

SWEPCO To Purchase Valley Electric Membership Corporation Assets

SHREVEPORT, La., Nov. 19, 2009 - American Electric Power (NYSE: AEP) utility subsidiary AEP Southwestern Electric Power Company (SWEPCO) has signed a letter of intent to purchase the transmission and distribution assets of Valley Electric Membership Corporation (VEMCO).009 –Valley Electric Board members unanimously approved a voluntary dissolution of the cooperative. Pending due diligence, SWEPCO will purchase the VEMCO assets for approximately \$94 million, and assume certain other liabilities. The company also will provide payment for the VEMCO patronage capital at closing, currently estimated at about \$30 million. A purchase agreement is expected by the end of the year, and a VEMCO membership vote to dissolve is anticipated in January or February.

If the transaction is completed, VEMCO customers will save a projected average of 20 percent annually as a result of SWEPCO's lower retail rates. SWEPCO's rates are currently 25 percent below the Louisiana average and 37 percent below the national average, based on average monthly residential use of 1,000 kilowatt-hours (kWh).

"We are extremely pleased that Valley selected SWEPCO to provide VEMCO customers with competitive rates and available long-term generation to meet future electricity needs," said Paul Chodak, SWEPCO president and chief operating officer. "We will now focus on completing the necessary approvals and working soon with our new customers and our new employees on transition and system integration issues moving forward."

"I've been working on this project for months to bring the two companies together for talks, and I'm glad it's moving forward quickly," said Foster Campbell, Louisiana Public Service Commission (LPSC) member from Bossier City. "Valley customers need rate relief, and this opportunity with SWEPCO means Valley customers will pay the same rates that people in Shreveport and Bossier City have paid for years."

"This transaction will bring positive relief regarding rates to Valley Electric customers," said Clyde Holloway, LPSC member from Forest Hill. "At a time of economic hardship, this opportunity with SWEPCO will enable Valley's customers to have lower utility costs."

A toll-free Valley Electric/SWEPCO information line – 1-877-237-6589 – has been established to answer questions from VEMCO customers. The information line will be answered between 8 a.m. and 7 p.m. weekdays, beginning today.

"We expect that our membership will appreciate the opportunity to vote for the substantial savings in rates offered by SWEPCO and will vote positively on the dissolution when it's presented to them in early 2010," said Tom Epperson, president and CEO of VEMCO.

"This deal meets all the requirements of the VEMCO's Board strategic alliance policy to offer significantly lower rates to our members, preserve VEMCO employee jobs at the same or better wages, and gain more resources for better service," said Johnny Possoit, Valley Board Chairman.

VEMCO serves 30,000 member customers and 41,000 meters in eight parishes south of Shreveport, including more than 7,000 miles of distribution lines, 90 miles of transmission lines, 29 substations and three service centers.

"Adding Valley's service area will double the size of SWEPCO's geographic footprint in Louisiana and bring economic growth opportunities along the I-49 and Toledo Bend corridors," adds Chodak.

The agreement also calls for the transfer of 101 VEMCO employees to SWEPCO. SWEPCO already is interconnected at transmission voltage with VEMCO. SWEPCO anticipates taking responsibility for providing service to the customers and facilities by mid-year 2010, subject to all regulatory approvals.

The LPSC and the Arkansas Public Service Commission must approve the transaction, as well as the AEP Board of Directors. Approval by the Public Utilities Commission of Texas (PUCT) is not required, but the PUCT will be notified. Additionally, receipt of required regulatory approvals must come from the Rural Utilities Service and the National Rural Utilities Cooperative Finance Corporation.

SWEPSCO serves more than 473,500 customers in three states, including 180,000 in Northwest Louisiana (six parishes) 113,500 in western Arkansas, and 180,000 in East and North Texas. SWEPSCO's headquarters are in Shreveport, La. News releases and other information about SWEPSCO can be found at www.swepco.com.

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 and north Texas). AEP's headquarters are in Columbus, Ohio. News releases and other information about AEP can be found at www.aep.com.

This report made by AEP and its Registrant Subsidiaries contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: electric load and customer growth; weather conditions, including storms; available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters; availability of generating capacity and the performance of AEP's generating plants; AEP's ability to recover regulatory assets and stranded costs in connection with deregulation; AEP's ability to recover increases in fuel and other energy costs through regulated or competitive electric rates; AEP's ability to build or acquire generating capacity (including AEP's ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs through applicable rate cases or competitive rates; new legislation, litigation and government regulation including requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances; new legislation, litigation and government regulation including requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances; timing and resolution of pending and future rate cases, negotiations and other regulatory decisions (including rate or other recovery for new investments, transmission service and environmental compliance); resolution of litigation (including pending Clean Air Act enforcement actions and disputes arising from the bankruptcy of Enron Corp. and related matters); AEP's ability to constrain operation and maintenance costs; the economic climate and growth in AEP's service territory and changes in market demand and demographic patterns; inflationary and interest rate trends; AEP's ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas and other energy-related commodities; changes in the creditworthiness of the counterparties with whom AEP has contractual arrangements, including participants in the energy trading market; actions of rating agencies, including changes in the ratings of debt; volatility and changes in markets for electricity, natural gas and other energy-related commodities; changes in utility regulation, including the potential for new legislation in Ohio and membership in and integration into regional transmission organizations; accounting pronouncements periodically issued by accounting standard-setting bodies; the performance of AEP's pension and other postretirement benefit plans; prices for power that AEP generates and sells at wholesale; changes in technology, particularly with respect to new, developing or alternative sources of generation; other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes and other catastrophic events.