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Secretary
Securities Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-18-08; Release No. 33-9186

Dear Secretary:

American Electric Power Company, Inc. (“AEP”) submits this comment letter in response to the Commission’s request for comments in its release titled *Security Ratings*, Release No. 33-9186 (February 9, 2011) (the “Release”). AEP is the holding company parent of electric utility subsidiaries that deliver electricity to more than five million customers in eleven states.

AEP is a “well-known seasoned issuer” (“WKSI”) with a market capitalization of over \$16 billion as of March 15, 2011. It is one of the largest public utility holding company systems in the United States, with six utility operating subsidiaries that are SEC registrants – Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company. The six SEC registrant utility operating subsidiaries are referred to herein as the “AEP utility subsidiaries.”

The rates and services of each of the AEP utility subsidiaries are determined in regulatory proceedings. Governmental authorities, including the Arkansas Public Service Commission, the Corporation Commission of the State of Oklahoma, the Indiana Utility Regulatory Commission, the Michigan Public Service Commission, the Public Utilities Commission of Ohio, the Public Utility Commission of Texas, the Tennessee Regulatory Authority, the Virginia State Corporation Commission and the Federal Energy Regulatory Commission, are primarily responsible for approving the rates charged to their customers. Each of the AEP utility subsidiaries must obtain approval to issue securities from one or more of those governmental authorities.

Each of the AEP utility subsidiaries also files periodic reports with the Commission under the Exchange Act and has non-convertible investment grade debt securities registered on Form S-3. As of December 31, 2010, the AEP utility subsidiaries had over \$10.1 billion in long-term debt outstanding, which had been issued in public offerings or in offerings pursuant to Rule 144A that were subsequently exchanged for debt registered on Form S-4. Each of the AEP utility subsidiaries has been filing periodic reports under the Exchange Act for many years, and like other

utility systems, the AEP subsidiaries have joined AEP in the filing of combined Forms 10-K and Forms 10-Q. As such, AEP and its utility subsidiaries are widely followed in the market.

In the three-year period commencing January 1, 2008, the AEP utility subsidiaries have used the Form S-3 to sell an aggregate of \$3.875 billion of non-convertible investment grade debt, but only one of the AEP utility subsidiaries individually issued more than \$1 billion during that timeframe.

If General Instruction I.B.2 were amended as proposed in the Release, the only AEP utility subsidiary that would currently be eligible to continue to use Form S-3 to offer securities would be Appalachian Power Company.

If the proposed revision is adopted, the other five AEP utility subsidiary issuers will no longer be able to utilize the shelf offering disclosure format under Rule 415 that has greatly facilitated their capital formation needs. The shelf offering disclosure format under Rule 415, provides considerable flexibility in accessing the public securities markets in response to changes in the market and other factors. It has permitted these issuers to take advantage of rapidly developing market opportunities to issue investment grade non-convertible securities almost instantaneously and, once launched, to carefully tailor the tenor and aggregate amount offered to meet the appetite of the purchaser, thereby maximizing interest savings. This speed and flexibility will not be available to these registrants if they must use Form S-1 registration. Further, while these issuers have access to an alternative market for debt, namely, private offerings with registration rights into registered debt, (1) the debt securities offered are not initially, and may never be, available to the general public and (2) the increased costs associated with registering such debt make this alternative much less attractive.

The five issuers that are currently eligible and which would lose that eligibility under the proposed threshold do make frequent use of this market (during the past three years these five registrants have issued investment grade non-convertible securities on numerous occasions in an aggregate amount of over \$2.7 billion in registered offerings.) As a result, these registrants are well-known in the marketplace, but none has issued an aggregate \$1 billion in non-convertible securities in registered offerings, the proposed threshold during the preceding three years.

Accordingly, we believe the Commission should consider other alternatives.

A. Lower the Threshold

If the threshold were lowered to \$250 million issued in non-convertible securities in registered offerings during the preceding three years, then each of these issuers would be eligible to use Form S-3. We would urge that a threshold of \$250 million issued in non-convertible securities in registered offerings during the preceding three years assures that the registrant is well-known to the market. Alternatively, the

Commission could grant an exemption based on the total debt outstanding of the company. For example, the Commission could grant an exemption if a company has over \$750 million or \$1 billion of total debt outstanding, which would also be an indication of how widely followed the company is.

B. Exemption for Utility Companies

As noted earlier, the AEP utility subsidiaries are subject to regulation by state public utility commissions. The jurisdiction of these commissions includes the operations and capital structure of these public utility subsidiaries. These commissions typically authorize rates that are charged to customers that are designed to assure that these public utility subsidiaries will have the ability to service their debt obligations and earn an appropriate rate of return. Therefore, the state public utility commission provides thorough oversight. We submit that much of the flexibility lost through implementation of the Commission's proposal will needlessly hamper those very same regulated public utility subsidiaries, thus resulting in an unintended step backwards in the Commission's policies generating efficient market access and pricing and increase the cost to those public utilities, and ultimately to their customers. In light of these regulatory reviews, a long-form registration on Form S-1 is unnecessary and we urge the Commission to allow public utilities to continue to use the short-form registration on Form S-3.

C. Public Utility Subsidiaries and Parent Collectively Issue \$ 1 Billion

Public utility subsidiaries should be eligible to use Form S-3 if the parent meets the registrant requirements, and the parent and the public utility subsidiaries have issued \$1 billion of non-convertible securities within the previous three years. To evaluate the parent in a holding company structure like AEP's, investors must evaluate its utility subsidiaries as well, because they are the primary source of the parent's net income, revenues and assets.

This approach would acknowledge the intensive and continuous analysis of the affiliate parent (which analysis necessarily is built from evaluation of the component subsidiaries, including the AEP utility subsidiaries). Our experience is that investors that purchase the debt of one of our subsidies frequently purchase the debt of our other subsidiaries. Our experience also shows that when one of our AEP utility subsidiary issues securities, that utility's securities are priced in comparison to other utility subsidiaries at AEP. All of this suggests that investors closely follow all of the AEP utility subsidiaries. As such, we urge the Commission to permit companies to count the total debt securities issued by the parent and the subsidiaries during the previous three years to determine if the \$1 billion threshold has been met. This would recognize that all the companies in the holding company system are widely followed in the marketplace. This would avoid rendering some subsidiaries ineligible because they have

not issued \$1 billion in securities while other subsidiaries in the same system are eligible because they have issued the requisite amount of debt securities.

D. Conclusion

In summary, the Commission should adopt an exemption for issuers that are public utility companies if the issuance of the securities being registered requires the authorization of any federal or state governmental authority. In the alternative, if a minimum threshold approach is pursued, the threshold should include issuers of non-convertible securities in the amount of \$250 million or more over the preceding three years or focus on the total amount of debt outstanding. Lastly, the Commission could grant an exemption for public utility subsidiaries of a parent company if the parent and the public utility subsidiaries collectively have issued \$1 billion of non-convertible securities within the last three years. In any event, we urge the Commission to allow currently eligible issuers to continue to use Form S-3 for a period of at least two years from any final rule amendment.

If the Commission has any questions regarding these comments, please contact me at (614) 716-1648.

Respectfully submitted,



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American Electric Power Service
Corporation