

# SECURITIES AND EXCHANGE COMMISSION

## FORM 424B3

Prospectus filed pursuant to Rule 424(b)(3)

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### FILER

#### **COLUMBUS SOUTHERN POWER CO /OH/**

CIK: **22198** | IRS No.: **314154203** | State of Incorporation: **OH** | Fiscal Year End: **1231**  
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SIC: **4911** Electric services

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Securities and Exchange Commission  
450 Fifth Street, N.W.  
ATTN: Filing Desk, Stop 1-4  
Washington, D.C. 20549-1004

January 10, 1994

Re: Columbus Southern Power Company  
Registration Statement on Form S-3  
File No. 33-50447

Gentlemen:

Pursuant to Rule 424(b)(3), transmitted herewith is the Prospectus, dated December 17, 1993, as supplemented by the Prospectus Supplement, dated December 20, 1993, and Pricing Supplement Nos. 1 and 2, each dated January 7, 1994, to be used in connection with the public offering by the Company of its First Mortgage Bond, Designated Secured Medium Term Note, 7.45% Series due March 1, 2024 in the principal amount of \$50,000,000 and its First Mortgage Bond, Designated Secured Medium Term Note, 6.55% Series due March 1, 2004 in the principal amount of \$50,000,000, respectively.

Very truly yours,

/s/ John M. Adams, Jr.

John M. Adams, Jr.

JMA/mms

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Rule 424(b)(3)  
File No. 33-50447  
CUSIP No.: 19958L AV7

Pricing Supplement No. 1 Dated January 7, 1994  
(To Prospectus dated December 17, 1993 and  
Prospectus Supplement dated December 20, 1993)

\$255,000,000

COLUMBUS SOUTHERN POWER COMPANY

First Mortgage Bonds, Designated Secured Medium Term Notes  
Due From Nine Months to Forty-Two Years from Date of Issue

Principal Amount: \$50,000,000  
Issue Price: 100%  
Original Issue Date: 1-20-1994  
Stated Maturity: 3-1-2024  
Interest Rate: 7.45%  
Form: Book-Entry  
Agent's Discount or Commission: .750%

Redemption: The Notes will be redeemable on or after March 1, 2004 at the option of the Company in whole or in part at any time upon not less than 30 days' notice, together with accrued interest, (a) at the regular redemption prices (expressed as a percentage of the principal amount thereof) set forth below, if redeemed otherwise than through the use or application of cash deposited pursuant to the maintenance and replacement provisions of Article IV of the Supplemental Indenture dated September 1, 1940 and otherwise than by the use of cash deposited with or held by the Trustee representing the proceeds of insurance or released property pursuant to Section 2 of Article VIII of the Mortgage; or (b) at the special redemption price of 100.00% of the principal amount thereof, if redeemed by the use or application of cash deposited pursuant to the maintenance and replacement provisions of Article IV of the Supplemental Indenture dated September 1, 1940 or by the use of cash deposited with or held by the Trustee representing the proceeds of insurance or released property pursuant to Section 2 of Article VIII of the Mortgage.

(If redeemed during the twelve months beginning March 1) Year	Regular Redemption Price
2004	103.73%
2005	103.36
2006	102.98
2007	102.61
2008	102.24
2009	101.87
2010	101.49
2011	101.12
2012	100.75
2013	100.38
2014	100.00
2015	100.00
2016	100.00
2017	100.00
2018	100.00
2019	100.00
2020	100.00
2021	100.00
2022	100.00
2023	100.00

The Company sold the Notes to Salomon Brothers Inc, CS First Boston Corporation and Citicorp Securities, Inc. as principals in this transaction for resale to one or more investors at varying prices related to prevailing market conditions at the time or times of resale as determined by Salomon Brothers Inc, CS First Boston Corporation and Citicorp Securities, Inc., as the case may be.

Rule 424(b) (3)  
File No. 33-50447  
CUSIP No.: 19958L AW5

Pricing Supplement No. 2 Dated January 7, 1994  
(To Prospectus dated December 17, 1993 and  
Prospectus Supplement dated December 20, 1993)

\$255,000,000

COLUMBUS SOUTHERN POWER COMPANY

First Mortgage Bonds, Designated Secured Medium Term Notes  
Due From Nine Months to Forty-Two Years from Date of Issue

Principal Amount: \$50,000,000  
Issue Price: 100%  
Original Issue Date: 1-20-1994  
Stated Maturity: 3-1-2004  
Interest Rate: 6.55%  
Form: Book-Entry  
Agent's Discount or Commission: .625%

Redemption: The Notes will be redeemable on or after March 1, 1999 at the option of the Company in whole or in part at any time upon not less than 30 days' notice, together with accrued interest, (a) at the regular redemption prices (expressed as a percentage of the principal amount thereof) set forth below, if redeemed otherwise than through the use or application of cash deposited pursuant to the maintenance and replacement provisions of Article IV of the Supplemental Indenture dated September 1, 1940 and otherwise than by the use of cash deposited with or held by the Trustee representing the proceeds of insurance or released property pursuant to Section 2 of Article VIII of the Mortgage; or (b) at the special redemption price of 100.00% of the principal amount thereof, if redeemed by the use or application of cash deposited pursuant to the maintenance and replacement provisions of Article IV of the Supplemental Indenture dated September 1, 1940 or by the use of cash deposited with or held by the Trustee representing the proceeds of insurance or released property pursuant to Section 2 of Article VIII of the Mortgage.

(If redeemed during the twelve months beginning March 1) Year	Regular Redemption Price
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1999	101.88%
2000	100.94
2001	100.00
2002	100.00
2003	100.00

The Company sold the Notes to Salomon Brothers Inc, CS First Boston Corporation and Citicorp Securities, Inc. as principals in this transaction for resale to one or more investors at varying prices related to prevailing market conditions at the time or times of resale as determined by Salomon Brothers Inc, The First Boston Corporation and Citicorp Securities, Inc., as the case may be.

Prospectus Supplement  
(To Prospectus Dated December 17, 1993)

\$255,000,000

Columbus Southern Power Company

First Mortgage Bonds, Designated Secured Medium Term Notes,  
Due From Nine Months to Forty-Two Years from Date of Issue

Columbus Southern Power Company (the "Company") may from time to time offer its First Mortgage Bonds, Designated Secured Medium Term Notes (the "Notes"), in the aggregate principal amount of up to \$255,000,000, subject to reduction as a result of the sale of other Debt Securities as described in the accompanying Prospectus. Each Note will mature from nine months to forty-two years from its date of issue.

