power  | Rule 58       |

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|                                  |   |               |
|----------------------------------|---|---------------|
| CSW Sweeny GP I, Inc.            | Independent Power   | Rule 58       |
| CSW Sweeny GP II, Inc.           | Independent Power   | Rule 58       |
| CSW Sweeny LP I, Inc.            | Independent Power   | Rule 58       |
| CSW Sweeny LP II, Inc.           | Independent Power   | Rule 58       |
| CSW Services International, Inc. | Non-regulated<br>energy-related<br>services and products                      | Rule 58       |
| Trent Wind Farm, L.P.            | Wind power generation   | EWG           |
| AEP Wind LP, LLC                 | Wind power generation   | EWG           |
| AEP Wind GP, LLC                 | Wind power generation   | EWG           |
| HPL GP LLC                       | Gas pipeline and<br>processing  | Order 70-9353 |
| AEPR Ohio, LLC                   | International<br>energy-related<br>investments, trading<br>and other projects | FUCO/PP       |
| AEP Wind LP II, LLC              | Wind power generation   | EWG           |
| AEP Desert Sky LP II, LLC        | Wind power generation   | EWG           |
| AEP Wind Holding, LLC            | Wind power generation   | EWG           |

For purposes hereof "Subsidiaries" shall also include other direct or indirect subsidiaries that AEP may form pursuant to the Rule 58 exception or pursuant to Sections 32, 33 or 34 of the Act. All of AEP's direct and indirect Subsidiaries, other than Public Utility Subsidiaries, are herein called "Nonutility Subsidiaries." All subsidiaries and AEP and AEP Utilities are sometimes referred to collectively as the "Companies".

### ITEM 1. DESCRIPTION OF PROPOSED TRANSACTIONS

#### I. Current and Requested Financing Authority

##### A. Background and Previously Existing Authority

By Order dated June 14, 2000 (Release No. 35-27186 in File No. 70-9381), AEP was authorized to acquire by merger all of the outstanding common stock of Central and South West Corporation ("CSW"), now AEP Utilities, Inc. By that order, AEP, its operating subsidiaries and certain other subsidiaries were added to the CSW Money Pool, now the AEP Utility Money Pool.

##### B. Current Authority

By order dated April 11, 2002 (Release No. 35-27517 in File no. 70-10021), AEP is authorized to issue and sell through June 30, 2004 shares of common stock, preferred securities, long-term debt and other securities in an aggregate amount at anytime outstanding not to exceed \$3.0 billion (not including shares of common stock issued pursuant to various stock ownership plans) and to form certain financing subsidiaries.

By order dated December 18, 2002, in File No. 70-10088 (HCAR Release No. 35-27623), the Commission authorized through March 31, 2006:

- (i) SWEPCO and Wheeling to issue long-term debt in amounts not to exceed \$350 million and \$40 million, respectively, and to engage in hedging transactions;
- (ii) AEP, AEP Utilities, Inc. and the Public Utility Subsidiaries to have aggregate short-term financing authority in the amount of \$7.2 billion outstanding;
- (iii) Columbus, Ohio, TCC, and TNC, companies affected by restructuring, to issue short and long-term debt in an amount not to exceed \$3.9 billion;

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- (iv) Public Utility Subsidiaries to organize financing entities for the purpose of facilitating certain types of financings;
- (v) AEP and its Subsidiaries are authorized to enter into and perform interest rate hedging transactions to manage the volatility of interest rates associated with outstanding indebtedness and anticipated debt offerings.
- (vi) AEP, AEP Utilities, Inc. and Utility Money Pool Participants to continue and fund the Utility Money Pool through the Authorization Period;
- (vii) AEP and certain of its Nonutility Subsidiaries to form and continue a Nonutility Money Pool on substantially the same terms and conditions as the Utility Money Pool;
- (viii) AEP and its Subsidiaries to issue guarantees and other forms of credit support in an aggregate amount not to exceed \$900 million outstanding at any time; and
- (ix) AEP's Nonutility Subsidiaries to pay dividends out of capital or unearned surplus to the fullest extent of the law.

### C. Summary of the Requested Authority

The Applicants hereby request authorization to replace and supercede the authority granted in File Nos. 70-10021 (HCAR 35-27517) and 70-10088 (HCAR 35-27623) with respect to the ongoing financing activities, the provision of intrasystem financing and guarantees and other matters pertaining to AEP and its Subsidiaries through March 31, 2007 ("Authorization Period") as follows:

- 1) Applicants in this file request authorization for financing transactions for the period beginning with the effective date of an order issued pursuant to this filing and continuing until March 31, 2007 ("Authorization Period") unless otherwise provided;
- 2) AEP seeks authority to increase its capitalization by issuing and selling from time to time during the Authorization Period (i) directly, additional Common Stock or options, warrants, equity-linked securities or stock purchase contracts convertible into or exercisable for Common Stock, and Preferred Stock, (ii) indirectly through one or more Financing Subsidiaries, other forms of preferred securities (including trust preferred securities) (collectively, "Preferred Securities"), (iii) directly or indirectly through one or more Financing Subsidiaries new long-term debt securities having maturities of one year or more up to 50 years ("Long Term Debt"), in an amount up to \$3 billion (excluding securities issued for purposes of refunding or replacing other outstanding securities where AEP's capitalization is not increased as a result thereof and excluding securities otherwise authorized or exempt).
- 3) AEP seeks to issue, directly or indirectly through one or more Financing Subsidiaries, commercial paper, promissory notes and other forms of short-term indebtedness having maturities of less than one year ("Short-term Debt") in an aggregate amount not to exceed \$7.2 billion to fund the AEP Money Pools and for its own requirements.
- 4) Kingsport, SWEPCO, TCC, TNC and Wheeling seek authority to issue secured or unsecured long-term debt in an amount not to exceed \$50 million, \$600 million, \$600 million, \$250 million and \$50 million, respectively, including the issuance of long-term debt to AEP, and

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to enter into hedging transactions (excluding securities issued for purposes of refunding or replacing other outstanding securities where the Public Utility Subsidiary's capitalization is not increased as a result thereof).

- 5) AEP and its Subsidiaries seek authority to enter into and perform interest rate hedging transactions to manage the volatility of interest rates associated with outstanding indebtedness and anticipated debt offerings.
- 6) AEP and the Public Utility Subsidiaries seek authority to issue the short-term debt to the extent of the borrowing limits set forth below for Public Utility Subsidiaries through the AEP Utility Money Pool, external borrowings or borrowings from AEP or from a Financing Subsidiary.
- 7) The following Public Utility Subsidiaries seek authority to refund and reissue currently outstanding pollution control revenue refunding bonds as follows: TCC \$450,000,000, TNC \$45,000,000, and SWEPCO \$185,000,000.
- 8) AEP Utilities, Inc., a registered holding company, seeks authority to borrow short-term debt in an amount up to \$100,000,000 from external sources or from its parent AEP for its general corporate purposes.
- 9) AEP and the Subsidiaries seek authority to acquire, directly or indirectly, the equity securities of one or more entities ("Financing Subsidiaries") created specifically for the purpose of facilitating the financing of authorized and exempt activities of the Applicants through the issuance of long-term debt, short-term debt, preferred securities and other equity securities to third parties and to provide guarantees and enter into expense agreements with respect to the securities or other obligations of Financing Subsidiaries. Financing Subsidiaries are authorized to transfer proceeds of any financing to their respective parent companies. Financing Subsidiaries will, among other things, be authorized to fund the AEP Money Pools.
- 10) AEP and the participants in the Money Pools seek certain authority to continue the AEP Utility Money Pool and the AEP Nonutility Money Pool during the Authorization Period; to fund the Money Pools with separate Financing Subsidiaries; to add certain nonutility subsidiaries to the Nonutility Money Pool; and to move Dolet Hills Lignite Company from the Nonutility Money Pool to the Utility Money Pool.
- 11) AEP requests the Commission approve the issuance by AEP and its Subsidiaries of guarantees and other forms of credit support in an aggregate amount not to exceed \$8.125 billion outstanding at any time in exposure as more fully described below; and
- 12) AEP and its Nonutility Subsidiaries request authorization for the Nonutility Subsidiaries to pay dividends out of capital or unearned surplus.

### D. DESCRIPTION OF PROPOSED FINANCING PROGRAM

#### 1. Investment Grade Ratings

Applicants represent that, except for securities issued for the purpose of funding AEP Money Pools operations, no guarantees or securities or other

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securities, other than common stock, may be issued in reliance upon the authorization to be granted by the Commission, unless (i) the security to be issued, if rated, is rated investment grade; (ii) all outstanding securities of such issuer that are rated are rated investment grade; and (iii) all outstanding securities of AEP that are rated are rated investment grade ("Investment Grade Condition"). For purposes of this Investment Grade Condition, a security will be deemed to be rated "investment grade" if it is rated investment grade by at least one nationally recognized statistical rating organization, as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of rule 15c3-1 under the Securities Exchange Act of 1934, as amended.

### 2. Effective Cost of Money on Debt Securities and Borrowings Under Credit Agreements

The effective cost of capital on Preferred Stock, equity-linked securities, Preferred Securities, Long-term Debt and Short-term Debt will not exceed competitive market rates available at the time of issuance for securities having the same or reasonably similar terms and conditions issued by similar companies of reasonably comparable credit quality. Applicants state that in no event will the effective cost of capital (i) on any series of Long-term Debt, exceed 500 basis points over a U.S. Treasury security having a remaining term equal to the term of such series, (ii) on any series of Preferred Stock, Preferred Securities or equity-linked securities, exceed 600 basis points over a U.S. Treasury security having a remaining term equal to the term of such series, and (iii) on Short-term Debt, exceed 500 basis points over the London Interbank Offered Rate ("LIBOR") for maturities of less than one year.

### 3. Maturity of Debt

The maturity of Long-term Debt will be between one and 50 years after the issuance. Preferred Securities and equity-linked securities will be redeemed no later than 50 years after the issuance, unless converted into common stock. Preferred Stock issued directly by AEP may be perpetual in duration.

### 4. Issuance Expenses

The underwriting fees, commissions, or other similar expenses paid in connection with the issue, sale or distribution of a security pursuant to the Application will not exceed the greater of (i) 5% of the principal or total amount of the securities being issued, or (ii) issuance expenses that are generally paid at the time of the pricing for sales of the particular issuance, having the same or reasonably similar terms and conditions issued by similar companies of reasonably comparable credit quality.

### 5. Common Equity Ratio

AEP hereby represents that it will maintain during the Authorization Period for itself and for all the Public Utility Subsidiaries minimum 30% common equity as a percentage of consolidated capital (inclusive of short-term debt and inclusive of securitization bonds for the recovery of regulatory assets in connection with state-mandated utility restructuring); however TCC seeks authority to maintain a common equity ratio of 25% for so long as securitization bonds are outstanding. Data for September 30, 2003 is attached to this Application as Exhibit B. The 25% common equity as a percentage of consolidated capital is required only because of the issuance of securitization bonds. Securitization bonds are expected to be outstanding until the currently outstanding TCC Transition Funding securitization bond issue is scheduled to be fully retired by January 15, 2016. However, TCC is anticipating an additional issuance which would remain outstanding for approximately 15 years after it is issued.

