

COMMONWEALTH OF KENTUCKY  
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

GENERAL ADJUSTMENTS IN ELECTRIC )                   CASE NO. 7900  
RATES OF KENTUCKY POWER COMPANY )

O R D E R

IT IS ORDERED That Kentucky Power Company shall file with the Commission by August 7, 1980, the following information. Each copy of the data requested should be placed in a bound volume with each item tabbed. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1 (a), Sheet 2 of 6. Careful attention should be given to copied material to insure that it is legible.

1. a. In comparative form, total company income statement, a statement of changes in financial position, and a balance sheet for the test year and the twelve-month period immediately preceding the test year.
- b. An income statement (show net income) for the applicant's Kentucky retail operations for the test year.
2. A trial balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title, and amount. Clearly identify accounts maintained on a total company basis and accounts maintained on a jurisdictional basis (indicate jurisdiction). Show the balance in each control and all underlying subaccounts per company books.
3. a. The balance in each total company current asset and each current liability account and subaccount included in the applicant's chart of accounts by months for the test year. Additionally, show total current assets, total current liabilities, and net current position (current assets less current liabilities) by months and average (13 month) for the test year. Provide a reconciliation of total company

- current assets, current liabilities, and net current position provided in response to the above with the current assets and current liabilities as shown on the total company balance sheet for each month of the test year.
- b. A calculation of total company average (thirteen month) and end-of-period debt, preferred stock, and common equity capital for the test year as shown in Format 3b attached.
  - c. A calculation of the average (thirteen month) and end-of-period long-term debt composite interest and preferred stock costs for the twelve months of the test year. Supporting details underlying calculations should be provided. The average long-term debt composite interest cost is calculated by dividing the sum of the book interest accrued on long-term debt and related amortization of discount, premium, and issuance cost by average long-term debt as calculated in Format 3b column c, line 15.
4. List each general office account (asset, reserve, and expense accounts) covering the twelve months of the test year. Show the amount allocated to each jurisdiction and a calculation of the factor used to allocate each amount. To be done by companies operating in more than one state.
  5. The following monthly account balances and a calculation of the average (thirteen month) account balances for the test year for total company electric, Kentucky retail, other retail jurisdictions, and FERC wholesale:
    - a. Plant in service (Account 101)
    - b. Plant purchased or sold (Account 102)
    - c. Property held for future use (Account 105)
    - d. Construction work in progress (Account 107)
    - e. Completed construction not classified (Account 106)
    - f. Depreciation reserve (Account 108)
    - g. Plant acquisition adjustment (Account 114)
    - h. Amortization plant acquisition adjustment (Account 115)

- i. Materials and supplies (Account 151, 154 and applicable portion of 163)
- j. Unpaid for balance in materials and supplies applicable to each account in 5i above\*
- k. Unamortized investment credit - Pre-Revenue Act of 1971
- l. Unamortized investment credit - Revenue Act of 1971
- m. Accumulated deferred income taxes
- n. A summary of customer deposits as shown in Format 5n attached
- o. Computation and development of minimum cash requirements
- p. Balance in Accounts Payable applicable to amounts included in utility plant in service\*
- q. Balance in Accounts Payable applicable to amounts included in plant under construction\*
- r. Short-term borrowings
- s. Interest on short-term borrowings (expense)

The cash account balances at the beginning of the test year and at the end of each month during the test year for total company electric, Kentucky retail, other retail jurisdictions, and FERC wholesale.

- 7. Provide the following information for each item of electric property held for future use at the end of the test year:
  - a. Description of property
  - b. Location
  - c. Date purchased
  - d. Cost
  - e. Estimated date to be placed in service
  - f. Brief description of intended use
  - g. Current status of each project
- 8. Schedules in comparative form showing by months for the test year and the year preceding the test year the total company balance in each electric plant and reserve account or sub-account included in the applicant's chart of accounts as shown in Format 8 attached.

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If actual is unavailable, give reasonable estimate.

9. Provide the journal entries relating to the purchase of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since the inception of the company. Also, a schedule showing the calculation of the acquisition adjustment at the date of purchase of each item of electric plant, the amortization period, and the unamortized balance at the end of the test year.
10. To the extent not provided in the notice, provide all back-up material and supporting schedules used to prepare all accounting, proforma, end of period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment including the reason why each adjustment is required. Where adjustments or components used to make adjustments are estimated provide a complete description of the basis of the estimate and any reference necessary to support this basis. Explain all factors used in each calculation, index each calculation to the adjustment it supports.
11.
  - a. A schedule showing a comparison of the balance in the Kentucky retail revenue accounts for each month of the test year to the same month of the preceding year for each revenue account or subaccount included in the applicant's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the first month the full increase was recorded in the accounts. See Format 8.
  - b. A schedule in comparative form showing by months and annually for the test year and the year preceding the test year the balance in each total company retail revenue account or subaccount in the applicant's chart of accounts that requires allocation to the Kentucky retail jurisdiction and the amount applicable to the Kentucky retail jurisdiction. See Format 8.