Each Note will bear interest at a fixed rate. Unless otherwise indicated in a pricing supplement to this Prospectus Supplement (a "Pricing Supplement"), interest on each Note will be payable semiannually in arrears on each May 1 and November 1 and at redemption, if any, or Stated Maturity.

The interest rate, Issue Price, Stated Maturity, Interest Payment Dates, redemption provisions, if any, and certain other terms with respect to each Note will be established at the time of issuance and set forth in a Pricing Supplement.

Each series of Notes will be represented by a global Note ("Global Note") registered in the name of a nominee of The Depository Trust Company, as Depository, or another depository (such a Note, so represented, being called a "Book-Entry Note"). Beneficial interests in Global Notes representing Book-Entry Notes will be shown on, and transfers thereof will be effected only through, records maintained by the Depository's participants. Book-Entry Notes will not be issuable as Certificated Notes except under the circumstances described herein. See "Supplemental Description of the Notes--Book-Entry Notes".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT, ANY PRICING SUPPLEMENT HERETO OR THE ACCOMPANYING PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public(1)	Agents' Commission(2)	Proceeds to the Company(2) (3)
Per Note	100.000%	.125%-.750%	99.875%-99.250%
Total	\$255,000,000	\$318,750- \$1,912,500	\$254,681,250- \$253,087,500

(1) Unless otherwise specified in the applicable Pricing Supplement, the price to the public will be 100% of the principal amount.

(2) The Company will pay to Salomon Brothers Inc, CS First Boston Corporation and Citicorp Securities, Inc., each as

agent (together, the "Agents"), a commission of from .125% to .750% of the principal amount of any Note, depending upon its Stated Maturity, sold through such Agent. The Company may also sell Notes to any Agent, as principal, at a discount for resale to one or more investors or to another broker-dealer (acting as principal for purposes of resale) at varying prices related to prevailing market prices at the time of resale, as determined by such Agent. Unless otherwise indicated in the applicable Pricing Supplement, any Note sold to an Agent as principal shall be purchased by such Agent at a price equal to 100% of the principal amount thereof less the percentage equal to the commission applicable to an agency sale of a Note of identical maturity and may be resold by such Agent. The Notes may also be sold by the Company directly to investors, in which case no commission will be payable to the Agents. The Company has agreed to indemnify the Agents for certain liabilities, including certain liabilities under the Securities Act of 1933, as amended. See "Plan of Distribution" herein.

- (3) Before deduction of expenses payable by the Company estimated at \$416,688, including reimbursement of certain expenses of the Agents.

The Notes are being offered on a continuous basis by the Company through the Agents which have agreed to use their reasonable best efforts to solicit offers to purchase Notes. The Company may sell Notes at a discount to any Agent, as principal, for resale to one or more investors or other purchasers at varying prices related to prevailing market prices at the time of resale, as determined by such Agent. The Company also may sell Notes directly to investors on its own behalf. The Notes will not be listed on any securities exchange, and there is no assurance that the maximum amount of Notes offered by this Prospectus Supplement will be sold or that there will be a secondary market for the Notes. The Company reserves the right to withdraw, cancel or modify the offer made hereby without notice. The Company or an Agent may reject an order, whether or not solicited, in whole or in part. See "Plan of Distribution" herein.

Salomon Brothers Inc

CS First Boston

Citicorp Securities, Inc.

The date of this Prospectus Supplement is December 20, 1993.

IN CONNECTION WITH THIS OFFERING, THE AGENTS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE NOTES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

#### SUPPLEMENTAL DESCRIPTION OF THE NOTES

The following description of the particular terms of the Notes supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Debt Securities set forth under "Description of Debt Securities" in the accompanying Prospectus, to which description reference is hereby made. Certain capitalized terms used herein are defined under "Description of Debt Securities" in the accompanying Prospectus.

#### General

The Notes will be issued in one or more series of Debt Securities under the Mortgage. The Notes will be limited in aggregate principal amount to \$255,000,000, subject to reduction as a result of the sale of other Debt Securities as described in the accompanying Prospectus.

The Notes will be issued in fully registered form only, without coupons. Each series of Notes will be issued initially as a Book-Entry Note. Except as set forth herein under "Book-Entry Notes" or in any Pricing Supplement relating to specific Notes, the Notes will not be issuable as Certificated Notes. The authorized denominations of Global Notes will be \$1,000 and any integral multiple thereof up to \$150,000,000.

Each Note will mature from 9 months to 42 years from its date of issue, as selected by the purchaser and agreed to by the

Company. Each Note may also be subject to redemption at the option of the Company prior to its Stated Maturity (as defined below).

The Pricing Supplement relating to a Note will describe the following terms: (i) the price (expressed as a percentage of the aggregate principal amount thereof) at which such Note will be issued (the "Issue Price"); (ii) the date on which such Note will be issued (the "Original Issue Date"); (iii) the date on which such Note will mature (the "Stated Maturity"); (iv) the rate per annum at which such Note will bear interest, and the Interest Payment Dates (as defined below); (v) any applicable discounts or commissions; (vi) whether such Note may be redeemed at the option of the Company prior to Stated Maturity and, if so, the provisions relating to such redemption; and (vii) any other terms of such Note not inconsistent with the provisions of the Mortgage.

"Business Day" with respect to any Note means any day, other than a Saturday or Sunday, which is not a day on which banking institutions or trust companies in The City of New York, New York or the city in which is located any office or agency maintained for the payment of principal of or premium, if any, or interest on such Note are authorized or required by law, regulation or executive order to remain closed.

#### Payment of Principal and Interest

Payments of interest on the Notes (other than interest payable at redemption, if any, or Stated Maturity) will be made, except as provided below, in immediately available funds to the Owners of such Notes (which, in the case of Global Notes representing Book-Entry Notes, will be a nominee of the Depository, as defined below) as of the Regular Record Date (as defined below) for each Interest Payment Date; provided, however, that if the Original Issue Date of a Note issued as a Global Note is after a Regular Record Date and before the corresponding Interest Payment Date, interest for the period from and including the Original Issue Date for such Note to but excluding such Interest Payment Date will be paid on the next succeeding Interest Payment Date to the Owner of such Note on the related Regular Record Date.

Unless otherwise specified in the applicable Pricing Supplement, the principal of the Notes and any premium and interest thereon payable at redemption, if any, or Stated Maturity will be paid in immediately available funds upon surrender thereof at the office of Citibank, N.A., at 111 Wall Street in New York, New York. Should any Note be issued other than as a Global Note, interest (other than interest payable at redemption or Stated Maturity) may, at the option of the Company, be paid to the person entitled thereto by check mailed to any such person. See "Book-Entry Notes" herein.

