

AMERICAN ELECTRIC POWER COMPANY INC

Form U-1/A

October 25, 2001

File No. 70-9937

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

-----  
Amendment No. 2  
to  
Form U-1  
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APPLICATION-DECLARATION

under

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

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AMERICAN ELECTRIC POWER COMPANY, INC.  
CENTRAL POWER AND LIGHT COMPANY  
COLUMBUS SOUTHERN POWER COMPANY  
OHIO POWER COMPANY

SOUTHWESTERN ELECTRIC POWER COMPANY

WEST TEXAS UTILITIES COMPANY

1 Riverside Plaza, Columbus, Ohio 43215

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(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

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(Name of top registered holding company parent)

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A. A. Pena, Senior Vice President and Treasurer  
AMERICAN ELECTRIC POWER SERVICE CORPORATION  
1 Riverside Plaza, Columbus, Ohio 43215

Susan Tomasky, Executive Vice President and General Counsel  
AMERICAN ELECTRIC POWER SERVICE CORPORATION  
1 Riverside Plaza, Columbus, Ohio 43215

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(Names and addresses of agents for service)

American Electric Power Company, Inc. ("AEP"), a New York corporation and a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act"), and its direct and indirect public utility subsidiaries Central Power and Light Company ("CPL"), Southwestern Electric Power Company ("SWEPCo"), West Texas Utilities Company ("WTU"), Columbus Southern Power Company ("CSP") and Ohio Power Company ("OPCo") (collectively, "the Operating Subsidiaries") propose to amend their Application/Declaration on Form U-1 in File No. 70-9937 as follows:

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1. By restating Item 1. Description of Proposed Transactions immediately preceding the Rule 54 section as follows:

### ITEM 1. DESCRIPTION OF PROPOSED TRANSACTIONS

Background. By Order dated December 30, 1976 (HCAR No. 19829; 70-5930) and in subsequent Orders, the Commission authorized Central and Southwest Corporation ("CSW"), a Delaware corporation and a registered holding company under the Act and a wholly owned subsidiary of AEP, to establish and utilize a system money pool ("Money Pool") to co-ordinate 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 CSW Money Pool and to add its utility subsidiaries and certain other subsidiaries as participants in the Money Pool (the "Participants") and established borrowing limits for all Participants.

American Electric Power Service Corporation ("AEPSC"), a Rule 88 subsidiary service company, acts as administrative agent of the Money Pool. Each Participant and AEP determine, the amount of funds it has available for contribution to the Money Pool. 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 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.

All short-term borrowing needs of the Participants may be met by funds in the Money Pool to the extent such funds are available. Each Participant shall have the right to borrow from the 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, resolutions of such Participant's shareholders and Board of Directors, such Participant's governing corporate documents, 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. AEP will not borrow funds from the Money Pool or any Participant.

The Money Pool is composed from time to time of funds from the following sources: (ii) surplus funds of AEP; (i) surplus funds of any of the Participants; (iii) borrowings by AEP from sales of commercial paper notes and/or bank borrowings. AEPSC administers the AEP money pool by matching up, to the extent possible, short-term cash surpluses and loan requirements of AEP and the various Participants. Participant requests for short-term loans are met first from surplus funds of other Participants which are available to the money pool and then from AEP corporate funds to the extent available. To the extent that Participant contributions of surplus fund to the

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Money Pool are insufficient to meet Participant requests for short-term loans, borrowings are made from outside the system.

Each borrowing Participant borrows 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 Money Pool.

Funds which are loaned from Participants into the Money Pool which are not required to satisfy borrowing needs of other Participants will be invested by AEP on the behalf of the lending Participants in one or more short-term instruments.

The Money Pool makes funds available to Participants for the interim financing of their capital expenditure programs and their other working capital needs, and to AEP to loan and to make capital contributions to any of the Participants and in both instances to repay previous borrowings incurred for such purposes. Funds for the Money Pool are available from surplus funds from the treasuries of AEP and the Participants, from proceeds from the sale of commercial paper by AEP and bank borrowings by AEP and the Participants. Funds to be loaned to the Participants are obtained in the following order of priority: (1) available surplus funds of the Participants will be used to satisfy the borrowing needs of other Participants before any funds of AEP are used; (2) available surplus funds in AEP's treasury; and (3) external borrowings by AEP from the sale of commercial paper and/or bank borrowings. External borrowings by AEP will not be made unless there are no surplus funds in the treasuries of the Participants or sufficient to meet borrowing needs. However, no loan will be made by AEP or any Participant if the borrowing company could borrow more cheaply directly from banks or through the sale of its own commercial paper. When more than one Participant is borrowing, each borrowing Participant will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool.

The interest rate applicable on any day to then outstanding loans through the Money Pool will be the composite weighted average daily effective cost incurred by AEP for short-term borrowings from external sources. If there are no borrowings outstanding then the rate would be the certificate of deposit yield equivalent of the 30-day Federal Reserve "AA" 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 Funds.

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.

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 Money Pool may be prepaid by the borrower

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without premium or penalty.

To provide funds for the Money Pool, AEP currently issues and sells commercial paper ("Commercial Paper"). The Commercial Paper matures in 270 days or less and will be issued from time-to-time to commercial paper dealers ("Dealers") and certain financial institutions.

The Commercial Paper is currently issued to Dealers in the form of either physical or book-entry unsecured promissory notes. Such notes are issued and sold by AEP directly to Dealers at a rate not to exceed the rate per annum prevailing at the time of issuance for commercial paper of comparable quality and maturity connection with the issuance and sale of the Commercial Paper.

AEP and its Participants may borrow money from banks, from time-to-time to the extent that the surplus funds of AEP and the Participants are insufficient to meet the Participant's request for short-term loans and subject to the limitations on aggregate principal amounts, above. Such borrowing will not be made unless it would produce a lower cost of money than the issue of AEP's Commercial Paper and, in any event, they will not bear a rate of interest higher than the effective cost of money for unsecured prime commercial bank loans prevailing on the date of borrowing. The borrowings will be evidenced by promissory notes maturing no later than one year from date of issuance and will be subject to prepayment by the borrower, or under certain circumstances with consent of the lending bank, in whole at any time or in part from time-to-time, without penalty.

Ohio and Texas Restructuring. CPL, SWEPCo and WTU are public utilities operating in Texas. Tex. Util. Code Ann. ss. 39.001-909 (Vernon Supp. 2000), commonly referred to as S.B. 7, requires vertically integrated electric utilities, including WTU and CPL, to separate ownership of their generating and other power supply assets from ownership of their transmission and distribution assets no later than January 1, 2002. Under S.B. 7, vertically integrated utilities are generally obligated to disaggregate into at least (1) a PGC that will sell power and energy at wholesale; and (2) an EDC that will own transmission and local distribution facilities and perform metering and billing functions, but is prohibited from owning power supply facilities or selling electricity. By order issued July 7, 2000, the Public Utility Commission of Texas (PUC) approved corporate separation plans CPL, SWEPCo and WTU filed to explain how they will comply with S.B. 7.

CSP and OPCo are public utilities operating in Ohio. CSP and OPCo will make certain transfers to comply with the provisions of an Ohio statute that provides for Competitive Retail Electric Service, commonly referred to as S.B. 3. Ohio Rev. Code Ann. ss. 4928.01-67 (Anderson 2000). The statute directs vertically integrated electric utilities that offer retail electric service in Ohio to separate their generating and other competitive operations (such as aggregation, marketing, and brokering) and related assets from their transmission and distribution operations and assets. On September 28, 2000, The Public Utilities Commission of Ohio (Ohio PUC) approved corporate separation plans CSP and OPCo filed to explain how they will comply with S.B. 3. Under their approved corporate separation plans, CSP and OPCo proposed, subject to receipt of federal regulatory approvals, to transfer their transmission and distribution assets and operations to EDC affiliates.

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The current short-term borrowing limits of the Operating Subsidiaries under the Money Pool are as follows:

|        | Money Pool Short-Term<br>Participant Borrowing<br>Limit |
|--------|---------------------------------------------------------|
| CSP    | 350,000,000                                             |
| CPL    | 600,000,000                                             |
| OPCo   | 450,000,000                                             |
| SWEPCo | 250,000,000                                             |
| WTU    | 165,000,000                                             |

Proposed Transaction. In order to comply with mandates by the Ohio and Texas legislatures to restructure and pursuant to plans submitted and approved by the PUCT and the Ohio PUC, CPL, CSP, OPCo, SWEPCo and WTU (collectively, the "Operating Subsidiaries") may need to restructure their debt portfolios and may retire and/or redeem their current outstanding long-term debt and replace such long-term debt with short-term debt. The Operating Subsidiaries propose to increase their borrowing limits as follows:

|        |                                              |
|--------|----------------------------------------------|
| CPL    | increase from \$600 million to \$1.2 billion |
| CSP    | increase from \$350 million to \$800 million |
| OPCo   | increase from \$450 million to \$1.0 billion |
| SWEPCo | increase from \$250 million to \$350 million |
| WTU    | increase from \$165 million to \$375 million |

This increase in borrowing authority would require that AEP's external borrowing limit from commercial paper dealers and banks be increased from \$5 billion to \$6.910 billion. This increase in AEP's borrowing limit will ensure that AEP has sufficient borrowing capacity to obtain external borrowings in order to loan funds through the Money Pool to the participants when required. AEP and the Operating Subsidiaries request that such authority extend to December 31, 2002.

