



Michael R. Borovik  
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REDACTED

August 19, 2014

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AUG 19 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**VIA OVERNIGHT DELIVERY**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor, Room-N201  
Harrisburg, PA 17120

**RE: AEP Energy, Inc.'s Application for Reduction in Security  
and Change in Security Instruments**

Dear Ms. Chiavetta:

Pursuant to the July 24, 2014 Final Order in Docket No. M-2013-2392141, enclosed for filing is a confidential and redacted version of AEP Energy, Inc.'s ("AEP Energy") application for a 5% reduction in its required security to operate as a licensed electric generation supplier in Pennsylvania (License No. A-2009-2132755). In addition, AEP Energy is applying to change its bond requirement to a corporate guarantee. In support of this application, please find the following required information and documentation:

- 1) Gross revenues for the sale of electricity to retail customers in Pennsylvania for the most recent 12 months: [REDACTED] (from 3Q-2013 through 2Q-2014 Electric Choice Quarterly Reports previously filed with the commission);
- 2) Amount of gross receipts taxes that AEP Energy has prepaid towards its estimated revenues for the current calendar year: [REDACTED] (see Attachment 1, p. 1 – PA Corporation Specialty Taxes Estimated Payment Coupon);
- 3) Documentation that demonstrates that the guarantor (American Electric Power Company, Inc. ("AEP")) meets the required long-term bond rating from two of the approved rating agencies: see Attachment 2 – Standard & Poor's and Moody's Credit Reports for AEP;

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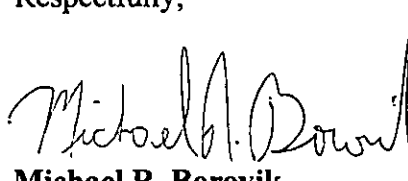
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- 4) Available AEPS compliance data from the most recent 12 months: see Attachment 3 – June 2013 through May 2014 final settled load information from utility (final June/July 2014 information not available at the time of this application);
- 5) Copies of all Department of Revenue documents that support AEP Energy's request: see Attachment 1, pp. 2-7 – Pennsylvania Department of Revenue Gross Receipts Tax (GRT) Report for the 2013 tax year;
- 6) Draft of AEP Energy's Corporate Guaranty which reflects the required '5% of the EGS's most recent 12 months of revenue or \$250,000, whichever is higher' requirement (see Attachment 4). AEP Energy requests review of this entire draft agreement but has highlighted in yellow the sections that may require particular attention. This includes the effective date and termination date that will need to be entered into the corporate guaranty before execution and the section highlighted in green which should be treated as confidential.
- 7) Check in the amount of \$350.00 for required application fee.

AEP Energy requests that the financial and operational data contained herein be treated as confidential and only the redacted version of this application be made public. Disclosure of this confidential financial and operational information may cause AEP Energy competitive harm and reveal information concerning AEP Energy's operations that is not available in any other public form.

Please feel free to contact me if you have any questions or concerns regarding this application.

Respectfully,



**Michael R. Borovik**  
Regulatory Counsel

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PLEASE READ INSTRUCTIONS FOR REV-423  
PA CORPORATION SPECIALTY TAXES ESTIMATED PAYMENT COUPON

NOTE: Beginning tax year 2012, there is only one coupon (REV-423) for making specialty taxes estimated payments.

1. Enter account information including file period begin, file period end, tax account ID, due date, EIN, entity name and complete mailing address.
2. Signature, title, date, email address and telephone number must be provided by a representative of the entity.
3. Make check payable to "PA Department of Revenue". Mail the check and coupon to:  
PA DEPARTMENT OF REVENUE  
PO BOX 280407  
HARRISBURG PA 17128-0407  
Do not mail this coupon if payment is being made electronically.
4. For information on electronic filing options, visit the e-Services Center at [www.revenue.state.pa.us](http://www.revenue.state.pa.us).
5. Enter payment(s) required for the appropriate tax type(s) from the list below. Find the four-digit code next to the appropriate tax type and enter it in one of the three boxes to the right. The code will populate into the tax type box on the attached coupon. You may pay up to three tax types with this coupon, using only one code per box. Be careful when making your selection(s) to ensure your payment is applied to the correct tax type.

TAX TYPE

TAX TYPE CODE

Gross Receipts - Telephone Intrastate	1011
Gross Receipts - Telephone Interstate	1012
Gross Receipts - Mobile Telecommunications	1013
Gross Receipts - Electric, Hydro-Electric & Water Power	1014
Gross Receipts - Transportation (Other than Motor Vehicle)	1015
Gross Receipts - Managed Care Organizations	1016
Gross Premiums - Domestic Casualty	1060
Gross Premiums - Domestic Fire	1061
Gross Premiums - Domestic Life	1062
Gross Premiums - Foreign Life	1063
Gross Premiums - Foreign Title	1064
Gross Premiums - Foreign Casualty	1067
Gross Premiums - Foreign Fire	1068
Mutual Thrift Net Income - State S&L	1050
Mutual Thrift Net Income - Federal S&L	1051
Public Utility Realty - Utilities	1020

ENTER TAX TYPE  
CODE HERE

TAX TYPE
1 0 1 4
TAX TYPE
TAX TYPE

REDACTED

REV-423 CT (8-11)



PA CORPORATION TAXES

DEPT USE ONLY
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BUREAU OF CORPORATION TAXES

SPECIALTY TAXES ESTIMATED PAYMENT COUPON

FILE PERIOD BEGIN	FILE PERIOD END	TAX ACCOUNT ID	DUE DATE
01012014	12312014		03152014

EIN
ENTITY NAME
AEP ENERGY, INC
ADDRESS
STREET
225 W WACKER DR, FLR 7
CITY
CHICAGO
STATE
IL
ZIP
60606

USE WHOLE DOLLARS ONLY

TAX TYPE	1 0 1 4	PAYMENT
TAX TYPE		PAYMENT
TAX TYPE		PAYMENT
TOTAL PAYMENT		

SIGNATURE	TITLE	DATE	EMAIL	TELEPHONE
<i>[Signature]</i>	Tax Mgr	3-11-14	DEANST@AEP.COM	3304387063



RCT-112 (06-10) PAGE 1 OF 6  
GROSS RECEIPTS TAX (GRT) REPORT - ELECTRIC,  
HYDRO-ELECTRIC AND WATER POWER COMPANIES

[Redacted Box]  
Date Received (Official Use Only)

Revenue ID Federal ID (FEIN) Parent Corporation (FEIN)

Tax Year Begin: 01/01/2013

Tax Year End: 12/31/2013  
Due Date: March 15

Taxpayer Name  
AEP ENERGY, INC.

First Line of Address  
225 W HACKER DR  
Second Line of Address

FLR 7

City State ZIP  
CHICAGO IL 60606

Phone

Email

Check to Indicate a Change of Address N  
Send All Correspondence to the Preparer Y  
Amended Report N  
First Report N  
Payment Made Electronically Y  
Last Report N  
Out of Existence as of:



USE WHOLE DOLLARS ONLY

- |  |     |
|--|-----|
| 1. Electric, Hydro-electric and Water Power Company GRT Liability (Page 2, Line 30)                          | 1.  |
| 2. Total Estimated Payments  | 2.  |
| 3. Total Payments Carried Forward From Prior Year Return   | 3.  |
| 4. Total "Restricted" Tax Credits  | 4.  |
| 5. Total Credit: (Line 2 plus Line 3 plus Line 4)  | 5.  |
| 6. Tax Due: (If Line 1 is more than Line 5, enter the difference here.)                                      | 6.  |
| 7. Remittance: (Include interest and penalty, if applicable)   | 7.  |
| 8. OVERPAYMENT: (If Line 5 is more than Line 1, enter the difference here.)                                  | 8.  |
| 9. Refund: (Amount of Line 8 to be refunded after offsetting all unpaid liabilities)                         | 9.  |
| 10. Transfer: (Amount of Line 8 to be credited to the next tax year after offsetting all unpaid liabilities) | 10. |

Corporate Officer Information:

Officer Last Name	PLYLE	Social Security Number of Officer	
Officer First Name	HARK	Phone	6147261526
Title of Officer	V. PRESIDENT - TAX	Email	HAPYLE@AEP.COM

I affirm under penalties prescribed by law this report, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete report. If this report is an amended report, the taxpayer hereby consents to the extension of the assessment period for this tax year to two years from the date of filing of this amended report or three years from the filing of the original report, whichever period last expires, and agrees to retain all required records pertaining to that tax and tax period until the end of the extended assessment period, regard less of any statutory provision providing for a shorter period of retention. For purposes of this extension, an original report filed before the due date is deemed filed on the due date. I am authorized to execute this consent to the extension of the assessment period.