If, with respect to any Note, any Interest Payment Date, redemption date or Stated Maturity is not a Business Day, payment of amounts due on such Note on such date may be made on the next succeeding Business Day, and, if such payment is made or duly provided for on such Business Day, no interest shall accrue on such amounts for the period from and after such Interest Payment Date, redemption date or Stated Maturity, as the case may be, to such Business Day.

The "Regular Record Date" with respect to a Note (unless otherwise specified in the applicable Pricing Supplement) will be the April 15 or October 15, as the case may be, next preceding an Interest Payment Date for Notes or if such April 15 or October 15 is not a Business Day, the next preceding Business Day.

Each Note issued as a Global Note will bear interest from its Original Issue Date at the fixed interest rate per annum stated on the face thereof until the principal amount thereof is paid or made available for payment. Unless otherwise set forth in the applicable Pricing Supplement, interest on each Note will be payable semiannually in arrears on each May 1 and November 1 (each such date, an "Interest Payment Date") and at redemption, if any, or Stated Maturity. Each payment of interest in respect of an Interest Payment Date shall include interest accrued through the day before such Interest Payment Date. Interest on Notes will be computed on the basis of a 360-day year of twelve 30-day months.

#### Redemption

The Pricing Supplement relating to each Note will indicate either that such Note cannot be redeemed prior to Stated Maturity or that such Note will be redeemable at the option of the Company in whole or in part, under the terms and conditions and at the prices specified therein, together with accrued interest to the date of redemption. Any such redemption may be made upon not less than 30 days' notice.

#### Book-Entry Notes

Except under the circumstances described below, the Notes will be issued in whole or in part in the form of one or more Global Notes that will be deposited with, or on behalf of, The Depository Trust Company, New York, New York ("DTC"), or such other depository as may be subsequently designated (the "Depository"), and registered in the name of a nominee of the Depository.

Book-Entry Notes represented by a Global Note will not be exchangeable for Certificated Notes and, except under the circumstances described below, will not otherwise be issuable as Certificated Notes.

So long as the Depository, or its nominee, is the registered owner of a Global Note, such Depository or such nominee, as the case may be, will be considered the sole owner of the individual Book-Entry Notes represented by such Global Note for all purposes under the Mortgage. Payments of principal of and premium, if any, and any interest on individual Book-Entry Notes represented by a Global Note will be made to the Depository or its nominee, as the case may be, as the Owner of such Global Note. Except as set forth below, owners of beneficial interests in a Global Note will not be entitled to have any of the individual Book-Entry Notes represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of any such Book-Entry Notes and will not be considered the Owners thereof under the Mortgage, including, without limitation, for purposes of consenting to any amendment thereof or supplement thereto.

If the Depository is at any time unwilling or unable to continue as depository and a successor depository is not appointed, the Company will issue individual Certificated Notes in exchange for the Global Note or Notes representing the corresponding Book-Entry Notes. In addition, the Company may at any time and in its sole discretion determine not to have any Notes represented by one or more Global Notes and, in such event, will issue individual Certificated Notes in exchange for the Global Notes representing the corresponding Book-Entry Notes. In any such instance, an owner of a Book-Entry Note represented by a Global Note will be entitled to physical delivery of individual Certificated Notes equal in principal amount to such Book-Entry Note and to have such Certificated Notes registered in its name. Individual Certificated Notes so issued will be issued as registered Notes in denominations, unless otherwise specified by the Company, of \$1,000 and integral multiples thereof.

DTC has confirmed to the Company and the Agents the following information:

1. DTC will act as securities depository for the Global Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Global Note will be issued for each series of the Notes, each in the aggregate principal amount of such series, and will be deposited with DTC. If, however, the aggregate principal amount of any series of Notes exceeds \$150,000,000, one certificate will be issued with respect to each \$150,000,000 of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such series.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic

computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to Cede & Co. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. will consent or vote with respect to the Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the date on which interest is payable in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Agents or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the



responsibility of the Company or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Company and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Certificated Notes are required to be printed and delivered.

10. The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificated Notes will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

The Agents are Direct Participants of DTC.

None of the Company, the Trustee or any agent for payment on or registration of transfer or exchange of any Global Note will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in such Global Note or for maintaining, supervising or reviewing any records relating to such beneficial interests.

#### CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following summary describes certain United States federal income tax consequences of the ownership of Notes as of the date hereof. Except where noted, it deals only with Notes held by initial purchasers who have purchased Notes at the initial offering price thereof and who hold such Notes as capital assets and does not deal with special situations, such as those of dealers in securities, financial institutions, life insurance companies, United States Holders (as defined below) whose "functional currency" is not the U.S. dollar, or Non-United States Holders (as defined below) owning (actually or constructively) ten percent or more of the combined voting power of all classes of voting stock of the Company. Persons considering the purchase, ownership or disposition of Notes should consult their own tax advisors concerning the federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction. Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in federal income tax consequences different from those discussed below.

#### United States Holders

As used herein, a "United States Holder" of a Note means a holder that is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source. A "Non-United States Holder" is a holder that is not a United States Holder.

**Payments of Interest.** Except as set forth below, interest on a Note will generally be taxable to a United States Holder as ordinary income from domestic sources at the time it is paid or accrued in accordance with the United States Holder's method of accounting for tax purposes.

Notes with a maturity of one year or less will be subject to special tax rules that apply to the timing of inclusion in income of interest on such obligations ("Short-Term Notes"). An obligation which is issued for an amount less than its "stated redemption price at maturity" will generally be considered to be issued at a discount for federal income tax purposes. Under proposed Treasury Regulations (the "Proposed Regulations") involving original issue discount ("OID"), all payments (including all stated interest) with respect to a Short-Term Note will be included in the stated redemption price at maturity and,

thus, holders will be taxable on discount in lieu of stated interest. This discount will be equal to the excess of the stated redemption price at maturity over the initial offering price to the public at which a substantial amount of the Notes is sold (for purposes of this section of the Prospectus Supplement, the "issue price"), unless a holder elects to compute this discount as acquisition discount using tax basis instead of issue price. In general, individual and certain other cash method holders of a Short-Term Note are not required to include accrued discount in income before receiving cash unless an election is made to do so. Holders who report income for federal income tax purposes on the accrual method and certain other holders, including banks and dealers in securities, are required to include discount on such Short-Term Notes in income on a straight-line method (as ordinary income) unless an election is made based on daily compounding. The amount of discount which accrues in respect of a Short-Term Note while held by a holder will be added to such holder's tax basis for such Note to the extent included in income.