AEP hereby represents that it will maintain for itself and for all the Operating Subsidiaries the common equity at a percentage of the consolidated capital (inclusive of short-term debt) of 30% during the authorization period. A chart showing the percentage of equity to consolidated capital is attached as Exhibit A.

Use of Proceeds: The proposed increase in short-term borrowings will be used for the following purpose:

CPL, CSP, OPCo, SWEPCo and WTU will utilize the additional borrowing capacity authorized in this file as a source of funding to replace a portion of respective long-term securities. As of June 30, 2001, CPL, CSP, OPCo, SWEPCo and WTU currently have \$1,597,279,000, \$914,875,000, \$1,219,852,000, \$760,175,000 and \$258,387,000, respectively, in long-term securities outstanding. These transactions will not change the debt/equity ratios of the Operating Subsidiaries nor will they result in a net increase in outstanding securities of the Operating Subsidiaries and the AEP system.

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Compliance with Rule 54

Rule 54 provides that, in determining whether to approve an application which does not relate to any EWG or FUCO, the Commission shall not consider the effect of the capitalization or earnings of any such EWG or FUCO which is a subsidiary of a registered holding company if the requirements of Rule 53(a), (b) and (c) are satisfied.

AEP consummated the merger with Central and South West Corporation on June 15, 2000 pursuant to an order issued 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 (as extended pursuant to HCAR No. 27316, December 26, 2000, the "Rule 53(c) Order").

AEP currently meets all of the conditions of Rule 53(a) and none of the conditions set forth in Rule 53(b) exist or will exist as a result of the transactions proposed herein.

Rule 53(a)(1) At June 30, 2001, AEP's "aggregate investment", as defined in Rule 53(a)(1), in EWGs and FUCOs was approximately \$1.315 billion, or about 40.6% of AEP's "consolidated retained earnings", also as defined in Rule 53(a)(1), for the four quarters ended June 30, 2001 (\$3.242 billion).

Rule 53(a)(2) Each FUCO in which AEP invests will maintain books and records and make available the books and records required by Rule 53(a)(2).

Rule 53(a)(3) No more than 2% of the employees of the electric utility subsidiaries of AEP will, at any one time, directly or indirectly, render services to any FUCO.

Rule 53(a)(4) AEP has submitted and will submit a copy of Item 9 and Exhibits G and H of AEP's Form U5S to each of the public service commissions having jurisdiction over the retail rates of AEP's electric utility subsidiaries.

Rule 53(b) (i) Neither AEP nor any subsidiary of AEP is the subject of any pending bankruptcy or similar proceeding; (ii) AEP's average consolidated retained earnings for the four quarters ended June 30, 2001 (\$3,242,159,000) represented a decrease of approximately \$302,490,000 (or 8.5%) in the average consolidated retained earnings from the four quarters ended June 30, 2000 (\$3,544,649,000); and (iii) for the fiscal year ended December 31, 2000, AEP did not report operating losses attributable to its direct or indirect investments in EWGs and FUCOs.

AEP's interests in EWGs and FUCOs have made a positive contribution to earnings over the four calendar years ending after the Rule 53(c) Order. Accordingly, since the date of the Rule 53(c) Order, the capitalization and earnings attributable to AEP's investments in EWGs and FUCOs has not had an adverse impact on AEP's financial integrity.

#### Reporting

AEP and the Participants, will report quarterly to the Commission pursuant to Rule 24 under the Act within 30 days after the end of each calendar quarter and shall for each company : (a) the aggregate amount of funds provided to the Money Pool; (b) the aggregate amount of funds received from the Money Pool; and (c) the balance advanced to or from the Money Pool as of the end of the period. AEP will also

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certify: (a) the average interest rate for the Money Pool over the period; (b) the aggregate amount of outside borrowings and repayments during the period of each source of outside borrowings; (c) the amount outstanding at the end of the period for each source of outside borrowings; and (d) a detailed listing of commercial paper outstanding by dealer at the end of the period.

2. Item 3. APPLICABLE STATUTORY PROVISIONS is hereby amended and restated as follows:

Sections 6(a), 7, 9(a), 10 and 12 (b) and Rules 43 and 45 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.

3. Item 6 is hereby amended to add the following Exhibits and financial Statements

(a) EXHIBIT:

Exhibit F. Opinion of Counsel

(b) FINANCIAL STATEMENTS:

Balance Sheets as of June 30, 2001 and Statements of Income and Retained Earnings for the 6 months ended June 30, 2001 of AEP and its subsidiaries consolidated and of CPL, CSP, OPG, SWEPCo and WTU.

SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned company has duly caused this Amendment No. 2 to its Form U-1 to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN ELECTRIC POWER COMPANY, INC.

And

Central Power and Light Company  
Columbus Southern Power Company  
Ohio Power Company  
Southwestern Electric Power Company  
West Texas Utilities Company

By: /s/ A. A. Pena  
Treasurer

Dated: October 25, 2001

EXHIBIT F

(614) 223-1649

October 25, 2001

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Securities and Exchange Commission  
Division of Corporate Regulation  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Re: American Electric Power Company, Inc.  
Central Power and Light Company  
Columbus Southern Power Company  
Ohio Power Company  
Southwestern Electric Power Company  
West Texas Utilities Company  
(File No. 70-9937)

Ladies and Gentlemen:

I have acted as counsel for American Electric Power Company, Inc. ("AEP") and certain of its subsidiaries in the above-captioned matter, which involves the increase in amount of the short-term financing program for Central Power and Light Company ("CPL"), Columbus Southern Power Company ("CSP"), Ohio Power Company ("OPCo"), Southwestern Electric Power Company ("SWEPCO") and West Texas Utilities Company ("WTU"), as participants ("Participants") in the AEP-system Money Pool (the "Money Pool") for the period through December 31, 2002. The proposed short-term borrowings of CPL, CSP, OPCO, SWEPCO, and WTU under the Money Pool shall be increased so that borrowings may be made in aggregate amounts not to exceed \$350,000,000; \$600,000,000; \$450,000,000; \$250,000,000; and \$165,000,000, outstanding at any one time for the respective Participants from time to time prior to January 1, 2003.

In connection with my review of the above-described and proposed transactions, I have examined, among other things, the Application or Declaration on Form U-1, as amended, through the date thereof, as filed by American and the Participants with your Commission under the Public Utility Holding Company Act of 1935 as well as such corporate records of AEP and the Participants, certificate of public officials, and such other certifications and documents as I have deemed necessary in connection herewith.

In my opinion, if said Application or Declaration on Form U-1 as filed with your Commission is granted or permitted to become effective, and if the proposed transactions are consummated in accordance with said Application or Declaration on form U-1: (a) all state laws applicable to the proposed transactions will have been complied with and (b) the consummation of the proposed transactions will not violate the legal rights of the holders of any securities issued by AEP, or Participants, or by any associate company of any of them.

I consent to the use of this opinion as part of the above-mentioned Application or Declaration on Form U-1.

Very truly yours,

/s/ Ann B. Graf

Ann B. Graf  
Counsel for  
American Electric Power Company, Inc.  
Central Power and Light Company  
Columbus Southern Power Company  
Ohio Power Company  
South Western Electric Power Company  
West Texas Utilities Company

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 1 The Commission authorized AEP's predecessor, American Gas and Electric Company, to create a service company subsidiary, American Gas and electric Service Corporation, AEPSC's predecessor, on May 15, 1939 (Holding Co. Act Release No. 1528). The Commission issued two subsequent orders: (1) authorizing a service agreement between AEPSC and the Electric Utility Companies on February 23, 1981 (Holding Co. Act Release No. 21922); and (ii) authorizing amendments to intrasystem service agreements to provide services to associate nonutility subsidiaries (Nonutility Companies") on April 5, 1995 (Holding Co. Act Release No. 26267).

## AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES CONSOLIDATED STATEMENTS OF INCOME (in millions, except per-share amounts) (UNAUDITED)

|                                                                 | Three Months Ended<br>June 30, |         | Six Months Ended<br>June 30, |          |
|-----------------------------------------------------------------|--------------------------------|---------|------------------------------|----------|
|                                                                 | 2001                           | 2000    | 2001                         | 2000     |
|                                                                 | ----                           | ----    | ----                         | ----     |
| REVENUES                                                        | \$14,528                       | \$8,137 | \$28,693                     | \$14,254 |
|                                                                 | -----                          | -----   | -----                        | -----    |
| EXPENSES:                                                       |                                |         |                              |          |
| Fuel and Purchased Power                                        | 12,367                         | 6,318   | 24,469                       | 10,665   |
| Maintenance and Other Operation                                 | 959                            | 870     | 1,912                        | 1,721    |
| Non-recoverable Merger Costs                                    | 7                              | 161     | 12                           | 161      |
| Depreciation and Amortization                                   | 354                            | 305     | 690                          | 625      |
| Taxes Other Than Income Taxes                                   | 169                            | 175     | 337                          | 346      |
|                                                                 | ---                            | ---     | ---                          | ---      |
| TOTAL EXPENSES                                                  | 13,856                         | 7,829   | 27,420                       | 13,518   |
|                                                                 | -----                          | -----   | -----                        | -----    |
| OPERATING INCOME                                                | 672                            | 308     | 1,273                        | 736      |
| OTHER INCOME (LOSS), net                                        | 22                             | (5)     | 126                          | 37       |
|                                                                 | --                             | --      | ---                          | --       |
| INCOME BEFORE INTEREST, PREFERRED<br>DIVIDENDS AND INCOME TAXES | 694                            | 303     | 1,399                        | 773      |
| INTEREST AND PREFERRED DIVIDENDS                                | 241                            | 269     | 510                          | 522      |
|                                                                 | ---                            | ---     | ---                          | ---      |
| INCOME BEFORE INCOME TAXES                                      | 453                            | 34      | 889                          | 251      |
| INCOME TAXES                                                    | 173                            | 52      | 343                          | 129      |
|                                                                 | ---                            | --      | ---                          | ---      |
| INCOME (LOSS) BEFORE EXTRAORDINARY ITEM                         | 280                            | (18)    | 546                          | 122      |
| EXTRAORDINARY GAIN (LOSS):                                      |                                |         |                              |          |
| EFFECTS OF DEREGULATION                                         | (48)                           | 9       | (48)                         | 9        |
|                                                                 | ---                            | -       | ---                          | -        |
| NET INCOME (LOSS)                                               | \$ 232                         | \$ (9)  | \$ 498                       | \$ 131   |
|                                                                 | =====                          | =====   | =====                        | =====    |
| AVERAGE NUMBER OF SHARES OUTSTANDING                            | 322                            | 322     | 322                          | 322      |