12.
  - a. A schedule showing a comparison of the balance in each total company electric operating expense account for each month of the test year to the same month of the preceding year for each account or subaccount included in the applicant's chart of accounts. See Format 8.
  - b. A schedule in comparative form showing the total company electric operating expense account balances for the test year and each of the five years preceding the test year for each account or subaccount included in the applicant's annual report (FPC Form No. 1, Pages 417-420). Show the percentage of increase of each year over the prior year.
  - c. A schedule of total company salaries and wages for the test year and each of the five calendar years preceding the test year as shown in Format 12c attached.
  - d. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the past five (5) years.
13. The following tax data for the test year for total company electric, Kentucky retail, other retail jurisdictions, and FERC wholesale:
  - a. Income taxes:
    - (1) Federal operating income taxes deferred - accelerated tax depreciation
    - (2) Federal operating income taxes deferred - other (explain)
    - (3) Federal income taxes - operating
    - (4) Income credits resulting from prior deferrals of Federal income taxes
    - (5) Investment tax credit net
      - (i) Investment credit realized
      - (ii) Investment credit amortized - Pre-Revenue Act of 1971  
Investment credit amortized - Revenue Act of 1971
      - (iii) Investment credit amortized - Revenue Act of 1971
    - (6) Provide the information in 13.a(1) through 13.a(4) for state income taxes

- (7) Reconciliation of book to taxable income as shown in Format 13a (7) attached and a calculation of the book Federal and state income tax expense for the test year using book taxable income as the starting point.
- (8) A copy of Federal and state income tax returns for the taxable year ended during the test year including supporting schedules.
- (9) Schedule of franchise fees paid to cities, towns, or municipality during the test year including the basis of these fees.
- b. An analysis of Kentucky other operating taxes as shown in Format 13.b attached.
14. A schedule of total company net income per 1000 KWH sold per company books for the test year and the five years preceding the test year. This data should be provided as shown in Format 14 attached.
15. The comparative operating statistics as shown in Format 15 attached.
16. A schedule of total company average electric plant in service per 1000 KWH sold by account per company books for the test year and the five calendar years preceding the test year. This data should be provided as shown in Format 16 attached.
17. A statement of electric plant in service per company books for the test year. This data should be presented as shown in Format 17 attached.
18. a. Provide a detailed analysis of all (jurisdictional) charges booked during the test period for advertising expenditures. The analysis should include a complete breakdown of Account 913 - Advertising Expenses, as shown in Format 18a attached and further should show any other advertising expenditures included in any other expense accounts. The analysis should be specific as to the purpose of the expenditure and the expected benefit to be derived.
- b. Provide an analysis of Account 930 - Miscellaneous General Expenses for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 18b and further provide all detailed working papers supporting

this analysis. As a minimum, the work papers should show the date, vendor, reference (i.e. voucher no., etc.), dollar amount and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 18b attached.

- c. Provide an analysis of Account 426 - Other Income Deductions for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 18c, and further provide all detailed working papers supporting this analysis. As a minimum the work papers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 18c attached.

19. A detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Account 426. This analysis should indicate the amount of the expenditure, the recipient of the contribution and the specific account charged.

- 20.
- a. A statement describing the applicant's lobbying activities and a schedule showing the name of the individual, his salary, his organizations or trade associations involved in and all company-paid or reimbursed expenses or allowances and the account charged for all personnel for whom a principal function is that of lobbying, whether it be lobbying on the local, state, or national level.
  - b. A schedule showing the test year and the year preceding the test year with each year shown separately the following information regarding the applicant's investments in subsidiaries and joint ventures:
    - (1) Name of subsidiary or joint venture
    - (2) Date of initial investment

- (3) Amount and type of investment made for each of the two (2) years included in this report.
- (4) Balance sheet and income statement for the test year and the year preceding the test year. Where only internal statements are prepared, furnish copies of these.
- (5) Show on a separate schedule all dividends or income of any type received by applicant from its subsidiaries or joint ventures for each of the two (2) year report periods and indicate how this income is reflected in the reports filed with the Commission and the stockholders reports.
- (6) Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Also, indicate the position each officer holds with the applicant and the compensation received from the applicant.

21.

- Provide the following information with regard to Applicant's Other Investments (Account 124) in Franklin Real Estate Company and Indiana Franklin Realty, Inc.:
- a. The nature of each investment
  - b. The corporate purpose and functions of each entity listed above.
  - c. Any ownership relationship, common employees, or directors or any other affiliation existing among the above listed entities and any member of the A.E.P. system.
  - d. A list of any purchases of goods or services from these companies by Kentucky Power Company during the test period including a full description of the purchase, the dollar amount, the account or accounts involved and the expected benefit to the Kentucky ratepayer.
  - e. An analysis of these investments presented as shown in Format 22(c) attached.

