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August 3, 2012

HAND DELIVERED

Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

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AUG 03 2012

PUBLIC SERVICE
COMMISSION

Mark R. Overstreet
(502) 209-1219
(502) 223-4387 FAX
moverstreet@stites.com

RE: *Kentucky Power Company Environmental Surcharge Two-Year Review – Case No. 2012-00273*

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and ten copies of the testimony of Lila P. Munsey, and the original and six copies of Kentucky Power Company's responses to the Commission's data requests.

Copies of these filings are being served on counsel for Kentucky Industrial Utility Customers, Inc. and the Attorney General.

Please do not hesitate to contact me if you have any questions.

Very truly yours,


Mark R. Overstreet

MRO

cc: Dennis G. Howard II
Michael L. Kurtz

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COMMISSION

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COMMONWEALTH OF KENTUCKY

PUBLIC SERVICE
COMMISSION

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY) CASE NO. 2012-00273
POWER COMPANY FOR THE TWO YEAR)
BILLING PERIOD ENDING JUNE 30, 2011)

DIRECT TESTIMONY
OF
LILA P. MUNSEY

FILED ON BEHALF OF KENTUCKY POWER COMPANY

August 3, 2012

**DIRECT TESTIMONY OF
LILA P. MUNSEY, ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

CASE NO. 2012-00273

I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.**

2 A. My name is Lila P. Munsey. I am Manager of Regulatory Services for Kentucky Power
3 Company (“Kentucky Power, KPCo or Company”) and my business address is 101 A
4 Enterprise Drive, Frankfort, Kentucky 40601.

II. BACKGROUND

5 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
6 **BACKGROUND.**

7 A. I received a Bachelor of Science in Civil Engineering degree from Purdue University,
8 West Lafayette, Indiana, in May 1978 and began my career with Appalachian Power
9 Company (“APCo”) as a Civil Engineer in the Hydroelectric Department. In August
10 1983, I was promoted to the position of Cost Allocation Analyst for APCo where I
11 conducted numerous studies to support retail rate filings and regulatory interactions
12 with the West Virginia and Virginia regulatory commissions. In November 1985, I was
13 transferred to the Rate Department of American Electric Power Service Corporation.
14 (“AEPSC”), in Columbus, Ohio, as an Associate Rate Analyst where I developed and
15 supported operating company retail rate filings within American Electric Power
16 Company, Inc.’s (“AEP”) seven eastern states. I was promoted to Rate Analyst in

1 November 1989 where I developed, supported, and testified in retail filings concerning
2 cost-of-service issues.

3 In January 1998, I moved to the newly-formed transmission pricing group as a
4 Transmission Contracts & Regulatory Specialist for AEP. In this capacity, I prepared
5 AEP's Federal Energy Regulatory Commission ("FERC") transmission rate filings,
6 including transmission cost-of-service studies, rate design, and tariff development in
7 support of the Regional Transmission Organization (RTO) developmental filings and
8 negotiations for the Alliance TransCo and ultimately AEP's entrance into PJM's RTO
9 on October 1, 2004. I also prepared long-term reservation contracts with other utilities,
10 developed a contract management tracking system, provided expertise on AEP's Open
11 Access Transmission Tariff and tariff revisions as necessary, and developed the merger-
12 related FERC filings required for AEP's merger of the operating companies in the
13 seven eastern states with those in the four western states previously known as Central &
14 Southwest (CSW). In June of 2000, I was promoted to Senior Regulatory Consultant in
15 the Transmission and Interconnections Department, which became part of the
16 Regulated Tariffs Department in 2005. In September 2010, I transferred from AEPSC
17 to Kentucky Power where I assumed my current responsibilities and position.

18 **Q. WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH**
19 **KPCO?**

20 A. I supervise and direct Regulatory Services, which has the responsibility for rate and
21 regulatory matters affecting Kentucky Power. This includes the preparation and
22 coordination of the Company's exhibits and testimony in rate cases and any other

1 formal filings before state and federal regulatory bodies. Another responsibility is
2 assuring the proper application of the Company's rates to all classifications of business.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**
4 **COMMISSIONS?**

5 A. Yes. Most recently, I testified concerning certain environmental surcharge matters in
6 Case No. 2011-00401, which involved an application by Kentucky Power to retrofit Big
7 Sandy Unit 2 with a DFGD Scrubber. Also since joining Kentucky Power, I testified in
8 Commission reviews of the Company's Fuel Adjustment Clause and Environmental
9 Surcharge filings. Prior to joining the Company I also testified before this Commission
10 in Case No. 91-066, a regulatory proceeding involving the adjustment in electric base
11 rates for KPCo. I have also presented testimony for Wheeling Power Company before
12 the West Virginia Public Service Commission and for Appalachian Power Company
13 before the Commonwealth of Virginia State Corporation Commission.

14 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

15 A. Yes. I am sponsoring Exhibit LPM-1.

III. PURPOSE OF YOUR TESTIMONY

16 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

17 A. The purpose of my testimony is to support the Company's monthly environmental
18 surcharge filings and demonstrate the reasonableness of the application of the
19 Company's monthly environmental surcharge during the two-year billing period ending
20 June 30, 2011. Additionally, my testimony supports the Company's request to refund a
21 total net over-collection of environmental costs during the expense months of May
22 2009 through April 2011 in the amount of \$444,504.

1 **Q. HOW DID THE COMPANY DISCOVER THE OVER COLLECTION OF**
2 **TOTAL NET ENVIRONMENTAL COSTS OF \$444,504?**

3 A. In the previous six-month review, Case No. 2011-00031, the Company discovered that
4 it had over-collected the expenses related to the pool capacity charge paid through the
5 Interconnection Agreement on ES Form 3.14, as well as polymer, lime hydrate, and
6 steam expenses. Revisions were made to the six months being considered in that
7 review and it was discussed that similar revisions would be required in subsequent
8 review periods.

9 During Kentucky Power's review of its monthly environmental filings for the
10 two-year period under review in this proceeding, the Company also discovered the
11 following:

- 12 ■ the working capital cash component was understated at the Big Sandy Plant (ES
13 FORM 3.10) during the expense months of May 2009 through April 2011;
- 14 ■ Kentucky Power's portion of the Indiana Emission Fee at the Rockport Plant (ES
15 FORM 3.13) was omitted from the working capital cash calculation during the
16 expense months of May 2009 through April 2011; and
- 17 ■ the pool percentage of the Rockport plant (ES FORM 3.14 page 10) was
18 understated during the expense months of January 2010 through April 2011 by
19 failing to recognize that the Indiana and Michigan Company unit power sale ended
20 December 31, 2009.

21 The net impact of these revisions provided an over-collection of \$444,504 to be
22 refunded to customers.

1 **Q. PLEASE DESCRIBE THE OVER-STATEMENT DUE TO THE CAPACITY**
2 **DEFICIENCY?**

3 A. The expenses related to the pool capacity charge are calculated using Kentucky Power's
4 capacity deficit under the Interconnection Agreement. This deficit, expressed as a
5 percentage, is incorporated into pages 3 through 11 of ES Form 3.14. The portion of
6 the pool costs that were used to serve Kentucky Power customers should be recovered
7 through the environmental surcharge, but no more. The capacity deficit numbers were
8 inadvertently not updated in the filings for expense months November 2010 through
9 October 2011. Therefore, revisions for those months will need to be addressed in this
10 review. Incorporating those revisions resulted in an over-statement of \$634,589 during
11 the last six months of this two-year review period. Copies of the revised pages for the
12 six months involved have been attached to the Company's response to the Staff's First
13 Set of Data Requests Item No. 1, pages 91 through 180.

14 **Q: PLEASE EXPLAIN THE OVER-RECOVERY OF THE LIME HYDRATE,**
15 **POLYMER, AND STEAM EXPENSE.**

16 A: First, let me explain how the surcharge amount is calculated. The environmental
17 surcharge permits the recovery of those expenses incurred in connection with projects
18 that are part of the Company's approved environmental compliance plan *and* that are
19 above the Base Period Revenue Requirement ("BRR") established in the Company's
20 last base rate case. In Kentucky Power's most recent base rate case filing, Case No.
21 2009-00459, all of the appropriate environmental costs were included and the BRR was
22 adjusted to reflect the monthly amounts in the base rates. That is, the BRR represents
23 the amount of the approved environmental costs that are already included in Kentucky

1 Power's base rates.

2 In each Kentucky Power monthly environmental surcharge filing, the monthly
3 expenses are compared to the specific monthly BRR and if the expenses are greater than
4 the BRR for that specific month, the customers will be billed an additional
5 environmental surcharge amount. However, if the BRR is larger than the monthly
6 environmental expenses, the customers will see a credit to their bill. The monthly BRR
7 amounts, as set in Case No. 2009-00459 dated June 28, 2010, are contained in the
8 Company's Tariff Sheet No. 29-1.

9 **Q: DO THE COMPANY'S BASE RATES INCLUDE SOME LEVEL OF LIME**
10 **HYDRATE, POLYMER, AND STEAM EXPENSE?**

11 A: Yes. The 2009 rate case test year levels of lime hydrate, polymer, and steam expenses
12 currently are being recovered through the base rates.

13 **Q: IS THE COMPANY ENTITLED TO RECOVER LIME HYDRATE, POLYMER,**
14 **AND STEAM EXPENSE?**

15 A: Yes. But to do so, the amount of these expenses included in base rates would first have
16 to be determined.

17 **Q: DID THE COMPANY MAKE THIS CALCULATION BEFORE INCLUDING**
18 **THE FULL AMOUNT OF THESE ITEMS IN THE NOVEMBER 2010**
19 **THROUGH APRIL 2011 EXPENSE MONTH FILINGS?**

20 A: No. As a result there was an over-recovery with respect to those filings. Because these
21 line items were not separately broken out during the review period and the data is not
22 readily available, the Company has elected for the purpose of this review not to make
23 that calculation. As a result, Kentucky Power is removing for purposes of this two-year

1 review the lime hydrate, polymer, and steam expense for the affected filings. This
2 decision is without prejudice to the Company subsequently making the calculation and
3 amending the BRR with respect to future review periods. Before doing so, the
4 Company will notify the Commission and provide it with this calculation.

5 **Q: BY WHAT AMOUNT WERE EXPENSES OVERSTATED AS A RESULT OF**
6 **THE COMPANY'S DECISION NOT TO CALCULATE AND DEDUCT 2009**
7 **RATE CASE TEST YEAR LIME HYDRATE, POLYMER AND STEAM**
8 **EXPENSES DURING THE REVIEW PERIOD?**

9 A: The recalculation of the six months affected (expense months November 2010 through
10 April 2011) indicates an over-recovery of \$87,167.

IV. DETAIL OF WORKING CAPITAL CASH ADJUSTMENT

11 **Q. WOULD YOU PLEASE DESCRIBE THE UNDER-STATEMENT OF BIG**
12 **SANDY WORKING CAPITAL CASH?**

13 A. Yes. Under the Commission's orders, the Company is entitled to a 10.5% return on its
14 equity, including its monthly cash working capital. Because of a computational error
15 during the review period, the Company recovered only one-twelfth of that amount.

16 **Q. PLEASE DESCRIBE THE NATURE OF THE COMPUTATIONAL ERROR.**

17 A. The Cash Working Capital Allowance derived on line 13 of ES Form 3.13 is a monthly
18 amount which is then brought over to ES Form 3.10 line 7. This monthly amount was
19 then added to the amounts reported on lines 4 through 6 of ES Form 3.10, which are not
20 monthly amounts, and reported on line 8 of Form 3.10 as the Total Rate Base. The
21 Total Rate Base Amount reported on Line 8 of Form 3.10 is then multiplied by the
22 Monthly Weighted Average Cost Of Capital of 0.88% to calculate the Monthly Return

1 On Rate Base. (The Monthly Weighted Average Cost Of Capital is calculated on line
2 11 of Form 3.10 by dividing the Weighted Average Cost Of Capital of 10.5% by 12.)
3 Because the Cash Working Capital Allowance derived on Line 13 of Form 3.13 is a
4 *monthly* amount, the effect of multiplying that portion of the Total Rate Base by the
5 *monthly* Weighted Average Cost Of Capital is to provide Kentucky Power with only
6 one-twelfth of its authorized return on Cash Working Capital Allowance.

7 **Q. HOW DOES KENTUCKY POWER PROPOSE TO ADDRESS THIS**
8 **COMPUTATIONAL ERROR?**

9 A. The Company examined two ways to do so. The Company could multiply by 12 the
10 monthly Cash Working Capital Allowance derived on Line 13 of ES Form 3.13 before
11 reporting it on Line 7 of Form 3.10. This annualized monthly amount could then
12 appropriately be multiplied by the Monthly Weighted Average Cost Of Capital to yield
13 the monthly return on the Company's Big Sandy Cash Working Capital Allowance
14 portion of the rate base. Alternatively, the company could compute and report on Line
15 13 of Form 3.13 the sum of the current month's Big Sandy Cash Working Capital
16 Allowance plus the Cash Working Capital Allowance for the trailing eleven-month
17 period. This annualized amount would then be reported on Line 7 of ES Form 3.10
18 and, after being added to the amounts reported on lines 4 through 6 of ES Form 3.10 to
19 calculate the Total Rate Base reported on Line 8 of Form ES 3.10, appropriately
20 multiplied by the Monthly Weighted Average Cost Of Capital reported on line 10 of ES
21 Form 3.10.

22 **Q. DOES THE COMPANY HAVE A RECOMMENDATION OF WHICH**
23 **METHOD TO USE?**

1 A. Yes. Kentucky Power recommends that it use the second method described above.

2 **Q. WHAT IS THE BASIS FOR THIS RECOMMENDATION?**

3 A. Using the sum of the current month's Big Sandy Cash Working Capital Allowance
4 plus the Cash Working Capital Allowance for the trailing eleven month period will
5 smooth out monthly variations in the Big Sandy Cash Working Capital Allowance.
6 Second, the recommended alternative is used by at least three other Kentucky
7 jurisdictional utilities and thus would provide consistency in treatment across the
8 Commonwealth.

9 **Q. HAS THE COMPANY MADE THE SUGGESTED RE-CALCULATIONS?**

10 A. Yes. Please see the Company's response to the Staff's First Set of Data Requests Item
11 No. 1, pages 4 through 180, for the amended ES Form 3.13 and ES Forms 3.10 and
12 pages 2 and 3 for the monthly differences for the proposed revisions to the calculation
13 of the return on the Big Sandy Working Capital Cash for the review period.

14 **Q. WHAT WAS THE EFFECT OF THE COMPUTATIONAL ERROR WITH
15 RESPECT TO THE MONTHLY RETURN ON THE COMPANY'S BIG SANDY
16 CASH WORKING CAPITAL ALLOWANCE?**

17 A. It understated the Return on Rate Base by \$277,252 during the review period.

18 **Q. PLEASE DESCRIBE THE UNDER-STATEMENT OF KENTUCKY POWER'S
19 PORTION OF THE INDIANA AIR EMISSION FEE FOR ROCKPORT?**

20 A. ES Form 3.20, line 11, column 4, contains the monthly Indiana Air Emissions Fee
21 operating expense for Rockport Plant. Kentucky Power is responsible for 15% of the
22 operating costs of Rockport plant and through its unit power agreement it receives 15%
23 of the Rockport generation. However, on ES Form 3.13, the 15% of the Indiana Air

1 Emission Fee for Rockport of \$2,344 is not included in the Total Monthly O&M
2 Expenses. An additional line, numbered 13, should be added and the amount included
3 in the calculation of the total monthly O&M Expenses on the new line 14, which is
4 divided by 8 to calculate the monthly working capital cash. Please see the Company's
5 response to the Staff's First Set of Data Requests Item No. 1, pages 4 through 180, for
6 the revised Forms ES 3-13. The summary of the monthly differences for the pool
7 Indiana Air Emissions Fee operating expense revision for Rockport Plant are equal to
8 1/8th of the monthly amount of \$2,344, or \$293 per month over the 24-month period for
9 a total of \$7,032.

10 **Q. WOULD YOU PLEASE DESCRIBE THE UNDER-STATEMENT OF THE**
11 **ROCKPORT COSTS DUE TO THE UNIT POWER SALE THAT ENDED**
12 **DECEMBER 31, 2009?**

13 A. Yes. On line 12 of ES Form 3.14, page 10, the Rockport Unit 2 costs are multiplied by
14 a percentage to derive the amount that is pool related and thus recoverable through the
15 environmental surcharge. In the past, 65.08% has been utilized as Indiana Michigan
16 Power Company's percentage ownership because 19.92% of the plant had been sold
17 through a unit power agreement with Carolina Power & Light Company. That
18 agreement expired December 31, 2009, and the corresponding percentage of Rockport
19 Unit 2 that was available to Indiana Michigan Power Company, and hence the pool,
20 became 85% at that time. Accordingly, line 12 of ES Form 3.14, page 10, should be
21 revised for the expense months of January 2010 through April 2011 to reflect the
22 increase in Indiana Michigan Power Company's ownership as a result of the expiration
23 of the unit power agreement. Please see the Company's response to the Staff's First Set

1 of Data Requests Item No. 1, pages 36 through 180, for the revised page 10 of Forms
2 ES 3-14. No difference was calculated as a result of the change in Indiana Michigan
3 Power Company's percentage ownership of Rockport Unit 2.

4 **Q. HAS THE COMPANY RE-CALCULATED ITS ENVIRONMENTAL**
5 **SURCHARGE FILINGS WITH THESE CORRECTIONS?**

6 A. Yes. Please see the Company's response to Item No. 1 of the Commission Staff's First
7 Data Request, pages 2 through 180, for the revised environmental surcharge
8 calculations for the 24 expense months being reviewed, May 2009 through April 2011,
9 reflecting the above revisions.

10 **Q. WHAT IS THE FINAL RESULT?**

11 A. When ES Form 3.10 line 7, ES Form 3.13 line 12, ES Form 3.14 page 10 line 12, and
12 the capacity corrections on various lines of pages 3 through 11 of ES Form 3.14 are
13 revised and carried forward to the other affected forms, the monthly total results can be
14 found on Exhibit LPM-1. Also see the Company's response to Commission Staff's
15 First Set of Data Requests Item No. 1, pages 2 and 3, which is a summary showing each
16 of the four six-month periods. It also demonstrates that when the revisions are made to
17 expense months May 2009 through April 2011, the total net over-collection was
18 \$444,504 for the two-year review period ending April 2011.

19 **Q. HAS THE COMPANY RESPONDED TO THE COMMISSION STAFF'S**
20 **FIFTEEN DATA REQUESTS, INCLUDING SUB-PARTS, PROPOUNDED IN**
21 **APPENDIX B OF THE JULY 23, 2012, ORDER IN THIS CASE?**

22 A. Yes, the responses are being filed in addition to my filed testimony.

1 **Q. DOES THE COMPANY HAVE ANY ADDITIONAL ADJUSTMENTS TO**
2 **PROPOSE?**

3 A. No.

4 **Q. AS ADJUSTED, WERE THE RATES CHARGED THROUGH THE**
5 **ENVIRONMENTAL SURCHARGE DURING THE REVIEW PERIOD FAIR,**
6 **JUST AND REASONABLE?**

7 A. Yes. With the proposed adjustment, the Company's customers will have paid through
8 the review period ended June 30, 2011, for the expense months ended April 30, 2011,
9 the full costs that are recoverable through the environmental surcharge, but no more.

V. CONCLUSION

10 **Q. WHAT ACTION IS THE COMPANY REQUESTING THE COMMISSION**
11 **TAKE IN THIS PROCEEDING?**

12 A. Kentucky Power Company respectfully requests the Commission issue an Order
13 permitting the Company to refund the total over-collection of environmental costs in
14 the amount of \$444,504.

15 **Q. HOW DOES THE COMPANY PROPOSE TO REFUND THE TOTAL NET**
16 **OVER-COLLECTION?**

17 A. The Company proposes a one-time adjustment to the Company's first monthly
18 environmental surcharge filing following the Commission's Order in this proceeding.
19 The company suggests inserting a line between lines 5 and 6 on ES Form 1.00 in which
20 the \$444,504 over-collection amount would be subtracted from line 5.

1 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

2 A. Yes.

KPSC Case No. 2012-00273
Kentucky Power Company
Final Results of Proposed Revisions
for 2-year Review Period Ended June 2011

Expense Month-Year	ES Form 1.00 Line 7			Capacity Adjustments & Removal of Expenses Proposed Difference	Working Capital Cash Proposed Difference	Total Proposed Difference	KPCo's Response to Staff's Item No. 1 Reference Page No. of 180
	As Filed or Previously Approved *	As Approved or Proposed for Capacity & Removal of Expenses **	As Proposed for Working Capital Cash				
(1)	(2)	(3)	(4)	(5)=(3)-(2)	(6)=(4)-(3)	(7)=(4)-(2)	(8)
May-09	2,000,050	2,000,050	2,010,310	-	10,260	10,260	Page 4 of 180
June-09	1,267,370	1,267,370	1,277,638	-	10,268	10,268	Page 8 of 180
July-09	678,649	678,649	689,579	-	10,930	10,930	Page 12 of 180
August-09	948,166	948,166	957,835	-	9,669	9,669	Page 16 of 180
September-09	856,982	856,982	866,817	-	9,835	9,835	Page 20 of 180
October-09	456,955	456,955	466,702	-	9,747	9,747	Page 24 of 180
November-09	1,031,205	1,031,205	1,040,494	-	9,289	9,289	Page 28 of 180
December-09	2,491,341	2,491,341	2,499,830	-	8,489	8,489	Page 32 of 180
January-10	1,071,532	1,071,532	1,080,375	-	8,843	8,843	Page 36 of 180
February-10	672,134	672,134	681,612	-	9,478	9,478	Page 41 of 180
March-10	1,060,009	1,060,009	1,069,984	-	9,975	9,975	Page 46 of 180
April-10	1,789,088	1,789,088	1,799,552	-	10,464	10,464	Page 51 of 180
May-10	2,649,349	2,649,349	2,659,684	-	10,335	10,335	Page 56 of 180
June-10	1,829,858	1,829,858	1,838,808	-	8,950	8,950	Page 61 of 180
July-10 ***	772,199	772,199	780,522	-	8,323	8,323	Page 66 of 180
July-10 ***	107,872	107,872	116,195	-	8,323	8,323	Page 71 of 180
August-10	856,349	856,349	865,555	-	9,206	9,206	Page 76 of 180
September-10	290,542	290,542	301,889	-	11,347	11,347	Page 81 of 180
October-10	1,207,268	1,207,268	1,219,844	-	12,576	12,576	Page 86 of 180
November-10	1,527,851	1,306,540	1,320,112	(221,311)	13,572	(207,739)	Page 91 of 180
December-10	1,238,646	996,768	1,010,467	(241,878)	13,699	(228,179)	Page 106 of 180
January-11	(173,605)	(231,213)	(216,284)	(57,608)	14,929	(42,679)	Page 121 of 180
February-11	2,027,028	1,963,249	1,978,655	(63,779)	15,406	(48,373)	Page 136 of 180
March-11	1,487,758	1,404,634	1,420,624	(83,124)	15,990	(67,134)	Page 151 of 180
April-11	2,477,634	2,423,578	2,440,927	(54,056)	17,349	(36,707)	Page 166 of 180
Total				\$ (721,756)	\$ 277,252	\$ (444,504)	

* Including corrections made during the three 6-month reviews for expense months May 2009 through October 2010.

** Removed Expenses include Polymer, Lime Hydrate and Steam Expense.

*** July 2010 was prorated due to Rate Case final order (Case No. 2009-00459 dated June 28, 2010).

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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY) CASE NO. 2012-00273
POWER COMPANY FOR THE TWO YEAR)
BILLING PERIOD ENDING JUNE 30, 2011)

KENTUCKY POWER COMPANY

RESPONSES TO COMMISSION STAFF'S FIRST SET OF DATA REQUESTS

August 3, 2012

Kentucky Power Company

REQUEST

Prepare a summary schedule showing the calculation of E(m) and the surcharge factor for the expense months covered by the billing period. Use ES Form 1.00 as a model for this summary. Include the two expense months subsequent to the billing period in order to show the over- and under-recovery adjustments for the months included in the billing period under review. Include a calculation of any additional over- or under-recovery amount Kentucky Power believes needs to be recognized for the two year review. Include all supporting calculations and documentation for any such additional over- or under-recovery.

RESPONSE

In the previous six-month review of the Environmental Surcharge, Case No. 2011-00031, the Company discovered that it had over-collected the expenses related to the pool capacity charge paid through the Interconnection Agreement on ES Form 3.14 as well as the polymer, lime hydrate, and steam expenses. Refunds were made with respect to the six-month period being considered in that review (billing months July 1, 2010 through December 31, 2010). It was further agreed that similar revisions would be required for the period billed January 1, 2011 through June 30, 2011 during the next two-year review. The Company calculates the amount to be refunded with respect to these two items for the period January 1, 2011 through June 30, 2011 totals \$ 721,756.

During Kentucky Power's review of its monthly environmental filings for the two-year period under review in this proceeding, the Company discovered the following:

- the working capital cash component was understated for the Big Sandy Plant (ES FORM 3.10) during the expense months of May 2009 through April 2011,
- Kentucky Power's portion of the Indiana Emission Fee at the Rockport Plant (ES FORM 3.13) was omitted from the working capital cash calculation during the expense months of May 2009 through April 2011, and
- the pool percentage of Rockport plant (ES FORM 3.14 page 10) was understated during the expense months of January 2010 through April 2011 by failing to recognize that the Indiana and Michigan Power Company unit power agreement ended December 31, 2009.

The revision for the Pool percentage of Rockport plant had no effect on the amount collected. However, the working capital cash was increased by including the Indiana Emission Fee in the working capital cash calculation that caused an under-collection of \$7,032. The working capital cash component adjustment related to the Big Sandy Plant causes an under-collection of \$270,221 thus creating a \$277,252 total adjustment for the working capital cash. The sum of the over-collection of \$721,756 and the under-collection of \$277,252 is a net \$444,504 over-collection to be refunded to customers. A more detailed description of the revisions may be found in the testimony of Lila P. Munsey filed with this case.

A copy of the summary schedule showing the calculation of the E(m) and the surcharge factor for the expense months covered by the billing period is attached to this response as pages 2 and 3 of 180. The remaining pages of this attachment contain the supporting calculations.

WITNESS: Lila P Munsey

KENTUCKY POWER COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR

As Originally Filed

CALCULATION OF E(m)
 E(m) = CRR - BRR

LINE	DESCRIPTION	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
LINE 1	CRR from ES FORM 3.00	\$3,834,046	\$3,812,503	\$3,748,651	\$4,044,094	\$3,716,375	\$2,691,004	\$3,831,338	\$4,854,337	\$4,619,581	\$4,277,463	\$4,250,688	\$4,038,044	\$4,188,511	\$4,572,677
LINE 2	Brr from ES FORM 1.10	\$1,514,859	\$1,913,578	\$2,810,212	\$2,342,863	\$2,852,305	\$2,181,875	\$2,698,622	\$1,407,959	\$2,521,784	\$3,003,995	\$2,845,066	\$2,095,935	\$1,614,889	\$1,913,578
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,419,187	\$1,898,925	\$938,439	\$1,701,231	\$866,070	\$399,029	\$1,232,816	\$3,446,378	\$2,097,797	\$1,273,468	\$1,405,622	\$1,942,109	\$2,673,622	\$2,659,099
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenue, LINE 1	75.0%	75.0%	63.5%	75.2%	76.8%	76.0%	77.5%	78.7%	77.2%	81.3%	85.4%	80.7%	83.9%	73.5%
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$1,814,381	\$1,274,494	\$776,918	\$1,279,303	\$662,463	\$303,262	\$955,432	\$2,569,895	\$1,611,779	\$1,035,948	\$1,200,384	\$1,567,605	\$2,248,184	\$1,954,427
LINE 5B	Environmental Surcharge Clause Adjustment, Case No. 2009-00098, dated May 14, 2009	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINE 5B	Environmental Surcharge Clause Adjustment, Case No. 2009-00036, dated January 20, 2010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINE 6	Over/Under Recovery Adjustment from ES FORM 3.30	\$165,959	(\$7,124)	(\$99,267)	(\$331,137)	\$174,518	\$163,693	\$75,773	(\$78,654)	(\$455,165)	(\$363,212)	(\$140,375)	\$221,483	\$405,155	(\$124,979)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,000,050	\$1,267,370	\$679,649	\$948,166	\$866,982	\$466,855	\$1,031,205	\$2,491,341	\$1,071,632	\$672,134	\$1,060,009	\$1,789,088	\$2,649,349	\$1,029,459

SURCHARGE FACTOR

LINE 8	Net KY Retail E(m) (Line 7)	\$2,000,050	\$1,267,370	\$679,649	\$948,166	\$866,982	\$466,855	\$1,031,205	\$2,491,341	\$1,071,632	\$672,134	\$1,060,009	\$1,789,088	\$2,649,349	\$1,029,459
LINE 9	KY Retail R(m) from ES FORM 3.30	\$35,497,815	\$38,199,165	\$44,799,009	\$40,657,275	\$38,435,255	\$33,633,259	\$33,871,735	\$39,623,245	\$50,334,032	\$52,399,461	\$46,622,014	\$56,160,423	\$33,662,423	\$38,129,249
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	5.6343%	3.3178%	1.5149%	2.3315%	2.2521%	1.3565%	3.0444%	6.3035%	2.1268%	1.2826%	2.3255%	4.8476%	7.8703%	4.7891%

As Revised

CALCULATION OF E(m)
 E(m) = CRR - BRR

LINE	DESCRIPTION	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
LINE 11	CRR from ES FORM 3.00	\$3,947,727	\$3,826,894	\$3,761,741	\$4,055,941	\$3,730,655	\$2,695,829	\$3,843,323	\$4,905,455	\$4,631,035	\$4,288,141	\$4,262,348	\$4,051,011	\$4,200,829	\$4,584,653
LINE 12	Brr from ES FORM 1.10	\$1,514,959	\$1,913,570	\$2,810,212	\$2,342,863	\$2,852,305	\$2,181,975	\$2,698,622	\$1,407,959	\$2,521,784	\$3,003,995	\$2,845,066	\$2,095,935	\$1,514,859	\$1,913,578
LINE 13	E(m) (LINE 11 - LINE 12)	\$2,432,768	\$1,713,016	\$951,529	\$1,714,078	\$878,350	\$413,854	\$1,244,801	\$3,497,496	\$2,099,251	\$1,285,146	\$1,417,282	\$1,955,076	\$2,685,970	\$2,671,075
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenue, LINE 1	75.0%	75.0%	63.5%	75.2%	76.6%	76.0%	77.5%	78.7%	77.2%	81.3%	85.4%	80.7%	83.9%	73.5%
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	\$1,824,651	\$1,284,762	\$767,846	\$1,288,972	\$662,269	\$313,009	\$954,721	\$2,578,384	\$1,620,622	\$1,044,824	\$1,210,359	\$1,579,059	\$2,253,529	\$1,953,957
LINE 15B	Environmental Surcharge Clause Adjustment, Case No. 2009-00098, dated May 14, 2009														
LINE 15B	Environmental Surcharge Clause Adjustment, Case No. 2009-00036, dated January 20, 2010														
LINE 16	Over/Under Recovery Adjustment from ES FORM 3.30	\$106,659	(\$7,124)	(\$99,267)	(\$331,137)	\$174,519	\$153,693	\$75,773	(\$78,654)	(\$455,165)	(\$363,212)	(\$140,375)	\$221,483	\$405,155	(\$124,979)
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	\$2,010,310	\$1,277,638	\$668,579	\$957,835	\$866,817	\$466,702	\$1,040,494	\$2,499,730	\$1,090,375	\$681,612	\$1,069,984	\$1,799,552	\$2,659,684	\$1,838,808
LINE 18	Net KY Retail E(m) (Line 17)	\$2,010,310	\$1,277,638	\$668,579	\$957,835	\$866,817	\$466,702	\$1,040,494	\$2,499,730	\$1,090,375	\$681,612	\$1,069,984	\$1,799,552	\$2,659,684	\$1,838,808
LINE 19	KY Retail R(m) from ES FORM 3.30	\$35,497,815	\$38,199,165	\$44,799,009	\$40,657,275	\$38,435,255	\$33,633,259	\$33,871,735	\$39,623,245	\$50,334,032	\$52,399,461	\$46,622,014	\$56,160,423	\$33,662,423	\$38,129,249
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	5.6522%	3.3447%	1.5363%	2.3553%	2.2791%	1.3976%	3.0719%	6.3250%	2.1464%	1.3005%	2.3453%	4.9759%	7.9010%	4.8225%
LINE 21	Difference (Line 18 - Line 6)	\$10,260	\$10,268	\$10,930	\$9,669	\$9,835	\$9,747	\$9,079	\$8,443	\$9,243	\$9,478	\$9,975	\$10,464	\$10,335	\$9,950

* July 2010 was prorated due to Rate Case filing. Case No. 2009-00459 dated June 28, 2010.

