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September 8, 2009

Ms. Elizabeth M. Murphy  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE Washington, DC 20549-1090  
Re: File No. S7-11-09

*Release No. IC-28807  
Money Market Fund Reform*

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, which 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 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.

American Electric Power appreciates the opportunity to provide its views on the proposed money market fund reform rules.

American Electric Power strongly opposes any amendment to Rule 2a-7 that would prohibit money market funds from investing in "second tier securities". Under the SEC's proposed amendments, money market funds could only acquire eligible securities, which would be re-defined to include securities that receive the highest short-term debt ratings from the rating agencies. American Electric Power's commercial paper is currently rated P2 by Moody's Investor Service, Inc., A2 by Standard & Poor's Rating Service and F2 by Fitch Ratings, Inc. Therefore, under the SEC's proposed rules, money market funds could no longer acquire American Electric Power's commercial paper because it is "second tier". This would make it more difficult for American Electric Power to issue its commercial paper, or would at least raise its borrowing costs because there are less potential purchasers of its commercial paper.

American Electric Power depends on its commercial paper program for liquidity. From 2002-2008, money market funds acquired approximately seven percent of American

Electric Power's commercial paper. American Electric Power has issued an average of \$8.5 billion of commercial paper each year during that period, which means an average of approximately \$580 million has been acquired by money market funds each year.

If American Electric Power is unable to raise sufficient capital from its commercial paper program, it will be forced to rely on backstop loans from banks, which is a significantly more expensive alternative. The cost for backstop loans from banks has increased dramatically during the past year as banks have suffered through the recent market crisis and due to the consolidation in the financial industry. Banks have less lending capacity available, and what is available, is at a much higher cost to the borrower.

The Commission proposed the amendments in order to prevent the reoccurrence of the 2008 market disruptions to money market funds. However, that crisis was not caused by issuers of second tier securities. Rather the crisis resulted from concerns associated with an issuer of "top tier" securities, namely, Lehman Brothers Holdings Inc. The proposed rule therefore needlessly restricts access to issuers that did not contribute to the crisis.

Under existing rules, the SEC already limits a money market fund's investment in second tier securities to five percent of the portfolio's assets and further limits the investment a fund may make in any particular issuer of second tier securities to no more than one percent of the fund's portfolio assets. So there are existing safeguards in place already. American Electric Power suggests that the existing limits are sufficient. However, if the SEC determines that some further limits are needed, American Electric Power recommends that rather than eliminating the ability of a money market fund to invest in second tier securities, the SEC should still allow money market funds to acquire second tier securities (subject to the existing rules) but shorten the maximum maturity of such second tier securities to 90 days. The shorter maturities would present less credit risk to the money market funds, but would still make capital available to second tier commercial paper issuers like American Electric Power.

Thank you for the opportunity to comment. If it would be helpful to discuss any of these points, please contact Charles E. Zebula, Senior Vice President and Treasurer, American Electric Power, 1 Riverside Plaza, Columbus, OH 43215. I am also reachable at 614-716-2800.

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