22.
  - a. A schedule showing by month the dollar amount of fuel purchased from affiliated and nonaffiliated suppliers for the test year.
  - b. A calculation of the dollar amount paid for fuel purchased each month from affiliated suppliers for the test year.
  - c. A calculation showing the average (thirteen month) number of days' supply of coal on hand for the test year and each of the five years preceding the test year (include a copy of all work-papers). Also, include a written detailed explanation of factors considered in determining what constitutes an average day's supply of coal.
23. Provide the following information with regard to uncollectible accounts for the test year and five preceding calendar years (taxable year acceptable) for total company:
  - a. Reserve account balance at the beginning of the year
  - b. Charges to reserve account (accounts charged off)
  - c. Credits to reserve account
  - d. Current year provision
  - e. Reserve account balance at the end of the year
  - f. Percent of provision to total revenue
24.
  - a. A listing of nonutility property and property taxes and account where amounts are recorded.
  - b. A schedule for all non-utility property giving a description, the date purchased and the cost.
25. Rates of return in Format 25 attached.
26. Employee data in Format 26 attached.
27. The jurisdictional allocation study for the test year including all applicable work papers.
28. A list of generation units completed or under construction during the test year. This list should include the capacity, actual or estimated total cost, type of fuel to be utilized, and the in service or estimated completion date for each unit.
29. Actual fuel costs for the test year. The costs should be given in total dollars, cents per KWH generated, and cents per MBTU for each type fuel. Data should also be supplied on the actual amounts of each type of fuel used, the numbers of BTU's obtained from each type of fuel, and the KWH generated by each type of fuel.
30. Alternative yearly load forecasts for the 10 years succeeding

the test year, summer and winter peaks, based on:

- a. Present forecasts as anticipated by the Company
- b. Reasonable assumptions reflecting possible changes in the availability of alternative energy sources (i.e. natural gas, fuel oil, solar power, etc.) actual and projected.
- c. If a current ten (10) year forecast is not available, provide the most recent forecast and state the reason a ten (10) year forecast is not available.

31. Purchased power costs. These costs should be separated into demand and energy costs. The actual and estimated KW demands and KWH purchased should be included. Indicate any estimates used.
32. Provide an annualization of the operation of any generating units declared commercial during the test year using the Company's estimate of the operation of these units.
33.
  - a. Capital structure at end of each calendar year for the previous ten (10) years.
  - b. Capital structure at end of latest available quarter
  - c. Capital structure at end of test period.

Item 32a, 32b, and 32c should include the following information:

- (1) class of capital
- (2) amount of each class (\$)
- (3) ratio of each class to total
- (4) total capitalization (\$)

These Items should be furnished for the parent, the subsidiary and for the system consolidated.

34.
  - a. List all outstanding issues of long term debt as of the end of the latest calendar year and at the end of the test period. Item 33a should include the following for each outstanding issue of long debt:
    - (1) Date of maturity
    - (2) Date of issue
    - (3) Amount outstanding (\$)
    - (4) Coupon interest rate (%)
    - (5) Cost of rate at issue (%)

- (6) Cost rate to maturity (%)
  - (7) Bond rating at time of issue (Moody's, Standard & Poor's etc.)
  - (8) Type of obligation
- b. Provide calculations of embedded cost of long-term debt at the end of each calendar year for the previous ten (10) years. Also provide this calculation for the end of the test period. Items 34 A & B should be provided for the parent and for the subsidiary.
35. a. List all outstanding issues of preferred stock as of end of the latest calendar year and at the end of the historical test period. Item 34a should include the following information for each outstanding issue of preferred stock:
- (1) Date of issue
  - (2) Amount sold (\$)
  - (3) Amount outstanding (\$)
  - (4) Dividend rate
  - (5) Convertibility features if any
  - (6) Cost rate at issue (%)
- b. Provide calculations of embedded cost calculations of preferred stock at the end of each of the previous ten (10) years. Also, provide this calculation for the test period. Items 35 A & B should be provided for the parent company.
36. a. Provide a listing of all issues of common stock in the primary market during the most recent ten (10) year period.
- For Item(a) provide the following :
- (1) Date of issue
  - (2) Number of shares issued
  - (3) Date of announcement and registration
  - (4) Price per share (net to company) (\$)
  - (5) Book value per share at time of issue (\$)
  - (6) Selling expenses as % of gross issue amount
  - (7) Net proceeds to company
  - (8) Price per share to the public

- b. Provide the following information on a quarterly and yearly basis for the most recent ten (10) year period available, through the latest available quarter. (Item (5) through (7) refer to yearly figures only.)
- (1) Average number of shares of common outstanding
  - (2) Book value at end of quarter (year)
  - (3) Quarterly (yearly) earnings per share
  - (4) Declared quarterly (yearly) dividend rate per share
  - (5) Rate of return on average common equity
  - (6) Rate of return on year-end common equity
- c. Provide monthly market price figures for common stock for each month during the most recent ten (10) year period. Include the following:
- (1) Monthly high price
  - (2) Monthly low price
  - (3) Monthly closing price
  - (4) Note all stock splits by date and type and adjust prices accordingly.

Items 31A, B & C refer to the parent company.

