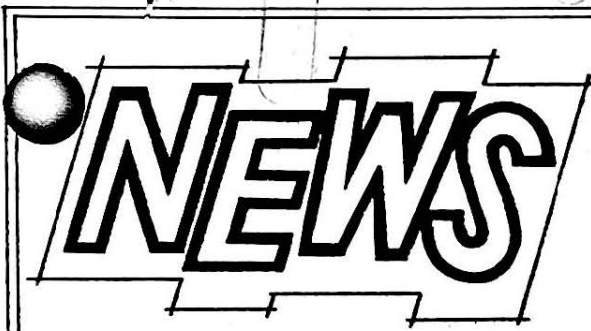




SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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FOR RELEASE: 9 a.m. Friday, July 21

78-21

ACQUISITION OF COLUMBUS AND SOUTHERN OHIO ELECTRIC COMPANY
BY AMERICAN ELECTRIC POWER COMPANY, INC. APPROVED IN PRINCIPLE;
ACTUAL APPROVAL DEFERRED PENDING RESOLUTION OF MUNICIPAL PROPOSAL
AND EXCHANGE RATIO

The Commission today approved in principle the application of American Electric Power Company, Inc. to acquire all the common stock of Columbus and Southern Ohio Electric Company. AEP proposes to make a tender offer to all of the common stockholders of Columbus and Southern. The application was filed by AEP under the Public Utility Holding Company Act of 1935 which precludes the acquisition of another utility by a public utility holding company such as AEP without Commission approval. The Commission, however, deferred actual approval of the application pending further clarification of AEP's so-called "settlement proposal" with Ohio municipalities which operate utilities. The Commission also left for later determination the question of whether the proposed exchange of 1.3 shares of AEP stock for each share of Columbus and Southern stock is fair and equitable.

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The Commission's opinion that the acquisition should be allowed was based on its finding that the acquisition would be likely to produce substantial savings and efficiencies which would redound to the consumers of Columbus and Southern. Among other things, the Commission found that Columbus and Southern would probably save about \$2,000,000 per year in fuel costs.

The Commission also believed that the acquisition would in the long-run likely save the capital costs of building additional generating equipment. One substantial reason for that is that the two systems are rather compatible. AEP's industrial and home heating business results in its highest demands in the winter while Columbus and Southern's urban system experiences its highest demand in the summer due to its air-conditioning load. The Commission expressed the view that the two systems "fit together."

The Commission also found that the acquisition would result in no substantial detriment. The Commission examined the projected size of the resultant utility in light of the purposes of the Act and the present state of the art in the electrical industry. The opinion recognizes that competition is a relevant factor in determining whether the Commission should approve an acquisition but concluded there was no evidence that the acquisition would significantly impair competition.

The settlement proposal whose final resolution is deferred was initiated by AEP in response to the claims of municipal electric systems in Ohio that AEP's bid for Columbus and Southern would impede their efforts to buy reliable power for municipally-owned utilities at reasonable costs. Essentially, AEP is agreeing to sell to or build for the Ohio municipals one or more large generators to serve their needs, to provide back-up power to help the municipals serve their consumers reliably and to buy any power excess to their needs. AEP also agreed to help the municipals in their fuel purchases. The settlement proposal was thought by the Commission to redress any possible detriment to the municipal utilities which might result from the acquisition. The Commission, however, determined that the terms of the proposal were too vague and believed that it needed reasonable assurances that the proposals were likely to be effectuated.

The Commission in its opinion noted that the State of Ohio and the City of Columbus supported the application, and that the Commission did not have "the spectacle of an aggressive holding company thrusting itself upon an unwilling but defenseless community."

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