KENTUCKY POWER COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR

LINE	Description	As Originally Filed												Total Over / Under Recovery
		July* 2010	July* 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011		
LINE 1	CRR from ES FORM 3.00	\$4,700,817	\$4,700,817	\$5,077,344	\$4,267,047	\$4,350,225	\$4,668,668	\$5,974,087	\$4,660,732	\$8,169,875	\$5,746,092	\$5,800,053		
LINE 2	Brr from ES FORM 1.10	\$2,818,212	\$3,805,325	\$4,086,830	\$3,740,010	\$3,260,302	\$2,785,040	\$4,074,321	\$3,991,163	\$3,590,810	\$3,651,374	\$3,647,040		
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,882,605	\$955,492	\$1,988,514	\$527,037	\$1,129,923	\$1,902,628	\$1,899,766	\$69,569	\$2,579,065	\$2,094,718	\$2,153,013		
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.3%	67.3%	73.9%	77.2%	77.4%	81.9%	86.5%	84.7%	85.1%	79.3%	70.7%		
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$1,265,593	\$650,666	\$1,469,512	\$406,673	\$874,950	\$1,556,277	\$1,643,388	\$58,465	\$2,164,784	\$1,662,687	\$1,718,031		
LINE 5B	Environmental Surcharge Clause Adjustment, Case No. 2009-00036, dated May 14, 2009	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$49,865)	\$0	\$0	\$0		
LINE 5B	Environmental Surcharge Clause Adjustment, Case No. 2009-00036, dated January 20, 2010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
LINE 6	Over/(Under) Recovery Adjustment from ES FORM 3.30	(\$484,784)	(\$484,784)	(\$513,163)	(\$116,332)	\$332,708	(\$30,426)	(\$404,652)	(\$977,165)	(\$167,758)	(\$174,939)	\$759,603		
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$772,199	\$107,872	\$955,349	\$290,341	\$1,207,268	\$1,527,851	\$1,238,646	(\$173,605)	\$2,027,028	\$1,487,768	\$2,477,634		
LINE 8	Net KY Retail E(m) (Line 7)	\$772,199	\$107,872	\$955,349	\$290,341	\$1,207,268	\$1,527,851	\$1,238,646	(\$173,605)	\$2,027,028	\$1,487,768	\$2,477,634		
LINE 9	KY Retail R(m) from ES FORM 3.30	\$48,039,569	\$48,039,569	\$49,602,297	\$40,803,323	\$39,109,852	\$40,468,923	\$55,109,329	\$95,952,349	\$50,755,459	\$44,307,469	\$42,540,201		
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.6074%	0.2245%	1.7186%	0.7103%	3.0971%	3.7795%	2.2077%	-0.2632%	3.4699%	3.3576%	5.8242%		
LINE 11	CRR from ES FORM 3.00	\$4,713,184	\$4,713,184	\$5,058,601	\$4,281,748	\$4,405,473	\$4,435,018	\$5,710,297	\$4,630,344	\$8,113,032	\$5,663,433	\$5,763,411		
LINE 12	Brr from ES FORM 1.10	\$2,818,212	\$3,805,325	\$4,086,830	\$3,740,010	\$3,260,302	\$2,785,040	\$4,074,321	\$3,991,163	\$3,590,810	\$3,651,374	\$3,647,040		
LINE 13	E(m) (LINE 11 - LINE 12)	\$1,894,972	\$907,859	\$2,000,971	\$541,738	\$1,145,171	\$1,649,978	\$1,635,976	\$639,181	\$2,522,222	\$2,012,059	\$2,116,371		
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.3%	67.3%	73.9%	77.2%	77.4%	81.9%	86.5%	84.7%	85.1%	79.3%	70.7%		
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	\$1,275,919	\$610,889	\$1,470,718	\$418,220	\$807,138	\$1,350,639	\$1,415,119	\$710,766	\$2,146,411	\$1,595,653	\$1,681,324		
LINE 15B	Environmental Surcharge Clause Adjustment, Case No. 2009-00036, dated May 14, 2009	(\$494,784)	(\$494,784)	(\$513,163)	(\$116,332)	\$332,708	(\$30,426)	(\$404,652)	(\$977,165)	(\$167,758)	(\$174,939)	\$759,603		
LINE 15B	Environmental Surcharge Clause Adjustment, Case No. 2009-00036, dated January 20, 2010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
LINE 16	Over/(Under) Recovery Adjustment from ES FORM 3.30	\$790,522	\$116,185	\$955,555	\$301,888	\$1,218,044	\$1,320,112	\$1,010,467	(\$216,284)	\$1,978,655	\$1,420,824	\$2,448,827		
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	\$790,522	\$116,185	\$955,555	\$301,888	\$1,218,044	\$1,320,112	\$1,010,467	(\$216,284)	\$1,978,655	\$1,420,824	\$2,448,827		
LINE 18	Net KY Retail E(m) (Line 17)	\$790,522	\$116,185	\$955,555	\$301,888	\$1,218,044	\$1,320,112	\$1,010,467	(\$216,284)	\$1,978,655	\$1,420,824	\$2,448,827		
LINE 19	KY Retail R(m) from ES FORM 3.30	\$48,039,569	\$48,039,569	\$49,602,297	\$40,803,323	\$39,109,852	\$40,468,923	\$55,109,329	\$95,952,349	\$50,755,459	\$44,307,469	\$42,540,201		
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	1.8247%	0.2419%	1.7385%	0.7381%	3.1193%	3.2504%	1.8010%	-0.3279%	3.2676%	3.2053%	5.7376%		
LINE 21	Difference (Line 18 - Line 8)	\$8,323	\$8,323	\$8,209	\$11,347	\$12,576	(\$207,739)	(\$228,178)	(\$42,679)	(\$40,373)	(\$67,134)	(\$69,707)	(\$444,504)	

* July 2010 was prorated due to Rate Case filing. Case No. 2K

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of May 2009

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,947,727	\$3,934,046	\$13,681
LINE 2	Brr from ES FORM 1.10	\$1,514,859	\$1,514,859	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,432,868	\$2,419,187	\$13,681
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	75.0%	75.0%	75.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,824,651	\$1,814,391	\$10,260
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$185,659	\$185,659	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,010,310	\$2,000,050	\$10,260
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$2,010,310	\$2,000,050	\$10,260
LINE 9	KY Retail R(m) from ES FORM 3.30	\$35,497,815	\$35,497,815	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	5.6632%	5.6343%	0.0289%

Effective Date for Billing: July 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : June 19, 2009

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of May 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amounts	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 21	\$3,897,322	\$3,883,641
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 16	\$50,492	\$50,492
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$87	\$87
	Total Net Proceeds from SO ₂ Allowances	\$87	\$87
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$87	\$87
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$3,947,727	\$3,934,046

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of May 2009

LINE NO.	COST COMPONENT	Revised Amounts			
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,230,568		\$191,230,568	
2	Less Accumulated Depreciation	(\$49,165,207)		(\$49,165,207)	
3	Less Accum. Def. Income Taxes	(\$40,290,708)		(\$40,290,708)	
4	Net Utility Plant		\$101,774,653		\$101,774,653
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,951,468		\$7,951,468
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$0		\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$1,753,646		\$162,805
8	Total Rate Base		\$111,479,767		\$109,888,926
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%		10.30%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$958,726		\$945,045
	Operating Expenses :				
12	Monthly Depreciation Expense		\$576,947		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,853		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461		\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,715,758		\$1,715,758
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$464,327		\$464,327
18	Monthly SO2 Emission Allowance Consumption		\$89,220		\$89,220
19	Monthly ERC & NOx Emission Allowance Consumption		\$0		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		\$2,938,596		\$2,938,596
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,897,322		\$3,883,641

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of May 2009

LINE NO.	O&M Expenses	Revised Amount			
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$32,461		\$32,461	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$716,430		\$716,430	
3	Monthly SO2 Allowance Consumption	<u>\$69,220</u>		<u>\$69,220</u>	
4	Total 1997 Plan O&M Expenses		\$838,111		\$838,111
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$197,898		\$197,898	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$0		\$0	
9	Equipment - Associated Operating Expenses	\$3,380		\$3,380	
10	Equipment - Associated Maintenance Expenses	<u>\$263,049</u>		<u>\$263,049</u>	
11	Total 2003 Plan O&M Expenses		<u>\$464,327</u>		<u>\$464,327</u>
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		<u>\$2,344</u>		
14	Total Monthly O&M Expenses		<u>\$1,304,782</u>		<u>\$1,302,438</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$163,098		\$162,805
16	Cash Working Capital Allowance (April 2009 ES Form 3.13)		\$124,952		
17	Cash Working Capital Allowance (March 2009 ES Form 3.13)		\$129,991		
18	Cash Working Capital Allowance (February 2009 ES Form 3.13)		\$117,621		
19	Cash Working Capital Allowance (January 2009 ES Form 3.13)		\$147,118		
20	Cash Working Capital Allowance (December 2008 ES Form 3.13)		\$185,879		
21	Cash Working Capital Allowance (November 2008 ES Form 3.13)		\$74,274		
22	Cash Working Capital Allowance (October 2008 ES Form 3.13)		\$81,796		
23	Cash Working Capital Allowance (September 2008 ES Form 3.13)		\$207,845		
24	Cash Working Capital Allowance (August 2008 ES Form 3.13)		\$164,001		
25	Cash Working Capital Allowance (July 2008 ES Form 3.13)		\$195,050		
26	Cash Working Capital Allowance (June 2008 ES Form 3.13)		<u>\$162,021</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,753,646		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

ES FORM 1.00

REVISED - July 25, 2012

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of June 2009

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,626,594	\$3,612,903	\$13,691
LINE 2	Brr from ES FORM 1.10	\$1,913,578	\$1,913,578	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,713,016	\$1,699,325	\$13,691
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	75%	75.0%	75.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,284,762	\$1,274,494	\$10,268
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$7,124)	(\$7,124)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,277,638	\$1,267,370	\$10,268
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,277,638	\$1,267,370	\$10,268
LINE 9	KY Retail R(m) from ES FORM 3.30	\$38,199,156	\$38,199,156	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.3447%	3.3178%	0.0269%

Effective Date for Billing: August 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : July 20, 2009

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of June 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 21	\$3,574,706	\$3,561,015
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 16	\$51,784	\$51,784
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	(\$104)	(\$104)
	Total Net Proceeds from SO ₂ Allowances	(\$104)	(\$104)
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	(\$104)	(\$104)
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$3,626,594	\$3,612,903

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of June 2009

LINE NO.	COST COMPONENT	Revised Amount			
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,230,568		\$191,230,568	
2	Less Accumulated Depreciation	(\$49,788,184)		(\$49,788,184)	
3	Less Accum. Def. Income Taxes	(\$40,565,074)		(\$40,565,074)	
4	Net Utility Plant		\$100,877,310		\$100,877,310
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,844,970		\$7,844,970
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$0		\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$1,716,892		\$124,974
8	Total Rate Base		\$110,439,172		\$108,847,254
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%		10.30%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$949,777		\$936,086
	Operating Expenses :				
12	Monthly Depreciation Expense		\$576,947		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,853		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461		\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,649,626		\$1,649,626
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$199,514		\$199,514
18	Monthly SO2 Emission Allowance Consumption		\$106,498		\$106,498
19	Monthly ERC & NOx Emission Allowance Consumption		\$0		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		\$2,624,929		\$2,624,929
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,574,706		\$3,561,015

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of June 2009

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$32,461		\$32,461
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$661,320		\$661,320
3	Monthly SO2 Allowance Consumption	<u>\$106,498</u>		<u>\$106,498</u>
4	Total 1997 Plan O&M Expenses		\$800,279	\$800,279
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$273,224		\$273,224
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$0		\$0
9	Equipment - Associated Operating Expenses	\$2,927		\$2,927
10	Equipment - Associated Maintenance Expenses	<u>(\$76,637)</u>		<u>(\$76,637)</u>
11	Total 2003 Plan O&M Expenses		\$199,514	\$199,514
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 11 X 15%		2,344	
14	Total Monthly O&M Expenses		<u>\$1,002,137</u>	<u>\$999,793</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$125,267	\$124,974
16	Cash Working Capital Allowance (May 2009 ES Form 3.13)		\$163,098	
17	Cash Working Capital Allowance (April 2009 ES Form 3.13)		\$124,952	
18	Cash Working Capital Allowance (March 2009 ES Form 3.13)		\$129,991	
19	Cash Working Capital Allowance (February 2009 ES Form 3.13)		\$117,621	
20	Cash Working Capital Allowance (January 2009 ES Form 3.13)		\$147,118	
21	Cash Working Capital Allowance (December 2008 ES Form 3.13)		\$185,879	
22	Cash Working Capital Allowance (November 2008 ES Form 3.13)		\$74,274	
23	Cash Working Capital Allowance (October 2008 ES Form 3.13)		\$81,796	
24	Cash Working Capital Allowance (September 2008 ES Form 3.13)		\$207,845	
25	Cash Working Capital Allowance (August 2008 ES Form 3.13)		\$164,001	
26	Cash Working Capital Allowance (July 2008 ES Form 3.13)		<u>\$195,050</u>	
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$1,716,892</u>	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

ES FORM 1.00

REVISED - July 25, 2012

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of July 2009

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,761,741	\$3,748,651	\$13,090
LINE 2	Brr from ES FORM 1.10	\$2,818,212	\$2,818,212	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$943,529	\$930,439	\$13,090
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	83.5%	83.5%	83.5%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$787,846	\$776,916	\$10,930
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$98,267)	(\$98,267)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$689,579	\$678,649	\$10,930
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$689,579	\$678,649	\$10,930
LINE 9	KY Retail R(m) from ES FORM 3.30	\$44,798,009	\$44,798,009	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.5393%	1.5149%	0.0244%

Effective Date for Billing: September 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : August 18, 2009

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 21	\$3,714,396	\$3,701,306
2	Second Component: Associated with Rockport Plant $((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C)$ ES FORM 3.20, Line 16	\$47,345	\$47,345
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$3,761,741	\$3,748,651

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of July 2009

LINE NO.	COST COMPONENT	Revised Amount			
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,230,568		\$191,230,568	
2	Less Accumulated Depreciation	(\$50,411,161)		(\$50,411,161)	
3	Less Accum. Def. Income Taxes	(\$40,839,438)		(\$40,839,438)	
4	Net Utility Plant		\$99,979,969		\$99,979,969
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,768,689		\$7,768,689
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$0		\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$1,658,662		\$136,527
8	Total Rate Base		\$109,407,320		\$107,885,185
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%		10.30%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$940,903		\$927,813
	Operating Expenses :				
12	Monthly Depreciation Expense		\$576,947		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,853		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461		\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,788,858		\$1,788,858
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$239,063		\$239,063
18	Monthly SO2 Emission Allowance Consumption		\$76,281		\$76,281
19	Monthly ERC & NOx Emission Allowance Consumption		\$0		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		\$2,773,493		\$2,773,493
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,714,396		\$3,701,306

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 2009

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$32,461		\$32,461
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$744,408		\$744,408
3	Monthly SO2 Allowance Consumption	\$76,281		\$76,281
4	Total 1997 Plan O&M Expenses		\$853,150	\$853,150
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$201,148		\$201,148
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$0		\$0
9	Equipment - Associated Operating Expenses	\$6,991		\$6,991
10	Equipment - Associated Maintenance Expenses	\$30,923		\$30,923
11	Total 2003 Plan O&M Expenses		\$239,063	\$239,063
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 11 X 15%		2,344	
14	Total Monthly O&M Expenses		\$1,094,556	\$1,092,213
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$136,820	\$136,527
16	Cash Working Capital Allowance (June 2009 ES Form 3.13)		\$125,267	
17	Cash Working Capital Allowance (May 2009 ES Form 3.13)		\$163,098	
18	Cash Working Capital Allowance (April 2009 ES Form 3.13)		\$124,952	
19	Cash Working Capital Allowance (March 2009 ES Form 3.13)		\$129,991	
20	Cash Working Capital Allowance (February 2009 ES Form 3.13)		\$117,621	
21	Cash Working Capital Allowance (January 2009 ES Form 3.13)		\$147,118	
22	Cash Working Capital Allowance (December 2008 ES Form 3.13)		\$185,879	
23	Cash Working Capital Allowance (November 2008 ES Form 3.13)		\$74,274	
24	Cash Working Capital Allowance (October 2008 ES Form 3.13)		\$81,796	
25	Cash Working Capital Allowance (September 2008 ES Form 3.13)		\$207,845	
26	Cash Working Capital Allowance (August 2008 ES Form 3.13)		\$164,001	
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,658,662	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

ES FORM 1.00

REVISED - July 25, 2012

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of August 2009

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,056,941	\$4,044,084	\$12,857
LINE 2	Brr from ES FORM 1.10	2,342,883	\$2,342,883	-
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,714,058	\$1,701,201	\$12,857
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	75.2%	75.2%	0.752
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,288,972	\$1,279,303	\$9,669
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(331,137)	(\$331,137)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$957,835	\$948,166	\$9,669
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$957,835	\$948,166	\$9,669
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,667,275	\$40,667,275	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.3553%	2.3315%	0.0238%

Effective Date for Billing: October 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : September 18, 2009

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of August 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 21	\$4,008,758	\$3,995,901
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16	\$48,183	\$48,183
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO2 - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO2 Allowances	\$0	\$0
	1) NOx - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NOx - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NOx Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$4,056,941	\$4,044,084

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of August 2009

LINE NO.	COST COMPONENT	Revised Amount	
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,230,568	\$191,230,568
2	Less Accumulated Depreciation	(\$51,034,138)	(\$51,034,138)
3	Less Accum. Def. Income Taxes	(\$41,113,803)	(\$41,113,803)
4	Net Utility Plant	\$99,082,627	\$99,082,627
5	SO2 Emission Allowance Inventory from ES FORM 3.11	\$7,656,241	\$7,656,241
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12	\$0	\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12	\$1,658,877	\$163,923
8	Total Rate Base	\$108,397,745	\$106,902,791
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%	10.30%
10	Monthly Weighted Avg. Cost of Capital (9) / 12	0.86%	0.86%
11	Monthly Return of Rate Base (8) * (10)	\$932,221	\$919,364
	Operating Expenses :		
12	Monthly Depreciation Expense	\$576,947	\$576,947
13	Monthly Catalyst Amortization Expense	\$46,030	\$46,030
14	Monthly Property Taxes	\$13,853	\$13,853
15	Monthly Kentucky Air Emissions Fee	\$32,461	\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10	\$1,997,487	\$1,997,487
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13	\$297,311	\$297,311
18	Monthly SO2 Emission Allowance Consumption	\$112,448	\$112,448
19	Monthly ERC & NOx Emission Allowance Consumption	\$0	\$0
20	Total Operating Expenses (Line 12 thru Line 19)	\$3,076,537	\$3,076,537
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1	\$4,008,758	\$3,995,901

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of August 2009

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$32,461		\$32,461
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$869,166		\$869,166
3	Monthly SO2 Allowance Consumption	\$112,448		\$112,448
4	Total 1997 Plan O&M Expenses		\$1,014,075	\$1,014,075
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$247,273		\$247,273
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$0		\$0
9	Equipment - Associated Operating Expenses	\$2,894		\$2,894
10	Equipment - Associated Maintenance Expenses	\$47,144		\$47,144
11	Total 2003 Plan O&M Expenses		\$297,311	\$297,311
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3 20, Line 11 X 15%		2,344	
14	Total Monthly O&M Expenses		\$1,313,730	\$1,311,386
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$164,216	\$163,923
16	Cash Working Capital Allowance (July 2009 ES Form 3.13)		\$136,820	
17	Cash Working Capital Allowance (June 2009 ES Form 3.13)		\$125,267	
18	Cash Working Capital Allowance (May 2009 ES Form 3.13)		\$163,098	
19	Cash Working Capital Allowance (April 2009 ES Form 3.13)		\$124,952	
20	Cash Working Capital Allowance (March 2009 ES Form 3.13)		\$129,991	
21	Cash Working Capital Allowance (February 2009 ES Form 3.13)		\$117,621	
22	Cash Working Capital Allowance (January 2009 ES Form 3.13)		\$147,118	
23	Cash Working Capital Allowance (December 2008 ES Form 3.13)		\$185,879	
24	Cash Working Capital Allowance (November 2008 ES Form 3.13)		\$74,274	
25	Cash Working Capital Allowance (October 2008 ES Form 3.13)		\$81,796	
26	Cash Working Capital Allowance (September 2008 ES Form 3.13)		\$207,845	
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,658,877	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

ES FORM 1.00

REVISED - July 25, 2012

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of September 2009

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,730,856	\$3,718,375	\$12,481
LINE 2	Brr from ES FORM 1.10	\$2,852,305	\$2,852,305	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$878,551	\$866,070	\$12,481
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	78.8%	78.8%	
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$692,298	\$682,463	\$9,835
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	174,519	\$174,519	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$866,817	\$856,982	\$9,835
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$866,817	\$856,982	\$9,835
LINE 9	KY Retail R(m) from ES FORM 3.30	\$36,435,255	\$36,435,255	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.3791%	2.3521%	0.0270%

Effective Date for Billing: November 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : October 16, 2009

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of September 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 21	\$3,682,697	\$3,670,216
2	Second Component: Associated with Rockport Plant $((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C)$ ES FORM 3.20, Line 16	\$48,159	\$48,159
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$3,730,856	\$3,718,375

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of September 2009

LINE NO.	COST COMPONENT	Revised Amount			
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,230,568		\$191,230,568	
2	Less Accumulated Depreciation	(\$51,657,115)		(\$51,657,115)	
3	Less Accum. Def. Income Taxes	(\$41,388,171)		(\$41,388,171)	
4	Net Utility Plant		\$98,185,282		\$98,185,282
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,581,596		\$7,581,596
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$55,010		\$55,010
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$1,572,870		\$121,545
8	Total Rate Base		\$107,394,758		\$105,943,433
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%		10.30%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$923,595		\$911,114
	Operating Expenses :				
12	Monthly Depreciation Expense		\$576,947		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,853		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461		\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,806,255		\$1,806,255
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$192,417		\$192,417
18	Monthly SO2 Emission Allowance Consumption		\$74,645		\$74,645
19	Monthly ECR & NOx Emission Allowance Consumption		\$16,494		\$16,494
20	Total Operating Expenses (Line 12 thru Line 18)		\$2,759,102		\$2,759,102
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,682,697		\$3,670,216

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of September 2009

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$32,461		\$32,461
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$672,840		\$672,840
3	Monthly SO2 Allowance Consumption	<u>\$74,645</u>		<u>\$74,645</u>
4	Total 1997 Plan O&M Expenses		\$779,946	\$779,946
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$160,102		\$160,102
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$16,494		\$16,494
9	Equipment - Associated Operating Expenses	\$2,524		\$2,524
10	Equipment - Associated Maintenance Expenses	<u>\$13,297</u>		<u>\$13,297</u>
11	Total 2003 Plan O&M Expenses		\$192,417	\$192,417
13	KPCO's Rockport Unit Power O&M:			
14	E.S. Form 3.20, Line 11 X 15%		<u>2,344</u>	
12	Total Monthly O&M Expenses		<u>\$974,707</u>	<u>\$972,363</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$121,838	\$121,545
16	Cash Working Capital Allowance (August 2009 ES Form 3.13)		\$164,216	
17	Cash Working Capital Allowance (July 2009 ES Form 3.13)		\$136,820	
18	Cash Working Capital Allowance (June 2009 ES Form 3.13)		\$125,267	
19	Cash Working Capital Allowance (May 2009 ES Form 3.13)		\$163,098	
20	Cash Working Capital Allowance (April 2009 ES Form 3.13)		\$124,952	
21	Cash Working Capital Allowance (March 2009 ES Form 3.13)		\$129,991	
22	Cash Working Capital Allowance (February 2009 ES Form 3.13)		\$117,621	
23	Cash Working Capital Allowance (January 2009 ES Form 3.13)		\$147,118	
24	Cash Working Capital Allowance (December 2008 ES Form 3.13)		\$185,879	
25	Cash Working Capital Allowance (November 2008 ES Form 3.13)		\$74,274	
26	Cash Working Capital Allowance (October 2008 ES Form 3.13)		<u>\$81,796</u>	
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,572,870	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

ES FORM 1.00

REVISED - July 25, 2012

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of October 2009

<u>CALCULATION OF E(m)</u>		<u>Revised</u>		<u>Difference</u>
E(m) = CRR - BRR		<u>Amounts</u>		
LINE 1	CRR from ES FORM 3.00	\$2,593,829	\$2,581,004	\$12,825
LINE 2	Brr from ES FORM 1.10	\$2,181,975	\$2,181,975	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$411,854	\$399,029	\$12,825
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	76.0%	76.0%	
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$313,009	\$303,262	\$9,747
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	153,693	\$153,693	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$466,702	\$456,955	\$9,747
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$466,702	\$456,955	\$9,747
LINE 9	KY Retail R(m) from ES FORM 3.30	\$33,633,296	\$33,633,296	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.3876%	1.3586%	0.0290%

Effective Date for Billing: December 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : November 16, 2009

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of October 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS			
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 21		\$2,546,033	\$2,533,208
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$47,796	\$47,796
	Third Component: Net Proceeds from Emission Allowances Sales AS			
	1) SO2 - EPA Auction Proceeds received during Expense Month	\$0		\$0
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0
	Total Net Proceeds from SO2 Allowances	\$0		\$0
	1) NOx - ERC Sales Proceeds, received during Expense Month	\$0		\$0
	2) NOx - EPA Auction Proceeds, received during Expense Month	\$0		\$0
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month	\$0		\$0
	Total Net Proceeds from NOx Allowances	\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,593,829	\$2,581,004

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of October 2009

LINE NO.	COST COMPONENT	Revised Amount	
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,230,568	\$191,230,568
2	Less Accumulated Depreciation	(\$52,280,092)	(\$52,280,092)
3	Less Accum. Def. Income Taxes	(\$41,662,538)	(\$41,662,538)
4	Net Utility Plant		\$97,287,938
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,473,124
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$37,463
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		(\$23,789)
8	Total Rate Base		\$106,266,103
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%	10.30%
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$913,888
	Operating Expenses :		
12	Monthly Depreciation Expense		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$568,974
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$301,902
18	Monthly SO2 Emission Allowance Consumption		\$108,472
19	Monthly ECR & NOx Emission Allowance Consumption		(\$16,494)
20	Total Operating Expenses [Line 12 thru Line 18]		\$1,632,145
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,546,033

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of October 2009

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$32,461		\$32,461
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	(\$633,144)		(\$633,144)
3	Monthly SO2 Allowance Consumption	<u>\$108,472</u>		<u>\$108,472</u>
4	Total 1997 Plan O&M Expenses		(\$492,211)	(\$492,211)
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$278,089		\$278,089
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$17,547		\$17,547
9	Equipment - Associated Operating Expenses	\$2,325		\$2,325
10	Equipment - Associated Maintenance Expenses	<u>\$3,941</u>		<u>\$3,941</u>
11	Total 2003 Plan O&M Expenses		<u>\$301,902</u>	<u>\$301,902</u>
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 11 X 15%		<u>2,344</u>	
14	Total Monthly O&M Expenses		<u>(\$187,966)</u>	<u>(\$190,309)</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		(\$23,496)	(\$23,789)
16	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838	
17	Cash Working Capital Allowance (August 2009 ES Form 3.13)		\$164,216	
18	Cash Working Capital Allowance (July 2009 ES Form 3.13)		\$136,820	
19	Cash Working Capital Allowance (June 2009 ES Form 3.13)		\$125,267	
20	Cash Working Capital Allowance (May 2009 ES Form 3.13)		\$163,098	
21	Cash Working Capital Allowance (April 2009 ES Form 3.13)		\$124,952	
22	Cash Working Capital Allowance (March 2009 ES Form 3.13)		\$129,991	
23	Cash Working Capital Allowance (February 2009 ES Form 3.13)		\$117,621	
24	Cash Working Capital Allowance (January 2009 ES Form 3.13)		\$147,118	
25	Cash Working Capital Allowance (December 2008 ES Form 3.13)		\$185,879	
26	Cash Working Capital Allowance (November 2008 ES Form 3.13)		\$74,274	
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$1,467,578</u>	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

ES FORM 1.00

REVISED - July 25, 2012

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of November 2009

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,843,323	\$3,831,338	\$11,985
LINE 2	Brr from ES FORM 1.10	\$2,598,522	\$2,598,522	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,244,801	\$1,232,816	\$11,985
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.5%	77.5%	0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$964,721	\$955,432	\$9,289
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$75,773	\$75,773	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,040,494	\$1,031,205	\$9,289
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,040,494	\$1,031,205	\$9,289
LINE 9	KY Retail R(m) from ES FORM 3.30	\$33,871,736	\$33,871,736	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.0719%	3.0444%	0.0275%

Effective Date for Billing: January 2010

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : December 21, 2009

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of November 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20	\$3,794,234	\$3,782,249
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16	\$49,089	\$49,089
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$3,843,323	\$3,831,338

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of November 2009

LINE NO.	COST COMPONENT	Revised Amount	
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,230,568	\$191,230,568
2	Less Accumulated Depreciation	(\$52,903,069)	(\$52,903,069)
3	Less Accum. Def. Income Taxes	(\$41,936,905)	(\$41,936,905)
4	Net Utility Plant	\$96,390,594	\$96,390,594
5	SO2 Emission Allowance Inventory from ES FORM 3.11	\$7,363,638	\$7,363,638
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12	\$20,067	\$20,067
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12	\$1,524,811	\$131,214
8	Total Rate Base	\$105,299,110	\$103,905,513
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%	10.30%
10	Monthly Weighted Avg. Cost of Capital (9) / 12	0.86%	0.86%
11	Monthly Return of Rate Base (8) * (10)	\$905,572	\$893,587
	Operating Expenses :		
12	Monthly Depreciation Expense	\$576,947	\$576,947
13	Monthly Catalyst Amortization Expense	\$46,030	\$46,030
14	Monthly Property Taxes	\$13,853	\$13,853
15	Monthly Kentucky Air Emissions Fee	\$32,461	\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10	\$1,736,868	\$1,736,868
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13	\$373,017	\$373,017
18	Monthly SO2 Emission Allowance Consumption	\$109,486	\$109,486
19	Total Operating Expenses [Line 12 thru Line 18]	\$2,888,662	\$2,888,662
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1	\$3,794,234	\$3,782,249

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of November 2009

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$32,461		\$32,461
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$534,750		\$534,750
3	Monthly SO2 Allowance Consumption	<u>\$109,486</u>		<u>\$109,486</u>
4	Total 1997 Plan O&M Expenses		\$676,697	\$676,697
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$317,580		\$317,580
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$17,396		\$17,396
9	Equipment - Associated Operating Expenses	\$2,325		\$2,325
10	Equipment - Associated Maintenance Expenses	<u>\$35,716</u>		<u>\$35,716</u>
11	Total 2003 Plan O&M Expenses		<u>\$373,017</u>	<u>\$373,017</u>
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 11 X 15%		<u>2,344</u>	
14	Total Monthly O&M Expenses		<u>\$1,052,058</u>	<u>\$1,049,714</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)	\$131,507		\$131,214
16	Cash Working Capital Allowance (October 2009 ES Form 3.13)	(\$23,496)		
17	Cash Working Capital Allowance (September 2009 ES Form 3.13)	\$121,838		
18	Cash Working Capital Allowance (August 2009 ES Form 3.13)	\$164,216		
19	Cash Working Capital Allowance (July 2009 ES Form 3.13)	\$136,820		
20	Cash Working Capital Allowance (June 2009 ES Form 3.13)	\$125,267		
21	Cash Working Capital Allowance (May 2009 ES Form 3.13)	\$163,098		
22	Cash Working Capital Allowance (April 2009 ES Form 3.13)	\$124,952		
23	Cash Working Capital Allowance (March 2009 ES Form 3.13)	\$129,991		
24	Cash Working Capital Allowance (February 2009 ES Form 3.13)	\$117,621		
25	Cash Working Capital Allowance (January 2009 ES Form 3.13)	\$147,118		
26	Cash Working Capital Allowance (December 2008 ES Form 3.13)	<u>\$185,879</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$1,524,811</u>	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

ES FORM 1.00

REVISED - July 25, 2012

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of December 2009

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,906,455	\$4,894,937	\$11,518
LINE 2	Brr from ES FORM 1.10	\$1,407,969	\$1,407,969	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$3,498,486	\$3,486,968	\$11,518
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	73.7%	73.7%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$2,578,384	\$2,569,895	\$8,489
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$78,554)	(\$78,554)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,499,830	\$2,491,341	\$8,489
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$2,499,830	\$2,491,341	\$8,489
LINE 9	KY Retail R(m) from ES FORM 3.30	\$39,523,245	\$39,523,245	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	6.3250%	6.3035%	0.0215%

Effective Date for Billing: February 2010

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : January 19, 2009

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of December 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS			
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20		\$4,858,184	\$4,846,666
2	Second Component: Associated with Rockport Plant $(((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C))$ ES FORM 3.20, Line 16		\$48,271	\$48,271
	Third Component: Net Proceeds from Emission Allowances Sales AS			
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$0
	Total Net Proceeds from NO _x Allowances	\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,906,455	\$4,894,937

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of December 2009

LINE NO.	COST COMPONENT	Revised Amount	
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	\$191,327,552
2	Less Accumulated Depreciation	(\$53,526,046)	(\$53,526,046)
3	Less Accum. Def. Income Taxes	(\$42,214,990)	(\$42,214,990)
4	Net Utility Plant	\$95,586,516	\$95,586,516
5	SO2 Emission Allowance Inventory from ES FORM 3.11	\$13,045,370	\$13,045,370
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12	\$46,976	\$46,976
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12	\$1,596,667	\$257,442
8	Total Rate Base	\$110,275,529	\$108,936,304
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%	10.30%
10	Monthly Weighted Avg. Cost of Capital (9) / 12	0.86%	0.86%
11	Monthly Return of Rate Base (8) * (10)	\$948,370	\$936,852
	Operating Expenses :		
12	Monthly Depreciation Expense	\$576,947	\$576,947
13	Monthly Catalyst Amortization Expense	\$46,030	\$46,030
14	Monthly Property Taxes	\$13,854	\$13,854
15	Monthly Kentucky Air Emissions Fee	\$21,000	\$21,000
	Monthly Environmental AEP Pool Capacity Costs		
16	from ES FORM 3.14, Page 1 of 11, Column 5, Line 10	\$1,828,775	\$1,828,775
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13	\$766,255	\$766,255
18	Monthly SO2 Emission Allowance Consumption	\$656,953	\$656,953
19	Total Operating Expenses [Line 12 thru Line 18]	\$3,909,814	\$3,909,814
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1	\$4,858,184	\$4,846,666

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of December 2009

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$21,000		\$21,000
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$615,329		\$615,329
3	Monthly SO2 Allowance Consumption	\$656,953		\$656,953
4	Total 1997 Plan O&M Expenses		\$1,293,282	\$1,293,282
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$327,404		\$327,404
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$414,691		\$414,691
9	Equipment - Associated Operating Expenses	\$1,829		\$1,829
10	Equipment - Associated Maintenance Expenses	\$22,331		\$22,331
11	Total 2003 Plan O&M Expenses		\$766,255	\$766,255
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 11 X 15%		2,344	
14	Total Monthly O&M Expenses		\$2,061,881	\$2,061,881
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$257,735	\$257,442
16	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507	
17	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)	
18	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838	
19	Cash Working Capital Allowance (August 2009 ES Form 3.13)		\$164,216	
20	Cash Working Capital Allowance (July 2009 ES Form 3.13)		\$136,820	
21	Cash Working Capital Allowance (June 2009 ES Form 3.13)		\$125,267	
22	Cash Working Capital Allowance (May 2009 ES Form 3.13)		\$163,098	
23	Cash Working Capital Allowance (April 2009 ES Form 3.13)		\$124,952	
24	Cash Working Capital Allowance (March 2009 ES Form 3.13)		\$129,991	
25	Cash Working Capital Allowance (February 2009 ES Form 3.13)		\$117,621	
26	Cash Working Capital Allowance (January 2009 ES Form 3.13)		\$147,118	
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,596,667	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of January 2010

<u>CALCULATION OF E(m)</u>		Revised		Difference
E(m) = CRR - BRR		Amount		
LINE 1	CRR from ES FORM 3.00	\$4,631,035	\$4,619,581	\$11,454
LINE 2	Brr from ES FORM 1.10	\$2,531,784	\$2,531,784	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,099,251	\$2,087,797	\$11,454
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.2%	77.2%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,620,622	\$1,611,780	\$8,842
LINE 5A	Environmental Surcharge Clause Adjustment per Order in Case No. 2009 - 00316 dated January 20, 2010	(\$85,082)	(\$85,082)	\$0
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$455,165)	(\$455,165)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,080,375	\$1,071,533	\$8,842
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,080,375	\$1,071,533	\$8,842
LINE 9	KY Retail R(m) from ES FORM 3.30	\$50,334,032	\$50,334,032	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.1464%	2.1288%	0.0176%

Effective Date for Billing: March 2010

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : March 02, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of January 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS			
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$4,585,195	\$4,573,741
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$45,918	\$45,918
	Third Component: Net Proceeds from Emission Allowances Sales AS			
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$78		\$78
	Total Net Proceeds from SO ₂ Allowances	\$78		\$78
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$0
	Total Net Proceeds from NO _x Allowances	\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$78	\$78
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,631,035	\$4,619,581

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of January 2010

LINE NO.	COST COMPONENT	Revised Amount		
	Return on Rate Base :			
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552
2	Less Accumulated Depreciation	(\$54,149,328)		(\$54,149,328)
3	Less Accum. Def. Income Taxes	(\$42,481,107)		(\$42,481,107)
4	Net Utility Plant		\$94,697,117	\$94,697,117
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,660,047	\$12,660,047
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$37,966	\$37,966
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$1,593,069	\$143,227
8	Total Rate Base		\$108,988,199	\$107,538,357
9	Weighted Average Cost of Capital - ES FORM 3.15	9.52%		9.52%
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.79%	0.79%
11	Monthly Return of Rate Base (8) * (10)		\$861,007	\$849,553
	Operating Expenses :			
12	Monthly Depreciation Expense		\$577,252	\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030	\$46,030
14	Monthly Property Taxes		\$14,298	\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551	\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,257,476	\$2,257,476
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$413,258	\$413,258
18	Monthly SO2 Emission Allowance Consumption		\$385,323	\$385,323
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,724,188	\$3,724,188
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,585,195	\$4,573,741

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of January 2010

LINE NO.	O&M Expenses	Revised Amount			
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$316,680		\$316,680	
3	Monthly SO2 Allowance Consumption	<u>\$385,323</u>		<u>\$385,323</u>	
4	Total 1997 Plan O&M Expenses		\$732,554		\$732,554
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$395,987		\$395,987	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$9,010		\$9,010	
9	Equipment - Associated Operating Expenses	\$1,281		\$1,281	
10	Equipment - Associated Maintenance Expenses	<u>\$6,981</u>		<u>\$6,981</u>	
11	Total 2003 Plan O&M Expenses		\$413,258		\$413,258
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		<u>2,344</u>		
14	Total Monthly O&M Expenses		\$1,148,156		\$1,145,812
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$143,520		\$143,227
16	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735		
17	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507		
18	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)		
19	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838		
20	Cash Working Capital Allowance (August 2009 ES Form 3.13)		\$164,216		
21	Cash Working Capital Allowance (July 2009 ES Form 3.13)		\$136,820		
22	Cash Working Capital Allowance (June 2009 ES Form 3.13)		\$125,267		
23	Cash Working Capital Allowance (May 2009 ES Form 3.13)		\$163,098		
24	Cash Working Capital Allowance (April 2009 ES Form 3.13)		\$124,952		
25	Cash Working Capital Allowance (March 2009 ES Form 3.13)		\$129,991		
26	Cash Working Capital Allowance (February 2009 ES Form 3.13)		<u>\$117,621</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,593,069		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of February 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,289,141	\$4,277,483	\$11,658
LINE 2	Brr from ES FORM 1.10	\$3,003,995	\$3,003,995	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,285,146	\$1,273,488	\$11,658
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	81.3%	81.3%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,044,824	\$1,035,346	\$9,478
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(363,212)	(\$363,212)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$681,612	\$672,134	\$9,478
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$681,612	\$672,134	\$9,478
LINE 9	KY Retail R(m) from ES FORM 3.30	\$52,396,461	\$52,396,461	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.3009%	1.2828%	0.0181%

Effective Date for Billing: April 2010

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : March 19, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of February 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20	\$4,242,466	\$4,230,808
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 16	\$46,675	\$46,675
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$4,289,141	\$4,277,483