37. Provide figures showing computation of fixed charge coverage ratio (SEC Method, PRETAX, including Short Term Debt payments) at the end of each of the 10 most recent prior years.
38. a. In comparative form, a statement showing rates, charges, terms and conditions, and Service Rules and Regulations presently in effect and those which the applicant seeks to place into effect as well as percentage increases (decreases) for each rate or charge.
39. A listing of present or proposed research efforts dealing with the pricing of electricity and the current status of such efforts.
40. Test year revenues for each rate schedule on:
- a. per book rates
  - b. present rates annualized
  - c. proposed rates annualized

41. For the test year submit the following data:
- a. Coincident peak demand for each rate schedule at the time of the summer and winter peaks (system).
  - b. KWH sales and number of bills for each residential rate schedule during the months of the winter peaks (system and Kentucky jurisdictional).
  - c. System peak demand for summer and winter seasons.
  - d. Non-coincident and class peak demands for each rate schedule for the summer and winter seasons (system).
42. What is the date of the last depreciation study prepared by or for your company?
43. What was the interval between the last depreciation study and the next planned study?
- Interval
44. Were the latest depreciation study finding and recommendations:
- a. adopted completely?
  - b. adopted with minor exceptions?
  - c. unaccepted?
  - d. if not fully adopted, state the recommendations not adopted and furnish reasons.
45. When were the latest depreciation study findings and recommendations implemented? Date
46. For purposes of booking depreciation expense to what depreciable plant base does the company apply accrual rates?
- a. Average of beginning and end-of-year estimated balances.
  - b. Average of January 1 and July 1 balances.
  - c. End-of-month plant balances.
  - d. Other. Explain.
47. If averages of beginning and end-of-year estimated balances are used, are estimated additions revised when actual amounts are known?

48. How is estimated net salvage treated?
- a. The depreciable plant base is increased or decreased as appropriate.
  - b. The accrual rate is adjusted to reflect the net salvage percentage of plant original cost.
49. What method is used to allocate total depreciation requirements to accounting periods falling within the asset life span?
- a. Straight-line method.
  - b. Compound interest or sinking fund method.
  - c. Unit of production.
  - d. Combination of methods. Explain.
50. How are mass property units priced for retirement purposes?
- a. Actual cost.
  - b. First in - first out.
  - c. Moving average cost.
  - d. Yearly average cost.
  - e. Average costs for each year or bands of years (state band of years used).
  - f. Other. Explain.
51. Are company estimates of service life and net salvage determined:
- a. For each unit of property or by plant location.
  - b. For each primary plant account or subaccount.
  - c. For plant functional classification only?
  - d. For all system depreciable plant (i.e. a single composite estimate)?
  - e. Other? Explain.
52. Are accrual rates based on estimates of:
- a. Total service period of the asset(s)?
  - b. Total remaining service period of the asset(s)?
  - c. Average service life for a plant group?
  - d. Average remaining life for a plant group?
  - e. Other? Specify?

53. Are accrual rates based on estimates of:
- a. Historical gross salvage?
  - b. Future gross salvage?
  - c. Average of historical and future gross salvage?
  - d. Historical cost of removal?
  - e. Future cost of removal?
  - f. Average of historical and future of cost removal?

54. Provide a copy of the latest depreciation study.

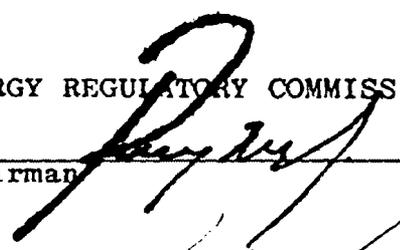
55. Provide a revised comparative billing analysis and adjusted schedules under Section V of the Notice to reflect the impact of the rate increase granted in the Commission's Order on Rehearing dated June 27, 1980 in Case No. 7489.

56. Provide a breakdown of the fuel revenues collected under each retail rate schedule for the test year ending March 31, 1980.

The Commission is aware that some of this requested information could be compiled from information available in the Commission files (i.e. annual reports, monthly reports, filings in previous cases). At the present time, however, the Commission's lack of computer capabilities and the magnitude of the case load leave the Commission no alternative but to request the Company to provide this information. Moreover, until such time as the Commission, who is presently in the first stages of acquiring computer capabilities, is able, the Company may be required to file this or similar data in all rate cases.

Done at Frankfort, Kentucky, this 17th day of July, 1980.

ENERGY REGULATORY COMMISSION

  
Chairman

Vice Chairman

Commissioner

ATTEST:

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Secretary

Case No. 7900

CALCULATION OF AVERAGE AND END-OF-PERIOD CAPITAL

12 Months Ended March 31, 1980

Line No.	Item (a)	Total <sup>1/</sup> Capital (b)	Long-Term Debt (c)	Preferred Stock <sup>2/</sup> (d)	Common Stock <sup>2/</sup> (e)	Other Capital (f)	Retained Earnings (g)	Total Common Equity (h)
1.	Balance beginning of test year							
2.	1st Month							
3.	2nd Month							
4.	3rd Month							
5.	4th Month							
6.	5th Month							
7.	6th Month							
8.	7th Month							
9.	8th Month							
10.	9th Month							
11.	10th Month							
12.	11th Month							
13.	12th Month							
14.	Total (L1 through L13)							
15.	Average balance (L14 + L13)							
16.	Average capitalization ratios							
17.	End-of-period capitalization ratios							

<sup>1/</sup> If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from the total company capital structure. Show the amount of common equity excluded.

<sup>2/</sup> Include premium on class of stock.