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|                                                | ===     | ===       | ===     | ===     |
|------------------------------------------------|---------|-----------|---------|---------|
| EARNINGS (LOSS) PER SHARE:                     |         |           |         |         |
| Income (Loss) Before Extraordinary Item        | \$ 0.87 | \$ (0.06) | \$ 1.69 | \$ 0.38 |
| Extraordinary Gain (Loss)                      | (0.15)  | 0.03      | (0.15)  | 0.03    |
|                                                | -----   | -----     | -----   | -----   |
| Earnings (Loss) Per Share (Basic and Dilutive) | \$ 0.72 | \$ (0.03) | \$ 1.54 | \$ 0.41 |
|                                                | =====   | =====     | =====   | =====   |
| CASH DIVIDENDS PAID PER SHARE                  | \$ 0.60 | \$ 0.60   | \$ 1.20 | \$ 1.20 |
|                                                | =====   | =====     | =====   | =====   |

See Notes to Financial Statements beginning on page L-1.

## AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES CONSOLIDATED BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in millions)

### ASSETS

-----

#### CURRENT ASSETS:

|                           |        |        |
|---------------------------|--------|--------|
| Cash and Cash Equivalents | \$ 212 | \$ 437 |
| Accounts Receivable (net) | 2,532  | 3,699  |
| Energy Trading Contracts  | 11,720 | 16,627 |
| Other                     | 1,688  | 1,268  |
|                           | -----  | -----  |
| TOTAL CURRENT ASSETS      | 16,152 | 22,031 |
|                           | -----  | -----  |

#### PROPERTY, PLANT AND EQUIPMENT:

##### Electric:

|                                                               |        |        |
|---------------------------------------------------------------|--------|--------|
| Production                                                    | 16,553 | 16,328 |
| Transmission                                                  | 6,145  | 5,609  |
| Distribution                                                  | 10,973 | 10,843 |
| Other (including gas and coal mining assets and nuclear fuel) | 4,192  | 4,077  |
| Construction Work in Progress                                 | 988    | 1,231  |
| Total Property, Plant and Equipment                           | 38,851 | 38,088 |
| Accumulated Depreciation and Amortization                     | 15,984 | 15,695 |
|                                                               | -----  | -----  |

#### NET PROPERTY, PLANT AND EQUIPMENT

22,867    22,393

#### REGULATORY ASSETS

3,716    3,698

#### INVESTMENTS IN POWER AND COMMUNICATIONS PROJECTS

521    782

#### GOODWILL (net of amortization)

1,300    1,382

#### LONG-TERM ENERGY TRADING CONTRACTS

3,166    1,620

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|              |                         |                         |
|--------------|-------------------------|-------------------------|
| OTHER ASSETS | -----<br>2,505<br>----- | -----<br>2,642<br>----- |
| TOTAL        | \$50,227<br>=====       | \$54,548<br>=====       |

See Notes to Financial Statements beginning on page L-1.

## AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES CONSOLIDATED BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in millions)

### LIABILITIES AND SHAREHOLDERS' EQUITY

#### CURRENT LIABILITIES:

|                                    |          |          |
|------------------------------------|----------|----------|
| Accounts Payable                   | \$ 1,252 | \$ 2,627 |
| Short-term Debt                    | 4,055    | 4,333    |
| Long-term Debt Due Within One Year | 1,024    | 1,152    |
| Energy Trading Contracts           | 11,394   | 16,801   |
| Other                              | 1,925    | 2,154    |

|                           |        |        |
|---------------------------|--------|--------|
| TOTAL CURRENT LIABILITIES | 19,650 | 27,067 |
|---------------------------|--------|--------|

|                |        |       |
|----------------|--------|-------|
| LONG-TERM DEBT | 10,609 | 9,602 |
|----------------|--------|-------|

|                                                                                                                                                                          |     |     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| CERTAIN SUBSIDIARY OBLIGATED, MANDATORILY REDEEMABLE,<br>PREFERRED SECURITIES OF SUBSIDIARY TRUSTS HOLDING SOLELY<br>JUNIOR SUBORDINATED DEBENTURES OF SUCH SUBSIDIARIES | 322 | 334 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|

|                       |       |       |
|-----------------------|-------|-------|
| DEFERRED INCOME TAXES | 4,914 | 4,875 |
|-----------------------|-------|-------|

|                                 |     |     |
|---------------------------------|-----|-----|
| DEFERRED INVESTMENT TAX CREDITS | 510 | 528 |
|---------------------------------|-----|-----|

|                                                                |     |     |
|----------------------------------------------------------------|-----|-----|
| DEFERRED GAIN ON SALE AND LEASEBACK -<br>ROCKPORT PLANT UNIT 2 | 199 | 203 |
|----------------------------------------------------------------|-----|-----|

|                                    |       |       |
|------------------------------------|-------|-------|
| LONG-TERM ENERGY TRADING CONTRACTS | 2,965 | 1,381 |
|------------------------------------|-------|-------|

|                                             |     |     |
|---------------------------------------------|-----|-----|
| DEFERRED CREDITS AND REGULATORY LIABILITIES | 986 | 637 |
|---------------------------------------------|-----|-----|

|                              |       |       |
|------------------------------|-------|-------|
| OTHER NONCURRENT LIABILITIES | 1,763 | 1,706 |
|------------------------------|-------|-------|

|                                             |     |     |
|---------------------------------------------|-----|-----|
| CUMULATIVE PREFERRED STOCKS OF SUBSIDIARIES | 161 | 161 |
|---------------------------------------------|-----|-----|

CONTINGENCIES (Note 8)

COMMON SHAREHOLDERS' EQUITY Common Stock-Par Value \$6.50:

|                            |             |             |
|----------------------------|-------------|-------------|
|                            | 2001        | 2000        |
|                            | ----        | ----        |
| Shares Authorized. . . . . | 600,000,000 | 600,000,000 |

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|                                                                                 |             |             |          |          |
|---------------------------------------------------------------------------------|-------------|-------------|----------|----------|
| Shares Issued. . . . .                                                          | 331,201,100 | 331,019,146 |          |          |
| (8,999,992 shares were held in treasury at June 30, 2000 and December 31, 2000) |             |             | 2,153    | 2,152    |
| Paid-in Capital                                                                 |             |             | 2,916    | 2,915    |
| Accumulated Other Comprehensive Income (Loss)                                   |             |             | (131)    | (103)    |
| Retained Earnings                                                               |             |             | 3,210    | 3,090    |
|                                                                                 |             |             | -----    | -----    |
| TOTAL COMMON SHAREHOLDERS' EQUITY                                               |             |             | 8,148    | 8,054    |
|                                                                                 |             |             | -----    | -----    |
| TOTAL                                                                           |             |             | \$50,227 | \$54,548 |
|                                                                                 |             |             | =====    | =====    |

See Notes to Financial Statements beginning on page L-1.

## AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY (UNAUDITED)

|                                             | Common<br>Stock<br>----- | Paid-in<br>Capital<br>----- | Retained<br>Earnings<br>----- | Accumulated<br>Other<br>Comprehensive<br>Income (Loss)<br>----- | Total<br>----- |
|---------------------------------------------|--------------------------|-----------------------------|-------------------------------|-----------------------------------------------------------------|----------------|
|                                             | (in millions)            |                             |                               |                                                                 |                |
| JANUARY 1, 2000                             | \$2,149                  | \$2,898                     | \$3,630                       | \$ (4)                                                          | \$8,673        |
| Issuance of Common Stock                    | 2                        | 10                          |                               |                                                                 | 12             |
| Common Stock Dividends                      |                          |                             | (419)                         |                                                                 | (419)          |
| Other                                       |                          | (46)                        |                               |                                                                 | (46)           |
|                                             |                          |                             |                               |                                                                 | ---            |
|                                             |                          |                             |                               |                                                                 | 8,220          |
|                                             |                          |                             |                               |                                                                 | -----          |
| Comprehensive Income:                       |                          |                             |                               |                                                                 |                |
| Other Comprehensive Income,<br>Net of Taxes |                          |                             |                               |                                                                 |                |
| Currency Translation Adjustment             |                          |                             |                               | (115)                                                           | (115)          |
| Unrealized Loss on Securities               |                          |                             |                               | 20                                                              | 20             |
| Minimum Pension Liability                   |                          |                             |                               | (2)                                                             | (2)            |
| Net Income                                  |                          |                             | 131                           |                                                                 | 131            |
|                                             |                          |                             |                               |                                                                 | ---            |
| Total Comprehensive Income                  |                          |                             |                               |                                                                 | 34             |
|                                             | -----                    | -----                       | -----                         | -----                                                           | ---            |
| JUNE 30, 2000                               | \$2,151                  | \$2,862                     | \$3,342                       | \$ (101)                                                        | \$8,254        |
|                                             | =====                    | =====                       | =====                         | =====                                                           | =====          |
| JANUARY 1, 2001                             | \$2,152                  | \$2,915                     | \$3,090                       | \$ (103)                                                        | \$8,054        |
| Issuance of Common Stock                    | 1                        | 8                           |                               |                                                                 | 9              |
| Common Stock Dividends                      |                          |                             | (387)                         |                                                                 | (387)          |
| Other                                       |                          | (7)                         | 9                             |                                                                 | 2              |
|                                             |                          |                             |                               |                                                                 | -              |
|                                             |                          |                             |                               |                                                                 | 7,678          |
|                                             |                          |                             |                               |                                                                 | -----          |
| Comprehensive Income:                       |                          |                             |                               |                                                                 |                |
| Other Comprehensive Income,<br>Net of Taxes |                          |                             |                               |                                                                 |                |
| Currency Translation Adjustment             |                          |                             |                               | (53)                                                            | (53)           |