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of February 2010

LINE NO.	COST COMPONENT	Revised Amount	
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	\$191,327,552
2	Less Accumulated Depreciation	(\$54,772,610)	(\$54,772,610)
3	Less Accum. Def. Income Taxes	(\$42,749,670)	(\$42,749,670)
4	Net Utility Plant		
		\$93,805,272	\$93,805,272
5	SO2 Emission Allowance Inventory from ES FORM 3.11	\$12,357,499	\$12,357,499
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12	(\$2,269)	(\$2,269)
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12	\$1,608,261	\$132,520
8	Total Rate Base	\$107,768,763	\$106,293,022
9	Weighted Average Cost of Capital - ES FORM 3.15	9.52%	9.52%
10	Monthly Weighted Avg. Cost of Capital (9) / 12	0.79%	0.79%
11	Monthly Return of Rate Base (8) * (10)	\$851,373	\$839,715
	Operating Expenses :		
12	Monthly Depreciation Expense	\$577,252	\$577,252
13	Monthly Catalyst Amortization Expense	\$46,030	\$46,030
14	Monthly Property Taxes	\$14,298	\$14,298
15	Monthly Kentucky Air Emissions Fee	\$30,551	\$30,551
	Monthly Environmental AEP Pool Capacity Costs		
16	from ES FORM 3.14, Page 1 of 11, Column 5, Line 10	\$2,032,020	\$2,032,020
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13	\$388,394	\$388,394
18	Monthly SO2 Emission Allowance Consumption	\$302,548	\$302,548
19	Total Operating Expenses [Line 12 thru Line 18]	\$3,391,093	\$3,391,093
20	Total Revenue Requirement - Big Sandy		
	Record on ES FORM 3.00, Line 1	\$4,242,466	\$4,230,808

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of February 2010

LINE NO.	O&M Expenses	Revised Amount			
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$338,670		\$338,670	
3	Monthly SO2 Allowance Consumption	\$302,548		\$302,548	
4	Total 1997 Plan O&M Expenses		\$671,769		\$671,769
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$352,513		\$352,513	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,238		\$3,238	
9	Equipment - Associated Operating Expenses	\$0		\$0	
10	Equipment - Associated Maintenance Expenses	\$32,643		\$32,643	
11	Total 2003 Plan O&M Expenses		\$388,394		\$388,394
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		2,344		
14	Total Monthly O&M Expenses		\$1,062,507		\$1,060,163
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$132,813		\$132,520
16	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520		
17	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735		
18	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507		
19	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)		
20	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838		
21	Cash Working Capital Allowance (August 2009 ES Form 3.13)		\$164,216		
22	Cash Working Capital Allowance (July 2009 ES Form 3.13)		\$136,820		
23	Cash Working Capital Allowance (June 2009 ES Form 3.13)		\$125,267		
24	Cash Working Capital Allowance (May 2009 ES Form 3.13)		\$163,098		
25	Cash Working Capital Allowance (April 2009 ES Form 3.13)		\$124,952		
26	Cash Working Capital Allowance (March 2009 ES Form 3.13)		\$129,991		
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,608,261		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of February 2010

LINE NO.	COST (2)	Rockport Plant Common			Rockport Plant Common			Total	Total
		UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common		
(1)	(2)	Revised Amount							(7)
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	\$24,348	\$144,462	\$228,919	\$30,168
4	Operations :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Urea (5020002)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Trona (5020003)	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Maintenance :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	1/2 of Maintenance (9) * 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	\$39,973	\$144,462	\$228,919	\$30,168
14	Indiana Michigan Power Company's Percentage Ownership	50%	50.00%	50.00%	50.00%	50%	50.00%	50.00%	50.00%
15	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$19,987	\$122,793	\$194,581	\$15,084	\$19,987	\$122,793	\$148,980	\$15,084
16	Total Rockport Plant Common and Units 1 & 2	\$352,445	\$362,445	\$362,445	\$362,445	\$352,445	\$362,445	\$362,445	\$362,445
17	Indiana Michigan Power Company Steam Capacity (kw)	6,367,000	6,367,000	6,367,000	6,367,000	6,367,000	6,367,000	6,367,000	6,367,000
18	Rockport Plant (\$/kw) (14) / (15)	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07
19	Rockport Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighting	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
20	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
21	Rockport Plant Costs to Kentucky Power :	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
22	Rockport Plant Portion (\$/kw) (18)	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
23	Kentucky Power Capacity Deficit (kw)	376,300	376,300	376,300	376,300	376,300	376,300	376,300	376,300
24	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)	\$3,763	\$3,763	\$3,763	\$3,763	\$3,763	\$3,763	\$3,763	\$3,763
25	(ES FORM 3.14, Page 1 of 10, Line 8)								

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of March 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,262,348	\$4,250,668	\$11,680
LINE 2	Brr from ES FORM 1.10	\$2,845,066	\$2,845,066	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,417,282	\$1,405,602	\$11,680
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	85.4%	85.4%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,210,359	\$1,200,384	\$9,975
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$140,375)	(\$140,375)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,069,984	\$1,060,009	\$9,975
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,069,984	\$1,060,009	\$9,975
LINE 9	KY Retail R(m) from ES FORM 3.30	\$45,622,014	\$45,622,014	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.3453%	2.3235%	0.0218%

Effective Date for Billing: May 2010

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : April 19, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of March 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20	\$4,234,402	\$4,222,722
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16	\$48,118	\$48,118
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$20,172	\$20,172
	Total Net Proceeds from SO ₂ Allowances	\$20,172	\$20,172
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$20,172	\$20,172
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$4,262,348	\$4,250,668

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of March 2010

LINE NO.	COST COMPONENT	Revised Amount		
	Return on Rate Base :			
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552
2	Less Accumulated Depreciation	(\$55,395,892)		(\$55,395,892)
3	Less Accum. Def. Income Taxes	(\$42,531,523)		(\$42,531,523)
4	Net Utility Plant		\$93,400,137	\$93,400,137
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,208,202	\$12,208,202
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$17,611	\$17,611
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$1,598,152	\$119,589
8	Total Rate Base		\$107,224,102	\$105,745,539
9	Weighted Average Cost of Capital - ES FORM 3.15	9.52%		9.52%
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.79%	0.79%
11	Monthly Return of Rate Base (8) * (10)		\$847,070	\$835,390
	Operating Expenses :			
12	Monthly Depreciation Expense		\$577,252	\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030	\$46,030
14	Monthly Property Taxes		\$14,298	\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551	\$30,551
	Monthly Environmental AEP Pool Capacity Costs			
16	from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,167,072	\$2,167,072
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$402,832	\$402,832
18	Monthly SO2 Emission Allowance Consumption		\$149,297	\$149,297
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,387,332	\$3,387,332
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,234,402	\$4,222,722

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of March 2010

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$374,032		\$374,032
3	Monthly SO2 Allowance Consumption	<u>\$149,297</u>		<u>\$149,297</u>
4	Total 1997 Plan O&M Expenses		\$553,880	\$553,880
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$401,333		\$401,333
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	(\$19,880)		(\$19,880)
9	Equipment - Associated Operating Expenses	\$732		\$732
10	Equipment - Associated Maintenance Expenses	<u>\$20,647</u>		<u>\$20,647</u>
11	Total 2003 Plan O&M Expenses		\$402,832	\$402,832
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 11 X 15%		<u>2,344</u>	
14	Total Monthly O&M Expenses		\$959,056	\$956,712
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$119,882	\$119,589
16	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813	
17	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520	
18	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735	
19	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507	
20	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)	
21	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838	
22	Cash Working Capital Allowance (August 2009 ES Form 3.13)		\$164,216	
23	Cash Working Capital Allowance (July 2009 ES Form 3.13)		\$136,820	
24	Cash Working Capital Allowance (June 2009 ES Form 3.13)		\$125,267	
25	Cash Working Capital Allowance (May 2009 ES Form 3.13)		\$163,098	
26	Cash Working Capital Allowance (April 2009 ES Form 3.13)		<u>\$124,952</u>	
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,598,152	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of March 2010

LINE NO.	COST	Revised Amount				Total	Rockport Plant Common	Rockport Plant Common	UNIT 2 AMOUNTS	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common								
1	Utility Plant at Original Cost												
2	Member Primary Capacity Investment Rate (16.44% / 12)												
3	Total Rate Base	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	\$24,348	\$1,372%	\$144,462	\$1,372%	\$228,919	\$30,168	\$306,844	
4	Operations :	\$0	\$0	\$0	\$0	\$0		\$0		\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	\$0		\$0		\$0	\$0	\$0	
6	Troma (5020003)	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625		\$15,625		\$15,625	\$15,625	\$306,844	
7	Air Emission Fee	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625		\$15,625		\$15,625	\$15,625	\$306,844	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	\$0		\$0		\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	\$0		\$0		\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	\$0		\$0		\$0	\$0	\$0	
11	1/2 of Maintenance (9) * 50%	\$0	\$0	\$0	\$0	\$0		\$0		\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625		\$15,625		\$15,625	\$15,625	\$306,844	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	\$39,973		\$144,462		\$228,919	\$30,168	\$306,844	
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	85,000%	85,000%	50,000%	50%		85,000%		85,000%	50,000%	50,000%	
15	Total Rockport Plant Common and Units 1 & 2	\$19,987	\$122,793	\$194,581	\$15,084	\$19,987		\$122,793		\$194,581	\$15,084	\$306,844	
16	Indiana Michigan Power Company Steam Capacity (kw)												
17	Rockport Plant (\$/kw) (14) / (15)												
18	Rockport Plant Portion of Rockport Plant / Indiana Michigan Power Surplus Weighting												
19	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)												
20	Rockport Plant Costs to Kentucky Power :												
21	Rockport Plant Portion (\$/kw) (18)												
22	Kentucky Power Capacity Deficit (kw)												
23	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)												
24	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)												
25	(ES FORM 3.14, Page 1 of 10, Line 8)												

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of April 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,051,011	\$4,038,044	\$12,967
LINE 2	Brr from ES FORM 1.10	\$2,095,535	\$2,095,535	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,955,476	\$1,942,509	\$12,967
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	80.7%	80.7%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,578,069	\$1,567,605	\$10,464
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$221,483	\$221,483	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,799,552	\$1,789,088	\$10,464
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,799,552	\$1,789,088	\$10,464
LINE 9	KY Retail R(m) from ES FORM 3.30	\$36,160,423	\$36,160,423	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	4.9766%	4.9476%	0.0290%

Effective Date for Billing: June 2010

Submitted By: _____

Title: Director Regulatory Services

Date Submitted: May 19, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of April 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20	\$4,002,839	\$3,989,872
2	Second Component: Associated with Rockport Plant $((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C)$ ES FORM 3.20, Line 16	\$48,172	\$48,172
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO2 - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO2 Allowances	\$0	\$0
	1) NOx - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NOx - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NOx Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$4,051,011	\$4,038,044

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of April 2010

LINE NO.	COST COMPONENT	Revised Amount		
	Return on Rate Base :			
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552
2	Less Accumulated Depreciation	(\$56,019,174)		(\$56,019,174)
3	Less Accum. Def. Income Taxes	(\$43,286,793)		(\$43,286,793)
4	Net Utility Plant		\$92,021,585	\$92,021,585
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,086,231	\$12,086,231
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$16,613	\$16,613
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$1,562,599	\$89,106
8	Total Rate Base		\$105,687,028	\$104,213,535
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%		10.50%
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%	0.88%
11	Monthly Return of Rate Base (8) * (10)		\$930,046	\$917,079
	Operating Expenses :			
12	Monthly Depreciation Expense		\$577,252	\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030	\$46,030
14	Monthly Property Taxes		\$14,298	\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551	\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,926,528	\$1,926,528
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$356,163	\$356,163
18	Monthly SO2 Emission Allowance Consumption		\$121,971	\$121,971
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,072,793	\$3,072,793
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,002,839	\$3,989,872

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of April 2010

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$204,160		\$204,160
3	Monthly SO2 Allowance Consumption	<u>\$121,971</u>		<u>\$121,971</u>
4	Total 1997 Plan O&M Expenses		\$356,682	\$356,682
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$308,089		\$308,089
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$998		\$998
9	Equipment - Associated Operating Expenses	\$178		\$178
10	Equipment - Associated Maintenance Expenses	<u>\$46,898</u>		<u>\$46,898</u>
11	Total 2003 Plan O&M Expenses		\$356,163	\$356,163
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 10 X 15%		\$2,344	
14	Total Monthly O&M Expenses		\$715,188	\$712,845
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$89,399	\$89,106
16	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882	
17	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813	
18	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520	
19	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735	
20	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507	
21	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)	
22	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838	
23	Cash Working Capital Allowance (August 2009 ES Form 3.13)		\$164,216	
24	Cash Working Capital Allowance (July 2009 ES Form 3.13)		\$136,820	
25	Cash Working Capital Allowance (June 2009 ES Form 3.13)		\$125,267	
26	Cash Working Capital Allowance (May 2009 ES Form 3.13)		<u>\$163,098</u>	
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,562,599	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of May 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,200,829	\$4,188,511	\$12,318
LINE 2	Brr from ES FORM 1.10	\$1,514,859	\$1,514,859	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,685,970	\$2,673,652	\$12,318
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	83.9%	83.9%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$2,253,529	\$2,243,194	\$10,335
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$406,155	\$406,155	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,659,684	\$2,649,349	\$10,335
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$2,659,684	\$2,649,349	\$10,335
LINE 9	KY Retail R(m) from ES FORM 3.30	\$33,662,428	\$33,662,428	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	7.9010%	7.8703%	0.0307%

Effective Date for Billing: July 2010

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : June 18, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of May 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20	\$4,151,919	\$4,139,601
2	Second Component: Associated with Rockport Plant $(((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C)$ ES FORM 3.20, Line 16	\$48,910	\$48,910
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$4,200,829	\$4,188,511

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of May 2010

LINE NO.	COST COMPONENT	Revised Amount		
	Return on Rate Base :			
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552
2	Less Accumulated Depreciation	(\$56,642,456)		(\$56,642,456)
3	Less Accum. Def. Income Taxes	(\$43,555,356)		(\$43,555,356)
4	Net Utility Plant		\$91,129,740	\$91,129,740
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,020,639	\$12,020,639
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$15,743	\$15,743
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$1,508,648	\$108,854
8	Total Rate Base		\$104,674,770	\$103,274,976
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%		10.50%
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%	0.88%
11	Monthly Return of Rate Base (8) * (10)		\$921,138	\$908,820
	Operating Expenses :			
12	Monthly Depreciation Expense		\$577,252	\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030	\$46,030
14	Monthly Property Taxes		\$14,298	\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551	\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,056,448	\$2,056,448
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$440,610	\$440,610
18	Monthly SO2 Emission Allowance Consumption		\$65,592	\$65,592
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,230,781	\$3,230,781
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,151,919	\$4,139,601

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of May 2010

LINE NO.	O&M Expenses	Revised Amount			
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$334,080		\$334,080	
3	Monthly SO2 Allowance Consumption	<u>\$65,592</u>		<u>\$65,592</u>	
4	Total 1997 Plan O&M Expenses		\$430,223		\$430,223
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$153,066		\$153,066	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$870		\$870	
9	Equipment - Associated Operating Expenses	\$490		\$490	
10	Equipment - Associated Maintenance Expenses	<u>\$286,184</u>		<u>\$286,184</u>	
11	Total 2003 Plan O&M Expenses		<u>\$440,610</u>		<u>\$440,610</u>
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		\$2,344		
14	Total Monthly O&M Expenses		<u>\$873,177</u>		<u>\$870,833</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$109,147		\$108,854
16	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399		
17	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882		
18	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813		
19	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520		
20	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735		
21	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507		
22	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)		
23	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838		
24	Cash Working Capital Allowance (August 2009 ES Form 3.13)		\$164,216		
25	Cash Working Capital Allowance (July 2009 ES Form 3.13)		\$136,820		
26	Cash Working Capital Allowance (June 2009 ES Form 3.13)		<u>\$125,267</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,508,648		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of May 2010

LINE NO.	COST	Revised Amount				Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common									
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$1,777,228									
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%									
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$24,348									
4	Operations :	\$0	\$0	\$0	\$0									
5	Urea (5020002)	\$0	\$0	\$0	\$0									
6	Troma (5020003)	\$15,625	\$0	\$0	\$15,625									
7	Air Emission Fee	\$15,625	\$0	\$0	\$15,625									
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0									
9	Maintenance :	\$0	\$0	\$0	\$0									
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0									
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0									
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$15,625									
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$39,973									
14	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	85.00%	50%									
15	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$19,987	\$122,793	\$194,581	\$19,987									
16	Total Rockport Plant Common and Units 1 & 2													
17	Indiana Michigan Power Company Steam Capacity (kw)													
18	Rockport Plant (\$/kw) (14) / (15)													
19	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighting													
20	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)													
21	Rockport Plant Costs to Kentucky Power : Kentucky Power Portion (\$/kw) (18)													
22	Kentucky Power Capacity Deficit (kw)													
23	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)													
24	(ES FORM 3.14, Page 1 of 10, Line 8)													
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REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of June 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,584,853	\$4,572,677	\$12,176
LINE 2	Brr from ES FORM 1.10	\$1,913,578	\$1,913,578	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,671,275	\$2,659,099	\$12,176
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	73.5%	73.5%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,963,387	\$1,954,437	\$8,950
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$124,579)	(\$124,579)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,838,808	\$1,829,858	\$8,950
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,838,808	\$1,829,858	\$8,950
LINE 9	KY Retail R(m) from ES FORM 3.30	\$38,129,249	\$38,129,249	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	4.8226%	4.7991%	0.0235%

Effective Date for Billing: August 2010

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : July 19, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of June 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20	\$4,536,491	\$4,524,315
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16	\$48,362	\$48,362
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$4,584,853	\$4,572,677

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of June 2010

LINE NO.	COST COMPONENT	Revised Amount	
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	\$191,327,552
2	Less Accumulated Depreciation	(\$57,265,738)	(\$57,265,738)
3	Less Accum. Def. Income Taxes	(\$43,823,917)	(\$43,823,917)
4	Net Utility Plant	\$90,237,897	\$90,237,897
5	SO2 Emission Allowance Inventory from ES FORM 3.11	\$11,719,431	\$11,719,431
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12	\$13,862	\$13,862
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12	\$1,541,877	\$158,203
8	Total Rate Base	\$103,513,067	\$102,129,393
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	10.50%
10	Monthly Weighted Avg. Cost of Capital (9) / 12	0.88%	0.88%
11	Monthly Return of Rate Base (8) * (10)	\$910,915	\$898,739
	Operating Expenses :		
12	Monthly Depreciation Expense	\$577,252	\$577,252
13	Monthly Catalyst Amortization Expense	\$46,030	\$46,030
14	Monthly Property Taxes	\$14,298	\$14,298
15	Monthly Kentucky Air Emissions Fee	\$30,551	\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10	\$2,078,720	\$2,078,720
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13	\$577,517	\$577,517
18	Monthly SO2 Emission Allowance Consumption	\$301,208	\$301,208
19	Total Operating Expenses [Line 12 thru Line 18]	\$3,625,576	\$3,625,576
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1	\$4,536,491	\$4,524,315

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of June 2010

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$356,352		\$356,352
3	Monthly SO2 Allowance Consumption	\$301,208		\$301,208
4	Total 1997 Plan O&M Expenses		\$688,111	\$688,111
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$399,858		\$399,858
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$1,881		\$1,881
9	Equipment - Associated Operating Expenses	\$1,866		\$1,866
10	Equipment - Associated Maintenance Expenses	\$173,911		\$173,911
11	Total 2003 Plan O&M Expenses		\$577,517	\$577,517
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 10 X 15%		\$2,344	
14	Total Monthly O&M Expenses		\$1,267,971	\$1,265,628
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$158,496	\$158,203
16	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147	
17	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399	
18	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882	
19	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813	
20	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520	
21	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735	
22	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507	
23	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)	
24	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838	
25	Cash Working Capital Allowance (August 2009 ES Form 3.13)		\$164,216	
26	Cash Working Capital Allowance (July 2009 ES Form 3.13)		\$136,820	
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,541,877	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of June 2010

LINE NO.	COST	Rockport Plant Common		UNIT 1 AMOUNTS		UNIT 2 AMOUNTS		Rockport Plant Common		Total
		(1)	(2)	(3)	(4)	(5)	(6)	(7)		
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$1,777,228	\$10,544,676	\$1,777,228	\$10,544,676	\$1,777,228	\$10,544,676	\$12,321,904
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%
3	Total Rate Base	\$24,348	\$144,462	\$24,348	\$144,462	\$24,348	\$144,462	\$24,348	\$144,462	\$168,810
4	Operations :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Urea (5020002)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Trona (5020003)	\$15,625	\$0	\$15,625	\$0	\$15,625	\$0	\$15,625	\$0	\$15,625
7	Air Emission Fee	\$15,625	\$0	\$15,625	\$0	\$15,625	\$0	\$15,625	\$0	\$15,625
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$15,625	\$0	\$15,625	\$0	\$15,625	\$0	\$15,625
9	Maintenance :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$15,625	\$0	\$15,625	\$0	\$15,625	\$0	\$15,625
13	Total Revenue Requirement	\$39,973	\$144,462	\$39,973	\$144,462	\$39,973	\$144,462	\$39,973	\$144,462	\$184,435
14	Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$39,973	\$144,462	\$39,973	\$144,462	\$39,973	\$144,462	\$184,435
15	Indiana Michigan Power Company's Percentage Ownership	50%	50.00%	50%	50.00%	50%	50.00%	50%	50.00%	50%
16	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$19,987	\$72,231	\$19,987	\$72,231	\$19,987	\$72,231	\$19,987	\$72,231	\$92,218
17	Total Rockport Plant Common and Units 1 & 2	\$59,960	\$216,693	\$59,960	\$216,693	\$59,960	\$216,693	\$59,960	\$216,693	\$276,653
18	Indiana Michigan Power Company Steam Capacity (kw)									
19	Rockport Plant (\$/kw) (14) / (15)									
20	Portion of Weighted Average Capacity Rate									
21	Attributed to Rockport Plant (\$/kw) (17) X (18)									
22	Rockport Plant Costs to Kentucky Power :									
23	Rockport Plant Portion (\$/kw) (18)									
24	Kentucky Power Capacity Deficit (kw)									
25	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)									
26	Rockport Units 1 & 2 Environmental to Kentucky Power (ES FORM 3.14, Page 1 of 10, Line 6)									
27	Total	\$352,445	\$3,712	\$352,445	\$3,712	\$352,445	\$3,712	\$352,445	\$3,712	\$356,157

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of July 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,713,184	\$4,700,817	\$12,367
LINE 2	Brr from ES FORM 1.10	\$2,818,212	\$2,818,212	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,894,972	\$1,882,605	\$12,367
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.3%	67.3%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,275,316	\$1,266,993	\$8,323
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$494,794)	(\$494,794)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$780,522	\$772,199	\$8,323
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$780,522	\$772,199	\$8,323
LINE 9	KY Retail R(m) from ES FORM 3.30	\$48,039,569	\$48,039,569	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.6247%	1.6074%	0.0173%

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Effective Date for Billing: September 2010

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : August 18, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20	\$4,669,372	\$4,657,005
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16	\$43,812	\$43,812
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$4,713,184	\$4,700,817

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of July 2010

LINE NO.	COST COMPONENT	Revised Amount			
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$57,891,000)		(\$57,891,000)	
3	Less Accum. Def. Income Taxes	(\$43,605,073)		(\$43,605,073)	
4	Net Utility Plant		\$89,831,479		\$89,831,479
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,981,090		\$10,981,090
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$10,528		\$10,528
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$1,579,535		\$174,185
8	Total Rate Base		\$102,402,632		\$100,997,282
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%		10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$901,143		\$888,776
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,298		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,076,035		\$2,076,035
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$285,722		\$285,722
18	Monthly SO2 Emission Allowance Consumption		\$738,341		\$738,341
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,768,229		\$3,768,229
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,669,372		\$4,657,005

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 2010

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$338,865		\$338,865
3	Monthly SO2 Allowance Consumption	<u>\$738,341</u>		<u>\$738,341</u>
4	Total 1997 Plan O&M Expenses		\$1,107,757	\$1,107,757
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$350,519		\$350,519
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$3,334		\$3,334
9	Equipment - Associated Operating Expenses	\$1,866		\$1,866
10	Equipment - Associated Maintenance Expenses	<u>(\$69,997)</u>		<u>(\$69,997)</u>
11	Total 2003 Plan O&M Expenses		<u>\$285,722</u>	<u>\$285,722</u>
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 10 X 15%		<u>\$2,344</u>	
14	Total Monthly O&M Expenses		<u>\$1,395,823</u>	<u>\$1,393,479</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$174,478	\$174,185
16	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496	
17	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147	
18	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399	
19	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882	
20	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813	
21	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520	
22	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735	
23	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507	
24	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)	
25	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838	
26	Cash Working Capital Allowance (August 2009 ES Form 3.13)		<u>\$164,216</u>	
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$1,579,535</u>	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of July 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,713,184	\$4,700,817	\$12,367
LINE 2	Brr from ES FORM 1.10	\$3,805,325	\$3,805,325	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$907,859	\$895,492	\$12,367
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.3%	67.3%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$610,989	\$602,666	\$8,323
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$494,794)	(\$494,794)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$116,195	\$107,872	\$8,323
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$116,195	\$107,872	\$8,323
LINE 9	KY Retail R(m) from ES FORM 3.30	\$48,039,569	\$48,039,569	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	0.2419%	0.2245%	0.0174%

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Effective Date for Billing: September 2010

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : August 18, 2010

1/ Case No. 2009-00459, dated June 28, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant $\langle\langle RB KP(C) \rangle\rangle (ROR KP(C)/12) + OE KP(C)$ ES FORM 3.10, Line 20	\$4,669,372	\$4,657,005
2	Second Component: Associated with Rockport Plant $\langle\langle (RB IM(C)) (ROR IM(C)/12) + OE IM(C) \rangle\rangle$ ES FORM 3.20, Line 16	\$43,812	\$43,812
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$4,713,184	\$4,700,817

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of July 2010

LINE NO.	COST COMPONENT	Revised Amount			
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$57,891,000)		(\$57,891,000)	
3	Less Accum. Def. Income Taxes	(\$43,605,073)		(\$43,605,073)	
4	Net Utility Plant		\$89,831,479		\$89,831,479
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,981,090		\$10,981,090
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$10,528		\$10,528
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$1,579,535		\$174,185
8	Total Rate Base		\$102,402,632		\$100,997,282
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%		10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$901,143		\$888,776
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,298		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,076,035		\$2,076,035
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$285,722		\$285,722
18	Monthly SO2 Emission Allowance Consumption		\$738,341		\$738,341
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,768,229		\$3,768,229
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,669,372		\$4,657,005

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 2010

LINE NO.	O&M Expenses	Revised Amount			
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$338,865		\$338,865	
3	Monthly SO2 Allowance Consumption	<u>\$738,341</u>		<u>\$738,341</u>	
4	Total 1997 Plan O&M Expenses		\$1,107,757		\$1,107,757
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$350,519		\$350,519	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,334		\$3,334	
9	Equipment - Associated Operating Expenses	\$1,866		\$1,866	
10	Equipment - Associated Maintenance Expenses	<u>(\$69,997)</u>		<u>(\$69,997)</u>	
11	Total 2003 Plan O&M Expenses		<u>\$285,722</u>		<u>\$285,722</u>
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		<u>\$2,344</u>		
14	Total Monthly O&M Expenses		<u>\$1,395,823</u>		<u>\$1,393,479</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$174,478		\$174,185
16	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496		
17	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147		
18	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399		
19	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882		
20	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813		
21	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520		
22	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735		
23	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507		
24	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)		
25	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838		
26	Cash Working Capital Allowance (August 2009 ES Form 3.13)		\$164,216		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$1,579,535</u>		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of July 2010

LINE NO.	COST	Revised Amount					Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	UNIT 1 AMOUNTS									
(1)	(2)													(7)	
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	\$1,777,228	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	\$1,777,228	\$16,709,416	\$2,202,020		
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%		
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	\$24,348	\$24,348	\$144,462	\$228,919	\$30,168	\$24,348	\$228,919	\$30,168		
4	Operations :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
5	Urea (5020002)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
6	Trona (5020003)	\$15,625	\$0	\$0	\$0	\$15,625	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0		
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	\$15,625	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0		
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
9	Maintenance :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	\$15,625	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0		
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	\$39,973	\$39,973	\$144,462	\$228,919	\$30,168	\$39,973	\$228,919	\$30,168		
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	85.00%	85.00%	50.00%	50%	50%	85.00%	85.00%	50.00%	50%	65.08%	50.00%		
15	Total Rockport Plant Common and Units 1 & 2	\$19,987	\$122,793	\$194,551	\$15,084	\$19,987	\$19,987	\$122,793	\$148,980	\$15,084	\$19,987	\$148,980	\$15,084	\$306,844	
16	Indiana Michigan Power Company Steam Capacity (kw) Rockport Plant (\$/kw) (14) / (15)													5,416,000	
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing													\$0.06	
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)													16.00%	
19	Rockport Plant Costs to Kentucky Power :													\$0.01	
20	Rockport Plant Portion (\$/kw) (18) Kentucky Power Capacity Deficit (kw)													\$0.01	
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)													389,500	
														\$3,895	

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of August 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$6,089,801	\$6,077,344	\$12,457
LINE 2	Brr from ES FORM 1.10	\$4,088,830	\$4,088,830	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,000,971	\$1,988,514	\$12,457
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	73.9%	73.9%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,478,718	\$1,469,512	\$9,206
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$613,163)	(\$613,163)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$865,555	\$856,349	\$9,206
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$865,555	\$856,349	\$9,206
LINE 9	KY Retail R(m) from ES FORM 3.30	\$49,802,297	\$49,802,297	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.7380%	1.7195%	0.0185%

Effective Date for Billing: October 2010

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : September 17, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of August 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20	\$6,045,251	\$6,032,794
2	Second Component: Associated with Rockport Plant $((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C)$ ES FORM 3.20, Line 16	\$44,550	\$44,550
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$6,089,801	\$6,077,344

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of August 2010

LINE NO.	COST COMPONENT	Revised Amount	
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	\$191,327,552
2	Less Accumulated Depreciation	(\$58,512,302)	(\$58,512,302)
3	Less Accum. Def. Income Taxes	(\$43,387,622)	(\$43,387,622)
4	Net Utility Plant	\$89,427,628	\$89,427,628
5	SO2 Emission Allowance Inventory from ES FORM 3.11	\$8,681,878	\$8,681,878
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12	\$7,155	\$7,155
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12	\$1,792,204	\$376,592
8	Total Rate Base	\$99,908,865	\$98,493,253
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	10.50%
10	Monthly Weighted Avg. Cost of Capital (9) / 12	0.88%	0.88%
11	Monthly Return of Rate Base (8) * (10)	\$879,198	\$866,741
	Operating Expenses :		
12	Monthly Depreciation Expense	\$577,252	\$577,252
13	Monthly Catalyst Amortization Expense	\$46,030	\$46,030
14	Monthly Property Taxes	\$14,298	\$14,298
15	Monthly Kentucky Air Emissions Fee	\$30,551	\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10	\$1,820,154	\$1,820,154
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13	\$378,556	\$378,556
18	Monthly SO2 Emission Allowance Consumption	\$2,299,212	\$2,299,212
19	Total Operating Expenses [Line 12 thru Line 18]	\$5,166,053	\$5,166,053
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1	\$6,045,251	\$6,032,794

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of August 2010

LINE NO.	O&M Expenses	Revised Amount			
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$304,416		\$304,416	
3	Monthly SO2 Allowance Consumption	<u>\$2,299,212</u>		<u>\$2,299,212</u>	
4	Total 1997 Plan O&M Expenses		\$2,634,179		\$2,634,179
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$363,407		\$363,407	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,373		\$3,373	
9	Equipment - Associated Operating Expenses	\$560		\$560	
10	Equipment - Associated Maintenance Expenses	<u>\$11,216</u>		<u>\$11,216</u>	
11	Total 2003 Plan O&M Expenses		<u>\$378,556</u>		<u>\$378,556</u>
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		<u>\$2,344</u>		
14	Total Monthly O&M Expenses		<u>\$3,015,079</u>		<u>\$3,012,735</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$376,885		\$376,592
16	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478		
17	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496		
18	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147		
19	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399		
20	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882		
21	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813		
22	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520		
23	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735		
24	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507		
25	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)		
26	Cash Working Capital Allowance (September 2009 ES Form 3.13)		\$121,838		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$1,792,204</u>		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of September 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,281,746	\$4,267,047	\$14,699
LINE 2	Brr from ES FORM 1.10	\$3,740,010	\$3,740,010	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$541,736	\$527,037	\$14,699
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.2%	77.2%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$418,220	\$406,873	\$11,347
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$116,332)	(\$116,332)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$301,889	\$290,542	\$11,347
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$301,889	\$290,542	\$11,347
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,903,323	\$40,903,323	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	0.7381%	0.7103%	0.0278%

1/

Effective Date for Billing: November 2010

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : October 15, 2010

1/ Case No. 2009-00459, dated June 28, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of September 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20	\$4,236,112	\$4,221,413
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16	\$45,634	\$45,634
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$4,281,746	\$4,267,047

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of September 2010

LINE NO.	COST COMPONENT	Revised Amount			
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$59,135,584)		(\$59,135,584)	
3	Less Accum. Def. Income Taxes	(\$43,169,474)		(\$43,169,474)	
4	Net Utility Plant		\$89,022,494		\$89,022,494
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$8,132,570		\$8,132,570
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$5,129		\$5,129
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,822,567		\$152,202
8	Total Rate Base		\$98,982,760		\$97,312,395
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%		10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$871,048		\$856,349
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,298		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,811,212		\$1,811,212
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$336,413		\$336,413
18	Monthly SO2 Emission Allowance Consumption		\$549,308		\$549,308
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,365,064		\$3,365,064
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,236,112		\$4,221,413

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of September 2010

LINE NO.	O&M Expenses	Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$301,340		\$301,340
3	Monthly SO2 Allowance Consumption	\$549,308		\$549,308
4	Total 1997 Plan O&M Expenses		\$881,199	\$881,199
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$328,121		\$328,121
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$2,026		\$2,026
9	Equipment - Associated Operating Expenses	\$0		\$0
10	Equipment - Associated Maintenance Expenses	\$6,266		\$6,266
11	Total 2003 Plan O&M Expenses		\$336,413	\$336,413
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 10 X 15%		\$2,344	
14	Total Monthly O&M Expenses		\$1,219,956	\$1,217,612
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$152,494	\$152,202
16	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,592	
17	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478	
18	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496	
19	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147	
20	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399	
21	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882	
22	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813	
23	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520	
24	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735	
25	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507	
26	Cash Working Capital Allowance (October 2009 ES Form 3.13)		(\$23,496)	
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,822,567	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of September 2010

LINE NO.	COST	Revised Amount				Rockport Plant Common	Total	Rockport Plant Common	UNIT 2 AMOUNTS	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common								
(1)	(2)												(7)
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	\$24,348	\$144,462	\$228,919	\$30,168	\$24,348	\$144,462	\$228,919	\$30,168
4	Operations :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Urea (5020002)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Trena (5020003)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0
9	Maintenance :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0
13	Total Revenue Requirement	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0
14	Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	\$39,973	\$144,462	\$228,919	\$30,168	\$39,973	\$144,462	\$228,919	\$30,168
15	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	85.00%	50.00%	50%	85.00%	85.00%	50.00%	50%	85.00%	85.00%	50.00%
16	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$19,987	\$122,793	\$194,581	\$15,084	\$19,987	\$122,793	\$194,581	\$15,084	\$19,987	\$122,793	\$194,581	\$15,084
17	Total Rockport Plant Common and Units 1 & 2	\$352,445				\$352,445				\$352,445			\$352,445
18	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000				5,416,000				5,416,000			5,416,000
19	Rockport Plant (\$/kw) (14) / (15)	\$0.07				\$0.07				\$0.07			\$0.07
20	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing	9.00%				9.00%				9.00%			9.00%
21	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)	\$0.01				\$0.01				\$0.01			\$0.01
22	Rockport Plant Costs to Kentucky Power :	\$0.01				\$0.01				\$0.01			\$0.01
23	Rockport Plant Portion (\$/kw) (18)	\$317,200				\$317,200				\$317,200			\$317,200
24	Kentucky Power Capacity Deficit (kw)	\$3,172				\$3,172				\$3,172			\$3,172
25	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)												
26	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)												

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of October 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,406,473	\$4,390,225	\$16,248
LINE 2	Brr from ES FORM 1.10	\$3,260,302	\$3,260,302	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,146,171	\$1,129,923	\$16,248
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.4%	77.4%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$887,136	\$874,560	\$12,576
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$332,708	\$332,708	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,219,844	\$1,207,268	\$12,576
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,219,844	\$1,207,268	\$12,576
LINE 9	KY Retail R(m) from ES FORM 3.30	\$39,106,852	\$39,106,852	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.1193%	3.0871%	0.0322%

1/

Effective Date for Billing: December 2010

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : November 19, 2010

1/ Case No. 2009-00459, dated June 28, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of October 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20	\$4,358,447	\$4,342,199
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16	\$48,026	\$48,026
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO2 - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO2 Allowances	\$0	\$0
	1) NOx - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NOx - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NOx Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowances Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$4,406,473	\$4,390,225