Kentucky Power Company  
SUMMARY OF CUSTOMER DEPOSITS

12 Months Ended March 31, 1980

(Ky. Retail)

<u>Line No.</u>	<u>Month</u> (a)	<u>Receipts</u> (b)	<u>Refunds</u> (c)	<u>Balance</u> (d)
1.	Balance beginning of test year			
2.	1st Month			
3.	2nd Month			
4.	3rd Month			
5.	4th Month			
6.	5th Month			
7.	6th Month			
8.	7th Month			
9.	8th Month			
10.	9th Month			
11.	10th Month			
12.	11th Month			
13.	12th Month			
14.	Total (L1 through L13)			
15.	Average balance (L14 ÷ 13)			
16.	Amount of deposits received during test period			
17.	Amount of deposits refunded during test period			
18.	Number of deposits on hand end of test year			
19.	Average amount of deposit (L15, Column (d) ÷ L18)			
20.	Interest paid during test period			
21.	Interest accrued during test period			
22.	Interest rate			



Kentucky Power Company  
**ANALYSIS OF SALARIES AND WAGES**

For the Calendar Years 1975 Through 1979

And the 12-Month Period Ending March 31, 1980

(000's)

Line No.	Item (a)	12 Months Ended											
		Calendar Years Prior to Test Year						Test Year					
		5th	4th	3rd	2nd	1st	Test	Year	(l)	(k)	(m)	(n)	(o)
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)

1. Wages charged to expense:
2. Power production expenses
3. Transmission expenses
4. Distribution expenses
5. Customer accounts expense
6. Sales expenses
7. Administrative and general expenses:
  - (a) Administrative and general salaries
  - (b) Office supplies and expense
  - (c) Administrative expense transferred-cr.
  - (d) Outside services employed
  - (e) Property insurance
  - (f) Injuries and damages

Line No.	Item (a)	12 Months Ended									
		Calendar Years Prior to Test Year									
		5th	4th	3rd	2nd	1st	Test Year				
Amount (b)	% (c)	Amount (d)	% (e)	Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)	Amount (l)	% (m)

7. Administrative and general expenses (continued):

- (g) Employee pensions and benefits
- (h) Franchise requirements
- (i) Regulatory commission expense
- (j) Duplicate charges-cr.
- (k) Miscellaneous general expense
- (l) Rents
- (m) Maintenance of general plant

- 8. Total administrative and general expenses L7(a) through L7 (m)
- 9. Total salaries and wages charged expense (L2 through L6 + L8)
- 10. Wages capitalized
- 11. Total of salaries and wages
- 12. Ratio of salaries and wages charged expense to total wages (L9 + L11)
- 13. Ratio of salaries and wages capitalized to total wages (L10 + L11)

NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

Kentucky Power Company

RECONCILIATION OF BOOK NET INCOME AND FEDERAL TAXABLE INCOME

12 Months Ended March 31, 1980

Line No.	Item (a)	Total Company (b)	Total Nonoperating Company (c)	Operating				FPC Wholesale (g)
				Total Company Electric (d)	Kentucky Retail (e)	Other Retail Jurisdictions (f)		
1.	Net income per books							
2.	Add income taxes:							
3.	A. Federal income tax - Current							
4.	B. Federal income tax deferred - Depreciation							
5.	C. Federal income tax deferred - Other							
6.	D. Investment tax credit adjustment							
7.	E. Federal income taxes charged to other income and deductions							
8.	F. State income taxes							
9.	G. State income taxes charged to other income and deductions							
10.	Total							
11.	Flow through items:							
12.	Add (itemize)							
13.	Deduct (itemize)							
14.	Book taxable income							
15.	Differences between book taxable income and taxable income per tax return:							
16.	Add (itemize)							
17.	Deduct (itemize)							
18.	Taxable income per return							

NOTE: (1) Provide a calculation of the amounts shown on Lines 3 through 7 above.

(2) Provide work papers showing the calculation of straight-line tax depreciation and accelerated tax depreciation and all other work papers in support of the calculation of Federal income tax expense.

(3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

Case Number

RECONCILIATION OF BOOK NET INCOME AND STATE TAXABLE INCOME

12 Months Ended

Line No.	Item (a)	Total Company (b)	Total Company		Operating	
			Non-operating (c)	Electric Department (d)	Gas Department (e)	
1.	Net income per books					
2.	Add income taxes					
3.	A. Federal income tax - Current					
4.	B. Federal income tax deferred - depreciation					
5.	C. Federal income tax deferred - Other					
6.	D. Investment tax credit adjustment					
7.	E. Federal income taxes charged to other income and deductions					
8.	F. State income taxes					
9.	G. State income taxes charged to other income and deductions					
10.	Total					
11.	Flow through items:					
12.	Add (itemize)					
13.	Deduct (itemize)					
14.	Book taxable income					
15.	Difference between book taxable income and taxable income per tax return:					
16.	Add (itemize)					
17.	Deduct (itemize)					
18.	Taxable income per return					

NOTE: (1) Provide a calculation of the amounts shown on lines 8 and 9 above.  
 (2) Provide work papers showing the calculation of straight-line tax depreciation and accelerated tax depreciation and all other work papers in support of the calculation of State income tax expense.  
 (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