Signature of Officer: *Mark Pyle* Date: 3/13/14

3/17/14

REDACTED

Revenue ID

Total Taxable PA Receipts

**USE WHOLE DOLLARS ONLY**

- |  |     |
|--|-----|
| 1. FERC 411.6 and 411.9 - Utility Plant and Allowances   | 1.  |
| 2. FERC 412.0 - Revenues - Electric Plant Leased to Others   | 2.  |
| 3. FERC 414.0 - Other Utility Operating Income (Attach Schedule)   | 3.  |
| 4. FERC 415.0 - Revenues - Merchandising, Jobbing and Contract Work  | 4.  |
| 5. FERC 417.0 - Revenues - Non-Utility Operations  | 5.  |
| 6. FERC 418.0 - Nonoperating Rental Income   | 6.  |
| 7. FERC 419.0 - Interest and Dividend Income   | 7.  |
| 8. FERC 421.0 - Miscellaneous Nonoperating Income  | 8.  |
| 9. FERC 421.1 and 421.2 - Gain/Loss on Disposition of Property   | 9.  |
| 10. FERC 440.0 - Residential Sales   | 10. |
| 11. FERC 442.0 - Commercial and Industrial Sales   | 11. |
| 12. FERC 444.0 - Public Street and Highway Lighting  | 12. |
| 13. FERC 445.0 - Other Sales to Public Authorities   | 13. |
| 14. FERC 446.0 - Sales to Railroads and Railways   | 14. |
| 15. FERC 447.0 - Sales for Resale  | 15. |
| 16. FERC 448.0 - Interdepartmental Sales   | 16. |
| 17. Other Sales, Nonmajor only (Attach Schedule)   | 17. |
| 18. FERC 449.1 - Provisions for Rate Refunds   | 18. |
| 19. FERC 450.0 - Forfeited Discounts   | 19. |
| 20. FERC 451.0 - Miscellaneous Service Revenues  | 20. |
| 21. FERC 453.0 - Sales of Water and Water Power  | 21. |
| 22. FERC 454.0 - Rent from Electric Property   | 22. |
| 23. FERC 455.0 - Interdepartmental Rents   | 23. |
| 24. FERC 456.0 - Other Electric Revenues (Attach Schedule)   | 24. |
| 25. FERC 456.1 - Revenues from Transmission of Electricity of Others   | 25. |
| 26. FERC 457.1 - Regional Transmission Service Revenues  | 26. |
| 27. FERC 457.2 - Miscellaneous Revenues (Attach Schedule)  | 27. |
| 28. All Other Sources (Attach Schedule)  | 28. |
| 29. Total Taxable Gross Receipts (Sum of Lines 1 through 28)   | 29. |
| 30. Gross Receipts Tax (Line 29 times tax rate - See Instructions)   | 30. |
| 31. Total Gross Receipts (From Page 4, Column A)   | 31. |
| 32. Total Receipts from Business Conducted in Other States (From Page 4, Column B)   | 32. |
| 33. Total PA Receipts (Line 31 minus Line 32)  | 33. |
| 34. Adjustment for PA Bad Debts plus total Nontaxable PA Receipts and PA Sales for Resale (From Page 4, total of Column C, Line 29 plus Column D, Line 29) | 34. |



- |   |     |
|---|-----|
| 35. Source of Report Information (A=FERC, B=PUC, C=Federal Tax) | 35. |
| 36. Accounting method for GRT (A=Accrual, B=Cash, C=Other)      | 36. |

**Preparer's Information:**

Firm Name **AEP ENERGY, INC.**  
 Firm FEIN  
 Address **PO BOX 24400**  
 City **CANTON**  
 State **OH**  
 ZIP **44701**

Individual Preparer Name **DANIEL ERNST**  
 Phone **3304387069**  
 Email **DEERNST@AEP.COM**  
 Social Security Number  
 or PTIN

I affirm under penalties prescribed by law this report, including any accompanying schedules and statements, has been prepared by me and to the best of my knowledge and belief is a true, correct and complete report.

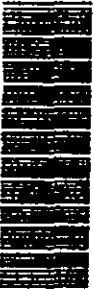
<b>Signature of Preparer</b> 	<b>Date</b> 3/17/14
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**GROSS RECEIPTS TAX - ELECTRIC, HYDRO-ELECTRIC AND WATER POWER  
SCHEDULE A  
PA SALES FOR RESALE EXEMPTION**

USE WHOLE DOLLARS ONLY

**FOR TAX YEAR: 12/31/20 13**



Taxpayer Name **AEP ENERGY, INC.**  
PA PUC - A #: **2132755**

Name of Reseller	PA Sales Tax Number	FEIN	PA Gross Receipts
------------------	------------------------	------	----------------------

**Total Sales for Resale:**

Notice to Taxpayer: Allowance of the Sales for Resale Exemption is contingent on the validation of the listed entities' subjectivity to PA gross receipts tax.

REDACTED

**ELECTRIC, HYDRO-ELECTRIC AND WATER POWER  
GROSS RECEIPTS TAX  
FOR TAX YEAR: 12/31/2013**

L I N E	FERC Acct #	SOURCE OF GROSS RECEIPTS	(A) Total Gross Receipts	(B) Receipts From Business Conducted In Other States	(C) Adjustment For PA Bad Debts	(D) Nontaxable PA Receipts & PA Sales For Resale
1	411.6 411.9	Utility Plant & Allowances				
2	412.0	Revenues - Electric Plant Leased to Others				
3	414.0	Other Utility Operating Income (Attach Schedule)				
4	415.0	Revenues - Merchandising, Jobbing & Contract Work				
5	417.0	Revenues - Non-utility Operations				
6	418.0	Non-operating Rental Income				
7	419.0	Interest & Dividend Income				
8	421.0	Miscellaneous Non-operating Income				
9	421.1 421.2	Gain/Loss on Disposition of Property				
10	440.0	Residential Sales				
11	442.0	Commercial and Industrial Sales				
12	444.0	Public Street & Highway Lighting				
13	445.0	Other Sales to Public Authorities				
14	446.0	Sales to Railroads & Railways				
15	447.0	Sales for Resale (Complete Schedule A to Support the Amount in Column D)				
16	448.0	Interdepartmental Sales				
17		Other Sales, Non-major Only (Attach Schedule)				
18	449.1	Provision for Rate Refunds				
19	450.0	Forfeited Discounts				
20	451.0	Miscellaneous Service Revenues				
21	453.0	Sales of Water and Water Power				
22	454.0	Rent from Electric Property				
23	455.0	Interdepartmental Rents				
24	456.0	Other Electric Revenues (Attach Schedule)				
25	456.1	Revenues From Transmission of Electricity of Others				
26	457.1	Regional Transmission Service Revenues				
27	457.2	Miscellaneous Revenues (Attach Schedule)				
28		All Other Sources (Attach Schedule)				
29		Totals of Each Column (Lines 1 - 28)				









Prepared for William Thompson

All figures quoted in millions based on entities' current reporting currency

## American Electric Power Co. Inc. (BBB/Stable/A-2)

### Business Description\*

American Electric Power Company, Inc., a public utility holding company, is engaged in the generation, transmission, and distribution of electricity for sale to retail and wholesale customers. The company generates electricity using coal and lignite, natural gas, nuclear energy, and hydroelectric and other energy sources. It also supplies and markets electric power at wholesale to other electric utility companies, rural electric cooperatives, municipalities, and other market participants. As of January 27, 2014, the company delivered electricity to approximately 5.3 million customers in 11 states comprising Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, and West Virginia. It also owned approximately 38,000 megawatts of generating capacity; and an electricity transmission network of 40,000-miles. In addition, the company transports liquid, coal, and dry bulk commodities primarily on the Ohio, Illinois, and lower Mississippi rivers. It owns and leases approximately 2,300 barges, 36 towboats, and 20 harbor boats. American Electric Power Company, Inc. was founded in 1906 and is headquartered in Columbus, Ohio.

### Major Rating Factors\*

#### Strengths:

- Mostly steady operating cash flow from regulated utilities;
- Large and diverse customer base;
- Geographic diversity; and
- Low-cost generation fleet.

#### Weaknesses:

- Exposure to environmental regulations could pressure financial measures;
- Marketing operations weaken creditworthiness; and
- Increased unregulated generation may pressure business profile.

#### Issuer Credit Measures (as of August 02, 2014)

S&P Issuer Credit Rating	Rating Date	Rating	CreditWatch/Outlook	CreditWatch/Outlook Date
Foreign Currency LT	07-Mar-2003	BBB	Stable	07-Mar-2003
Foreign Currency ST	15-Jun-2000	A-2		
Local Currency LT	07-Mar-2003	BBB	Stable	07-Mar-2003
Local Currency ST	15-Jun-2000	A-2		
Credit Indicators	Score	Score Date		
CDS based Market Derived Signal	aa	01-Aug-2014		

**American Electric Power Co. Inc.**

**BBB/Stable/A-2**

**USD in Millions**

**Sub-sector:** Utilities

**Industry:** Electric

**1CDS:** 26.9(bps)

**1CDS 90 day Hi/Low:** 28.8/21.6(bps)

**1CDS-MDS:** aa

**Rev:** 15,843.61

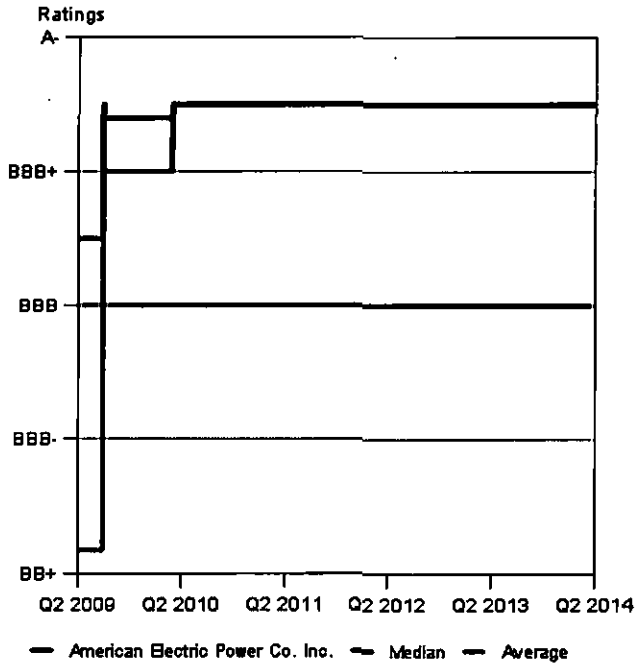
**EBITDA:** 5,477.11

**Debt/EBITDA:** 3.72x

**EBITDA Int Cov:** 4.89x

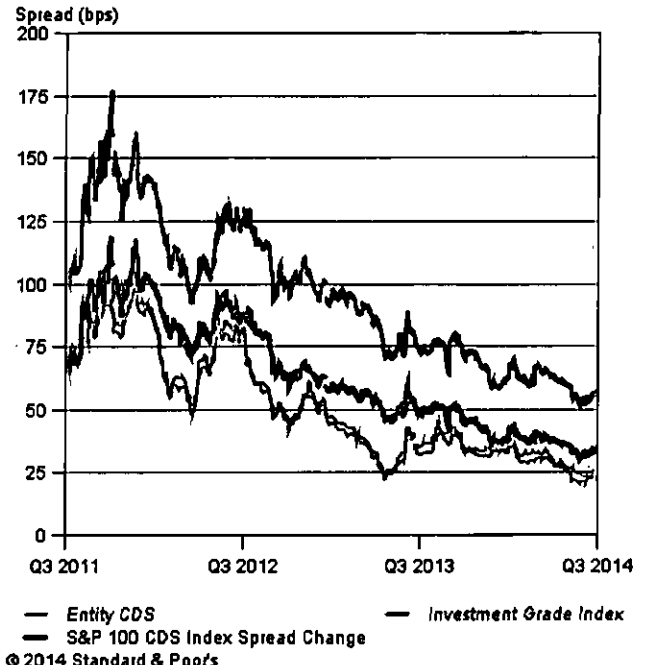
**Analytical Contacts:** S&P Primary Analyst - Dimitri Nikas, New York (1 212-438-7807) & S&P Backup Analyst - Gerrit W Jepsen, CFA, New York (1 212-438-7807)

**Foreign Currency LT Ratings History (Last 5 Years)**



© 2014 Standard & Poor's

**Credit Default Swap History (Last 3 Years)**



© 2014 Standard & Poor's  
 1CDS Data provided by CMA DataVision as of previous day closing values, EST.