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of October 2010

LINE NO.	COST COMPONENT	Revised Amount			
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$59,758,866)		(\$59,758,866)	
3	Less Accum. Def. Income Taxes	(\$42,951,321)		(\$42,951,321)	
4	Net Utility Plant		\$88,617,365		\$88,617,365
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,576,409		\$7,576,409
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$3,364		\$3,364
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,014,301		\$167,945
8	Total Rate Base		\$98,211,439		\$96,365,083
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%		10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$864,261		\$848,013
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,298		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551		\$30,551
	Monthly Environmental AEP Pool Capacity Costs				
16	from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,827,072		\$1,827,072
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$442,822		\$442,822
18	Monthly SO2 Emission Allowance Consumption		\$556,161		\$556,161
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,494,186		\$3,494,186
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,358,447		\$4,342,189

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of October 2010

		Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$314,028		\$314,028
3	Monthly SO2 Allowance Consumption	\$556,161		\$556,161
4	Total 1997 Plan O&M Expenses		\$900,740	\$900,740
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$333,019		\$333,019
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$1,766		\$1,766
9	Equipment - Associated Operating Expenses	\$1,804		\$1,804
10	Equipment - Associated Maintenance Expenses	\$106,233		\$106,233
11	Total 2003 Plan O&M Expenses		\$442,822	\$442,822
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 10 X 15%		\$2,344	
14	Total Monthly O&M Expenses		\$1,345,906	\$1,343,562
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$168,238	\$167,945
16	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494	
17	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,592	
18	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478	
19	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496	
20	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147	
21	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399	
22	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882	
23	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813	
24	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520	
25	Cash Working Capital Allowance (December 2009 ES Form 3.13)		\$257,735	
26	Cash Working Capital Allowance (November 2009 ES Form 3.13)		\$131,507	
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,014,301	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

REVISED - July 25, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of November 2010

<u>CALCULATION OF E(m)</u>		Revised Amount	As Filed	Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,435,048	\$4,688,698	(\$253,650)
LINE 2	Brr from ES FORM 1.10	\$2,786,040	\$2,786,040	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,649,008	\$1,902,658	(\$253,650)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	81.9%	81.9%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,350,538	\$1,558,277	(\$207,739)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$30,426)	(\$30,426)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,320,112	\$1,527,851	(\$207,739)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,320,112	\$1,527,851	(\$207,739)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,488,923	\$40,488,923	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.2604%	3.7735%	-0.5131%

Effective Date for Billing: January 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : December 17, 2010

1/ Case No. 2009-00459, dated June 28, 2010

REVISED - July 25, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of November 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$4,385,193		\$4,638,843
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$49,855		\$49,855
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0	
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NO _x Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,435,048		\$4,688,698

REVISED - July 25, 2012

ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of November 2010

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$60,382,148)		(\$60,382,148)	
3	Less Accum. Def. Income Taxes	(\$45,166,731)		(\$45,166,731)	
4	Net Utility Plant		\$85,778,673		\$85,778,673
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,049,408		\$7,049,408
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$1,920		\$1,920
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,057,239		\$180,700
8	Total Rate Base		\$94,887,240		\$93,010,701
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%		10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$835,008		\$818,494
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,298		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551		\$30,551
	Monthly Environmental AEP Pool Capacity Costs				
16	from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,817,556		\$2,087,720
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$537,496		\$537,496
18	Monthly SO2 Emission Allowance Consumption		\$527,002		\$527,002
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,550,185		\$3,820,349
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,385,193		\$4,638,843

REVISED - July 25, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of November 2010

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$30,551		\$30,551	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$298,168		\$350,550	
3	Monthly SO2 Allowance Consumption	<u>\$527,002</u>		<u>\$527,002</u>	
4	Total 1997 Plan O&M Expenses		\$855,721		\$908,103
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$371,089		\$371,089	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$1,443		\$1,443	
9	Equipment - Associated Operating Expenses	\$1,740		\$1,740	
10	Equipment - Associated Maintenance Expenses	<u>\$163,224</u>		<u>\$163,224</u>	
11	Total 2003 Plan O&M Expenses		<u>\$537,496</u>		<u>\$537,496</u>
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		<u>\$2,344</u>		
14	Total Monthly O&M Expenses		<u>\$1,395,561</u>		<u>\$1,445,599</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$174,445		\$180,700
16	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
17	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494		
18	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,592		
19	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478		
20	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496		
21	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147		
22	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399		
23	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882		
24	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813		
25	Cash Working Capital Allowance (January 2010 ES Form 3.13)		\$143,520		
26	Cash Working Capital Allowance (December 2009 ES Form 3.13)		<u>\$257,735</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$2,057,239</u>		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of November 2010

Line No. (1)	Cost Component (2)	Revised Amount				Total (5)
		Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Ohio Power Company's Environmental Cost to KPCo (3)	As Filed Indiana Michigan Power Company's Environmental Cost to KPCo (4)	
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$298,168			\$338,865	
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$193,492			\$222,015	
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$681,980			\$782,895	
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,172			\$3,895	
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$564,616			\$642,675	
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$57,096			\$66,215	
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$9,516			\$11,685	
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,172		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$6,344		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,808,040	\$9,516	\$1,817,556	\$2,068,245	
					\$19,475	
					\$2,087,720	

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

REVISED - July 25, 2012

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT -
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
WORKING CAPITAL ONLY

Line No. (1)	Cost Component (2)	For the Expense Month of November 2010 Revised Amount					Total (5)
		Ohio Power Company's Environmental Cost to KPCo (3)	Michigan Power Company's Environmental Cost to KPCo (4)	Ohio Power Company's Environmental Cost to KPCo (3)	Michigan Power Company's Environmental Cost to KPCo (4)	As Filed Indiana Power Company's Environmental Cost to KPCo (4)	
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$458,593		\$458,568			
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$227,076		\$272,953			
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,822,398		\$7,114,639			
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		\$15,650			
5	Michell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$985,027		\$991,389			
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$190,105		\$190,105			
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		\$13,207			
8	Rockport Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625		\$15,625		
9	Rockport Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0		\$0		
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)	\$8,712,096	\$15,625	\$9,065,560	\$15,625	\$15,625	
11	Subtotal						
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	8,458,000	5,416,000		
13	Environmental Base (\$/kw)	\$1.03	\$0.01	\$1.07	\$0.01		
14	Company Surplus Weighting	91.00%	9.00%	84.00%	16.00%		
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.94	\$0.00	\$0.90	\$0.00		
16	Kentucky Power Capacity Deficit (kw)	\$17,200	\$17,200	\$389,500	\$389,500		
17	Fixed O&M Environmental Cost to Kentucky Power	\$298,168	\$0	\$350,550	\$0		\$350,550

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

REVISED - July 25, 2012

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of November 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$8,236,896	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896	\$8,236,896
	Operations :		
6	Disposal (5010000)	\$61,863	\$61,863
7	Urea (5020002)	\$271,870	\$271,870
8	Trona (5020003)	\$61,315	\$61,315
9	Lime Stone (5020004)	\$220,669	\$220,669
10	Steam Exp (5020025)	\$0	(\$37)
11	Air Emission Fee	\$8,973	\$8,973
12	Total Operations (Lines 6 thru 10)	\$624,690	\$624,653
	Maintenance :		
13	SCR Maintenance (5120000)	\$1,317	\$1,317
14	Scrubber (FGD) Maintenance (5120000)	\$125,013	\$125,013
15	Total Maintenance (12) + (13)	\$126,330	\$126,330
16	1/2 of Maintenance (14) * 50%	\$63,165	\$63,165
17	Fixed O&M (11) + (15)	\$687,855	\$687,818
18	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>	<u>66.67%</u>
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$458,593	\$458,568
	Total Revenue Requirement,		
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,695,489	\$8,695,464
21	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.03	\$1.03
23	Ohio Power Surplus Weighing	91.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.94	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :		
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.94	\$0.87
26	Kentucky Power Capacity Deficit (kw)	<u>317,200</u>	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)		
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$298,168	\$338,865

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of November 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$5,456,585	\$5,456,585
	Operations :		
4	Disposal (5010000)	(\$410,381)	(\$410,381)
5	Urea (5020002)	\$132,020	\$132,020
6	Trona (5020003)	\$93,435	\$93,435
7	Lime Stone (5020004)	\$309,944	\$309,944
8	Polymer (5020005)	\$0	\$4,261
9	Lime Hydrate (5020007)	\$0	\$4,865
10	Steam Exp (5020025)	\$0	\$36,751
11	Air Emission Fee	\$8,622	\$8,622
12	Total Operations (Line 4 thru 8)	\$133,640	\$179,517
	Maintenance :		
13	SCR Maintenance (5120000)	\$7,211	\$7,211
14	Scrubber (FGD) Maintenance (5120000)	\$179,661	\$179,661
15	Total Maintenance (13) + (14)	\$186,872	\$186,872
16	1/2 Maintenance (15) * 50%	\$93,436	\$93,436
17	Fixed O&M (12) + (16)	\$227,076	\$272,953
18	Total Revenue Requirement, Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$5,683,661	\$5,729,538
19	Ohio Power Company's Percentage Ownership	100.00%	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$5,683,661	\$5,729,538
21	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.67	\$0.68
23	Ohio Power Surplus Weighing	91.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.61	\$0.57
	Cardinal Unit No. 1 Costs to Kentucky Power :		
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.61	\$0.57
26	Kentucky Power Capacity Deficit (kw)	317,200	389,500
27	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26) (ES FORM 3.14, Page 1 of 10, Line 2)	\$193,492	\$222,015

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of November 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$13,111,671	\$13,111,671
	Operations :		
4	Sludge Disposal (5010000)	\$726,834	\$726,834
5	Lime (5020001)	\$3,946,163	\$3,946,163
6	Urea (5020002)	\$1,026,321	\$1,026,321
7	Trona (5020003)	\$620,529	\$620,529
8	Lime Stone (5020004)	\$0	\$0
9	Polymer (5020005)	\$0	\$292,241
10	Air Emission Fee	\$36,017	\$36,017
11	Lease (5070005)	\$0	\$0
12	Total Operations (Lines 4 thru 10)	\$6,355,864	\$6,648,105
	Maintenance :		
13	SCR Maintenance (5120000)	\$140,858	\$140,858
14	Scrubber Maintenance (5120000)	<u>\$792,209</u>	<u>\$792,209</u>
15	Total Maintenance (12) + (13)	\$933,067	\$933,067
16	1/2 of Maintenance (13) * 50%	<u>\$466,534</u>	<u>\$466,534</u>
17	Fixed O&M (11) + (15)	<u>\$6,822,398</u>	<u>\$7,114,639</u>
	Total Revenue Requirement,		
18	Cost Associated with Gavin Plant (3) + (17)	\$19,934,069	\$20,226,310
19	Ohio Power Company's Percentage Ownership	100.00%	100.00%
20	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,934,069	\$20,226,310
21	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
22	Gavin Plant (\$/kw)	\$2.36	\$2.39
23	Ohio Power Surplus Weighing	91.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.15	\$2.01
	Gavin Plant Costs to Kentucky Power :		
25	Gavin Plant Portion (\$/kw) (23)	\$2.15	\$2.01
26	Kentucky Power Capacity Deficit (kw)	<u>317,200</u>	<u>389,500</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)		
27	(ES FORM 3.14, Page 1 of 10, Line 3)	\$681,980	\$782,895

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of November 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$98,281	\$98,281
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,690	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,690	\$15,690
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	\$113,971	\$113,971
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$113,971	\$113,971
14	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.01	\$0.01
16	Ohio Power Surplus Weighing	91.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01	\$0.01
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.01	\$0.01
19	Kentucky Power Capacity Deficit (kw)	317,200	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,172	\$3,895

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of November 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$278,083	\$278,083
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$13,207	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207	\$13,207
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$13,207	\$13,207
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	\$291,290	\$291,290
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,290	\$291,290
14	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.03	\$0.03
16	Ohio Power Surplus Weighing	91.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03	\$0.03
19	Kentucky Power Capacity Deficit (kw)	317,200	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$9,516	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of November 2010

LINE NO.	COST (2)	Revised Amount			Total			Rockport Plant Common (6)	Total (7)
		Rockport Plant Common (3)	UNIT 1 AMOUNTS (4)	UNIT 2 AMOUNTS (5)	Rockport Plant Common (3)	UNIT 1 AMOUNTS (4)	UNIT 2 AMOUNTS (5)		
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$24,348	\$144,462	\$228,919	\$30,168	
4	Operations :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$15,625	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10) Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$39,973	\$144,462	\$228,919	\$39,973	\$144,462	\$228,919	\$30,168	
14	Total Rockport Plant Common and Units 1 & 2	\$19,987	\$122,793	\$194,591	\$19,987	\$122,793	\$148,980	\$15,084	\$306,844
15	Indiana Michigan Power Company Steam Capacity (kw)								5,416,000
16	Rockport Plant (\$/kw) (14) / (15)								\$0.06
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighting								16.00%
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)								\$0.01
19	Rockport Plant Costs to Kentucky Power :								\$0.01
20	Rockport Plant Portion (\$/kw) (18)								\$0.01
21	Kentucky Power Capacity Deficit (kw) Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 6)								389,500
									\$3,895

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of November 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,348,623	\$1,348,623
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,625	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,625	\$15,625
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,248	\$1,364,248
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	9.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.02	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :		
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.02	\$0.04
19	Kentucky Power Capacity Deficit (kw)	317,200	389,500
	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$6,344	\$15,580

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ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of December 2010

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$5,710,297	\$5,974,087	(\$263,790)
LINE 2	Brr from ES FORM 1.10	\$4,074,321	\$4,074,321	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,635,976	\$1,899,766	(\$263,790)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	86.5%	86.5%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,415,119	\$1,643,298	(\$228,179)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$404,652)	(\$404,652)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,010,467	\$1,238,646	(\$228,179)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,010,467	\$1,238,646	(\$228,179)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$56,106,329	\$56,106,329	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.8010%	2.2077%	-0.4067%

1/

Effective Date for Billing: February 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : January 20, 2010

1/ Case No. 2009-00459, dated June 28, 2010

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ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of December 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20	\$5,659,300	\$5,923,090
2	Second Component: Associated with Rockport Plant $((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C)$ ES FORM 3.20, Line 16	\$50,997	\$50,997
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$5,710,297	\$5,974,087

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ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of December 2010

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$60,908,282)		(\$60,908,282)	
3	Less Accum. Def. Income Taxes	(\$45,405,568)		(\$45,405,568)	
4	Net Utility Plant		\$85,013,702		\$85,013,702
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$16,910,379		\$16,910,379
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$184,206		\$184,206
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,123,726		\$331,346
8	Total Rate Base		\$104,232,013		\$102,439,633
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%		10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$917,242		\$901,469
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,298		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$37,434		\$37,434
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,858,792		\$2,138,355
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$663,977		\$663,977
18	Monthly SO2 Emission Allowance Consumption		\$1,544,275		\$1,544,275
19	Total Operating Expenses [Line 12 thru Line 18]		\$4,742,058		\$5,021,621
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$5,659,300		\$5,923,090

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ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of December 2010

		Revised Amount		
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$37,434		\$37,434
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$345,748		\$405,080
3	Monthly SO2 Allowance Consumption	<u>\$1,544,275</u>		<u>\$1,544,275</u>
4	Total 1997 Plan O&M Expenses		\$1,927,457	\$1,986,789
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0
6	Monthly Urea Consumption at Big Sandy Unit 2	\$325,812		\$325,812
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0
8	Monthly ERC & NOx Allowance Consumption	\$303,714		\$303,714
9	Equipment - Associated Operating Expenses	\$4,813		\$4,813
10	Equipment - Associated Maintenance Expenses	<u>\$29,638</u>		<u>\$29,638</u>
11	Total 2003 Plan O&M Expenses		<u>\$663,977</u>	<u>\$663,977</u>
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 10 X 15%		\$2,344	
14	Total Monthly O&M Expenses		<u>\$2,593,778</u>	<u>\$2,650,766</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$324,222	\$331,346
16	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445	
17	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238	
18	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494	
19	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,592	
20	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478	
21	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496	
22	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147	
23	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399	
24	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882	
25	Cash Working Capital Allowance (February 2010 ES Form 3.13)		\$132,813	
26	Cash Working Capital Allowance (January 2010 ES Form 3.13)		<u>\$143,520</u>	
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$2,123,726</u>	

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of December 2010
Revised Amount

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$307,684			\$350,550		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$228,384			\$260,965		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$650,260			\$747,840		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,172			\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$599,508			\$685,520		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$50,752			\$58,425		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$9,516			\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,172			\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$6,344			\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,849,276	\$9,516	\$1,858,792	\$2,118,860	\$19,475	\$2,138,355

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
WORKING CAPITAL ONLY

For the Expense Month of December 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)	Ohio Power Company's Environmental Cost to KPCo (3)	Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$810,139		\$810,117			
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,286,075		\$1,309,065			
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$5,855,167		\$5,248,409			
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,680		\$15,680			
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$2,027,493		\$2,094,504			
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$49,063		\$49,063			
7	Spear Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		\$13,207			
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625		\$15,625		
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)	\$10,137,800	\$31,250	\$10,480,075	\$15,625	\$0	\$15,625
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625		\$15,625		
11	Subtotal	\$10,137,800	\$31,250	\$10,480,075	\$15,625	\$0	\$15,625
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	8,468,000	8,468,000	\$0.01	\$0.01
13	Environmental Base (\$/kw)	\$1.20	\$0.01	\$1.24	\$1.24	16.00%	16.00%
14	Company Surplus Weighting	91.00%	9.00%	84.00%	84.00%		
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.09	\$0.00	\$1.04	\$1.04		
16	Kentucky Power Capacity Deficit (kw)	317,200	317,200	389,500	389,500		
17	Fixed O&M Environmental Cost to Kentucky Power	\$945,748	\$0	\$945,748	\$405,080	\$0	\$405,080

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of December 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$8,236,896	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896	\$8,236,896
	Operations :		
6	Disposal (5010000)	\$82,697	\$82,697
7	Urea (5020002)	\$374,395	\$374,395
8	Trona (5020003)	\$169,964	\$169,964
9	Lime Stone (5020004)	\$359,838	\$359,838
10	Steam Exp (5020025)	\$0	(\$34)
11	Air Emission Fee	\$8,973	\$8,973
12	Total Operations (Lines 6 thru 10)	\$995,867	\$995,833
	Maintenance :		
13	SCR Maintenance (5120000)	\$2,110	\$2,110
14	Scrubber (FGD) Maintenance (5120000)	\$436,451	\$436,451
15	Total Maintenance (12) + (13)	\$438,561	\$438,561
16	1/2 of Maintenance (14) * 50%	\$219,281	\$219,281
17	Fixed O&M (11) + (15)	\$1,215,148	\$1,215,114
18	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>	<u>66.67%</u>
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$810,139	\$810,117
	Total Revenue Requirement,		
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,047,035	\$9,047,013
21	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.07	\$1.07
23	Ohio Power Surplus Weighing	91.00%	84.00%
24	Portion of Weighted Average Capacity Rate		
	Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.97	\$0.90
	Amos Unit No. 3 Costs to Kentucky Power :		
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.97	\$0.90
26	Kentucky Power Capacity Deficit (kw)	317,200	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)		
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$307,684	\$350,550

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of December 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$5,456,585	\$5,456,585
	Operations :		
4	Disposal (5010000)	\$282,166	\$282,166
5	Urea (5020002)	\$186,931	\$186,931
6	Trona (5020003)	\$81,449	\$81,449
7	Lime Stone (5020004)	\$314,727	\$314,727
8	Polymer (5020005)	\$0	\$269
9	Lime Hydrate (5020007)	\$0	\$2,209
10	Steam Exp (5020025)	\$0	\$40,512
11	Air Emission Fee	<u>\$8,622</u>	<u>\$8,622</u>
12	Total Operations (Line 4 thru 8)	\$873,895	\$916,885
	Maintenance :		
13	SCR Maintenance (5120000)	\$31,083	\$31,083
14	Scrubber (FGD) Maintenance (5120000)	<u>\$753,276</u>	<u>\$753,276</u>
15	Total Maintenance (13) + (14)	\$784,359	\$784,359
16	1/2 Maintenance (15) * 50%	<u>\$392,180</u>	<u>\$392,180</u>
17	Fixed O&M (12) + (16)	<u>\$1,266,075</u>	<u>\$1,309,065</u>
18	Total Revenue Requirement, Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$6,722,660</u>	<u>\$6,765,650</u>
19	Ohio Power Company's Percentage Ownership	100.00%	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,722,660	\$6,765,650
21	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.79	\$0.80
23	Ohio Power Surplus Weighing	91.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.72	\$0.67
	Cardinal Unit No. 1 Costs to Kentucky Power :		
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.72	\$0.67
26	Kentucky Power Capacity Deficit (kw)	<u>317,200</u>	<u>389,500</u>
27	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26) (ES FORM 3.14, Page 1 of 10, Line 2)	\$228,384	\$260,965

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of December 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$13,111,671	\$13,111,671
	Operations :		
4	Sludge Disposal (5010000)	\$659,817	\$659,817
5	Lime (5020001)	\$3,077,541	\$3,077,541
6	Urea (5020002)	\$820,329	\$820,329
7	Trona (5020003)	\$670,365	\$670,365
8	Lime Stone (5020004)	\$0	\$0
9	Polymer (5020005)	\$0	\$292,242
10	Air Emission Fee	\$36,017	\$36,017
11	Lease (5070005)	\$0	\$0
12	Total Operations (Lines 4 thru 10)	\$5,264,069	\$5,556,311
	Maintenance :		
13	SCR Maintenance (5120000)	\$182,254	\$182,254
14	Scrubber Maintenance (5120000)	\$1,201,942	\$1,201,942
15	Total Maintenance (12) + (13)	\$1,384,196	\$1,384,196
16	1/2 of Maintenance (13) * 50%	\$692,098	\$692,098
17	Fixed O&M (11) + (15)	\$5,956,167	\$6,248,409
	Total Revenue Requirement,		
18	Cost Associated with Gavin Plant (3) + (17)	\$19,067,838	\$19,360,080
19	Ohio Power Company's Percentage Ownership	100.00%	100.00%
20	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,067,838	\$19,360,080
21	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
22	Gavin Plant (\$/kw)	\$2.25	\$2.29
23	Ohio Power Surplus Weighing	91.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.05	\$1.92
	Gavin Plant Costs to Kentucky Power :		
25	Gavin Plant Portion (\$/kw) (23)	\$2.05	\$1.92
26	Kentucky Power Capacity Deficit (kw)	317,200	389,500
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)		
27	(ES FORM 3.14, Page 1 of 10, Line 3)	\$650,260	\$747,840

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of December 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$98,281	\$98,281
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,690	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,690	\$15,690
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	\$113,971	\$113,971
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$113,971	\$113,971
14	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.01	\$0.01
16	Ohio Power Surplus Weighing	91.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01	\$0.01
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.01	\$0.01
19	Kentucky Power Capacity Deficit (kw)	317,200	389,500
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$3,172	\$3,895

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of December 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$15,605,158	\$15,605,158
	Operations :		
4	Disposal (5010000)	\$502,055	\$502,055
5	Urea (5020002)	\$512,549	\$512,549
6	Trona (5020003)	\$70,366	\$70,366
7	Lime Stone (5020004)	\$788,892	\$788,892
8	Polymer (5020005)	\$0	\$2,596
9	Lime Hydrate (5020007)	\$0	\$4,469
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$12,128	\$12,128
12	Total Operations (Lines 4 thru 8)	\$1,885,990	\$1,893,055
	Maintenance :		
13	FDG (5120000)	\$272,794	\$272,794
14	SCR Maintenance (5120000)	\$10,103	\$10,103
15	1/2 of Maintenance (10 + 11) * 50%	\$141,449	\$141,449
16	Fixed O&M (9) + (12)	\$2,027,439	\$2,034,504
	Total Revenue Requirement,		
17	Cost Associated with Mitchell Plant (3) + (13)	\$17,632,597	\$17,639,662
18	Ohio Power Company's Percentage Ownership	100.00%	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,632,597	\$17,639,662
20	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
21	Mitchell Plant (\$/kw)	\$2.08	\$2.09
22	Ohio Power Surplus Weighing	91.00%	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.89	\$1.76
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.89	\$1.76
25	Kentucky Power Capacity Deficit (kw)	317,200	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$599,508	\$685,520

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of December 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,468,437	\$1,468,437
	Operations :		
4	Urea (5020002)	\$14,235	\$14,235
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$34,561	\$34,561
7	Total Operations (4) + (5) + (6)	\$48,796	\$48,796
	Maintenance :		
8	SCR Maintenance (5120000)	\$573	\$573
9	1/2 of Maintenance (8) * 50%	\$287	\$287
10	Fixed O&M (7) + (9)	\$49,083	\$49,083
	Total Revenue Requirement,		
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,517,520	\$1,517,520
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,517,520	\$1,517,520
14	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
15	Muskingum Plant (\$/kw)	\$0.18	\$0.18
16	Ohio Power Surplus Weighing	91.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.16	\$0.15
	Muskingum Plant Costs to Kentucky Power :		
18	Muskingum Plant Portion (\$/kw) (17)	\$0.16	\$0.15
19	Kentucky Power Capacity Deficit (kw)	317,200	389,500
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$50,752	\$58,425

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of December 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$278,083	\$278,083
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	<u>\$13,207</u>	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	\$13,207	\$13,207
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$13,207</u>	<u>\$13,207</u>
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,290</u>	<u>\$291,290</u>
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,290	\$291,290
14	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.03	\$0.03
16	Ohio Power Surplus Weighing	91.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>317,200</u>	<u>389,500</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$9,516	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of December 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Total
(1)	(2)			Revised Amount			(3)	(4)	(5)	(6)	(7)				
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020		\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020					
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%		1.37%	1.37%	1.37%	1.37%					
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168		\$24,348	\$144,462	\$228,919	\$30,168					
4	Operations :	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0					
5	Urea (5020002)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0					
6	Trona (5020003)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0					
7	Air Emission Fee	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0					
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0					
9	Maintenance :	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0					
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0					
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0					
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0					
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168		\$39,973	\$144,462	\$228,919	\$30,168					
14	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	85.00%	50.00%		50%	85.00%	85.00%	50.00%					
15	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$19,987	\$122,793	\$194,561	\$15,084		\$19,987	\$122,793	\$148,980	\$15,084					
16	Total Rockport Plant Common and Units 1 & 2					\$352,445					\$352,445				\$306,844
17	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000					5,416,000				5,416,000
18	Rockport Plant (\$/kw) (14) / (15)					\$0.07					\$0.07				\$0.06
19	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					9.00%					9.00%				16.00%
20	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01					\$0.01				\$0.01
21	Rockport Plant Costs to Kentucky Power : Rockport Plant Portion (\$/kw) (18)					\$0.01					\$0.01				\$0.01
22	Kentucky Power Capacity Deficit (kw)					317,200					317,200				389,500
23	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)					\$3,172					\$3,172				\$3,895
24	(ES FORM 3.14, Page 1 of 10, Line 8)														

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ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of December 2010

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,348,623	\$1,348,623
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,625	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,625	\$15,625
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,248	\$1,364,248
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	9.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.02	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :		
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.02	\$0.04
19	Kentucky Power Capacity Deficit (kw)	317,200	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$6,344	\$15,580

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ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of January 2011

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,830,344	\$4,880,732	(\$50,388)
LINE 2	Brr from ES FORM 1.10	\$3,991,163	\$3,991,163	\$0.00
LINE 3	E(m) (LINE 1 - LINE 2)	\$839,181	\$889,569	(\$50,388)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	84.7%	84.7%	0.0%
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$710,786	\$753,465	(\$42,679)
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2010-00318, dated January 24, 2011	(\$49,885)	(\$49,885)	\$0
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$877,185)	(\$877,185)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$216,284)	(\$173,605)	(\$42,679)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$216,284)	(\$173,605)	(\$42,679)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$65,952,346	\$65,952,346	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-0.3279%	-0.2632%	-0.0647%

1/

Effective Date for Billing: March 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : February 18, 2010

1/ Case No. 2009-00459, dated June 28, 2010

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ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of January 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20		\$4,776,182		\$4,826,570
2	Second Component: Associated with Rockport Plant $((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C)$ ES FORM 3.20, Line 16		\$54,162		\$54,162
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO ₂ Allowances		\$0		\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NO _x Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,830,344		\$4,880,732

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ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of January 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$61,628,712)		(\$61,628,712)	
3	Less Accum. Def. Income Taxes	(\$40,348,795)		(\$40,348,795)	
4	Net Utility Plant		\$89,350,045		\$89,350,045
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$14,838,410		\$14,838,410
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$200,780		\$200,780
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,166,549		\$189,160
8	Total Rate Base		\$106,555,784		\$104,578,395
9	Weighted Average Cost of Capital - ES FORM 3.15	10.70%		10.70%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$948,346		\$930,748
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,298		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,097,634		\$2,165,620
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$533,564		\$533,564
18	Monthly SO2 Emission Allowance Consumption		\$527,359		\$527,359
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,827,836		\$3,895,822
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,776,182		\$4,826,570

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ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of January 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$395,780		\$420,660	
3	Monthly SO2 Allowance Consumption	<u>\$527,359</u>		<u>\$527,359</u>	
4	Total 1997 Plan O&M Expenses		\$954,838		\$979,718
	2003 Plan :				
5	Monthly Variable Gladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$460,384		\$460,384	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$29,142		\$29,142	
9	Equipment - Associated Operating Expenses	\$5,814		\$5,814	
10	Equipment - Associated Maintenance Expenses	<u>\$38,224</u>		<u>\$38,224</u>	
11	Total 2003 Plan O&M Expenses		\$533,564		\$533,564
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		<u>\$2,344</u>		
14	Total Monthly O&M Expenses		<u>\$1,490,746</u>		<u>\$1,513,282</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$186,343		\$189,160
16	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
17	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445		
18	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
19	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494		
20	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,592		
21	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478		
22	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496		
23	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147		
24	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399		
25	Cash Working Capital Allowance (March 2010 ES Form 3.13)		\$119,882		
26	Cash Working Capital Allowance (February 2010 ES Form 3.13)		<u>\$132,813</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,166,549		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of January 2011
Revised Amount

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Ohio Power Company's Environmental Cost to KPCo (3)	As Filed Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$334,614		\$342,760		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$259,056		\$288,755		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$766,374		\$794,580		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,196		\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$647,640		\$662,150		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$57,568		\$58,425		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,794		\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,598		\$3,595	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$10,794		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,083,242	\$14,392	\$2,146,145	\$19,475	\$2,165,620

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
WORKING CAPITAL ONLY

Line No. (1)	Cost Component (2)	For the Expense Month of January 2011				Total (5)	Total (6)
		Revised Amount Indiana	Ohio Power Company's Environmental Cost to KPCo (3)	Michigan Power Company's Environmental Cost to KPCo (4)	As Filed Indiana Power Company's Environmental Cost to KPCo (4)		
1	Ames Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)		\$613,861		\$613,873		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)		\$1,379,650		\$1,426,220		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)		\$7,017,260		\$7,311,120		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)		\$15,690		\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)		\$1,431,014		\$1,437,241		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)		\$38,393		\$38,393		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)		\$13,207		\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)	\$15,625			\$15,625	\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)	\$0			\$0	\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)	\$15,625			\$15,625	\$15,625	
11	Subtotal	\$31,250	\$10,508,975		\$31,250	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	5,416,000	8,459,000		8,456,000	5,416,000	
13	Environmental Base (\$/kw)	\$0.01	\$1.24		\$1.28	\$0.01	
14	Company Surplus Weighting	11.00%	89.00%		84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.00	\$1.10		\$1.08	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	359,800	359,800		389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$0	\$395,780		\$420,660	\$0	

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of January 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$8,225,948	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948	\$8,225,948
	Operations :		
6	Disposal (5010000)	\$64,651	\$64,651
7	Urea (5020002)	\$329,147	\$329,147
8	Trona (5020003)	\$124,311	\$124,311
9	Lime Stone (5020004)	\$303,603	\$303,603
10	Steam Exp (5020025)	\$0	\$19
11	Air Emission Fee	\$8,973	\$8,973
12	Total Operations (Lines 6 thru 10)	\$830,685	\$830,704
	Maintenance :		
13	SCR Maintenance (5120000)	\$3,850	\$3,850
14	Scrubber (FGD) Maintenance (5120000)	\$176,270	\$176,270
15	Total Maintenance (12) + (13)	\$180,120	\$180,120
16	1/2 of Maintenance (14) * 50%	\$90,060	\$90,060
17	Fixed O&M (11) + (15)	\$920,745	\$920,764
18	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%	66.67%
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$613,861	\$613,873
	Total Revenue Requirement,		
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,839,809	\$8,839,821
21	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05	\$1.05
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.93	\$0.88
	Amos Unit No. 3 Costs to Kentucky Power :		
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.93	\$0.88
26	Kentucky Power Capacity Deficit (kw)	359,800	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)		
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$334,614	\$342,760

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of January 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$5,493,181	\$5,493,181
	Operations :		
4	Disposal (5010000)	\$228,414	\$228,414
5	Urea (5020002)	\$336,096	\$336,096
6	Trona (5020003)	\$158,654	\$158,654
7	Lime Stone (5020004)	\$553,300	\$553,300
8	Polymer (5020005)	\$0	\$865
9	Lime Hydrate (5020007)	\$0	\$0
10	Steam Exp (5020025)	\$0	\$45,805
11	Air Emission Fee	\$8,622	\$8,622
12	Total Operations (Line 4 thru 8)	\$1,285,086	\$1,331,756
	Maintenance :		
13	SCR Maintenance (5120000)	\$10,130	\$10,130
14	Scrubber (FGD) Maintenance (5120000)	\$178,798	\$178,798
15	Total Maintenance (13) + (14)	\$188,928	\$188,928
16	1/2 Maintenance (15) * 50%	\$94,464	\$94,464
17	Fixed O&M (12) + (16)	\$1,379,550	\$1,426,220
	Total Revenue Requirement,		
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$6,872,731	\$6,919,401
19	Ohio Power Company's Percentage Ownership	100.00%	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,872,731	\$6,919,401
21	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.81	\$0.82
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.72	\$0.69
	Cardinal Unit No. 1 Costs to Kentucky Power :		
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.72	\$0.69
26	Kentucky Power Capacity Deficit (kw)	359,800	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)		
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$259,056	\$268,755

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of January 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$13,208,837	\$13,208,837
	Operations :		
4	Sludge Disposal (5010000)	\$842,315	\$842,315
5	Lime (5020001)	\$3,937,531	\$3,937,531
6	Urea (5020002)	\$978,133	\$978,133
7	Trona (5020003)	\$730,063	\$730,063
8	Lime Stone (5020004)	\$0	\$0
9	Polymer (5020005)	\$0	\$293,860
10	Air Emission Fee	\$34,947	\$34,947
11	Lease (5070005)	\$0	\$0
12	Total Operations (Lines 4 thru 10)	\$6,522,989	\$6,816,849
	Maintenance :		
13	SCR Maintenance (5120000)	\$85,614	\$85,614
14	Scrubber Maintenance (5120000)	<u>\$902,928</u>	<u>\$902,928</u>
15	Total Maintenance (12) + (13)	\$988,542	\$988,542
16	1/2 of Maintenance (13) * 50%	<u>\$494,271</u>	<u>\$494,271</u>
17	Fixed O&M (11) + (15)	<u>\$7,017,260</u>	<u>\$7,311,120</u>
	Total Revenue Requirement,		
18	Cost Associated with Gavin Plant (3) + (17)	\$20,226,097	\$20,519,957
19	Ohio Power Company's Percentage Ownership	100.00%	100.00%
20	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$20,226,097	\$20,519,957
21	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
22	Gavin Plant (\$/kw)	\$2.39	\$2.43
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.13	\$2.04
	Gavin Plant Costs to Kentucky Power :		
25	Gavin Plant Portion (\$/kw) (23)	\$2.13	\$2.04
26	Kentucky Power Capacity Deficit (kw)	<u>359,800</u>	<u>389,500</u>
27	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$766,374	\$794,580

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of January 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$115,787	\$115,787
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,690	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,690	\$15,690
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.02	\$0.02
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02	\$0.02
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.02	\$0.02
19	Kentucky Power Capacity Deficit (kw)	359,800	389,500
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$7,196	\$7,790

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of January 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$15,660,375	\$15,660,375
	Operations :		
4	Disposal (5010000)	(\$25,105)	(\$25,105)
5	Urea (5020002)	\$578,879	\$578,879
6	Trona (5020003)	\$39,990	\$39,990
7	Lime Stone (5020004)	\$791,911	\$791,911
8	Polymer (5020005)	\$0	\$1,406
9	Lime Hydrate (5020007)	\$0	\$4,821
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	<u>\$12,128</u>	<u>\$12,128</u>
12	Total Operations (Lines 4 thru 8)	\$1,397,803	\$1,404,030
	Maintenance :		
13	FDG (5120000)	\$53,576	\$53,576
14	SCR Maintenance (5120000)	<u>\$12,846</u>	<u>\$12,846</u>
15	1/2 of Maintenance (10 + 11) * 50%	<u>\$33,211</u>	<u>\$33,211</u>
16	Fixed O&M (9) + (12)	<u>\$1,431,014</u>	<u>\$1,437,241</u>
	Total Revenue Requirement,		
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$17,091,389</u>	<u>\$17,097,616</u>
18	Ohio Power Company's Percentage Ownership	100.00%	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,091,389	\$17,097,616
20	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
21	Mitchell Plant (\$/kw)	\$2.02	\$2.02
22	Ohio Power Surplus Weighing	89.00%	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.80	\$1.70
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.80	\$1.70
25	Kentucky Power Capacity Deficit (kw)	<u>359,800</u>	<u>389,500</u>
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$647,640	\$662,150