Kentucky Power Company

Case No. 7900

ANALYSIS OF OTHER OPERATING TAXES

12 Months Ended March 31, 1980

(000's)

Line No.	Item (a)	Charged Expense (b)	Charged to Construction (b)	Charged to Other Accounts 1/ (d)	Amount Accrued (e)	Amount Paid (f)
1.	Kentucky Retail:					
	(a) State Income					
	(b) Franchise Fees					
	(c) Ad Valorem					
	(d) Payroll (Employers Portion)					
	(e) Other Taxes					
2.	Total Kentucky Retail (L 1 (a) through L 1 (e))					
3.	Other Jurisdictions					
	Total per Books (L 2 and L 3)					
1/	Explain items in this column.					

Kentucky Power Company

Case Number 7900

NET INCOME PER 1000 KWH SOLD

For the Calendar Year 1975 through 1979

And for the 12 Months Ended March 31, 1980

(Total Company)

(000's)

Line No.	Item (a)	12 Months Ended					Test Year (g)
		Calendar Years					
		Prior to Test Year					
		5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	
1.	<u>Operating Income</u>						
2.	Operating revenues						
3.	<u>Operating Income Deductions</u>						
4.	Operation and maintenance expenses:						
5.	Fuel						
6.	Other power production expenses						
7.	Transmission expenses						
8.	Distribution expenses						
9.	Customer accounts expense						
10.	Sales expense						
11.	Administrative and general expense						
12.	Total (L5 through L11)						
13.	Depreciation expenses						
14.	Amortization of utility plant acquisition adjustment						
15.	Taxes other than income taxes						
16.	Income taxes - Federal						
17.	Income taxes - other						
18.	Provision for deferred income taxes						
19.	Investment tax credit adjustment - net						
20.	Total utility operating expenses						
21.	Net utility operating income						
22.	<u>Other Income and Deductions</u>						
23.	<u>Other income:</u>						
24.	Allowance for funds used during construction						
25.	Miscellaneous nonoperating income						
26.	Total other income						
27.	<u>Other income deductions:</u>						
28.	Miscellaneous income deductions						
29.	Taxes applicable to other income and deductions:						
30.	Income taxes and investment tax credit						
31.	Taxes other than income taxes						
32.	Total taxes on other income and deductions						
33.	Net other income and deductions						

Kentucky Power Company

Case Number 7900

NET INCOME PER 1000 KWH SOLD

For the Calendar Year 1975 through 1979

And for the 12 Months Ended March 31, 1980

(Total Company)

(000's)

Line No.	Item (a)	12 Months Ended					Test Year (g)
		Calendar Years					
		Prior to Test Year					
		5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	
34.	<u>Interest Charges</u>						
35.	Interest on long-term debt						
36.	Amortization of debt expense						
37.	Other interest expense						
38.	Total interest charges						
39.	Net income						
40.	1000 KWH sold						

Kentucky Power Company

Case No. 7900

Format 15  
Sheet 1 of 2

COMPARATIVE OPERATING STATISTICS

For the Calendar Years 1975 Through 1979  
and the 12-Month Period Ended March 31, 1980

(Total Company)

Line No.	Item (a)	12 Months Ended											
		5th		4th		3rd		2nd		1st		Test Year	
		Cost (b)	Inc. (c)	Cost (d)	Inc. (e)	Cost (f)	Inc. (g)	Cost (h)	Inc. (i)	Cost (j)	Inc. (k)	Cost (l)	Inc. (m)

1. Fuel Costs:
2. Coal - cost per ton
3. Oil - cost per gallon
4. Gas - cost per MCF
5. Cost Per Million BTU:
6. Coal
7. Oil
8. Gas
9. Cost Per 1000 KWH Sold:
10. Coal
11. Oil
12. Gas
13. Wages and Salaries - Charged Expense:
14. Per average employee
15. Depreciation Expense:
16. Per \$100 of average gross plant in service

12 Months Ended

Line No.	Item (a)	Calendar Years Prior to Test Year										Test Year	
		5th	4th	3rd	2nd	1st	Cost (k)	Inc. (l)	Cost (k)	Inc. (l)			
		Cost (a)	Inc. (b)	Cost (c)	Inc. (d)	Cost (e)	Inc. (f)	Cost (g)	Inc. (h)	Cost (i)	Inc. (j)	Cost (k)	Inc. (l)

- 17. Purchased Power:  
Per 1000 KWH purchased
- 18. Purchased Power:  
Per 1000 KWH purchased
- 19. Rents:  
Per \$100 of average gross plant in service
- 20. Rents:  
Per \$100 of average gross plant in service
- 21. Property Taxes:  
Per \$100 of average gross (net) plant in service
- 22. Property Taxes:  
Per \$100 of average gross (net) plant in service
- 23. Payroll Taxes:  
Per average number of employees whose salary is charged to expense
- 24. Payroll Taxes:  
Per average number of employees whose salary is charged to expense
- 25. Per average salary of employees whole salary is charged to expense
- 26. Per 1000 KWH sold
- 27. Interest Expense:  
Per \$100 of average debt outstanding
- 28. Per \$100 of average debt outstanding
- 29. Per \$100 of average plant investment
- 30. Per \$100 KWH sold

