

AEP Expects To Retire 585-Megawatt Coal-Fueled Unit In Ohio

COLUMBUS, Ohio, July 11, 2013 /PRNewswire/ -- American Electric Power (NYSE: [AEP](#)) announced today that it expects to retire its 585-megawatt (MW) coal-fueled Muskingum River Plant Unit 5 in Beverly, Ohio, in 2015.

AEP reached an agreement with other parties in February to modify the company's 2007 New Source Review Consent Decree and give AEP the option to retire Muskingum River Unit 5 or refuel it with natural gas. Due to the cost of compliance with environmental regulations and current market conditions, AEP has determined that it is unlikely to make the capital investment to refuel the unit.

AEP will record a non-operating, pre-tax impairment charge for Muskingum River Unit 5 of approximately \$150 million to \$170 million in the second quarter of 2013. This does not impact AEP's 2013 operating earnings guidance range of \$3.05 to \$3.25 per share, and the company continues to expect to deliver an earnings growth rate of 4 to 6 percent based upon 2013 operating earnings guidance.

The company previously announced its intent to retire Muskingum River Units 1-4 (840 MW) in 2015. Approximately 95 employees working at Muskingum River Plant Units 1-5 will be impacted. AEP will work to provide displaced employees with opportunities to apply for jobs at other AEP facilities. Employees whose positions are eliminated and who do not find another position with the company will be considered for severance benefits.

AEP previously announced the planned retirement of 2,538 MW of coal-fueled generation owned by AEP Ohio in Ohio and West Virginia by the end of 2015. The addition of Muskingum River Unit 5 brings AEP Ohio's total retirements to 3,123 MW. The remaining 10,725 MW of AEP Ohio-owned generation – including 2,427 MW slated to be transferred to Appalachian Power and Kentucky Power following state regulatory approvals -- will consist mostly of low-emitting, fully controlled coal-fueled plants, natural gas-fueled combined cycle and combustion turbines, and a small hydro plant.

American Electric Power is one of the largest electric utilities in the United States, delivering electricity to more than 5.3 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 40,000-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.

This report made by American Electric Power 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: the economic climate, growth or contraction within and changes in market demand and demographic patterns in AEP's service territory; inflationary or deflationary interest rate trends; volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impairing AEP's ability to finance new capital projects and refinance existing debt at attractive rates; the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material; electric load, customer growth and the impact of retail competition, particularly in Ohio; weather conditions, including storms and drought conditions, and AEP's ability to recover significant storm restoration costs through applicable rate mechanisms; available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters; availability of necessary generating capacity and the performance of AEP's generating plants; 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 and transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs (including the costs of projects that are cancelled) through applicable rate cases or competitive rates; new legislation, litigation and government regulation, including oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances, or additional regulation of fly ash and similar combustion products that could impact the continued operation and cost recovery of AEP's plants and related assets; evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including nuclear fuel; a reduction in the federal statutory tax rate that could result in an accelerated return of deferred federal income taxes to customers; timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance; resolution of litigation; AEP's ability to constrain operation and maintenance costs; AEP's ability to develop and execute a strategy based on a view regarding prices of electricity, coal, natural gas and other energy-related commodities; prices and demand for power that AEP generates and sells at wholesale; changes in technology, particularly with respect to new, developing or alternative sources of generation; AEP's ability to recover through rates or market prices any remaining unrecovered investment in generating units that may be retired before the end of their previously projected useful lives; volatility and changes in markets for electricity, coal, natural gas and other energy-related commodities; changes in utility regulation, including the implementation of Electric Security Plans and the transition to market and expected legal separation for generation in Ohio and the allocation of costs within regional transmission organizations, including PJM and SPP; AEP's ability to successfully manage negotiations with stakeholders and obtain regulatory approval to terminate the Interconnection Agreement; 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 AEP debt; the impact of volatility in the capital markets on the value of the investments held by AEP's pension, other postretirement benefit plans, captive insurance entity

and nuclear decommissioning trust and the impact on future funding requirements; accounting pronouncements periodically issued by accounting standard-setting bodies; and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

SOURCE American Electric Power