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of January 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,488,818	\$1,488,818
	Operations :		
4	Urea (5020002)	\$913	\$913
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$34,561	\$34,561
7	Total Operations (4) + (5) + (6)	\$35,474	\$35,474
	Maintenance :		
8	SCR Maintenance (5120000)	\$5,837	\$5,837
9	1/2 of Maintenance (8) * 50%	\$2,919	\$2,919
10	Fixed O&M (7) + (9)	\$38,393	\$38,393
	Total Revenue Requirement,		
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,527,211	\$1,527,211
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,527,211	\$1,527,211
14	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
15	Muskingum Plant (\$/kw)	\$0.18	\$0.18
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.16	\$0.15
	Muskingum Plant Costs to Kentucky Power :		
18	Muskingum Plant Portion (\$/kw) (17)	\$0.16	\$0.15
19	Kentucky Power Capacity Deficit (kw)	359,800	389,500
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$57,568	\$58,425

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of January 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$278,251	\$278,251
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	<u>\$13,207</u>	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	\$13,207	\$13,207
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	<u>\$13,207</u>	<u>\$13,207</u>
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,458</u>	<u>\$291,458</u>
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,458,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.03	\$0.03
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>359,800</u>	<u>389,500</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$10,794	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (IMM) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of January 2011

LINE NO.	COST	Revised Amount					Total	Rockport Plant Common	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	UNIT 1 AMOUNTS										
1	Utility Plant at Original Cost															
2	Member Primary Capacity Investment Rate (16.44% / 12)															
3	Total Rate Base	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	\$1,787,996	\$2,202,020	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	\$10,544,676	\$16,709,416	\$2,202,020		
		1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%		
		\$24,496	\$144,462	\$228,919	\$30,168	\$24,496	\$30,168	\$24,496	\$144,462	\$228,919	\$30,168	\$144,462	\$228,919	\$30,168		
4	Operations :															
4	Urea (5020002)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
5	Trona (5020003)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
6	Air Emission Fee	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$15,625	\$0	\$0	\$0	\$0	\$0	\$0		
7	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$15,625	\$0	\$0	\$0	\$0	\$0	\$0		
8	Maintenance :															
8	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
9	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
10	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$15,625	\$0	\$0	\$0	\$0	\$0	\$0		
11	Total Revenue Requirement,	\$40,121	\$144,462	\$228,919	\$30,168	\$40,121	\$30,168	\$40,121	\$144,462	\$228,919	\$30,168	\$144,462	\$228,919	\$30,168		
12	Cost Associated with Rockport Plant (3) + (10)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
13	Indiana Michigan Power Company's Percentage Ownership	\$20,061	\$85,09%	\$194,581	\$15,084	\$20,061	\$15,084	\$20,061	\$85,09%	\$194,581	\$15,084	\$85,09%	\$194,581	\$15,084		
	IMM's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$194,581	\$15,084	\$20,061	\$15,084	\$20,061	\$122,793	\$194,581	\$15,084	\$122,793	\$194,581	\$15,084		
14	Total Rockport Plant Common and Units 1 & 2														\$352,519	\$306,918
15	Indiana Michigan Power Company Steam Capacity (kw)														5,416,000	5,416,000
16	Rockport Plant (\$/kw) (14) / (15)														\$0.07	\$0.06
17	Kentucky Power Portion of Rockport Plant /															
18	Indiana Michigan Power Surplus Weighting														11.00%	16.00%
19	Portion of Weighted Average Capacity Rate														\$0.01	\$0.01
20	Attributed to Rockport Plant (\$/kw) (17) X (18)														\$0.01	\$0.01
21	Rockport Plant Costs to Kentucky Power :														359,800	389,500
	Rockport Plant Portion (\$/kw) (16)															
	Kentucky Power Capacity Deficit (kw)															
	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)															
	(ES FORM 3.14, Page 1 of 10, Line 6)															
															\$3,895	\$3,895

REVISED - July 25, 2012

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of January 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$1,348,869	\$1,348,869
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	<u>\$15,625</u>	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>	<u>\$15,625</u>
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,494</u>	<u>\$1,364,494</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	11.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16) Tanners Creek Plant Costs to Kentucky Power :	\$0.03	\$0.04
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>359,800</u>	<u>389,500</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$10,794	\$15,580

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ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of February 2011

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$6,113,032	\$6,169,875	(\$56,843)
LINE 2	Brr from ES FORM 1.10	\$3,590,810	\$3,590,810	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,522,222	\$2,579,065	(\$56,843)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	85.1%	85.1%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$2,146,411	\$2,194,784	(\$48,373)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$167,756)	(\$167,756)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,978,655	\$2,027,028	(\$48,373)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,978,655	\$2,027,028	(\$48,373)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$58,755,458	\$58,755,458	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.3676%	3.4499%	-0.0823%

1/

Effective Date for Billing: April 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : March 18, 2011

REVISED - July 26, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of February 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20		\$6,063,362		\$6,120,205
2	Second Component: Associated with Rockport Plant $((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C)$ ES FORM 3.20, Line 16		\$49,670		\$49,670
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0	
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NO _x Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$6,113,032		\$6,169,875

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ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of February 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$62,251,994)		(\$62,251,994)	
3	Less Accum. Def. Income Taxes	(\$41,101,585)		(\$41,101,585)	
4	Net Utility Plant		\$87,973,973		\$87,973,973
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,785,318		\$12,785,318
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$176,124		\$176,124
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,385,101		\$354,523
8	Total Rate Base		\$103,320,516		\$101,289,938
9	Weighted Average Cost of Capital - ES FORM 3.15	10.70%		10.70%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$919,553		\$901,480
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,298		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,005,014		\$2,079,930
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$416,612		\$416,612
18	Monthly SO2 Emission Allowance Consumption		\$2,052,904		\$2,052,904
19	Total Operating Expenses [Line 12 thru Line 18]		\$5,143,809		\$5,218,725
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$6,063,362		\$6,120,205

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ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of February 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	<i>Total Monthly AEP Pool</i>				
2	Environmental Capacity Costs	\$307,364		\$334,970	
3	Monthly SO2 Allowance Consumption	<u>\$2,052,904</u>		<u>\$2,052,904</u>	
4	Total 1997 Plan O&M Expenses		\$2,391,967		\$2,419,573
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$444,487		\$444,487	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$24,656		\$24,656	
9	Equipment - Associated Operating Expenses	\$6,372		\$6,372	
10	Equipment - Associated Maintenance Expenses	<u>(\$58,903)</u>		<u>(\$58,903)</u>	
11	Total 2003 Plan O&M Expenses		<u>\$416,612</u>		<u>\$416,612</u>
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		<u>\$2,344</u>		
14	Total Monthly O&M Expenses		<u>\$2,810,923</u>		<u>\$2,836,185</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$351,365		\$354,523
16	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
17	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
18	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445		
19	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
20	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494		
21	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,592		
22	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478		
23	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496		
24	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147		
25	Cash Working Capital Allowance (April 2010 ES Form 3.13)		\$89,399		
26	Cash Working Capital Allowance (March 2010 ES Form 3.13)		<u>\$119,882</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$2,385,101</u>		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of February 2011
Revised Amount

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$328,608			\$338,865		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$239,458			\$245,385		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$718,374			\$751,735		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,148			\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$621,876			\$638,780		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$64,332			\$66,215		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,722			\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,574			\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$10,722			\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,990,718	\$14,296	\$2,005,014	\$2,060,455	\$19,475	\$2,079,930

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL-MONTHLY ENVIRONMENTAL CAPACITY COSTS
WORKING CAPITAL ONLY

Line No. (1)	Cost Component (2)	For the Expense Month of February 2011 Revised Amount				Total (5)	Total (5)
		Ohio Power Company's Environmental Cost to KPCo (3)	Michigan Power Company's Environmental Cost to KPCo (4)	Ohio Power Company's Environmental Cost to KPCo (3)	As Filed Indiana Power Company's Environmental Cost to KPCo (4)		
1	Ames Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$495,879		\$495,890			
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$802,058		\$852,944			
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$5,830,712		\$6,210,849			
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		\$15,690			
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$605,675		\$815,465			
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$196,559		\$196,559			
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		\$13,207			
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 5, Line 10)		\$15,625		\$15,625		
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0		\$0		
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625		\$15,625		
11	Subtotal	\$8,189,860	\$31,250	\$8,600,704	\$31,250		
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,440,000	5,414,000	8,458,000	5,416,000		
13	Environmental Base (\$/kw)	\$0.97	\$0.01	\$1.02	\$0.01		
14	Company Surplus Weighting	89.00%	11.00%	94.00%	16.00%		
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.86	\$0.00	\$0.86	\$0.00		
16	Kentucky Power Capacity Deficit (kw)	387,400	387,400	389,600	389,600		
17	Fixed O&M Environmental Cost to Kentucky Power	\$307,364	\$0	\$307,364	\$0	\$334,970	

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of February 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$8,225,948	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948	\$8,225,948
	Operations :		
6	Disposal (5010000)	(\$57,476)	(\$57,476)
7	Urea (5020002)	\$487,917	\$487,917
8	Trona (5020003)	(\$118,370)	(\$118,370)
9	Lime Stone (5020004)	\$371,449	\$371,449
10	Steam Exp (5020025)	\$0	\$16
11	Air Emission Fee	\$10,292	\$10,292
12	Total Operations (Lines 6 thru 10)	\$693,812	\$693,828
	Maintenance :		
13	SCR Maintenance (5120000)	\$3	\$3
14	Scrubber (FGD) Maintenance (5120000)	\$100,237	\$100,237
15	Total Maintenance (12) + (13)	\$100,240	\$100,240
16	1/2 of Maintenance (14) * 50%	\$50,120	\$50,120
17	Fixed O&M (11) + (15)	\$743,932	\$743,948
18	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%	66.67%
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$495,979	\$495,990
	Total Revenue Requirement,		
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,721,927	\$8,721,938
21	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.03	\$1.03
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.92	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :		
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.92	\$0.87
26	Kentucky Power Capacity Deficit (kw)	357,400	389,500
27	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 1)	\$328,808	\$338,865

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of February 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$5,493,181	\$5,493,181
	Operations :		
4	Disposal (5010000)	\$96,803	\$96,803
5	Urea (5020002)	\$255,115	\$255,115
6	Trona (5020003)	(\$136,996)	(\$136,996)
7	Lime Stone (5020004)	\$501,038	\$501,038
8	Polymer (5020005)	\$0	\$4,870
9	Lime Hydrate (5020007)	\$0	\$2,296
10	Steam Exp (5020025)	\$0	\$43,720
11	Air Emission Fee	\$8,622	\$8,622
12	Total Operations (Line 4 thru 8)	\$724,582	\$775,468
	Maintenance :		
13	SCR Maintenance (5120000)	\$20,012	\$20,012
14	Scrubber (FGD) Maintenance (5120000)	\$134,939	\$134,939
15	Total Maintenance (13) + (14)	\$154,951	\$154,951
16	1/2 Maintenance (15) * 50%	\$77,476	\$77,476
17	Fixed O&M (12) + (16)	\$802,058	\$852,944
	Total Revenue Requirement,		
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$6,295,239	\$6,346,125
19	Ohio Power Company's Percentage Ownership	100.00%	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,295,239	\$6,346,125
21	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.75	\$0.75
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.67	\$0.63
	Cardinal Unit No. 1 Costs to Kentucky Power :		
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.67	\$0.63
26	Kentucky Power Capacity Deficit (kw)	357,400	389,500
27	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26) (ES FORM 3.14, Page 1 of 10, Line 2)	\$239,458	\$245,385

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of February 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$13,208,837	\$13,208,837
	Operations :		
4	Sludge Disposal (5010000)	\$681,646	\$681,646
5	Lime (5020001)	\$3,952,538	\$3,952,538
6	Urea (5020002)	\$919,642	\$919,642
7	Trona (5020003)	(\$140,818)	(\$140,818)
8	Lime Stone (5020004)	\$0	\$0
9	Polymer (5020005)	\$0	\$373,477
10	Steam Exp (5020025)	\$0	\$6,660
11	Air Emission Fee	\$34,947	\$34,947
12	Lease (5070005)	<u>\$0</u>	<u>\$0</u>
13	Total Operations (Lines 4 thru 10)	\$5,447,955	\$5,828,092
	Maintenance :		
14	SCR Maintenance (5120000)	\$21,051	\$21,051
15	Scrubber Maintenance (5120000)	<u>\$744,463</u>	<u>\$744,463</u>
16	Total Maintenance (12) + (13)	\$765,514	\$765,514
17	1/2 of Maintenance (13) * 50%	<u>\$382,757</u>	<u>\$382,757</u>
18	Fixed O&M (11) + (15)	<u>\$5,830,712</u>	<u>\$6,210,849</u>
	Total Revenue Requirement,		
19	Cost Associated with Gavin Plant (3) + (17)	\$19,039,549	\$19,419,686
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,039,549	\$19,419,686
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Gavin Plant (\$/kw)	\$2.26	\$2.30
24	Ohio Power Surplus Weighing	89.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.01	\$1.93
	Gavin Plant Costs to Kentucky Power :		
26	Gavin Plant Portion (\$/kw) (23)	\$2.01	\$1.93
27	Kentucky Power Capacity Deficit (kw)	<u>357,400</u>	<u>389,500</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)		
28	(ES FORM 3.14, Page 1 of 10, Line 3)	\$718,374	\$751,735

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of February 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$115,787	\$115,787
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,690	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,690	\$15,690
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.02	\$0.02
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02	\$0.02
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.02	\$0.02
19	Kentucky Power Capacity Deficit (kw)	357,400	389,500
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$7,148	\$7,790

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of February 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$15,660,375	\$15,660,375
	Operations :		
4	Disposal (5010000)	(\$62,084)	(\$62,084)
5	Urea (5020002)	\$343,368	\$343,368
6	Trona (5020003)	(\$146,808)	(\$146,808)
7	Lime Stone (5020004)	\$442,749	\$442,749
8	Polymer (5020005)	\$0	\$4,877
9	Lime Hydrate (5020007)	\$0	\$4,913
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$12,128	\$12,128
12	Total Operations (Lines 4 thru 8)	\$589,353	\$599,143
	Maintenance :		
13	FDG (5120000)	\$420,839	\$420,839
14	SCR Maintenance (5120000)	\$11,805	\$11,805
15	1/2 of Maintenance (10 + 11) * 50%	\$216,322	\$216,322
16	Fixed O&M (9) + (12)	\$805,675	\$815,465
	Total Revenue Requirement,		
17	Cost Associated with Mitchell Plant (3) + (13)	\$16,466,050	\$16,475,840
18	Ohio Power Company's Percentage Ownership	100.00%	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,466,050	\$16,475,840
20	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
21	Mitchell Plant (\$/kw)	\$1.95	\$1.95
22	Ohio Power Surplus Weighing	89.00%	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.74	\$1.64
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.74	\$1.64
25	Kentucky Power Capacity Deficit (kw)	357,400	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$621,876	\$638,780

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of February 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,488,818	\$1,488,818
	Operations :		
4	Urea (5020002)	\$159,477	\$159,477
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$34,561	\$34,561
7	Total Operations (4) + (5) + (6)	\$194,038	\$194,038
	Maintenance :		
8	SCR Maintenance (5120000)	\$5,041	\$5,041
9	1/2 of Maintenance (8) * 50%	\$2,521	\$2,521
10	Fixed O&M (7) + (9)	\$196,559	\$196,559
	Total Revenue Requirement,		
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,685,377	\$1,685,377
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,685,377	\$1,685,377
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Muskingum Plant (\$/kw)	\$0.20	\$0.20
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18	\$0.17
	Muskingum Plant Costs to Kentucky Power :		
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18	\$0.17
19	Kentucky Power Capacity Deficit (kw)	357,400	389,500
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$64,332	\$66,215

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of February 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$278,251	\$278,251
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$13,207	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207	\$13,207
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$13,207	\$13,207
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.03	\$0.03
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03	\$0.03
19	Kentucky Power Capacity Deficit (kw)	357,400	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$10,722	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of February 2011

LINE NO.	COST	Rockport Plant Common				Total	Rockport Plant Common				Total
		UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Revised Amount		UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)					
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020		
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%		
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168	\$24,496	\$144,462	\$228,919	\$30,168		
4	Operations :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
5	Urea (5020002)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
6	Trona (5020003)	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0		
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0		
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
9	Maintenance :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	\$15,625	\$0	\$0	\$0		
13	Total Revenue Requirement	\$40,121	\$144,462	\$228,919	\$30,168	\$40,121	\$144,462	\$228,919	\$30,168		
14	Cost Associated with Rockport Plant (3) + (10)	\$20,061	\$122,793	\$194,561	\$15,084	\$20,061	\$122,793	\$148,980	\$15,084		
15	Indiana Michigan Power Company's Percentage Ownership	50%	50%	50%	50%	50%	50%	50%	50%		
16	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$194,561	\$15,084	\$20,061	\$122,793	\$148,980	\$15,084		
17	Total Rockport Plant Common and Units 1 & 2	\$352,519	\$352,519	\$352,519	\$352,519	\$352,519	\$352,519	\$352,519	\$352,519		
18	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000	5,414,000	5,414,000	5,414,000	5,414,000	5,414,000	5,414,000	5,414,000		
19	Rockport Plant (\$/kw) (14) / (15)	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07		
20	Kentucky Power Portion of Rockport Plant /	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%		
21	Indiana Michigan Power Surplus Weighting	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01		
22	Portion of Weighted Average Capacity Rate	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01		
23	Attributed to Rockport Plant (\$/kw) (17) X (18)	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01		
24	Rockport Plant Costs to Kentucky Power :	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01		
25	Rockport Plant Portion (\$/kw) (16)	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01		
26	Kentucky Power Capacity Deficit (kw)	357,400	357,400	357,400	357,400	357,400	357,400	357,400	357,400		
27	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)	\$3,574	\$3,574	\$3,574	\$3,574	\$3,574	\$3,574	\$3,574	\$3,574		
28	(ES FORM 3.14, Page 1 of 10, Line 8)										
29	Total	\$3,574	\$3,574	\$3,574	\$3,574	\$3,574	\$3,574	\$3,574	\$3,574		

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of February 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,348,869	\$1,348,869
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,625	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,625	\$15,625
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	11.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.03	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :		
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03	\$0.04
19	Kentucky Power Capacity Deficit (kw)	357,400	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$10,722	\$15,580

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ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of March 2011

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$5,663,433	\$5,748,092	(\$84,659)
LINE 2	Brr from ES FORM 1.10	\$3,651,374	\$3,651,374	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,012,059	\$2,096,718	(\$84,659)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	79.3%	79.3%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,595,563	\$1,662,697	(\$67,134)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$174,939)	(\$174,939)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,420,624	\$1,487,758	(\$67,134)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,420,624	\$1,487,758	(\$67,134)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$44,307,469	\$44,307,469	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.2063%	3.3578%	-0.1515%

Effective Date for Billing: May 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : April 19, 2011

1/ Case No. 2009-00459, dated June 28, 2010

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ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of March 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$5,616,360		\$5,701,019
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$47,073		\$47,073
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO2 - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO2 Allowances		\$0		\$0
	1) NOx - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NOx - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NOx Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$5,663,433		\$5,748,092

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ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of March 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$62,875,276)		(\$62,875,276)	
3	Less Accum. Def. Income Taxes	(\$40,883,440)		(\$40,883,440)	
4	Net Utility Plant		\$87,568,836		\$87,568,836
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$11,268,873		\$11,268,873
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$150,830		\$150,830
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,566,177		\$304,833
8	Total Rate Base		\$101,554,716		\$99,293,372
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$903,837		\$883,711
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,298		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,014,095		\$2,118,880
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$512,704		\$512,704
18	Monthly SO2 Emission Allowance Consumption		\$1,516,445		\$1,516,445
19	Total Operating Expenses [Line 12 thru Line 18]		\$4,712,523		\$4,817,308
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$5,616,360		\$5,701,019

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ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of March 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$344,470		\$377,815	
3	Monthly SO2 Allowance Consumption	<u>\$1,516,445</u>		<u>\$1,516,445</u>	
4	Total 1997 Plan O&M Expenses		\$1,892,614		\$1,925,959
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$346,559		\$346,559	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$25,294		\$25,294	
9	Equipment - Associated Operating Expenses	\$4,305		\$4,305	
10	Equipment - Associated Maintenance Expenses	<u>\$136,546</u>		<u>\$136,546</u>	
11	Total 2003 Plan O&M Expenses		<u>\$512,704</u>		<u>\$512,704</u>
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		<u>\$2,344</u>		
14	Total Monthly O&M Expenses		<u>\$2,407,662</u>		<u>\$2,438,663</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$300,958		\$304,833
16	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
17	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
18	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
19	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445		
20	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
21	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494		
22	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,592		
23	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478		
24	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496		
25	Cash Working Capital Allowance (May 2010 ES Form 3.13)		\$109,147		
26	Cash Working Capital Allowance (April 2010 ES Form 3.13)		<u>\$89,399</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$2,566,177</u>		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of March 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$326,895			\$338,865		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$242,535			\$257,070		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$724,090			\$767,315		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,030			\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$622,155			\$646,570		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$66,785			\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,545			\$11,685		
8	Rockport Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,515			\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$10,545			\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,000,035	\$14,060	\$2,014,095	\$2,099,405	\$19,475	\$2,118,880

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
WORKING CAPITAL ONLY

For the Expense Month of March 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Ames Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$609,508	\$609,562	
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$984,874	\$1,091,455	
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,260,106	\$6,614,236	
4	Kanmer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690	\$15,690	
5	Michell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,105,599	\$1,105,599	
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$277,872	\$277,872	
7	Spon Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207	\$13,207	\$15,625
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$0	\$0
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)			\$15,625
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)	\$9,266,856	\$9,727,621	\$31,250
11	Subtotal	8,440,000	8,456,000	5,416,000
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	\$1.10	\$1.15	\$0.01
13	Environmental Base (\$/kw)	88.00%	84.00%	16.00%
14	Company Surplus Weighting		\$0.97	\$0.00
15	Portion of Weighted Average Capacity Rates Attributed to Environmental Fixed O&M Costs	\$51,500	389,500	389,500
16	Kentucky Power Capacity Deficit (kw)	\$344,470	\$377,815	\$0
17	Fixed O&M Environmental Cost to Kentucky Power			\$377,815

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of March 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$8,225,948	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948	\$8,225,948
	Operations :		
6	Disposal (5010000)	\$4,189	\$4,189
7	Urea (5020002)	\$337,059	\$337,059
8	Trona (5020003)	\$128,101	\$128,101
9	Lime Stone (5020004)	\$302,808	\$302,808
10	Steam Exp (5020025)	\$0	\$81
11	Air Emission Fee	\$10,292	\$10,292
12	Total Operations (Lines 6 thru 10)	\$782,449	\$782,530
	Maintenance :		
13	SCR Maintenance (5120000)	\$24,635	\$24,635
14	Scrubber (FGD) Maintenance (5120000)	\$238,901	\$238,901
15	Total Maintenance (12) + (13)	\$263,536	\$263,536
16	1/2 of Maintenance (14) * 50%	\$131,768	\$131,768
17	Fixed O&M (11) + (15)	\$914,217	\$914,298
18	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%	66.67%
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$609,508	\$609,562
	Total Revenue Requirement,		
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,835,456	\$8,835,510
21	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05	\$1.04
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.93	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :		
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.93	\$0.87
26	Kentucky Power Capacity Deficit (kw)	351,500	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)		
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$326,895	\$338,865

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of March 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$5,493,181	\$5,493,181
	Operations :		
4	Disposal (5010000)	\$77,199	\$77,199
5	Urea (5020002)	\$251,463	\$251,463
6	Trona (5020003)	\$76,705	\$76,705
7	Lime Stone (5020004)	\$441,224	\$441,224
8	Polymer (5020005)	\$0	\$60,331
9	Lime Hydrate (5020007)	\$0	\$0
10	Steam Exp (5020025)	\$0	\$46,250
11	Air Emission Fee	\$8,622	\$8,622
12	Total Operations (Line 4 thru 8)	\$855,213	\$961,794
	Maintenance :		
13	SCR Maintenance (5120000)	\$9,943	\$9,943
14	Scrubber (FGD) Maintenance (5120000)	\$249,379	\$249,379
15	Total Maintenance (13) + (14)	\$259,322	\$259,322
16	1/2 Maintenance (15) * 50%	\$129,661	\$129,661
17	Fixed O&M (12) + (16)	\$984,874	\$1,091,455
	Total Revenue Requirement,		
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$6,478,055	\$6,584,636
19	Ohio Power Company's Percentage Ownership	100.00%	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,478,055	\$6,584,636
21	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.77	\$0.78
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.69	\$0.66
	Cardinal Unit No. 1 Costs to Kentucky Power :		
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.69	\$0.66
26	Kentucky Power Capacity Deficit (kw)	351,500	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)		
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$242,535	\$257,070

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of March 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$13,208,837	\$13,208,837
	Operations :		
4	Sludge Disposal (5010000)	\$734,555	\$734,555
5	Lime (5020001)	\$3,221,563	\$3,221,563
6	Urea (5020002)	\$1,160,823	\$1,160,823
7	Trona (5020003)	\$803,765	\$803,765
8	Lime Stone (5020004)	\$0	\$0
9	Polymer (5020005)	\$0	\$345,415
10	Steam Exp (5020025)	\$0	\$8,715
11	Air Emission Fee	\$34,947	\$34,947
12	Lease (5070005)	\$0	\$0
13	Total Operations (Lines 4 thru 10)	\$5,955,653	\$6,309,783
	Maintenance :		
14	SCR Maintenance (5120000)	\$8,182	\$8,182
15	Scrubber Maintenance (5120000)	\$600,723	\$600,723
16	Total Maintenance (12) + (13)	\$608,905	\$608,905
17	1/2 of Maintenance (13) * 50%	\$304,453	\$304,453
18	Fixed O&M (11) + (15)	\$6,260,106	\$6,614,236
	Total Revenue Requirement,		
19	Cost Associated with Gavin Plant (3) + (17)	\$19,468,943	\$19,823,073
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,468,943	\$19,823,073
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Gavin Plant (\$/kw)	\$2.31	\$2.34
24	Ohio Power Surplus Weighing	89.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.08	\$1.97
	Gavin Plant Costs to Kentucky Power :		
26	Gavin Plant Portion (\$/kw) (23)	\$2.06	\$1.97
27	Kentucky Power Capacity Deficit (kw)	351,500	389,500
28	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$724,090	\$767,315

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of March 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$115,787	\$115,787
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,690	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,690	\$15,690
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.02	\$0.02
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02	\$0.02
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.02	\$0.02
19	Kentucky Power Capacity Deficit (kw)	351,500	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,030	\$7,790

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of March 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$15,660,375	\$15,660,375
	Operations :		
4	Disposal (5010000)	\$31,924	\$31,924
5	Urea (5020002)	\$404,888	\$404,888
6	Trona (5020003)	\$30,176	\$30,176
7	Lime Stone (5020004)	\$483,039	\$483,039
8	Polymer (5020005)	\$0	\$1,343
9	Lime Hydrate (5020007)	\$0	\$0
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$12,128	\$12,128
12	Total Operations (Lines 4 thru 8)	\$962,155	\$963,498
	Maintenance :		
13	SCR Maintenance (5120000)	\$12,076	\$12,076
14	FDG (5120000)	\$272,125	\$272,125
15	1/2 of Maintenance (10 + 11) * 50%	\$142,101	\$142,101
16	Fixed O&M (9) + (12)	\$1,104,256	\$1,105,599
	Total Revenue Requirement,	\$16,764,631	\$16,765,974
17	Cost Associated with Mitchell Plant (3) + (13)	100.00%	100.00%
18	Ohio Power Company's Percentage Ownership	\$16,764,631	\$16,765,974
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	8,440,000	8,458,000
20	Ohio Power Company Steam Capacity (kw)	\$1.99	\$1.98
21	Mitchell Plant (\$/kw)	89.00%	84.00%
22	Ohio Power Surplus Weighing		
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.77	\$1.66
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.77	\$1.66
25	Kentucky Power Capacity Deficit (kw)	351,500	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$622,155	\$646,570

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of March 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$1,488,818	\$1,488,818
	Operations :		
4	Urea (5020002)	\$237,329	\$237,329
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	<u>\$34,561</u>	<u>\$34,561</u>
7	Total Operations (4) + (5) + (6)	\$271,890	\$271,890
	Maintenance :		
8	SCR Maintenance (5120000)	\$11,963	\$11,963
9	1/2 of Maintenance (8) * 50%	<u>\$5,982</u>	<u>\$5,982</u>
10	Fixed O&M (7) + (9)	<u>\$277,872</u>	<u>\$277,872</u>
	Total Revenue Requirement,		
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,766,690</u>	<u>\$1,766,690</u>
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,766,690	\$1,766,690
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21	\$0.21
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.19	\$0.18
	Muskingum Plant Costs to Kentucky Power :		
18	Muskingum Plant Portion (\$/kw) (17)	\$0.19	\$0.18
19	Kentucky Power Capacity Deficit (kw)	<u>351,500</u>	<u>389,500</u>
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$66,785	\$70,110

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of March 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$278,251	\$278,251
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	<u>\$13,207</u>	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	<u>\$13,207</u>	<u>\$13,207</u>
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$13,207</u>	<u>\$13,207</u>
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,458</u>	<u>\$291,458</u>
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.03	\$0.03
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>351,500</u>	<u>389,500</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$10,545	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of March 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	Revised Amount	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020		\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020		\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%		1.37%	1.37%	1.37%	1.37%		1.37%	1.37%	1.37%	1.37%
3	Total Rate Base	\$24,486	\$144,462	\$228,919	\$30,168		\$24,486	\$144,462	\$228,919	\$30,168		\$24,486	\$144,462	\$228,919	\$30,168
4	Operations :	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
5	Urea (5020002)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
6	Trona (5020003)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0
7	Air Emission Fee	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
9	Maintenance :	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0
13	Total Revenue Requirement	\$40,121	\$144,462	\$228,919	\$30,168		\$40,121	\$144,462	\$228,919	\$30,168		\$40,121	\$144,462	\$228,919	\$30,168
14	Cost Associated with Rockport Plant (3) + (10)	\$20,061	\$122,793	\$194,691	\$15,084		\$20,061	\$122,793	\$194,691	\$15,084		\$20,061	\$122,793	\$194,691	\$15,084
15	Indiana Michigan Power Company's Percentage Ownership														
16	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$306,918	\$5,416,000	\$5,416,000	\$5,416,000		\$306,918	\$5,416,000	\$5,416,000	\$5,416,000		\$306,918	\$5,416,000	\$5,416,000	\$5,416,000
17	Total Rockport Plant Common and Units 1 & 2	\$352,519	\$352,519	\$352,519	\$352,519		\$352,519	\$352,519	\$352,519	\$352,519		\$352,519	\$352,519	\$352,519	\$352,519
18	Indiana Michigan Power Company Steam Capacity (kw)														
19	Rockport Plant (\$/kw) (14) / (15)														
20	Indiana Michigan Power Surplus Weighing														
21	Portion of Weighted Average Capacity Rate														
22	Attributed to Rockport Plant (\$/kw) (17) X (18)														
23	Rockport Plant Costs to Kentucky Power :														
24	Rockport Plant Portion (\$/kw) (18)														
25	Rockport Capacity Deficit (kw)														
26	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)														
27	(ES FORM 3.14, Page 1 of 10, Line 8)														

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of March 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,348,869	\$1,348,869
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,625	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,625	\$15,625
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	11.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.03	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :		
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03	\$0.04
19	Kentucky Power Capacity Deficit (kw)	351,500	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$10,545	\$15,580

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ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of April 2011

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$5,783,411	\$5,830,053	(\$46,642)
LINE 2	Brr from ES FORM 1.10	3,647,040	3,647,040	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,136,371	\$2,183,013	(\$46,642)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	78.7%	78.7%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,681,324	\$1,718,031	(\$36,707)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$759,603	\$759,603	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,440,927	\$2,477,634	(\$36,707)
SURCHARGE FACTOR				
LINE 8	Net KY Retail E(m) (Line 7)	\$2,440,927	\$2,477,634	(\$36,707)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$42,540,201	\$42,540,201	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	5.7379%	5.8242%	-0.0863%

1/

Effective Date for Billing: May 31, 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : May 19, 2011

1/ Case No. 2009-00459, dated June 28, 2010

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ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of April 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$5,737,302		\$5,783,944
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$46,109		\$46,109
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO2 - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO2 Allowances		\$0		\$0
	1) NOx - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NOx - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NOx Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$5,783,411		\$5,830,053

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ES FORM 3.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of April 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$63,498,558)		(\$63,498,558)	
3	Less Accum. Def. Income Taxes	(\$40,665,290)		(\$40,665,290)	
4	Net Utility Plant		\$87,163,704		\$87,163,704
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$9,444,558		\$9,444,558
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$127,987		\$127,987
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,792,119		\$317,725
8	Total Rate Base		\$99,528,368		\$97,053,974
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$885,802		\$863,780
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,017		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,026,846		\$2,095,510
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$331,341		\$331,341
18	Monthly SO2 Emission Allowance Consumption		\$1,824,315		\$1,824,315
19	Total Operating Expenses [Line 12 thru Line 18]		\$4,851,500		\$4,920,164
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$5,737,302		\$5,783,944

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ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of April 2011

		Revised Amount		As Filed	
1997 Plan :					
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$333,033		\$354,445	
3	Monthly SO ₂ Allowance Consumption	<u>\$1,824,315</u>		<u>\$1,824,315</u>	
4	Total 1997 Plan O&M Expenses		\$2,189,047		\$2,210,459
2003 Plan :					
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$279,762		\$279,762	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NO _x Allowance Consumption	\$22,843		\$22,843	
9	Equipment - Associated Operating Expenses	\$465		\$465	
10	Equipment - Associated Maintenance Expenses	<u>\$28,271</u>		<u>\$28,271</u>	
11	Total 2003 Plan O&M Expenses		\$331,341		\$331,341
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		\$2,344		
14	Total Monthly O&M Expenses		<u>\$2,522,732</u>		<u>\$2,541,800</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$315,341		\$317,725
16	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
17	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
18	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
19	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
20	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445		
21	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
22	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494		
23	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,592		
24	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478		
25	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496		
26	Cash Working Capital Allowance (May 2010 ES Form 3.13)		<u>\$109,147</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$2,792,119</u>		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of April 2011

Line No. (1)	Cost Component (2)	Revised Amount			Total (5)	As Filed Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
		Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Power Company's Environmental Cost to KPCo (4)	Ohio Power Company's Environmental Cost to KPCo (3)			
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$333,033			\$342,760		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$254,251			\$260,965		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$709,038			\$740,050		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,162			\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$626,675			\$642,675		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$71,620			\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,743			\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,581			\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$10,743			\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,012,522	\$14,324	\$2,026,846	\$2,076,035	\$19,475	\$2,095,510

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
WORKING CAPITAL ONLY

Line No. (1)	Cost Component (2)	For the Expense Month of April 2011 Revised Amount				Total (5)	Total (6)
		Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Ohio Power Company's Environmental Cost to KPCo (3)	As Filed Indiana Michigan Power Company's Environmental Cost to KPCo (4)		
1	Ames Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$632,294		\$632,294			
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,237,680		\$1,237,680			
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$5,550,314		\$5,550,314			
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		\$15,690			
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$995,572		\$995,572			
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$328,475		\$328,475			
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		\$13,207			
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625		\$15,625		
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0		\$0		
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625		\$15,625		
11	Subtotal	\$8,773,232	\$31,250	\$9,141,168	\$31,250		
12	Steam Capacity By Company - OPCo (Column 3) / &M (Column 4) (kw)	8,440,000	5,414,000	8,456,000	5,416,000		
13	Environmental Base (\$/kw)	\$1.04	\$0.01	\$1.08	\$0.01		
14	Company Surplus Weighting	89.00%	11.00%	84.00%	16.00%		
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.93	\$0.00	\$0.91	\$0.00		
16	Kentucky Power Capacity Deficit (kw)	358,100	358,100	389,500	389,500		
17	Fixed O&M Environmental Cost to Kentucky Power	\$333,033	\$0	\$354,445	\$0	\$854,445	