Kentucky Power Company  
Case Number 7900

AVERAGE ELECTRIC PLANT IN SERVICE BY ACCOUNT PER 1000 KWH SOLD  
For the Calendar Year 1975 Through 1979 and the 12 Months Ended March 31, 1980  
(Total Company)

Account Number	Title of Accounts (a)	12 Month Ended						Test Year (g)
		5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)		

301 Intangible Plant  
Organization

Steam Production Plant

310 Land and land rights  
311 Structures and improvements  
312 Boiler plant equipment  
314 Turbogenerator units  
315 Accessory electric equipment  
316 Miscellaneous power plant equipment  
106 Completed construction - not classified  
Total steam production plant

Hydraulic Production Plant

330 Land and land rights  
331 Structures and improvements  
332 Reservoirs, dams and waterways  
333 Water wheels turbines and generators  
334 Accessory electric equipment  
335 Miscellaneous power plant equipment  
336 Roads, railroads and bridges  
106 Completed construction - not classified  
Total hydraulic production plant

Account  
Number

Title of Accounts  
(a)

	12 Month Ended					Test Year (g)
	5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	

Other Production Plant

- 340 Land and land rights
- 341 Structures and improvements
- 342 Fuel holders, producers and accessories
- 343 Prime movers
- 344 Generators
- 345 Accessory electric equipment
- 346 Miscellaneous power plant equipment
- 106 Completed construction - not classified
- Total other production plant

Total production plant

Transmission Plant

- 350 Land and land rights
- 352 Structures and improvements
- 353 Station equipment
- 354 Towers and fixtures
- 355 Poles and fixtures
- 356 Overhead conductors and devices
- 357 Underground conduit
- 358 Underground conductors and devices
- 359 Roads and trails
- 106 Completed construction - not classified
- Total transmission plant

Distribution Plant

- 360 Land and land rights
- 361 Structures and improvements
- 362 Station equipment
- 364 Poles, towers and fixtures
- 365 Overhead conductors and devices
- 366 Underground conduit
- 367 Underground conductors and devices
- 368 Line transformers
- 369 Services
- 370 Meters
- 371 Installations on customers' premises
- 372 Leased property on customers' premises
- 373 Street lighting and signal systems
- 106 Completed construction - not classified

Account Number

Title of Accounts (a)

	12 Month Ended					Test Year (g)
	5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	

389	General Plant					
390	Land and land rights					
391	Structures and improvements					
392	Office furniture and equipment					
393	Transportation equipment					
394	Stores equipment					
395	Tools, shop and garage equipment					
396	Laboratory equipment					
397	Power operated equipment					
398	Communication equipment					
399	Miscellaneous equipment					
106	Other tangible property					
	Completed construction - not classified					
	Total general plant					
100.1	Total electric plant in service					
	1000 KWH Sold					

STATEMENT OF ELECTRIC PLANT IN SERVICE

12 Months Ended March 31, 1980

(Total Company)

Account Number	Title of Accounts (a)	Beginning Balance (b)	Additions (c)	Retirements (d)	Transfers (e)	Ending Balance (f)
<u>Intangible Plant</u>						
301	Organization					
<u>Steam Production Plant</u>						
310	Land and land rights					
311	Structures and improvements					
312	Boiler plant equipment					
314	Turbogenerator units					
315	Accessory electric equipment					
316	Miscellaneous power plant equipment					
106	Completed construction - not classified					
	Total steam production plant					
<u>Hydraulic Production Plant</u>						
330	Land and land rights					
331	Structures and improvements					
332	Reservoirs, dams and waterways					
333	Water wheels turbines and generators					
334	Accessory electric equipment					
335	Miscellaneous power plant equipment					
336	Roads, railroads and bridges					
106	Completed construction - not classified					
	Total hydraulic production plant					

Account Number	Title of Accounts (a)	Beginning Balance (b)	Additions (c)	Retirements (d)	Transfers (e)	Beginning Balance (f)
	<u>Other Production Plant</u>					
340	Land and land rights					
341	Structures and improvements					
342	Fuel holders, producers and accessories					
343	Prime movers					
344	Generators					
345	Accessory electric equipment					
346	Miscellaneous power plant equipment					
106	Completed construction - not classified					
	Total other production plant					
	Total production plant					
	<u>Transmission Plant</u>					
	<u>Land and land rights</u>					
350	Structures and improvements					
352	Station equipment					
353	Towers and fixtures					
354	Poles and fixtures					
355	Overhead conductors and devices					
356	Underground conduit					
357	Underground conductors and devices					
358	Roads and trails					
359	Completed construction - not classified					
106	Total transmission plant					
	<u>Distribution Plant</u>					
	<u>Land and land rights</u>					
360	Structures and improvements					
361	Station equipment					
362	Poles, towers and fixtures					
364	Overhead conductors and devices					
365	Underground conduit					
366	Underground conductors and devices					
367	Line transformers					
368	Services					
369	Meters					
370	Installations on customers' premises					
371	Leased property on customers' premises					
372	Street lighting and signal systems					
373	Completed construction - not classified					
106	Total distribution plant					