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|                                       |         |         |         |          |         |
|---------------------------------------|---------|---------|---------|----------|---------|
| Unrealized Gain on Hedged Derivatives |         |         |         | 31       | 31      |
| Minimum Pension Liability             |         |         |         | (6)      | (6)     |
| Net Income                            |         | 498     |         |          | 498     |
| Total Comprehensive Income            |         |         |         |          | 470     |
| JUNE 30, 2001                         | \$2,153 | \$2,916 | \$3,210 | \$ (131) | \$8,148 |

See Notes to Financial Statements beginning on page L-1.

## CENTRAL POWER AND LIGHT COMPANY AND SUBSIDIARY CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

|                                       | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|---------------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                       | 2001                           | 2000      | 2001                         | 2000      |
|                                       | ----                           | ----      | ----                         | ----      |
|                                       | (in thousands)                 |           |                              |           |
| OPERATING REVENUES                    | \$648,499                      | \$437,911 | \$1,251,911                  | \$754,239 |
| OPERATING EXPENSES:                   |                                |           |                              |           |
| Fuel                                  | 147,179                        | 140,841   | 299,032                      | 230,238   |
| Purchased Power                       | 220,772                        | 34,936    | 435,338                      | 55,356    |
| Other Operation                       | 76,189                         | 54,307    | 151,260                      | 129,609   |
| Maintenance                           | 17,995                         | 15,474    | 35,282                       | 31,896    |
| Depreciation and Amortization         | 53,587                         | 40,887    | 95,978                       | 95,085    |
| Taxes Other Than Federal Income Taxes | 21,711                         | 19,922    | 41,199                       | 37,456    |
| Federal Income Taxes                  | 28,715                         | 35,827    | 47,319                       | 40,232    |
| TOTAL OPERATING EXPENSES              | 566,148                        | 342,194   | 1,105,408                    | 619,872   |
| OPERATING INCOME                      | 82,351                         | 95,717    | 146,503                      | 134,367   |
| NONOPERATING INCOME (LOSS)            | (1,541)                        | 1,815     | 98                           | 2,362     |
| INCOME BEFORE INTEREST CHARGES        | 80,810                         | 97,532    | 146,601                      | 136,729   |
| INTEREST CHARGES                      | 28,292                         | 29,979    | 59,052                       | 61,037    |
| NET INCOME                            | 52,518                         | 67,553    | 87,549                       | 75,692    |
| PREFERRED STOCK DIVIDEND REQUIREMENTS | 61                             | 61        | 121                          | 121       |
| EARNINGS APPLICABLE TO COMMON STOCK   | \$ 52,457                      | \$ 67,492 | \$ 87,428                    | \$ 75,571 |

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)

Three Months Ended                      Six Months Ended

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|                                | June 30,<br>2001<br>---- | 2000<br>----       | June 30,<br>2001<br>---- | 2000<br>----       |
|--------------------------------|--------------------------|--------------------|--------------------------|--------------------|
|                                | (in thousands)           |                    |                          |                    |
| BALANCE AT BEGINNING OF PERIOD | \$790,176                | \$727,973          | \$792,219                | \$758,894          |
| NET INCOME                     | 52,518                   | 67,553             | 87,549                   | 75,692             |
| DEDUCTIONS:                    |                          |                    |                          |                    |
| Cash Dividends Declared:       |                          |                    |                          |                    |
| Common Stock                   | 37,014                   | 39,000             | 74,028                   | 78,000             |
| Preferred Stock                | 61                       | 61                 | 121                      | 121                |
|                                | --                       | --                 | ---                      | ---                |
| BALANCE AT END OF PERIOD       | \$805,619<br>=====       | \$756,465<br>===== | \$805,619<br>=====       | \$756,465<br>===== |

The common stock of the Company is wholly owned by AEP.

See Notes to Financial Statements beginning on page L-1.

## CENTRAL POWER AND LIGHT COMPANY AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in thousands)

### ASSETS

-----

#### ELECTRIC UTILITY PLANT:

|                               |             |             |
|-------------------------------|-------------|-------------|
| Production                    | \$3,163,111 | \$3,175,867 |
| Transmission                  | 604,057     | 581,931     |
| Distribution                  | 1,250,224   | 1,221,750   |
| General                       | 240,386     | 237,764     |
| Construction Work in Progress | 195,948     | 138,273     |
| Nuclear Fuel                  | 240,151     | 236,859     |
|                               | -----       | -----       |

|                                           |           |           |
|-------------------------------------------|-----------|-----------|
| Total Electric Utility Plant              | 5,693,877 | 5,592,444 |
| Accumulated Depreciation and Amortization | 2,361,780 | 2,297,189 |
|                                           | -----     | -----     |

|                            |           |           |
|----------------------------|-----------|-----------|
| NET ELECTRIC UTILITY PLANT | 3,332,097 | 3,295,255 |
|                            | -----     | -----     |

|                                |        |        |
|--------------------------------|--------|--------|
| OTHER PROPERTY AND INVESTMENTS | 46,229 | 44,225 |
|                                | -----  | -----  |

|                                    |        |        |
|------------------------------------|--------|--------|
| LONG-TERM ENERGY TRADING CONTRACTS | 32,199 | 66,231 |
|                                    | -----  | -----  |

#### CURRENT ASSETS:

|                                          |         |         |
|------------------------------------------|---------|---------|
| Cash and Cash Equivalents                | 5,755   | 14,253  |
| Accounts Receivable:                     |         |         |
| Customers                                | 38,616  | 67,787  |
| Affiliated Companies                     | 12,818  | 31,272  |
| Allowance for Uncollectible Accounts     | (1,638) | (1,675) |
| Fuel Inventory - at LIFO cost            | 39,511  | 22,842  |
| Materials and Supplies - at average cost | 54,127  | 53,108  |

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|                                                 |             |             |
|-------------------------------------------------|-------------|-------------|
| Under-recovered Fuel Costs                      | 93,341      | 127,295     |
| Energy Trading Contracts                        | 112,483     | 481,206     |
| Prepayments and Other Current Assets            | 6,151       | 3,014       |
|                                                 | -----       | -----       |
| TOTAL CURRENT ASSETS                            | 361,164     | 799,102     |
|                                                 | -----       | -----       |
| REGULATORY ASSETS                               | 178,299     | 202,440     |
|                                                 | -----       | -----       |
| REGULATORY ASSETS DESIGNATED FOR SECURITIZATION | 953,249     | 953,249     |
|                                                 | -----       | -----       |
| NUCLEAR DECOMMISSIONING TRUST FUND              | 95,032      | 93,592      |
|                                                 | -----       | -----       |
| DEFERRED CHARGES                                | 45,115      | 18,402      |
|                                                 | -----       | -----       |
| TOTAL ASSETS                                    | \$5,043,384 | \$5,472,496 |
|                                                 | =====       | =====       |

See Notes to Financial Statements beginning on page L-1.

## CENTRAL POWER AND LIGHT COMPANY AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in thousands)

### CAPITALIZATION AND LIABILITIES

#### CAPITALIZATION:

Common Stock - \$25 Par Value:

Authorized - 12,000,000 Shares

Outstanding - 6,755,535 Shares

Paid-in Capital

Retained Earnings

\$ 168,888    \$ 168,888

405,000    405,000

805,619    792,219

-----

Total Common Shareowner's Equity

1,379,507    1,366,107

Preferred Stock

5,967    5,967

CPL - Obligated, Mandatorily Redeemable Preferred

Securities of Subsidiary Trust Holding Solely

Junior Subordinated Debentures of CPL

136,750    148,500

Long-term Debt

942,863    1,254,559

-----

TOTAL CAPITALIZATION

2,465,087    2,775,133

-----

#### CURRENT LIABILITIES:

Long-term Debt Due Within One Year

511,700    200,000

Advances from Affiliates

223,512    269,712

Accounts Payable - General

115,732    128,957

Accounts Payable - Affiliated Companies

26,657    40,962

Taxes Accrued

128,983    55,526

Interest Accrued

24,221    26,217

Energy Trading Contracts

111,536    489,888

Other

46,778    40,630

-----

TOTAL CURRENT LIABILITIES

1,189,119    1,251,892

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|                                      |             |             |
|--------------------------------------|-------------|-------------|
| DEFERRED INCOME TAXES                | 1,221,213   | 1,242,797   |
| DEFERRED INVESTMENT TAX CREDITS      | 125,496     | 128,100     |
| LONG-TERM ENERGY TRADING CONTRACTS   | 32,999      | 65,740      |
| DEFERRED CREDITS                     | 9,470       | 8,834       |
| CONTINGENCIES (Note 8)               |             |             |
| TOTAL CAPITALIZATION AND LIABILITIES | \$5,043,384 | \$5,472,496 |

See Notes to Financial Statements beginning on page L-1.

COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

|                                                                                              | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |             |
|----------------------------------------------------------------------------------------------|--------------------------------|-----------|------------------------------|-------------|
|                                                                                              | 2001                           | 2000      | 2001                         | 2000        |
|                                                                                              | ----                           | ----      | ----                         | ----        |
|                                                                                              | (in thousands)                 |           |                              |             |
| OPERATING REVENUES                                                                           | \$1,109,095                    | \$928,332 | \$2,234,668                  | \$1,561,637 |
| OPERATING EXPENSES:                                                                          | -----                          | -----     | -----                        | -----       |
| Fuel                                                                                         | 42,368                         | 48,581    | 89,398                       | 89,329      |
| Purchased Power                                                                              | 845,860                        | 685,411   | 1,717,771                    | 1,100,113   |
| Other Operation                                                                              | 54,510                         | 50,332    | 109,058                      | 95,621      |
| Maintenance                                                                                  | 19,729                         | 18,228    | 38,509                       | 32,924      |
| Depreciation and Amortization                                                                | 31,379                         | 24,896    | 62,861                       | 49,440      |
| Taxes Other Than Federal Income Taxes                                                        | 32,909                         | 31,084    | 64,816                       | 62,561      |
| Federal Income Taxes                                                                         | 19,446                         | 19,002    | 37,429                       | 36,727      |
| TOTAL OPERATING EXPENSES                                                                     | 1,046,201                      | 877,534   | 2,119,842                    | 1,466,715   |
| OPERATING INCOME                                                                             | 62,894                         | 50,798    | 114,826                      | 94,922      |
| NONOPERATING INCOME (LOSS)                                                                   |                                |           |                              |             |
|                                                                                              | 3,012                          | 2,497     | 6,484                        | 4,181       |
| INCOME BEFORE INTEREST CHARGES                                                               | 65,906                         | 53,295    | 121,310                      | 99,103      |
| INTEREST CHARGES                                                                             | 18,488                         | 17,960    | 36,221                       | 36,297      |
| INCOME BEFORE EXTRAORDINARY ITEM                                                             | 47,418                         | 35,335    | 85,089                       | 62,806      |
| EXTRAORDINARY LOSS - EFFECTS OF<br>DEREGULATION (INCLUSIVE OF TAX<br>BENEFIT OF \$8,353,000) | (26,407)                       | -         | (26,407)                     | -           |

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|                                       |           |           |           |           |
|---------------------------------------|-----------|-----------|-----------|-----------|
| NET INCOME                            | 21,011    | 35,335    | 58,682    | 62,806    |
| PREFERRED STOCK DIVIDEND REQUIREMENTS | 301       | 532       | 603       | 1,065     |
|                                       | -----     | -----     | -----     | -----     |
| EARNINGS APPLICABLE TO COMMON STOCK   | \$ 20,710 | \$ 34,803 | \$ 58,079 | \$ 61,741 |
|                                       | =====     | =====     | =====     | =====     |

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)

|                                | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|--------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                | 2001                           | 2000      | 2001                         | 2000      |
|                                | ----                           | ----      | ----                         | ----      |
|                                | (in thousands)                 |           |                              |           |
| BALANCE AT BEGINNING OF PERIOD | \$115,486                      | \$249,872 | \$ 99,069                    | \$246,584 |
| NET INCOME                     | 21,011                         | 35,335    | 58,682                       | 62,806    |
| DEDUCTIONS:                    |                                |           |                              |           |
| Cash Dividends Declared:       |                                |           |                              |           |
| Common Stock                   | 20,738                         | 23,650    | 41,476                       | 47,300    |
| Cumulative Preferred Stock     | 263                            | 438       | 525                          | 875       |
| Capital Stock Expense          | 253                            | 95        | 507                          | 191       |
|                                | ---                            | --        | ---                          | ---       |
| BALANCE AT END OF PERIOD       | \$115,243                      | \$261,024 | \$115,243                    | \$261,024 |
|                                | =====                          | =====     | =====                        | =====     |

The common stock of the Company is wholly owned by AEP.  
See Notes to Financial Statements beginning on page L-1.

## COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in thousands)

### ASSETS

-----

#### ELECTRIC UTILITY PLANT:

|                                           |             |             |
|-------------------------------------------|-------------|-------------|
| Production                                | \$1,569,118 | \$1,564,254 |
| Transmission                              | 392,383     | 360,302     |
| Distribution                              | 1,124,668   | 1,096,365   |
| General                                   | 148,224     | 156,534     |
| Construction Work in Progress             | 79,612      | 89,339      |
|                                           | -----       | -----       |
| Total Electric Utility Plant              | 3,314,005   | 3,266,794   |
| Accumulated Depreciation and Amortization | 1,337,358   | 1,299,697   |
|                                           | -----       | -----       |

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|                                          |             |             |
|------------------------------------------|-------------|-------------|
| NET ELECTRIC UTILITY PLANT               | 1,976,647   | 1,967,097   |
|                                          | -----       | -----       |
| OTHER PROPERTY AND INVESTMENTS           | 43,283      | 39,848      |
|                                          | -----       | -----       |
| LONG-TERM ENERGY TRADING CONTRACTS       | 333,816     | 172,167     |
|                                          | -----       | -----       |
| CURRENT ASSETS:                          |             |             |
| Cash and Cash Equivalents                | 10,030      | 11,600      |
| Accounts Receivable:                     |             |             |
| Customers                                | 78,089      | 73,711      |
| Affiliated Companies                     | 82,426      | 49,591      |
| Miscellaneous                            | 19,463      | 18,807      |
| Allowance for Uncollectible Accounts     | (659)       | (659)       |
| Fuel - at average cost                   | 20,648      | 13,126      |
| Materials and Supplies - at average cost | 37,333      | 38,097      |
| Accrued Utility Revenues                 | -           | 9,638       |
| Energy Trading Contracts                 | 966,617     | 1,085,989   |
| Prepayments and Other Current Assets     | 27,334      | 46,735      |
|                                          | -----       | -----       |
| TOTAL CURRENT ASSETS                     | 1,241,281   | 1,346,635   |
|                                          | -----       | -----       |
| REGULATORY ASSETS                        | 273,528     | 291,553     |
|                                          | -----       | -----       |
| DEFERRED CHARGES                         | 36,923      | 77,634      |
|                                          | -----       | -----       |
| TOTAL ASSETS                             | \$3,905,478 | \$3,894,934 |
|                                          | =====       | =====       |

See Notes to Financial Statements beginning on page L-1.

## COLUMBUS SOUTHERN POWER COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in thousands)

### CAPITALIZATION AND LIABILITIES

#### CAPITALIZATION:

##### Common Stock - No Par Value:

    Authorized - 24,000,000 Shares

    Outstanding - 16,410,426 Shares

|  |           |           |
|--|-----------|-----------|
|  | \$ 41,026 | \$ 41,026 |
|--|-----------|-----------|

|                 |         |         |
|-----------------|---------|---------|
| Paid-in Capital | 573,861 | 573,354 |
|-----------------|---------|---------|

|                   |         |        |
|-------------------|---------|--------|
| Retained Earnings | 115,243 | 99,069 |
|-------------------|---------|--------|

|  |       |       |
|--|-------|-------|
|  | ----- | ----- |
|--|-------|-------|

|                                  |         |         |
|----------------------------------|---------|---------|
| Total Common Shareowner's Equity | 730,130 | 713,449 |
|----------------------------------|---------|---------|

    Cumulative Preferred Stock -

        Subject to Mandatory Redemption

|  |        |        |
|--|--------|--------|
|  | 15,000 | 15,000 |
|--|--------|--------|

|                |         |         |
|----------------|---------|---------|
| Long-term Debt | 899,874 | 899,615 |
|----------------|---------|---------|

|  |       |       |
|--|-------|-------|
|  | ----- | ----- |
|--|-------|-------|

|                      |           |           |
|----------------------|-----------|-----------|
| TOTAL CAPITALIZATION | 1,645,004 | 1,628,064 |
|----------------------|-----------|-----------|

|  |       |       |
|--|-------|-------|
|  | ----- | ----- |
|--|-------|-------|

|                              |        |        |
|------------------------------|--------|--------|
| OTHER NONCURRENT LIABILITIES | 40,662 | 47,584 |
|------------------------------|--------|--------|

|  |       |       |
|--|-------|-------|
|  | ----- | ----- |
|--|-------|-------|

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## CURRENT LIABILITIES:

|                                             |             |             |
|---------------------------------------------|-------------|-------------|
| Advances from Affiliates                    | 115,302     | 88,732      |
| Accounts Payable - General                  | 92,461      | 89,846      |
| Accounts Payable - Affiliated Companies     | 98,033      | 72,493      |
| Taxes Accrued                               | 117,277     | 162,904     |
| Interest Accrued                            | 15,808      | 13,369      |
| Energy Trading Contracts                    | 944,778     | 1,115,967   |
| Other                                       | 49,943      | 60,701      |
|                                             | -----       | -----       |
| TOTAL CURRENT LIABILITIES                   | 1,433,602   | 1,604,012   |
|                                             | -----       | -----       |
| DEFERRED INCOME TAXES                       | 431,000     | 422,759     |
|                                             | -----       | -----       |
| DEFERRED INVESTMENT TAX CREDITS             | 39,563      | 41,234      |
|                                             | -----       | -----       |
| REGULATORY LIABILITIES AND DEFERRED CREDITS | 15,108      | 12,861      |
|                                             | -----       | -----       |
| LONG-TERM ENERGY TRADING CONTRACTS          | 300,539     | 138,420     |
|                                             | -----       | -----       |
| CONTINGENCIES (Note 8)                      |             |             |
|                                             |             |             |
| TOTAL CAPITALIZATION AND LIABILITIES        | \$3,905,478 | \$3,894,934 |
|                                             | =====       | =====       |

See Notes to Financial Statements beginning on page L-1.