The Proposed Regulations were issued on December 21, 1992 and withdrew previously proposed regulations. The Proposed Regulations state that their provisions are to be applicable to Notes issued at any time 60 days after the regulations are published in final form. They are not final and are subject to change. It is impossible to predict whether or in what form the Proposed Regulations will become final and what the scope or effective date of any such final regulations might be. Holders should therefore consult their tax advisers as to the potential application of the above-discussed provisions of the Proposed Regulations.

**Sale, Exchange and Retirement of Notes.** Upon the sale, exchange or retirement of a Note, a United States Holder will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange or retirement and the adjusted tax basis of the Note. Under the Proposed Regulations, a United States Holder's tax basis in a Note will, in general, be the United States Holder's cost therefor, increased by any discount included in income by the United States Holder and reduced by any cash payments on the Note other than "qualified stated interest" payments. (In general, "qualified stated interest" includes interest at a single fixed rate unconditionally payable at least annually, other than interest on Short-Term Notes.) Except as described below with respect to certain Short-Term Notes, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held for more than one year. Under current law, net capital gains of individuals are, under certain circumstances, taxed at lower rates than items of ordinary income. The deductibility of capital losses is subject to limitations.

In the case of a cash basis holder who does not include discount income currently, any gain realized on the sale, exchange or retirement of the Short-Term Note will be ordinary interest income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, such non-electing holders which are not subject to the current inclusion requirement described above will be required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry such Short-Term Notes in an amount not exceeding the deferred interest income, until such deferred interest income is realized.

#### Non-United States Holders

Non-United States Holders will not be subject to United States federal income taxes, including withholding taxes, on the interest income (including any OID) on, or gain from the sale or disposition of, any Note provided that (1) the interest income or gain is not effectively connected with the conduct by the Non-United States Holder of a trade or business within the United States, (2) the Non-United States Holder is not a controlled foreign corporation related to the Company through stock ownership, (3) with respect to any gain, the Non-United States Holder, if an individual, is not present in the United States for 183 days or more during the taxable year and (4) the Non-United States Holder provides the correct certification of his status (which may generally be satisfied by providing an Internal Revenue Service Form W-8 certifying that the beneficial owner is not a United States Holder and providing the name and address of

the beneficial owner).

An individual holder of a Note who is not a citizen or resident of the United States at the time of the holder's death will not be subject to United States federal estate tax as a result of the holder's death, as long as any interest received on the Note, if received by the holder at the time of the holder's death, would not be effectively connected with the conduct of a trade or business by such individual in the United States.

#### Backup Withholding

In general, if a holder other than a corporate holder fails to furnish a correct taxpayer identification number or certification of foreign or other exempt status, fails to report dividend and interest income in full, or fails to certify that such holder has provided a correct taxpayer identification number and that the holder is not subject to backup withholding, a 31 percent federal backup withholding tax may be withheld from amounts paid to such holder. An individual's taxpayer identification number is such individual's social security number. The backup withholding tax is not an additional tax and may be credited against a holder's regular federal income tax liability or refunded by the Internal Revenue Service where applicable.

#### PLAN OF DISTRIBUTION

The Notes are being offered on a continuous basis by the Company through the Agents, which have agreed to use their reasonable best efforts to solicit offers to purchase Notes. Initial purchasers may propose certain terms of the Notes, but the Company will have the right to accept offers to purchase Notes and may reject proposed purchases in whole or in part. The Agents will have the right, in their discretion reasonably exercised and without notice to the Company, to reject any proposed purchase of Notes in whole or in part. The Company will pay each Agent a commission of from .125% to .750% of the principal amount of Notes sold through it, depending upon Stated Maturity. The Company also may sell Notes to any Agent, acting as principal, at a discount to be agreed upon at the time of sale, for resale to one or more investors or to another broker-dealer (acting as principal for purposes of resale) at varying prices related to prevailing market prices at the time of such resale, as determined by such Agent. An Agent may resell a Note purchased by it as principal to another broker-dealer at a discount, provided such discount does not exceed the commission or discount received by such Agent from the Company in connection with the original sale of such Note. The Company may also sell Notes directly to investors on its own behalf at a price to be agreed upon at the time of sale or through negotiated underwritten transactions with one or more underwriters. In the case of sales made directly by the Company, no commission or discount will be paid or allowed.

No Note will have an established trading market when issued. The Notes will not be listed on any securities exchange. The Agents may make a market in the Notes, but the Agents are not obligated to do so and may discontinue any market-making at any time without notice. There can be no assurance of a secondary market for any Notes, or that the Notes will be sold.

The Agents, whether acting as agent or principal, may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). The Company has agreed to indemnify the Agents against certain liabilities, including certain liabilities under the Securities Act.

Salomon Brothers Inc, CS First Boston Corporation and Citicorp Securities, Inc. and certain affiliates thereof engage in transactions with and perform services for the Company and its affiliates in the ordinary course of business. The Company and its affiliates also utilize many of the banking services offered by Citibank, N.A. (the Trustee), an affiliate of Citicorp Securities, Inc., in the normal course of their businesses.

#### PROSPECTUS

Columbus Southern Power Company  
\$255,000,000  
Debt Securities

Columbus Southern Power Company (the "Company") intends to offer from time to time up to \$255,000,000 aggregate principal amount of its Debt Securities, consisting of First Mortgage Bonds (the "new Bonds") in one or more series and/or First Mortgage Bonds, Designated Secured Medium Term Notes (the "Notes"), in one or more series, at prices and on terms to be determined at the time or times of sale (the new Bonds and the Notes are hereinafter collectively referred to as the "Debt Securities"). The aggregate principal amount, rate and time of payment of interest, maturity, initial public offering price, if any, redemption provisions, if any, credit enhancement, if any, improvement fund, if any, dividend restrictions in addition to those described herein, if any, and other specific terms of each series of Debt Securities in respect of which this Prospectus is being delivered will be set forth in an accompanying prospectus or pricing supplement ("Prospectus Supplement").

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Company may sell the Debt Securities through underwriters, dealers or agents, or directly to one or more institutional purchasers. A Prospectus Supplement will set forth the names of underwriters or agents, if any, any applicable commissions or discounts and the net proceeds to the Company from any such sale.

The date of this Prospectus is December 17, 1993

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Prospectus in connection with the offer made by this Prospectus or any Prospectus Supplement relating hereto, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any underwriter, agent or dealer. Neither this Prospectus nor this Prospectus as supplemented by any Prospectus Supplement constitutes an offer to sell, or a solicitation of an offer to buy, by any underwriter, agent or dealer in any jurisdiction in which it is unlawful for such underwriter, agent or dealer to make such an offer or solicitation. Neither the delivery of this Prospectus or this Prospectus as supplemented by any Prospectus Supplement nor any sale made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or thereof.

#### AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "1934 Act") and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "SEC"). Such reports and other information may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549; Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; and 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates.

#### DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Company with the SEC are incorporated in this Prospectus by reference:

- The Company's Annual Report on Form 10-K for the year ended December 31, 1992; and
- The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993, June 30, 1993 and

All documents subsequently filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the 1934 Act after the date of this Prospectus and prior to the termination of the offering made by this Prospectus shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which is deemed to be incorporated by reference herein or in a Prospectus Supplement modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person to whom a copy of this Prospectus has been delivered, upon the written or oral request of any such person, a copy of any or all of the documents described above which have been incorporated by reference in this Prospectus, other than exhibits to such documents. Requests for copies of such documents should be addressed to Mr. G. C. Dean, American Electric Power Service Corporation, 1 Riverside Plaza, Columbus, Ohio 43215 (telephone number: 614-223-1000). The information relating to the Company contained in this Prospectus or any Prospectus Supplement relating hereto does not purport to be comprehensive and should be read together with the information contained in the documents incorporated by reference.

#### THE COMPANY

The Company is an electric utility operating in substantial areas of central and southern Ohio. Its principal executive offices are located at 215 North Front Street, Columbus, Ohio 43215 (telephone number: 614-464-7700). The Company is a subsidiary of American Electric Power Company, Inc. ("AEP") and is a part of the AEP integrated utility system (the "AEP System"). Executive offices of AEP are located at 1 Riverside Plaza, Columbus, Ohio 43215 (telephone number: 614-223-1000).

The Company is engaged in the generation, purchase, transmission and distribution of electric power to approximately 569,000 residential, commercial, industrial and other customers in Ohio. The Company's service area is comprised of two areas in Ohio, which include portions of twenty-five counties. One area includes the City of Columbus and the other is a predominantly rural area in south central Ohio. Approximately 80% of the Company's electric operating revenues, other than sales for resale, are derived from the Columbus area. Wholesale electric service is furnished to three small municipalities which own and operate their own distribution systems.

#### RECENT DEVELOPMENTS

Reference is made to pages 16 and 17 of the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (the "1992 Form 10-K"), pages D-5 and D-8 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993, pages D-5 and D-9 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (the "Second Quarter Form 10-Q") and pages D-6 and D-8 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 (the "Third Quarter Form 10-Q").

The Wm. H. Zimmer Generating Station ("Zimmer Plant") was placed in commercial operation as a 1,300-megawatt coal-fired plant on March 30, 1991. The Company owns 25.4% of the Zimmer Plant with the remainder owned by two unaffiliated companies, The Cincinnati Gas & Electric Company (46.5%) and The Dayton Power and Light Company (28.1%).

On April 2, 1991, the Company filed with The Public Utilities Commission of Ohio ("PUCO") a request to increase rates in the annual amount of \$202,500,000. On May 12, 1992, the PUCO issued its order which provided for a phased-in increase of \$123,000,000 to be implemented in three steps over a two year period and excluded from rate base \$165,000,000 of Zimmer Plant costs composed of an allowance for funds used during construction accrued from February 1984 through February 1986, nuclear wind-down costs and loss on the sale of nuclear fuel.

On November 3, 1993, the Ohio Supreme Court by a 4 to 3 vote affirmed the disallowance but found that the PUCO did not have statutory authority to order phased-in rates. The Court instructed the PUCO to fix rates to provide the Company with gross annual revenues in accordance with the law and to provide a mechanism by which the Company is able to recover the revenues deferred under the phase-in order which through September 30, 1993 totaled \$85,000,000. The Court-ordered recovery of previously deferred revenues and the increase in rates to the full rate level will not affect results of operations.

As a result of the ruling, the Company reflected the disallowance and its adverse impact on the results of operations in the third quarter of 1993 reducing net income by \$144,534,000 after tax. See "Selected Consolidated Financial Data".

CLEAN AIR ACT AMENDMENTS AND GLOBAL CLIMATE CHANGE

Reference is made to pages 28 through 32 of the 1992 Form 10-K, page II-3 of the Second Quarter Form 10-Q, Note 3 of the Notes to Consolidated Financial Statements in the Company's 1992 Annual Report and page II-2 of the Third Quarter Form 10-Q for a discussion of the Clean Air Act Amendments of 1990. As a result of Phase I of the Clean Air Act Amendments of 1990, the Company intends to convert some generating units to natural gas and to make certain other capital expenditures. Such expenditures are expected to total approximately \$50,000,000 and be completed by the end of 1995.

Reference is made to page 32 of the 1992 Form 10-K and pages II-2 and II-3 of the Third Quarter Form 10-Q for a discussion of global climate change. In an Earth Day Address on April 21, 1993, President Clinton committed the United States to reduce greenhouse gas emissions, including carbon dioxide, to their 1990 levels by the year 2000. To achieve this target, the President unveiled a climate change action plan on October 19 that relies extensively on voluntary, cost-effective measures to be taken by all sectors of the economy. Corporate initiatives will be fostered through the development of partnerships between businesses and governmental agencies. The Company has agreed to identify cost-effective programs that could be implemented to limit greenhouse gas emissions in the future. Such actions will not be undertaken if they threaten the Company's economic competitiveness or if they are unacceptable to its regulators. However, if legislation to mandate carbon dioxide reduction is enacted in the future, the results of operations and financial condition of the Company would be adversely affected if the costs incurred are not fully recovered from ratepayers.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with the information and financial statements (including notes) appearing in documents incorporated herein by reference.

<TABLE>

<CAPTION>	1988	Year Ended December 31,				1992	Twelve Months Ended
	<C>	1989	1990	1991	<C>	1993	
		<C>	<C>	<C>	<C>	<C>	Ended September 30,
		(Dollars in Thousands)					
INCOME STATEMENTS DATA:							
Operating Revenues . . . . .	\$797,902	\$864,786	\$845,864	\$858,290	\$843,996	\$928,779	
Operating Expenses . . . . .	656,155	738,552	742,119	757,416	721,681	781,637	
Operating Income . . . . .	141,747	126,234	103,745	100,874	122,315	147,142	
Nonoperating Income . . . . .	49,882	51,860	60,497	54,999	47,170	35,647	
Loss from Zimmer Plant							
Disallowance (net of tax) . . . . .	-	-	-	-	-	144,534	
Income Before Interest Charges . . . . .	191,629	178,094	164,242	155,873	169,485	38,255	
Interest Charges (net) . . . . .	73,407	64,718	68,242	88,894	93,241	89,757	
Net Income (Loss) . . . . .	118,222	113,376	96,000	66,979	76,244	(51,502)	
Preferred and Preference Stock							
Dividend Requirements . . . . .	13,662	11,951	4,950	7,125	10,220	11,062	
Earnings (Loss) Applicable to							
Common Stock . . . . .	\$104,560	\$101,425	\$ 91,050	\$ 59,854	\$ 66,024	\$ (62,564)	
Ratio of Earnings to Fixed Charges . . . . .	2.39	2.43	1.98	1.65	2.05	0.83 (a)	
Gross Additions to Utility Plant . . . . .	\$156,438	\$221,114	\$196,147	\$111,856	\$ 80,279	\$ 92,339	
		December 31,					September 30,