**Peer Group: Ratings Comparison — Global Electric Companies — Updated As of August 02, 2014**

Rank	Issuers	ICR	ICR Date	Previous ICR	Previous ICR Date	CDS(bps)	MDS
1	Southern Co.	A/Negative/A-1	24-May-2013	A/Stable/A-1	21-Dec-2000	47.3	a-
2	NextEra Energy Inc.	A-/Stable/--	11-Mar-2010	A/Watch Neg/--	14-Jan-2010	72.6	bbb
3	Comision Federal De Electricidad	BBB+/Stable/--	20-Dec-2013	BBB/Positive/--	12-Mar-2013		
4	Duke Energy Corp.	BBB+/Stable/A-2	13-May-2013	BBB+/Negative/A-2	25-Jul-2012		
5	Edison International	BBB+/Stable/A-2	08-Apr-2014	BBB-/Watch Pos/A-3	12-Dec-2013		
6	Southern California Edison Co.	BBB+/Stable/A-2	16-Feb-2005	BBB/Stable/A-2	17-Dec-2003	48.6	a-
7	American Electric Power Co. Inc.	BBB/Stable/A-2	07-Mar-2003	BBB+/Watch Neg/A-2	24-Jan-2003	26.9	aa
8	Exelon Corp.	BBB/Stable/A-2	22-Jul-2009	BBB/Watch Neg/A-2	21-Oct-2008	56	bbb+
9	PPL Corp.	BBB/Watch Pos/NR	10-Jun-2014	BBB/Stable/NR	15-Apr-2011		
10	Pacific Gas & Electric Co.	BBB/Negative/A-2	28-Aug-2013	BBB/Stable/A-2	08-Dec-2011	60.2	bbb+
11	FirstEnergy Corp.	BBB-/Stable/--	11-Feb-2010	BBB/Stable/--	01-Aug-2008	112.9	bbb-

**American Electric Power Co. Inc.** **BBB/Stable/A-2** **USD in Millions**  
**Sub-sector:** Utilities **Industry:** Electric **1CDS:** 26.9(bps) **1CDS 90 day HI/Lo:** 28.8/21.6(bps) **1CDS-MDS:** aa  
**Rev:** 15,843.61 **EBITDA:** 5,477.11 **Debt/EBITDA:** 3.72x **EBITDA Int Cov:** 4.89x  
**Analytical Contacts:** S&P Primary Analyst - Dimitri Nikas, New York (1 212-438-7807) & S&P Backup Analyst - Gerrit W Jepsen, CFA, New York (1 212-438-7807)

**Peer Group: Financial Comparison — Global Electric Companies — Updated As of July 29, 2014**

Issuers	Profitability						Leverage	Debt Servicing	
	Revenue	EBITDA	Cash Flow From Ops.	CAPEX	FOCF	Op. Inc./Rev. (%)	Debt/EBITDA (x)	EBITDA Int. Cov. (x)	FOCF/Debt (%)
Duke Energy Corp. (31-Mar-2014)*	25,324.00	9,613.44	6,775.53	5,467.15	1,308.38	37.67	4.48	4.70	3.04
Comision Federal De Electricidad (31-Dec-2013)*	24,315.29	1,738.20	3,093.96	2,853.78	240.18	7.15	12.73	1.08	1.09
Exelon Corp. (31-Mar-2014)*	26,043.00	6,634.33	4,522.55	5,365.75	(843.20)	24.99	3.98	4.82	(3.19)
Southern Co. (31-Mar-2014)*	16,510.87	7,054.41	5,724.54	4,989.48	735.06	41.57	3.53	6.18	2.96
NextEra Energy Inc. (31-Mar-2014)*	15,152.82	5,960.48	5,185.38	6,752.62	(1,567.24)	38.64	3.55	5.98	(7.41)
American Electric Power Co. Inc. (31-Mar-2014)*	15,843.61	5,477.11	4,326.37	3,811.25	515.12	34.21	3.72	4.89	2.53
Pacific Gas & Electric Co. (31-Mar-2014)*	15,812.00	4,377.33	3,405.09	5,350.50	(1,945.41)	27.25	4.35	3.91	(10.22)
FirstEnergy Corp. (31-Mar-2014)*	15,308.34	3,641.84	2,368.62	2,829.00	(460.38)	23.30	6.40	2.72	(1.98)
Southern California Edison Co. (31-Mar-2014)*	12,857.00	4,546.57	2,939.53	3,609.65	(670.12)	35.23	3.33	4.38	(4.43)
PPL Corp. (31-Mar-2014)*	10,626.00	3,937.00	3,973.92	4,330.00	(356.08)	36.57	5.49	3.66	(1.65)
Edison International (31-Mar-2014)*	12,875.00	5,074.32	3,293.96	3,611.65	(317.69)	39.21	3.03	4.75	(2.06)
<b>Peer Group Average</b>	<b>17,333.45</b>	<b>5,277.73</b>	<b>4,146.31</b>	<b>4,451.89</b>	<b>(305.58)</b>	<b>31.44</b>	<b>4.96</b>	<b>4.28</b>	<b>(1.94)</b>

\* LTM as of

All figures quoted in millions USD, based on the issuers base currency.

**Peer Group: CreditStats Direct Comparison — Global Electric Companies — Updated As of July 29, 2014**

	2013		2012		2011		2010		2009	
	2013	vs Peers	2012	vs Peers	2011	vs Peers	2010	vs Peers	2009	vs Peers
Revenue	15,021.61	17,580.59	14,632.63	16,605.63	14,862.26	15,765.52	14,176.42	14,910.49	13,241.81	13,538.25
EBITDA	5,093.97	5,760.32	5,037.40	5,134.41	4,932.07	4,916.72	4,630.53	4,843.34	4,576.97	4,331.26
Cash Flow From Operations	3,901.87	3,837.06	3,766.85	3,758.52	3,955.45	3,778.35	3,508.41	3,209.86	2,401.16	2,874.81
CAPEX	3,764.65	4,490.91	3,185.53	4,796.22	3,019.07	3,938.58	2,383.00	3,636.55	2,947.67	3,404.71
Free Operating Cash Flow	137.22	(653.85)	581.33	(1,037.70)	936.38	(160.23)	1,125.41	(426.70)	(546.51)	(529.90)
Annual Revenue Growth (%)	2.66	5.15	(1.55)	3.67	4.84	9.03	7.06	16.77	(6.73)	(6.50)
Debt/EBITDA (x)	3.75	3.61	3.90	3.94	4.08	3.48	4.32	3.35	4.38	3.65
Operating Income (BetD&A)/Revenue (%)	33.54	31.79	34.07	30.92	32.77	30.90	32.47	31.44	34.33	29.74
EBITDA/Interest	5.32	5.01	4.80	5.05	4.90	5.02	4.31	5.38	4.49	5.09

<b>American Electric Power Co. Inc.</b>		<b>BBB/Stable/A-2</b>	<b>USD in Millions</b>	
<b>Sub-sector:</b> Utilities	<b>Industry:</b> Electric	<b>'CDS:</b> 26.9(bps)	<b>'CDS 90 day Hi/Lo:</b> 28.8/21.6(bps)	<b>'CDS-MDS:</b> aa
<b>Rev:</b> 15,843.61	<b>EBITDA:</b> 5,477.11	<b>Debt/EBITDA:</b> 3.72x	<b>EBITDA Int Cov:</b> 4.89x	
<b>Analytical Contacts:</b> S&P Primary Analyst - <u>Dimitri Nikas</u> , New York (1 212-438-7807) & S&P Backup Analyst - <u>Gerit W Jepsen, CFA</u> , New York (1 212-438-7807)				

Peer Group: CreditStats Direct Comparison — Global Electric Companies — Updated As of July 29, 2014										
	2013		2012		2011		2010		2009	
	2013	vs Peers	2012	vs Peers	2011	vs Peers	2010	vs Peers	2009	vs Peers
(x)										
FOCF/Debt (%)	1.71	(1.85)	3.59	(1.92)	4.40	(0.74)	1.24	(0.19)	(2.76)	1.60

## Rationale†

### Business Risk

- Sole provider (or distributor only) in its service territories of essential electricity service
- Large and diverse customer base
- Geographic diversity
- Steady operating cash flow from regulated utilities
- Low-cost coal and nuclear generation
- Large coal fleet exposed to environmental standards
- Unregulated operations that are much riskier than regulated businesses
- Marketing operations weaken creditworthiness

### Financial Risk

- Cash flow erosion from transition in Ohio
- Large capital expenditures
- Discretionary cash flow to remain negative
- Exposure to environmental regulations could pressure financial measures
- Net cash flow to capital spending to remain less than 100%

## Outlook†

The stable rating outlook on American Electric Power Co. Inc. (AEP) reflects our expectation that management will focus on its regulated utilities and will not expand unregulated operations beyond the existing level. We expect the company will not incur any increased business risk by reaching regulatory outcomes that provide timely recovery of rate base investments and operating expenses. The outlook also reflects our expectations that cash flow protection and debt leverage measures will continue to remain at the currently robust levels. Our base case forecast includes adjusted funds from operations (FFO) to total debt of about 20%, supplemented by cash flow from operations (CFO) to debt of about 19%. We expect debt to EBITDA to be approximately 4x.