## OHIO POWER COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

|                                       | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |             |
|---------------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                       | 2001                           | 2000        | 2001                         | 2000        |
|                                       | ----                           | ----        | ----                         | ----        |
|                                       | (in thousands)                 |             |                              |             |
| OPERATING REVENUES                    | \$1,627,177                    | \$1,436,330 | \$3,326,842                  | \$2,484,167 |
|                                       | -----                          | -----       | -----                        | -----       |
| OPERATING EXPENSES:                   |                                |             |                              |             |
| Fuel                                  | 180,057                        | 177,314     | 380,618                      | 392,562     |
| Purchased Power                       | 1,146,655                      | 943,060     | 2,325,561                    | 1,480,788   |
| Other Operation                       | 96,623                         | 86,244      | 185,029                      | 170,696     |
| Maintenance                           | 36,448                         | 33,595      | 71,848                       | 61,625      |
| Depreciation and Amortization         | 57,666                         | 38,843      | 117,725                      | 77,332      |
| Taxes Other Than Federal Income Taxes | 46,193                         | 41,055      | 87,054                       | 84,787      |
| Federal Income Taxes                  | 16,468                         | 36,251      | 47,184                       | 71,296      |
|                                       | -----                          | -----       | -----                        | -----       |
| TOTAL OPERATING EXPENSES              | 1,580,110                      | 1,356,362   | 3,215,019                    | 2,339,086   |
|                                       | -----                          | -----       | -----                        | -----       |
| OPERATING INCOME                      | 47,067                         | 79,968      | 111,823                      | 145,081     |
|                                       |                                |             |                              |             |
| NONOPERATING INCOME                   | 7,809                          | 1,250       | 18,917                       | 4,150       |
|                                       | -----                          | -----       | -----                        | -----       |
| INCOME BEFORE INTEREST CHARGES        | 54,876                         | 81,218      | 130,740                      | 149,231     |

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|                                                                                               |           |           |           |            |
|-----------------------------------------------------------------------------------------------|-----------|-----------|-----------|------------|
| INTEREST CHARGES                                                                              | 22,782    | 22,985    | 45,249    | 44,782     |
|                                                                                               | -----     | -----     | -----     | -----      |
| INCOME BEFORE EXTRAORDINARY ITEM                                                              | 32,094    | 58,233    | 85,491    | 104,449    |
| EXTRAORDINARY LOSS - EFFECTS OF<br>DEREGULATION (INCLUSIVE OF TAX BENEFIT<br>OF \$11,585,000) | (21,515)  | -         | (21,515)  | -          |
|                                                                                               | -----     | -----     | -----     | -----      |
| NET INCOME                                                                                    | 10,579    | 58,233    | 63,976    | 104,449    |
| PREFERRED STOCK DIVIDEND REQUIREMENTS                                                         | 316       | 315       | 630       | 636        |
|                                                                                               | ---       | ---       | ---       | ---        |
| EARNINGS APPLICABLE TO COMMON STOCK                                                           | \$ 10,263 | \$ 57,918 | \$ 63,346 | \$ 103,813 |
|                                                                                               | =====     | =====     | =====     | =====      |

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

|                                      | Three Months Ended<br>June 30, |          | Six Months Ended<br>June 30, |            |
|--------------------------------------|--------------------------------|----------|------------------------------|------------|
|                                      | 2001                           | 2000     | 2001                         | 2000       |
|                                      | ----                           | ----     | ----                         | ----       |
|                                      | (in thousands)                 |          |                              |            |
| NET INCOME                           | \$10,579                       | \$58,233 | \$ 63,976                    | \$ 104,449 |
| OTHER COMPREHENSIVE INCOME (LOSS)    |                                |          |                              |            |
| Foreign Currency Exchange Rate Hedge | (104)                          | -        | (325)                        | -          |
|                                      | -----                          | -----    | -----                        | -----      |
| COMPREHENSIVE INCOME                 | \$10,475                       | \$58,233 | \$ 63,651                    | \$ 104,449 |
|                                      | =====                          | =====    | =====                        | =====      |

The common stock of the Company is wholly owned by AEP.

See Notes to Financial Statements beginning on page L-1.

## OHIO POWER COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)

|  | Three Months Ended<br>June 30, |      | Six Months Ended<br>June 30, |      |
|--|--------------------------------|------|------------------------------|------|
|  | 2001                           | 2000 | 2001                         | 2000 |
|  | ----                           | ---- | ----                         | ---- |
|  | (in thousands)                 |      |                              |      |

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|                                |            |            |            |            |
|--------------------------------|------------|------------|------------|------------|
| BALANCE AT BEGINNING OF PERIOD | \$ 415,425 | \$ 595,620 | \$ 398,086 | \$ 587,424 |
| NET INCOME                     | 10,579     | 58,233     | 63,976     | 104,449    |
| CASH DIVIDENDS DECLARED:       |            |            |            |            |
| Common Stock                   | 35,744     | 37,703     | 71,488     | 75,406     |
| Cumulative Preferred Stock     | 315        | 316        | 629        | 633        |
|                                | ---        | ---        | ---        | ---        |
| BALANCE AT END OF PERIOD       | \$ 389,945 | \$ 615,834 | \$389,945  | \$ 615,834 |
|                                | =====      | =====      | =====      | =====      |

See Notes to Financial Statements beginning on page L-1.

## OHIO POWER COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in thousands)

### ASSETS

-----

#### ELECTRIC UTILITY PLANT:

|                                   |             |             |
|-----------------------------------|-------------|-------------|
| Production                        | \$2,955,482 | \$2,764,155 |
| Transmission                      | 884,720     | 870,033     |
| Distribution                      | 1,059,174   | 1,040,940   |
| General (including mining assets) | 523,987     | 707,417     |
| Construction Work in Progress     | 83,461      | 195,086     |
|                                   | -----       | -----       |

|                                           |           |           |
|-------------------------------------------|-----------|-----------|
| Total Electric Utility Plant              | 5,506,824 | 5,577,631 |
| Accumulated Depreciation and Amortization | 2,670,874 | 2,764,130 |
|                                           | -----     | -----     |

|                            |           |           |
|----------------------------|-----------|-----------|
| NET ELECTRIC UTILITY PLANT | 2,835,950 | 2,813,501 |
|                            | -----     | -----     |

|                                |         |         |
|--------------------------------|---------|---------|
| OTHER PROPERTY AND INVESTMENTS | 114,811 | 109,124 |
|                                | -----   | -----   |

|                                    |         |         |
|------------------------------------|---------|---------|
| LONG-TERM ENERGY TRADING CONTRACTS | 479,759 | 256,455 |
|                                    | -----   | -----   |

#### CURRENT ASSETS:

|                                          |           |           |
|------------------------------------------|-----------|-----------|
| Cash and Cash Equivalents                | 28,943    | 31,393    |
| Advances to Affiliates                   | -         | 92,486    |
| Accounts Receivable:                     |           |           |
| Customers                                | 174,891   | 139,732   |
| Affiliated Companies                     | 141,778   | 126,203   |
| Miscellaneous                            | 26,188    | 39,046    |
| Allowance for Uncollectible Accounts     | (1,026)   | (1,054)   |
| Fuel - at average cost                   | 100,400   | 82,291    |
| Materials and Supplies - at average cost | 75,692    | 96,053    |
| Energy Trading Contracts                 | 1,389,132 | 1,617,660 |
| Prepayments and Other                    | 17,766    | 33,146    |
|                                          | -----     | -----     |

|                      |           |           |
|----------------------|-----------|-----------|
| TOTAL CURRENT ASSETS | 1,953,764 | 2,256,956 |
|                      | -----     | -----     |

|                   |         |         |
|-------------------|---------|---------|
| REGULATORY ASSETS | 674,099 | 714,710 |
|                   | -----   | -----   |

|                  |        |         |
|------------------|--------|---------|
| DEFERRED CHARGES | 59,384 | 101,690 |
|------------------|--------|---------|

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|              |             |             |
|--------------|-------------|-------------|
|              | -----       | -----       |
| TOTAL ASSETS | \$6,117,767 | \$6,252,436 |
|              | =====       | =====       |

See Notes to Financial Statements beginning on page L-1.