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

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ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of April 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$8,225,948	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948	\$8,225,948
	Operations :		
6	Disposal (5010000)	\$8,193	\$8,193
7	Urea (5020002)	\$364,147	\$364,147
8	Trona (5020003)	\$137,030	\$137,030
9	Lime Stone (5020004)	\$283,759	\$283,759
10	Steam Exp (5020025)	\$0	(\$91)
11	Air Emission Fee	\$10,292	\$10,292
12	Total Operations (Lines 6 thru 10)	\$803,421	\$803,330
	Maintenance :		
13	SCR Maintenance (5120000)	\$7,983	\$7,983
14	Scrubber (FGD) Maintenance (5120000)	\$281,963	\$281,963
15	Total Maintenance (12) + (13)	\$289,946	\$289,946
16	1/2 of Maintenance (14) * 50%	\$144,973	\$144,973
17	Fixed O&M (11) + (15)	\$948,394	\$948,303
18	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%	66.67%
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$632,294	\$632,234
	Total Revenue Requirement,		
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,858,242	\$8,858,182
21	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05	\$1.05
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.93	\$0.88
	Amos Unit No. 3 Costs to Kentucky Power :		
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.93	\$0.88
26	Kentucky Power Capacity Deficit (kw)	358,100	389,500
27	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 1)	\$333,033	\$342,760

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of April 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$5,493,181	\$5,493,181
	Operations :		
4	Disposal (5010000)	\$108,945	\$108,945
5	Urea (5020002)	\$308,511	\$308,511
6	Trona (5020003)	\$169,122	\$169,122
7	Lime Stone (5020004)	\$504,699	\$504,699
8	Polymer (5020005)	\$0	(\$12,167)
9	Lime Hydrate (5020007)	\$0	\$4,505
10	Steam Exp (5020025)	\$0	\$54,388
11	Air Emission Fee	\$8,622	\$8,622
12	Total Operations (Line 4 thru 8)	\$1,099,899	\$1,146,625
	Maintenance :		
13	SCR Maintenance (5120000)	\$20,170	\$20,170
14	Scrubber (FGD) Maintenance (5120000)	\$255,391	\$255,391
15	Total Maintenance (13) + (14)	\$275,561	\$275,561
16	1/2 Maintenance (15) * 50%	\$137,781	\$137,781
17	Fixed O&M (12) + (16)	\$1,237,680	\$1,284,406
	Total Revenue Requirement,		
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$6,730,861	\$6,777,587
19	Ohio Power Company's Percentage Ownership	100.00%	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,730,861	\$6,777,587
21	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.80	\$0.80
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.71	\$0.67
	Cardinal Unit No. 1 Costs to Kentucky Power :		
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.71	\$0.67
26	Kentucky Power Capacity Deficit (kw)	358,100	389,500
27	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26) (ES FORM 3.14, Page 1 of 10, Line 2)	\$254,251	\$260,965

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of April 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$13,208,837	\$13,208,837
	Operations :		
4	Sludge Disposal (5010000)	\$659,892	\$659,892
5	Lime (5020001)	\$3,132,975	\$3,132,975
6	Urea (5020002)	\$841,636	\$841,636
7	Trona (5020003)	\$582,621	\$582,621
8	Lime Stone (5020004)	\$0	\$0
9	Polymer (5020005)	\$0	\$313,470
10	Steam Exp (5020025)	\$0	\$6,455
11	Air Emission Fee	\$34,947	\$34,947
12	Lease (5070005)	\$0	\$0
13	Total Operations (Lines 4 thru 10)	\$5,252,071	\$5,571,996
	Maintenance :		
14	SCR Maintenance (5120000)	\$80,756	\$80,756
15	Scrubber Maintenance (5120000)	\$515,730	\$515,730
16	Total Maintenance (12) + (13)	\$596,486	\$596,486
17	1/2 of Maintenance (13) * 50%	\$298,243	\$298,243
18	Fixed O&M (11) + (15)	\$5,550,314	\$5,870,239
	Total Revenue Requirement,		
19	Cost Associated with Gavin Plant (3) + (17)	\$18,759,151	\$19,079,076
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,759,151	\$19,079,076
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Gavin Plant (\$/kw)	\$2.22	\$2.26
24	Ohio Power Surplus Weighing	89.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.98	\$1.90
	Gavin Plant Costs to Kentucky Power :		
26	Gavin Plant Portion (\$/kw) (23)	\$1.98	\$1.90
27	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)		
28	(ES FORM 3.14, Page 1 of 10, Line 3)	\$709,038	\$740,050

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of April 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$115,787	\$115,787
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	<u>\$15,690</u>	<u>\$15,690</u>
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,690</u>	<u>\$15,690</u>
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$131,477</u>	<u>\$131,477</u>
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.02	\$0.02
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02	\$0.02
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.02	\$0.02
19	Kentucky Power Capacity Deficit (kw)	<u>358,100</u>	<u>389,500</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,162	\$7,790

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of April 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$15,660,375	\$15,660,375
	Operations :		
4	Disposal (5010000)	(\$18,726)	(\$18,726)
5	Urea (5020002)	\$323,525	\$323,525
6	Trona (5020003)	\$55,744	\$55,744
7	Lime Stone (5020004)	\$449,681	\$449,681
8	Polymer (5020005)	\$0	\$1,345
9	Lime Hydrate (5020007)	\$0	\$0
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$12,128	\$12,128
12	Total Operations (Lines 4 thru 8)	\$822,352	\$823,697
	Maintenance :		
13	SCR Maintenance (5120000)	\$2,495	\$2,495
14	FDG (5120000)	\$343,945	\$343,945
15	1/2 of Maintenance (10 + 11) * 50%	\$173,220	\$173,220
16	Fixed O&M (9) + (12)	\$995,572	\$996,917
	Total Revenue Requirement,		
17	Cost Associated with Mitchell Plant (3) + (13)	\$16,655,947	\$16,657,292
18	Ohio Power Company's Percentage Ownership	100.00%	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,655,947	\$16,657,292
20	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
21	Mitchell Plant (\$/kw)	\$1.97	\$1.97
22	Ohio Power Surplus Weighing	89.00%	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.75	\$1.65
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.75	\$1.65
25	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)		
26	(ES FORM 3.14, Page 1 of 10, Line 5)	\$626,675	\$642,675

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of April 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$1,488,818	\$1,488,818
	Operations :		
4	Urea (5020002)	\$292,815	\$292,815
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	<u>\$34,561</u>	<u>\$34,561</u>
7	Total Operations (4) + (5) + (6)	\$327,376	\$327,376
	Maintenance :		
8	SCR Maintenance (5120000)	\$2,198	\$2,198
9	1/2 of Maintenance (8) * 50%	<u>\$1,099</u>	<u>\$1,099</u>
10	Fixed O&M (7) + (9)	<u>\$328,475</u>	<u>\$328,475</u>
	Total Revenue Requirement,		
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,817,293</u>	<u>\$1,817,293</u>
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,817,293	\$1,817,293
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Muskingum Plant (\$/kw)	\$0.22	\$0.21
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.20	\$0.18
	Muskingum Plant Costs to Kentucky Power :		
18	Muskingum Plant Portion (\$/kw) (17)	\$0.20	\$0.18
19	Kentucky Power Capacity Deficit (kw)	<u>358,100</u>	<u>389,500</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$71,620	\$70,110

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of April 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$278,251	\$278,251
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$13,207	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207	\$13,207
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$13,207	\$13,207
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.03	\$0.03
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03	\$0.03
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$10,743	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of April 2011

LINE NO.	COST	Revised Amount					Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	UNIT 1 AMOUNTS									
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	\$1,787,996	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	\$1,787,996	\$16,709,416	\$2,202,020		
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%		
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,166	\$24,496	\$24,496	\$144,462	\$228,919	\$30,166	\$24,496	\$228,919	\$30,166		
4	Operations :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
5	Urea (5020002)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
6	Trona (5020003)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	\$15,625	\$15,625	\$15,625	\$0	\$0	\$15,625	\$0	\$0		
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	\$15,625	\$15,625	\$15,625	\$0	\$0	\$15,625	\$0	\$0		
9	Maintenance :	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	\$15,625	\$15,625	\$15,625	\$0	\$0	\$15,625	\$0	\$0		
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,166	\$40,121	\$40,121	\$144,462	\$228,919	\$30,166	\$40,121	\$228,919	\$30,166		
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	85.00%	85.00%	50.00%	50%	50%	85.00%	85.00%	50.00%	50%	85.00%	50.00%		
15	Total Rockport Plant Common and Units 1 & 2	\$20,061	\$122,793	\$194,581	\$15,084	\$20,061	\$20,061	\$122,793	\$194,581	\$15,084	\$20,061	\$148,880	\$15,084	\$306,918	
16	Indiana Michigan Power Company Steam Capacity (kw)													5,416,000	
17	Rockport Plant (\$/kw) (14) / (15)													\$0.06	
18	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing													16.00%	
19	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)													\$0.01	
20	Rockport Plant Costs to Kentucky Power :													\$0.01	
21	Rockport Plant Portion (\$/kw) (18)													\$0.01	
22	Kentucky Power Capacity Deficit (kw)													389,500	
23	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)													\$3,895	

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of April 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$1,348,869	\$1,348,869
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	<u>\$15,625</u>	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>	<u>\$15,625</u>
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,494</u>	<u>\$1,364,494</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	11.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.03	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :		
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>358,100</u>	<u>389,500</u>
	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$10,743	\$15,580

Kentucky Power Company

REQUEST

The net gain or loss from sulfur dioxide and nitrogen oxide emission allowance sales is reported on ES Form 3.00, Calculation of Current Period Revenue Requirement, Third Component. For the last six expense months of the billing period under review, provide an explanation of how the gain or loss reported in the expense month was calculated and describe the transaction(s) that was the source of the gain or loss.

RESPONSE

The Company calculates the gain or loss on all allowances sales using this standard formula:

Sales Proceeds - Weighted Average Costs of Allowances Sold - Broker Fees + or - Option Premiums = Net Gain or Loss.

Any reported gain or loss is a result of selling SO₂ or NO_x allowances from the compliance inventory to external counter-parties.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

In Case No. 1996-00489, the Commission ordered that Kentucky Power's rate of return on common equity for the environmental surcharge would be reviewed for reasonableness during the two-year review case. Currently, the rate of return on common equity is 10.5 percent

- a. Does Kentucky Power believe that the 10.5 percent rate of return on common equity for the environmental surcharge is reasonable? Explain the response, and include any analyses or evaluations supporting its conclusions.
- b. If no to part (a), what rate of return on common equity does Kentucky Power propose for its environmental surcharge? Provide a detailed analysis and testimony supporting Kentucky Power's position.

RESPONSE

- a. Yes. KPCo believes retaining the 10.5 percent rate of return on common equity is reasonable. Kentucky Power acknowledges that the Company agreed to a return on equity of 10.5 percent in 2006 for Case No. 2005-00341 and would consider that level to be reasonable for establishing rates for the environmental surcharge review. Please see the Rebuttal testimony and May 1, 2012 testimony of Dr. William Avera in Case No. 2011-00401.
- b. N/A

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Provide the following information as of April 30, 2011 in hard copy and in electronic format with the formulas intact and unprotected.

- a. The outstanding balances for long-term debt, short-term debt, accounts receivable financing, and common equity.
- b. The blended interest rates for long-term debt, short-term debt, and accounts receivable financing. Include all supporting calculations showing how these blended interest rates were determined.
- c. Kentucky Power's calculation of its weighted average cost of capital for environmental surcharge purposes.
- d. Determine the weighted average cost of capital reflecting the application of the income tax gross-up factor. Include all calculations and assumptions used in the determination.

RESPONSE

- a. Please refer to Page 2 of 19 of the attached exhibit for the balances for long-term debt, short-term debt, accounts receivable financing and common equity as of April 30, 2011. Pages 3 through 19 demonstrate the supporting calculations.
- b. Please refer to Page 2 of 19 of the attached exhibit for the blended interest rates for long-term debt, short-term debt, and accounts receivable financing as of April 30, 2011.
- c. Kentucky Power's April 30, 2011 calculated weighted average cost of capital for environmental surcharge purposes is 8.11%. Please refer to Page 2 of 19 of the attached exhibit for support of the calculation.
- d. Please see Page 18 of 19 for the weighted cost of capital reflecting the application of the income tax gross-up factor.

Please see enclosed CD for the file in electronic format with formulas intact and unprotected.

WITNESS: Lila P Munsey

Kentucky Power Company
Cost of Capital
As of April 30, 2011

Ln No (1)	<u>Description</u> (2)	<u>Capital</u> (3)		Percent of <u>Total</u> (4)	Cost Percentage <u>Rate</u> (5)	Weighted Average Cost <u>Percent</u> (6)=(4)x(5)
1	Long Term Debt	\$550,000,000	a	49.301%	6.48%	3.20%
2	Short Term Debt	\$0	a	0.000%	0.44% b	0.00%
3	Accts Receivable Financing	\$48,792,123		4.374%	1.15%	0.05%
4	Common Equity	<u>\$516,801,652</u>	a	<u>46.325%</u>	10.50% c	<u>4.86%</u>
5	Total	\$1,115,593,775		100.000%		8.11%

a Book balance as of 4/30/2011

b Average borrowing costs for the 12 Months Ended April 30, 2011

KENTUCKY POWER COMPANY
EFFECTIVE COST OF LONG-TERM DEBT
AS OF APRIL 30, 2011

SERIES	ISSUE DATE	DUE DATE	AVERAGE TERM IN YEARS	PRINCIPAL AMOUNT ISSUED	PREMIUM OR (DISCOUNT) AT ISSUANCE	COMPANY ISSUANCE EXPENSE	NET PROCEEDS	NET PROCEEDS RATIO	EFFECTIVE COST RATE	CURRENT AMOUNT OUTSTANDING	ANNUALIZED COST	WEIGHTED COST RATE
				\$	\$	\$	\$	%	%	\$	\$	%
Global Note												
5.25%	2/5/2004	6/1/2015	11.3	20,000,000	-	-	20,000,000	100.00	5.249	20,000,000	1,049,816	
Subtotal				<u>20,000,000</u>						<u>20,000,000</u>	<u>1,049,816</u>	
Senior Notes												
5.625%	6/13/2003	12/1/2032	29.45	75,000,000	(656,250)	736,575	73,607,175	98.14	5.756	75,000,000	4,317,337	
6.000%	9/11/2007	9/15/2017	10.01	325,000,000	(1,667,250)	2,277,883	321,054,867	98.79	6.164	325,000,000	20,033,514	
7.250%	6/18/2009	6/18/2021	11.99	40,000,000	-	217,919	39,782,081	99.46	7.319	40,000,000	2,927,597	
8.030%	6/18/2009	6/18/2029	19.99	30,000,000	-	163,439	29,836,561	99.46	8.085	30,000,000	2,425,620	
8.130%	6/18/2009	6/18/2039	29.98	60,000,000	-	326,879	59,673,121	99.46	8.179	60,000,000	4,907,388	
Subtotal				<u>530,000,000</u>						<u>530,000,000</u>	<u>34,611,457</u>	
Total				<u>550,000,000</u>								
FMV of mark to market 133 hedge												-
TOTAL LONG-TERM DEBT												<u>35,661,273</u>
												<u>6.484</u>

a Book balance as of 04/31/2011

Effective Cost Rate = Annualized Cost divided by the Current Amount Outstanding.

Kentucky Power Company
Schedule of Short Term Debt
Twelve Months Ended April 30, 2011

Line No. (1)	Month (2)	Year (3)	Notes Payable Outstanding at the End of the Month (4)
1	May	2010	0
2	June	2010	0
3	July	2010	0
4	August	2010	0
5	September	2010	0
6	October	2010	0
7	November	2010	0
8	December	2010	0
9	January	2011	0
10	February	2011	0
11	March	2011	0
12	April	2011	0

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2011

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	5/1/2010			0.000000%
	5/2/2010			0.000000%
	5/3/2010			0.000000%
	5/4/2010			0.000000%
	5/5/2010	(4,207,789.77)	0.21%	0.001403%
	5/6/2010			0.000000%
	5/7/2010			0.000000%
	5/8/2010			0.000000%
	5/9/2010			0.000000%
	5/10/2010	(1,499,724.39)	0.21%	0.000490%
	5/11/2010			0.000000%
	5/12/2010			0.000000%
	5/13/2010	(1,973,210.83)	0.21%	0.000650%
	5/14/2010			0.000000%
	5/15/2010			0.000000%
	5/16/2010			0.000000%
	5/17/2010			0.000000%
	5/18/2010			0.000000%
	5/19/2010			0.000000%
	5/20/2010	(5,886,222.45)	0.37%	0.003434%
	5/21/2010	(8,379,686.35)	0.37%	0.004926%
	5/22/2010	(8,379,773.01)	0.37%	0.004926%
	5/23/2010	(8,379,859.67)	0.37%	0.004926%
	5/24/2010	(7,982,887.68)	0.21%	0.002648%
	5/25/2010	(8,454,969.58)	0.23%	0.003081%
	5/26/2010	(7,801,080.72)	0.21%	0.002617%
	5/27/2010	(8,096,827.37)	0.21%	0.002694%
Friday	5/28/2010	(6,714,455.19)	0.21%	0.002194%
	5/29/2010	(6,714,493.79)	0.21%	0.002194%
	5/30/2010	(6,714,532.39)	0.21%	0.002194%
	5/31/2010	(6,714,570.99)	0.21%	0.002194%
	6/1/2010	(9,961,957.21)	0.41%	0.006480%
	6/2/2010	(7,987,501.35)	0.43%	0.005440%
	6/3/2010	(9,970,786.75)	0.21%	0.003261%
	6/4/2010	(12,630,007.31)	0.44%	0.008810%
	6/5/2010	(12,630,162.28)	0.44%	0.008810%
	6/6/2010	(12,630,317.26)	0.44%	0.008810%
	6/7/2010	(10,254,423.24)	0.44%	0.007153%
	6/8/2010	(13,853,111.57)	0.48%	0.010586%
	6/9/2010	(12,336,127.02)	0.48%	0.009427%
	6/10/2010	(7,635,055.52)	0.48%	0.005834%
	6/11/2010	(7,136,902.23)	0.49%	0.005547%
	6/12/2010	(7,136,999.79)	0.49%	0.005547%
	6/13/2010	(7,137,097.36)	0.49%	0.005547%
	6/14/2010	(1,555,138.80)	0.20%	0.000499%
	6/15/2010	(136,551.25)	0.22%	0.000048%
	6/16/2010	(1,993,532.16)	0.22%	0.000699%
	6/17/2010	(5,369,118.54)	0.23%	0.001940%
	6/18/2010	(11,054,877.94)	0.51%	0.008902%
	6/19/2010	(11,055,034.53)	0.51%	0.008902%
	6/20/2010	(11,055,191.12)	0.51%	0.008902%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2011

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	6/21/2010	(18,345,869.78)	0.50%	0.014536%
	6/22/2010	(18,963,076.89)	0.51%	0.015287%
	6/23/2010	(13,907,486.01)	0.51%	0.011266%
	6/24/2010	(15,322,317.00)	0.51%	0.012282%
	6/25/2010	(17,870,027.06)	0.51%	0.014305%
	6/26/2010	(17,870,278.70)	0.51%	0.014306%
	6/27/2010	(17,870,530.34)	0.51%	0.014306%
	6/28/2010	(15,216,852.84)	0.51%	0.012148%
	6/29/2010	(10,804,849.54)	0.22%	0.003787%
Wednesday	6/30/2010	(4,268,088.07)	0.22%	0.001486%
	7/1/2010	(3,114,597.13)	0.22%	0.001091%
	7/2/2010	(8,998,072.35)	0.51%	0.007194%
	7/3/2010	(8,998,198.89)	0.51%	0.007194%
	7/4/2010	(8,998,325.43)	0.51%	0.007194%
	7/5/2010	(8,998,451.98)	0.51%	0.007194%
	7/6/2010	(16,840,714.00)	0.51%	0.013548%
	7/7/2010	(15,885,618.65)	0.51%	0.012915%
	7/8/2010	(17,570,497.30)	0.52%	0.014465%
	7/9/2010	(15,733,222.11)	0.53%	0.013081%
	7/10/2010	(15,733,452.20)	0.53%	0.013081%
	7/11/2010	(15,733,682.30)	0.53%	0.013081%
	7/12/2010	(10,120,555.82)	0.24%	0.003862%
	7/13/2010	(6,916,138.06)	0.24%	0.002621%
	7/14/2010	(5,129,849.60)	0.25%	0.002013%
	7/15/2010	(8,280,344.85)	0.55%	0.007193%
	7/16/2010	(7,665,461.13)	0.55%	0.006659%
	7/17/2010	(7,665,578.27)	0.55%	0.006659%
	7/18/2010	(7,665,695.41)	0.55%	0.006659%
	7/19/2010	(6,763,188.17)	0.55%	0.005916%
	7/20/2010	(5,290,130.83)	0.55%	0.004636%
	7/21/2010	(1,025,136.47)	0.54%	0.000880%
	7/22/2010	(3,377,170.12)	0.26%	0.001389%
	7/23/2010	(1,157,855.69)	0.26%	0.000471%
	7/24/2010	(1,157,863.98)	0.26%	0.000471%
	7/25/2010	(1,157,872.26)	0.26%	0.000471%
	7/26/2010	(1,127,190.71)	0.26%	0.000463%
	7/27/2010	(284,757.10)	0.26%	0.000117%
	7/28/2010		0.00%	0.000000%
	7/29/2010		0.00%	0.000000%
Friday	7/30/2010		0.00%	0.000000%
	7/31/2010		0.00%	0.000000%
	8/1/2010		0.00%	0.000000%
	8/2/2010		0.00%	0.000000%
	8/3/2010		0.00%	0.000000%
	8/4/2010		0.00%	0.000000%
	8/5/2010		0.00%	0.000000%
	8/6/2010		0.00%	0.000000%
	8/7/2010		0.00%	0.000000%
	8/8/2010		0.00%	0.000000%
	8/9/2010		0.00%	0.000000%
	8/10/2010		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2011

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	8/11/2010		0.00%	0.000000%
	8/12/2010		0.00%	0.000000%
	8/13/2010		0.00%	0.000000%
	8/14/2010		0.00%	0.000000%
	8/15/2010		0.00%	0.000000%
	8/16/2010		0.00%	0.000000%
	8/17/2010		0.00%	0.000000%
	8/18/2010		0.00%	0.000000%
	8/19/2010		0.00%	0.000000%
	8/20/2010		0.00%	0.000000%
	8/21/2010		0.00%	0.000000%
	8/22/2010		0.00%	0.000000%
	8/23/2010		0.00%	0.000000%
	8/24/2010		0.00%	0.000000%
	8/25/2010		0.00%	0.000000%
	8/26/2010		0.00%	0.000000%
	8/27/2010		0.00%	0.000000%
	8/28/2010		0.00%	0.000000%
	8/29/2010		0.00%	0.000000%
	8/30/2010		0.00%	0.000000%
Tuesday	8/31/2010		0.00%	0.000000%
	9/1/2010		0.00%	0.000000%
	9/2/2010		0.00%	0.000000%
	9/3/2010		0.00%	0.000000%
	9/4/2010		0.00%	0.000000%
	9/5/2010		0.00%	0.000000%
	9/6/2010		0.00%	0.000000%
	9/7/2010		0.00%	0.000000%
	9/8/2010		0.00%	0.000000%
	9/9/2010		0.00%	0.000000%
	9/10/2010		0.00%	0.000000%
	9/11/2010		0.00%	0.000000%
	9/12/2010		0.00%	0.000000%
	9/13/2010		0.00%	0.000000%
	9/14/2010		0.00%	0.000000%
	9/15/2010		0.00%	0.000000%
	9/16/2010		0.00%	0.000000%
	9/17/2010		0.00%	0.000000%
	9/18/2010		0.00%	0.000000%
	9/19/2010		0.00%	0.000000%
	9/20/2010		0.00%	0.000000%
	9/21/2010		0.00%	0.000000%
	9/22/2010		0.00%	0.000000%
	9/23/2010		0.00%	0.000000%
	9/24/2010		0.00%	0.000000%
	9/25/2010		0.00%	0.000000%
	9/26/2010		0.00%	0.000000%
	9/27/2010		0.00%	0.000000%
	9/28/2010		0.00%	0.000000%
	9/29/2010		0.00%	0.000000%
Thursday	9/30/2010		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2011

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	10/1/2010		0.00%	0.000000%
	10/2/2010		0.00%	0.000000%
	10/3/2010		0.00%	0.000000%
	10/4/2010		0.00%	0.000000%
	10/5/2010		0.00%	0.000000%
	10/6/2010		0.00%	0.000000%
	10/7/2010		0.00%	0.000000%
	10/8/2010		0.00%	0.000000%
	10/9/2010		0.00%	0.000000%
	10/10/2010		0.00%	0.000000%
	10/11/2010		0.00%	0.000000%
	10/12/2010		0.00%	0.000000%
	10/13/2010		0.00%	0.000000%
	10/14/2010		0.00%	0.000000%
	10/15/2010		0.00%	0.000000%
	10/16/2010		0.00%	0.000000%
	10/17/2010		0.00%	0.000000%
	10/18/2010		0.00%	0.000000%
	10/19/2010		0.00%	0.000000%
	10/20/2010		0.00%	0.000000%
	10/21/2010		0.00%	0.000000%
	10/22/2010		0.00%	0.000000%
	10/23/2010		0.00%	0.000000%
	10/24/2010		0.00%	0.000000%
	10/25/2010		0.00%	0.000000%
	10/26/2010		0.00%	0.000000%
	10/27/2010		0.00%	0.000000%
	10/28/2010		0.00%	0.000000%
Friday	10/29/2010		0.00%	0.000000%
	10/30/2010		0.00%	0.000000%
	10/31/2010		0.00%	0.000000%
	11/1/2010		0.00%	0.000000%
	11/2/2010		0.00%	0.000000%
	11/3/2010		0.00%	0.000000%
	11/4/2010		0.00%	0.000000%
	11/5/2010		0.00%	0.000000%
	11/6/2010		0.00%	0.000000%
	11/7/2010		0.00%	0.000000%
	11/8/2010		0.00%	0.000000%
	11/9/2010		0.00%	0.000000%
	11/10/2010		0.00%	0.000000%
	11/11/2010		0.00%	0.000000%
	11/12/2010		0.00%	0.000000%
	11/13/2010		0.00%	0.000000%
	11/14/2010		0.00%	0.000000%
	11/15/2010		0.00%	0.000000%
	11/16/2010		0.00%	0.000000%
	11/17/2010		0.00%	0.000000%
	11/18/2010		0.00%	0.000000%
	11/19/2010		0.00%	0.000000%
	11/20/2010		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2011

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	11/21/2010		0.00%	0.000000%
	11/22/2010		0.00%	0.000000%
	11/23/2010		0.00%	0.000000%
	11/24/2010		0.00%	0.000000%
	11/25/2010		0.00%	0.000000%
	11/26/2010		0.00%	0.000000%
	11/27/2010		0.00%	0.000000%
	11/28/2010		0.00%	0.000000%
	11/29/2010		0.00%	0.000000%
Tuesday	11/30/2010		0.00%	0.000000%
	12/1/2010		0.00%	0.000000%
	12/2/2010		0.00%	0.000000%
	12/3/2010		0.00%	0.000000%
	12/4/2010		0.00%	0.000000%
	12/5/2010		0.00%	0.000000%
	12/6/2010		0.00%	0.000000%
	12/7/2010		0.00%	0.000000%
	12/8/2010		0.00%	0.000000%
	12/9/2010		0.00%	0.000000%
	12/10/2010		0.00%	0.000000%
	12/11/2010		0.00%	0.000000%
	12/12/2010		0.00%	0.000000%
	12/13/2010		0.00%	0.000000%
	12/14/2010		0.00%	0.000000%
	12/15/2010		0.00%	0.000000%
	12/16/2010		0.00%	0.000000%
	12/17/2010		0.00%	0.000000%
	12/18/2010		0.00%	0.000000%
	12/19/2010		0.00%	0.000000%
	12/20/2010		0.00%	0.000000%
	12/21/2010		0.00%	0.000000%
	12/22/2010		0.00%	0.000000%
	12/23/2010		0.00%	0.000000%
	12/24/2010		0.00%	0.000000%
	12/25/2010		0.00%	0.000000%
	12/26/2010		0.00%	0.000000%
	12/27/2010		0.00%	0.000000%
	12/28/2010		0.00%	0.000000%
	12/29/2010		0.00%	0.000000%
	12/30/2010		0.00%	0.000000%
Friday	12/31/2010		0.00%	0.000000%
	1/1/2011		0.00%	0.000000%
	1/2/2011		0.00%	0.000000%
	1/3/2011		0.00%	0.000000%
	1/4/2011		0.00%	0.000000%
	1/5/2011		0.00%	0.000000%
	1/6/2011		0.00%	0.000000%
	1/7/2011		0.00%	0.000000%
	1/8/2011		0.00%	0.000000%
	1/9/2011		0.00%	0.000000%
	1/10/2011		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2011

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	1/11/2011		0.00%	0.000000%
	1/12/2011		0.00%	0.000000%
	1/13/2011		0.00%	0.000000%
	1/14/2011		0.00%	0.000000%
	1/15/2011		0.00%	0.000000%
	1/16/2011		0.00%	0.000000%
	1/17/2011		0.00%	0.000000%
	1/18/2011		0.00%	0.000000%
	1/19/2011		0.00%	0.000000%
	1/20/2011		0.00%	0.000000%
	1/21/2011		0.00%	0.000000%
	1/22/2011		0.00%	0.000000%
	1/23/2011		0.00%	0.000000%
	1/24/2011		0.00%	0.000000%
	1/25/2011		0.00%	0.000000%
	1/26/2011		0.00%	0.000000%
	1/27/2011		0.00%	0.000000%
	1/28/2011		0.00%	0.000000%
	1/29/2011		0.00%	0.000000%
	1/30/2011		0.00%	0.000000%
Monday	1/31/2011		0.00%	0.000000%
	2/1/2011		0.00%	0.000000%
	2/2/2011		0.00%	0.000000%
	2/3/2011		0.00%	0.000000%
	2/4/2011		0.00%	0.000000%
	2/5/2011		0.00%	0.000000%
	2/6/2011		0.00%	0.000000%
	2/7/2011		0.00%	0.000000%
	2/8/2011		0.00%	0.000000%
	2/9/2011		0.00%	0.000000%
	2/10/2011		0.00%	0.000000%
	2/11/2011		0.00%	0.000000%
	2/12/2011		0.00%	0.000000%
	2/13/2011		0.00%	0.000000%
	2/14/2011		0.00%	0.000000%
	2/15/2011		0.00%	0.000000%
	2/16/2011		0.00%	0.000000%
	2/17/2011		0.00%	0.000000%
	2/18/2011		0.00%	0.000000%
	2/19/2011		0.00%	0.000000%
	2/20/2011		0.00%	0.000000%
	2/21/2011		0.00%	0.000000%
	2/22/2011		0.00%	0.000000%
	2/23/2011		0.00%	0.000000%
	2/24/2011		0.00%	0.000000%
	2/25/2011		0.00%	0.000000%
	2/26/2011		0.00%	0.000000%
	2/27/2011		0.00%	0.000000%
Monday	2/28/2011		0.00%	0.000000%
	3/1/2011		0.00%	0.000000%
	3/2/2011		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2011

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	3/3/2011		0.00%	0.000000%
	3/4/2011		0.00%	0.000000%
	3/5/2011		0.00%	0.000000%
	3/6/2011		0.00%	0.000000%
	3/7/2011		0.00%	0.000000%
	3/8/2011		0.00%	0.000000%
	3/9/2011		0.00%	0.000000%
	3/10/2011		0.00%	0.000000%
	3/11/2011		0.00%	0.000000%
	3/12/2011		0.00%	0.000000%
	3/13/2011		0.00%	0.000000%
	3/14/2011		0.00%	0.000000%
	3/15/2011		0.00%	0.000000%
	3/16/2011		0.00%	0.000000%
	3/17/2011		0.00%	0.000000%
	3/18/2011		0.00%	0.000000%
	3/19/2011		0.00%	0.000000%
	3/20/2011		0.00%	0.000000%
	3/21/2011		0.00%	0.000000%
	3/22/2011		0.00%	0.000000%
	3/23/2011		0.00%	0.000000%
	3/24/2011		0.00%	0.000000%
	3/25/2011		0.00%	0.000000%
	3/26/2011		0.00%	0.000000%
	3/27/2011		0.00%	0.000000%
	3/28/2011		0.00%	0.000000%
	3/29/2011		0.00%	0.000000%
	3/30/2011		0.00%	0.000000%
Thursday	3/31/2011		0.00%	0.000000%
	4/1/2011		0.00%	0.000000%
	4/2/2011		0.00%	0.000000%
	4/3/2011		0.00%	0.000000%
	4/4/2011		0.00%	0.000000%
	4/5/2011		0.00%	0.000000%
	4/6/2011		0.00%	0.000000%
	4/7/2011		0.00%	0.000000%
	4/8/2011		0.00%	0.000000%
	4/9/2011		0.00%	0.000000%
	4/10/2011		0.00%	0.000000%
	4/11/2011		0.00%	0.000000%
	4/12/2011		0.00%	0.000000%
	4/13/2011		0.00%	0.000000%
	4/14/2011		0.00%	0.000000%
	4/15/2011		0.00%	0.000000%
	4/16/2011		0.00%	0.000000%
	4/17/2011		0.00%	0.000000%
	4/18/2011		0.00%	0.000000%
	4/19/2011		0.00%	0.000000%
	4/20/2011		0.00%	0.000000%
	4/21/2011		0.00%	0.000000%
	4/22/2011		0.00%	0.000000%

**Kentucky Power Company
 Short Term Debt Balance and Cost Calculation
 Twelve Months Ended April 30, 2011**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	4/23/2011		0.00%	0.000000%
	4/24/2011		0.00%	0.000000%
	4/25/2011		0.00%	0.000000%
	4/26/2011		0.00%	0.000000%
	4/27/2011		0.00%	0.000000%
	4/28/2011		0.00%	0.000000%
Friday	4/29/2011		0.00%	0.000000%
	4/30/2011		0.00%	0.000000%

Sum Total All Daily Balances	(\$633,248,974.45)	<u>0.4359%</u>	Sum Total Weighted Average Borrowed Interest Rate
Divided By Number of Days in Year	<u>365</u>		
Average Daily Balance	<u>(\$1,734,928.70)</u>		

Kentucky Power Company
 Accounts Receivable Financing
 Thirteen Months Ending April 30, 2011