### Downside scenario

We could lower the ratings if the business risk profile materially weakened or financial measures fall short of our base forecast on a sustained basis including not maintaining FFO to total debt above 13% or CFO to debt above 11%.

### Upside scenario

We could raise the ratings if the business risk profile improves through growth in the utility operations in combination with financial measures in line with our base case forecast. We could also raise ratings if AEP maintains the current business risk profile and financial measures strengthen to the "intermediate" financial risk profile category.

Sub-sector: Utilities Industry: Electric 'CDS: 26.9(bps) 'CDS 90 day Hi/Low: 28.8/21.6(bps) 'CDS-MDS: aa  
 Rev: 15,843.61 EBITDA: 5,477.11 Debt/EBITDA: 3.72x EBITDA Int Cov: 4.89x  
 Analytical Contacts: S&P Primary Analyst - Dimitri Nikas, New York (1 212-438-7807) & S&P Backup Analyst - Gerrit W Jepsen, CFA, New York (1 212-438-7807)

**Adjusted Income statement as of May 20, 2014**

	Annual 31- Dec- 2013 USD	Annual 31- Dec- 2012 USD	Annual 31- Dec- 2011 USD	Annual 31- Dec- 2010 USD	Annual 31- Dec- 2009 USD
Sales	15,357.00	14,945.00	15,116.00	14,427.00	13,489.00
Other operating revenues	0.00	0.00	—	—	—
<b>Revenues, pre-adjusted</b>	<b>15,357.00</b>	<b>14,945.00</b>	<b>15,116.00</b>	<b>14,427.00</b>	<b>13,489.00</b>
Less: Captive finance revenues	0.00	0.00	0.00	0.00	0.00
Plus: Revenues, consolidating (deconsolidating)	—	—	—	—	—
Less: Nonrecourse interest	0.00	0.00	0.00	0.00	0.00
Less: Securitized interest	(92.39)	(106.37)	(94.74)	(102.58)	(110.19)
Less: Amortized portion of nonrecourse debt	0.00	0.00	0.00	0.00	0.00
Less: Amortized portion of securitized debt	(243.00)	(206.00)	(159.00)	(148.00)	(137.00)
Plus: Revenues - Finance/Interest Income	—	—	—	—	—
Plus: Revenues - Profit on disposals	—	—	—	—	—
Plus: Revenues - Derivatives	—	—	—	—	—
Revenue - Other	—	—	—	—	—
<b>Revenues, adjusted</b>	<b>15,021.61</b>	<b>14,632.63</b>	<b>14,862.26</b>	<b>14,176.42</b>	<b>13,241.81</b>
Cost of goods sold	5,559.00	5,280.00	5,612.00	5,029.00	4,531.00
SG&A	—	—	—	—	—
R&D	—	—	—	—	—
Raw materials, supplies, and merchandise	—	—	—	—	—
Change in stocks	0.00	0.00	0.00	0.00	0.00
Capitalized costs	0.00	0.00	0.00	0.00	0.00
Staff expense, total	—	—	—	—	—
Taxes other than income	891.00	850.00	824.00	820.00	765.00
Operating expense, other	4,083.00	4,077.00	4,104.00	4,274.00	3,825.00
Income (expense) of unconsolidated companies	0.00	0.00	0.00	0.00	0.00
Special items (disposals, restructuring, FX, asset sales)	0.00	0.00	0.00	0.00	0.00
<b>Total operating expense (bef. D&amp; A), pre-adjusted</b>	<b>10,533.00</b>	<b>10,207.00</b>	<b>10,540.00</b>	<b>10,123.00</b>	<b>9,121.00</b>
<b>Operating Income (bef. D&amp;A), pre-adjusted</b>	<b>4,824.00</b>	<b>4,738.00</b>	<b>4,576.00</b>	<b>4,304.00</b>	<b>4,368.00</b>
Plus: Trade receivables sold	—	—	—	—	—
Plus: OLA rent	295.00	309.00	311.00	320.00	335.00
Less: Captive finance revenues	0.00	0.00	0.00	0.00	0.00
Plus: Captive finance operating expense	0.00	0.00	0.00	0.00	0.00
Plus: Revenues, consolidating (deconsolidating)	—	—	—	—	—



American Electric Power Co. Inc.

BBB/Stable/A-2

USD in Millions

Sub-sector: Utilities

Industry: Electric

'CDS: 26.9(bps)

'CDS 90 day HI/Lo: 28.8/21.6(bps)

'CDS-MDS: aa

Rev: 15,843.61

EBITDA: 5,477.11

Debt/EBITDA: 3.72x

EBITDA Int Cov: 4.89x

Analytical Contacts: S&P Primary Analyst - Dimitri Nikas, New York (1 212-438-7807) & S&P Backup Analyst - Gerrit W Jepsen, CFA, New York (1 212-438-7807)

## Adjusted Income statement as of May 20, 2014

	Annual 31- Dec- 2013 USD	Annual 31- Dec- 2012 USD	Annual 31- Dec- 2011 USD	Annual 31- Dec- 2010 USD	Annual 31- Dec- 2009 USD
Less: Expenses, consolidating (deconsolidating)	0.00	0.00	0.00	0.00	0.00
Less: Nonrecourse interest	0.00	0.00	0.00	0.00	0.00
Less: Securitized interest	(92.39)	(106.37)	(94.74)	(102.58)	(110.19)
Less: Amortized portion of nonrecourse debt	0.00	0.00	0.00	0.00	0.00
Less: Amortized portion of securitized debt	(243.00)	(206.00)	(159.00)	(148.00)	(137.00)
Plus: ARO finance costs	103.00	85.00	82.00	75.00	73.00
Plus: PPA depreciation	—	—	—	—	—
Plus: PPA interest expense	0.00	0.00	0.00	0.00	0.00
Less: Capitalized development costs	0.00	0.00	0.00	0.00	0.00
Less: Infrastructure renewal costs	0.00	0.00	0.00	0.00	0.00
Plus: Capitalized Interest (EBITDA transfer from inventory)	—	—	—	—	—
Plus: Pension & other postretirement expense	20.00	30.00	18.00	15.00	17.00
Plus: Revenues - Finance/Interest Income	—	—	—	—	—
Plus: Revenues - Profit on disposals	—	—	—	—	—
Plus: Revenues - Derivatives	—	—	—	—	—
Revenue - Other	—	—	—	—	—
Plus: COGS- Restructuring costs	—	—	—	—	—
Plus: COGS- Valuation gains/(losses)	—	—	—	—	—
Plus: COGS- Other non-operating nonrecurring items	—	—	—	—	—
Plus: COGS- LIFO Liquidation gains	—	—	—	—	—
Plus: SG& A- Restructuring costs	—	—	—	—	—
Plus: SG& A- Valuation gains/(losses)	—	—	—	—	—
Plus: SG& A- Other non-operating nonrecurring items	—	—	—	—	—
Plus: R& D- Restructuring costs	—	—	—	—	—
Plus: R& D- Valuation gains/(losses)	—	—	—	—	—
Plus: R& D- Other non-operating nonrecurring items	—	—	—	—	—
Plus: RMS& M- Restructuring costs	—	—	—	—	—







**American Electric Power Co. Inc.**                      **BBB/Stable/A-2**                      **USD in Millions**

**Sub-sector:** Utilities                      **Industry:** Electric                      **'CDS:** 26.9(bps)                      **'CDS 90 day HI/Lo:** 28.8/21.6(bps)                      **'CDS-MDS:** aa

**Rev:** 15,843.61                      **EBITDA:** 5,477.11                      **Debt/EBITDA:** 3.72x                      **EBITDA Int Cov:** 4.89x

**Analytical Contacts:** S&P Primary Analyst - Dimitri Nikas, New York (1 212-438-7807) & S&P Backup Analyst - Gerrit W Jepsen, CFA, New York (1 212-438-7807)

**Adjusted Income statement as of May 20, 2014**

	Annual 31- Dec- 2013 USD	Annual 31- Dec- 2012 USD	Annual 31- Dec- 2011 USD	Annual 31- Dec- 2010 USD	Annual 31- Dec- 2009 USD
Plus: PPA depreciation	—	—	—	—	—
Plus: PPA interest expense	0.00	0.00	0.00	0.00	0.00
Less: Capitalized development costs	0.00	0.00	0.00	0.00	0.00
Less: Infrastructure renewal costs	0.00	0.00	0.00	0.00	0.00
Plus: Capitalized Interest (EBITDA transfer from inventory)	—	—	—	—	—
Plus: Exploration costs	—	—	—	—	—
Plus: Dividends received from equity investments	—	—	—	—	—
Plus: Pension & other postretirement expense	20.00	30.00	18.00	15.00	17.00
Plus: Stock compensation expense	56.35	51.77	61.81	28.12	31.17
Plus: Revenues - Finance/Interest Income	—	—	—	—	—
Plus: Revenues - Profit on disposals	—	—	—	—	—
Plus: Revenues - Derivatives	—	—	—	—	—
Plus: Revenues - Other	—	—	—	—	—
COGS- Restructuring costs	—	—	—	—	—
COGS- Valuation gains/(losses)	—	—	—	—	—
COGS- Other non-operating nonrecurring items	—	—	—	—	—
Plus: COGS- LIFO Liquidation gains	—	—	—	—	—
SG&A- Restructuring costs	—	—	—	—	—
SG&A- Valuation gains/(losses)	—	—	—	—	—
SG&A- Other non-operating nonrecurring items	—	—	—	—	—
R&D- Restructuring costs	—	—	—	—	—
R&D- Valuation gains/(losses)	—	—	—	—	—
R&D- Other non-operating nonrecurring items	—	—	—	—	—
RMS&M- Restructuring costs	—	—	—	—	—
RMS&M Valuation gains/(losses)	—	—	—	—	—
RMS&M- Other non-operating nonrecurring items	—	—	—	—	—
Staff - Restructuring costs	—	—	—	—	—
Staff - Valuation gains/(losses)	—	—	—	—	—
Staff - Other non-operating nonrecurring items	—	—	—	—	—

American Electric Power Co. Inc.