## OHIO POWER COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in thousands)

### CAPITALIZATION AND LIABILITIES

#### CAPITALIZATION:

Common Stock - No Par Value:

Authorized - 40,000,000 Shares

Outstanding - 27,952,473 Shares

Paid-in Capital

Accumulated Other Comprehensive Income (Loss)

Retained Earnings

|    |         |           |
|----|---------|-----------|
| \$ | 321,201 | \$321,201 |
|    | 462,483 | 462,483   |
|    | (325)   | -         |
|    | 389,945 | 398,086   |
|    | -----   | -----     |

Total Common Shareholder's Equity

1,173,304    1,181,770

Cumulative Preferred Stock:

Not Subject to Mandatory Redemption

16,648    16,648

Subject to Mandatory Redemption

8,850    8,850

Long-term Debt

1,078,354    1,077,987

TOTAL CAPITALIZATION

2,277,156    2,285,255

#### OTHER NONCURRENT LIABILITIES

515,450    542,017

#### CURRENT LIABILITIES:

Long-term Debt Due Within One Year

-    117,506

Advances from Affiliates

252,323    -

Accounts Payable - General

160,578    179,691

Accounts Payable - Affiliated Companies

77,477    121,360

Customer Deposits

7,368    39,736

Taxes Accrued

184,079    223,101

Interest Accrued

24,299    20,458

Obligations Under Capital Leases

14,057    32,716

Energy Trading Contracts

1,358,005    1,662,315

Other

140,792    151,934

TOTAL CURRENT LIABILITIES

2,218,978    2,548,817

#### DEFERRED INCOME TAXES

609,885    621,941

#### DEFERRED INVESTMENT TAX CREDITS

23,644    25,214

#### LONG-TERM ENERGY TRADING CONTRACTS

431,934    206,187

#### REGULATORY LIABILITIES AND DEFERRED CREDITS

40,720    23,005

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CONTINGENCIES (Note 8)

|                                      |             |             |
|--------------------------------------|-------------|-------------|
| TOTAL CAPITALIZATION AND LIABILITIES | \$6,117,767 | \$6,252,436 |
|                                      | =====       | =====       |

See Notes to Financial Statements beginning on page L-1.

## SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

|                                       | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|---------------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                       | 2001                           | 2000      | 2001                         | 2000      |
|                                       | ----                           | ----      | ----                         | ----      |
|                                       | (in thousands)                 |           |                              |           |
| OPERATING REVENUES                    | \$434,795                      | \$272,409 | \$860,484                    | \$484,565 |
|                                       | -----                          | -----     | -----                        | -----     |
| OPERATING EXPENSES:                   |                                |           |                              |           |
| Fuel                                  | 124,151                        | 113,773   | 242,397                      | 203,125   |
| Purchased Power                       | 168,671                        | 19,252    | 337,528                      | 30,950    |
| Other Operation                       | 34,071                         | 37,362    | 73,339                       | 72,060    |
| Maintenance                           | 20,431                         | 20,906    | 35,667                       | 35,212    |
| Depreciation and Amortization         | 33,328                         | 27,525    | 61,458                       | 54,882    |
| Taxes Other Than Federal Income Taxes | 14,986                         | 13,455    | 29,252                       | 24,116    |
| Federal Income Taxes                  | 6,508                          | 6,840     | 14,208                       | 8,193     |
|                                       | -----                          | -----     | -----                        | -----     |
| TOTAL OPERATING EXPENSES              | 402,146                        | 239,113   | 793,849                      | 428,538   |
|                                       | -----                          | -----     | -----                        | -----     |
| OPERATING INCOME                      | 32,649                         | 33,296    | 66,635                       | 56,027    |
|                                       |                                |           |                              | 56,027    |
| NONOPERATING INCOME                   | 30                             | 678       | 277                          | 445       |
|                                       | --                             | ---       | ---                          | ---       |
| INCOME BEFORE INTEREST CHARGES        | 32,679                         | 33,974    | 66,912                       | 56,472    |
|                                       |                                |           |                              |           |
| INTEREST CHARGES                      | 14,895                         | 15,188    | 29,259                       | 30,023    |
|                                       | -----                          | -----     | -----                        | -----     |
| NET INCOME                            | 17,784                         | 18,786    | 37,653                       | 26,449    |
|                                       |                                |           |                              |           |
| PREFERRED STOCK DIVIDEND REQUIREMENTS | 58                             | 57        | 115                          | 114       |
|                                       | --                             | ---       | ---                          | ---       |
| EARNINGS APPLICABLE TO COMMON STOCK   | \$ 17,726                      | \$ 18,729 | \$ 37,538                    | \$ 26,335 |
|                                       | =====                          | =====     | =====                        | =====     |

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)

# Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form U-1/A

|                                | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|--------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                | 2001                           | 2000      | 2001                         | 2000      |
|                                | ----                           | ----      | ----                         | ----      |
|                                | (in thousands)                 |           |                              |           |
| BALANCE AT BEGINNING OF PERIOD | \$295,248                      | \$275,652 | \$293,989                    | \$283,546 |
| NET INCOME                     | 17,784                         | 18,786    | 37,653                       | 26,449    |
| CASH DIVIDENDS DECLARED:       |                                |           |                              |           |
| Common Stock                   | 18,552                         | 15,500    | 37,105                       | 31,000    |
| Preferred Stock                | 58                             | 57        | 115                          | 114       |
|                                | --                             | --        | ---                          | --        |
| BALANCE AT END OF PERIOD       | \$294,422                      | \$278,881 | \$294,422                    | \$278,881 |
|                                | =====                          | =====     | =====                        | =====     |

The common stock of the Company is wholly owned by AEP.

See Notes to Financial Statements beginning on page L-1.

## SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in thousands)

### ASSETS

-----

#### ELECTRIC UTILITY PLANT:

|                               |             |             |
|-------------------------------|-------------|-------------|
| Production                    | \$1,472,831 | \$1,414,527 |
| Transmission                  | 531,793     | 519,317     |
| Distribution                  | 1,024,442   | 1,001,237   |
| General                       | 327,976     | 325,948     |
| Construction Work in Progress | 48,381      | 57,995      |
|                               | -----       | -----       |

|                                           |           |           |
|-------------------------------------------|-----------|-----------|
| Total Electric Utility Plant              | 3,405,423 | 3,319,024 |
| Accumulated Depreciation and Amortization | 1,500,099 | 1,457,005 |
|                                           | -----     | -----     |

|                            |           |           |
|----------------------------|-----------|-----------|
| NET ELECTRIC UTILITY PLANT | 1,905,324 | 1,862,019 |
|                            | -----     | -----     |

|                                |        |        |
|--------------------------------|--------|--------|
| OTHER PROPERTY AND INVESTMENTS | 41,443 | 39,627 |
|                                | -----  | -----  |

|                                    |        |        |
|------------------------------------|--------|--------|
| LONG-TERM ENERGY TRADING CONTRACTS | 32,212 | 63,028 |
|                                    | -----  | -----  |

#### CURRENT ASSETS:

|                                  |        |        |
|----------------------------------|--------|--------|
| Cash and Cash Equivalents        | 1,954  | 1,907  |
| Accounts Receivable:             |        |        |
| Customers                        | 50,532 | 41,399 |
| Affiliated Companies             | -      | 11,419 |
| Fuel Inventory - at average cost | 43,194 | 40,024 |
| Under-recovered Fuel             | 44,916 | 35,469 |

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|                                          |             |             |
|------------------------------------------|-------------|-------------|
| Materials and Supplies - at average cost | 30,004      | 25,137      |
| Energy Trading Contracts                 | 112,529     | 457,936     |
| Prepayments                              | 18,562      | 16,780      |
|                                          | -----       | -----       |
| TOTAL CURRENT ASSETS                     | 301,691     | 630,071     |
|                                          | -----       | -----       |
| REGULATORY ASSETS                        | 52,123      | 57,082      |
|                                          | -----       | -----       |
| DEFERRED CHARGES                         | 83,774      | 10,707      |
|                                          | -----       | -----       |
| TOTAL ASSETS                             | \$2,416,567 | \$2,662,534 |
|                                          | =====       | =====       |

See Notes to Financial Statements beginning on page L-1.

## SOUTHWESTERN ELECTRIC POWER COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in thousands)

### CAPITALIZATION AND LIABILITIES

#### CAPITALIZATION:

Common Stock - \$18 Par Value:

Authorized - 7,600,000 Shares

Outstanding - 7,536,640 Shares

Paid-in Capital

Retained Earnings

\$ 135,660                      \$ 135,660

245,000                      245,000

294,422                      293,989

-----

Total Common Shareowner's Equity

675,082                      674,649

Preferred Stock

4,704

4,704

SWEPCO-OBLIGATED, MANDATORILY REDEEMABLE PREFERRED

SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY JUNIOR

SUBORDINATED DEBENTURES OF SWEPCO

110,000

110,000

Long-term Debt

494,876

645,368

-----

TOTAL CAPITALIZATION

1,284,662

1,434,721

-----

OTHER NONCURRENT LIABILITIES

32,377

11,290

-----

#### CURRENT LIABILITIES:

Long-term Debt Due Within One Year

150,595

595

Advances from Affiliates

136,483

16,823

Accounts Payable - General

63,892

107,747

Accounts Payable - Affiliated Companies

34,650

36,021

Customer Deposits

20,471

16,433

Taxes Accrued

52,382

11,224

Interest Accrued

13,466

13,198

Energy Trading Contracts

111,582

466,198

Other

20,487

15,064

-----

TOTAL CURRENT LIABILITIES

604,008

683,303

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|                                             |             |             |
|---------------------------------------------|-------------|-------------|
| DEFERRED INCOME TAXES                       | 396,364     | 399,204     |
| DEFERRED INVESTMENT TAX CREDITS             | 50,955      | 53,167      |
| REGULATORY LIABILITIES AND DEFERRED CREDITS | 15,189      | 18,288      |
| LONG-TERM ENERGY TRADING CONTRACTS          | 33,012      | 62,561      |
| CONTINGENCIES (Note 8)                      |             |             |
| TOTAL CAPITALIZATION AND LIABILITIES        | \$2,416,567 | \$2,662,534 |
|                                             | =====       | =====       |

See Notes to Financial Statements beginning on page L-1.