	1988	1989	1990	1991	1992	1993
(Dollars in Millions)						
<b>BALANCE SHEETS DATA:</b>						
Electric Utility Plant . . . . .	\$2,191	\$2,398	\$2,575	\$2,667	\$2,725	\$2,623
Accumulated Depreciation . . . . .	570	605	639	693	755	796
Net Electric Utility Plant . . . . .	1,621	1,793	1,936	1,974	1,970	1,827
Total Assets . . . . .	2,055	2,109	2,223	2,297	2,371	2,600
Common Stock and Paid-in Capital . .	471	511	547	587	607	607
Retained Earnings . . . . .	102	135	148	131	128	20
Total Common Shareowner's Equity . .	573	646	695	718	735	627
Cumulative Preferred Stock:						
Not Subject to Mandatory						
Redemption . . . . .	8	8	-	-	-	-
Subject to Mandatory Redemption(b)	58	52	75	75	125	125
Cumulative Preference Stock(b) . . .	32	26	-	-	-	-
Long-term Debt (b) . . . . .	998	913	1,000	992	978	1,033

(a) Ratio includes the effect of the Loss from Zimmer Plant Disallowance. As a result, earnings for the twelve months ended September 30, 1993 were inadequate to cover fixed charges by \$15,838,000. If the effect of the Loss from Zimmer Plant Disallowance were excluded, the ratio would be 2.51 for the twelve months ended September 30, 1993.

(b) Including portion due within one year.

</TABLE>

#### USE OF PROCEEDS

The Company proposes to use the proceeds from the sale of the Debt Securities to refund long-term debt, and to the extent internally generated funds are insufficient, to fund its construction program, or to repay short-term unsecured indebtedness incurred to refund long-term debt or to fund its construction program. The Company's First Mortgage Bonds, 8-5/8% Series due 1996 (\$100,000,000 principal amount outstanding), may be redeemed at a regular redemption price of 100% of the principal amount thereof; the Company's First Mortgage Bonds, 9% Series due 2017 (\$100,000,000 principal amount outstanding), may be redeemed at a regular redemption price of 106.30% of the principal amount thereof; and the Company's First Mortgage Bonds, 9% Series due 1999 (\$20,000,000 principal amount outstanding), may be redeemed at a regular redemption price of 101.74% of the principal amount thereof. The Company may redeem said series of Bonds if they can be refunded at a lower effective interest cost. The Company has estimated that its construction costs (inclusive of allowance for funds used during construction) during 1993 will be approximately \$90,000,000. At November 30, 1993, the Company had approximately \$13,050,000 of short-term unsecured indebtedness outstanding.

#### DESCRIPTION OF THE DEBT SECURITIES

The Debt Securities will be issued under the Indenture of Mortgage and Deed of Trust, dated September 1, 1940 of the Company, under which Citibank, N.A., New York, New York (the "Trustee") is acting as Trustee, as heretofore supplemented and amended and as to be further supplemented (the "Mortgage"). All First Mortgage Bonds (including the Debt Securities) issued and to be issued under the Mortgage are herein sometimes referred to as "Bonds". Copies of the Mortgage, including the form of Supplemental Indenture pursuant to which each series of the Debt Securities will be issued (a "new Supplemental Indenture"), are filed as exhibits to the Registration Statement.

The following statements include brief summaries of certain provisions of instruments under which securities of the Company, including Bonds, have been issued. Certain of these instruments apply to the issuance of Debt Securities. Such instruments, including amendments and supplements thereto, have been filed by the Company as exhibits to the Registration Statement. Such summaries do not purport to be complete and reference is made to such instruments for complete statements of such provisions.

Such statements are qualified in their entirety by such reference and do not relate or give effect to the provisions of statutory or common law.

#### Form and Exchange

Unless otherwise set forth in a Prospectus Supplement, the Debt Securities in definitive form will be issued only as registered Bonds without coupons in denominations of \$1,000 and in multiples thereof authorized by the Company. Debt Securities will be exchangeable for a like aggregate principal amount of the same series of Debt Securities of other authorized denominations, and will be transferable, at the office or agency of the Company in New York City, and at such other office or agency of the Company as the Company may from time to time designate, in either

case without payment, until further action by the Company, of any charge other than for any tax or taxes or other governmental charge required to be paid by the Company. Citibank, N.A. is to be designated by the Company as agent for payment, registration, transfer and exchange of the Debt Securities in New York City.

Maturity, Interest, Payment, Redemption, Credit Enhancement, Improvement Fund and Dividend Restrictions

Information concerning the maturity, interest, payment, redemption provisions, if any, credit enhancement, if any, improvement fund, if any, and any dividend restrictions in addition to those described herein with respect to any series of the Debt Securities will be contained in a Prospectus Supplement.

#### Security

The Debt Securities will be secured, pari passu, with Bonds of all other series now or hereafter issued, by the lien of the Mortgage which constitutes, in the opinion of counsel for the Company, a first lien on substantially all of the fixed physical property and franchises of the Company; subject to (i) the conditions and limitations in the instruments through which the Company claims title to its properties and (ii) "permissible encumbrances", as defined in Article I of the Mortgage.

The Mortgage contains an after-acquired property clause, but property hereafter acquired may be subject to liens, ranking prior to the Mortgage, existing thereon at the time of the acquisition of such property. The provisions of the Mortgage, in substance, permit releases of property from the lien and the withdrawal of cash proceeds of property released from the lien, not only against new property then becoming subject to the lien, but also against property already subject to the lien of the Mortgage unless such property was owned at June 30, 1940 or has been made the basis of the issue of Bonds or a credit under any sinking fund, improvement fund or maintenance, renewal or similar fund created by indentures supplemental to the Mortgage.