Date	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred						
	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstandin (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)	
04/01/2010	43,384,597.91	0.00003	1,301.54	0.00	0.00003	28.23	0.000000	0.00	0.000000	
04/02/2010	43,384,597.91	0.00003	1,301.54	0.00	0.00003	28.23	0.000000	0.00	0.000000	
04/03/2010	43,384,597.91	0.00003	1,301.54	0.00	0.00003	28.23	0.000000	0.00	0.000000	
04/04/2010	43,384,597.91	0.00003	1,301.54	1,328,279.67	0.00003	28.23	0.000847	1,125.05	0.000026	
04/05/2010	47,908,124.63	0.00003	1,437.24	6,032,063.92	0.00003	28.23	0.000847	5,109.16	0.000107	
04/06/2010	45,689,816.45	0.00003	1,370.69	1,673,044.53	0.00003	28.23	0.000847	1,417.07	0.000031	
04/07/2010	44,503,176.41	0.00003	1,335.10	1,277,777.22	0.00003	28.23	0.000847	1,082.28	0.000024	
04/08/2010	44,656,999.24	0.00003	1,339.71	2,371,415.25	0.00003	25.57	0.000767	1,818.88	0.000041	
04/09/2010	43,962,669.70	0.00003	1,318.88	1,245,928.77	0.00003	25.57	0.000767	955.63	0.000022	
04/10/2010	43,962,669.70	0.00003	1,318.88	0.00	0.00003	25.57	0.000000	0.00	0.000000	
04/11/2010	43,962,669.70	0.00003	1,318.88	0.00	0.00003	25.57	0.000000	0.00	0.000000	
04/12/2010	43,533,918.00	0.00003	1,306.02	1,355,348.57	0.00003	25.57	0.000767	1,039.55	0.000024	
04/13/2010	42,671,106.33	0.00003	1,280.13	1,359,706.45	0.00003	25.57	0.000767	1,042.89	0.000024	
04/14/2010	42,315,883.45	0.000031	1,311.79	1,404,716.64	0.000031	25.57	0.000793	1,113.94	0.000026	
04/15/2010	42,498,168.21	0.000031	1,317.44	1,818,578.02	0.000031	25.57	0.000793	1,442.13	0.000034	
04/16/2010	37,878,435.69	0.000031	1,174.23	1,343,832.14	0.000031	25.57	0.000793	1,065.66	0.000028	
04/17/2010	37,308,441.49	0.000031	1,156.56	817,925.47	0.000031	25.57	0.000793	648.61	0.000017	
04/18/2010	37,655,234.15	0.000031	1,167.31	1,847,355.08	0.000031	25.57	0.000793	1,464.95	0.000039	
04/19/2010	37,878,435.69	0.000031	1,174.23	0.00	0.000031	25.57	0.000000	0.00	0.000000	
04/20/2010	37,878,435.69	0.000031	1,174.23	0.00	0.000031	25.57	0.000000	0.00	0.000000	
04/21/2010	36,752,536.00	0.000031	1,139.33	1,252,406.32	0.000031	25.57	0.000793	993.16	0.000027	
04/22/2010	35,168,494.40	0.000031	1,090.22	967,510.36	0.000031	25.57	0.000793	767.24	0.000022	
04/23/2010	34,969,308.47	0.000031	1,084.05	0.00	0.000031	25.57	0.000000	0.00	0.000000	
04/24/2010	34,969,308.47	0.000031	1,084.05	0.00	0.000031	25.57	0.000000	0.00	0.000000	
04/25/2010	34,969,308.47	0.000031	1,084.05	1,088,929.03	0.000031	25.57	0.000793	863.52	0.000025	
04/26/2010	34,553,992.91	0.000031	1,071.17	1,237,987.57	0.000031	25.57	0.000793	981.72	0.000028	
04/27/2010	34,526,036.23	0.000031	1,070.31	1,576,833.17	0.000031	25.57	0.000793	1,250.43	0.000036	
04/28/2010	35,621,399.24	0.000031	1,104.26	2,270,418.87	0.000031	25.57	0.000793	1,800.54	0.000051	
04/29/2010	38,209,601.66	0.000031	1,184.50	1,892,754.10	0.000031	25.57	0.000793	1,500.95	0.000039	
04/30/2010	37,462,251.09	0.000031	1,161.33	3,205,839.55	0.000031	25.57	0.000793	2,542.23	0.000068	
05/01/2010	38,209,601.66	0.000031	1,184.50	0.00	0.000031	25.57	0.000000	0.00	0.000000	
05/02/2010	38,209,601.66	0.000031	1,184.50	0.00	0.000031	25.57	0.000000	0.00	0.000000	
05/03/2010	37,812,244.35	0.000031	1,172.18	1,181,742.66	0.000031	25.57	0.000793	937.12	0.000025	
05/04/2010	42,074,690.14	0.000031	1,304.32	6,007,875.75	0.000031	25.57	0.000793	4,764.25	0.000113	
05/05/2010	41,841,767.98	0.000031	1,297.09	1,506,207.28	0.000031	25.57	0.000793	1,194.42	0.000029	
05/06/2010	41,049,182.25	0.000031	1,272.52	1,062,619.04	0.000031	25.57	0.000793	842.66	0.000021	
05/07/2010	41,958,862.94	0.000031	1,300.72	2,040,364.33	0.000031	32.25	0.001000	2,040.36	0.000049	
05/08/2010	41,958,862.94	0.000031	1,300.72	0.00	0.000031	32.25	0.000000	0.00	0.000000	
05/09/2010	41,958,862.94	0.000031	1,300.72	0.00	0.000031	32.25	0.000000	0.00	0.000000	
05/10/2010	39,868,868.48	0.000031	1,235.93	1,022,597.73	0.000031	32.25	0.001000	1,022.60	0.000026	
05/11/2010	38,988,033.16	0.000031	1,208.63	1,265,816.22	0.000031	32.25	0.001000	1,265.82	0.000032	
05/12/2010	39,008,380.34	0.000031	1,209.26	1,098,634.03	0.000031	32.25	0.001000	1,098.63	0.000028	
05/13/2010	38,714,158.41	0.000031	1,200.14	1,253,297.69	0.000031	32.25	0.001000	1,253.30	0.000032	
05/14/2010	33,992,838.48	0.000031	1,053.78	1,428,560.90	0.000031	32.25	0.001000	1,428.56	0.000042	
05/15/2010	33,992,838.48	0.000031	1,053.78	0.00	0.000031	32.25	0.000000	0.00	0.000000	
05/16/2010	33,992,838.48	0.000031	1,053.78	0.00	0.000031	32.25	0.000000	0.00	0.000000	
05/17/2010	33,132,015.55	0.000031	1,027.09	991,479.61	0.000031	32.25	0.001000	991.48	0.000030	
05/18/2010	32,711,852.20	0.000031	1,014.07	1,348,765.41	0.000031	32.25	0.001000	1,348.77	0.000041	
05/19/2010	31,806,470.21	0.000032	1,017.81	1,056,551.04	0.000032	32.25	0.001032	1,090.36	0.000034	
05/20/2010	31,673,687.51	0.000032	1,013.56	1,152,857.55	0.000032	32.25	0.001032	1,189.75	0.000038	
05/21/2010	30,423,310.91	0.000032	973.55	995,400.42	0.000032	32.25	0.001032	1,027.25	0.000034	
05/22/2010	30,423,310.91	0.000032	973.55	0.00	0.000032	32.25	0.000000	0.00	0.000000	
05/23/2010	30,423,310.91	0.000032	973.55	0.00	0.000032	32.25	0.000000	0.00	0.000000	
05/24/2010	30,163,866.95	0.000032	965.24	825,362.15	0.000032	32.25	0.001032	851.77	0.000028	
05/25/2010	30,354,243.66	0.000032	971.34	1,190,118.86	0.000032	32.25	0.001032	1,228.20	0.000040	
05/26/2010	30,440,580.48	0.000032	974.10	1,327,891.49	0.000032	32.25	0.001032	1,370.38	0.000045	
05/27/2010	31,815,158.79	0.000032	1,018.09	2,593,093.61	0.000032	32.25	0.001032	2,676.07	0.000084	
05/28/2010	33,898,462.10	0.000032	1,084.75	3,066,981.21	0.000032	32.25	0.001032	3,165.12	0.000093	
05/29/2010	33,898,462.10	0.000032	1,084.75	0.00	0.000032	32.25	0.000000	0.00	0.000000	
05/30/2010	33,898,462.10	0.000032	1,084.75	0.00	0.000032	32.25	0.000000	0.00	0.000000	
05/31/2010	33,898,462.10	0.000032	1,084.75	0.00	0.000032	32.25	0.000000	0.00	0.000000	
06/01/2010	34,574,883.04	0.000032	1,106.40	2,212,843.00	0.000032	32.25	0.001032	2,283.65	0.000066	
06/02/2010	34,158,726.25	0.000033	1,127.24	1,723,575.16	0.000033	32.25	0.001064	1,833.88	0.000054	
06/03/2010	38,909,336.14	0.000033	1,284.01	5,947,229.19	0.000033	32.25	0.001064	6,327.85	0.000163	
06/04/2010	39,412,715.89	0.000033	1,300.62	2,015,659.07	0.000033	32.25	0.001064	2,144.66	0.000054	
06/05/2010	39,412,715.89	0.000033	1,300.62	0.00	0.000033	32.25	0.000000	0.00	0.000000	
06/06/2010	39,412,715.89	0.000033	1,300.62	0.00	0.000033	32.25	0.000000	0.00	0.000000	
06/07/2010	38,196,545.74	0.000033	1,260.49	1,317,401.38	0.000033	34.01	0.001122	1,478.12	0.000039	
06/08/2010	38,196,545.74	0.000033	1,260.49	1,770,801.41	0.000033	34.01	0.001122	1,986.84	0.000053	
06/09/2010	38,613,696.09	0.000034	1,312.87	1,742,986.99	0.000034	34.01	0.001156	2,014.89	0.000052	
06/10/2010	38,774,213.93	0.000034	1,318.32	1,498,915.70	0.000034	34.01	0.001156	1,732.75	0.000045	
06/11/2010	38,825,143.92	0.000034	1,320.05	1,338,395.05	0.000034	34.01	0.001156	1,547.18	0.000040	
06/12/2010	38,825,143.92	0.000034	1,320.05	0.00	0.000034	34.01	0.000000	0.00	0.000000	
06/13/2010	38,825,143.92	0.000034	1,320.05	0.00	0.000034	34.01	0.000000	0.00	0.000000	
06/14/2010	34,646,737.17	0.000034	1,177.99	1,581,913.48	0.000034	34.01	0.001156	1,828.69	0.000053	
06/15/2010	35,041,467.83	0.000034	1,191.41	1,971,139.67	0.000034	34.01	0.001156	2,278.64	0.000065	
06/16/2010	33,699,362.00	0.000035	1,179.48	1,515,815.83	0.000035	34.01	0.001190	1,803.82	0.000054	
06/17/2010	33,387,341.14	0.000035	1,168.56	1,211,803.70	0.000035	34.01	0.001190	1,442.05	0.000043	
06/18/2010	33,854,586.10	0.000035	1,184.91	1,594,591.09	0.000035	34.01	0.001190	1,897.56	0.000056	
06/19/2010	33,854,586.10	0.000035	1,184.91	0.00	0.000035	34.01	0.000000	0.00	0.000000	
06/20/2010	33,854,586.10	0.000035	1,184.91	0.00	0.000035	34.01	0.000000	0.00	0.000000	
06/21/2010	32,920,552.60	0.000035	1,152.22	1,437,953.17	0.000035	34.01	0.001190	1,711.16	0.000052	
06/22/2010	32,051,818.33	0.000035	1,121.81	1,368,869.75	0.000035	34.01	0.001190	1,628.95	0.000051	
06/23/2010	31,861,896.26	0.000035	1,115.17	1,015,211.20	0.000035	34.01	0.001190	1,208.10	0.000038	
06/24/2010	32,185,341.55	0.000035	1,126.49	1,375,104.34	0.000035	34.01	0.001190	1,636.37	0.000051	
06/25/2010	32,698,862.90	0.000035	1,144.46	2,069,667.10	0.000035	34.01	0.001190	2,462.90	0.000075	
06/26/2010										

Kentucky Power Company
 Accounts Receivable Financing
 Thirteen Months Ending April 30, 2011

Date	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					
	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Months Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)
06/29/2010	36,824,509.39	0.000035	1,288.86	3,803,175.71	0.000035	34.01	0.001190	4,525.78	0.000123
06/30/2010	38,727,494.58	0.000035	1,355.46	3,198,385.38	0.000035	34.01	0.001190	3,806.08	0.000098
07/01/2010	38,408,850.11	0.000035	1,344.31	1,564,288.92	0.000035	34.01	0.001190	1,861.50	0.000048
07/02/2010	44,000,896.47	0.000035	1,540.03	6,657,920.13	0.000035	34.01	0.001190	7,922.92	0.000180
07/03/2010	44,000,896.47	0.000035	1,540.03	0.00	0.000035	34.01	0.000000	0.00	0.000000
07/04/2010	44,000,896.47	0.000035	1,540.03	0.00	0.000035	34.01	0.000000	0.00	0.000000
07/05/2010	44,000,896.47	0.000035	1,540.03	0.00	0.000035	34.01	0.000000	0.00	0.000000
07/06/2010	43,801,390.56	0.000035	1,533.05	1,869,357.99	0.000035	34.01	0.001190	2,224.54	0.000051
07/07/2010	43,311,240.12	0.000035	1,515.89	1,808,474.33	0.000035	34.01	0.001190	2,271.08	0.000052
07/08/2010	44,721,625.64	0.000035	1,565.26	2,879,029.97	0.000035	24.03	0.000841	2,421.26	0.000054
07/09/2010	44,263,463.58	0.000035	1,549.22	1,733,327.42	0.000035	24.03	0.000841	1,457.73	0.000033
07/10/2010	44,263,463.58	0.000035	1,549.22	0.00	0.000035	24.03	0.000000	0.00	0.000000
07/11/2010	44,263,463.58	0.000035	1,549.22	0.00	0.000035	24.03	0.000000	0.00	0.000000
07/12/2010	40,091,287.10	0.000035	1,403.20	1,791,301.94	0.000035	24.03	0.000841	1,506.48	0.000038
07/13/2010	38,833,255.96	0.000035	1,359.16	1,577,583.99	0.000035	24.03	0.000841	1,326.75	0.000034
07/14/2010	38,513,001.54	0.000035	1,351.46	2,387,843.51	0.000035	24.03	0.000841	2,008.18	0.000052
07/15/2010	38,515,662.89	0.000035	1,348.05	1,832,392.81	0.000035	24.03	0.000841	1,541.04	0.000040
07/16/2010	39,200,554.61	0.000035	1,372.02	2,329,205.94	0.000035	24.03	0.000841	1,958.66	0.000050
07/17/2010	39,200,554.61	0.000035	1,372.02	0.00	0.000035	24.03	0.000000	0.00	0.000000
07/18/2010	39,200,554.61	0.000035	1,372.02	0.00	0.000035	24.03	0.000000	0.00	0.000000
07/19/2010	39,071,198.76	0.000035	1,367.49	1,263,593.80	0.000035	24.03	0.000841	1,062.68	0.000027
07/20/2010	38,145,333.77	0.000035	1,335.09	1,883,400.74	0.000035	24.03	0.000841	1,583.94	0.000042
07/21/2010	36,842,947.69	0.000035	1,326.35	1,581,648.49	0.000036	24.03	0.000865	1,368.13	0.000037
07/22/2010	36,801,501.52	0.000036	1,324.85	1,398,016.62	0.000036	24.03	0.000865	1,209.28	0.000033
07/23/2010	37,645,513.29	0.000036	1,355.24	2,171,658.34	0.000036	24.03	0.000865	1,878.48	0.000050
07/24/2010	37,645,513.29	0.000036	1,355.24	0.00	0.000036	24.03	0.000000	0.00	0.000000
07/25/2010	37,645,513.29	0.000036	1,355.24	0.00	0.000036	24.03	0.000000	0.00	0.000000
07/26/2010	37,870,836.99	0.000036	1,363.35	1,701,428.30	0.000036	24.03	0.000865	1,471.74	0.000039
07/27/2010	38,799,669.46	0.000036	1,396.79	2,327,667.51	0.000036	24.03	0.000865	2,013.43	0.000052
07/28/2010	40,072,399.79	0.000036	1,442.61	2,858,679.16	0.000036	24.03	0.000865	2,472.76	0.000062
07/29/2010	42,707,000.85	0.000036	1,537.45	4,270,402.30	0.000036	24.03	0.000865	3,693.90	0.000086
07/30/2010	44,502,063.33	0.000036	1,602.07	3,203,769.84	0.000036	24.03	0.000865	2,771.26	0.000062
07/31/2010	44,502,063.33	0.000036	1,602.07	0.00	0.000036	24.03	0.000000	0.00	0.000000
08/01/2010	44,502,063.33	0.000036	1,602.07	0.00	0.000036	24.03	0.000000	0.00	0.000000
08/02/2010	43,948,863.82	0.000036	1,582.16	1,409,224.24	0.000036	24.03	0.000865	1,218.98	0.000028
08/03/2010	44,305,206.98	0.000036	1,594.99	2,230,147.14	0.000036	24.03	0.000865	1,929.08	0.000044
08/04/2010	50,881,714.89	0.000035	1,780.86	8,509,802.75	0.000035	24.03	0.000841	7,156.74	0.000141
08/05/2010	51,655,821.23	0.000035	1,807.95	2,435,685.41	0.000035	24.03	0.000841	2,048.41	0.000040
08/06/2010	52,605,225.26	0.000035	1,841.18	2,832,024.02	0.000035	25.71	0.000900	2,548.82	0.000048
08/07/2010	52,605,225.26	0.000035	1,841.18	0.00	0.000035	25.71	0.000000	0.00	0.000000
08/08/2010	52,605,225.26	0.000035	1,841.18	0.00	0.000035	25.71	0.000000	0.00	0.000000
08/09/2010	52,773,868.99	0.000035	1,847.09	1,969,333.61	0.000035	25.71	0.000900	1,772.40	0.000034
08/10/2010	52,036,573.95	0.000035	1,821.28	1,936,268.58	0.000035	25.71	0.000900	1,742.64	0.000033
08/11/2010	50,672,700.61	0.000036	1,824.22	1,881,982.12	0.000036	25.71	0.000926	1,742.72	0.000034
08/12/2010	50,897,905.10	0.000036	1,832.32	2,056,378.54	0.000036	25.71	0.000926	1,904.21	0.000037
08/13/2010	45,594,027.65	0.000036	1,641.38	1,793,274.11	0.000036	25.71	0.000926	1,660.57	0.000036
08/14/2010	45,594,027.65	0.000036	1,641.38	0.00	0.000036	25.71	0.000000	0.00	0.000000
08/15/2010	45,594,027.65	0.000036	1,641.38	0.00	0.000036	25.71	0.000000	0.00	0.000000
08/16/2010	44,426,646.81	0.000036	1,599.36	2,446,157.27	0.000036	25.71	0.000926	2,265.14	0.000051
08/17/2010	42,652,597.30	0.000036	1,535.49	2,074,860.03	0.000036	25.71	0.000926	1,921.32	0.000045
08/18/2010	42,043,827.65	0.000036	1,513.58	1,543,414.07	0.000036	25.71	0.000926	1,429.20	0.000034
08/19/2010	42,246,647.57	0.000036	1,520.88	1,840,236.13	0.000036	25.71	0.000926	1,704.06	0.000040
08/20/2010	40,506,874.24	0.000036	1,458.25	1,411,693.18	0.000036	25.71	0.000926	1,307.23	0.000032
08/21/2010	40,506,874.24	0.000036	1,458.25	0.00	0.000036	25.71	0.000000	0.00	0.000000
08/22/2010	40,506,874.24	0.000036	1,458.25	0.00	0.000036	25.71	0.000000	0.00	0.000000
08/23/2010	40,177,623.18	0.000036	1,446.39	1,574,032.30	0.000036	25.71	0.000926	1,457.55	0.000036
08/24/2010	39,684,146.86	0.000036	1,428.63	1,274,032.50	0.000036	25.71	0.000926	1,179.75	0.000030
08/25/2010	40,468,055.76	0.000035	1,416.38	2,368,398.14	0.000035	25.71	0.000900	2,131.56	0.000053
08/26/2010	41,382,737.42	0.000035	1,448.40	2,550,581.42	0.000035	25.71	0.000900	2,295.52	0.000055
08/27/2010	44,194,005.99	0.000035	1,546.79	4,602,420.87	0.000035	25.71	0.000900	4,142.18	0.000094
08/28/2010	44,194,005.99	0.000035	1,546.79	0.00	0.000035	25.71	0.000000	0.00	0.000000
08/29/2010	44,194,005.99	0.000035	1,546.79	0.00	0.000035	25.71	0.000000	0.00	0.000000
08/30/2010	45,101,159.98	0.000035	1,578.54	2,545,723.95	0.000035	25.71	0.000900	2,291.15	0.000051
08/31/2010	44,626,313.74	0.000035	1,561.92	1,564,263.87	0.000035	25.71	0.000900	1,407.84	0.000032
09/01/2010	44,369,982.41	0.000035	1,552.95	1,526,449.06	0.000035	25.71	0.000900	1,373.80	0.000031
09/02/2010	45,108,962.27	0.000035	1,578.81	2,656,634.91	0.000035	25.71	0.000900	2,390.97	0.000053
09/03/2010	45,299,695.00	0.000035	1,585.49	1,749,536.60	0.000035	25.71	0.000900	1,574.58	0.000035
09/04/2010	45,299,695.00	0.000035	1,585.49	0.00	0.000035	25.71	0.000000	0.00	0.000000
09/05/2010	45,299,695.00	0.000035	1,585.49	0.00	0.000035	25.71	0.000000	0.00	0.000000
09/06/2010	45,299,695.00	0.000035	1,585.49	0.00	0.000035	25.71	0.000000	0.00	0.000000
09/07/2010	50,209,901.59	0.000035	1,757.35	7,507,952.76	0.000035	25.71	0.000900	6,757.16	0.000135
09/08/2010	48,333,560.70	0.000034	1,643.34	1,346,673.43	0.000034	26.74	0.000909	1,224.13	0.000025
09/09/2010	47,654,901.57	0.000034	1,620.27	2,053,537.65	0.000034	26.74	0.000909	1,866.67	0.000039
09/10/2010	47,331,741.87	0.000034	1,609.28	1,603,008.23	0.000034	26.74	0.000909	1,457.13	0.000031
09/11/2010	47,331,741.87	0.000034	1,609.28	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/12/2010	47,331,741.87	0.000034	1,609.28	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/13/2010	46,091,441.91	0.000034	1,567.11	1,978,969.46	0.000034	26.74	0.000909	1,798.88	0.000039
09/14/2010	46,093,335.92	0.000034	1,567.17	2,175,665.21	0.000034	26.74	0.000909	1,977.68	0.000043
09/15/2010	45,877,017.88	0.000034	1,559.82	1,629,228.40	0.000034	26.74	0.000909	1,480.97	0.000032
09/16/2010	44,902,878.19	0.000034	1,526.70	975,027.48	0.000034	26.74	0.000909	886.30	0.000020
09/17/2010	39,278,570.96	0.000034	1,335.47	1,748,059.57	0.000034	26.74	0.000909	1,588.99	0.000040
09/18/2010	39,278,570.96	0.000034	1,335.47	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/19/2010	39,278,570.96	0.000034	1,335.47	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/20/2010	37,325,445.17	0.000034	1,269.07	1,373,365.99	0.000034	26.74	0.000909	1,248.39	0.000033
09/21/2010	36,328,033.53	0.000034	1,235.15	1,278,547.12	0.000034	26.74	0.000909	1,162.20	0.000032
09/22/2010	36,486,367.38	0.000034	1,240.60	1,089,216.26	0.000034	26.74			

Kentucky Power Company
 Accounts Receivable Financing
 Thirteen Months Ending April 30, 2011

Date	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					
	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)
09/26/2010	36,240,178.98	0.000034	1,232.17	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/27/2010	36,870,284.20	0.000034	1,253.59	1,862,781.58	0.000034	26.74	0.000909	1,693.27	0.000046
09/28/2010	36,705,664.61	0.000034	1,247.99	1,989,661.75	0.000034	26.74	0.000909	1,808.60	0.000049
09/29/2010	39,193,295.51	0.000034	1,332.57	3,618,142.53	0.000034	26.74	0.000909	3,288.89	0.000084
09/30/2010	39,311,871.27	0.000034	1,336.60	2,073,078.48	0.000034	26.74	0.000909	1,884.43	0.000048
10/01/2010	39,233,274.65	0.000034	1,333.93	1,495,890.45	0.000034	26.74	0.000909	1,359.76	0.000035
10/02/2010	39,233,274.65	0.000034	1,333.93	0.00	0.000034	26.74	0.000000	0.00	0.000000
10/03/2010	39,233,274.65	0.000034	1,333.93	0.00	0.000034	26.74	0.000000	0.00	0.000000
10/04/2010	44,113,988.71	0.000034	1,499.88	6,138,264.04	0.000034	26.74	0.000909	5,579.68	0.000126
10/05/2010	44,014,337.13	0.000034	1,496.49	2,459,929.74	0.000034	26.74	0.000909	2,236.08	0.000051
10/06/2010	43,495,981.90	0.000033	1,435.37	1,285,660.55	0.000033	26.74	0.000882	1,133.95	0.000026
10/07/2010	43,411,307.16	0.000033	1,432.57	1,504,991.68	0.000033	29.70	0.000980	1,474.89	0.000034
10/08/2010	43,406,520.43	0.000033	1,432.42	1,544,799.71	0.000033	29.70	0.000980	1,513.90	0.000035
10/09/2010	43,406,520.43	0.000033	1,432.42	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/10/2010	43,406,520.43	0.000033	1,432.42	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/11/2010	43,487,028.20	0.000033	1,435.07	2,206,067.47	0.000033	29.70	0.000980	2,161.95	0.000050
10/12/2010	43,266,262.30	0.000033	1,427.79	1,731,604.22	0.000033	29.70	0.000980	1,696.97	0.000039
10/13/2010	43,025,943.30	0.000033	1,419.86	2,047,744.03	0.000033	29.70	0.000980	2,006.79	0.000047
10/14/2010	39,579,670.97	0.000033	1,306.13	1,789,130.20	0.000033	29.70	0.000980	1,753.35	0.000044
10/15/2010	38,527,186.26	0.000033	1,271.40	1,246,645.06	0.000033	29.70	0.000980	1,221.71	0.000032
10/16/2010	38,527,186.26	0.000033	1,271.40	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/17/2010	38,527,186.26	0.000033	1,271.40	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/18/2010	37,758,451.91	0.000033	1,246.03	1,402,583.91	0.000033	29.70	0.000980	1,374.53	0.000036
10/19/2010	37,111,226.11	0.000033	1,224.67	1,422,471.50	0.000033	29.70	0.000980	1,394.02	0.000038
10/20/2010	36,222,577.66	0.000033	1,195.35	1,419,903.60	0.000033	29.70	0.000980	1,391.51	0.000038
10/21/2010	35,596,683.98	0.000033	1,174.69	1,119,595.77	0.000033	29.70	0.000980	1,097.20	0.000031
10/22/2010	35,538,679.84	0.000033	1,172.78	1,577,749.13	0.000033	29.70	0.000980	1,546.19	0.000044
10/23/2010	35,538,679.84	0.000033	1,172.78	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/24/2010	35,538,679.84	0.000033	1,172.78	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/25/2010	34,729,370.58	0.000033	1,146.07	1,535,609.95	0.000033	29.70	0.000980	1,504.90	0.000043
10/26/2010	35,094,819.36	0.000033	1,158.13	1,583,088.85	0.000033	29.70	0.000980	1,551.43	0.000044
10/27/2010	38,145,544.18	0.000033	1,258.80	4,752,817.74	0.000033	29.70	0.000980	4,657.76	0.000122
10/28/2010	39,560,729.58	0.000033	1,305.50	2,779,850.05	0.000033	29.70	0.000980	2,724.25	0.000069
10/29/2010	38,995,787.71	0.000033	1,286.86	1,080,326.32	0.000033	29.70	0.000980	1,058.72	0.000027
10/30/2010	38,995,787.71	0.000033	1,286.86	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/31/2010	38,995,787.71	0.000033	1,286.86	0.00	0.000033	29.70	0.000000	0.00	0.000000
11/01/2010	38,099,906.60	0.000033	1,257.30	1,210,675.55	0.000033	29.70	0.000980	1,186.46	0.000031
11/02/2010	38,761,641.09	0.000033	1,279.13	2,245,955.67	0.000033	29.70	0.000980	2,201.04	0.000057
11/03/2010	38,836,246.08	0.000033	1,281.60	1,665,990.50	0.000033	29.70	0.000980	1,632.67	0.000042
11/04/2010	39,493,959.27	0.000033	1,303.30	2,340,408.50	0.000033	29.70	0.000980	2,293.60	0.000056
11/05/2010	43,443,650.40	0.000033	1,433.64	5,861,027.42	0.000033	29.10	0.000960	5,626.59	0.000130
11/06/2010	43,443,650.40	0.000033	1,433.64	0.00	0.000033	29.10	0.000000	0.00	0.000000
11/07/2010	43,443,650.40	0.000033	1,433.64	0.00	0.000033	29.10	0.000000	0.00	0.000000
11/08/2010	43,863,339.55	0.000033	1,447.49	1,691,747.28	0.000033	29.10	0.000960	1,624.08	0.000037
11/09/2010	43,353,273.75	0.000033	1,430.65	1,557,309.53	0.000033	29.10	0.000960	1,495.02	0.000034
11/10/2010	43,079,769.97	0.000033	1,421.63	1,910,105.47	0.000033	29.10	0.000960	1,833.70	0.000043
11/11/2010	43,432,676.36	0.000033	1,433.28	2,149,388.29	0.000033	29.10	0.000960	2,063.41	0.000048
11/12/2010	43,214,451.02	0.000033	1,426.08	1,830,605.49	0.000033	29.10	0.000960	1,757.38	0.000041
11/13/2010	43,214,451.02	0.000033	1,426.08	0.00	0.000033	29.10	0.000000	0.00	0.000000
11/14/2010	43,214,451.02	0.000033	1,426.08	0.00	0.000033	29.10	0.000000	0.00	0.000000
11/15/2010	38,834,688.89	0.000033	1,281.54	1,533,607.14	0.000033	29.10	0.000960	1,472.26	0.000038
11/16/2010	38,322,270.05	0.000033	1,264.63	1,549,290.51	0.000033	29.10	0.000960	1,487.32	0.000039
11/17/2010	37,199,577.76	0.000033	1,227.59	2,438,397.86	0.000033	29.10	0.000960	2,340.85	0.000063
11/18/2010	36,143,314.61	0.000033	1,192.73	1,460,879.29	0.000033	29.10	0.000960	1,402.44	0.000039
11/19/2010	35,862,830.84	0.000033	1,183.47	1,505,947.95	0.000033	29.10	0.000960	1,445.71	0.000040
11/20/2010	35,862,830.84	0.000033	1,183.47	0.00	0.000033	29.10	0.000000	0.00	0.000000
11/21/2010	35,862,830.84	0.000033	1,183.47	0.00	0.000033	29.10	0.000000	0.00	0.000000
11/22/2010	36,543,282.56	0.000033	1,205.93	1,814,375.26	0.000033	29.10	0.000960	1,741.80	0.000048
11/23/2010	37,066,756.67	0.000033	1,223.20	2,256,939.78	0.000033	29.10	0.000960	2,166.66	0.000058
11/24/2010	37,275,354.83	0.000033	1,230.09	1,832,047.39	0.000033	29.10	0.000960	1,758.77	0.000047
11/25/2010	37,275,354.83	0.000033	1,230.09	0.00	0.000033	29.10	0.000000	0.00	0.000000
11/26/2010	37,275,354.83	0.000033	1,230.09	0.00	0.000033	29.10	0.000000	0.00	0.000000
11/27/2010	37,275,354.83	0.000033	1,230.09	0.00	0.000033	29.10	0.000000	0.00	0.000000
11/28/2010	37,275,354.83	0.000033	1,230.09	0.00	0.000033	29.10	0.000000	0.00	0.000000
11/29/2010	40,555,471.26	0.000033	1,338.33	4,646,219.38	0.000033	29.10	0.000960	4,460.37	0.000110
11/30/2010	42,188,785.57	0.000033	1,392.23	3,404,375.34	0.000033	29.10	0.000960	3,268.20	0.000077
12/01/2010	42,297,516.35	0.000033	1,395.82	1,697,813.15	0.000033	29.10	0.000960	1,629.90	0.000039
12/02/2010	43,386,054.33	0.000033	1,431.74	2,692,362.77	0.000033	29.10	0.000960	2,584.67	0.000060
12/03/2010	47,966,509.67	0.000033	1,582.89	6,544,846.64	0.000033	29.10	0.000960	6,283.05	0.000131
12/04/2010	47,966,509.67	0.000033	1,582.89	0.00	0.000033	29.10	0.000000	0.00	0.000000
12/05/2010	47,966,509.67	0.000033	1,582.89	0.00	0.000033	29.10	0.000000	0.00	0.000000
12/06/2010	49,488,220.06	0.000033	1,633.11	3,539,112.27	0.000033	29.10	0.000960	3,397.55	0.000069
12/07/2010	50,248,898.93	0.000033	1,658.21	3,072,311.07	0.000033	26.49	0.000874	2,685.20	0.000053
12/08/2010	50,317,998.75	0.000033	1,660.49	2,135,605.58	0.000033	26.49	0.000874	1,867.39	0.000037
12/09/2010	50,706,253.41	0.000033	1,673.31	2,647,123.65	0.000033	26.49	0.000874	2,313.59	0.000046
12/10/2010	51,786,790.51	0.000033	1,708.96	2,433,310.13	0.000033	26.49	0.000874	2,126.71	0.000041
12/11/2010	51,786,790.51	0.000033	1,708.96	0.00	0.000033	26.49	0.000000	0.00	0.000000
12/12/2010	51,786,790.51	0.000033	1,708.96	0.00	0.000033	26.49	0.000000	0.00	0.000000
12/13/2010	48,706,030.83	0.000033	1,607.30	2,747,019.31	0.000033	26.49	0.000874	2,400.89	0.000049
12/14/2010	47,413,451.47	0.000033	1,564.64	3,323,934.11	0.000033	26.49	0.000874	2,905.12	0.000061
12/15/2010	49,386,165.39	0.000033	1,629.74	2,953,498.24	0.000033	26.49	0.000874	2,581.36	0.000052
12/16/2010	50,100,827.17	0.000033	1,653.33	2,698,292.21	0.000033	26.49	0.000874	2,358.31	0.000047
12/17/2010	51,805,523.71	0.000033	1,709.58	3,050,726.97	0.000033	26.49	0.000874	2,666.34	0.000051
12/18/2010	51,805,523.71	0.000033	1,709.58	0.00	0.000033	26.49	0.000000	0.00	0.000000
12/19/2010	51,805,523.71	0.000033	1,709.58	0.00	0.000033	26.49	0.000000	0.00	0.000000
12/20/2010	51,641,159.38	0.000033	1,704.16	3,151,486.51	0.000033	26.49	0.0008		

Kentucky Power Company
 Accounts Receivable Financing
 Thirteen Months Ending April 30, 2011

