



American Electric Power  
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Columbus, OH 43215  
AEP.com

August 13, 2009

Ms. Elizabeth M. Murphy  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: *File No. S7-10-09*  
*Release No. 34-60089*  
*Facilitating Shareholder Director Nominations*

Dear Ms. Murphy:

This letter is submitted on behalf of American Electric Power Company, Inc. American Electric Power is one of the largest electric utilities in the United States, delivering electricity to more than 5 million customers in 11 states. AEP ranks among the nation's largest generators of electricity, owning nearly 38,000 megawatts of generating capacity in the U.S. AEP also owns the nation's largest electricity transmission system, a nearly 39,000-mile network that includes more 765-kilovolt extra-high voltage transmission lines than all other U.S. transmission systems combined. AEP's transmission system directly or indirectly serves about 10 percent of the electricity demand in the Eastern Interconnection, the interconnected transmission system that covers 38 eastern and central U.S. states and eastern Canada, and approximately 11 percent of the electricity demand in ERCOT, the transmission system that covers much of Texas. AEP's utility units operate as AEP Ohio, AEP Texas, Appalachian Power (in Virginia and West Virginia), AEP Appalachian Power (in Tennessee), Indiana Michigan Power, Kentucky Power, Public Service Company of Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana and east Texas). AEP's headquarters are in Columbus, Ohio.

AEP is a large accelerated filer. Its Commission File Number is 1-3525. As of June 30, 2009, AEP had 476,790,811 issued and outstanding shares of Common Stock, \$6.50 par value. AEP shares are traded on the New York Stock Exchange and are held beneficially by approximately 390,000 shareholders, of which about 105,000 are registered owners.

AEP appreciates the opportunity to provide its views on the proposed proxy access rule, which has been considered by the Commission without action two previous times in the past decade.

The board of directors and management of AEP take effective corporate governance very seriously. We communicate with, listen to, and work with, institutional shareholders, cause-oriented shareholders and individual shareholders. Our board of directors is alert

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to trends in corporate governance and does its best to adapt to AEP's circumstances the recommended governance practices that make the most sense to a company like ours.

However, the proposed proxy access rule does not make sense to AEP.

The Commission's proposing release states that this proposal is warranted "in light of one of the most serious economic crises of the past century," and yet the proposal is not limited to the companies that played a role in the current financial downturn nor does it address the risks and issues that led to the crisis. AEP does not understand why this proposal is mandated – not offered as an option – for all companies, when only a smaller subset of companies had roles in causing the current financial downturn. Even fewer had boards of directors that contributed to the crisis, and even among those few, it strains credulity to believe that a mandated proxy access rule is the medicine that would have prevented the crisis. In short, the proposal does not fit the reasons offered for it.

In addition, it does not make sense that the Commission trusts a majority of shareholders of public companies to vote in the contested director elections that would be stimulated by this rule, but does not trust the same majority to adopt "opt out" provisions to their companies' by-laws or charters. Under the Commission's thinking, shareholders – whom AEP does trust to make wise decisions – make wise decisions when facing noisy and expensive director election contests, but they do not make wise decisions when considering whether opening up the board's slate of directors to a small disaffected shareholder is worth the cost and distraction to the company. This logic simply fails.

Third, AEP does not like "one size fits all" thinking. If this proposal must be mandated, which AEP opposes, instead of being only a recommended option, then there should also be mandated triggers that must be tripped before it applies. For example, perhaps the proposed rule should apply only after certain events have occurred indicating that director accountability at a particular company has been inadequate, or perhaps the eligibility thresholds that the Commission is considering setting should be raised such that a proponent must have a larger demonstrated long-term stake in the company.

Finally, AEP is very concerned about the effect that adoption of the proxy access rule would have on board dynamics. Specifically, we believe it would make the already difficult task of enlisting qualified candidates for board positions even harder. And, if an opposition slate were able to seat a director or directors not recommended by the AEP board, we worry about the risk to openness, trust, transparency, collaboration and collegiality among AEP directors that effective board work requires.

As to recruiting high quality director candidates, AEP believes that the best candidates are already busy people who must make sacrifices in order to accept the important responsibilities associated with board service at public companies. By making it easier for dissident shareholders to mount opposition slates at a company's expense, adoption of the Commission's proxy access rule would tell potential directors that there is now a much higher risk that opposition slates will mount campaigns in opposition to board nominees, with the attendant risk of unfair criticism and damage to reputations built up

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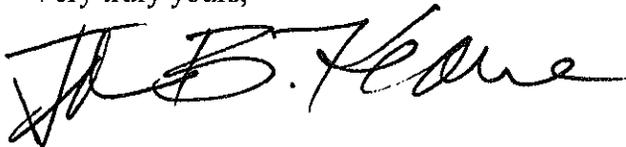
over a career. Some candidates will decline. At present, this exposure is rare enough that governance observers can name one by one the companies where divisive battles between competing board slates occurred: Target, Disney, Motorola, etc. If the rule is adopted, it could be commonplace, and board service will become less compelling for quality directors. They will just not need the aggravation.

As to boardroom dynamics, any director who owes his/her seat to the effort of a single shareholder or group who sponsored the director will inevitably have at best split loyalties and at worst a first loyalty to the sponsor. Yet, good governance presumes that loyalties are aligned only with the company, its shareholders as a whole, and the company's various stakeholders such as employees, customers and communities. When a dissident director representing a narrow interest group is seated over the strenuous disagreement of incumbent directors, one cannot believe that relations among directors will be open and congenial. Incumbent directors will speak with high caution, if at all, worrying that the dissident director is reporting every comment back to his/her sponsor. Candor will evaporate. Distrust will be rampant. Gridlock will become prevalent. The real work of the board will be conducted outside the boardroom without the benefit of candid, open discussion. That will be a real loss.

Respectfully, AEP believes that, in too lightly considering a proposal that would alter the board dynamics of large public companies in the United States, the Commission would be taking a needlessly unacceptable risk with the strategic leadership of our nation's biggest companies.

Thank you for the opportunity to comment. We have reviewed drafts of more detailed comments being submitted by the Business Roundtable and the U.S. Chamber of Commerce, and we support their comments. If it would be helpful to discuss any of these points, please contact John B. Keane, Executive Vice President, General Counsel and Secretary, American Electric Power, 1 Riverside Plaza, Columbus, OH 43215. I am also reachable at 614-716-2929 and [jbkeane@aep.com](mailto:jbkeane@aep.com).

Very truly yours,



cc: The Honorable Mary L. Schapiro, Chairman  
The Honorable Kathleen L. Casey, Commissioner  
The Honorable Elisse B. Walter, Commissioner  
The Honorable Luis A. Aguilar, Commissioner  
The Honorable Troy A. Paredes, Commissioner  
Ms. Meredith B. Cross, Director, Division of Corporation Finance  
Mr. David M. Becker, General Counsel and Senior Policy Director  
Ms. Kayla J. Gillan, Senior Advisor to the Chairman