#### Issuance of Additional Bonds

Additional Bonds of other series may be issued in principal amount equal to:

- (1) 60% of unbonded net property additions, less the principal amount of prior lien bonds secured thereby if not theretofore deducted;
- (2) specified amounts of unbonded Bonds retired or then to be retired;
- (3) specified amounts of unbonded prior lien bonds (no prior lien bonds being outstanding at the date of this Prospectus) retired or then to be retired; and
- (4) the amount of cash deposited with the Trustee for such purpose;

but in each case involving the issuance of additional Bonds only if (A) so long as any of the Bonds of any of the series created prior to October 1, 1980 remain outstanding, net earnings available for interest and depreciation, as defined, for any specified twelve consecutive calendar months during the period of fifteen calendar months immediately preceding the first day of the calendar month in which the additional Bonds are to be issued, after deduction of interest on all indebtedness at the time outstanding other than (i) outstanding Bonds, and (ii) outstanding indebtedness secured by prior lien, are at least 2-1/2 times the annual interest requirements on all Bonds outstanding under the Mortgage (including the additional Bonds to be issued) and on all outstanding indebtedness secured by prior lien, and (B) net earnings available for interest, as defined, for any specified twelve consecutive calendar months during the period of fifteen calendar months immediately preceding the first day of the calendar month in which the additional Bonds are to be issued, are at least 2 times the annual interest requirements on all Bonds outstanding under the Mortgage (including the additional Bonds to be issued) and on all outstanding indebtedness secured by prior lien. (Mortgage, Article III, Sections 3, 4, 5 and 6; Third Supplemental Indenture, Article VI, Sections 1, 2 and 3; Twenty-Eighth Supplemental Indenture, Article IV, Sections 2 and 3; Thirty-Sixth, Thirty-Seventh and Thirty-Eighth Supplemental Indentures, Article IV; Forty-First, Forty-Second, Forty-Third, Forty-Fourth, Forty-Fifth, Forty-Sixth



and new Supplemental Indentures, Article III; Forty-Seventh, Forty-Eighth and Forty-Ninth Supplemental Indentures, Article V.)

The requirements, referred to above, that (1) net earnings available for interest and depreciation be at least 2-1/2 times, and (2) net earnings available for interest be at least 2 times, annual interest requirements on all outstanding Bonds and indebtedness having an equal or prior lien, including a proposed additional issue of Bonds, are not applicable under certain circumstances where additional Bonds are issued in a principal amount equal to the principal amount of Bonds or prior lien bonds retired or to be retired. In calculating earnings coverages under the provisions of its Mortgage, the Company includes, as a component of earnings, to the extent a reserve has not been established, revenues being collected subject to refund and, to the extent not limited by the terms of the Mortgage, an allowance for funds used during construction, including amounts positioned and classified as an allowance for borrowed funds used during construction.

It is estimated that as of September 30, 1993, the Company had available for use in connection with the authentication of Bonds approximately \$795,000,000 of unbonded net property additions. The coverage of the Company under the most restrictive of the requirements referred to above (the one requiring net earnings to be at least 2 times specified annual interest requirements), calculated as of September 30, 1993 based on the amounts then recorded in the accounts of the Company, was 2.79. The Company expects that the Debt Securities will be authenticated upon the basis of Bonds retired and/or to be retired.

#### Other Restrictions Upon Creation and/or Issuance of Senior Securities

There is, in addition to the foregoing restrictions, an additional limitation upon the creation and/or issuance by the Company of long-term debt securities. Under a certain note agreement, the Company may not create, incur, assume or suffer to exist any debt (as defined) if the total of all its debt exceeds 65% of total capitalization (as defined).

The restrictions and limitations described or referred to above, which are designed to protect the relative positions of the holders of outstanding senior securities of the Company, can operate in such manner as to limit substantially the additional amounts of senior securities which can be issued by the Company. The Company believes that its ability to issue short and long-term debt securities in the amounts required to finance its construction program will depend upon the timely approval of future rate increase applications. If the Company is unable to continue the issue and sale of securities on an orderly basis, the Company will be required to consider the obtaining of additional amounts of common equity, the use of possibly more costly alternative financing arrangements, if available, or the curtailment of its construction program and other outlays.

Other than the security afforded by the lien of the Mortgage and restrictions on the incurrence of additional debt described above and under "Description of the Debt Securities -- Issuance of Additional Bonds" herein, there are no provisions of the Mortgage which afford holders of Debt Securities protection in the event of a highly leveraged transaction involving the Company. However, such a transaction would require regulatory approval and management of the Company believes such approval would be unlikely in a transaction which would result in the Company having a highly leveraged capital structure.

#### Maintenance and Replacement Provisions

The new Supplemental Indenture will provide for the annual deposit by the Company before May 1 of each year, so long as any of the Debt Securities are outstanding, of an amount in cash or principal amount of Bonds of any series which, when added to amounts previously used to satisfy the maintenance and replacement provisions of the Mortgage, is equal to the amount by which the aggregate of the sums expended by the Company from July 1, 1940 through the end of the preceding calendar year for repairs and maintenance of, and any substitutions for retirements of, the mortgaged property fails to equal an amount equal to 3% of the average amount of the gross property account of the Company for the last six months of 1940 and for each full calendar year thereafter. The Company may, in lieu of depositing such cash or Bonds, elect (1) to certify net property additions

not theretofore bonded (calculated on the basis of 100% of the lesser of the cost or fair value of such property additions), less 150% of the principal amount of any prior lien bonds secured by such property additions if not theretofore deducted under other provisions of the Mortgage, or (2) to make the basis of a credit specified amounts of prior lien bonds retired or then to be retired.

#### Release and Substitution of Property

The Mortgage permits property to be released from the lien of the Mortgage upon compliance with the provisions thereof. Such provisions require that, in certain specified cases, cash be deposited with the Trustee in an amount equal to the excess of the greater of the fair value of the property to be released or the consideration received from the disposition thereof over the aggregate of certain computations required by the Mortgage. The Mortgage also contains certain requirements relating to the withdrawal of cash deposited to obtain a release of property. (Mortgage, Articles VII and VIII.)

#### Limitations on Use of Certain Property

The Mortgage does not permit any application for authentication of additional Bonds, withdrawal or reduction of any cash or release of any property, if as a result thereof two-thirds of the amount of property additions then constituting "restricted property" would exceed 10% of the aggregate principal amount of all Bonds and prior lien bonds to be outstanding. "Restricted property" includes bonded property additions subject to a prior lien or consisting of property other than that used or useful for or to be used in the business of generating, manufacturing, transmitting, distributing or supplying electricity. (Mortgage, Article V, Section 10.)