BBB/Stable/A-2

USD in Millions

Sub-sector: Utilities

Industry: Electric

CDS: 26.9(bps)

CDS 90 day HI/Lo: 28.8/21.6(bps)

CDS-MDS: aa

Rev: 15,843.61

EBITDA: 5,477.11

Debt/EBITDA: 3.72x

EBITDA Int Cov: 4.89x

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## Adjusted income statement as of May 20, 2014

	Annual 31- Dec- 2013 USD	Annual 31- Dec- 2012 USD	Annual 31- Dec- 2011 USD	Annual 31- Dec- 2010 USD	Annual 31- Dec- 2009 USD
Plus: EBITDA - Income (expense) of unconsolidated companies	—	—	—	—	—
Plus: EBITDA - Gain/(Loss) on disposals of PP&E	—	—	—	—	—
Plus: EBITDA - Foreign Exchange gain/(loss)	—	—	—	—	—
Plus: EBITDA - Restructuring costs	—	—	—	—	—
Plus: EBITDA - Derivatives	—	—	—	—	—
Plus: EBITDA - Settlement (litigation/insurance) costs	—	—	—	—	—
Plus: EBITDA - Valuation gains/(losses)	—	—	—	—	—
Plus: EBITDA - Business Divestments	—	—	—	—	—
Plus: EBITDA - Inventory	—	—	—	—	—
Plus: EBITDA - Other income/(expense)	131.00	136.00	137.00	139.00	—
<b>EBITDA, adjusted</b>	<b>5,093.97</b>	<b>5,037.40</b>	<b>4,932.07</b>	<b>4,630.53</b>	<b>4,576.97</b>
<b>Summary FFO Calculation</b>	—	—	—	—	—
EBITDA, adjusted	5,093.97	5,037.40	4,932.07	4,630.53	4,576.97
Less: Interest expense, adjusted	1,116.97	1,246.81	1,200.87	1,276.61	1,323.29
Plus: Interest and dividend income, adjusted	58.00	8.00	27.00	38.00	11.00
Less: Current taxes, adjusted	(73.12)	1.07	157.05	(51.88)	(723.05)
Plus/minus: Other (exploration costs & FFO other)	0.00	0.00	0.00	0.00	0.00
<b>FFO, adjusted</b>	<b>4,108.12</b>	<b>3,797.51</b>	<b>3,601.15</b>	<b>3,443.81</b>	<b>3,987.73</b>
<b>Funds from operations</b>	—	—	—	—	—
EBITDA, pre-adjusted	4,824.00	4,738.00	4,576.00	4,304.00	4,368.00
Less: Interest expense, pre-adjusted	(906.00)	(988.00)	(933.00)	(999.00)	(973.00)
Plus: Interest income, pre-adjusted	58.00	8.00	27.00	38.00	11.00
Less: Current tax expense, pre-adjusted	16.00	17.00	(57.00)	154.00	651.00
Less: Capitalized interest	(40.00)	(69.00)	(63.00)	(53.00)	(67.00)
Less: Capitalized interest within inventory	0.00	0.00	0.00	0.00	0.00
Plus: Capitalized interest (EBITDA transfer from inventory)	—	—	—	—	—
Plus: Trade Receivables sold	—	—	—	—	—

Sub-sector: Utilities Industry: Electric 'CDS: 26.9(bps) 'CDS 90 day HI/Lo: 28.8/21.6(bps) 'CDS-MDS: aa  
 Rev: 15,843.61 EBITDA: 5,477.11 Debt/EBITDA: 3.72x EBITDA Int Cov: 4.89x

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## Adjusted Income statement as of May 20, 2014

	Annual 31- Dec- 2013 USD	Annual 31- Dec- 2012 USD	Annual 31- Dec- 2011 USD	Annual 31- Dec- 2010 USD	Annual 31- Dec- 2009 USD
Less: Interest from receivables sold	0.00	0.00	0.00	(0.00)	(32.03)
Less: receivables sold interest adjustment	0.00	0.00	0.00	0.00	0.00
Plus: OLA rent	295.00	309.00	311.00	320.00	335.00
Less: OLA interest	(114.04)	(121.71)	(127.15)	(137.51)	(149.32)
Less: Captive finance revenues	0.00	0.00	0.00	0.00	0.00
Plus: Captive finance operating expense	0.00	0.00	0.00	0.00	0.00
Less: Captive finance investment income	0.00	0.00	0.00	0.00	0.00
Plus: Captive finance interest	0.00	0.00	0.00	0.00	0.00
Plus: Captive finance tax effect	0.00	0.00	0.00	0.00	0.00
Plus: Revenues, consolidating (deconsolidating)	—	—	—	—	—
Less: Expenses, consolidating (deconsolidating)	0.00	0.00	0.00	0.00	0.00
Less: Interest expense, consolidating (deconsolidating)	0.00	0.00	0.00	0.00	0.00
Less: Nonrecourse interest	0.00	0.00	0.00	0.00	0.00
Less: Securitized interest	(92.39)	(106.37)	(94.74)	(102.58)	(110.19)
Less: Amortized portion of nonrecourse debt	0.00	0.00	0.00	0.00	0.00
Less: Amortized portion of securitized debt	(243.00)	(206.00)	(159.00)	(148.00)	(137.00)
Plus: Nonrecourse interest	—	—	—	—	—
Plus: Securitized interest	92.39	106.37	94.74	102.58	110.19
Plus: ARO finance costs included in EBITDA	103.00	85.00	82.00	75.00	73.00
Less: Total ARO finance costs	(103.00)	(85.00)	(82.00)	(75.00)	(73.00)
Plus: Return on ARO plan assets	—	—	—	—	—
Less: tax effect on ARO net interest cost	29.75	27.30	22.05	30.45	33.60
Plus: PPA depreciation	—	—	—	—	—
Plus: PPA interest expense	0.00	0.00	0.00	0.00	0.00
Less: PPA interest expense	0.00	0.00	0.00	0.00	0.00
Less: Capitalized development costs	0.00	0.00	0.00	0.00	0.00
Less: Infrastructure renewal costs	0.00	0.00	0.00	0.00	0.00
Plus: Dividends received from equity investments	—	—	—	—	—

American Electric Power Co. Inc.

BBB/Stable/A-2

USD in Millions

Sub-sector: Utilities Industry: Electric 'CDS: 26.9(bps) 'CDS 90 day HI/Lo: 28.8/21.6(bps) 'CDS-MDS: aa  
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## Adjusted Income statement as of May 20, 2014

	Annual 31- Dec- 2013 USD	Annual 31- Dec- 2012 USD	Annual 31- Dec- 2011 USD	Annual 31- Dec- 2010 USD	Annual 31- Dec- 2009 USD
Plus: Pension & other postretirement expenses (EBITDA adjustment)	20.00	30.00	18.00	15.00	17.00
Less: Pension & other postretirement interest expense	(16.21)	(59.36)	(73.14)	(95.24)	(121.85)
Less: Pension & other postretirement tax effect	27.37	(45.37)	(122.10)	(132.57)	38.45
Plus: Exploration costs	—	—	—	—	—
Less: Exploration costs	0.00	0.00	0.00	0.00	0.00
Plus: Stock compensation expense	56.35	51.77	61.81	28.12	31.17
Less: Low equity hybrid dividend accrual	0.00	0.00	0.00	0.00	0.00
Plus: High equity hybrid interest expense	—	—	—	—	—
Plus: Intermediate-equity hybrid interest expense	0.00	0.00	13.80	13.78	13.78
Less: Intermediate-equity hybrid dividend accrual	0.00	0.00	(1.00)	(1.50)	(1.50)
Plus: Revenues - Finance/Interest Income	—	—	—	—	—
Plus: Revenues - Profit on disposals	—	—	—	—	—
Plus: Revenues - Derivatives	—	—	—	—	—
Plus: Revenues - Other	—	—	—	—	—
Plus: COGS- Restructuring costs	—	—	—	—	—
Plus: COGS- Valuation gains/(losses)	—	—	—	—	—
Plus: COGS- Other non-operating nonrecurring items	—	—	—	—	—
Plus: COGS- LIFO Liquidation gains	—	—	—	—	—
Plus: SG& A- Restructuring costs	—	—	—	—	—
Plus: SG& A- Valuation gains/(losses)	—	—	—	—	—
Plus: SG& A- Other non-operating nonrecurring items	—	—	—	—	—
Plus: R& D- Restructuring costs	—	—	—	—	—
Plus: R& D- Valuation gains/(losses)	—	—	—	—	—
Plus: R& D- Other non-operating nonrecurring items	—	—	—	—	—
Plus: RMS& M- Restructuring costs	—	—	—	—	—



American Electric Power Co. Inc.