### 6. Use of Proceeds

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The proceeds from the sale of securities in external financing transactions by the Applicants will be added to their respective treasuries and subsequently used principally for general corporate purposes including:

- (i) the financing, in part, of capital expenditures;
- (ii) the financing of working capital requirements;
- (iii) the acquisition, retirement or redemption of securities previously issued by such Applicant; and
- (iv) other lawful purposes, including direct or indirect investment in Rule 58 companies by AEP, other subsidiaries approved by the Commission, EWGs and FUCOs.

The Applicants represent that no such financing proceeds will be used to acquire a new subsidiary unless such financing is consummated in accordance with an order of the Commission or an available exemption under the Act.

### 7. Borrowing Limits

The aggregate amount of outstanding external financing effected by the Applicants pursuant to the authorization requested hereunder during the Authorization Period, other than the refinancing of currently outstanding securities, which shall not be limited, will not exceed:

#### (a) Long-term debt limits:

|           |                 |
|-----------|-----------------|
| AEP       | \$3,000,000,000 |
| Kingsport | \$ 50,000,000   |
| SWEPCO    | \$ 600,000,000  |
| TCC       | \$ 600,000,000  |
| TNC       | \$ 250,000,000  |
| Wheeling  | \$ 50,000,000   |

#### (b) Short-term borrowing limits:

AEP requires an amount of authority for short-term borrowings sufficient to fund the Utility Money Pool and the Nonutility Money Pool, to make direct loans to other Subsidiaries, as well as for its own requirements in an amount not to exceed \$7,200,000,000.

The following Public Utility Subsidiaries seek short-term debt authorization through the Utility Money Pool or external borrowings, or borrowings from AEP or from a Financing Subsidiary as follows:

|             |                |
|-------------|----------------|
| Appalachian | \$ 600,000,000 |
| Columbus    | \$ 350,000,000 |
| Generating  | \$ 125,000,000 |
| Indiana     | \$ 500,000,000 |
| Kentucky    | \$ 200,000,000 |
| Kingsport   | \$ 40,000,000  |
| Ohio        | \$ 600,000,000 |
| PSO         | \$ 300,000,000 |
| SWEPCO      | \$ 350,000,000 |
| TCC         | \$ 600,000,000 |
| TNC         | \$ 250,000,000 |
| Wheeling    | \$ 40,000,000  |

#### (c) AEP Utilities, Inc.:

AEP Utilities, Inc., a registered public utility holding company, requests authority to borrow up to \$100,000,000 outstanding at any one time from external sources or from its parent AEP for its own corporate purposes. This authority is

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in addition to its authority to borrow to fund the Utility Money Pool. AEP Utilities will not borrow from either the Utility Money Pool or the Nonutility Money Pool.

### 8. Description of Specific Types of Financing

#### 8.1. AEP External Financing

All external financing will be at rates or prices and under conditions based upon, or otherwise determined, by competitive capital markets.

AEP seeks authority to increase its capitalization by issuing and selling from time to time during the Authorization Period: (i) directly additional Common Stock and/or options, warrants, equity-linked securities or stock purchase contracts convertible into or exercisable for Common Stock, and (ii) indirectly through one or more Financing Subsidiaries, other forms of preferred securities and Preferred Stock (including trust preferred securities) (collectively, "Preferred Securities"), and (iii) directly or indirectly through one or more Financing Subsidiaries, new long-term debt securities having maturities of one year or more up to 50 years ("Long Term Debt"), in an amount up to \$3 billion (excluding securities issued for purposes of refunding or replacing other outstanding securities where AEP's capitalization is not increased as a result thereof and excluding securities otherwise authorized pursuant to AEP's Dividend Reinvestment and Direct Purchase Plan (File No. 70-5943) and Employee Savings Plans (File No. 70-6126) or exempt under the Act).

Common Stock. AEP seeks authority to issue and sell Common Stock and to issue and sell options, warrants, equity-linked securities or other stock purchase rights exercisable for Common Stock. The aggregate amount of financing obtained by AEP during the Authorization Period from issuance and sale of Common Stock (other than for employee benefit plans or stock purchase and dividend reinvestment plans), when combined with issuances of preferred stock, Preferred Securities, equity linked securities, and long-term debt, as described in this section, and other than for refunding or replacement of securities where capitalization is not increased as a result thereof, shall not exceed \$3 billion for the uses set forth in Item I.D.6 above. Any refunding or replacement of securities where capitalization is not increased from that in place at September 30, 2003, will be through the issuance of securities of the type authorized in this Application. Common Stock financings may be effected pursuant to underwriting agreements of a type generally standard in the industry. Public distributions may be pursuant to private negotiation with underwriters, dealers or agents as discussed below or effected through competitive bidding among underwriters. In addition, sales may be made through private placements or other non-public offerings to one or more persons. All such Common Stock sales will be at rates or prices and under conditions negotiated or based upon, or otherwise determined by, competitive capital markets.

AEP may sell Common Stock covered by this Application/Declaration in any one of the following ways: (i) through underwriters or dealers; (ii) through agents; or (iii) directly through a limited number of purchasers or a single purchaser. If underwriters are used in the sale of the securities, such securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The securities may be offered to the public either through underwriting syndicates (which may be represented by a managing underwriter or underwriters designated by AEP) or directly by one or more underwriters acting alone. If Common Stock is being sold in an underwritten offering, AEP may grant the underwriters thereof a "green shoe" option permitting the purchase from AEP at the same price of additional shares then being offered solely for the purpose of covering over-allotments.



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Preferred Securities. AEP seeks to have the flexibility to issue Preferred Stock or other types of Preferred Securities (including, without limitation, trust preferred securities or monthly income preferred securities) directly or indirectly through one or more special-purpose Financing Subsidiaries organized by AEP specifically for such purpose as described herein. The aggregate amount of financing obtained by AEP during the Authorization Period from issuance and sale of preferred stock, Preferred Securities and equity linked securities, when combined with issuances of Common Stock (other than for employee benefit plans or stock purchase and dividend reinvestment plans), and long-term debt, as described in this section and other than for refunding or replacement of securities where capitalization is not increased from that in place at September 30, 2003, shall not exceed \$3 billion for the uses set forth in Item I.D.6 above. Any refunding or replacement of securities where capitalization is not increased from that in place at September 30, 2003, will be through the issuance of securities of the type authorized in this Application.

Preferred Stock or other types of Preferred Securities may be issued in one or more series with such rights, preferences and priorities as may be designated in the instrument creating each such series, as determined by AEP's Board of Directors. Dividends or distributions on Preferred Securities will be made periodically and to the extent funds are legally available for such purpose, but may be made subject to terms which allow the issuer to defer dividend payments for specified periods. Equity linked securities will be exercisable or exchangeable for or convertible, either mandatorily or at the option of the holder, into Common Stock or indebtedness or allow the holder to surrender to the issuer or apply the value of a security issued by AEP as approved by the Commission to such holder's obligation to make a payment on another security of AEP issued as permitted by the Commission. Any convertible or equity linked securities will be convertible into or linked to Common Stock. Preferred Securities or unsecured debt that AEP is otherwise authorized to issue by Commission order directly, or indirectly through Financing Subsidiaries on behalf of AEP. Applicants state that any refunding or replacement of securities where capitalization is not increased from that in place at December 31, 2003 will be through the issuance of securities of the type authorized in this Application.

Long-Term Debt. AEP requests Commission authorization during the Authorization Period to issue unsecured, long-term debt securities in an aggregate principal amount outstanding at any time, when combined with issuances of Common Stock (other than for benefit plans or stock purchase and dividend reinvestment plans) preferred stock, Preferred Securities, and equity linked securities as described in this section, and other than for refunding or replacement of securities where capitalization is not increased as a result thereof from that in place at September 30, 2003, not to exceed \$3 billion for the uses set forth in Item I.D.6 above. Any refunding or replacement of securities where capitalization is not increased will be through the issuance of securities of the type authorized in this Application.

Unsecured long-term debt may be issued directly by AEP or indirectly through one or more Financing Subsidiaries in the form of bonds, notes, medium-term notes or debentures under one or more indentures or long-term indebtedness under agreements with banks or other institutional lenders. Each series of Long-term Debt would have such designation, aggregate principal amount, maturity, interest rate(s) or methods of determining the same, terms of payment of interest, redemption provisions, sinking fund terms and other terms and conditions as AEP may determine at the time of issuance. Any Long-term Debt (a) may be convertible into any other securities of AEP, (b) will have maturities up to 50 years, (c) may be subject to optional and/or mandatory redemption, in whole or in part, at par or at various premiums above the principal amount thereof, (d) may be entitled to mandatory or optional sinking fund provisions, (e) may provide for reset of the coupon pursuant to a remarketing arrangement, (f) may be subject to tender or the obligation of the

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issuer to repurchase at the election of the holder or upon the occurrence of a specified event, (g) may be called from existing investors by a third party and (h) may be entitled to the benefit of affirmative or negative financial or other covenants.

The maturity dates, interest rates, redemption and sinking fund provisions, tender or repurchase and conversion features, if any, with respect to the Long-term Debt of a particular series, as well as any associated placement, underwriting or selling agent fees, commissions and discounts, if any, will be established by negotiation or competitive bidding. Specific terms of any Long-term Debt will be determined by AEP at the time of issuance and will comply in all regards with the parameters on financing authorization set forth above.

Short-Term Debt. AEP also seeks authority to issue directly, or indirectly through a Financing Subsidiary, commercial paper, promissory notes and other forms of short-term indebtedness having maturities of less than one year ("Short-term Debt") in an aggregate amount not to exceed \$7.2 billion to fund the Money Pools, to make loans to Subsidiaries and for its own corporate purposes.

Commercial paper would be sold in established domestic or European commercial paper markets. Such commercial paper would be sold to dealers at the discount rate or the coupon rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally. It is expected that the dealers acquiring commercial paper from AEP, AEP Utilities, any Financing Subsidiary or the Public Utility Subsidiaries will re-offer such paper at a discount to corporate and institutional investors. Institutional investors are expected to include commercial banks, insurance companies, pension funds, investment trusts, foundations, colleges and universities and finance companies. AEP, AEP Utilities, any Financing Subsidiary or the Public Utility Subsidiaries may, without counting against their borrowing limits, maintain back up lines of credit in connection with a commercial paper program in an aggregate amount not to exceed the amount of authorized commercial paper.

AEP, AEP Utilities, any Financing Subsidiaries and the Public Utility Subsidiaries require flexibility in the types of short-term debt issued externally to take advantage of new products being offered in the short-term securities market, including but not limited to, the extendible commercial notes program currently being offered by certain commercial paper dealers, and other new products to provide alternate backup liquidity for commercial paper and short-term notes.

AEP, AEP Utilities, any Financing Subsidiary and the Public Utility Subsidiaries having the flexibility to allocate short-term borrowings between sales of notes and sales of commercial paper, will be able to realize economies in meeting their short-term financing requirements, and such companies propose, in general, taking appropriate long and short-term considerations into account, to utilize the most economical means available at any time to meet their short-term financing requirements.

AEP, AEP Utilities, any Financing Subsidiary and the Public Utility Subsidiaries may engage in other types of short-term financing generally available to borrowers with comparable credit ratings as each individual entity may deem appropriate in light of its needs and market conditions at the time of issuance, including making borrowings from AEP, AEP Utilities or any Financing Subsidiary.