#### Modification of the Mortgage

Article XIV, Sections 6 and 7, of the Mortgage provides that any modification of the Mortgage or any indenture supplemental thereto and of the rights of the Bondholders may be made with the approval of the Company and the consent of the holders of at least 66-2/3% in principal amount of the Bonds (and of at least 66-2/3% in principal amount of Bonds of each series affected, if less than all of the series of Bonds are affected); provided that no such modification shall affect the terms of payment of principal or interest or premium on any Bonds, or permit the creation by the Company of any lien ranking prior to or on a parity with the lien of the Mortgage with respect to any property covered thereby except as referred to hereinabove under the heading "Security" or reduce the above 66-2/3% requirement, or affect the rights or obligations of the Trustee without its assent.

#### Restriction on Common Stock Dividends

Various restrictions on the use of retained earnings for cash dividends on common stock and other purposes are contained in or result from covenants in the Mortgage relating to outstanding series of Bonds. At September 30, 1993, the Company's retained earnings amounted to \$20,347,000, none of which was so restricted under these provisions.

#### Concerning the Trustee

The AEP System companies, including the Company, utilize many of the banking services offered by Citibank, N.A. in the normal course of their businesses. Among such services are the making of short-term loans and in certain cases term loans, generally at rates related to the prime commercial interest rate, and acting as a depositary.

The Trustee or the holders of 25% in principal amount of the Bonds may declare the principal due upon occurrence of an event of default, but the holders of a majority in principal amount of the Bonds may annul such declaration if the default has been cured. (Mortgage, Article IX, Sections 2 and 20.) The holders of a majority in principal amount of the Bonds may direct the time, method and place of conducting any proceeding for the enforcement of the Mortgage. (Mortgage, Article IX, Section 18.) No bondholder has the right to institute any proceedings for the enforcement of the Mortgage unless such holder shall have given the Trustee written notice of an event of default, the holders of 25% in principal amount of the Bonds shall have requested the Trustee to take action and given the Trustee reasonable

opportunity to take such action and such holder or holders shall have offered to the Trustee indemnity against costs, expenses and liabilities. (Mortgage, Article IX, Section 19.)

#### Events of Default

Article IX, Section 2 of the Mortgage provides that the following are defaults:

- (a) Failure to pay any installment of interest on any Bond or to pay or satisfy any sinking fund obligation and continuance of either such failure for a period of thirty days;
- (b) Failure to pay the principal of any Bond when due and payable;
- (c) Failure to pay any installment of interest on any prior lien bonds, and continuance of such failure beyond the period of grace, if any, or failure to pay the principal of any prior lien bond when due and payable;
- (d) Failure on the part of the Company to perform or observe any other covenant, agreement or condition contained in the Mortgage or any indenture supplemental thereto or in the Bonds or any prior lien, or prior lien bonds, provided that in order to constitute a default under the Mortgage, such failure must continue for sixty days after written notice to the Company by the Trustee or by the holders of not less than 25% in principal amount of the Bonds; and
- (e) Insolvency or bankruptcy, receivership or similar proceedings initiated by the Company, or initiated against the Company and not dismissed within forty-five days.

The Trustee may withhold notice to Bondholders of defaults (except in the payment of principal, interest or sinking fund obligations) if its responsible officers determine that withholding of notice is in the interest of the Bondholders. (Mortgage, Article XII, Section 3.) Upon the occurrence of a default either the Trustee or the holders of not less than 25% in principal amount of the Bonds may declare all of the outstanding Bonds to be immediately due and payable. (Mortgage, Article IX, Section 2.) The Company is required to furnish annually to the Trustee a certificate as to compliance with all conditions and covenants under the Mortgage.

#### LEGAL OPINIONS

Opinions with respect to the legality of the Debt Securities will be rendered by Simpson Thacher & Bartlett (a partnership which includes professional corporations), 425 Lexington Avenue, New York, New York, and 1 Riverside Plaza, Columbus, Ohio, counsel for the Company, and by Winthrop, Stimson, Putnam & Roberts, One Battery Park Plaza, New York, New York, counsel for any agents, underwriters or dealers. Simpson Thacher & Bartlett and Winthrop, Stimson, Putnam & Roberts will rely as to matters of Ohio law upon the opinion of Jeffrey D. Cross, counsel for the Company. Jeffrey D. Cross is a Senior Attorney in the Legal Department of American Electric Power Service Corporation, a wholly-owned subsidiary of AEP.

#### EXPERTS

The financial statements and the related financial statement schedules incorporated in this Prospectus by reference from the Company's Annual Report on Form 10-K have been audited by Deloitte & Touche, independent auditors, as stated in their reports, which are incorporated herein by reference, which express an unqualified opinion and contain an explanatory paragraph related to the Company's appeal of the disallowance, by The Public Utilities Commission of Ohio, of certain costs related to its investment in the Zimmer Plant to the Ohio Supreme Court, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The legal conclusions in "Security" under the caption "Description of Debt Securities", as to those matters governed by the laws of the State of Ohio, are made on the authority of Jeffrey D. Cross, counsel for the Company.

#### PLAN OF DISTRIBUTION

The Company may sell the Debt Securities in any of three ways: (i) through underwriters or dealers; (ii) directly to a limited number of purchasers or to a single purchaser; or (iii) through agents. The Prospectus Supplement relating to a series of the Debt Securities will set forth the terms of the offering of the Debt Securities, including the name or names of any underwriters, dealers or agents, the purchase price of such Debt Securities and the proceeds to the Company from such sale, any underwriting discounts and other items constituting underwriters' or agents' compensation, any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time after the initial public offering.

If underwriters are used in the sale, the Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of the sale. The underwriters with respect to a particular underwritten offering of Debt Securities will be named in the Prospectus Supplement relating to such offering and, if an underwriting syndicate is used, the managing underwriters will be set forth on the cover page of such Prospectus Supplement. Unless otherwise set forth in the Prospectus Supplement, the obligations of the underwriters to purchase the Debt Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all such Debt Securities if any are purchased.

Debt Securities may be sold directly by the Company or through agents designated by the Company from time to time. The Prospectus Supplement will set forth the name of any agent involved in the offer or sale of the Debt Securities in respect of which the Prospectus Supplement will be delivered as well as any commissions payable by the Company to such agent. Unless otherwise indicated in the Prospectus Supplement, any such agent will be acting on a reasonable best efforts basis for the period of its appointment.

If so indicated in the Prospectus Supplement, the Company will authorize agents, underwriters or dealers to solicit offers by certain specified institutions to purchase Debt Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject to those conditions set forth in the Prospectus Supplement, and the Prospectus Supplement will set forth the commission payable for solicitation of such contracts.

Subject to certain conditions, the Company may agree to indemnify any underwriters, dealers, agents or purchasers and their controlling persons against certain civil liabilities, including certain liabilities under the Securities Act of 1933.