Date	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred						
	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstandin g (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)	
12/24/2010	53,030,331.47	0.000033	1,750.00	0.00	0.000033	26.49	0.000000	0.00	0.000000	
12/25/2010	53,030,331.47	0.000033	1,750.00	0.00	0.000033	26.49	0.000000	0.00	0.000000	
12/26/2010	53,030,331.47	0.000033	1,750.00	0.00	0.000033	26.49	0.000000	0.00	0.000000	
12/27/2010	54,755,151.76	0.000033	1,806.92	3,224,909.88	0.000033	26.49	0.000874	2,818.57	0.000051	
12/28/2010	56,637,815.04	0.000033	1,869.05	4,104,563.38	0.000033	26.49	0.000874	3,597.39	0.000063	
12/29/2010	57,915,565.15	0.000033	1,911.21	3,245,818.07	0.000033	26.49	0.000874	2,836.84	0.000049	
12/30/2010	61,903,061.96	0.000033	2,042.80	6,591,787.26	0.000033	26.49	0.000874	5,761.22	0.000093	
12/31/2010	61,903,061.96	0.000033	2,042.80	0.00	0.000033	26.49	0.000000	0.00	0.000000	
01/01/2011	61,903,061.96	0.000033	2,042.80	0.00	0.000033	26.49	0.000000	0.00	0.000000	
01/02/2011	61,903,061.96	0.000033	2,042.80	0.00	0.000033	26.49	0.000000	0.00	0.000000	
01/03/2011	63,970,167.01	0.000033	2,111.02	3,925,484.16	0.000033	26.49	0.000874	3,430.87	0.000054	
01/04/2011	64,912,808.08	0.000033	2,142.12	3,662,286.38	0.000033	26.49	0.000874	3,200.84	0.000049	
01/05/2011	64,138,982.20	0.000033	2,116.59	2,590,990.91	0.000033	26.49	0.000874	2,264.53	0.000035	
01/06/2011	65,015,135.83	0.000033	2,145.50	3,645,842.10	0.000033	26.49	0.000874	3,186.47	0.000049	
01/07/2011	65,712,857.93	0.000033	2,168.52	2,875,241.93	0.000033	24.12	0.000796	2,288.69	0.000035	
01/08/2011	65,712,857.93	0.000033	2,168.52	0.00	0.000033	24.12	0.000000	0.00	0.000000	
01/09/2011	65,712,857.93	0.000033	2,168.52	0.00	0.000033	24.12	0.000000	0.00	0.000000	
01/10/2011	66,745,510.20	0.000033	2,202.60	2,127,905.94	0.000033	24.12	0.000796	1,693.81	0.000025	
01/11/2011	71,594,175.69	0.000033	2,362.61	8,341,688.96	0.000033	24.12	0.000796	6,639.98	0.000093	
01/12/2011	72,052,087.60	0.000033	2,377.72	3,067,109.54	0.000033	24.12	0.000796	2,441.42	0.000034	
01/13/2011	72,721,703.59	0.000033	2,399.82	2,621,375.57	0.000033	24.12	0.000796	2,096.61	0.000029	
01/14/2011	73,252,536.08	0.000033	2,417.33	3,035,147.05	0.000033	24.12	0.000796	2,415.98	0.000033	
01/15/2011	73,252,536.08	0.000033	2,417.33	0.00	0.000033	24.12	0.000000	0.00	0.000000	
01/16/2011	73,252,536.08	0.000033	2,417.33	0.00	0.000033	24.12	0.000000	0.00	0.000000	
01/17/2011	73,280,763.85	0.000033	2,418.27	3,438,108.88	0.000033	24.12	0.000796	2,736.73	0.000037	
01/18/2011	75,569,814.91	0.000033	2,493.81	4,810,419.66	0.000033	24.12	0.000796	3,829.09	0.000051	
01/19/2011	74,805,009.49	0.000033	2,468.57	2,291,688.33	0.000033	24.12	0.000796	1,824.18	0.000024	
01/20/2011	76,121,408.01	0.000033	2,512.01	2,582,291.11	0.000033	24.12	0.000796	2,055.50	0.000027	
01/21/2011	71,659,327.17	0.000033	2,364.76	3,163,058.11	0.000033	24.12	0.000796	2,571.79	0.000035	
01/22/2011	71,659,327.17	0.000033	2,364.76	0.00	0.000033	24.12	0.000000	0.00	0.000000	
01/23/2011	71,659,327.17	0.000033	2,364.76	0.00	0.000033	24.12	0.000000	0.00	0.000000	
01/24/2011	70,682,977.80	0.000033	2,332.54	2,376,160.85	0.000033	24.12	0.000796	1,891.42	0.000027	
01/25/2011	64,609,235.77	0.000033	2,132.10	-2,523,304.00	0.000033	24.12	0.000796	-2,008.55	-0.000031	
01/26/2011	69,070,680.65	0.000033	2,279.33	6,496,555.72	0.000033	24.12	0.000796	5,171.26	0.000075	
01/27/2011	69,158,932.16	0.000033	2,282.24	2,467,376.31	0.000033	24.12	0.000796	1,964.03	0.000028	
01/28/2011	70,206,985.45	0.000033	2,316.83	3,125,255.01	0.000033	24.12	0.000796	2,487.70	0.000035	
01/29/2011	70,206,985.45	0.000033	2,316.83	0.00	0.000033	24.12	0.000000	0.00	0.000000	
01/30/2011	70,206,985.45	0.000033	2,316.83	0.00	0.000033	24.12	0.000000	0.00	0.000000	
01/31/2011	73,770,621.24	0.000033	2,434.43	5,967,926.67	0.000033	24.12	0.000796	4,750.47	0.000064	
02/01/2011	73,863,973.19	0.000033	2,437.51	3,463,211.96	0.000033	24.12	0.000796	2,756.72	0.000037	
02/02/2011	73,211,698.40	0.000033	2,415.99	1,954,191.28	0.000033	24.12	0.000796	1,555.54	0.000021	
02/03/2011	73,814,421.97	0.000033	2,435.88	2,764,617.07	0.000033	24.12	0.000796	2,200.64	0.000030	
02/04/2011	78,019,211.76	0.000033	2,574.63	7,397,158.66	0.000033	24.12	0.000796	5,888.14	0.000075	
02/05/2011	78,019,211.76	0.000033	2,574.63	0.00	0.000033	24.12	0.000000	0.00	0.000000	
02/06/2011	78,019,211.76	0.000033	2,574.63	0.00	0.000033	24.12	0.000000	0.00	0.000000	
02/07/2011	77,160,514.41	0.000033	2,546.30	2,182,145.69	0.000033	30.74	0.001014	2,212.70	0.000029	
02/08/2011	74,712,777.81	0.000033	2,465.52	1,785,765.76	0.000033	30.74	0.001014	1,810.77	0.000024	
02/09/2011	75,424,037.33	0.000033	2,488.99	3,222,881.96	0.000033	30.74	0.001014	3,268.00	0.000043	
02/10/2011	76,311,942.08	0.000033	2,518.29	3,693,562.67	0.000033	30.74	0.001014	3,745.27	0.000049	
02/11/2011	76,628,072.83	0.000033	2,528.73	1,831,390.01	0.000033	30.74	0.001014	1,857.03	0.000024	
02/12/2011	76,628,072.83	0.000033	2,528.73	0.00	0.000033	30.74	0.000000	0.00	0.000000	
02/13/2011	76,628,072.83	0.000033	2,528.73	0.00	0.000033	30.74	0.000000	0.00	0.000000	
02/14/2011	76,621,497.13	0.000033	2,528.51	2,485,027.11	0.000033	30.74	0.001014	2,519.82	0.000033	
02/15/2011	77,046,824.84	0.000033	2,542.55	3,195,499.14	0.000033	30.74	0.001014	3,240.24	0.000042	
02/16/2011	75,523,750.35	0.000033	2,492.28	2,843,222.92	0.000033	30.74	0.001014	2,883.03	0.000038	
02/17/2011	73,984,070.37	0.000033	2,441.47	1,874,641.18	0.000033	30.74	0.001014	1,900.89	0.000026	
02/18/2011	69,136,326.37	0.000033	2,281.50	1,967,411.76	0.000033	30.74	0.001014	1,994.95	0.000029	
02/19/2011	69,136,326.37	0.000033	2,281.50	0.00	0.000033	30.74	0.000000	0.00	0.000000	
02/20/2011	69,136,326.37	0.000033	2,281.50	0.00	0.000033	30.74	0.000000	0.00	0.000000	
02/21/2011	66,749,315.17	0.000033	2,268.73	2,035,917.12	0.000033	30.74	0.001014	2,064.42	0.000030	
02/22/2011	68,277,827.18	0.000033	2,253.17	1,735,178.36	0.000033	30.74	0.001014	1,759.47	0.000026	
02/23/2011	65,509,460.07	0.000033	2,161.81	1,508,846.07	0.000033	30.74	0.001014	1,529.97	0.000023	
02/24/2011	65,609,750.22	0.000033	2,165.12	1,074,733.93	0.000033	30.74	0.001014	1,089.78	0.000017	
02/25/2011	66,791,965.10	0.000033	2,204.13	2,755,036.23	0.000033	30.74	0.001014	2,793.61	0.000042	
02/26/2011	66,791,965.10	0.000033	2,204.13	0.00	0.000033	30.74	0.000000	0.00	0.000000	
02/27/2011	66,791,965.10	0.000033	2,204.13	0.00	0.000033	30.74	0.000000	0.00	0.000000	
02/28/2011	67,306,252.57	0.000033	2,221.11	2,625,028.88	0.000033	30.74	0.001014	2,661.78	0.000040	
03/01/2011	66,238,656.97	0.000033	2,185.88	2,182,793.78	0.000033	30.74	0.001014	2,213.35	0.000033	
03/02/2011	69,182,967.20	0.000033	2,283.04	6,253,006.22	0.000033	30.74	0.001014	6,340.55	0.000092	
03/03/2011	72,410,020.09	0.000033	2,389.53	6,298,281.00	0.000033	30.74	0.001014	6,386.46	0.000088	
03/04/2011	71,944,940.48	0.000033	2,374.18	1,801,816.05	0.000033	30.74	0.001014	1,827.04	0.000025	
03/05/2011	71,944,940.48	0.000033	2,374.18	0.00	0.000033	30.74	0.000000	0.00	0.000000	
03/06/2011	71,944,940.48	0.000033	2,374.18	0.00	0.000033	30.74	0.000000	0.00	0.000000	
03/07/2011	70,836,646.66	0.000033	2,337.61	2,128,758.64	0.000033	38.84	0.001282	2,729.07	0.000039	
03/08/2011	69,628,681.54	0.000033	2,297.75	2,183,777.20	0.000033	38.84	0.001282	2,799.60	0.000040	
03/09/2011	69,770,058.53	0.000033	2,302.41	2,365,690.65	0.000033	38.84	0.001282	3,032.82	0.000043	
03/10/2011	69,353,144.42	0.000033	2,288.65	1,656,339.69	0.000033	38.84	0.001282	2,123.43	0.000031	
03/11/2011	69,781,945.59	0.000033	2,302.80	2,125,807.29	0.000033	38.84	0.001282	2,725.28	0.000039	
03/12/2011	69,781,945.59	0.000033	2,302.80	0.00	0.000033	38.84	0.000000	0.00	0.000000	
03/13/2011	69,781,945.59	0.000033	2,302.80	0.00	0.000033	38.84	0.000000	0.00	0.000000	
03/14/2011	62,393,638.94	0.000033	2,058.99	1,540,940.41	0.000033	38.84	0.001282	1,975.49	0.000032	
03/15/2011	61,626,076.07	0.000033	2,033.65	1,942,400.19	0.000033	38.84	0.001282	2,490.16	0.000040	
03/16/2011	60,921,706.65	0.000032	1,949.49	2,332,127.02	0.000032	38.84	0.001243	2,899.83	0.000048	
03/17/2011	60,058,640.62	0.000032	1,921.88	1,646,910.16	0.000032	38.84	0.001243	2,047.11	0.000034	
03/18/2011	60,258,161.82	0.000032	1,928.26	1,601,652.04	0.000032	38.84	0.001243	1,990.85	0.000033	
03/19/2011	60,258,161.82	0.000032	1,928.26	0.00	0.000032	38.84	0.000000	0.00		

Kentucky Power Company
 Accounts Receivable Financing
 Thirteen Months Ending April 30, 2011

Date	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred						
	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)	
03/23/2011	57,789,220.31	0.000032	1,849.26	1,528,403.51	0.000032	38.84	0.001243	1,899.81	0.000033	
03/24/2011	56,536,108.50	0.000032	1,809.16	1,069,014.10	0.000032	38.84	0.001243	1,328.78	0.000024	
03/25/2011	56,585,333.73	0.000032	1,810.73	1,535,077.04	0.000032	38.84	0.001243	1,908.10	0.000034	
03/26/2011	56,585,333.73	0.000032	1,810.73	0.00	0.000032	38.84	0.000000	0.00	0.000000	
03/27/2011	56,585,333.73	0.000032	1,810.73	0.00	0.000032	38.84	0.000000	0.00	0.000000	
03/28/2011	56,759,396.23	0.000032	1,816.30	2,018,067.54	0.000032	38.84	0.001243	2,508.46	0.000044	
03/29/2011	56,354,327.93	0.000032	1,803.34	2,017,004.48	0.000032	38.84	0.001243	2,507.14	0.000044	
03/30/2011	58,612,277.45	0.000032	1,875.59	3,989,532.46	0.000032	38.84	0.001243	4,958.99	0.000085	
03/31/2011	59,533,666.73	0.000032	1,905.08	2,782,690.87	0.000032	38.84	0.001243	3,458.88	0.000058	
04/01/2011	60,020,687.31	0.000032	1,920.66	1,355,926.20	0.000032	38.84	0.001243	1,685.42	0.000028	
04/02/2011	60,020,687.31	0.000032	1,920.66	0.00	0.000032	38.84	0.000000	0.00	0.000000	
04/03/2011	60,020,687.31	0.000032	1,920.66	0.00	0.000032	38.84	0.000000	0.00	0.000000	
04/04/2011	60,630,489.99	0.000032	1,940.18	2,536,543.34	0.000032	38.84	0.001243	3,152.92	0.000052	
04/05/2011	63,810,955.74	0.000032	2,041.95	6,324,172.65	0.000032	38.84	0.001243	7,860.95	0.000123	
04/06/2011	63,147,932.43	0.000032	2,020.73	1,134,496.81	0.000032	38.84	0.001243	1,410.18	0.000022	
04/07/2011	64,152,339.69	0.000032	2,052.67	2,638,555.45	0.000032	36.10	0.001155	3,047.53	0.000048	
04/08/2011	64,258,421.88	0.000032	2,056.27	1,892,798.65	0.000032	36.10	0.001155	2,186.18	0.000034	
04/09/2011	64,258,421.88	0.000032	2,056.27	0.00	0.000032	36.10	0.000000	0.00	0.000000	
04/10/2011	64,258,421.88	0.000032	2,056.27	0.00	0.000032	36.10	0.000000	0.00	0.000000	
04/11/2011	63,428,048.44	0.000032	2,029.70	1,833,727.03	0.000032	36.10	0.001155	2,117.95	0.000033	
04/12/2011	62,672,345.41	0.000032	2,005.52	1,660,074.46	0.000032	36.10	0.001155	1,917.39	0.000031	
04/13/2011	61,666,096.57	0.000032	1,973.32	1,765,859.07	0.000032	36.10	0.001155	2,039.57	0.000033	
04/14/2011	62,542,313.92	0.000032	2,001.35	2,311,714.22	0.000032	36.10	0.001155	2,670.03	0.000043	
04/15/2011	62,417,198.11	0.000032	1,997.35	1,732,168.25	0.000032	36.10	0.001155	2,000.65	0.000032	
04/16/2011	62,417,198.11	0.000032	1,997.35	0.00	0.000032	36.10	0.000000	0.00	0.000000	
04/17/2011	62,417,198.11	0.000032	1,997.35	0.00	0.000032	36.10	0.000000	0.00	0.000000	
04/18/2011	61,034,539.71	0.000032	1,953.11	1,160,179.80	0.000032	36.10	0.001155	1,340.01	0.000022	
04/19/2011	56,621,702.68	0.000032	1,811.89	1,781,229.51	0.000032	36.10	0.001155	2,057.32	0.000036	
04/20/2011	56,037,073.66	0.000032	1,793.19	1,420,130.27	0.000032	36.10	0.001155	1,640.25	0.000029	
04/21/2011	54,525,971.29	0.000032	1,744.83	1,224,667.38	0.000032	36.10	0.001155	1,414.49	0.000026	
04/22/2011	54,525,971.29	0.000032	1,744.83	0.00	0.000032	36.10	0.000000	0.00	0.000000	
04/23/2011	54,525,971.29	0.000032	1,744.83	0.00	0.000032	36.10	0.000000	0.00	0.000000	
04/24/2011	54,525,971.29	0.000032	1,744.83	0.00	0.000032	36.10	0.000000	0.00	0.000000	
04/25/2011	54,177,553.79	0.000032	1,733.68	1,119,987.80	0.000032	36.10	0.001155	1,293.59	0.000024	
04/26/2011	52,455,734.69	0.000032	1,678.58	1,499,861.95	0.000032	36.10	0.001155	1,732.34	0.000033	
04/27/2011	52,454,396.42	0.000032	1,678.54	1,586,683.91	0.000032	36.10	0.001155	1,832.62	0.000035	
04/28/2011	52,765,177.05	0.000032	1,688.49	2,474,669.10	0.000032	36.10	0.001155	2,858.24	0.000054	
04/29/2011	54,118,322.29	0.000032	1,731.79	2,536,014.61	0.000032	36.10	0.001155	2,931.41	0.000054	
04/30/2011	54,118,322.29	0.000032	1,731.79	0.00	0.000032	36.10	0.000000	0.00	0.000000	
			638,087.89					605,022.95	0.000032	
									Average Daily Cost of Capital as a % of Total A/R Balance	
									1.1501%	
									Annualized Cost of Capital as a % of Total A/R Balance	
Average A/R Balance 4/01/10 - 4/30/11			48,792,123.22							
AEP Credit - Internal Cost of Capital 4/01/10 - 4/30/11			1.1889%	Internal Cost Incurred / Average A/R Balance / 396 x 360						
KP - Actual Cost of Capital 4/01/10 - 4/30/11			1.1273%	Actual Carrying Cost Incurred / Average A/R Balance / 396 x 360						

ES FORM 3.15

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense month of XXXXXXXX XX, 2011

LINE NO.	Component	Balances	Cap Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 4/30/2011								
1	L/T DEBT	\$550,000,000	49.301%	6.48%		3.20%			3.20%	
2	S/T DEBT	\$0	0.000%	0.44%		0.00%			0.00%	
3	ACCTS REC FINANCING	\$48,792,123	4.374%	1.15%		0.05%			0.05%	
4	C EQUITY	\$516,801,652	46.325%	10.50%	1/	4.86%	1.5764	2/	7.668%	
5	TOTAL	\$1,115,593,775	100.000%			8.11%			10.92%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2011 - 00031 dated - April 16, 2012									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2011 - 00031 dated - April 16, 2012									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.22%)						0.2200			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6300			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6396			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9904			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3532			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9236			
10	AFTER-TAX PRODUCTION INCOME						57.4296			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4296			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2200			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4368			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9236			
19	STATE (LINE 4)						5.6396			
20	BLENDED TAX RATE						36.5632			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5764			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.22%)						0.2200			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6300			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9928			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6396			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2010 based on Case No. 2011-00031, dated April 16, 2012.

Kentucky Power Company
 Uncollected Accounts

Line No. (1)	Description (2)	Electric Revenues (3)	Accounts - Net Charged Off (4)	Percent of Electric Revenues (5)
1	12 Months ended 04/30/2009	\$501,432,589	\$1,140,761	0.23%
2	12 Months ended 04/30/2010	\$486,154,829	\$1,162,370	0.24%
3	12 Months ended 04/30/2011	\$562,817,539	\$1,080,425	0.19%
4	Total	<u>\$1,550,404,957</u>	<u>\$3,383,556</u>	<u>0.66%</u>
5	Three Year Average	<u><u>\$516,801,652</u></u>	<u><u>\$1,127,852</u></u>	<u><u>0.22%</u></u>

Kentucky Power Company

REQUEST

KRS 278.183(3) provides that, during the two-year review, the Commission shall, to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility.

- a. Does Kentucky Power believe any additional surcharge amounts need to be incorporated into its base rates in conjunction with this two-year review?
- b. If yes to part (a), provide the additional surcharge amount that Kentucky Power believes should be incorporated into its existing base rates. Explain how the surcharge amount should be incorporated into the base rates. Include all supporting calculations, workpapers, and assumptions as well as any analysis that Kentucky Power believes support its position.

RESPONSE

- a. No. Without regard to whether additional amounts of environmental costs are incorporated into base rates, there should be no effect on the ratepayers as a whole or the Company because the total revenue requirement should remain the same. Incorporation of these environmental costs outside of a rate case, however, can differentially affect customers because these environmental costs include investment costs, which are generally reflected in the demand charge, and energy costs, which are reflected in the energy charge. By contrast, fuel costs, which are periodically rolled into base rates, as a part of the fuel adjustment clause proceeding, include only energy costs. The best time to allocate the energy and investment components of the environmental charges is at the time of a general rate case.
- b. N/A

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Refer to ES Form 3.10, Costs Associated with Big Sandy, Line 17, Monthly 2003 Plan Non-Fuel O&M Expenses, from ES Form 3.13. Explain the primary reason(s) for the fluctuations in the operating expenses during the last six expense months in this review period.

RESPONSE

The fluctuations in the O&M expenses for the expense review period November 2010 through April 2011 were a result of regular maintenance and a number of repairs due to wear on plant equipment. Those repairs include:

- Booster Fan maintenance to correct increased vibration.
- Repair Steam Line on Ammonia System due to corroded steam purge line.
- Ammonia on Demand (AOD) solution pump and injection valve clogged.
- Replace air filters on Stack Air Dryer.
- Line on Hydrolyzer clogged.
- Ammonia Vapor Alarm power feed repaired.
- Routine Calibrations on the SCR Ammonia Slip Monitors and Sensors.
- Replaced AOD Sump Pump Motor.
- Replace filters on North Air Duct Dryer.
- Quarterly & Annual Equipment Inspections.
- Forced Outage due to Casing Leaks.
- Calibration of Dilution Probe & Controller.
- Installed steps for Sulfur Pump area to allow safer access to perform routine maintenance.
- Calibration of NOx Monitor.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Refer to ES Form 3.10, Costs Associated with Big Sandy, Line 18, Monthly SO2 Emission Allowance Consumption. Explain the reason(s) for the fluctuations in SO2 allowance expenses during the last six months of the review period

RESPONSE

The variance in consumption expense for the first half of 2011 is due to consumption of banked allowances with a higher booked cost. These banked allowances were all consumed by mid-June, resulting in consumption thereafter of current vintage allowances with a lower average unit cost. Please see table below.

**Kentucky Power
SO2 Expense
January 2011 thru June 2011**

Month	Year	Allowances	Expense	Average
January	2011	5,733	\$ 2,228,153	\$ 389
February	2011	4,675	\$ 2,053,092	\$ 439
March	2011	3,443	\$ 1,516,445	\$ 440
April	2011	4,142	\$ 1,824,315	\$ 440
May	2011	4,025	\$ 1,772,783	\$ 440
June	2011	6,750	\$ 1,349,758	\$ 200

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Refer to ES Form 3.11, SO2 Emissions Allowance Inventory for the expense month of November 2010. The section for Additions shows 1,019 EPA Allowances were added for the month, but this amount is not reflected in the Cumulative Balance column for that line item or in the ending inventory. Explain this discrepancy

RESPONSE

The 1,019 EPA Allowance amount reported on the Additions section of ES Form 3.11 for November 2010 was in error. The 1,019 Allowance Additions were recorded on ES Form 3.11 for October 2010 and should have been zeroed out in November. Please see page 2 of this response for a corrected ES Form 3.11, SO2 Emissions Allowance Inventory for the expense month of November 2010.

WITNESS: Lila P Munsey

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of November 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	439,224	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	33,930	\$0	\$9,455,560	\$278.678
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	3,922	604,556	\$527,002	\$43,725,916	\$72.327
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,111,239		\$7,049,408	\$6.344
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06714

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Kentucky Power Company

REQUEST

Refer to ES Form 3.11, SO2 Emissions Allowance Inventory.

- a. On the lines referenced as SO2 Emissions Allowances Consumed by Kentucky Power, explain the difference between the 2009 and Prior allowances, and the 2010 to 2014 allowances.
- b. Explain Kentucky Power's decision process as to the group from which allowances will be consumed, and why allowances are used from both groups in a given month.

RESPONSE

- a. The 2009 and prior (Banked) allowances are allowances which are permitted to be consumed on a 1:1 ratio of allowances to emission tons. The emission allowances in the 2010 to 2014 group (Current) are allowances which are required to be consumed at a 2:1 ratio of allowances to emission tons.
- b. The tax basis of the emission allowances available for consumption is used as the deciding factor when choosing allowances for consumption. An equivalent tax basis is calculated, and the blocks are sorted in descending order. The highest tax basis blocks are then chosen in order to maximize Kentucky Power Company's tax deduction. After all serial blocks with a tax basis are chosen, the remaining zero basis banked allowance inventory is used, followed by remaining zero basis current inventory to satisfy our obligation. Through the process described above, a combination of banked and current vintage allowances can be consumed in any giving month.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Reference ES Form 3.11 for the months in this review period.

- a. For each month in the two year review period provide the calculation that supports the total cost of allowances consumed that is then carried to ES Form 3.10. For example in expense month April 2011 this amount is \$1,824,315.
- b. Provide an explanation and the reasons for the fluctuations in the monthly average cost of allowances determined in 10.a.

RESPONSE

- a. Please see pages 2 through 9 of this response.
- b. AEP maintains its emission allowance inventory in account 158 as required by FERC. Consumption expense is recorded in account 509. Currently, we maintain SO2 inventory for use in consumption in two buckets. Allowances with vintage year of 2009 or prior are maintained in one bucket, and 2010 thru the current vintage year in another. Inventory is maintained at an average unit cost for each bucket. All issuances and consumption expenses are priced at this average cost. The average cost of inventory changes with purchases, consumption adjustments, and EPA awarded allowances. In December of each year, the Interim Allowance Agreement is settled and results in a change of the average unit cost. In January, consumption adjustments and the addition of the next vintage year of allowance results in a change to average unit cost. No external purchases occurred during the period shown below.

WITNESS: Lila P Munsey

Kentucky Power
 SO2 Allowance Cost
 July 2009 - June 2011

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Jul-09						
Beginning Balance	44,110	\$ 1,146,041	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions		\$ -			\$ -	
Subtotal	44,110	\$ 1,146,041	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Issuances		\$ -		-	\$ -	\$ -
Consumption	(2,936)	\$ (76,281)	\$ 25.98	-	\$ -	\$ -
Ending Balance	41,174	1,069,760	\$ 25.98	40,684	701,880	\$ 17.25
Aug-09						
Beginning Balance	41,174	\$ 1,069,760	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	41,174	\$ 1,069,760	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,328)	\$ (112,448)	\$ 25.98	-	\$ -	\$ -
Ending Balance	36,846	\$ 957,312	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Sep-09						
Beginning Balance	36,846	\$ 957,312	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	36,846	\$ 957,312	\$ 25.98	40,684	701,880	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(2,873)	\$ (74,645)	\$ 25.98	-	\$ -	\$ -
Ending Balance	33,973	882,667	\$ 25.98	40,684	701,880	\$ 17.25

Kentucky Power
 SO2 Allowance Cost
 July 2009 - June 2011

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Oct-09						
Beginning Balance	33,973	\$ 882,667	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	33,973	882,667	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,175)	\$ (108,472)	\$ 25.98	-	\$ -	\$ -
Ending Balance	29,798	774,195	\$ 25.98	40,684	701,880	\$ 17.25
Nov-09						
Beginning Balance	29,798	\$ 774,195	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	29,798	774,195	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,214)	\$ (109,486)	\$ 25.98	-	\$ -	\$ -
Ending Balance	25,584	664,709	\$ 25.98	40,684	701,880	\$ 17.25
Dec-09						
Beginning Balance	25,584	\$ 664,709	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions	25,105	\$ 6,338,684	\$ 252.49			\$ -
Subtotal	50,689	\$ 7,003,393	\$ 138.16	40,684	\$ 701,880	\$ 17.25
Issuances		\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,763)	\$ (656,953)	\$ 137.93	-	\$ -	\$ -
Ending Balance	45,926	6,346,440	\$ 138.19	40,684	701,880	\$ 17.25

Kentucky Power
 SO2 Allowance Cost
 July 2009 - June 2011

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Jan-10						
Beginning Balance	45,926	\$ 6,346,440	\$ 138.19	40,684	\$ 701,880	\$ 17.25
Year End Consumption Adjustments	1	\$ 138		-	\$ -	
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	45,927	\$ 6,346,578	\$ 138.19	40,684	\$ 701,880	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(1,898)	\$ (262,282)	\$ 138.19	(7,140)	\$ (123,179)	\$ 17.25
Ending Balance	44,029	\$ 6,084,296	\$ 138.19	33,544	\$ 578,701	\$ 17.25
Feb-10						
Beginning Balance	44,029	\$ 6,084,296	\$ 138.19	33,544	\$ 578,701	\$ 17.25
Year End Consumption Adjustments	(5)	\$ (691)		-	\$ -	
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	44,024	\$ 6,083,605	\$ 138.19	33,544	\$ 578,701	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(1,293)	\$ (178,678)	\$ 138.19	(7,140)	\$ (123,179)	\$ 17.25
Ending Balance	42,731	\$ 5,904,928	\$ 138.19	26,404	\$ 455,522	\$ 17.25
Mar-10						
Beginning Balance	42,731	\$ 5,904,928	\$ 138.19	26,404	\$ 455,522	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	42,731	\$ 5,904,928	\$ 138.19	26,404	\$ 455,522	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(189)	\$ (26,118)	\$ 138.19	(7,140)	\$ (123,179)	\$ 17.25
Ending Balance	42,542	\$ 5,878,810	\$ 138.19	19,264	\$ 332,342	\$ 17.25

Kentucky Power
 SO2 Allowance Cost
 July 2009 - June 2011

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Apr-10						
Beginning Balance	42,542	\$ 5,878,810	\$ 138.19	19,264	\$ 332,342	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	42,542	5,878,810	\$ 138.19	19,264	\$ 332,342	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(7,070)	\$ (121,972)	\$ 17.25
Ending Balance	<u>42,542</u>	<u>5,878,810</u>	<u>\$ 138.19</u>	<u>12,194</u>	<u>210,371</u>	<u>\$ 17.25</u>
May-10						
Beginning Balance	42,542	\$ 5,878,810	\$ 138.19	12,194	\$ 210,371	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	42,542	5,878,810	\$ 138.19	12,194	\$ 210,371	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(3,802)	\$ (65,592)	\$ 17.25
Ending Balance	<u>42,542</u>	<u>5,878,810</u>	<u>\$ 138.19</u>	<u>8,392</u>	<u>144,779</u>	<u>\$ 17.25</u>
Jun-10						
Beginning Balance	42,542	\$ 5,878,810	\$ 138.19	8,392	\$ 144,779	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	42,542	5,878,810	\$ 138.19	8,392	\$ 144,779	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(1,332)	\$ (184,067)	\$ 138.19	(6,790)	\$ (117,141)	\$ 17.25
Ending Balance	<u>41,210</u>	<u>5,694,743</u>	<u>\$ 138.19</u>	<u>1,602</u>	<u>27,638</u>	<u>\$ 17.25</u>

Kentucky Power
 SO2 Allowance Cost
 July 2009 - June 2011

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	41,210	\$ 5,694,743	\$ 138.19	1,602	\$ 27,638	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	41,210	5,694,743	\$ 138.19	1,602	\$ 27,638	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(5,343)	\$ (738,341)	\$ 138.19	-	\$ -	\$ -
Ending Balance	35,867	4,956,403	\$ 138.19	1,602	27,638	\$ 17.25

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	35,867	\$ 4,956,403	\$ 138.19	1,602	\$ 27,638	\$ 17.25
Original Issuance	1,019	\$ -	\$ -	-	\$ -	\$ -
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	36,886	4,956,403	\$ 134.37	1,602	\$ 27,638	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(21,212)	\$ (2,850,274)	\$ 134.37	31,942	\$ 551,063	\$ 17.25
Ending Balance	15,674	2,106,129	\$ 134.37	33,544	578,701	\$ 17.25

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	15,674	\$ 2,106,129	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	15,674	2,106,129	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,088)	\$ (549,308)	\$ 134.37	-	\$ -	\$ -
Ending Balance	11,586	1,556,821	\$ 134.37	33,544	578,701	\$ 17.25

Kentucky Power
 SO2 Allowance Cost
 July 2009 - June 2011

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Oct-10						
Beginning Balance	11,586	\$ 1,556,821	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	11,586	1,556,821	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,139)	\$ (556,161)	\$ 134.37	-	\$ -	\$ -
Ending Balance	7,447	1,000,660	\$ 134.37	33,544	578,701	\$ 17.25
Nov-10						
Beginning Balance	7,447	\$ 1,000,660	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	7,447	1,000,660	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(3,922)	\$ (527,002)	\$ 134.37	-	\$ -	\$ -
Ending Balance	3,525	473,657	\$ 134.37	33,544	578,701	\$ 17.25
Dec-10						
Beginning Balance	3,525	\$ 473,657	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Acquisitions	24,074	\$ 11,503,061	\$ 477.82	9,627	\$ -	\$ -
Subtotal	27,599	\$ 11,976,718	\$ 433.95	43,171	\$ 578,701	\$ 13.40
Issuances			\$ -	(7,297)	\$ (97,815)	\$ 13.40
Consumption	(3,525)	\$ (1,529,691)	\$ 433.95	(1,088)	\$ (14,584)	\$ 13.40
2011 Vintage Additions				43,808	\$ 1,114,634	
Ending Balance	24,074	10,447,028	\$ 433.95	78,594	1,580,935	\$ 20.12

Kentucky Power
 SO2 Allowance Cost
 July 2009 - June 2011

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 / 2011 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Jan-11						
Beginning Balance	24,074	\$ 10,447,028	\$ 433.95	78,594	\$ 1,580,935	\$ 20.12
Year End Consumption						
Adjustments	(4,112)	\$ (1,811,089)		8,228	\$ 110,295	
Acquisitions	-	\$ 156,184	\$ -	-	\$ -	\$ -
Subtotal	19,962	\$ 8,792,123	\$ 440.44	86,822	\$ 1,691,230	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(797)	\$ (351,033)	\$ 440.44	(9,052)	\$ (176,326)	\$ 19.48
Ending Balance	19,165	\$ 8,441,090	\$ 440.44	77,770	\$ 1,514,904	\$ 19.48
Feb-11						
Beginning Balance	19,165	\$ 8,441,090	\$ 440.44	77,770	\$ 1,514,904	\$ 19.48
Acquisitions	-	\$ -	\$ -	(14)	\$ (188)	\$ 13.43
Subtotal	19,165	8,441,090	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,661)	\$ (2,052,905)	\$ 440.44	-	\$ -	\$ -
Ending Balance	14,504	6,388,185	\$ 440.44	77,756	1,514,716	\$ 19.48
Mar-11						
Beginning Balance	14,504	\$ 6,388,185	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	14,504	6,388,185	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(3,443)	\$ (1,516,445)	\$ 440.44	-	\$ -	\$ -
Ending Balance	11,061	4,871,740	\$ 440.44	77,756	1,514,716	\$ 19.48

Kentucky Power
 SO2 Allowance Cost
 July 2009 - June 2011

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 / 2011 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Apr-11						
Beginning Balance	11,061	\$ 4,871,740	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	11,061	4,871,740	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,142)	\$ (1,824,315)	\$ 440.44	-	\$ -	\$ -
Ending Balance	6,919	3,047,425	\$ 440.44	77,756	1,514,716	\$ 19.48
May-11						
Beginning Balance	6,919	\$ 3,047,425	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	6,919	3,047,425	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,025)	\$ (1,772,783)	\$ 440.44	-	\$ -	\$ -
Ending Balance	2,894	1,274,642	\$ 440.44	77,756	1,514,716	\$ 19.48
Jun-11						
Beginning Balance	2,894	\$ 1,274,642	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	2,894	1,274,642	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(2,894)	\$ (1,274,642)	\$ 440.44	(3,856)	\$ (75,116)	\$ 19.48
Ending Balance	-	-	\$ -	73,900	1,439,599	\$ 19.48

Kentucky Power Company

REQUEST

Provide the actual average residential customer's monthly usage. Based on this usage amount, provide the dollar impact any over/under recovery will have on the average residential customer's bill for the requested recovery period.

RESPONSE

The average residential customer's monthly usage for the 12 months ended June 30, 2012 is 1,303 kWh per month. Based on this usage, the impact of the over-recovery, if the difference had been incorporated into the August 2012 bill, would reduce the average usage residential bill by approximately \$1.41.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

In Case No. 2011-00031,⁴ Kentucky Power proposed to recover costs incurred at several Ohio Power Company plants for polymer, lime hydrate and steam expense through the environmental surcharge. After further review, Kentucky Power withdrew its proposal. For the last six months in this review period, it appears these same expenses were included in Kentucky Power's monthly filings and therefore recovered through the environmental surcharge.

- a. Explain whether Kentucky Power's position regarding recovery of these expenses has changed since the final order was issued in Case No. 2011-00031.
- b. Provide an analysis, by month, for the last six months of the review period which includes each expense item and the dollar amount of any over-recovery
- c. How does Kentucky Power propose to refund any over-recovery of polymer, lime hydrate and steam expense?

⁴Case No. 2011-00031, An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Power Company For the Six-Month Billing Period Ending December 31, 2010 (Ky. PSC Apr. 16, 2012).¹

RESPONSE

- a. No, KPCo's position regarding the recovery of those expenses has not changed since the final order for Case No. 2011-00031 was issued.
- b. Please see response and attachment to Item No. 1 of this set of data requests.
- c. KPCo would propose to refund any over-recovery to customers in one lump sum the month following the Commission's final order in this case.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

In Case No. 2011-00031, Kentucky Power determined that it had not revised the capacity deficit amount and the company surplus weighting amounts on Form 3.14, which resulted in an over-recovery of the environmental surcharge. For the last six months of this review period, it appears that the capacity deficit amount and the company surplus weighting amounts shown on Form 3.14 have not been revised from those used in the review period covered in Case No. 2011-00031.

- a. Confirm that Kentucky Power did not revise the capacity deficit amount and the company surplus weighting amounts for the last six months of this review period.
- b. Provide an analysis of the effect on the environmental surcharge recovered if the capacity deficit amount and the company surplus weighting amounts are revised to the correct amounts.

RESPONSE

- a. KPCo did not revise the capacity deficit amount or the company surplus weighting amounts for the last six months of the review period; therefore, adjustments to reflect the corrected values for each month of the six month review period have been made.
- b. Please see response and attachment to Item No. 1 of this set of data requests.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Refer to Forms 3.10 and 3.13 of the monthly environmental surcharge filing. It appears that Kentucky Power is earning one-twelfth (0.88 percent) of the full annual rate of return of 10.50 percent authorized on its cash working capital allowance. Confirm that this accurately describes the results under Kentucky Power's current methodology.

RESPONSE

Under the current methodology, it is correct that KPCo is earning one-twelfth (0.88 percent) of the full annual rate of return of 10.50% authorized on its cash working capital allowance. KPCo is requesting a change in the methodology in calculating the cash working capital allowance to accurately reflect the authorized annual rate of return of 10.50%.

Please see page 2 of this response for an updated ES Form 3.13 for the month of April 2011 for a revised calculation as proposed by KPCo for future recovery of the cash working capital allowance.

KPCo has adjusted all 24 months of this review period with the proposed cash working capital allowance calculation. Please see response and attachment to Item No. 1 to see the full effect of this change for the review period of May 2009 - April 2011.

WITNESS: Lila P Munsey

REVISED - July 25, 2012

ES FORM 3 13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of April 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$333,033		\$354,445	
3	Monthly SO2 Allowance Consumption	<u>\$1,824,315</u>		<u>\$1,824,315</u>	
4	Total 1997 Plan O&M Expenses		\$2,189,047		\$2,210,459
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$279,762		\$279,762	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$22,843		\$22,843	
9	Equipment - Associated Operating Expenses	\$465		\$465	
10	Equipment - Associated Maintenance Expenses	<u>\$28,271</u>		<u>\$28,271</u>	
11	Total 2003 Plan O&M Expenses		<u>\$331,341</u>		<u>\$331,341</u>
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		<u>\$2,344</u>		
14	Total Monthly O&M Expenses		<u>\$2,522,732</u>		<u>\$2,541,800</u>
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$315,341		\$317,725
16	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
17	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
18	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
19	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
20	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445		
21	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
22	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494		
23	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,592		
24	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478		
25	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$158,496		
26	Cash Working Capital Allowance (May 2010 ES Form 3.13)		<u>\$109,147</u>		
27	Total Twelve Month Total Cash Working Capital Allowanc		\$2,792,119		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

Kentucky Power Company

REQUEST

Describe the effect that the remand of the Cross-State Air Pollution Rule in December 2011 will have on Kentucky Power's inventory of emission allowances both as to the number of allowances and the dollar value of those allowances.

RESPONSE

The stay of the Cross State Air Pollution Rule (CSAPR) that occurred in December 2011 has not yet affected the volume or dollars recorded for CSAPR allowances held by Kentucky Power Company (KPCo), as no allowances were voided or changed as a result of the stay.

The effect on the allowances held by KPCo will not be known until a final ruling is issued by the Court, and a final rule is implemented by the Environmental Protection Agency (EPA).

WITNESS: Lila P Munsey