### 8.2. Long-Term Debt - Public Utility Subsidiaries Public Utility Subsidiaries.

Under current law, the public utility commission in the states of Indiana,

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Virginia, Tennessee, Ohio, Oklahoma and Kentucky approve the issuance of long-term securities by public utility companies. Therefore, Rule 52(a) provides an exemption from this Commission for the issuances of long term debt securities by all of AEP's public utility subsidiaries except Kingsport, SWEPCO, TCC, TNC and Wheeling.

Financing authorization is being sought for Kingsport, SWEPCO, TCC, TNC and Wheeling as described in Borrowing Limits above. This authorization would include any new pollution control financing by SWEPCO.

Any long-term debt, such as first mortgage bonds, pollution control revenue bonds, notes (secured and unsecured) and debentures, sales of tax-advantaged preferred securities and borrowings under credit agreements, would have such designations, aggregate principal amount, maturity, interest rate(s) or methods of determining the same, interest payment terms, redemption provisions, non-refunding provisions, sinking fund terms, conversion or put terms and other terms and conditions in accordance with parameters set forth in Section 1 above and as described in subsection (a) above, as the Applicants may at the time of issuance determine. Kingsport, SWEPCO, TCC, TNC and Wheeling, seek authorization to issue long-term debt to AEP at a rate designed to parallel AEP's effective cost of debt.

### 8.3. Short-Term Debt - AEP and Public Utility Subsidiaries The

Public Utility Subsidiaries are members of the AEP Utility Money Pool and make short-term borrowings from the Utility Money Pool. The Utility Money Pool and the Nonutility Money Pool (together, the "Money Pools") are funded by AEP currently through a commercial paper program. No participant in the Money Pools ("Participants") would be required to borrow from the specific Money Pool if the borrowing Company could borrow more cheaply directly from banks or through the issuance of its own commercial paper. The Public Utility Subsidiaries require authority for short term borrowing in the event funds are not available from the Money Pool. AEP is seeking authority in this filing to create Financing Subsidiaries to fund the Money Pools (see Section H below). Therefore, AEP, any Financing Subsidiary, AEP Utilities and the Public Utility Subsidiaries seek authorization for the issuance of short-term debt in the form of bank loans and commercial paper programs in the amounts set forth in Borrowing Limits above.

### 8.4. Pollution Control Revenue Refunding Bonds The following Public

Utility Subsidiaries seek authority through the Authorization Record to refund and reissue currently outstanding pollution control revenue bonds in amounts not to exceed:

|        |               |
|--------|---------------|
| SWEPCO | \$185,000,000 |
| TCC    | \$450,000,000 |
| TNC    | \$ 45,000,000 |

### 8.5. AEP Utilities, Inc.

AEP Utilities, Inc., a registered holding company, seeks authority to issue unsecured short-term debt in an amount up to \$100,000,000 to external sources or to its parent AEP for its general corporate purposes. This authority would not be used to fund the Utility Money Pool. AEP Utilities, Inc. will not borrow from either the Utility Money Pool or the Nonutility Money Pool.

### 8.6. Credit Enhancement

Applicants may obtain credit enhancement for the securities covered by this Application, which could include insurance, a letter of credit or a

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liquidity facility. The Applicants anticipate they may be required to provide credit enhancement if they were to issue floating rate securities, whereas credit enhancement would be a purely economic decision for fixed rate securities. The Applicants anticipate that even though they would be required to pay a premium or fee to obtain the credit enhancement, they would realize a net benefit through a reduced interest rate on the new securities. Applicants will obtain credit enhancement only if it is economically beneficial to do so taking into consideration fees required to obtain the product.

### E. Hedging Transactions

Interest rate hedging transactions with respect to existing indebtedness ("Interest Rate Hedges"), subject to the limitations and restrictions set forth herein, would be entered into in order to reduce or manage interest rate cost or risk. Interest Rate Hedges would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, or whose parent companies' senior debt ratings, as published by Standard and Poor's Ratings Group, are equal to or greater than BBB, or an equivalent rating from Moody's Investors' Service or Fitch Investor Service. Interest Rate Hedges will involve the use of financial instruments and derivatives commonly used in today's capital markets, such as interest rate swaps, options, caps, collars, floors, and structured notes (i.e., a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), or transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations. The transactions would be for fixed periods and stated notional amounts. In no case will the notional principal amount of any interest rate swap exceed that of the underlying debt instrument and related interest rate exposure. Applicants will not engage in speculative transactions. Fees, commissions and other amounts payable to the counterparty or exchange (excluding the swap or option payments) in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

Interest rate hedging transactions with respect to anticipated debt offerings (the "Anticipatory Hedges") and subject to certain limitations and restrictions as set forth herein would only be entered into with Approved Counterparties, and would be utilized to fix and/or limit the interest rate risk associated with any new issuance through (i) a forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury obligations and/or a forward swap (each a "Forward Sale"); (ii) the purchase of put options on U.S. Treasury obligations (a "Put Options Purchase"); (iii) a Put Options Purchase in combination with the sale of call options on U.S. Treasury obligations (a "Zero Cost Collar"); (iv) transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations; or (v) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to structured notes, options, caps and collars, appropriate for the Anticipatory Hedges. Anticipatory Hedges may be executed on-exchange ("On-Exchange Trades") with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade or the Chicago Mercantile Exchange, the opening of over-the-counter positions with one or more counterparties ("Off-Exchange Trades"), or a combination of On-Exchange Trades and Off-Exchange Trades. Each Applicant will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution. Applicants may decide to lock in interest rates and/or limit its exposure to interest rate increases. Applicants represent that each Interest Rate Hedge and Anticipatory Hedge will be treated for accounting purposes under generally accepted accounting principles. The Applicants will comply with Statement of Financial Accounting Standard ("SFAS") 133 (Accounting for Derivative Instruments and Hedging Activities) and SFAS 138 (Accounting for Certain Derivative Instruments and Certain Hedging Activities) or other standards relating to accounting for derivative transactions as are adopted and implemented by the Financial Accounting Standards Board ("FASB"). The Applicants

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will also comply with any future FASB financial disclosure requirements associated with hedging transactions.

### F. Authority to Form Financing Subsidiaries

AEP and the Subsidiaries request authority to acquire, directly or indirectly, the equity securities of one or more Financing Subsidiaries. Financing Subsidiaries may be corporations, trusts, partnerships or other entities created specifically for the purpose of facilitating the financing of the authorized and exempt activities (including exempt and authorized acquisitions) of AEP and the Subsidiaries through the issuance of long-term debt, or Preferred Securities, to third parties and the transfer of the proceeds of such financings to AEP or other Subsidiaries. See also Section H.2 below. AEP and the Subsidiaries also request authorization to issue their subordinated unsecured notes ("Subordinated Notes") to any Financing Subsidiary to evidence the transfer of financing proceeds by a Financing Subsidiary to its parent company. The principal amount, maturity and interest rate on any such Subordinated Notes will be designed to parallel the amount, maturity and interest or distribution rate on the securities issued by a Financing Subsidiary in respect of which the Subordinated Note is issued.

The amount of securities issued by any Financing Subsidiary to third parties pursuant to the authorization requested herein will be included in the overall external financing limitation, if any, authorized for the parent company of such Financing Subsidiary. However, the amount of Subordinated Notes issued by a parent company to its Financing Subsidiary will not be counted against such external financing limitation.

AEP or a Subsidiary may, if required, guarantee or enter into support or expense agreements in respect of the obligations of any such Financing Subsidiaries. Subsidiaries may also provide guarantees and enter into support or expense agreements, if required, on behalf of such entities. However, to avoid double counting, the guarantees of securities issued by Financing Subsidiaries shall not be counted against the limitation on AEP Guarantees and Subsidiary Guarantees set forth below.

### G. Guarantee of Indebtedness/Obligations

The provision of parent guarantees by holding companies to affiliates in the generation and power marketing business is a standard industry practice. AEP requests authorization herein directly or indirectly through one or more Financing Subsidiaries to enter into guarantees, obtain letters of credit, enter into support or expense agreements or otherwise provide credit support with respect to debt securities or other contractual obligations of any Subsidiary from time to time through the Authorization Period on behalf of any of its direct or indirect Subsidiaries up to \$5 billion, provided however, that the amount of any parent guarantees in respect of obligations of any Subsidiaries shall also be subject to the limitations of Rule 53(a)1) or Rule 58(a)(i), as applicable. AEP also requests authority to guarantee the obligations of its direct or indirect Subsidiaries as may be appropriate or necessary to enable the Subsidiaries to carry on the ordinary course of their businesses.

AEP Utilities seeks authority to provide guarantees and other credit support with respect to its direct or indirect subsidiaries in an amount not to exceed \$1,000,000,000 outstanding at any one time.

The Public Utility Subsidiaries seeks authorization to enter into guarantees and other credit support with respect to obligations of each of its subsidiaries in an aggregate amount not to exceed \$125,000,000 outstanding at any one time.

Nonutility Subsidiaries also request authority for each Nonutility

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Subsidiary to provide guarantees of indebtedness or contractual obligations and other forms of credit support to other nonutility subsidiaries in an aggregate principal amount not to exceed an aggregate of \$2 billion outstanding at any one time, exclusive of any guarantees and other forms of credit support that are exempt pursuant to Rule 45(b) and Rule 52(b), provided however, that the amount of Nonutility Subsidiary guarantees in respect of obligations of any Rule 58 companies shall remain subject to the limitations of Rule 58(a)(i).

Certain of the guarantees referred to above may be in support of the obligations of Subsidiaries which are not capable of exact quantification. In such cases, AEP will determine the exposure of the instrument for purposes of measuring compliance with the total guarantee limit by appropriate means including estimation of exposure based on loss experience or projected potential payment amounts. If appropriate, these estimates will be made in accord with GAAP and these estimates will be re-evaluated periodically.

AEP or a Subsidiary issuing a guarantee, as the case may be, proposes to charge each Subsidiary a fee for each guarantee provided on its behalf that is not greater than the costs, if any, of obtaining the liquidity necessary to perform the guarantee for the period of time the guarantee remains outstanding. Any guarantee that is outstanding at the end of the Authorization Period shall remain in force until it expires or terminates in accordance with its terms.

The aggregate amount of the guarantees will not exceed \$8.125 billion (not taking into account obligations exempt pursuant to Rule 45 and under other outstanding commission orders.

H. Continuation of Money Pools; Financing Subsidiaries; Addition of Participants to Nonutility Money Pool; Addition to Utility Money Pool

### 1. Background and Request

By Order dated December 30, 1976 (HCAR No. 19829; 70-5930) and in subsequent Orders, the Commission authorized CSW (now AEP Utilities), to establish and utilize a system money pool, the CSW Money Pool, to coordinate short-term borrowings for CSW, its electric subsidiary companies and Central and South West Services, Inc. as set forth in Central and South West Corp., HCAR No. 26697 (Mar. 28, 1997, 70-8557) HCAR No. 24855 (April 5, 1989, 70-7643), HCAR No. 26254 (March 21, 1995, 70-8557), HCAR No. 26854 (Apr. 3, 1998, 70-8557).

In its Order dated June 14, 2000 in File 70-9381 (HCAR No. 27186), the Commission authorized AEP to continue the Money Pool and to add its utility subsidiaries and certain other subsidiaries<sup>1</sup> as participants in the AEP System Money Pool (the "Participants") and established borrowing limits for all Participants.

By Order dated December 18, 2002 (HCAR No. 35-27623), AEP was authorized to form a Nonutility Money Pool (copy of the Nonutility Money Pool Agreement is attached hereto as Exhibit C-2) on substantially the same terms as the Utility Money Pool. The list of current participants in the Nonutility Money Pool is set forth on pp. 2-3 above.

AEP and the participants in each of the Money Pools hereby request authorization to continue to participate in the Money Pools as set forth in this Application during the Authorization Period. Each participant in either the Utility Money Pool or the Nonutility Money Pool makes unsecured short-term borrowings from its applicable Money Pool, contributes surplus funds to its applicable Money Pool and lends to and or extends credit to other participants in its applicable Money Pool.

From the Date of any Order issued in this File, EWG's and FUCO's will only be lenders to, not borrowers from, the Nonutility Money Pool.

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Currently the following EWG's and/or FUCO's have outstanding loans from the Nonutility Money Pool:

| Company                      | Amount Borrowed |
|------------------------------|-----------------|
| AEP Desert Sky LP, LLC       | \$ 19,784,355   |
| AEP Delaware Investment Co.. | \$ 883          |
| AEP Energy Services Ltd (UK) | \$ 350,616,061  |

These three borrowers represent that they will repay these outstanding loans in full. Such repayment will be reported on the appropriate Quarterly Rule 24 Report.

Current Operations. All short-term borrowing needs of the Participants may be met by funds in the Money Pools to the extent such funds are available. Each Participant shall have the right to borrow from the respective Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth in orders of this Commission; provided, however, that the aggregate amount of all loans requested by any Participant approved hereunder shall not exceed the applicable borrowing limits set forth in orders of the Commission and other regulatory authorities, and agreements binding upon such Participant. No Participant shall be obligated to borrow from the Money Pool if lower cost funds can be obtained from its own external borrowing. Neither AEP nor AEP Utilities will borrow funds from either of the Money Pools or any Participant. No funds from the Utility Money Pool or Nonutility Money Pool will be invested in EWG's or FUCO's.

AEPSC, a Rule 88 subsidiary service company, acts as administrative agent of the Money Pools. AEPSC will administer the Money Pools on an "at cost" basis and will maintain separate records for each Money Pool. Each Participant, any Financing Subsidiary and AEP determine the amount of funds it has available for contribution to the Money Pools. The determination of whether a Participant or AEP at any time has surplus funds, or shall lend such funds to the Money Pool, will be made by such Participant's treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Participant's sole discretion. Each Participant may withdraw any of its funds at any time upon notice to AEPSC.

Each Participant may borrow from the Utility Money Pool to the extent of its Borrowing Limits for short-term debt.

Participants in the Nonutility Money Pool will not engage in lending and borrowing transactions with Participants in the Utility Money Pool. Neither Money Pool will borrow from the other Money Pool.

Sources of Funds. The Money Pools are composed from time to time of funds from the following sources: (i) surplus funds of AEP; (ii) surplus funds of any of the Participants; or (iii) short-term borrowings by AEP, any Financing Subsidiary or, in the case of the Utility Money Pool, AEP Utilities, Inc. All debt issued in connection with the Money Pools will be unsecured. AEP funds made available to the Money Pools will be used first to fund the Utility Money Pool and thereafter to fund the Nonutility Money Pool.

### 2. Financing Subsidiaries.

Currently, the Utility Money Pool is funded by AEP through a commercial paper program. AEP Utilities and the Public Utility Participants in the Utility Money Pool are also authorized to fund the Utility Money Pool through the issuance of short-term debt. Currently AEP funds the Nonutility Money Pool.

AEP proposes to create two Financing Subsidiaries: one to fund the Utility

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Money Pool and a separate subsidiary to fund the Nonutility Money Pool. Each of the Financing Subsidiaries will be a limited liability corporate subsidiary of AEP formed under the Delaware law. Each Financing Subsidiary will have a separate bank account for the separate money pool it funds. Any funds transferred to the money pools will flow through this Financing Subsidiary bank account.

AEP is modifying its corporate borrowing program to more fully separate the operations of the Utility Money Pool and the Nonutility Money Pool to further assure that there can be no cross-subsidization. This new structure will facilitate a separate external borrowing program for the Utility Money Pool.

The formation of a similar subsidiary to issue commercial paper for the benefit of other subsidiaries was granted to Southern Company in HCAR Release No. 35-27273 in File No. 70-9631.

The Financing Subsidiary formed to fund the Utility Money Pool may obtain funds from external sources or from AEP or AEP Utilities. It is anticipated that this Financing Subsidiary Pool will have the ability to establish an external commercial paper program supported by the Public Utility Subsidiaries and should therefore obtain a higher credit rating than the AEP program currently has. AEP's current credit rating for commercial paper is A2/P3/F2 - and it is anticipated that the Utility Money Pool Financing Subsidiary should initially be rated A2/P2/F2. This will result in lower financing costs depending on market conditions.

When the Financing Subsidiary directly issues commercial paper to dealers to fund the Utility Money Pool, each Public Utility Subsidiary that borrows from the Financing Subsidiary must maintain comparable debt ratings equal to or greater than the Financing Subsidiary and maintain requisite backup facilities with one or more financial institutions. Each Public Utility Subsidiary will pay all liabilities incurred by the Financing Subsidiary relating to the offer and sale of the commercial paper the proceeds of which were used to make loans to that Public Utility Subsidiary and its pro rata share of other expenses and administrative costs of the Financing Subsidiary in connection with its funding of the Utility Money Pool. No Public Utility Subsidiary will be liable for the borrowings of any other affiliate under the Money Pool. The proceeds from the borrowings of the Financing Subsidiary will be used to repay its borrowings or be invested to continue funding the Utility Money Pool. The proceeds of borrowings by the Financing Subsidiary will not be loaned to AEP.

The Financing Subsidiaries that fund the Money Pools would be solely financial conduits. They will not have any business purpose other than to fund the Money Pools. Commission approval will be sought if other types of transactions are contemplated.

AEP will continue to fund the Nonutility Money Pool with the sale of commercial paper. If it is determined that AEP can borrow money at a cheaper rate than that obtained by the Financing Subsidiary that is funding the Utility Money Pool then AEP will fund the Utility Money Pool directly. As stated above, AEP funds made available to the Money Pools will be used first to fund the Utility Money Pool and thereafter to fund the Nonutility Money Pool.

AEPSC administers the Money Pools by matching up, to the extent possible, short-term cash surpluses and loan requirements of AEP and the various Participants. Participants' requests for short-term loans are met first from surplus funds of other Participants which are available to the applicable Money Pool and then from AEP corporate funds to the extent available. To the extent that Participant contributions of surplus funds to the applicable Money Pool are insufficient to meet Participant requests for short-term loans, borrowings are made from outside the system.



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Funds which are loaned from Participants into the applicable Money Pool which are not required to satisfy borrowing needs of other Participants will be invested on the behalf of the respective Money Pool in one or more short-term instruments, including (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than "A" by a nationally recognized rating agency; (iv) commercial paper rated not less than "A-1" or "P-1" or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit, (vii) Eurodollar funds; (viii) short-term debt securities rated AA or above by Standard & Poor's, Aa or above by Moody's Investors Service, or AA or above by Fitch Ratings; (ix) short-term debt securities issued or guaranteed by an entity rated AA or above by Standard & Poor's, Aa or above by Moody's Investors Service, or AA or above by Fitch Ratings; and (x) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

Use of Proceeds. The Money Pools make funds available to Participants for the interim financing of their capital expenditure programs and their other working capital needs and to repay previous borrowings incurred for such purposes. External borrowings by AEP, AEP Utilities, Inc., or any Financing Subsidiary will not be made unless there are no surplus funds in the treasuries of the Participants sufficient to meet borrowing needs. However, no loan must be made by AEP or AEP Utilities, Inc. or any Financing Subsidiary if the borrowing Participant company could borrow more cheaply directly from banks or through the sale of its own commercial paper. Each Participant will borrow pro rata from each funding source in the same proportion that the amount of funds provided by that funding source bears to the total amount of short-term funds available to the Money Pool.

Interest Rate. The interest rate applicable on any day to then outstanding loans through the Money Pools will be the composite weighted average daily effective cost incurred by AEP, AEP Utilities, Inc., or any Financing Subsidiary for short-term borrowings from external sources for that Money Pool. If there are no borrowings outstanding then the rate would be the certificate of deposit yield equivalent of the 30-day Federal Reserve "A2/P2" Non Financial Commercial Paper Composite Rate ("Composite"), or if no composite is established for that day then the applicable rate will be the Composite for the next preceding day for which the Composite is established.

If the Composite shall cease to exist, then the rate would be the composite which then most closely resembles the Composite and/or most closely mirrors the pricing AEP would expect if it had external borrowings.

Each Participant receiving a loan hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event not later than the expiration date of the SEC authorization for the operation of the Money Pool. All loans made through the applicable Money Pool may be prepaid by the borrower without premium or penalty.

If the Money Pool is in an invested position, interest income related to external investments will be calculated daily and allocated back to lending parties on the basis of their relative contribution to the investment pool funds on that date.

### 3. Addition of Participants to Nonutility Money Pool.

The direct and indirect subsidiaries of AEP set forth on p. 4 of this Application hereby seek authority to become additional participants in the Nonutility Money Pool. No additional participants will be added to either of the Money Pools without specific SEC approval.

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### 4. Addition of Dolet Hills Lignite Company, LLC to Utility Money Pool

Dolet Hills Lignite Company, LLC, a subsidiary of SWEPCO, currently a participant in the Nonutility Money Pool, seeks to become a participant in the Utility Money Pool because it is a mining company similar to the other mining companies which are currently Utility Money Pool Participants. It would no longer be a participant in the Nonutility Money Pool.

#### I. Payments of Dividends out of Capital or Unearned Surplus

Section 12 of the Act and Rule 46 thereunder generally prohibit the payment of dividends out of capital or unearned surplus except pursuant to an order of the Commission. AEP and the Nonutility Subsidiaries hereby request authority for the direct and indirect Nonutility Subsidiaries to pay dividends out of capital or unearned surplus to the fullest extent of the law, provided, however, that without further approval of the Commission, no Nonutility Subsidiary will declare or pay any dividend out of capital or unearned surplus if such Nonutility Subsidiary derives any material part of its revenues from the sale of goods, services or electricity to any Public Utility Subsidiary. In addition, the Nonutility Subsidiary will not declare any dividend out of capital or unearned surplus unless it:

- (i) has received excess cash as a result of the sale of assets;
- (ii) has engaged in a reorganization; and/or
- (iii) is returning capital to an associate company.

#### J. Summary of Requests for Authority

- 1) Applicants in this file request authorization for financing transactions for the period beginning with the effective date of an order issued pursuant to this filing and continuing until March 31, 2007 ("Authorization Period") unless otherwise provided;
- 2) AEP seeks authority to increase its capitalization by issuing and selling from time to time during the Authorization Period (i) directly, additional Common Stock or options, warrants, equity-linked securities or stock purchase contracts convertible into or exercisable for Common Stock, and Preferred Stock, (ii) indirectly through one or more Financing Subsidiaries, other forms of preferred securities (including trust preferred securities) (collectively, "Preferred Securities"), (iii) directly or indirectly through one or more Financing Subsidiaries new long-term debt securities having maturities of one year or more up to 50 years ("Long Term Debt"), in an amount up to \$3 billion (excluding securities issued for purposes of refunding or replacing other outstanding securities where AEP's capitalization is not increased as a result thereof or and excluding securities otherwise authorized or exempt);
- 3) AEP seeks to issue, directly or indirectly through one or more Financing Subsidiaries, commercial paper, promissory notes and other forms of short-term indebtedness having maturities of less than one year ("Short-term Debt") in an aggregate amount not to exceed \$7.2 billion to fund the AEP Money Pools and for its own requirements.
- 4) Kingsport, SWEPCO, TCC, TNC and Wheeling seek authority to issue secured or unsecured long-term debt in an amount not to exceed \$50 million, \$600 million, \$600 million, \$250 million and \$50 million, respectively, excluding securities issued for refunding or replacing other outstanding securities where the Public Utility Subsidiary's

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capitalization is not increased as a result thereof, including the issuance of long-term debt to AEP, and to enter into hedging transactions.

- 5) AEP and its Subsidiaries seek authority to enter into and perform interest rate hedging transactions to manage the volatility of interest rates associated with outstanding indebtedness and anticipated debt offerings.
- 6) AEP and the Public Utility Subsidiaries seek authority to issue the short-term debt to the extent of the borrowing limits set forth below for Public Utility Subsidiaries through the AEP Utility Money Pool, external borrowings or borrowings from AEP or from a Financing Subsidiary.
- 7) The following Public Utility Subsidiaries seek authority to refund and reissue currently outstanding pollution control revenue refunding bonds as follows: TCC \$450,000,000, TNC \$45,000,000, and SWEPCO \$185,000,000.
- 8) AEP Utilities, Inc., a registered holding company, seeks authority to borrow short-term debt in an amount up to \$100,000,000 from external sources or from its parent AEP for its general corporate purposes.
- 9) AEP and the Subsidiaries seek authority to (i) acquire, directly or indirectly, the equity securities of one or more entities ("Financing Subsidiaries") created specifically for the purpose of facilitating the financing of authorized and exempt activities of the Applicants through the issuance of long-term debt, short-term debt, preferred securities and other equity securities to third parties and to provide guarantees and enter into expense agreements with respect to the securities or other obligations of Financing Subsidiaries. Financing Subsidiaries are authorized to transfer proceeds of any financing to their respective parent companies. Financing Subsidiaries will, among other things, be authorized to fund the AEP Money Pools.
- 10) AEP and participants in the Money Pools seek authority to continue the Utility Money Pool and the Nonutility Money Pool during the Authorization Period; to fund the Money Pools with separate Financing Subsidiaries; to add certain additional nonutility subsidiaries to the Nonutility Money Pool; and to add Dolet Hills Lignite Company, LLC currently a participant in the Nonutility Money Pool to the Utility Money Pool.
- 11) AEP requests the Commission approve the issuance by AEP and its Subsidiaries of guarantees and other forms of credit support in an aggregate amount not to exceed \$8.125 billion outstanding at any time in exposure as more fully described below; and
- 12) AEP and its Nonutility Subsidiaries request authorization for the Nonutility Subsidiaries to pay dividends out of capital or unearned surplus as set forth on the application.

### K. Compliance with Rule 54

The proposed transaction is also subject to Rule 54. Rule 54 provides that, in determining whether to approve the issue or sale of any securities for purposes other than the acquisition of any "exempt wholesale generator" ("EWG") or "foreign utility company" ("FUCO") or other transactions unrelated to EWGs or FUCOs, the Commission shall not consider the effect of the capitalization or

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earnings of subsidiaries of a registered holding company that are EWGs or FUCOs if the requirements of Rule 53(a), (b) and (c) are satisfied. Under Rule 53(a), the Commission shall not make certain specified findings under Sections 7 and 12 in connection with a proposal by a holding company to issue securities for the purpose of acquiring the securities of or other interest in an EWG, or to guarantee the securities of an EWG, if each of the conditions in paragraphs (a)(1) through (a)(4) thereof are met, provided that none of the conditions specified in paragraphs (b)(1) through (b)(3) of Rule 53 exists.

AEP consummated the merger with Central and South West Corporation, now AEP Utilities, Inc. ("CSW"), on June 15, 2000 pursuant to an order dated June 14, 2000 (HCAR No. 27186), which further authorized AEP to invest up to 100% of its consolidated retained earnings, with consolidated retained earnings to be calculated on the basis of the combined consolidated retained earnings of AEP and CSW (the "Rule 53(c) Order").

AEP currently meets all of the conditions of Rule 53(a), except for clause (1). At September 30, 2003, AEP's "aggregate investment", as defined in Rule 53(a)(1), in EWGs and FUCOs was approximately \$1.724 billion, or about 77.5% of AEP's "consolidated retained earnings", also as defined in Rule 53(a)(1), for the four quarters ended September 30, 2003 (\$2.226 billion).

With respect to Rule 53(a)(1), however, the Commission has determined that AEP's financing of investments in EWGs and FUCOs in an amount greater than the amount that would otherwise be allowed by Rule 53(a)(1) would not have either of the adverse effects set forth in Rule 53(c). See the Rule 53(c) Order.

In addition, AEP has complied and will continue to comply with the record-keeping requirements of Rule 53(a)(2), the limitation under Rule 53(a)(3) on the use of operating company personnel to render services to EWGs and FUCOs, and the requirements of Rule 53(a)(4) concerning the submission of copies of certain filings under the Act to retail rate regulatory commissions. Further, none of the circumstances described in Rule 53(b)(1) or (3) has occurred or is continuing.

The circumstances described in Rule 53(b)(2) have occurred. As a result of the recording of a loss with respect to impairment charges, AEP's consolidated retained earnings declined for the period ending September 30, 2003. The average consolidated retained earnings of AEP for the four quarterly periods ended September 30, 2003 was \$2.226 billion, or a decrease of approximately 28.3% from the company's average consolidated retained earnings for the four quarterly periods ended September 30, 2003 of \$3.106 billion. In addition, AEP's "aggregate investment" in EWGs and FUCOs as of September 30, 2003 exceeded 2% of the total capital invested in utility operations.

If the effect of the capitalization and earnings of EWGs and FUCOs in which AEP has an ownership interest upon the AEP holding company system were considered, there would be no basis for the Commission to withhold or deny approval for the proposal made in this Application-Declaration. The action requested in the instant filing would not, by itself, or even considered in conjunction with the effect of the capitalization and earnings of AEP's EWGs and FUCOs, have a material adverse effect on the financial integrity of the AEP system, or an adverse impact on AEP's public-utility subsidiaries, their customers, or the ability of State commissions to protect such public-utility customers. The Rule 53(c) Order was predicated, in part, upon an assessment of AEP's overall financial condition which took into account, among other factors, AEP's consolidated capitalization ratio and the growth trend in AEP's retained earnings.

As of December 31, 1999, the most recent period for which financial statement information was evaluated in the 53(c) Order, AEP's consolidated capitalization (including CSW on a pro forma basis) consisted of 37.3% common

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and preferred equity, 61.3% debt and \$335 million principal amount of certain subsidiary obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely junior subordinated debentures of such subsidiaries ("Trust Preferred Securities") representing 1.4%.

As of September 30, 2003, AEP's consolidated capitalization consisted of 60.9% debt, 39.1% common and preferred equity (consisting of 395,004,720 shares of common stock representing 36.8%, \$376 million principal amount of equity units representing 1.6% and \$144 million principal amount of preferred stock representing 0.7%).

AEP respectfully submits that the requirements of Rule 53(c) are met. The requested authority will not have a substantial adverse impact upon the financial integrity of AEP or its Utility Subsidiaries.

None of AEP's Utility Subsidiaries or their customers will be adversely impacted by the requested relief.

The ratio of common equity to total capitalization, net of securitization debt, of each of the Utility Subsidiaries will continue to be maintained at not less than 30% (except for TCC which will maintain 25% so long as securitization bonds are outstanding). In addition, each of the Utility Subsidiaries is subject to regulation by one or more state commissions that are able to protect utility customers within their respective states.

Since the date of the Rule 53(c) Order, there has been a reduction in AEP's consolidated equity capitalization ratio; however, it remains within acceptable ranges and limits of rating agencies for strong investment grade corporate credit ratings. In addition, the operating subsidiaries, which will have a significant influence on the determination of the AEP corporate rating, continue to show strong financial statistics as measured by the rating agencies.

As of December 31, 1999, Standard and Poor's ("S&P") rating of secured debt for AEP's operating subsidiaries was as follows: Appalachian Power Company, A; Columbus Southern Power Company, A-; Indiana Michigan Power Company, A-; Kentucky Power Company, A; Ohio Power Company, A-; AEP Texas Central Company (formerly Central Power and Light Company), A; Public Service Company of Oklahoma, AA-; Southwestern Electric Power Company, AA-; and AEP Texas North Company, A. AEP did not have a long-term debt rating as of December 31, 1999.

As of September 30, 2003, S&P's rating of secured debt for AEP's operating subsidiaries was as follows: Appalachian Power Company, BBB; Columbus Southern Power Company, BBB; Indiana Michigan Power Company, BBB; Kentucky Power Company, BBB; Ohio Power Company, BBB; AEP Texas Central Company (formerly Central Power and Light Company), BBB; Public Service Company of Oklahoma, BBB; Southwestern Electric Power Company, BBB; and AEP Texas North Company (formerly, West Texas Utilities Company), BBB.

### Reporting

AEP and the Participants will report quarterly to the Commission pursuant to Rule 24 under the Act within 60 days after the end of each calendar quarter. Each certificate will set forth the following information:

1. The sales of any Common Stock by AEP and the purchase price per share of stock issued and sold pursuant to the Authority;
2. Amount and terms of any Long-Term Debt, Preferred Stock, Preferred Securities, equity-linked securities directly or indirectly issued by AEP.
3. The amount and terms of any long-term debt issued by Kingsport, SWEPCO, TCC, TNC or Wheeling issued pursuant to this authority;
4. The amount and terms of any pollution control refinancing issued

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- pursuant to this Order.
5. If a guarantee is issued during the quarter pursuant to this authority, the name of the guarantor, the name of the beneficiary of the guarantee and the amount of the guarantee;
  6. The amount and terms of any short-term debt issued by AEP, AEP Utilities, any Financing Subsidiary or any of the Public Utility Subsidiaries during the quarter;
  7. The notional amount and principal terms of any hedge instruments or Anticipatory Hedges entered into during the quarter and the identity of the other parties thereto;
  8. The name, parent company and the amount invested in any financing entity during the quarter;
  9. A table showing at the end of each quarter a capitalization chart for AEP and each of the Public Utility Subsidiaries similar to the table attached as Exhibit B hereto;
  10. With respect to each participant in the Utility Money Pool and each participant in the Nonutility Money Pool, the maximum borrowings from and loans to the respective Money Pool during the quarter and the interest rate applied to borrowings and loans;
  11. A list of Form U-6B-2 statements filed with the Commission, including the name of the filing entity and the date of the filing.
  12. The date, amount and payee of dividends out of capital or unearned surplus paid by any Nonutility Subsidiary.

### ITEM 2. Fees, Commissions and Expenses.

The fees, commissions and expenses incurred or to be incurred in connection with the preparation and filing of this Application/Declaration are estimated not to exceed \$2,000.

### ITEM 3. Applicable Statutory Provisions.

Sections 6(a), 7, 9(a), 10 and 12 and Rules 43, 45 and 46 thereunder are or may be applicable to the proposed transactions. To the extent any other sections of the Act may be applicable to the proposed transactions, the Applicants hereby request appropriate orders thereunder.

### ITEM 4. Regulatory Approval.

No state and regulatory authority which has not already been obtained and no federal regulatory authority, other than the Commission under the Act, has jurisdiction over the proposed transactions. The Virginia State Corporation Commission and the West Virginia Public Services Commission may have jurisdiction over the organization of a Financing Subsidiary to provide services for Appalachian or Wheeling. No other approvals are required.

### ITEM 5. PROCEDURE.

The Commission is requested to publish a notice under Rule 23 with respect to the filing of this Application/Declaration as soon as practicable. The Applicant requests that the Commission's order be issued as soon as practicable after the notice period and in any event not later than May 14, 2004 in order to accommodate the financing needs of the Company. The Applicants further request that there should not be a 30-day waiting period between issuance of the Commission's order and the date on which the order is to become effective, hereby waives a recommended decision by a hearing officer or any other responsible officer of the Commission, and consents to the assistance of the Division of Investment Management in the preparation of the Commission's decision and/or order, unless the Division of Investment Management opposes the matters proposed herein.

### ITEM 6. Exhibits and Financial Statements.

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A. Exhibits.

- A List of current Nonutility Money Pool Participants
- B - Table of Equity Debt Ratios (to be filed by amendment)
- C-1 - Copy of AEP System Utility Money Pool Agreement [incorporated by reference to Exhibit C to AEP's Application/Declaration on Form U-1, as amended, in File No. 70-10088].
- C-2 - Copy of AEP System Nonutility Money Pool Agreement dated as of December 18, 2002.
- D - Inapplicable.
- E - Opinion of Counsel.
- F - Form of Federal Register Notice.
- G - Projected cash flow summary of AEP Consolidated for years 2004-06 (to be filed confidentially by amendment pursuant to Rule 104).

B. Financial Statements.

Balance Sheets as of December 31, 2003 and Statements Of Income and Retained Earnings for the 12 months ended December 31, 2003 of AEP and its subsidiaries consolidated. (To be filed by amendment).

ITEM 7. Information as to Environmental Effects.

None of the matters that are the subject of this Application/Declaration involves a "major federal action" nor do such matters "significantly affect the quality of the human environment" as those terms are used in section 102(2)(C) of the National Environmental Policy Act. The transaction that is the subject of this Application/Declaration will not result in changes in the operation of the Applicant that will have an impact on the environment. The Applicant is not aware of any federal agency that has prepared or is preparing an environmental impact statement with respect to the transaction that is the subject of this Application/Declaration.

SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned company has duly caused this Form U-1 to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN ELECTRIC POWER COMPANY, INC.  
and  
AEP GENERATING COMPANY  
AMERICAN ELECTRIC POWER SERVICE CORPORATION  
APPALACHIAN POWER COMPANY  
AEP UTILITIES, INC.  
COLUMBUS SOUTHERN POWER COMPANY  
INDIANA MICHIGAN POWER COMPANY  
KENTUCKY POWER COMPANY  
KINGSPORT POWER COMPANY  
OHIO POWER COMPANY  
PUBLIC SERVICE COMPANY OF OKLAHOMA

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SOUTHWESTERN ELECTRIC POWER COMPANY  
AEP TEXAS CENTRAL COMPANY  
AEP TEXAS NORTH COMPANY  
WHEELING POWER COMPANY  
CEDAR COAL COMPANY  
CENTRAL APPALACHIAN COAL COMPANY  
CENTRAL COAL COMPANY  
COLOMET, INC.  
SIMCO, INC.  
SOUTHERN APPALACHIAN COAL COMPANY  
BLACKHAWK COAL COMPANY  
CONESVILLE COAL PREPARATION COMPANY  
FRANKLIN REAL ESTATE COMPANY  
INDIANA FRANKLIN REALTY, INC.  
DOLET HILLS LIGNITE COMPANY, LLC  
AEP PRO SERV, INC.  
AEP TEXAS COMMERCIAL & INDUSTRIAL RETAIL LIMITED PARTNERSHIP  
AEP C & I COMPANY, LLC  
AEP GAS POWER GP, LLC  
AEP TEXAS COMMERCIAL & INDUSTRIAL RETAIL GP, LLC  
AEP COMMUNICATIONS, INC.  
AEP COMMUNICATIONS, LLC  
C3 NETWORKS GP, L.L.C.  
C3 NETWORKS LIMITED PARTNERSHIP  
C3 NETWORKS & COMMUNICATIONS LIMITED PARTNERSHIP  
AEP FIBER VENTURE, LLC  
C3 COMMUNICATIONS, INC.  
AEP ENERGY SERVICES, INC.  
AEP EMTECH, LLC  
AEP INVESTMENTS, INC.  
VENTURES LEASE CO., LLC  
AEP RESOURCES, INC.  
AEP DELAWARE INVESTMENT COMPANY  
AEP DELAWARE INVESTMENT COMPANY II  
AEP MEMCO LLC  
AEP ELMWOOD LLC  
UNITED SCIENCES TESTING, INC.  
AEP ENERGY SERVICES GAS HOLDING COMPANY  
JEFFERSON ISLAND STORAGE & HUB L.L.C.  
AEP ACQUISITION, L.L.C.  
AEP ENERGY SERVICES INVESTMENTS, INC.  
HOUSTON PIPE LINE COMPANY, LP  
AEP GAS MARKETING LP  
HPL HOLDINGS, INC.  
NGLE INTERNATIONAL, LIMITED  
NGLE PROJECT MANAGEMENT COMPANY LIMITED  
NGLE PUSHAN POWER, LDC  
CSW INTERNATIONAL, INC.  
AEP DELAWARE INVESTMENT COMPANY III  
AEP ENERGY SERVICES UK GENERATION LIMITED  
AEP ENERGY SERVICES LIMITED  
CSW ENERGY, INC.  
CSW ENERGY SERVICES, INC.  
REP HOLDCO, LLC  
REP GENERAL PARTNER L.L.C.  
AEP OHIO RETAIL ENERGY, LLC  
MUTUAL ENERGY L.L.C.  
AEP TEXAS POLR, LLC (FORMERLY AEP TEXAS RETAIL GP, LLC)  
POLR POWER, L.P.  
AEP HOUSTON PIPE LINE COMPANY, LLC  
AEP COAL, INC.  
AEP POWER MARKETING, INC.



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AEP TEXAS POLR GP, LLC  
AEP COAL MARKETING, LLC  
AEP WIND LP, LLC  
AEP WIND LP II, LLC  
AEP WIND GP, LLC  
AEP WIND HOLDING, LLC  
HPL GP, LLC  
AEP DESERT SKY GP, LLC  
AEP DESERT SKY LP, LLC  
AEPR OHIO, LLC  
AEP DESERT SKY LP II, LLC  
AEP EMISSIONS MARKETING, LLC  
AEP T&D SERVICES, LLC

By: /s/ Stephen P. Smith  
Treasurer of all the  
above-listed companies.

Dated: April 23, 2004

CSW POWER MARKETING, INC.  
CSW FT. LUPTON, INC.  
NEWGULF POWER VENTURE, INC.  
CSW DEVELOPMENT-I, INC.  
CSW SERVICES INTERNATIONAL, INC.  
CSW ORANGE, INC.  
CSW MULBERRY, INC.  
NOAH I POWER GP, INC.  
CSW ORANGE II, INC.  
CSW MULBERRY II, INC.  
CSW SWEENEY GP I, INC.  
CSW SWEENEY GP II, INC.  
CSW SWEENEY LP I, INC.  
CSW SWEENEY LP II, INC.

By: /s/ Wendy Hargus  
Treasurer of all the  
above-listed companies.

Dated: April 23, 2004

-and-

AEP HOLDINGS I C.V.

By: AEP Delaware Investment  
Company III  
Its: Managing Partner

By: /s/ Stephen P. Smith  
Treasurer of  
AEP DELAWARE INVESTMENT COMPANY III

Dated: April 23, 2004

-and-

AEP HOLDINGS II C.V.

By: AEP Delaware Investment Company II  
Its: Managing Partner

By: /s/ Stephen P. Smith  
Treasurer of  
AEP DELAWARE INVESTMENT COMPANY II

Dated: April 23, 2004

-and-

MUTUAL ENERGY SWEPCO L.P.

By: REP Holdco, LLC  
Its: Managing Partner

By: /s/ Stephen P. Smith  
Treasurer of  
REP HOLDCO, LLC

Dated: April 23, 2004

-and-

TRENT WIND FARM, L.P.

By: AEP Wind LP II, LLC  
Its: Managing Partner

By: /s/ Stephen P. Smith  
Treasurer of  
AEP WIND LP II, LLC

Dated: April 23, 2004

Exhibit A

NONUTILITY MONEY POOL PARTICIPANTS

The entities that are currently participants in the Nonutility Money Pool and Applicants to this Filing ("Nonutility Money Pool Participants") are listed below.<sup>2</sup>

| Entity | Description | Authorization |
|--------|-------------|---------------|
|--------|-------------|---------------|

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|   |   |               |
|---|---|---------------|
| AEP Coal, Inc.  | Coal Mining Operations in Midwest                           | Rule 58       |
| AEP Power Marketing, Inc.   | Power Marketing   | Rule 58/Order |
| AEP Pro Serv, Inc.  | Professional Services for industrial and energy customers   | Order         |
| AEP Texas Commercial & Industrial Retail Limited Partnership                                      | Gas and electric retail marketing                           | Rule 58       |
| AEP T&D Services, LLC   | Professional Services for transmission and distribution     | Rule 58       |
| AEP C & I Company, LLC  | Gas and electric commercial and industrial retail marketing | Rule 58       |
| AEP Gas Power GP, LLC   | Gas and electric commercial and industrial retail marketing | Rule 58       |
| AEP Texas Commercial & Industrial Retail GP, LLC  | Gas and electric commercial and industrial retail marketing | Rule 58       |
| AEP Communications, Inc.  | Telecom and fiber optics company                            | ETC           |
| AEP Communications, LLC   | Telecom and fiber optics company                            | ETC           |
| C3 Networks GP, L.L.C.  | Telecom and fiber optics company                            | ETC           |
| C3 Networks Limited Partnership   | Telecom and fiber optics company                            | ETC           |
| C3 Networks & Communications Limited Partnership  | Telecom and fiber optics company                            | ETC           |
| AEP Fiber Venture, LLC  | Telecom and fiber optics company                            | ETC           |
| C3 Communications, Inc.   | Telecom and fiber optics company                            | ETC           |
| AEP Energy Services, Inc.   | Energy trading operations                                   | Rule 58       |
| AEP EmTech, LLC   | Owns and manages intellectual property                      | Rule 58       |
| AEP Investments, Inc.   | Owns and manages intellectual property                      | Order         |
| Ventures Lease Co., LLC   | 100% owned by AEP Resources                                 | Order         |
| AEP Resources, Inc.   | Service company   | Order         |
| AEP Delaware Investment Company   | 1% owner of AEP holdings                                    | FUCO/PP       |
| AEP Delaware Investment Company II  | Holding company   | FUCO/PP       |
| AEP Delaware Investment Company III   | Energy management   | FUCO/PP       |
| AEP MEMCO LLC   | Barge operations  | Order         |
| AEP Elmwood LLC   | Barge maintenance   | Order         |
| United Sciences Testing, Inc.   | Emissions testing systems                                   | Rule 58       |
| AEP Energy Services Gas Holding Company   | Gas marketing   | Order         |
| Jefferson Island Storage & Hub L.L.C.   | Gas marketing   | Order         |
| AEP Acquisition, L.L.C.   | Gas marketing   | Order         |
| AEP Energy Services Investments, Inc.   | Gas marketing   | Order         |
| Houston Pipe Line Company, LP   | Gas pipeline  | Order         |
| AEP Gas Marketing LP  | Gas marketing   | Order         |
| HPL Holdings, Inc.  | Gas marketing   | Order         |
| NGLE Project Management Company Limited (formerly AEP Resources Project Management Company, Ltd.) | Foreign power plant operations                              | FUCO/PP       |
| NGLE International, Limited (formerly AEP Resources   | Foreign power plant operations                              | FUCO/PP       |