## WEST TEXAS UTILITIES COMPANY STATEMENTS OF INCOME (UNAUDITED)

|                                       | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|---------------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                       | 2001                           | 2000      | 2001                         | 2000      |
|                                       | ----                           | ----      | ----                         | ----      |
|                                       | (in thousands)                 |           |                              |           |
| OPERATING REVENUES                    | \$192,839                      | \$130,742 | \$387,845                    | \$227,277 |
|                                       | -----                          | -----     | -----                        | -----     |
| OPERATING EXPENSES:                   |                                |           |                              |           |
| Fuel                                  | 46,848                         | 47,207    | 106,753                      | 75,787    |
| Purchased Power                       | 80,485                         | 22,455    | 162,177                      | 37,348    |
| Other Operation                       | 25,355                         | 15,751    | 51,111                       | 36,055    |
| Maintenance                           | 7,046                          | 5,045     | 11,608                       | 9,907     |
| Depreciation and Amortization         | 11,529                         | 11,292    | 23,300                       | 22,533    |
| Taxes Other Than Federal Income Taxes | 6,775                          | 6,653     | 12,813                       | 11,616    |
| Federal Income Taxes                  | 2,373                          | 5,401     | 2,263                        | 7,312     |
|                                       | -----                          | -----     | -----                        | -----     |
| TOTAL OPERATING EXPENSES              | 180,411                        | 113,804   | 370,025                      | 200,558   |
|                                       | -----                          | -----     | -----                        | -----     |
| OPERATING INCOME                      | 12,428                         | 16,938    | 17,820                       | 26,719    |
| NONOPERATING INCOME (LOSS)            | (553)                          | (3,149)   | 878                          | (3,239)   |
|                                       | ----                           | -----     | ----                         | -----     |
| INCOME BEFORE INTEREST CHARGES        | 11,875                         | 13,789    | 18,698                       | 23,480    |
| INTEREST CHARGES                      | 5,742                          | 5,719     | 11,674                       | 11,577    |
|                                       | -----                          | -----     | -----                        | -----     |
| NET INCOME                            | 6,133                          | 8,070     | 7,024                        | 11,903    |
| PREFERRED STOCK DIVIDEND REQUIREMENTS | 26                             | 26        | 52                           | 52        |
|                                       | --                             | --        | --                           | --        |
| EARNINGS APPLICABLE TO COMMON STOCK   | \$ 6,107                       | \$ 8,044  | \$ 6,972                     | \$ 11,851 |
|                                       | =====                          | =====     | =====                        | =====     |

STATEMENTS OF RETAINED EARNINGS  
(UNAUDITED)

|                                | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|--------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                | 2001                           | 2000      | 2001                         | 2000      |
|                                | ----                           | ----      | ----                         | ----      |
|                                | (in thousands)                 |           |                              |           |
| BALANCE AT BEGINNING OF PERIOD | \$116,247                      | \$112,549 | \$122,588                    | \$113,242 |
| NET INCOME                     | 6,133                          | 8,070     | 7,024                        | 11,903    |
| DEDUCTIONS:                    |                                |           |                              |           |
| Cash Dividends Declared:       |                                |           |                              |           |
| Common Stock                   | 7,206                          | 4,500     | 14,412                       | 9,000     |
| Preferred Stock                | 26                             | 26        | 52                           | 52        |
|                                | --                             | --        | --                           | --        |
| BALANCE AT END OF PERIOD       | \$115,148                      | \$116,093 | \$115,148                    | \$116,093 |
|                                | =====                          | =====     | =====                        | =====     |

The common stock of the Company is wholly owned by AEP.

See Notes to Financial Statements beginning on page L-1.

WEST TEXAS UTILITIES COMPANY  
BALANCE SHEETS  
(UNAUDITED)

June 30, 2001    December 31, 2000  
(in thousands)

ASSETS

-----

ELECTRIC UTILITY PLANT:

|                               |            |            |
|-------------------------------|------------|------------|
| Production                    | \$ 437,880 | \$ 431,793 |
| Transmission                  | 236,532    | 235,303    |
| Distribution                  | 424,258    | 416,587    |
| General                       | 112,139    | 110,832    |
| Construction Work in Progress | 35,156     | 34,824     |
|                               | -----      | -----      |

|                                           |           |           |
|-------------------------------------------|-----------|-----------|
| Total Electric Utility Plant              | 1,245,965 | 1,229,339 |
| Accumulated Depreciation and Amortization | 531,411   | 515,041   |
|                                           | -----     | -----     |

|                            |         |         |
|----------------------------|---------|---------|
| NET ELECTRIC UTILITY PLANT | 714,554 | 714,298 |
|                            | -----   | -----   |

|                                |        |        |
|--------------------------------|--------|--------|
| OTHER PROPERTY AND INVESTMENTS | 24,100 | 23,154 |
|                                | -----  | -----  |

|                                    |        |        |
|------------------------------------|--------|--------|
| LONG-TERM ENERGY TRADING CONTRACTS | 10,705 | 20,944 |
|                                    | -----  | -----  |

# Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form U-1/A

|                                          |            |             |
|------------------------------------------|------------|-------------|
| CURRENT ASSETS:                          |            |             |
| Cash and Cash Equivalents                | 3,982      | 6,941       |
| Accounts Receivable:                     |            |             |
| Customers                                | 19,111     | 36,217      |
| Affiliated Companies                     | 8,271      | 16,095      |
| Allowance for Uncollectible Accounts     | (299)      | (288)       |
| Fuel Inventory - at average cost         | 14,861     | 12,174      |
| Materials and Supplies - at average cost | 11,099     | 10,510      |
| Underrecovered Fuel                      | 59,129     | 68,107      |
| Energy Trading Contracts                 | 37,398     | 152,174     |
| Prepayments and Other Current Assets     | 811        | 851         |
|                                          | ---        | ---         |
| TOTAL CURRENT ASSETS                     | 154,363    | 302,781     |
|                                          | -----      | -----       |
| REGULATORY ASSETS                        | 19,075     | 24,808      |
|                                          | -----      | -----       |
| DEFERRED CHARGES                         | 10,188     | 2,947       |
|                                          | -----      | -----       |
| TOTAL ASSETS                             | \$ 932,985 | \$1,088,932 |
|                                          | =====      | =====       |

See Notes to Financial Statements beginning on page L-1.

## WEST TEXAS UTILITIES COMPANY BALANCE SHEETS (UNAUDITED)

June 30, 2001    December 31, 2000  
(in thousands)

### CAPITALIZATION AND LIABILITIES

#### CAPITALIZATION:

|                                                                |            |            |
|----------------------------------------------------------------|------------|------------|
| Common Stock - \$25 Par Value:                                 |            |            |
| Authorized - 7,800,000 Shares                                  |            |            |
| Outstanding - 5,488,560 Shares                                 | \$ 137,214 | \$ 137,214 |
| Paid-in Capital                                                | 2,236      | 2,236      |
| Retained Earnings                                              | 115,148    | 122,588    |
|                                                                | -----      | -----      |
| Total Common Shareowner's Equity                               | 254,598    | 262,038    |
| Cumulative Preferred Stock Not Subject to Mandatory Redemption | 2,482      | 2,482      |
| Long-term Debt                                                 | 255,905    | 255,843    |
|                                                                | -----      | -----      |
| TOTAL CAPITALIZATION                                           | 512,985    | 520,363    |
|                                                                | -----      | -----      |

#### CURRENT LIABILITIES:

|                                         |        |         |
|-----------------------------------------|--------|---------|
| Advances from Affiliates                | 71,953 | 58,578  |
| Accounts Payable - General              | 32,073 | 45,562  |
| Accounts Payable - Affiliated Companies | 12,896 | 42,212  |
| Customer Deposits                       | 4,614  | 2,659   |
| Taxes Accrued                           | 32,206 | 18,901  |
| Interest Accrued                        | 3,119  | 3,717   |
| Energy Trading Contracts                | 37,083 | 154,919 |
| Other                                   | 8,899  | 7,906   |

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|                                             |                           |                           |
|---------------------------------------------|---------------------------|---------------------------|
| TOTAL CURRENT LIABILITIES                   | -----<br>202,839<br>----- | -----<br>334,454<br>----- |
| DEFERRED INCOME TAXES                       | 152,232<br>-----          | 157,038<br>-----          |
| DEFERRED INVESTMENT TAX CREDITS             | 23,416<br>-----           | 24,052<br>-----           |
| LONG-TERM ENERGY TRADING CONTRACTS          | 10,972<br>-----           | 20,789<br>-----           |
| REGULATORY LIABILITIES AND DEFERRED CREDITS | 30,541<br>-----           | 32,236<br>-----           |
| CONTINGENCIES (Note 8)                      |                           |                           |
| TOTAL CAPITALIZATION AND LIABILITIES        | \$ 932,985<br>=====       | \$1,088,932<br>=====      |

See Notes to Financial Statements beginning on page L-1.