BBB/Stable/A-2

USD in Millions

Sub-sector: Utilities

Industry: Electric

'CDS: 26.9(bps)

'CDS 90 day Hi/Lo: 28.8/21.6(bps)

'CDS-MDS: aa

Rev: 15,843.61

EBITDA: 5,477.11

Debt/EBITDA: 3.72x

EBITDA Int Cov: 4.89x

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## Adjusted Income statement as of May 20, 2014

	Annual 31- Dec- 2013 USD	Annual 31- Dec- 2012 USD	Annual 31- Dec- 2011 USD	Annual 31- Dec- 2010 USD	Annual 31- Dec- 2009 USD
Plus: RMS& M Valuation gains/(losses)	—	—	—	—	—
Plus: RMS& M- Other non-operating nonrecurring items	—	—	—	—	—
Plus: Staff - Restructuring costs	—	—	—	—	—
Plus: Staff - Valuation gains/(losses)	—	—	—	—	—
Plus: Staff - Other non-operating nonrecurring items	—	—	—	—	—
Plus: EBITDA - Income (expense) of unconsolidated companies	—	—	—	—	—
Plus: EBITDA - Gain/(Loss) on disposals of PP& E	—	—	—	—	—
Plus: EBITDA - Fair value changes of contingent consideration	—	—	—	—	—
Plus: EBITDA - Foreign Exchange gain/(loss)	—	—	—	—	—
Plus: EBITDA - Restructuring costs	—	—	—	—	—
Plus: EBITDA - Derivatives	—	—	—	—	—
Plus: EBITDA - Streaming transactions	—	—	—	—	—
Plus: EBITDA - Settlement (litigation/insurance) costs	—	—	—	—	—
Plus: EBITDA - Valuation gains/(losses)	—	—	—	—	—
Plus: EBITDA - Business Divestments	—	—	—	—	—
Plus: EBITDA - Inventory	—	—	—	—	—
Plus: EBITDA - Other income/(expense)	131.00	136.00	137.00	139.00	—
Plus: EBITDA - Other	—	—	—	—	—
Less: Interest expense - Derivatives	0.00	0.00	0.00	0.00	0.00
Less: Interest expense - Shareholder loan	0.00	0.00	0.00	0.00	0.00
Less: Interest expense - Amortized cost	0.00	0.00	0.00	0.00	0.00
Less: Interest expense - Streaming transactions	0.00	0.00	0.00	0.00	0.00
Less: Interest expense - Other	(30.11)	(30.11)	(30.11)	(31.72)	(29.57)
FFO - other	—	—	—	—	—
FFO, adjusted	4,108.12	3,797.51	3,601.15	3,443.81	3,987.73

\*Full Analysis: American Electric Power Co. Inc., published 17-Dec-2012

†Summary Analysis: American Electric Power Co. Inc., published 02-May-2014

Header information displayed is for the most recent data available with S&P Adjusted LTM financials.

\*CDS Data provided by [CMA DataVision](#) as of previous day closing values, EST.

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# MOODY'S

## INVESTORS SERVICE

### Credit Opinion: American Electric Power Company, Inc.

Global Credit Research - 14 Apr 2014

Columbus, Ohio, United States

#### Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	Baa1
Jr Subordinate Shelf	(P)Baa2
Commercial Paper	P-2
<b>AEP Texas North Company</b>	
Outlook	Stable
Issuer Rating	Baa1
<b>Appalachian Power Company</b>	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
<b>Indiana Michigan Power Company</b>	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
<b>Southwestern Electric Power Company</b>	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2

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#### Key Indicators

[1]American Electric Power Company, Inc.	12/31/2010	12/31/2011	12/31/2012	12/30/2013
CFO pre-WC + Interest / Interest	3.9x	4.3x	4.5x	5.0x
CFO pre-WC / Debt	17.1%	18.4%	19.5%	19.2%
CFO pre-WC - Dividends / Debt	13.1%	14.1%	15.2%	14.7%
Debt / Capitalization	50.2%	47.8%	46.6%	44.6%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

#### Opinion

## Rating Drivers

Diversity of regulatory jurisdictions and service territories provides strong foundation for current rating

Ohio Power's corporate separation completed

Substantial capex due to environmental mandates and regulated investments in transmission and distribution

Financial metrics look pressured due to higher parent debt and deregulated revenues

## Corporate Profile

American Electric Power Company, Inc. (AEP, Baa1 stable), headquartered in Columbus, Ohio, is a large electric utility holding company with nine retail utility subsidiaries operating in eleven states representing approximately \$24 billion rate base and serving about 5.3 million customers. The breakdown of megawatt hour (MWh) sales in 2013 was approximately 30% residential, 25% commercial, 28% industrial, 16% wholesale and 2% other. AEP owns or leases 37,600 megawatts (MW) of generating assets, 63% of which is coal/lignite fired.

## SUMMARY RATING RATIONALE

AEP's Baa1 rating reflects the size and diversity of its regulatory jurisdictions and service territories, financial metrics that over the past several years have supported the rating, a consolidated financial profile that includes a moderate amount of parent holding company debt, and adequate liquidity. These positive factors are balanced against risks associated with the transition of Ohio's market into full competition by June 2015, an expectation for higher levels of parent debt, and a material increase in capital expenditures for mandated environmental requirements, including investments to extend the life of Cook nuclear plant, and regulated investments in transmission and distribution.

## DETAILED RATING CONSIDERATIONS

### DIVERSITY OF REGULATED CASH FLOWS AND SERVICE TERRITORY

AEP's electric utility operations are diversified in terms of regulatory jurisdictions (eleven states) and service territory economies. The largest states ranked by base rates are Ohio, Virginia, West Virginia, Texas, Indiana, and Oklahoma. These jurisdictions translate into diversity in revenues (by state and operating utility), cash flows, assets and customers. From a credit perspective, we view AEP's size and diversity as meaningful credit strengths, as they provide the parent company a degree of insulation from any unexpected negative development occurring at one of its companies, its state regulators or in one state's economy.

One benefit from the service territory diversity has been seen during the past two years of tepid recovery from the recession in the US. AEP's western service territories, with their greater leverage to the energy economy, have registered a much stronger recovery than those in the east, which have generally been more challenged due to Federal budget cuts, waning coal exports, and slow industrial growth that are placing strains on the Appalachian economies. Overall, AEP's retail sales volume in 2013 declined 1.6% across the board, and industrial sales declined 4.5%.

### CONTINUED REGULATORY SUPPORT, TIMELY AND SUFFICIENT COST RECOVERIES NEEDED

AEP will need timely and consistent long-term credit regulatory support because it will be in front of several commissions in the next 12-18 months regarding, among them, the pending resolution of the transfer of Mitchell Plant to Wheeling Power Company (WPCo, not rated), plant retirements, recovery of significant capital expenditures and other related costs. AEP has secured some formula based rate cases during 2014 but more are needed.

In Oklahoma, a rate case was filed in January, requesting a \$45 million increase in base rates based on a 10.5% ROE, and including riders for advanced metering costs and for transmission investments. In addition, AEP will be filing for rate increases in West Virginia and Kentucky in 2014. A significant component of those filings reflects the transfer of the Amos and Mitchell assets. In West Virginia, the filing is the result of a prior settlement on the expanded net energy charge (ENEC), and is expected to include Amos and potentially Mitchell in base rates filings. In Kentucky, rates can be implemented subject to a refund six-months after filing the case, expected no later than December 2014. In March, Appalachian Power Company (APCo, Baa1 stable) filed its biennial rate case in Virginia which included no increase in rates since APCO's rates are within the current earnings band.

We view the Ohio regulatory environment as reasonably supportive to credit quality. It has historically been AEP's most important jurisdiction. Ohio Power Company (OPCo Baa1, stable) is operating under ESP I (March 2009 to 2011) and ESP II (June 2012 to May 2015) which provide a reasonable suit of recovery mechanism and cash flow stability through the Ohio transition into a full competitive generation market by June 2015. Under the ESPs, there would be fuel deferral accrued balances of \$445 million, and capacity deferral estimated at \$463 million by the end of May 2015. OPCo also obtained approval from Public Utility Commission of Ohio (PUCO) to securitize \$298 million of approved deferred distribution asset recovery rider costs. Some of the fuel and capacity deferrals related to these orders may also be securitized, since Ohio enacted securitization legislation in December 2011, a sign of positive political intervention. In December 2013, OPCo filed an application with the PUCO to approve a new ESP (ESP III) from June 2015 until May 2018 seeking a more prescriptive, transparent, and efficient ESP that includes full transition to auction based generation pricing beginning in June 2015.

#### OHIO POWER'S CORPORATE SEPARATION COMPLETED

On December 31, 2013, based on Federal Energy Regulatory Commission (FERC) and PUCO orders, OPCo transferred 11,650 MW of its generation assets and related liabilities, including pollution control bonds (PCRBs), at net book value to affiliate AEP Generation Resources Inc (AGR, not rated), thus becoming a fully regulated transmission and distribution utility (T&D).

As a result of the corporate separation, OPCo's net property plant and equipment (NPP&E) decreased from approximately \$10 billion to \$4.5 billion. OPCo redeemed approximately \$1.6 billion of debt (in conjunction with the asset transfer), or roughly 40% of its total debt. Today, OPCO has about \$2.7 billion of debt.

The corporate separation qualifies as a tax free acquisition of business under common control.

In 2013, OPCo also issued about \$1.6 billion of debt to fund debt maturities, redeem PCRBs, and securitize distribution regulatory assets. As part of that issuance OPCo drew down a term loan facility of \$1.0 billion due in May 2015 to execute the corporate separation. Subsequently OPCo assigned to affiliates AGR, APCo and Kentucky Power Company (KEPCo, Baa2 stable) intercompany notes related to that issuance.

The generation assets were transferred with the associated PCRBs which have also been allocated to the individual affiliates as follows: \$86 million to APCo, \$65 million to KPCo, and AGR assumed the obligations and rights to \$721.2 million, of this amount \$395.4 million are held in trust so when re-issued AGR will receive the proceeds.