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|                                   |                             |         |
|-----------------------------------|-----------------------------|---------|
| International Limited)            |                             |         |
| NGLE Pushan Power, LDC (formerly  | Foreign power plant         | FUCO/PP |
| AEP Pushan Power LDC)             | operations                  |         |
| CSW International, Inc.           | International holding       | Order   |
|                                   | company                     |         |
| AEP Holdings I CV                 | Holding company             | FUCO/PP |
| AEP Holdings II CV                | Holding company             | FUCO/PP |
| AEP Energy Services UK Generation | European power generation   | FUCO/PP |
| Limited                           |                             |         |
| AEP Energy Services Limited       | European trading operations | FUCO/PP |
| CSW Energy, Inc.                  | Domestic IPP's              | Order   |
| CSW Power Marketing, Inc.         | Power marketing             | Rule 58 |
| CSW Ft. Lupton, Inc.              | Power plant operations      | Rule 58 |
| Newgulf Power Venture, Inc.       | Power plant operations      | EWG     |
| CSW Development-I, Inc.           | Power plant operations      | Rule 58 |
| CSW Energy Services, Inc.         | Energy Marketer             | Rule 58 |
| Mutual Energy SWEPCO L.P.         | Retail electric provider    | Rule 58 |
| REP Holdco, LLC                   | Retail electric provider    | Rule 58 |
| REP General Partner L.L.C.        | Retail electric provider    | Rule 58 |
| AEP Ohio Retail Energy, LLC       | Retail electric provider    | Rule 58 |
| Mutual Energy L.L.C.              | Retail electric provider    | Rule 58 |
| AEP Texas POLR, LLC (formerly AEP | Retail electric provider    | Rule 58 |
| Texas Retail GP, LLC)             | of last resort              |         |
| POLR Power, L.P.                  | Retail electric provider    | Rule 58 |
|                                   | of last resort              |         |
| Dolet Hills Lignite Company, LLC  | Coal mining operations in   | Rule 58 |
|                                   | Louisiana                   |         |
| AEP Desert Sky GP, LLC            | Wind generation operations  | EWG     |
| AEP Desert Sky LP, LLC            | Wind generation operations  | EWG     |

Exhibit C-2

### AEP SYSTEM NONUTILITY MONEY POOL AGREEMENT

This NONUTILITY MONEY POOL AGREEMENT ("Agreement") is made and entered into this 18th day of December, 2002 by and among American Electric Power Company, Inc. ("AEP"), a New York corporation, a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act"), and certain of AEP's direct or indirect subsidiaries, each of which are signatories hereto, or which subsequently become signatories hereto and agree to abide by the terms herein (each direct or indirect subsidiary, a "Party" and collectively, the "Parties").

WHEREAS, the Parties from time to time have need to borrow funds on a short-term basis; and

WHEREAS, some of the Parties from time to time are expected to have funds available to loan on a short-term basis; and

WHEREAS, AEP and the Parties desire to establish a pool (the "Nonutility Money Pool") to coordinate and provide for certain of the Parties' short-term cash requirements;

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the Parties and AEP hereto agree as follows:

### ARTICLE I CONTRIBUTIONS AND BORROWINGS

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### Section 1.1. Contributions to the Nonutility Money Pool.

American Electric Power Service Corporation ("AEPSC") shall act as administrative agent of the Nonutility Money Pool. Each Party and AEP will determine from time to time, the amount of funds it has available for contribution to the Nonutility Money Pool. The determination of whether a Party or AEP at any time has surplus funds, or shall lend such funds to the Nonutility Money Pool, will be made by such Party's treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion. Each Party may withdraw any of its funds at any time upon notice to AEPSC.

### Section 1.2 Rights to Borrow.

(a) Subject to the provisions of Section 1.4(b) of this Agreement, all short-term borrowing needs of the Parties may be met by funds in the Nonutility Money Pool to the extent such funds are available. Each Party shall have the right to borrow from the Nonutility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in the applicable orders of the Securities and Exchange Commission ("SEC") and other regulatory authorities. Each Party may request loans from the Nonutility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties and AEP; provided, however, that the aggregate amount of all loans requested by any Party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the SEC and other regulatory authorities, resolutions of such Party's shareholders and Board of Directors, such Party's governing corporate documents, and agreements binding upon such Party. No Party shall be obligated to borrow from the Nonutility Money Pool if lower cost funds can be obtained from its own external borrowing.

(b) AEP will not borrow funds from the Nonutility Money Pool or any Party.

### Section 1.3 Source of Funds.

(a) Funds will be available through the Nonutility Money Pool from the following sources for use by the Parties from time to time: (i) surplus funds in the treasuries of the Parties; (ii) surplus funds in the treasury of AEP; and (iii) external borrowings by AEP from the sale of commercial paper notes and/or other instruments authorized by the SEC, and/or bank borrowings ("External Funds"), the proceeds of which would be added to AEP's treasury funds, in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such stated order of priority.

(b) Each borrowing Party will borrow pro rata from each fund source in the same proportion that the amount of funds provided from that fund source bears to the total amount of short-term funds available to the Nonutility Money Pool.

### Section 1.4 Authorization.

(a) The determination of whether a Party or AEP has at any time surplus funds to lend to the Nonutility Money Pool will be made by its treasurer, or by a designee thereof.

(b) Any loan from the Nonutility Money Pool to a Party shall be authorized by the borrowing Party's treasurer, or by a designee thereof. No Party shall be required to effect a borrowing through the Nonutility Money Pool if such Party determines that it can (and is authorized to) effect such borrowing at lower cost through the sale of its own commercial paper or other instruments, or borrowing directly from banks.

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### Section 1.5 External Investment of Nonutility Investment Pool Funds.

Funds which are loaned from Parties into the Nonutility Money Pool which are not required to satisfy borrowing needs of other Parties ("Nonutility Investment Pool") will be invested by AEP on the behalf of the lending Parties in one or more short-term instruments ("External Investments").

### Section 1.6 Nonutility Money Pool Interest.

The interest rate applicable on any day to then outstanding loans through the Nonutility Money Pool, whether or not evidenced by a promissory demand note, will be the composite weighted average daily effective cost incurred by AEP for External Funds outstanding on that date. If there are no External Funds outstanding on that date, then the rate would be the certificate of deposit yield equivalent of the 30-day Federal Reserve "AA" Non-Financial Commercial Paper Composite Rate (the "Composite"), or if no Composite is established for that day, then the applicable rate will be the Composite for the next preceding day for which a composite is established. If the Composite shall cease to exist, then the rate would be the composite which then most closely resembles the Composite and/or most closely mirrors the pricing AEP would expect if it had External Funds.

### Section 1.7 Nonutility Investment Pool Interest.

Interest income related to External Investments will be calculated daily and allocated back to lending Parties on the basis of their relative contribution to the Nonutility Investment Pool funds on that date.

### Section 1.8 Repayment.

Each Party receiving a loan hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event not later than the expiration date of the SEC authorization for the operation of the Nonutility Money Pool. All loans made through the Nonutility Money Pool may be prepaid by the borrower without premium or penalty.

### Section 1.9 Form of Loans to Parties.

Loans to the Parties through the Nonutility Money Pool will be made pursuant to open-account advances, although any lending Party would at all times be entitled to receive upon demand a promissory note evidencing the transaction. Any such note shall: (a) be substantially in the form attached herewith as Exhibit A; (b) be dated as of the date of the initial borrowing; (c) mature on demand or on a date mutually agreed to by the Parties to the transaction, but in any event not later than the expiration date of the SEC authorization for the operation of the Nonutility Money Pool; and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

## ARTICLE II OPERATION OF THE NONUTILITY MONEY POOL

### Section 2.1 Operation.

Operation of the Nonutility Money Pool, including record keeping and coordination of loans, will be handled by AEPSC under the authority of the treasurer of AEP and/or AEPSC. AEPSC shall be responsible for the determination of all applicable interest rates and charges to be applied to any loans from the Nonutility Money Pool and earnings to be applied to any loans to the Nonutility Money Pool and/or Nonutility Investment Pool outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties.

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### Section 2.2 Certain Costs.

The cost of fees and/or compensating balances paid to banks to maintain credit lines will initially be allocated to the Parties and AEP on the basis of prior calendar year relative maximum non-coincidental borrowings, and such costs will be retroactively reallocated at the end of each calendar year on the basis of that year's actual relative maximum non-coincidental borrowings of the Parties and AEP.

### Section 2.3 Event of Default.

If any Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Party seeking to adjudicate it a bankrupt or insolvent, then the other Parties may declare the unpaid principal amount of any loans to such Party, and all interest thereon, to be forthwith due and payable and all such amounts shall forthwith become due and payable.

## ARTICLE III MISCELLANEOUS

### Section 3.1 Amendments.

No amendment to this Agreement shall be effective unless the same be in writing and signed by Parties thereto.

### Section 3.2 Legal Responsibility.

Nothing herein contained shall render AEP or any Party liable for the obligations of any other Party(ies) hereunder and the rights, obligations and liabilities of AEP and the Parties are several in accordance with their respective obligations, and not joint.

### Section 3.3 Governing Law.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned companies have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

AMERICAN ELECTRIC POWER COMPANY, INC.  
AMERICAN ELECTRIC POWER SERVICE CORPORATION

AEP ACQUISITION, L.L.C.  
AEP C&I COMPANY, LLC  
AEP COAL, INC.  
AEP COMMUNICATIONS, INC.  
AEP COMMUNICATIONS, LLC  
AEP CREDIT, INC.  
AEP DELAWARE INVESTMENT COMPANY II  
AEP DELAWARE INVESTMENT COMPANY III  
AEP DESERT SKY GP, LLC  
AEP DESERT SKY LP LLC  
AEP ELMWOOD LLC  
AEP EMTECH, LLC  
AEP ENERGY SERVICES GAS HOLDING COMPANY  
AEP ENERGY SERVICES, INC.  
AEP ENERGY SERVICES INVESTMENTS, INC.

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AEP ENERGY SERVICES LIMITED  
AEP ENERGY SERVICES UK GEN LTD.  
AEP FIBER VENTURE, LLC  
AEP GAS MARKETING LP  
AEP GAS POWER GP, LLC  
AEP GAS POWER SYSTEM GP, LLC  
AEP HOLDINGS I CV  
AEP HOLDINGS II CV  
AEP INVESTMENTS, INC.  
AEP MEMCO LLC  
AEP OHIO COMMERCIAL & INDUSTRIAL RETAIL CO., LLC  
AEP OHIO RETAIL ENERGY LLC  
AEP POWER MARKETING, INC.  
AEP PRO SERV, INC.  
AEP PUSHAN POWER, LDC  
AEP RESOUCE SERVICES, LLC  
AEP RESOURCES INTERNATIONAL, LIMITED  
AEP RESOURCES PROJECT MANAGEMENT COMPANY, LTD.  
AEP RESOURCES, INC.  
AEP RETAIL ENERGY, LLC  
AEP T&D SERVICES, LLC  
AEP TEXAS COMMERCIAL & INDUSTRIAL RETAIL GP, LLC  
AEP TEXAS RETAIL GP, LLC  
C3 COMMUNICATIONS, INC.  
C3 NETWORKS & COMMUNICATIONS LP  
C3 NETWORKS GP, LLC  
C3 NETWORKS LIMITED PARTNERSHIP  
CSW DEVELOPMENT I, INC.  
CSW EASTEX LP I, INC.  
CSW ENERGY SERVICES, INC.  
CSW ENERGY, INC.  
CSW FT. LUPTON, INC.  
CSW INTERNATIONAL, INC.  
CSW POWER MARKETING, INC.  
DOLET HILLS LIGNITE COMPANY, LLC  
EASTEX COGENERATION LP  
ENERSHOP INC.  
HOUSTON PIPE LINE COMPANY LP  
HPL HOLDINGS, INC.  
INDUSTRY AND ENERGY ASSOCIATES LLC  
JEFFERSON ISLAND STORAGE & HUB L.L.C.  
LIG CHEMICAL COMPANY  
LIG LIQUIDS COMPANY, L.L.C.  
LIG PIPELINE COMPANY  
LIG, INC.  
LOUISIANA INTRASTATE GAS COMPANY, L.L.C.  
MID-TEXAS PIPELINE COMPANY  
MUTUAL ENERGY L.L.C.  
MUTUAL ENERGY SERVICE COMPANY, L.L.C.  
MUTUAL ENERGY SWEPSCO L.P.  
NEWGULF POWER VENTURE  
POLR POWER, L.P.  
REP GENERAL PARTNER L.L.C.  
REP HOLDCO INC.  
TUSCALOOSA PIPELINE COMPANY  
UNITED SCIENCES TESTING, INC.  
UNIVERSAL SUPERCAPACITATORS, LLC  
VENTURES LEASE CO., LLC

By: /s/ Wendy G. Hargus  
Assistant Treasurer of each of the above-listed companies



EXHIBIT A

FORM OF NONUTILITY MONEY POOL NOTE  
 TO BE EXECUTED BY BORROWING PARTIES  
 TO AEP OR OTHER PARTIES

\_\_\_\_\_, 20\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ (the "Borrower"), hereby promises to pay to the order of \_\_\_\_\_ (the "Lender") at its principal office in \_\_\_\_\_, on demand or on \_\_\_\_\_, 20\_\_, or at the option of the Borrower, whichever first occurs, but in any event not later than the expiration date of the SEC authorization for the operation of the Nonutility Money Pool, the principal sum set forth on the attachment hereto as "Principal Amount Outstanding." This note may be paid in full at any time or in part from time to time without premium or penalty. The Principal Amount Outstanding shall bear interest, calculated daily, at a rate equal to AEP's weighted average daily effective cost for all External Borrowings outstanding on that date. If there are no External Borrowings outstanding on that date, then the rate would be the CD yield equivalent of the 30-day Federal Reserve "AA" Non-Financial Commercial Paper Composite Rate (the "Composite"), or if no Composite is established for that day, then the applicable rate will be the Composite for the next preceding day for which a Composite is established.

This Note shall be governed by, and construed and interpreted in accordance with, the Laws of the State of New York.

IN WITNESS WHEREOF, the undersigned, pursuant to due authorization, has caused this Note to be executed in its name and on its behalf by its duly authorized officer.

(Name of Borrower)

By: \_\_\_\_\_  
 Name:  
 Title:

| Date  | Loan<br>(Repayment) | Principal<br>Amount<br>Outstanding | Rate  | Interest |
|-------|---------------------|------------------------------------|-------|----------|
| ----- | -----               | -----                              | ----- | -----    |
| ----- | -----               | -----                              | ----- | -----    |
| ----- | -----               | -----                              | ----- | -----    |
| ----- | -----               | -----                              | ----- | -----    |

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Exhibit E  
March \_\_, 2004

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, DC 20549

Re: American Electric Power Company, Inc.  
Application-Declaration on Form U-1  
File No. 70

Dear Sirs:

I am an attorney employed by American Electric Power Service Corporation, a subsidiary of American Electric Power, Inc. ("AEP") and have acted as counsel for American Electric Power Company, Inc. and its subsidiaries (the "Subsidiaries") in connection with the filing of the Application-Declaration on Form U-1 (the "Application"), filed under the Public Utility Holding Company Act of 1935, as amended (the "Act"), by AEP a registered holding company, and its Subsidiaries. In the application, AEP and the Subsidiaries request authority under the Act to engage in various financing and related transactions (the "Proposed Transactions") through March 31, 2007.

I have examined originals, or copies certified to my satisfaction, of such corporate records of AEP and the Subsidiaries, certificates of public officials, certificates of officers and representatives of AEP and the Subsidiaries and other documents as I have deemed necessary to require as a basis for the opinions hereafter expressed. In such examination, I have assumed the genuineness of all signatures and the authenticity of all documents submitted to me as originals and the conformity with the originals of all documents submitted to us as copies. As to various questions of fact material to such opinions I

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have, when relevant facts were not independently established, relied upon certificates by officers of AEP and other appropriate persons and statements contained in the Application.

Based upon the foregoing, and having regard to legal considerations which I deem relevant, I am of the opinion that, in the event that the Proposed Transactions are consummated in accordance with the Application, and subject to the assumptions and conditions set forth below:

1. AEP and each of the Subsidiaries are or will be validly organized and duly existing under the laws of their states of incorporation.
2. All state laws applicable to the Proposed Transactions as described in the Application (other than so-called "blue-sky" or state securities laws as to which I express no opinion) will have been complied with.
3. Any debt securities and any guarantees issued as contemplated in the Application will be valid and binding obligations of AEP or the respective Subsidiary in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, moratorium or other similar laws of general applicability relating to or affecting the enforcement of creditors' rights generally and to the effects of general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law), including without limitation (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedies and (b) concepts of materiality, reasonableness, good faith and fair dealing.
4. Any shares of common stock or preferred stock issued or sold by the Subsidiaries as contemplated in the Application will be validly issued, fully paid, and non-assessable and the holders thereof will be entitled to the rights and privileges appertaining thereto set forth in the charter or other documents defining such rights and privileges.
5. The consummation by AEP and the Subsidiaries of the Proposed Transactions will not violate the legal rights of the holders of any securities issued by AEP or the Subsidiaries or any "associate" company, as such term is defined in the Act, of AEP or the Subsidiaries.

The opinions expressed above in respect of the Proposed Transactions described in the Application are subject to the following assumptions or conditions:

- a. The Proposed Transactions shall have been duly authorized and approved to the extent required by state law by the Boards of Directors of AEP and the Subsidiaries.
- b. The Securities and Exchange Commission shall have duly entered an appropriate order or orders granting and permitting the Application to become effective.
- c. The Proposed Transactions shall be consummated in accordance with any required approvals, authorizations, consents, certificates and orders of any state commission or regulatory authority and all such required approvals, authorizations, consents, certificates and orders shall have been obtained and remain in effect.

I hereby consent to the use of this opinion as an exhibit to the Application.

Very truly yours,

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/s/ Ann B. Graf  
Ann B. Graf  
Counsel to American Electric Power  
Company, Inc. and its Subsidiaries

ABG/lrc

Exhibit F

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935  
Release No.

/March \_\_\_\_, 2004

In the Matter of  
AMERICAN ELECTRIC POWER COMPANY, INC., et al.  
1 Riverside Plaza  
Columbus, OH 43215

(70- )

NOTICE IS HEREBY GIVEN that American Electric Power Company, Inc., a New York corporation ("AEP") and AEP Utilities, Inc., formerly Central and South West Corporation, a Delaware corporation ("AEP Utilities"), both registered holding companies under the Public Utility Holding Company Act of 1935, as amended (the "Act") and the direct and indirect subsidiaries of AEP ("Subsidiaries"), including the following public utility subsidiaries: AEP Generating Company ("Generating"), Appalachian Power Company ("Appalachian"), AEP Texas Central Company ("TCC"), AEP Texas North Company ("TNC"), Columbus Southern Power Company ("Columbus"), Indiana Michigan Power Company ("Indiana"), Kentucky Power Company ("Kentucky"), Kingsport Power Company ("Kingsport"), Ohio Power Company ("Ohio"), Public Service Company of Oklahoma ("PSO"), Southwestern Electric Power Company ("SWEPCO"), and Wheeling Power Company ("Wheeling") (collectively, "the Public Utility Subsidiaries") and additional nonutility subsidiaries have filed a Form U-1 Application or Declaration with this Commission pursuant to Sections 6(a), 7, 9(a), 10 and 12 of the Act, and Rules 43, 45 and 46 thereunder for authorization for certain financial transactions described in the Application through March 31, 2007 unless otherwise specified in the Application.

It is stated that no other state commission, other than those whose approval has been obtained, and no federal commission, other than this Commission, has jurisdiction over the proposed transactions.

The Application or Declaration and any amendments thereto are available for public inspection through the Commission's Office of Public Reference. Interested persons wishing to comment or request a hearing should submit their views in writing by October \_\_\_\_, 2004 to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the applicant or declarant at the address specified above. Proof of service (by affidavit or, in case of any attorney at law, by certificate) should be filed with the

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request. Any request for a hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing if ordered, and will receive a copy of any notice or Order issued in this matter. After said date, the Application or Declaration, as filed or as it may be amended, may be permitted to become effective.

For the Commission, by the Office of Public Utility Regulation, pursuant to delegated authority.

Jonathan G. Katz  
Secretary

1 The additional subsidiaries are Cedar Coal Co., Central Appalachian Coal Co., Central Coal Co., Colomet, Inc., Simco, Inc., Southern Appalachian Coal Co., Blackhawk Coal Co., Conesville Coal Preparation Company, Franklin Real Estate Company, and Indiana Franklin Realty, Inc.

2 The following participants in the Nonutility Money Pool although authorized are no longer participants because they have been removed, dissolved or sold: AEP Retail Energy LLC, AEP Credit, Inc., Industry and Energy Associates LLC, AEP Gas Power Systems, LLC, AEP Retail Energy LLC, AEP Resource Services LLC, Mid-Texas Pipeline Company, Eastex Cogeneration LP, CSW Eastex LP I Inc., Enershop, Mutual Energy CPL LP, Mutual Energy WTU LP, Mutual Energy Service Co., LLC, AEP Ohio Commercial & Industrial Retail Company LLC, Universal Supercapacitors, LIG, Inc., LIG Pipeline Company, Tuscaloosa Pipeline Company, LIG Liquids Company, L.L.C., Louisiana Intrastate Gas Company, L.L.C., LIG Chemical Company.