<u>Account Number</u>	<u>Title of Accounts (a)</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
	<u>General Plant</u>					
	Land and land rights					
389	Structures and improvements					
390	Office furniture and equipment					
391	Transportation equipment					
392	Stores equipment					
393	Tools, shop and garage equipment					
394	Laboratory equipment					
395	Power operated equipment					
396	Communication equipment					
397	Miscellaneous equipment					
398	Other tangible property					
399	Completed construction - not classified					
106	Total general plant					
100.1	Total electric plant in service					
	1000 KWH Sold					

## Kentucky Power Company

Case Number 7900

## ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended March 31, 1980

(Total Company)

(000's)

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Sales or</u> <u>Promotional</u> <u>Advertising</u> <u>(b)</u>	<u>Institutional</u> <u>Advertising</u> <u>(c)</u>	<u>Conservation</u> <u>Advertising</u> <u>(d)</u>	<u>Rate</u> <u>Case</u> <u>(e)</u>	<u>Other</u> <u>(f)</u>	<u>Total</u> <u>(g)</u>
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	<u>Direct Mail</u>						
6.	Sales Aids						
7.	Total						
8.	Amount Assigned to Ky. Retail						

Kentucky Power Company

Case Number 7900

## ACCOUNT 930 - MISCELLANEOUS GENERAL EXPENSES

For the 12 Months Ended March 31, 1980

(Total Company)

(000's)

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1.	Industry Association Dues	
2.	Stockholder and Debt Servicing Expenses	
3.	Institutional Advertising	
4.	Conservation Advertising	
5.	Rate Department Load Studies	
6.	Water, and Other Testing and Research	
7.	Directors' Fees and Expenses	
8.	Dues and Subscriptions	
9.	Miscellaneous	
10.	Total	
<del>11.</del>	<del>Amount Assigned to Ky. Retail</del>	

## Kentucky Power Company

Case Number 7900

## ACCOUNT 426 - MISCELLANEOUS INCOME DEDUCTIONS

For the 12 Months Ended March 31, 1980

(Total Company)

(000's)

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1.	Donations	
2.	Civic Activities	
3.	Political Activities	
4.	Other	
5.	Total	
6.	Amount Assigned to Ky. Retail	

Kentucky Power Company

Case No. 7900

ANALYSIS OF INVESTMENT  
in Franklin Real Estate Company  
& Indiana Franklin Realty, Inc.

For the Twelve Months Ending March 31, 1980

<u>Investment</u>	<u>Date of Initial Investment</u>	<u>Book Cost Beginning of Year</u>	<u>Purchases or Additions During Year</u>	<u>Sales or Other Dispositions During Year</u>	<u>Book Cost End of Year</u>	<u>Gain or Loss from Investment Disposal of</u>
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## Kentucky Power Company

Case Number 7900

## AVERAGE RATES OF RETURN

12 Months Ended March 31, 1980

<u>Line No.</u>	<u>Calendar Years Prior to Test Year</u> (a)	<u>Total Company Electric</u> (b)	<u>Ky. Retail</u> (c)	<u>Other Retail Jurisdictions</u> (d)	<u>FPC Wholesale</u> (e)
1.	Original Cost Net Investment:				
2.	5th Year				
3.	4th Year				
4.	3rd Year				
5.	2nd Year				
6.	1st Year				
7.	Test Year				
8.	Original Cost Common Equity:				
9.	5th Year				
10.	4th Year				
11.	3rd Year				
12.	2nd Year				
13.	1st Year				
14.	Test Year				

NOTE: Provide work papers in support of the above calculations.

Kentucky Power Company

Case Number 7900

SCHEDULE OF NUMBER OF EMPLOYEES, HOURS PER EMPLOYEE, AND AVERAGE WAGES  
PER EMPLOYEE

Calendar Years Prior to Test Year	Production		Transmission		Distribution		Customer Accounts		Sales		Administrative and General		Construction		Total	
	<u>No.</u> (A)	<u>Hrs. Wages</u> (B) (C)	<u>No.</u> (E)	<u>Hrs. Wages</u> (F) (G)	<u>No.</u> (H)	<u>Hrs. Wages</u> (I) (J)	<u>No.</u> (K)	<u>Hrs. Wages</u> (L) (M)	<u>No.</u> (N)	<u>Hrs. Wages</u> (O) (P)	<u>No.</u> (Q)	<u>Hrs. Wages</u> (R) (S)	<u>No.</u> (T)	<u>Hrs. Wages</u> (U) (V)	<u>No.</u> (W)	<u>Hrs. Wages</u> (X) (Y)
5th Year																
% Change																
4th Year																
% Change																
3rd Year																
% Change																
2nd Year																
% Change																
1st Year																
% Change																
Test Year																
% Change																

NOTE: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.  
 (2) Show percent increase (decrease) of each year over the prior year on lines designated above "% Change."  
 (3) Employees, weekly hours per employee, and weekly wages per employee for the week including December 31 of each year and the last day of the test year.