In the case of APCo due to the transfer of 867 MW of Amos plant, NPP&E increased by \$800 million, assumption of debt estimated at about \$386 million, including assigned \$300 million from AGR and \$86 million PCRBs, at year-end 2013. There is also related deferred income taxes and other liabilities associated with the transfer. The difference between the assets and liabilities transferred is recorded as paid-in-capital of around \$240 million.

The impact of the transfer of 780 MW Mitchell to KEPCo shows NPP&E increase of about \$675million, plus the assumption of debt estimated at about \$265 million, which includes \$200 million assigned from AGR and \$65MM PCRB -Mitchell note currently held in a trust, at year-end 2013. There is also related deferred income taxes and other liabilities associated with the transfer. The difference between the assets and liabilities transferred is recorded as paid-in-capital of around \$375 million.

As of December 31, 2013, as part of the transfer AGR received NPP&E of approximately \$5.6 billion, assumption of debt estimated at about \$1.1 billion, including \$211 million PCRBs and short-term debt of about \$240 million. As in the case of APCo and KEPCo, it also received associated non-current liabilities (about \$1.7 billion) and assets. AGR' fleet is now around 11,191 MW of which 2,523 MW will be retired by June 2015. AEP has announced that AGR would be capitalized with a combination of about 65%-70% equity and 35%-30% debt that is either borrowed by AEP and on-lent to AGR, or guaranteed by AEP.

AGR is housed by AEP Energy Supply LLC (not rated) the unregulated business arm of AEP, and operates within the PJM system and is required to offer all of its available generation to the PJM Reliability Pricing Model auction. Through May 2015, AGR will provide generation capacity to OPCo for switched and non-switched generation customers.

#### SUBSTANTIAL CAPEX DUE TO ENVIRONMENTAL MANDATES AND REGULATED INVESTMENTS IN T&D

AEP is still exposed to stringent environmental compliance requirements. It has announced a capital investment program for 2014 through 2016 of approximately \$10.6 billion, of which approximately 95% of that amount will be spent in the regulated businesses as follows: generation \$2.8 billion (26.5%), distribution \$3.3 billion (31.1%), and

transmission \$4.5 billion (42.4%). Transmission and distribution (T&D) investments are expected to be recovered either through the transmission formula base rates or rate case activity, a credit positive.

AEP's average projected total capex of \$3.8 billion per year through 2016 is essentially flat compared to \$3.7 billion in 2013, but a substantial increase from the \$3.1 billion in 2012, and \$2.7 billion in 2011. In the near term, environmental retrofits and transmission investments will be the largest drivers of the capital investments. We expect AEP will successfully obtain state-level and even federal-level extensions for Mercury and Air Toxics Standard (MATS) compliance. But if AEP is not successful, the investment schedule may be accelerated, which could stress intermediate term metrics.

AEP's 2014 environmental capex is expected to be allocated to regulated T&D around \$2.65 billion and about \$600 million in environmental mandates. Another important capex investment is at Indiana Michigan Power Company (I&M, Baa1, stable) to extend the life of the Cook nuclear plant. This amounts to approximately \$1.2 billion through 2018, excluding AFUDC. As of December 2013, I&M has incurred costs of \$380 million, including AFUDC. We expect that AEP's subsidiaries will be successful in obtaining reasonably timely recovery of capital and operating expenditures associated with environmental compliance and plant upgrades.

#### FINANCIAL METRICS LOOK PRESSURED DUE TO HIGHER PARENT DEBT AND DEREGULATED REVENUES

As of year-end 2013, on a consolidated basis AEP reported long-term debt of \$16.8 billion compared to \$15.6 billion as of year-end 2012, before adjusting for unfunded pensions and operating leases. We understand that the increase in parent debt will be refinanced at the utility affiliate levels in the near future, thus causing the percentage of parent debt to revert to historical levels (approximately 5%). If it is indeed transitional, the increase in AEP holding company debt is not expected to have any implications for downward notching of AEP debt relative to its subsidiary ratings. However, if the parent company debt is higher than expected or it became evident that AGR's debt will be financed at the parent level (or based on parent support) on a permanent or quasi-permanent basis, AEP's ratings could become pressured. Especially given the increased share of unregulated generation and retail sales within AEP's overall business mix, which we currently see rising to around 25% of AEP's consolidated financial profile from historical of 11%.

As of year-end 2013, AEP's financial metrics, including the ratio of CFO Pre-WC plus interest / interest and the ratio of CFO Pre-WC to debt were 5.0x and 19% respectively compared to year-end 2012 of 4.5x and 19.5%. Adjusted Debt to book capitalization decreased by year-end to 44.6% compared to 46.6% at year-end 2012. AEP has announced capital investments and equity contribution through 2016 of around \$3.8 billion a year and plan to maintain a dividend payout ratio at 60-70% to be in line with peers in the market. On a consolidated basis as of December 31, 2013, AEP generated approximately \$4.3 billion in CFO pre-WC, made approximately \$3.8 billion in capital investments, and paid \$954 million in dividends, resulting in about \$454 million of negative free cash flow.

Prospectively, AEP's metrics are likely to weaken between 2014 through 2018, as the interest coverage, CFO Pre-WC, and RFC to debt ratios average 4.5x, 16%, and 12.5% respectively. Still, these ratios are towards the lower end of the mid-Baa range.

Post-transition, AEP will need to produce financial metrics towards the higher end of its rating category range given the higher risk nature of its unregulated operations. Factors that could challenge AEP during this period include, among others, longer than anticipated regulatory lag to recover environmental and nuclear capex, adverse rulings from the Ohio Supreme Court on ESP's elements currently being reviewed and West Virginia's regulators concerning remaining 50% transfer of Mitchell to WPCo, and on the unregulated side power prices materially lower than current forward curves (which would impact off-system sales that are expected to increase based on customer switching in Ohio).

Despite AEP's structural subordination relative to the debt of its subsidiaries, we do not notch AEP's rating down below the Baa1 senior unsecured rating that is assigned to the majority of its operating subsidiaries, based on the diversity and stability of subsidiaries' cash flows, in addition to the relatively acceptable debt level at the parent company of about 8% (around \$1.3 billion) at year-end 2013.

#### Liquidity

AEP's liquidity is adequate. AEP has two syndicated credit facilities totaling \$3.5 billion that were renewed and extended in mid-2011. One is a \$1.75 billion facility expiring June 2016, and the other is also a \$1.75 billion facility (upsized from \$1.5 billion) expiring in July 2017, permit same-day borrowing and have a combined letter of credit sub-limit of \$1.2 billion. AEP is not required to make a representation with respect to either material adverse

change or material litigation in order to borrow under the facility. Default provisions exclude payment defaults and insolvency/bankruptcy of subsidiaries that are not significant subsidiaries per the SEC definition, however, base on the new amendment AGR is effectively excluded as a significant subsidiary. The facilities contain a covenant requiring that AEP's consolidated debt to capitalization (as defined) not to exceed 67.5%. AEP states the actual ratio was 50.4% at 12/31/2013, indicating substantial headroom.

Including securitization bonds, put bonds and other amortizations, AEP has debt maturities of \$1.4 billion in 2014, and about \$2.7 billion in 2015. AEP amended its \$700 million receivable securitization agreement to extend \$385 million amount through June 2014, and remaining \$315million through June 2015.

As of 12/31/2013, AEP had \$118 million of cash on hand and approximately \$3.4 billion of availability under its two syndicated revolving credit facilities after giving effect to \$57 million of commercial paper outstanding and \$170 million of issued letters of credit.

Over the next two years, Moody's estimates that AEP will generate roughly \$4 billion annually in CFO Pre-WC, spend about \$3.9 billion annually in capital investments, and pay about 1 billion in annual dividends. This will yield negative average free cash flow of average \$900 million per year, a credit negative that we think is unsustainable over the longer term horizon.

**Rating Outlook**

The credit rating and stable outlook reflects AEP's diversified regulatory jurisdictions and service territory of its portfolio of utility subsidiaries. We believe AEP will continue to demonstrate a reasonable approach towards its financial policies through this period, particularly with respect to the transition in Ohio and expected environmental and nuclear spending, leading to CFO Pre-WC to debt that will be appropriate for its evolving business mix.

**What Could Change the Rating - Up**

Ratings upgrades appear unlikely over the near term, primarily due to our view that the gradual change in business mix will impact the metrics threshold for maintaining its Baa1 unsecured rating. Nevertheless, ratings could be upgraded, if AEP were successful in producing a stronger set of financial credit metrics on a sustainable basis, including a ratio of CFO Pre-WC plus interest of at least 5.0x, a ratio of CFO Pre-WC to debt above 22% average and debt to capitalization below 45%.

**What Could Change the Rating - Down**

AEP's rating could be downgraded if a more contentious regulatory environment were to materialize in any key jurisdictions; for instance, if regulatory decisions impacting any material subsidiary challenged our assumption that environmental and nuclear capex costs will be recovered on a reasonably timely basis. Ratings could also be downgraded if concerns about structural subordination were heightened due to material additional permanent debt at the parent as percentage of total, or if the ratings of its larger subsidiaries (which are mostly in the Baa1 rating) were downgraded. In addition, ratings could be downgraded if AEP's financial metrics were weaker or more volatile than expected through 2016, including a ratio CFO Pre-WC to debt in the mid-teens range and debt to book capitalization higher than 50%.

**Rating Factors**

American Electric Power Company, Inc.

