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September 20, 2010

Technical Director
File Reference No. 1840-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Subject: Comment Letter Regarding Disclosure of Certain Loss Contingencies

Dear Director:

American Electric Power Company, Inc. (AEP) appreciates the opportunity to respond to the Financial Accounting Standards Board's (FASB or the Board) Exposure Draft (ED) on Disclosure of Certain Loss Contingencies, dated July 20, 2010. AEP, a Columbus, Ohio based energy company, is one of the largest investor-owned utilities operating in the United States, with revenues of over \$13 billion and more than 19,000 employees. We provide energy to approximately 5 million customers in Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia.

We understand the Board's efforts to enhance disclosure; however, we do not believe the additional disclosures proposed in the ED are necessary. As discussed further in our responses below to specific questions within the ED, we are concerned that the tabular reconciliation and disclosure of accrued amounts could result in the disclosure of prejudicial information. In addition, it is not practicable to implement the proposed statement for this year end. To allow for the development of new processes and controls which will be required to ensure the completeness and accuracy of information in the new disclosures, we recommend the effective date should be no sooner than years ending after December 15, 2011.

1. Are the proposed disclosures operational? If not, please explain why.

As drafted, the disclosure requirements in the ED seem to apply to all contingencies, including those that are covered by other standards, such as regulatory items under ASC

980 and receivable reserves under ASC 310. We believe the scope needs to be clarified in the final ASU to remain consistent with the 2008 exposure draft.

The tabular reconciliation is of limited use and would likely provide prejudicial information. The ED allows for aggregation by class, however, we believe the criteria described in paragraph 450-20-55-1A, such as potential timing or magnitude of loss could be interpreted so narrowly that an excessive amount of classes would be required, increasing the risk of disclosing prejudicial information. If the final standard maintains a tabular reconciliation, we believe the amounts should be disclosed in total and only on an annual basis.

We believe that any benefits of this standard do not justify the additional cost we will incur to meet the enhanced disclosure requirements

- 3. The June 2008 FASB Exposure Draft, *Disclosure of Certain Loss Contingencies*, had proposed certain disclosures based on management's predictions about a contingency's resolution. The amendments in this proposed Update would eliminate those disclosure requirements such as estimating when a loss contingency would be resolved and the entity's maximum exposure to loss. Do you agree that an explicit exemption from disclosing information that is "prejudicial" to the reporting entity is not necessary because the amendments in this proposed Update would:
 - a. Not require any new disclosures based on management's predictions about a contingency's resolution.
 - b. Generally focus on information that is publicly available.
 - c. Relate to amounts already accrued in financial statements.
 - d. Permit information to be presented on an aggregated basis with other similar loss contingencies?

We believe that an exemption from disclosing prejudicial information is crucial and should be included in the final ASU. The disclosure of the amount accrued required by paragraph 450-20-50-1F.e.2 and the tabular reconciliation would result in the disclosure of prejudicial information. Any company with a limited amount of pending cases with quarterly activity would disclose information that could be easily attributed to specific cases. This disclosure will provide a possible floor to claimants and could prejudice the case.

4. Is the proposed effective date operational? If not, please explain why.

As drafted, it is not practicable to implement the statement for year end. New processes and controls will be required to ensure the completeness and accuracy of information in the new disclosure. Entities do not normally make system changes in the fourth quarter due to Sarbanes-Oxley review of controls. We believe additional disclosure, if any, should be required only annually due to the anticipated processes and controls which we will need to establish and implement. To allow for the development of new processes and

controls which will be required to ensure the completeness and accuracy of information in the new disclosures, we recommend the effective date should be no sooner than years ending after December 15, 2011

5. Do you believe that the proposed disclosures will enhance and improve the information provided to financial statement users about the nature, potential magnitude, and potential timing (if known) of loss contingencies?

We do not believe the anticipated benefits of the proposed statement will materialize nor would they justify the incremental cost of compilation and the potential costs due to the disclosure of prejudicial information. New time-consuming processes and controls subject to Sarbanes-Oxley review would be required to ensure the completeness and accuracy of information in the new disclosure, which will add little real value to users. We do not believe disclosure of remote loss contingencies is beneficial to users and suggest the Board converge with IAS 37 on this issue. Such disclosures for remote contingencies are not a requirement under IAS 37. Additionally, the tabular reconciliation will be of limited use – material amounts accrued are already disclosed as contingencies under current standards if "necessary for the financial statements not to be misleading", with discussion of relevant developments. Changes of facts applicable to material contingencies are already reported.

Sincerely,

Joseph M. Buonaiuto

SVP & Chief Accounting Officer

D. Michael Miller SVP General Counsel & Secretary

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