Regulated Electric and Gas Utilities Industry Grid [1][2]	Current 12/30/2013		[3]Moody's 12-18 Month Forward ViewAs of April 2014	
	Measure	Score	Measure	Score
<b>Factor 1 : Regulatory Framework (25%)</b>				
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Baa	Baa	Baa	Baa
<b>Factor 2 : Ability to Recover Costs and Earn Returns (25%)</b>				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa

b) Sufficiency of Rates and Returns	Baa	Baa
<b>Factor 3 : Diversification (10%)</b>		
a) Market Position	Baa	Baa
b) Generation and Fuel Diversity	Baa	Baa
<b>Factor 4 : Financial Strength (40%)</b>		
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.6x	A
b) CFO pre-WC / Debt (3 Year Avg)	19.0%	Baa
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	14.7%	Baa
d) Debt / Capitalization (3 Year Avg)	46.3%	Baa
<b>Rating:</b>		
Grid-Indicated Rating Before Notching Adjustment		Baa2
HoldCo Structural Subordination Notching		
a) Indicated Rating from Grid		Baa2
b) Actual Rating Assigned		Baa2

	Baa	Baa
	Baa	Baa
	Baa	Baa
	4.7x - 5x	Baa
	14% - 18%	Baa
	10% - 12%	Baa
	42% - 45%	Baa
		Baa3
		Baa1
		Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 12/30/2013(L); Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

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REDACTED

Quarter	Report Year	Solar Percentage	Tier 1 Percentage*	Tier 2 Percentage
1	2014			
2	2014			
3	2014			
4	2014			

\* Tier I percentage adjusted exclusive of solar

\*\* Represents how many quarters the supplier reported load for the territory

Yearly Record Id

EDC Name	EGS Name	# of Quarters**	Report Year	Sales	Solar AECS	Tier 1 AECS	Tier 2 AECS
6024 Duquesne Light Company, Jenkins, Joan (24251)	AEP Energy, Kosc, Kristin (80872)	4	2014				
6094 Metropolitan Edison Company, Cremer, Thomas (95822)	AEP Energy, Kosc, Kristin (80872)	4	2014				
6160 PECO Energy, McDevitt, Megan (89947)	AEP Energy, Kosc, Kristin (80872)	4	2014				
6251 PPL Electric Utilities, Rouland, James (65700)	AEP Energy, Kosc, Kristin (80872)	4	2014				
6334 Pennsylvania Electric Company, Cremer, Thomas (95823)	AEP Energy, Kosc, Kristin (80872)	4	2014				
6431 West Penn Power Company, Teamann, Cindy (95110)	AEP Energy, Kosc, Kristin (80872)	4	2014				



**DRAFT - REDACTED**  
**CORPORATE GUARANTY**

TO: The Pennsylvania Public Utility Commission, its successors and assigns, and any of its subsidiaries ("Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, and to induce Beneficiary to do business with AEP Energy, Inc., an Illinois corporation ("AEP Energy"), the undersigned American Electric Power Company, Inc. ("AEP"), hereby guarantees the full and prompt payment of all present and future obligations of AEP Energy to Beneficiary, up to an aggregate amount of [REDACTED] (the "Guaranty Cap"), arising from its license to operate as an electric generation supplier within the State of Pennsylvania (the "Energy Supplier License"). AEP acknowledges the benefit to it of said Energy Supplier License from Beneficiary to AEP Energy, as well as the benefit of extending the Corporate Guaranty ("Guaranty"). AEP's obligations and liability under this Guaranty shall be limited to the payment of obligations arising from the Energy Supplier License only, and AEP shall have no obligation to sell, deliver, supply or deliver electric energy or perform any related services.

AEP hereby waives notice of acceptance of this Guaranty, notice of the transactions between Beneficiary and AEP Energy, notice of the execution and delivery, amendment, extension or renewal of any present or future instrument pertaining to Obligations, and notice of default by AEP Energy. AEP further consents, without further notice, to any extension or extensions of the time or times of payment of said Obligations, or any portion thereof, and to any change in form or amount, or renewal at any time, of such Obligations, or any portion thereof, in each case up to the Guaranty Cap.

This Guaranty shall become effective from the date of guaranty execution at 12:01 a.m. Eastern Standard Time and terminate on the earlier of \_\_\_\_\_, 20\_\_ at midnight Eastern Standard Time, or five (5) days after the date of written notice of termination from AEP. No termination of this Guaranty shall affect any Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Obligations until finally and irrevocably paid in full. Any extension, or the acceptance of any sum or sums on account, or of any note or draft of AEP Energy and/or any third party, or security, from AEP Energy, shall not affect this Guaranty.

AEP's obligations hereunder with respect to the Obligations shall not be affected by the existence, validity, enforceability, perfection or extent of any collateral for such Obligations covered hereunder. Beneficiary shall not be obligated to file any claim relating to the Obligations owing to it in the event that AEP Energy becomes subject to bankruptcy, reorganization or similar proceedings (whether voluntary or involuntary), and the failure of Beneficiary to so file shall not affect AEP's obligations hereunder. In the event that any payment to Beneficiary in respect of the

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Obligations is rescinded or must otherwise be returned for any reason whatsoever, AEP shall remain liable hereunder in respect of such Obligations as if such payment had not been made. AEP reserves the right to assert defenses which AEP Energy may have to payment of any Obligation other than defenses arising from the bankruptcy or insolvency of AEP Energy and other defenses expressly waived hereby.

This Guaranty shall inure to and be binding upon the parties, their representatives, successors and assigns. This Guaranty shall not be affected by any change in the entity status or business structure of AEP Energy.

Any demand, notice, request, instruction, correspondence, or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by telecopier, as follows:

To Guarantor:	To Beneficiary:
American Electric Power Company, Inc.	Pennsylvania Public Utility Commission
155 W. Nationwide Blvd., Suite 500	400 North Street, 3 <sup>rd</sup> Floor
Columbus, Ohio 43215	Harrisburg, PA 17120
Attn: Credit Risk Management	Attn: Bureau of Technical Utility Services
Fax No. 614-583-1604	Fax No. 717-787-2545

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telecopier shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All Notices by telecopier shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving notice as provided above of such change of address.

In the event Beneficiary engages in litigation to enforce this Guaranty, AEP agrees to pay, in addition to any amounts of AEP Energy which AEP has guaranteed to pay, any and all costs and expenses incurred by Beneficiary (including reasonable attorneys' fees) as a result of enforcing this Guaranty, provided such fees, costs and expenses are reasonable, and only if, and to the extent, Beneficiary is successful in such litigation.

AEP SHALL NOT HAVE ANY LIABILITY WITH RESPECT TO, AND BENEFICIARY HEREBY WAIVES, RELEASES AND AGREES NOT TO SUE FOR, ANY SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR INDIRECT DAMAGES, EXCEPT TO THE EXTENT THAT THE PAYMENTS REQUIRED TO BE MADE PURSUANT TO THE

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OBLIGATIONS UNDER THE ENERGY SUPPLIER LICENSE ARE DEEMED TO BE SUCH DAMAGES.

AEP represents and warrants that, at the time of execution and delivery of the Guaranty, nothing (whether financial condition or any other condition or situation) exists to impair in any way the obligations and liabilities of AEP to Beneficiary under this Guaranty. AEP further represents and warrants that the person signing this Guaranty on its behalf has been properly authorized by corporate action to do so.

The rights and duties of the AEP, AEP Energy and Beneficiary under this Guaranty shall be construed and enforced in accordance with, and governed by the laws of, the State of New York.

IN WITNESS WHEREOF, AEP has duly executed this Guaranty on this \_\_ day of \_\_\_\_, 20\_\_.

AMERICAN ELECTRIC POWER COMPANY, INC.

By: \_\_\_\_\_  
Julia A. Sloat, Treasurer

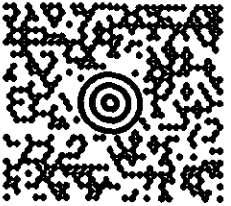
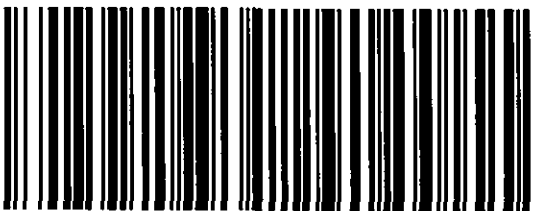


**UPS Internet Shipping: View/Print Label**

1. **Ensure there are no other shipping or tracking labels attached to your package.** Select the Print button on the print dialog box that appears. Note: If your browser does not support this function select Print from the File menu to print the label.
2. **Fold the printed sheet containing the label at the line so that the entire shipping label is visible. Place the label on a single side of the package and cover it completely with clear plastic shipping tape. Do not cover any seams or closures on the package with the label.** Place the label in a UPS Shipping Pouch. If you do not have a pouch, affix the folded label using clear plastic shipping tape over the entire label.
3. **GETTING YOUR SHIPMENT TO UPS**  
**UPS locations include the UPS Store<sup>®</sup>, UPS drop boxes, UPS customer centers, authorized retail outlets and UPS drivers.**  
 Schedule a same day or future day Pickup to have a UPS driver pickup all of your Internet Shipping packages.  
 Hand the package to any UPS driver in your area.  
 Take your package to any location of The UPS Store<sup>®</sup>, UPS Drop Box, UPS Customer Center, UPS Alliances (Office Depot<sup>®</sup> or Staples<sup>®</sup>) or Authorized Shipping Outlet near you. Items sent via UPS Return Services(SM) (including via Ground) are also accepted at Drop Boxes. To find the location nearest you, please visit the 'Find Locations' Quick link at ups.com.

**Customers with a Daily Pickup**  
Your driver will pickup your shipment(s) as usual.

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MICHAEL R. BOROVIK 312-628-0293 AEP ENERGY, INC. 225 W WACKER DRIVE CHICAGO IL 60606		0.0 LBS	LTR	1 OF 1
<b>SHIP TO:</b> ROSEMARY CHIAVETTA, SECRETARY PENNSYLVANIA PUBLIC UTILITY COMM. COMMONWEALTH KEYSTONE BUILDING 2ND FLOOR, ROOM-N201 400 NORTH STREET <b>HARRISBURG PA 17120-0200</b>				
		<b>PA 171 9-20</b>		
<b>UPS NEXT DAY AIR</b> TRACKING #: 1Z Y27 215 01 9559 5287		<b>1</b>		
				
BILLING: P/P  Reference#1: Legal - Regulatory				
				

AUG 19 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU