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PUBLIC SERVICE
COMMISSION

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June 30, 2008

Stephanie L. Stumbo
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
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Frankfort, KY 40602-0615

Mark R. Overstreet
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RE: P.S.C. Case No. 2007-00276

Dear Ms. Stumbo:

In its January 18, 2008 Order in this case, the Commission approved the fuel adjustment clause charges and credits billed by Kentucky Power Company for the period November 1, 2006 through April 30, 2007. The Commission further directed that this case remain open pending a review by the Public Service Commission of West Virginia of an adjustment between Appalachian Power Company and Kentucky Power to compensate Kentucky Power for the metering discrepancies at the Leach to South Neal tie line interconnection between Appalachian Power and Kentucky Power.

On June 26, 2008 the Public Service Commission of West Virginia entered an order¹ approving the Joint Stipulation and Agreement for Settlement between Appalachian Power and others with respect to Appalachian Power Company's proposed Expanded Net Energy Costs ("ENEC") charge beginning July 1, 2008. A copy of that order and attachment is enclosed with this letter as Exhibit 1. Part of the approved ENEC charge was the one-month adjustment between Appalachian Power and Kentucky Power resolving the metering discrepancy. *See, West Virginia Order*, Exhibit A, Joint Stipulation and Agreement for Settlement at 3 n.1 ("This balance reflects several adjustments, including a one-month adjustment to correct an interchange metering error between APCo and Kentucky Power, consistent with Article 8.6 of the AEP Interconnection Agreement.")

With the entry of the *West Virginia Order*, Kentucky Power believes it is appropriate for the Commission to enter an order permitting Kentucky Power to modify its fuel adjustment clause and environmental surcharge filings to reflect for a single month the effect on Kentucky Power's fuel costs, System Sales profit and environmental surcharge of adjustments between

¹ Order, *General Investigation to Determine Reasonable Rates for Appalachian Power Company and Wheeling Power Company on and after July 1, 2008*, Case No. 08-0278-E-GI (W. Va. P.S.C. June 26, 2008) ("*West Virginia Order*").

Stephanie L. Stumbo
Executive Director
June 30, 2008
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Kentucky Power and Appalachian Power, and Kentucky Power and Ohio Power Company,² as a result of the metering discrepancies. As set out in detail in my October 10, 2007 letter to the Commission in Case No. 2006-00507, and Exhibit 2 to that letter, the net effect of the adjustments resulting from both metering discrepancies is a credit of \$66,075 payable to Kentucky Power's customers.³

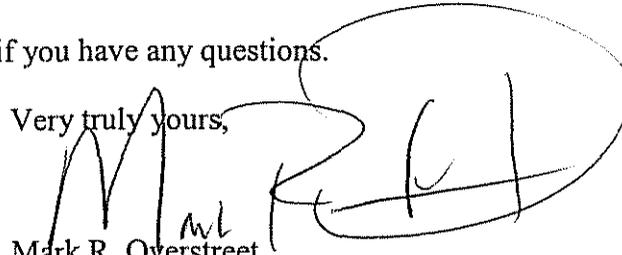
In keeping with the calculations provided in Exhibit 2 to my October 10, 2007 letter to the Commission, Kentucky Power requests an order permitting it to modify its fuel adjustment clause and environmental surcharge filings in the month immediately following the Commission's Order in accordance with this letter as follows:

- An increase in fuel costs of \$9,965;
- A decrease in System Sales profits credited to customers of \$119,038; and
- A decrease in the Environmental Surcharge of \$195,078.

Kentucky Power further seeks authority to apply each the adjusted amounts to customer bills for the same month. Finally, the Company requests that an Order be entered closing Case No. 2007-00276.

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

Very truly yours,


Mark R. Overstreet

cc: Lawrence Cook
Michael Kurtz

KE057:KE198:17133:1:FRANKFORT

² The metering error between Kentucky Power and Ohio Power Company occurred at the interconnection on the Bellefonte-Pleasant Street tie line between Ohio Power Company and Kentucky Power.

³ A copy of the October 10, 2007 letter, with Exhibit 2 only, is attached to this letter as Exhibit 2. *See also*, Notice of Determination of Adjustment, *In the Matter of: An Examination of the Application of the Fuel Adjustment Clause of American Electric Power Company from November 1, 2006 to April 30, 2007*, P.S.C. Case No. 2007-00276 (Filed March 24, 2008)

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 26th day of June 2008.

CASE NO. 08-0278-E-GI

APPALACHIAN POWER COMPANY and
WHEELING POWER COMPANY.

General Investigation to Determine Reasonable Rates for
Appalachian Power Company and Wheeling Power
Company on and after July 1, 2008.

COMMISSION ORDER

The Commission approves the Joint Stipulation as discussed herein.

Introduction

The Commission is charged in this case with reviewing, evaluating and, if appropriate, approving the rates necessary to recover the reasonable and prudent Expanded Net Energy Costs (ENEC) of Appalachian Power Company (APCo) and Wheeling Power (WPCo) (herein collectively the Companies.) This ENEC proceeding was initiated pursuant to a Joint Stipulation and Agreement for Settlement (Joint Stipulation) in APCo's last base rate case, Case No. 05-1278-E-PC-PW-42T.

Generally, ENEC costs include fossil fuel consumed; power purchased from external sources; transactions within the American Electric pool; the financial settlement of transmission losses (offset by revenues from American Electric Power off-system sales); certain other revenues associated with transmission service and emission allowance gains; certain production costs (primarily for fuel handling and environmental costs); and the cost of emission allowances. In the recent case involving APCo's request for a Certificate of Convenience and Necessity to construct its proposed Integrated Gasification Combined Cycle facility adjoining its Mountaineer Plant in Mason County, we discussed the ENEC

proceeding¹. For purposes of APCo and Wheeling's ENEC, the Commission currently considers other cost elements along with its consideration of the traditional net ENEC costs as a result of other Commission proceedings. These include costs related to ongoing construction of pollution control equipment and costs related to upgrading several troubled small electric distribution companies (Musser Companies).

The object of the ENEC proceeding is to attempt to provide the utility with some level of recovery for certain net costs of providing electric service to its customers to which the utility is exposed and against which the utility has a limited ability to protect itself. The Commission is cognizant of the plight of the electric utilities and its customers and the exposure that both suffer as a result of the significant and material fluctuations that can occur in ENEC costs. The Commission is aware that these costs are extremely volatile and difficult to predict and can have a significant impact on the rates of customers. The Commission strives to afford a measure of protection for customers in assuring that ENEC costs are reasonable and prudently incurred. As a consequence, the Commission is sensitive to these costs and cognizant of the level of oversight and responsibility imposed on the Commission to be cautious and guarded in reviewing the methods used to arrive at the ENEC estimates.

ENEC cost and rate estimates are difficult and complex, and future recovery of projected costs could be impacted if actual sales levels differed significantly from the projections that were used to design rates. The Commission would observe that the testimony in this case indicates that the Companies and the Parties demonstrated commendable accuracy in the calculation of ENEC costs and the rate increments necessary to recover projected costs. In the Companies' last ENEC case (Case No. 07-0248-E-GI (2007 ENEC Case)), estimated ENEC costs exceeded ENEC revenues by only \$454,205 out of a total ENEC estimate of approximately \$743 million during 2007. It is against that background that the Commission has reviewed the record and the Joint Stipulation in this case.

Procedural Background

On February 29, 2008, the Companies filed their 2008 ENEC petition seeking increased rates, along with the direct testimony in support of the requested increase. As originally filed, the Companies requested changes in their approved rates and charges that would produce a total increase in annual revenue of approximately \$156 million. However,

¹ ENEC: In 1976, the Commission initiated periodic "Fuel Cost Proceedings" of fuel costs (and fuel-related purchased power costs) of electric utilities for past and projected fuel costs. In 1981, the Commission modified those proceedings to include other energy cost components including energy portions of purchased power transactions, offsets for energy cost recoveries in affiliated and other wholesale sales, including costs other than fuel costs and certain energy cost recoveries. Beginning in 1984, the Commission again modified the cost components that were considered in those annual proceedings to incorporate non-energy cost components in the annual reviews, and allowed the inclusion of the demand portion of purchased power transactions, power pool capacity payments and offsets for demand credits from affiliated and other wholesale transactions, and demand-related transmission costs and credits. Since these special purpose rate proceedings were "expanded" beyond net energy costs to include demand-related costs and credits, they came to be referred to as Expanded Net Energy Cost (ENEC) proceedings. See, March 6, 2008, Order in APCo, Case No 06-0033-E-CN.

the Companies and the other parties to this proceeding later reached the Joint Stipulation that requested that the Commission approve a total increase in annual revenue of approximately \$106 million, consisting of an increase of \$88,316,406 for the traditional ENEC portion of the case; a construction surcharge increase of \$13,900,088; a reduction of \$998,494 in the Musser surcharge rates; and a recovery, through a separate surcharge, of the recorded regulatory asset of \$4,782,000 associated with certain 2007 increased reliability expenditures through a separate surcharge.

On March 20, 2008, the Commission issued an Order that granted various petitions to intervene; adopted a procedural schedule for the filing of testimony and holding an evidentiary hearing; and required the Companies to publish a Notice of Hearing. A Commission Order issued May 6, 2008, granted several additional petitions to intervene.

On May 6, 2008, Commission Staff (Staff) filed the direct testimonies of Edwin L. Oxley and Thomas D. Sprinkle, the Consumer Advocate Division (CAD) filed the direct testimonies of Deanna Lynne White and Billy Jack Gregg, and the West Virginia Energy Users Group (WVEUG) filed the direct testimony of Stephen J. Baron.

On May 21, 2008, the Companies, Staff, CAD, WVEUG, Century Aluminum of West Virginia, Inc., and West Virginia Alloys, Inc. (collectively, the Stipulating Parties) submitted the proposed Joint Stipulation in resolution of all outstanding issues in this case. The Stipulating Parties appeared before the Commission on May 21, 2008, to present the Joint Stipulation and to respond to Commission questions about the Joint Stipulation. Another party to this proceeding, Steel of West Virginia, Inc., stated that it would not join in the Joint Stipulation but did not object to its approval. The only remaining party, the South Bluefield Neighborhood Association, did not appear at the May 21, 2008 hearing and presented no testimony in the case but has indicated to one or more of the Stipulating Parties that it objects to the Joint Stipulation.

On June 9, 2008, the Companies filed a letter attaching agreed exhibits and tariff forms for attachment to the Joint Stipulation, and by letter filed on June 10, 2008, the Companies explained that the exhibits and tariff forms filed the preceding day were to replace those that were presented at the hearing. On June 25, 2008, the Companies filed a letter explaining each of the revisions. The Commission has reviewed the revisions and the explanatory letter. None of the revisions affects the additional annual revenue provided under the Joint Stipulation and the revisions are merely *de minimis* changes to various tariff provisions.

Summary of the Joint Stipulation

The Companies offered Terry R. Eads, Director of Regulatory Services for APCo, to sponsor the Joint Stipulation.

The Joint Stipulation provides for a 2007 ENEC prior-period over-recovery balance of \$11,648,050, and, having reflected this over-recovery balance, a projection of the net

increase in revenue requirement necessary to recover expanded net energy costs during the ENEC forecast period of \$88,316,406.

The Joint Stipulation provides for a total revenue requirement of \$68,725,035 for the Construction Surcharge established pursuant to Paragraphs 25 through 27 of the Joint Stipulation and Agreement for Settlement in Case No. 05-1278-E-PC-PW-42T. Beginning July 1, 2008, the Construction Surcharges for each Tariff class will be effective and will stay in effect until June 30, 2009, or until further order of the Commission, and are projected to produce additional annual revenues of \$13,900,088.

The Joint Stipulation also addresses the Companies' projection of a revenue requirement reduction of \$998,494 to adjust the Musser surcharge rates that had provided revenue to enable APCo to perform work upgrading and integrating into its system the electric facilities and operations of the former McDowell County "Musser Companies," pursuant to the settlement approval in Case No. 06-0828-EW-SC.

The Joint Stipulation states that the Companies will be allowed to recover, through a separate surcharge, \$4,782,000 associated with the increase in 2007 of reliability expenditures that they committed to make and that they deferred and recorded as a regulatory asset pursuant to Paragraphs 31 through 34 of the Joint Stipulation and Agreement for Settlement in Case No. 05-1278-E-PC-PW-42T.

The Joint Stipulation provides that the rate increase to go into effect on July 1, 2008, will produce total additional annual revenue of \$106,000,000 and constitutes an overall increase in the Companies' rates of approximately 11.35%.

The Joint Stipulation also addresses the feed back of the projected remaining historical accumulated ENEC over-recovery balance (the Bank) at June 30, 2008, of approximately \$18,000,000. Effective July 1, 2008, one half (or approximately \$9,000,000) of the projected Bank balance held by APCo as of June 30, 2008, will be applied as a credit to the 2008 cumulative deferred ENEC over/under-recovery balance. The remaining half of the aforesaid Bank balance will be credited to customers as amortization feed back credits for the twelve months commencing July 1, 2008.

Gypsum disposal costs for the Mountaineer scrubber are not included in the 2007 ENEC Reconciliation under the Joint Stipulation. The over/under-recovery calculation of the 2007 ENEC Reconciliation included in the Joint Stipulation reflects the removal of approximately \$1.047 million in gypsum disposal costs previously recorded by APCo. Mr. Eads explained that, since gypsum disposal costs were being recovered through the 2007 Construction Surcharge, the Companies would not be including these costs in the forthcoming 2008 ENEC Reconciliation for the period January 2008 through June 2008. Under the Joint Stipulation, however, gypsum disposal costs will be included in the ENEC beginning July 1, 2008, and will be excluded from recovery in the Construction Surcharge. Transcript, p. 21.

Mr. Eads responded to questions from the Commission and discussed the settlement reached by the Stipulating Parties on subsidiary issues that had been raised during the proceeding. Following is a brief summary of those issues, and the resolution proposed in the Stipulation.

- Vegetation Management expenses recovered through the Construction Surcharge shall not be included in future determinations of recovery of Reliability Expenditures.
- The Companies will continue to explore opportunities to add cost-effective capacity resources, such as the Dresden Generating Plant.
- The Companies shall not be required to provide a report in next year's ENEC proceeding with respect to AEP's assignment of the Lawrenceburg Plant.
- The Companies agree to meet with interested parties to develop an agreed-upon template for presentation of forecasted and actual data to be used in future ENEC proceedings.
- The Companies agree to make monthly filings of Actual ENEC Reconciliation information with the Staff.
- Ohio Power Company (OPCo) filed with the Federal Energy Regulatory Commission (FERC) at Docket No. ER08-899-000 a request that the effective date of the OPCo/WPCo Agreement be extended from July 1, 2008 to September 1, 2008 and that the period for filing interventions and comments be extended to July 22, 2008. FERC granted that request on May 21, 2008. The Stipulating Parties agree to enter into good-faith discussions in an effort to reach agreement on wholesale rates for WPCo.
- The Stipulating Parties recommend that the Commission initiate a General Investigation to explore options for meeting the future power supply requirements of WPCo's service territory.
- APCo's two-year partial and limited exemption to the requirements of W.Va. Code §24-2-12 involving certain fuel-related transactions, should be extended from the current termination date of March 1, 2009 to June 30, 2009, or the entry date of the Commission's Order in the 2009 ENEC case, if earlier.

DISCUSSION

The Commission reviewed the Joint Stipulation and agrees with the Stipulating Parties that the \$106,000,000 increase in annual revenue agreed to by the Stipulating Parties represents a reasonable compromise and settlement of the various issues originally presented in this case. The Commission further agrees to the resolution of the following specific elements of the Joint Stipulation for purposes of the settlement in this case:

1. A 2007 ENEC prior-period over-recovery balance of \$11,648,050, and, including consideration of this over-recovery, a net increase of \$88,316,406 in revenue requirement necessary to recover expanded net energy costs during the ENEC forecast period.

2. A total revenue requirement of \$68,725,035 for the Construction Surcharge established pursuant to Paragraphs 25 through 27 of the Joint Stipulation and Agreement for Settlement in Case No. 05-1278-E-PC-PW-42T that represents an additional annual revenue requirement of \$13,900,088.

3. A revenue requirement reduction of \$998,494 to adjust the Musser surcharge rates that had provided revenue to enable APCo to perform work upgrading and integrating into its system the electric facilities and operations of the former McDowell County "Musser Companies," pursuant to the settlement approval in Case No. 06-0828-EW-SC.

4. Allowing the Companies to recover, through a separate surcharge, \$4,782,000 associated with 2007 increased reliability expenditures that they committed to make and that they deferred and recorded as a regulatory asset pursuant to Paragraphs 31 through 34 of the Joint Stipulation and Agreement for Settlement in Case No. 05-1278-E-PC-PW-42T.

5. The feed back of one half (or approximately \$9,000,000) of the approximate projected \$18,000,000 Bank being held by APCo as of June 30, 2008, is to be applied as a credit to the 2008 cumulative deferred ENEC over/under-recovery balance. The remaining half of the aforesaid Bank balance will be credited to customers as amortization feed back credits for the twelve months commencing July 1, 2008.

6. The removal of the gypsum disposal costs for the Mountaineer scrubber from the 2007 ENEC Reconciliation and, from the period January through June 2008, in the 2008 ENEC Reconciliation. The inclusion of the gypsum disposal costs as an ENEC expense in the future ENEC proceedings.

7. The recovery of the Vegetation Management expenses through the Construction Surcharge will not be included in future determinations of recovery of Reliability Expenditures.

8. The Companies' agreement to explore opportunities to add cost-effective capacity resources, such as the Dresden Generating Plant.

9. The Companies shall not be required to provide a report in next year's ENEC proceeding with respect to AEP's assignment of the Lawrenceburg Plant.

10. The Companies' agreement to meet with interested parties to develop an agreed-upon template for presentation of forecasted and actual data to be used in future ENEC proceedings.

11. The Companies' agreement to make monthly filings of Actual ENEC Reconciliation information with the Staff.

12. The Stipulating Parties agree to enter into good-faith discussions in an effort to reach agreement on wholesale rates for WPCo.

13. The Commission will initiate a General Investigation to explore options for meeting the future power supply requirements of WPCo's service territory.

14. APCo's two-year partial and limited exemption to the requirements of W.Va. Code §24-2-12 involving certain fuel-related transactions, will be extended from the current termination date of March 1, 2009, to June 30, 2009, or the entry date of the Commission's Order in the 2009 ENEC case, if earlier.

The Joint Stipulation and the settlement involve a complex and interrelated series of agreements. While the Commission might have ruled differently in one or more of the issues on an individual basis, the Commission believes that the Joint Stipulation, overall, is fair and reasonable. Further, all Stipulating Parties agreed on the record that they supported the Joint Stipulation for purposes of settling this ENEC proceeding.

The record is complete and adequate and supports the Joint Stipulation, however, the Commission emphasizes that it expects the Companies to pursue in good faith the commitments made in the Joint Stipulation, particularly as they relate to (i) exploring opportunities to add cost-effective capacity resources; (ii) entering into good-faith discussions in an effort to reach agreements on wholesale rates for WPCo; and (iii) developing a template for presentation of forecasted and actual data to be used in future ENEC proceedings.

The Commission particularly notes its concern during the hearing about the presentation and form of the ENEC forecasted and actual data, and Mr. Eads addressed that issue in testimony at the hearing. Tr. pp. 33, 34; Company Exh. 1; Direct Testimony of William A. Allen, WAA Exh. No. 2. The Commission believes that schedules that reflect detailed comparisons between the forecasted and actual data and prior year calculations would be helpful in the presentation of more complete and understandable data that would facilitate the review and understanding of the major factors contributing to ENEC changes from one case to another. Id. The testimony of the CAD witness was particularly helpful in that regard. CAD Exh. 2, pp. 14-51.

While this Commission's approval of utility service rate increases is never granted with enthusiasm, we take some comfort in the fact that these Companies continue to provide quality electric service at some of the lowest rates in the nation. Testimony in this proceeding stated that of the 183 electric utility service territories in the country, customers in Appalachian Power Company's service territory currently pay the fifth lowest rates and those in Wheeling Power Company's service territory pay the sixth lowest rates. See Hearing Tr. p. 25, Testimony of Mr. Eads. Mr. Eads stated that even after the rate increase in this case is implemented, the Companies' rates will remain among the lowest.

FINDINGS OF FACT

1. The Stipulating Parties presented a Joint Stipulation addressing all issues of the ENEC proceeding filed by the Companies
2. The Final Joint Stipulation provides for:
 - A. An increase of \$88,316,406 for the ENEC portion of the case.
 - B. A construction surcharge increase of approximately \$13,900,088.
 - C. A reduction of \$998,494 to adjust the Musser surcharge rates that had provided revenue to enable APCo to perform work upgrading and integrating into its system the electric facilities and operations of the former McDowell County "Musser Companies."
 - D. The recovery, through a separate surcharge, of the recorded regulatory asset of \$4,782,000 associated with certain 2007 increased reliability expenditures.
 - E. The recovery of the Vegetation Management expenses through the Construction Surcharge will not be included in future determinations of recovery of Reliability Expenditures.
 - F. The Companies to continue to explore opportunities to add cost-effective capacity resources, such as the Dresden Generating Plant.
 - G. The Companies to not be required to provide a report in next year's ENEC proceeding with respect to AEP's assignment of the Lawrenceburg Plant.
 - H. The Companies to agree to meet with interested parties to develop an agreed-upon template for presentation of forecasted and actual data to be used in future ENEC proceedings.
 - I. The Companies to agree to make monthly filings of Actual ENEC Reconciliation information with the Staff.
 - J. The Stipulating Parties to agree to enter into good-faith discussions in an effort

to reach agreement on wholesale rates for WPCo.

K. The Commission to initiate a General Investigation to explore options for meeting the future power supply requirements of WPCo's service territory.

L. APCo's two-year partial and limited exemption to the requirements of W.Va. Code §24-2-12 involving certain fuel-related transactions, to be extended from the current termination date of March 1, 2009, to June 30, 2009, or the entry date of the Commission's Order in the 2009 ENEC case, if earlier.

M. The feed back of half of the Bank as a credit to the 2008 cumulative deferred ENEC over/under-recovery balance. The feed back of the remaining half of the aforesaid Bank balance as a credit to customers for the twelve months commencing July 1, 2008.

CONCLUSION OF LAW

The Joint Stipulation constitutes a reasonable resolution and compromise of the Companies' ENEC filing and the positions taken by the various parties to this proceeding and will be adopted by the Commission. By separate order, the Commission will initiate a General Investigation to explore options for meeting the future power supply requirements of WPCo's service territory.

ORDER

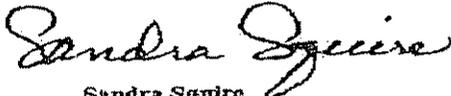
IT IS THEREFORE ORDERED that the Joint Stipulation (attached as Appendix A), including the amended exhibits and tariffs as agreed to by the Stipulating Parties and included in the June 9, 2008 filing, is hereby approved in resolution of this proceeding.

IT IS FURTHER ORDERED that within thirty days of the date of this Order, the Companies shall file with the Commission's Tariff Office an original and six copies of proper tariffs setting forth the rates hereby approved.

IT IS FURTHER ORDERED that upon entry of this Order this case shall be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this Order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:


Sandra Squire
Executive Secretary

JML/klm
080278cc.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

CHARLESTON

CASE NO. 08-0278-E-GI

APPALACHIAN POWER COMPANY and
WHEELING POWER COMPANY,

General Investigation to Determine Reasonable
Rates for Appalachian Power Company and
Wheeling Power Company on and after July 1, 2008

JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to *W. Va. Code*, §24-1-9(f) and Rule 13.4 of Title 150, Series 1, of the Public Service Commission of West Virginia's *Rules of Practice and Procedure*, the following parties to this proceeding (hereinafter "the Stipulating Parties"), Appalachian Power Company ("APCo") and Wheeling Power Company ("WPCo") (collectively "the Companies"), the Staff of the Public Service Commission of West Virginia ("the Staff"), the Consumer Advocate Division of the Public Service Commission of West Virginia ("the CAD"), E.I. du Pont de Nemours and Company, Bayer CropScience, Bayer MaterialScience, PPG Industries, Inc., and Air Products & Chemicals, Inc., referred to collectively as West Virginia Energy Users Group ("WVEUG"), Century Aluminum of West Virginia, Inc. ("Century"), and West Virginia Alloys, Inc. ("WV Alloys") join in this Joint Stipulation and Agreement for Settlement ("this Agreement"), and request that the Public Service Commission of West Virginia ("the Commission") approve and adopt it, in its entirety and without modification, as the full and final resolution of the instant

proceeding. In support of this Agreement, the Stipulating Parties make the following representations:

Procedural History

1. On February 29, 2008, the Companies made their 2008 ENEC filing, consisting of the direct testimony and exhibits of Terry R. Eads, William A. Allen, Jason T. Rusk, and Steven H. Ferguson.

2. On March 20, 2008 the Commission issued an Order which, among other things, established dates for the filing of testimony, required the Companies to publish a prescribed Notice of Hearing, and scheduled an evidentiary hearing in this matter to commence at 9:30 a.m. on May 21, 2008.

3. On various dates, various entities filed petitions to intervene, which were granted by the Commission.

4. The Companies provided public notice in substantial compliance with the Commission's mandate.

5. In the course of the discovery phase of this proceeding, requests for information were filed by various parties and responded to by the parties to whom they were addressed.

6. On May 6, 2008, the Staff filed the direct testimony and exhibits of Edwin L. Oxley and Thomas D. Sprinkle, the CAD filed the direct testimony and exhibits of Billy Jack Gregg and Deanna Lynne White, and the WVEUG filed the direct testimony and exhibits of Stephen J. Baron.

7. On May 16, 2008, the Companies filed the rebuttal testimony and exhibits of Terry R. Eads, William A. Allen, Jason T. Rusk, and Steven H. Ferguson.

8. Various of the Stipulating Parties engaged in settlement discussions concerning all aspects of the instant proceeding and met on May 16, 19, and 20, 2008. All parties to this proceeding were invited to attend (or participate by phone in) the initial settlement meeting on May 16, 2008. The Stipulating Parties have now reached agreement on a comprehensive series of proposals to recommend to the Commission as a fair and just settlement of the issues in this proceeding

9. The Stipulating Parties agree that the substantive elements of the proposed settlement, which are hereby submitted for the Commission's approval, resolve all of the issues in this proceeding, and are set forth in particular below and in the exhibits attached hereto.

Expanded Net Energy Cost

10. For purposes of the settlement, the Stipulating Parties agree to accept (a) an 2007 ENEC prior-period over-recovery balance of \$11,648,050¹ and, having reflected this over-recovery balance, (b) a projection of the net increase in revenue requirement necessary to recover expanded net energy costs during the ENEC forecast period of \$88,316,406.

11. The Stipulating Parties agree that, beginning July 1, 2008, the ENEC rates for each tariff class shall be those set forth in Exhibit A, which is attached hereto and incorporated herein. Those ENEC rates shall stay in effect until June 30, 2009, or further order of the Commission, and are projected to produce additional annual revenues of approximately \$88,316,406.

¹ This balance reflects several adjustments, including a one-month adjustment to correct an interchange metering error between APCo and Kentucky Power Company, consistent with Article 8.6 of the AEP Interconnection Agreement

Construction Surcharge

12. For purposes of settlement, the Stipulating Parties agree to an increased revenue requirement of \$68,725,035 for the Construction Surcharge established pursuant to Paragraphs 25 through 27 of the Joint Stipulation and Agreement for Settlement in Case No. 05-1278-E-PC-PW-42T.

The Stipulating Parties agree that, beginning July 1, 2008, the Construction Surcharges for each Tariff class shall be those set forth in Exhibit C, which is attached hereto and incorporated herein. Those construction surcharge rates shall stay in effect until June 30, 2009, or further order of the Commission, and are projected to produce additional annual revenues of \$13,900,088.

Musser Surcharge

13. For purposes of settlement, the Stipulating Parties accept the Companies' projection of a revenue requirement reduction of \$998,494 to adjust the Musser surcharge rates which had provided revenue to enable APCo to perform work upgrading and integrating into its system the electric facilities and operations of the former McDowell County "Musser Companies," pursuant to the settlement approval in Case No. 06-0828-EW-SC. This revenue requirement reduction shall be reflected in the adjustment of the surcharges shown on Exhibit D, which is attached hereto and incorporated herein, payable by customers of the Companies served under the following rate schedules: RS, SGS, SS, MGS, SWS, OL, and SL.

Reliability Expenditures

14. The Companies will be allowed to recover revenue of \$4,782,000 associated with 2007 increased reliability expenditures which they committed to make

pursuant to Paragraphs 31 through 34 of the Joint Stipulation and Agreement for Settlement in Case No. 05-1278-E-PC-PW-42T Recovery of these expenditures will be provided through the application of the surcharge as shown on Exhibit E, which is attached hereto and incorporated herein. The Reliability Surcharge rates will become effective on and after July 1, 2008 and shall stay in effect until June 30, 2009, and are projected to produce additional annual revenues of \$4,782,000. Any amounts over or under collected pursuant to the surcharge will be added to the ENEC over or under-recovery balance in a subsequent ENEC proceeding.

Net Increase

15. The rate increase to go into effect on July 1, 2008 will produce a total annual revenue of \$106,000,000 comprised as follows: increased ENEC revenues of \$88,316,406; increased construction surcharge revenues of \$13,900,088; increased reliability expenditure revenues of \$4,782,000; and reduction to Musser surcharge revenues of \$998,494. The \$106,000,000 increase constitutes an overall increase in the Companies' rates of approximately 11.35%.

Bank Feedback

16. In its testimony the Companies proposed to feed back the projected remaining historical accumulated ENEC over-recovery balance ("the Bank") of approximately \$18,000,000. The Stipulating Parties agree that effective July 1, 2008, one half (or approximately \$9,000,000) of the Bank being held by APCo as of June 30, 2008 shall be applied as a credit to the 2008 cumulative deferred ENEC over/under-recovery balance. Application of this credit shall be by customer class/special contract, with each such customer class/special contract receiving its respective specific share, if any, of the

projected June 30, 2008 balance. The remaining half of the aforesaid Bank balance shall be credited as amortization feedback credits on those customer class/special contact bills for the twelve months commencing July 1, 2008. These feedback credits will be new credit rate factors but otherwise will be in accordance with the provisions of Paragraphs 19 through 24 of the Joint Stipulation and Agreement for Settlement approved by the Commission in Case No. 05-1278-E-PC-PW-42T. The rates associated with the feedback are reflected on Exhibit B, which is attached hereto and incorporated herein.

Tariff Sheets

17. The Stipulating Parties request the Commission to approve the tariff pages contained in Exhibit F, which is attached hereto and incorporated herein, as changes to the current West Virginia Tariffs of APCo and WPCo.

Other Matters

18. The following matters have also been agreed to by the Stipulating Parties:

- Gypsum disposal costs are not included in the 2007 ENEC reconciliation. The over/under-recovery calculation proposed in this Agreement reflects the removal of approximately \$1.047 million in gypsum disposal costs.
- Vegetation Management expenses recovered through the Construction Surcharge shall not be included in future determinations of recovery of Reliability Expenditures.
- The Companies will continue to explore opportunities to add cost effective capacity resources, such as the Dresden Generating Plant.
- The Companies shall not be required to provide a report in next year's ENEC proceeding with respect to AEP's assignment of the Lawrenceburg Plant.
- The Companies agree to meet with interested parties to develop an agreed upon template for presentation of forecasted and actual data to be used in future ENEC proceedings.
- The Companies agree to make monthly filings of Actual ENEC Reconciliation information with the Staff.

-
- Ohio Power Company (OPCo) has filed with the FERC requesting that the effective date of the OPCo/WPCo Agreement be extended from July 1, 2008 to September 1, 2008 and that the period for filing interventions and comments be extended to July 22, 2008. The Stipulating Parties agree to enter into good faith discussions in an effort to reach agreement on wholesale rates for WPCo.
 - The Commission should initiate a General Investigation to explore options for meeting the future power supply requirements of WPCo's service territory.
 - APCo's two-year partial and limited exemption to the requirements of West Virginia Code §24-2-12 involving certain fuel-related transactions, should be extended from the current termination date of March 1, 2009 to June 30, 2009, or the entry date of the Commission's Order in the 2009 ENEC case, if earlier.

19 The Stipulating Parties agree to waive their right to conduct in this proceeding any examination of the witnesses of any other party to this Agreement, except that the parties may ask clarifying questions concerning this Agreement.

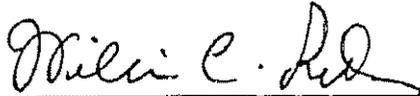
20. This Agreement is entered into subject to the acceptance and approval of the Commission. It results from a review of any and all filings in this proceeding, the Stipulating Parties' prefiled testimony and exhibits, and thorough discovery and discussion. It reflects substantial compromises by the Stipulating Parties and the withdrawal of their respective positions asserted in this case, and is being proposed to expedite and simplify the resolution of this proceeding. It is made without any admission or prejudice to any positions which any party might adopt during subsequent litigation. The Stipulating Parties adopt this Agreement as being in the public interest, without adopting any of the compromise positions set forth herein as ratemaking principles applicable to future ENEC proceedings, or other regulatory proceedings, except as expressly provided herein. The Stipulating Parties acknowledge that it is the Commission's prerogative to accept, reject, or modify any stipulation. However, in the event that this Agreement is rejected or modified by the Commission, it is expressly

understood by the Stipulating Parties that they are not bound to accept this Agreement as ~~modified or rejected, and may avail themselves of whatever rights are available to them~~ under law and the Commission's Rules of Practice and Procedure.

WHEREFORE, the Stipulating Parties, on the basis of all the foregoing, respectfully request that the Commission make appropriate Findings of Fact and Conclusions of Law adopting and approving the Joint Stipulation and Agreement for Settlement in its entirety, including specifically Exhibits A through F.

Respectfully submitted this 21st day of May, 2008.

APPALACHIAN POWER COMPANY and
WHEELING POWER COMPANY

By: 

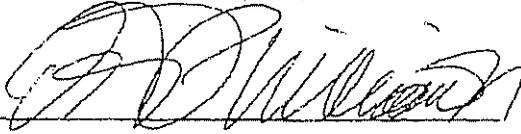
STAFF OF THE PUBLIC SERVICE
COMMISSION OF WEST VIRGINIA

By: 

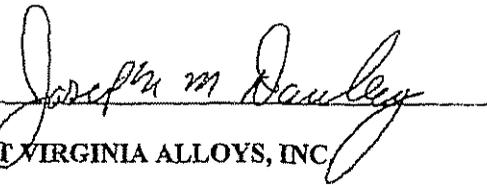
CONSUMER ADVOCATE DIVISION OF THE
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

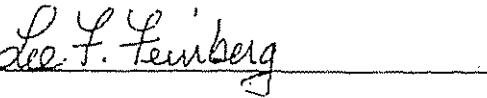
By: 

WEST VIRGINIA ENERGY USERS GROUP

By: 

**CENTURY ALUMINUM OF
WEST VIRGINIA, INC.**

By: 
WEST VIRGINIA ALLOYS, INC.

By: 

APPALACHIAN POWER COMPANY / WHEELING POWER COMPANY
EXPANDED NET ENERGY COST (ENEC) RATES
CASE NO. 08-0278-B-GI
EFFECTIVE DATE JULY 1, 2008

CUSTOMER CLASS	ENEC ENERGY FACTOR		ENEC DEMAND FACTOR
		C/RWH	\$/KW
BS		2.632	
BS-TOD / BS-IM-TOD			
	ON-PEAK	2.802	
	OFF-PEAK	1.808	
8WB		2.854	
8CS		2.425	
8G9-IM-TOD			
	ON-PEAK	2.425	
	OFF-PEAK	1.818	
BS	-SEC	1.730	2.642
	-PRI	1.890	2.484
	-AF	2.620	
MCS	-SEC	1.728	2.227
	-PRI	1.855	2.178
	-SUBTRAN	1.880	2.188
	-TRANS	1.835	2.117
	-AF	2.550	
GS/TOD			
ON-PEAK	-SEC	3.783	
OFF-PEAK	-SEC	1.600	
ON-PEAK	-PRI	3.848	
OFF-PEAK	-PRI	1.755	
LCS	-SEC	1.729	3.990
	-PRI	1.669	3.253
	-SUBT	1.683	3.240
	-TRANS	1.638	3.185
LCP	-SEC	1.725	2.719
	-PRI	1.888	2.658
	-SUBT	1.802	2.645
	-TRANS	1.634	2.584
IP	-SEC	1.721	3.771
	-PRI	1.878	3.685
	-SUBT	1.848	3.808
	-TRANS	1.825	3.585
GL		1.727	
6L		1.734	

APPALACHIAN POWER COMPANY / WHEELING POWER COMPANY
EXPANDED NET ENERGY COST (ENEC) RATES
CASE NO. 08-0274-E-GI
EFFECTIVE DATE JULY 1, 2008

CUSTOMER CLASS	ENEC ENERGY FACTOR C/KWH	ENEC DEMAND FACTOR \$/KW
SPECIAL CONTRACT A		
FIRM POWER	1.673	9.683
INTERRUPTIBLE DEMAND		1.886
P1	1.673	
P2	1.673	
P2.5	1.673	
P3	1.673	
P4	1.673	
SPECIAL CONTRACT B		
138 KV SERVICE		
CAPACITY CHARGE		1.781
P1	1.818	
P2	1.818	
P2.5	1.818	
P3	1.818	
P4	1.818	
46 KV SERVICE		
P1	1.640	
P2	1.640	
P2.5	1.640	
P3	1.640	
P4	1.640	
SPECIAL CONTRACT C		
P1	4.800	
P2	4.688	
P3	48.873	
P4	33.682	
SPECIAL CONTRACT D		
FIRM POWER	1.8450	3.853
ON-PEAK DEMAND		2.888
SHOULDER PEAK DEM.		1.780
OFF-PEAK DEMAND		0.853
INTERR. ENERGY	1.0250	
SPECIAL CONTRACT E		
-SEC		
ON-PEAK	2.541	
OFF-PEAK	2.130	
SHOULDER PEAK	2.228	
-PRI		
ON-PEAK	2.783	
OFF-PEAK	2.218	
SHOULDER PEAK	2.357	
SPECIAL CONTRACT F		
FIRM POWER	1.048	4.128
BACK-UP POWER	1.048	0.413
MAINTENANCE	1.731	
SPECIAL CONTRACT G		
	1.607	4.727
SPECIAL CONTRACT H		
	1.623	4.234
SPECIAL CONTRACT I		
	1.622	2.360
FLOODWALK	ENEC Factor for floodwalk accounts is the energy component of the appropriate general service tariff for which the customer would qualify	

APPALACHIAN POWER COMPANY
WHEELING POWER COMPANY

Second Revision of Original Sheet No. 1-2
Canceling First Revision of Original Sheet No. 1-2

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

INDEX
(continued)

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(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
P.S.C. West Virginia
Case No. 08-0278-E-GI
Order Dated

Issued By
D. E. Waldo, President & COO
Charleston, West Virginia

Effective: Service rendered on or after
July 1, 2008

APPALACHIAN POWER COMPANY
WHEELING POWER COMPANY
(See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 5-1
Cancelling First Revision of Original Sheet No. 5-1

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE R.S.
(Residential Service)

AVAILABILITY OF SERVICE

Available for electric service through one meter to individual residential customers, including rural residential customers engaged principally in agricultural pursuits.

MONTHLY RATE (Schedule Codes 011, 015, 018, 038, 039, 051)

Customer Charge \$ 4.00/month

Energy Charge:

(I) First 500 KWH 7.010¢/KWH
(I) All Over 500 KWH 5.792¢/KWH

(N) OTHER CHARGES/CREDITS

Service under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the ENEC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28), SCHEDULE B.A.R.S.S. (Original Sheet No. 29) and SCHEDULE R.E. (Original Sheet No. 30).

MINIMUM CHARGE

This Schedule is subject to a minimum monthly charge equal to the Customer Charge.

LOCAL TAX ADJUSTMENT

To bills for electric service supplied within specified municipalities or political subdivisions which impose taxes based upon the amount of electric service sold or revenues received by the Company, as specified on Original Sheet No. 4-1, will be added a surcharge equal to the percentage shown on Sheet Nos. 4-2, 4-3, and 4-4 to accomplish a recovery of these taxes.

PAYMENT

Bills are due upon receipt and payable by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company within twenty (20) days of the mailing date. Effective October 1, 2006, any amount due and not received by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the next scheduled read date shall be subject to a delayed payment charge of 1%. This charge shall not be applicable to local consumer utility taxes.

TERM

Contracts may be required pursuant to the Extension of Service provision of the Company's Terms and Conditions of Service.

SPECIAL TERMS AND CONDITIONS

This Schedule is subject to the Company's Terms and Conditions of Service.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
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Case No. 08-0278-E-GI
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D. E. Waldo, President & COO
Charleston, West Virginia

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July 1, 2008

APPALACHIAN POWER COMPANY
WHEELING POWER COMPANY
(See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 5-2
Cancelling First Revision of Original Sheet No. 5-2

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE R.S.
(Residential Service)
(continued)

SPECIAL TERMS AND CONDITIONS (Cont'd)

This schedule is available to rural domestic customers engaged principally in agricultural pursuits where service is taken through one meter for residential purposes, as well as for the usual farm uses outside the home, but service under this Schedule shall not be extended to operations of a commercial nature or operations such as processing, preparing or distributing products not raised or produced on the farm, unless such operation is incidental to the usual residential and farm uses.

This Schedule is intended for single-phase service. Where the residential customer requests three-phase service, this Schedule will apply if the customer pays to the Company the difference between constructing single-phase and three-phase service. Where motors or heating equipment are used for commercial or industrial purposes, the applicable general service schedule will apply to such service.

The Company shall have the option of reading meters monthly or bi-monthly.

Customers with cogeneration and/or small power production facilities shall take service under Schedule COGEN/SPP or by special agreement with the Company.

S.R.R.-R.S. AMENDMENT

This SRR-RS Amendment shall be applicable to electric service for the billing months of December, January, February, March, and April to residential customers who qualify for special reduced rates under the provision of West Virginia Code §24-2A. The rates and charges for service under this amendment shall be twenty percent (20%) less than the rates and charges for service rendered under this Schedule. The Company shall apply all relevant and applicable requirements and conditions of West Virginia Code §24-2A, and all other requirements of Terms and Conditions of Service of the Company's West Virginia P.S.C. Tariff and this Schedule.

LOAD MANAGEMENT WATER HEATING PROVISION (Schedule Codes 011, 051)

- (I) For residential customers who install a Company-approved load management water-heating system which consumes electrical energy primarily during off-peak hours specified by the Company and stores hot-water for use during on-peak hours, of minimum capacity of 80 gallons, the last 250 KWH of use in any month shall be billed at 3.241¢/KWH.

This provision, however, shall in no event apply to the first 200 KWH used in any month, which shall be billed in accordance with the "MONTHLY RATE", as set forth above.

For the purpose of this provision, the on-peak billing period is defined as 7 a.m. to 9 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 9 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays, and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

The Company reserves the right to inspect at all reasonable times the load management water heating system(s) and devices which qualify the residence for service under the Load Management Water Heating Provision. If the Company finds that, in its sole judgment, the availability conditions of this provision are being violated, it may discontinue billing the customer under this provision and commence billing under the standard monthly rate.

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Charleston, West Virginia

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July 1, 2008

APPALACHIAN POWER COMPANY
WHEELING POWER COMPANY
(See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 7-1
Cancelling First Revision of Original Sheet No. 7-1

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE R.S.-T.O.D.
(Residential Service Time-of-Day)

AVAILABILITY OF SERVICE

Available for electric service to individual residential customers, including rural residential customers engaged principally in agricultural pursuits who wish to be metered through one single-phase multiple-register meter capable of measuring electrical energy consumption during the on-peak and off-peak billing periods.

MONTHLY RATE (Schedule Codes 030, 032)

Customer Charge\$12.60/month

Energy Charge:

(I) All KWH during the on-peak billing period 10.106¢/KWH
(I) All KWH during the off-peak billing period 2.742¢/KWH

For the purpose of this Schedule, the on-peak billing period is defined as 7 a.m. to 9 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 9 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays, and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

(N) OTHER CHARGES/CREDITS

Service under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the FNEC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28), SCHEDULE A.R.S.S. (Original Sheet No. 29) and SCHEDULE R.E. (Original Sheet No. 30).

MINIMUM CHARGE

This Schedule is subject to a minimum monthly charge equal to the Customer Charge.

LOCAL TAX ADJUSTMENT

To bills for electric service supplied within specified municipalities or political subdivisions which impose taxes based upon the amount of electric service sold or revenues received by the Company, as specified on Original Sheet No. 4-1, will be added a surcharge equal to the percentage shown on Sheet Nos. 4-2, 4-3, and 4-4 to accomplish a recovery of these taxes.

PAYMENT

Bills are due upon receipt and payable by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company within twenty (20) days of the mailing date. Effective October 1, 2006, any amount due and not received by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the next scheduled read date shall be subject to a delayed payment charge of 1%. This charge shall not be applicable to local consumer utility taxes.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
P.S.C. West Virginia
Case No. 08-0278-E-G1
Order Dated

Issued By
D. E. Waldo, President & COO
Charleston, West Virginia

Effective: Services rendered on or after
July 1, 2008

APPALACHIAN POWER COMPANY
WHEELING POWER COMPANY
(See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 8
Cancelling First Revision of Original Sheet No. 8

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE S.W.S.
(Sanctuary Worship Service)

AVAILABILITY OF SERVICE

Available for service only to the building in which the sanctuary or principal place of worship is located.

MONTHLY RATE (Schedule Code 222)

	Customer Charge	\$ 8.00/month
	Energy Charges:	
(I)	First 7,000 KWH	6.650¢/KWH
(I)	All over 7,000 KWH	5.581¢/KWH

(N) OTHER CHARGES/CREDITS

Service under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the ENEC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28), SCHEDULE R.A.R.S.S. (Original Sheet No. 29) and SCHEDULE R.E. (Original Sheet No. 30).

MINIMUM CHARGE

This Schedule is subject to a minimum monthly charge equal to the Customer Charge.

LOCAL TAX ADJUSTMENT

To bills for electric service supplied within specified municipalities or political subdivisions which impose taxes based upon the amount of electric service sold or revenues received by the Company, as specified on Original Sheet No. 4-1, will be added a surcharge equal to the percentage shown on Sheet Nos. 4-2, 4-3, and 4-4 to accomplish a recovery of these taxes.

PAYMENT

Bills are due upon receipt and payable by the "Last Pay Date" shown on the bill. Any amount due and not received by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the next bill preparation date shall be subject to a delayed payment charge of 1%. This charge shall not be applicable to local consumer utility taxes.

TERM

Contracts may be required pursuant to the Extension of Service provision of the Company's Terms and Conditions of Service.

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APPALACHIAN POWER COMPANY
WHEELING POWER COMPANY
(See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 9-1
Canceling First Revision of Original Sheet No. 9-1

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE S.S.
(School Service)

AVAILABILITY OF SERVICE

Available for service to all primary and secondary school, college and university buildings and public libraries for which the entire electrical requirements are furnished by the Company.

MONTHLY RATE

Schedule Codes	Service Voltage	Demand Charge (\$/KW)	Energy Charge \$/KWH	Customer Charge \$/Month
634, 636	Secondary	(I) 4.455	(I) 4.058	15.00
635	Primary	(I) 3.407	(I) 3.949	60.00

(N) OTHER CHARGES/CREDITS

Service under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the ENEC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28), SCHEDULE A.R.S.S. (Original Sheet No. 29) and SCHEDULE R.E. (Original Sheet No. 30).

MINIMUM CHARGE

Customers with demands below 500 KW are subject to a minimum monthly charge equal to the Customer Charge. Customers with demands of 500 KW, or more are subject to a minimum monthly charge equal to the sum of the Customer Charge, the product of the Demand Charge and the monthly billing demand and all applicable adjustments.

LOCAL TAX ADJUSTMENT

To bills for electric service supplied within specified municipalities or political subdivisions which impose taxes based upon the amount of electric service sold or revenues received by the Company, as specified on Original Sheet No. 4-1, will be added a surcharge equal to the percentage shown on Sheet Nos. 4-2, 4-3, and 4-4 to accomplish a recovery of these taxes.

PAYMENT

Bills are due upon receipt and payable by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company within twenty (20) days of the mailing date.

MEASUREMENT AND DETERMINATION OF DEMAND AND ENERGY

The billing demand in KW shall be taken monthly as the single highest 15-minute peak in KW as registered during the month by a demand meter or indicator. Where service is delivered through two meters to an existing customer, the monthly billing demand will be taken as the sum of the two demands separately determined and the billing KWH taken as the sum of the KWHs separately determined.

Monthly billing demands for customers with actual or contracted demands of 500 KW or more of capacity shall not be less than 60% of the greater of (a) the customer's contract capacity in excess of 100 KW, or (b) the customer's highest previously established monthly billing demand during the past 11 months in excess of 100 KW.

Billing demands will be rounded to the nearest whole KW.

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Charleston, West Virginia

Effective: Service rendered on or after
July 1, 2008

APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 9-2
 Cancelling First Revision of Original Sheet No. 9-2

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE S.S.
 (School Service)
 (continued)

METERED VOLTAGE ADJUSTMENT

The rates set forth in this Schedule are based upon delivery and measurement of energy at the same voltage. When the measurement of energy occurs at a voltage different than the delivery voltage, the measurement of energy will be compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment or the application of multipliers to the metered quantities. In such cases, metered KWH and KW will be adjusted for billing purposes. In cases where multipliers are used to adjust metered usage, the adjustment shall be as follows:

- (a) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (b) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

ATHLETIC FIELD LIGHTING

Available to separately metered athletic field lighting facilities. In order to be eligible for the Athletic Field Lighting charges in this provision, a new or existing customer requiring an increase in lighting load must furnish and maintain the required equipment in order to receive the entire service at the primary voltage of the distribution line from which service is to be supplied. Athletic fields receiving service at the effective date of this provision shall not be required to purchase and maintain the required equipment supplying the existing secondary voltage service that is serving the customer's present load requirement at their present location.

Monthly Rate

Schedule Code	Service Voltage	Energy Charge (\$/KWH)	Customer Charge (\$/Month)
698	Primary	(1) 5.831	25.00

TERM

For customers with demands greater than 1,000 KW, contracts will be required for an initial period of not less than one (1) year and shall remain in effect thereafter until either party shall give to the other at least six month's written notice of the intention to discontinue service under the terms of this schedule. Such customers shall contract for a definite amount of electrical capacity sufficient to meet their normal maximum requirements. For customers with demands less than 1,000 KW, a written agreement may be required at the option of the customer or the Company, pursuant to the Extension of Service provisions of the Company's Terms and Conditions of Service.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required. The Company reserves the right to make initial contracts for periods of longer than one year pursuant to the Extension of Service provision of the Company's Terms and Conditions of Service.

The Company shall not be required to supply capacity in excess of that contracted for except by mutual agreement.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
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 Case No. 08-0278-E-GI
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Issued By
 D. E. Walden, President & COO
 Charleston, West Virginia

Effective: Service rendered on or after
 July 1, 2008

APPALACHIAN POWER COMPANY
WHEELING POWER COMPANY
(See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 10-1
Canceling First Revision of Original Sheet No. 10-1

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE S.G.S.
(Small General Service)

AVAILABILITY OF SERVICE

Available for general service to customers with maximum electrical capacity requirements of 10 KW or less. When a customer being served under this Schedule establishes or exceeds a maximum requirement of 10 KW, the customer will be placed on the appropriate general service Schedule.

MONTHLY RATE (Schedule Codes 231, 234, 281)

	Customer Charge	\$ 8.00/month
(D)	Energy Charge	5.692¢/KWH
(N)	OTHER CHARGES/CREDITS	

Service under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the ENEC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28), SCHEDULE A.R.S.S. (Original Sheet No. 29) and SCHEDULE R.E. (Original Sheet No. 30).

MINIMUM CHARGE

This Schedule is subject to a minimum monthly charge equal to the Customer Charge.

LOCAL TAX ADJUSTMENT

To bills for electric service supplied within specified municipalities or political subdivisions which impose taxes based upon the amount of electric service sold or revenues received by the Company, as specified on Original Sheet No. 4-1, will be added a surcharge equal to the percentage shown on Sheet Nos. 4-2, 4-3, and 4-4 to accomplish a recovery of these taxes.

PAYMENT

Bills are due upon receipt. Any amount due and not received by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the "Last Pay Date" shown on the bill, shall be subject to a delayed payment charge of 1%. This charge shall not be applicable to local consumer utility taxes.

TERM

For customers eligible for this Schedule, a written agreement may be required at the option of the customer or the Company, pursuant to the Company's Terms and Conditions of Service.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required. The Company reserves the right to make initial contracts for periods of longer than one year pursuant to the Extension of Service provision of the Company's Terms and Conditions of Service.

The Company shall not be required to supply capacity in excess of that contracted for except by mutual agreement.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
P.S.C. West Virginia
Case No. 08-0278-E-G1
Order Dated

Issued By
D. E. Waldo, President & COO
Charleston, West Virginia

Effective: Service rendered on or after
July 1, 2008

APPALACHIAN POWER COMPANY
WHEELING POWER COMPANY
(See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 10-2
Cancelling First Revision of Original Sheet No. 10-2

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE S.G.S.
(Small General Service)
(continued)

SPECIAL TERMS AND CONDITIONS

This Schedule is subject to the Company's Terms and Conditions of Service.

The Company shall have the option of reading meters monthly or bi-monthly.

Customers with cogeneration and/or small power production facilities shall take service under Schedule COGEN/SPP or by special agreement with the Company.

LOAD MANAGEMENT TIME-OF-DAY PROVISION

Available to customers who use energy storage devices with time-differentiated load characteristics approved by the Company, such as electric thermal storage space heating and/or cooling systems and water heaters, which consume electrical energy only during off-peak hours specified by the Company and store energy for use during on-peak hours. A time-of-day meter is required to take service under this provision.

Customers who desire to separately wire their energy storage load to a time-of-day meter and their general-use load to a standard meter shall receive service under the appropriate provisions of this Schedule.

Monthly Rate (Schedule Code 225)

Customer Charge \$12.60/month

Energy Charge:

(I) All KWH during the on-peak hours 9.154¢/KWH
(I) All KWH during the off-peak hours 2.598¢/KWH

For the purpose of this provision, the on-peak billing period is defined as 7 a.m. to 9 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 9 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays, and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

The Company reserves the right to inspect at all reasonable times the customer's energy storage devices which qualify for service under this provision, and to ascertain by any reasonable means that the time-differentiated load characteristics of such devices meet the Company's specifications. If the Company finds that, in its sole judgment, the availability conditions of this provision are being violated, it may discontinue billing the customer under this provision and commence billing under the appropriate general service schedule.

OPTIONAL UNMETERED SERVICE PROVISION (Schedule Code 213)

Available to customers who qualify for Schedule S.G.S. and use the Company's service for commercial purposes consisting of small fixed electric loads such as traffic signals and signboards which can be served by a standard service drop from the Company's existing secondary distribution system. This service will be furnished at the option of the Company.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

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Charleston, West Virginia

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APPALACHIAN POWER COMPANY
WHEELING POWER COMPANY
(See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 10-3
Cancelling First Revision of Original Sheet No. 10-3

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE S.G.S.
(Small General Service)
(continued)

OPTIONAL UNMETERED SERVICE PROVISION (Cont'd)

Each separate service delivery point shall be considered a contract location and shall be separately billed under the service contract. In the event one customer has several accounts for like service, the Company may meter one account to determine the appropriate kilowatt-hour usage applicable for each of the accounts.

The customer shall furnish switching equipment satisfactory to the Company. The customer shall notify the Company in advance of every change in connected load, and the Company reserves the right to inspect the customer's equipment at any time to verify the actual load. In the event of the customer's failure to notify the Company of an increase in load, the Company reserves the right to refuse to serve the contract location thereafter under this provision, and shall be entitled to bill the customer retroactively on the basis of the increased load for the full period such load was connected plus three months.

(I) Calculated energy use per month shall be equal to the contract capacity specified at the contract location times the number of days in the billing period times the specified hours of operation. Such calculated energy shall then be billed at 5.692¢/KWH plus a monthly customer charge of \$7.35.

This provision is subject to the Terms and Conditions of Schedule S.G.S.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

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July 1, 2008

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE M.G.S.
 (Medium General Service)

AVAILABILITY OF SERVICE

Available for general service to customers with maximum demands exceeding 10 KW but less than 1,000 KW. When a customer being served under this Schedule establishes or exceeds a maximum requirement of 1,000 KW, the customer will be placed on the appropriate general service Schedule and required to contract for such capacity requirements. This Schedule is not available to customers being served under Schedule L.G.S. as of the effective date of this Schedule except in cases of material changes in load which result in a dramatic change in usage characteristics.

MONTHLY RATE

Schedule Codes	Service Voltage	Demand Charge (\$/KW)	Off-Peak Excess Demand Charge (\$/KW)	Energy Charge \$/KWH	Customer Charge \$/Month
215	Secondary	(I) 4.609	2.44	(I) 4.500	10.00
217	Primary	(I) 3.594	1.60	(I) 4.379	30.00
219	Subtransmission	(I) 1.956	0.63	(I) 4.251	70.00
239	Transmission	(I) 1.414	0.59	(I) 4.184	80.00

Reactive Demand Charge for each KVAR of leading or lagging reactive demand in excess of 50% of the KW metered demand \$0.62/KVAR
 (Applicable to customers 300 KW or greater)

(N) OTHER CHARGES/CREDITS

Service under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the ENEC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28), SCHEDULE B.A.R.S.S. (Original Sheet No. 29) and SCHEDULE R.B. (Original Sheet No. 30).

MINIMUM AND MAXIMUM CHARGES

Bills computed under the above rate are subject to the operation of Minimum and Maximum Charge provisions as follows:

- (a) Minimum Charge - For demand accounts up to 100-KW - the Customer Charge.
 For demand accounts over 100 KW - the sum of the Customer Charge, the product of the Demand Charge and the monthly billing demand, and all applicable adjustments.
- (b) Maximum Charge - The sum of the Customer Charge, the product of 15¢/KWH and the metered energy, and all applicable adjustments. This provision shall not reduce the charge below the amount specified in the Minimum Charge provision above, (a).

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates None, (O) Indicates Omission, (T) Indicates Temporary

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APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 11-3
 Cancelling First Revision of Original Sheet No. 11-3

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE M.G.S.
 (Medium General Service)
 (continued)

For the purpose of this provision, the on-peak billing period is defined as 7 a.m. to 9 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 9 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays, and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

METERED VOLTAGE ADJUSTMENT

The rates set forth in this Schedule are based upon delivery and measurement of energy at the same voltage. When the measurement of energy occurs at a voltage different than the delivery voltage, the measurement of energy will be compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment or the application of multipliers to the metered quantities. In such cases, metered KWH, KW and KVAR will be adjusted for billing purposes. In cases where multipliers are used to adjust metered usage, the adjustment shall be as follows:

- (a) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (b) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

ATHLETIC FIELD LIGHTING

Available to separately metered athletic field lighting facilities. In order to be eligible for the Athletic Field Lighting charges in this provision, a new or existing customer requiring an increase in lighting load must furnish and maintain the required equipment in order to receive the entire service at the primary voltage of the distribution line from which service is to be supplied. Athletic fields receiving service at the effective date of this provision shall not be required to purchase and maintain the required equipment supplying the existing secondary voltage service that is serving the customer's present load requirement at their present location.

Monthly Rate

Schedule Code	Service Voltage	Energy Charge (\$/KWH)	Customer Charge (\$/Month)
214	Primary	(I) 5.861	25.00

TERM

For customers eligible for service under this Schedule, a written agreement may be required at the option of the customer or the Company, pursuant to the Extension of Service provisions of the Company's Terms and Conditions of Service.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required. The Company reserves the right to make initial contracts for periods longer than one (1) year pursuant to the Extension of Service provision of the Company's Terms and Conditions of Service.

The Company shall not be required to supply capacity in excess of that contracted for except by mutual agreement.
 (C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

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APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 12-1
 Canceling First Revision of Original Sheet No. 12-1

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE G.S.-T.O.D.
 (General Service Time-of-Day)

AVAILABILITY OF SERVICE

Available for general service to customers served at secondary or primary delivery voltage levels with maximum demands less than 500 KW. Availability of service under this Schedule is restricted to the first 500 customers applying for service.

MONTHLY RATE

Schedule Codes	Service Voltage	On-Peak Energy Charge (\$/KWH)	Off-Peak Energy Charge (\$/KWH)	Customer Charge (\$/Month)
229	Secondary	(I) 9.819	(I) 2.653	12.80
227	Primary	(I) 8.886	(I) 2.541	45.60

For the purpose of this Schedule, the on-peak billing period is defined as 7 a.m. to 9 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 9 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

(N) OTHER CHARGES/CREDITS

Services under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the ENBC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28), SCHEDULE A.R.S.S. (Original Sheet No. 29) and SCHEDULE R.E. (Original Sheet No. 30).

MINIMUM CHARGE

This Schedule is subject to a minimum monthly charge equal to the Customer Charge.

LOCAL TAX ADJUSTMENT

To bills for electric service supplied within specified municipalities or political subdivisions which impose taxes based upon the amount of electric service sold or revenues received by the Company, as specified on Original Sheet No. 4-1, will be added a surcharge equal to the percentage shown on Sheet Nos. 4-2, 4-3, and 4-4 to accomplish a recovery of these taxes.

PAYMENT

Bills are due upon receipt. Any amount due and not received by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the "Last Pay Date" shown on the bill shall be subject to a delayed payment charge of 1%. This charge shall not be applicable to local consumer utility taxes.

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APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 13-1
 Cancelling First Revision of Original Sheet No. 13-1

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE L.G.S.
 (Large General Service)

AVAILABILITY OF SERVICE

Available for general service to customers with maximum demands exceeding 10 KW but less than 1,000 KW. When a customer being served under this Schedule establishes or exceeds a maximum requirement of 1,000 KW, the customer will be placed on the appropriate general service Schedule and required to contract for such capacity requirements. This Schedule is not available to customers being served under Schedule M.G.S. as of the effective date of this Schedule except in cases of material changes in load which result in a dramatic change in usage characteristics.

MONTHLY RATE

Schedule Codes	Service Voltage	Demand Charge (\$/KW)	Off-Peak Excess Demand Charge (\$/KW)	Energy Charge (#/KWH)	Customer Charge (\$/Month)
380	Secondary	(I) 11.655	3.80	(I) 2.785	21.00
381	Primary	(I) 10.428	2.48	(I) 2.697	100.00
382	Subtransmission	(I) 8.638	0.98	(I) 2.621	125.00
390	Transmission	(I) 7.990	0.92	(I) 2.578	175.00

Reactive Demand Charge for each KVAR of leading or lagging reactive demand in excess of 50% of the KW metered demand \$0.62/KVAR
 (Applicable to customers 300 KW or greater)

(N) OTHER CHARGES/CREDITS

Service under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the ENEC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28) and SCHEDULE R.E. (Original Sheet No. 30)

MINIMUM AND MAXIMUM CHARGES

Bills computed under the above rate are subject to the operation of Minimum and Maximum Charge provisions as follows:

- (a) Minimum Charge - For demand accounts up to 100 KW - the Customer Charge
 For demand accounts over 100 KW - the sum of the Customer Charge, the product of the Demand Charge and the monthly billing demand, and all applicable adjustments.
- (b) Maximum Charge - The sum of the Customer Charge, the product of 15¢/KWH and the metered energy, and all applicable adjustments. This provision shall not reduce the charge below the amount specified in the Minimum Charge provision above, (a).

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APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 14-1
 Canceling First Revision of Original Sheet No. 14-1

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE L.C.P.
(Large Capacity Power Service)

AVAILABILITY OF SERVICE

Available for general service to customers. Customers shall contract for a definite amount of electrical capacity in kilowatts, which shall be sufficient to meet maximum requirements, but in no case shall the contract capacity be less than 1,000 kW.

MONTHLY RATE

Schedule Codes	Service Voltage	Demand Charge (\$/KW)	Off-Peak Excess Demand Charge (\$/KW)	Energy Charge (¢/KWH)	Customer Charge (\$/Month)
386	Secondary	(I) 10.370	4.88	(I) 2.761	85.00
387	Primary	(I) 9.175	3.19	(I) 2.691	275.00
388	Subtransmission	(I) 7.405	1.27	(I) 2.594	375.00
389	Transmission	(I) 6.780	1.19	(I) 2.550	475.00

Reactive Demand Charge for each KVAR of leading or lagging reactive demand in excess of 50% of the KW metered demand \$0.62/KVAR

(N) **OTHER CHARGES/CREDITS**

Service under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the ENEC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28) and SCHEDULE R.E. (Original Sheet No. 30).

MINIMUM CHARGE

This Schedule is subject to a minimum monthly charge equal to the sum of the Customer Charge, the product of the Demand Charge and the monthly billing demand, and all applicable adjustments.

LOCAL TAX ADJUSTMENT

To bills for electric service supplied within specified municipalities or political subdivisions which impose taxes based upon the amount of electric service sold or revenues received by the Company, as specified on Original Sheet No. 4-1, will be added a surcharge equal to the percentage shown on Sheet Nos. 4-2, 4-3, and 4-4 to accomplish a recovery of these taxes.

PAYMENT

Bills are due upon receipt. Any amount due and not received by mail, checkless payment plan, electronic payment plan, or at authorized payment agents, of the Company by the "Last Pay Date" shown on the bill shall be subject to a delayed payment charge of 1%. This charge shall not be applicable to local consumer utility taxes.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

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APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 15-1
 Cancelling First Revision of Original Sheet No. 15-1

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE LP.
 (Industrial Power Service)

AVAILABILITY OF SERVICE

Available for general service to customers. Customers shall contract for a definite amount of electrical capacity in kilowatts, which shall be sufficient to meet maximum requirements, but in no case shall the contract capacity be less than 1,000 KW.

MONTHLY RATE

Schedule Codes	Service Voltage	Demand Charge (\$/KW)	Off-Peak Excess Demand Charge (\$/KW)	Energy Charge (¢/KWH)	Customer Charge (\$/Month)
327	Secondary	(I) 14.153	6.05	(I) 2.128	85.00
322	Primary	(I) 12.855	3.95	(I) 2.068	275.00
323	Subtransmission	(I) 11.007	1.56	(I) 1.978	375.00
324	Transmission	(I) 10.324	1.47	(I) 1.948	475.00

Reactive Demand Charge for each KVAR of leading or lagging reactive demand in excess of 50% of the KW metered demand \$0.62/KVAR

(N) OTHER CHARGES/CREDITS

Service under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the ENBC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28) and SCHEDULE R.E. (Original Sheet No. 30).

MINIMUM CHARGE

This Schedule is subject to a minimum monthly charge equal to the sum of the Customer Charge, the product of the Demand Charge and the monthly billing demand, and all applicable adjustments.

LOCAL TAX ADJUSTMENT

To bills for electric service supplied within specified municipalities or political subdivisions which impose taxes based upon the amount of electric service sold or revenues received by the Company, as specified on Original Sheet No. 4-1, will be added a surcharge equal to the percentage shown on Sheet Nos. 4-2, 4-3, and 4-4 to accomplish a recovery of these taxes.

PAYMENT

Bills are due upon receipt. Any amount due and not received by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the "Last Pay Date" shown on the bill shall be subject to a delayed payment charge of 1%. This charge shall not be applicable to local consumer utility taxes.

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APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 17-1
 Cancelling First Revision of Original Sheet No. 17-1

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE O.L.
 (Outdoor Lighting)

AVAILABILITY OF SERVICE

Available for outdoor lighting to individual customers located outside areas covered by municipal street lighting systems.

Customers requesting the installation of a new light shall have the obligation to insure that the requested location for the light will not be objectionable to other property owners in the immediate vicinity. In the event of a dispute that results in the removal or relocation of the installation, the customer will be responsible for the costs of removal or relocation.

Customers requesting a light that requires the installation of a new pole on their property may designate the location of the new pole, provided that the pole location is truck accessible to the Company.

MONTHLY RATE

A. Overhead Lighting Service

For each of the following, the Company will provide the lamp, photo-electric relay control equipment, luminaire and upsweep arm not over 6 feet in length, and shall mount same on an existing, truck accessible wood distribution pole carrying secondary circuits.

	Schedule Code	Wattage	Approx. Lumen	Type of Lamp	Rate per Lamp per Month
(I)	093	175 (S)	7,000	Mercury Vapor	7.74
(I)	096	250 (I)	11,000	Mercury Vapor	10.21
(I)	095	400 (I)	21,000	Mercury Vapor	12.16
(I)	114	400	20,000	Mercury Vapor Floodlight	17.56
(I)	119	1,000	50,000	Mercury Vapor Floodlight	31.07
(I)	108	70	5,800	High Pressure Sodium	7.25
(I)	094	100	9,500	High Pressure Sodium	7.87
(I)	097	200	22,000	High Pressure Sodium	10.24
(I)	098	400	50,000	High Pressure Sodium	12.23
(I)	112	200	22,000	High Pressure Sodium Floodlight	9.48
(I)	107	250 (I)	25,000	High Pressure Sodium Floodlight	11.58
(I)	109	400	50,000	High Pressure Sodium Floodlight	14.89
(I)	139	175 (I)	10,800	Metal Halide Floodlight	11.32
(I)	110	250	17,000	Metal Halide Floodlight	13.55
(I)	116	400	28,800	Metal Halide Floodlight	14.86
(I)	131	1,000	88,000	Metal Halide Floodlight	32.62

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APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Third Revision of Original Sheet No. 17-2
 Canceling Second Revision of Original Sheet No. 17-2

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE O.L.
 (Outdoor Lighting)
 (continued)

MONTHLY RATE (Cont.)

- ⓪ Effective November 2, 1991, this lamp is no longer available for new installations or for repair or replacement of existing units.
- ⓪ Effective July 28, 2006, this lamp is no longer available for new installations or for repair or replacement of existing lights.
- ⓪ Effective March 1, 2007, this lamp is no longer available for new installations or for repair or replacement of existing lights.

(N) OTHER CHARGES/CREDITS

Service under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the ENEC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28), SCHEDULE A.R.S.S. (Original Sheet No. 29) and SCHEDULE R.E. (Original Sheet No. 30).

When new facilities in addition to those specified above are to be installed by the Company, the customer will, in addition to the above monthly charge, pay in advance the installation cost of such additional facilities, as follows:

Light Fixture	Recommended Pole Size	Charge to Customer
100 W High Pressure Sodium Outdoor Light	30 foot	\$450.00
175 W Mercury Vapor Outdoor Light	30 foot	\$450.00
200 W High Pressure Sodium Outdoor Light	30 foot	\$450.00
400 W High Pressure Sodium Outdoor Light	45 foot	\$725.00
200 W High Pressure Sodium Flood Light	30 foot	\$450.00
400 W High Pressure Sodium Flood Light	30 foot	\$450.00
400 W Metal Halide Flood Light	30 foot	\$450.00
1,000 W Metal Halide Flood Light	35 foot	\$525.00

If overhead secondary wire is required, the customer will be charged \$145.00 for the first 50 feet and an additional \$0.75 per foot for all secondary wire in excess of 50 feet.

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APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 17-3
 Cancelling First Revision of Original Sheet No. 17-3

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE O.L.
 (Outdoor Lighting)
 (continued)

B. Post-Top Lighting Service

For each of the following, the Company will provide the lamp, photo-electric relay control, post-top luminaire, post and installation (the type and height of which will be consistent with the Company's construction standards), including underground wiring for a distance of 30 feet from the Company's existing secondary facilities.

MONTHLY RATE

	Schedule Code	Wattage	Approx. Lumen	Type of Lamp	Rate per Lamp per Month
(I)	099	175 **	7,000 **	Mercury Vapor	8.72
(O)	106	70 **	5,800 **	High Pressure Sodium	10.72
(O)	111	100	9,500	High Pressure Sodium	10.93
(I)	122	150 **	16,000 **	High Pressure Sodium	19.85
(I)	101	200	22,000	High Pressure Sodium	26.68
(I)	103	250 **	25,000 **	High Pressure Sodium	32.58
(O)	104	400	50,000	High Pressure Sodium	35.58
(O)	129	175 **	10,800 **	Metal Halide Floodlight	20.06
(O)	105	400	28,800	Metal Halide Floodlight	33.81
(I)	130	1,000	88,000	Metal Halide Floodlight	49.96

**Effective July 28, 2006, this lamp is no longer available for new installations or for repair or replacement of existing lights.

When the customer's service requires an underground circuit longer than 30 feet from the existing secondary facilities for post-top lighting service, the customer will pay to the Company, in advance, all costs for the length of underground circuit in excess of 30 feet.

The customer shall, where applicable, be subject to the following conditions in addition to paying the charges set forth in the above:

1. Customers requiring service where rock or other adverse soil conditions are encountered will be furnished service provided the excess cost of trenching and backfilling (cost in excess of \$0.90 per foot of the total trench length) is paid to the Company by the customer.
2. In the event the customer requires that an underground circuit be located beneath a driveway or other pavement, the Company may require the customer to install protective conduit in the paved areas.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
 Case No. 08-0278-E-GI
 Order Dated

Issued By
 D.E. Waldo, President & COO
 Charleston, West Virginia

Effective Service rendered on or after
 July 1, 2008

APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 18-1
 Cancelling First Revision of Original Sheet No. 18-1

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE S.L.
 (Street Lighting)

AVAILABILITY OF SERVICE

Available for lighting service to municipalities, counties and other governmental subdivisions for the lighting of public streets, public highways and other public outdoor areas where such service can be supplied from the existing general distribution system and where poles are truck accessible.

MONTHLY RATE

A. Overhead Service on Wood Distribution Poles

	Wattage	Approx. Lampen	Rate Per Lamp Per Month (\$)	Cost of Facilities Included in Rates Per Lamp (\$)
	Mercury Vapor:			
(C)	100	3,500 "	4.23	—
(C)	175 **	7,000 **	5.36	207.00
(C)	250	11,000 "	6.12	—
(C)	400 **	21,000 **	7.48	258.00
(C)	1,000	58,000 "	12.93	—
	High Pressure Sodium:			
(C)	70 **	5,800 **	5.44	248.00
(C)	100	9,500	5.62	254.00
(C)	200	22,000	7.04	298.00
(C)	400	50,000	9.20	357.00

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
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 Order Dated

Issued By
 D.E. Waldo, President & COO
 Charleston, West Virginia

Effective Service rendered on or after
 July 1, 2008

APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 18-2
 Cancelling First Revision of Original Sheet No. 18-2

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE S.L.
 (Street Lighting)
 (continued)

MONTHLY RATE (Cont.)

B. Service on Special Metal, Concrete, Ornamental Poles or
Wood Poles Served from Underground Distribution

	Wattage	Approx. Lumen	Rate Per Lamp Per Month (\$)	Cost of Facilities Included in Rates Per Lamp (\$)
	Mercury Vapor			
(I)	175 **	7,000 **	10.59	547.00
(I)	400 **	21,000 **	13.29	639.00
	Mercury Vapor Post Top:			
(N)	175 **	7,000 **	5.99	243.00
	High Pressure Sodium:			
(I)	70 **	5,800 **	10.59	591.00
(I)	100	9,500	10.91	598.00
(I)	150 **	16,000 **	11.67	635.00
(I)	200	22,000	12.79	678.00
(I)	400	50,000	16.17	815.00
	High Pressure Sodium Post Top:			
(I)	100	9,500	4.96	204.00

The rates under Sections A&B above are based on the Company investing in new standard facilities in the amount as shown adjacent to the rate. When the investment in new facilities, including costs for service from underground, exceeds the stated amount, the difference will be paid to the Company by the customer as a Contribution in Aid-of-Construction to the Company.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates Net, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
 Case No. 08-0278-E-GI
 Order Dated

Issued By
 D.E. Waldo, President & COO
 Charleston, West Virginia

Effective: Service rendered on or after
 July 1, 2008

APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 18-3
 Canceling First Revision of Original Sheet No. 18-3

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE S.L.
 (Street Lighting)
 (continued)

C. Energy and Minor Maintenance

	Wattage		Approx Lumen		Rate Per Lamp Per Month (\$)
	Mercury Vapor:				
(0)	175	**	7,000	**	3.74
(0)	400	**	21,000	**	5.07
	High Pressure Sodium:				
(0)	100		9,500		2.71
(0)	150	**	16,000	**	2.87
(0)	200		22,000		3.36
(0)	250	**	27,000	**	4.20
(0)	400		50,000		4.47

(N) OTHER CHARGES/CREDITS

Services under this Schedule may be subject to the CONSTRUCTION SURCHARGE (Original Sheet No. 27), the BNEC OVER-RECOVERY AMORTIZATION CREDIT (Original Sheet No. 28), SCHEDULE A.R.S.S. (Original Sheet No. 29) and SCHEDULE R.E. (Original Sheet No. 30).

MONTHLY RATE (Cont'd)

Applicable where the Customer installs and owns the street lighting system within a specified area as agreed to by the Customer and the Company.

¹Effective December 10, 1980, this lamp is no longer available for new installations or for repair or replacement of existing units.

²Effective November 2, 1991, this lamp is no longer available for new installations or for repair or replacement of existing units.

³Effective January 1, 2000, this lamp is no longer available for new installations or for repair or replacement of existing units.

⁴Effective July 28, 2006, this lamp is no longer available for new installations or for repair or replacement of existing lights.

HOURS OF LIGHTING

All lamps shall burn from one-half hour after sunset until one-half hour before sunrise, every night, burning approximately 4,000 hours per annum.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
 Case No. 08-0278-E-G1
 Order Dated

Issued By
 D.E. Weldo, President & COO
 Charleston, West Virginia

Effective: Service rendered on or after
 July 1, 2008

APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Second Revision of Original Sheet No. 27
 Cancelling First Revision of Original Sheet No. 27

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

CONSTRUCTION/765 kV SURCHARGE
 (CS)

A Construction/765kV Surcharge (CS) will be applied to customers' bills rendered during the period from July 1, 2008 through June 30, 2009 under the applicable Schedules as set forth in the table below.

(D)

Schedule	Energy (\$/kWh)	Demand (\$/kW)
RB	0.454	
RS-TOD		
On-peak	0.386	
Off-peak	0.029	
SWB	0.462	
SGS	0.311	
SGS-LM-TOD		
On-peak	0.357	
Off-peak	0.047	
SS		
Secondary		1.085
Primary		1.060
AF	0.366	
MGS		
Secondary		0.933
Primary		0.913
Subtransmission		0.910
Transmission		0.889
AF	0.366	
GS-TOD		
On-peak Secondary	0.733	
Off-peak Secondary	0.100	
On-peak Primary	0.771	
Off-peak Primary	0.086	
LGS		
Secondary		1.394
Primary		1.361
Subtransmission		1.356
Transmission		1.325
LCP		
Secondary		1.200
Primary		1.173
Subtransmission		1.168
Transmission		1.141
IP		
Secondary		1.581
Primary		1.545
Subtransmission		1.539
Transmission		1.503
OL	0.000	
SL	0.000	

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
 P.S.C. West Virginia
 Case No. 08-0278-E-GI
 Order Dated

Issued By
 D. E. Waldo, President & COO
 Charleston, West Virginia

Effective: Service rendered on or after
 July 1, 2008

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

ENEC OVER-RECOVERY AMORTIZATION CREDIT
 (EOAC)

(C) An ENEC Over-recovery Amortization Credit (EOAC) will be applied to customers' bills rendered during the period from July 1, 2008 through June 30, 2009, under the applicable Schedules as set forth in the table below.

(D)

Schedule	Energy \$/kWh	Demand \$/kW
BE	(0.076)	
RS-TOD		
On-peak	(0.076)	
Off-peak	(0.076)	
SWS	(0.049)	
SGS	(0.106)	
SGS-LM-TOD		
On-peak	(0.121)	
Off-peak	(0.016)	
SS		
Secondary	(0.030)	(0.03847)
Primary	(0.000)	(0.00000)
AF	(0.043)	
MGB		
Secondary	(0.025)	(0.02910)
Primary	(0.040)	(0.02593)
Subtransmission	(0.011)	(0.01756)
Transmission	(0.000)	(0.00000)
AF	(0.048)	
GS-TOD		
On-peak Secondary	(0.328)	
Off-peak Secondary	(0.045)	
On-peak Primary	(0.000)	
Off-peak Primary	(0.000)	
LGB		
Secondary	(0.042)	(0.07472)
Primary	(0.105)	(0.17051)
Subtransmission	(0.000)	(0.00000)
Transmission	(0.000)	(0.00000)
LCP		
Secondary	(0.026)	(0.05413)
Primary	(0.023)	(0.03113)
Subtransmission	(0.028)	(0.04327)
Transmission	(0.010)	(0.01350)
IP		
Secondary	(0.029)	(0.06154)
Primary	(0.025)	(0.04819)
Subtransmission	(0.032)	(0.06938)
Transmission	(0.031)	(0.03971)
OL	(0.030)	
SL	(0.047)	

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Origination, (T) Indicates Temporary

Issued Pursuant to
 P.S.C. West Virginia
 Case No. 08-0278-E-GI
 Order Dated

Issued By
 D. E. Waldo, President & COO
 Charleston, West Virginia

Effective: Service rendered on or after
 July 1, 2008

APPALACHIAN POWER COMPANY
WHEELING POWER COMPANY
(See Sheet Nos. 2-1 through 2-7 for Applicability)

First Revision of Original Sheet No. 29
Canceling Original Sheet No. 29

Exhibit D

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE A.R.S.S
(Additional Retail Sales Surcharge)

(D)

Effective July 1, 2008, monthly bills of all residential and small commercial retail customers, shall be charged \$0.000148/KWH, pursuant to P.S.C. West Virginia Case No. 06-0828-BW-SC order dated April 18, 2007. This surcharge shall apply to Schedules RS, MGS, SGS, SS, SWS, OL and SL.

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
P.S.C. West Virginia
Case No. 08-0178-E-GI
Order Dated

Issued By
D. E. Waldo, President & COO
Charleston, West Virginia

Effective: Services rendered on or after
July 1, 2008

APPALACHIAN POWER COMPANY
 WHEELING POWER COMPANY
 (See Sheet Nos. 2-1 through 2-7 for Applicability)

Original Sheet No. 30

P.S.C. W.VA. TARIFF NO. 12 (APPALACHIAN POWER COMPANY)
 P.S.C. W.VA. TARIFF NO. 17 (WHEELING POWER COMPANY)

SCHEDULE R.E.
 (RELIABILITY EXPENDITURES)

A Reliability Expenditure Surcharge (RE) will be applied to customers' bills rendered during the period from July 1, 2008 through June 30, 2009 under the applicable Schedules as set forth in the table below.

(N)

Schedule	Energy \$/kWh
RS	0.034
RS-TOD	
On-peak	0.035
Off-peak	0.034
SWB	0.034
SGS	0.034
SGS-1M-TOD	
On-peak	0.034
Off-peak	0.034
SS	
Secondary	0.034
Primary	0.032
AF	0.033
MGS	
Secondary	0.034
Primary	0.033
Subtransmission	0.007
Transmission	0.007
AF	0.033
GS-TOD	
On-peak Secondary	0.035
Off-peak Secondary	0.034
On-peak Primary	0.038
Off-peak Primary	0.033
LGS	
Secondary	0.033
Primary	0.033
Subtransmission	0.007
Transmission	0.007
LCP	
Secondary	0.033
Primary	0.032
Subtransmission	0.007
Transmission	0.007
IP	
Secondary	0.034
Primary	0.033
Subtransmission	0.008
Transmission	0.007
OL	0.033
SL	0.033

(C) Indicates Change, (D) Indicates Decrease, (I) Indicates Increase, (N) Indicates New, (O) Indicates Omission, (T) Indicates Temporary

Issued Pursuant to
 P.S.C. West Virginia
 Case No. 08-0278-E-GI
 Order Dated

Issued By
 D. E. Waldo, President & COO
 Charleston, West Virginia

Effective: Services rendered on or after
 July 1, 2008

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PUBLIC SERVICE
COMMISSION

Mark A. Overtree t
(502) 209-1219
(502) 223-4387 FAX
movers tree @ stites.com

October 10, 2007

HAND DELIVERED

Ms. Beth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RE: P.S.C. Case No. 2006-00507

Dear Ms. O'Donnell:

This letter is being provided in response to Staff's request at the September 19, 2007 Informal Conference in this matter. As requested, Kentucky Power is providing a description of the metering equipment inaccuracies at two of the company's 44 interconnections, the results of its investigation of the inaccuracies, as well as the steps taken to address the issue. Additional information requested following the informal conference also is provided.

The Metering Equipment Inaccuracies

In June, 2007, Kentucky Power discovered metering equipment inaccuracies at the Company's interconnections with Appalachian Power Company (Leach to South Neal tie line) and Ohio Power Company (Bellefonte-Pleasant Street tie line). The effect of the inaccuracies was to increase the total reported MWh consumed on the Kentucky Power system in May 2007 from 600,686 MWh (the correct reading) to 621,504 (the incorrect initially reported reading).

The cause of the inaccuracy was different at each interconnection. At the Leach to South Neal tie line interconnection, one of the parameters employed by the portion of the metering equipment that aggregates the usage data used the wrong plus/minus (inflow/outflow) designator as the result of a programming error. At the Bellefonte-Pleasant Street tie line interconnection the metering equipment was not synchronized with the Potential Transformer and Current Transformer settings thereby resulting in readings that were approximately 2/3 the correct reading.

Ms. Beth O'Donnell
October 10, 2007
Page 2

Kentucky Power's Investigation.

Upon discovering the metering equipment inaccuracies, Kentucky Power began testing the metering equipment at each of the company's 44 interconnections. That investigation confirmed that inaccuracies existed only at the Leach to South Neal and Bellefonte to Pleasant Street interconnections. In June, 2007, the metering equipment at the two interconnections was modified to correct the inaccuracies.

Following Kentucky Power's initial discovery of the problem it notified the Commission, the Attorney General and Kentucky Industrial Utility Customers, Inc. of the metering equipment inaccuracies on July 18, 2007.

The Adjustment in May, 2007 Billings.

The metering equipment inaccuracies produced erroneous settlements between Kentucky Power and its two sister utilities. As required by Section 8.6 of the Interconnection Agreement, Kentucky Power proposes to make a thirty day adjustment to correct the erroneous settlement (Attachment 1).

When the adjustment is made, it will affect the Fuel Adjustment Clause (FAC) calculations, the System Sales calculations and the Environmental Surcharge calculations. The FAC, System Sales and Environmental Surcharge adjustments tend to offset one another with the net of which is \$66,075 credit to the customers. (Attachment 2). Therefore, the Company is proposing to make a one-time adjustment with the scheduled November 19, 2007 environmental surcharge, system sales tracker and fuel adjustment clause filings with the Commission. The adjustments will be reflected as a net credit on customers' December, 2007 bills and will be the filed cost data and the adjusted cost data for May, 2007.¹

Remedial Measures

In addition to Kentucky Power correcting the metering equipment inaccuracies giving rise to the erroneous May, 2007 settlements and filings with the Commission, AEP established a task force to review metering equipment and metering equipment procedures system-wide and to propose process improvements. The following efforts have been undertaken:

¹ The June 18, 2007 FAC filing used estimated fuel cost. These fuel costs were trued up to actual in the July 19, 2007 filing (Attachment 3). The System Sales data (Attachment 4) and the Environmental Surcharge cost data (Attachment 5), both of which were filed with the Commission on June 18, 2007, contained actual May, 2007 data.

Ms. Beth O'Donnell
October 10, 2007
Page 3

(a) Implemented a "90-Day" program to develop interim measures to detect and prevent additional metering equipment inaccuracies. The plan includes changes in metering equipment procedures, increased employee education and improvements in the collection and organization of information regarding metering equipment;

(b) Planned reductions in the number of tie lines connected to a single meter, thereby reducing the likelihood of inaccuracies being "masked;"

(c) Implementation of monthly meetings reviewing metering equipment system changes to ensure that the proper corresponding changes to metering equipment were implemented;

(d) An AEP-East System-wide analysis of the accuracy of the more than 800 metering locations on the AEP-East System is approximately 98% complete. To date, it is clear the metering equipment inaccuracies are not widespread;

(e) All changes to Kentucky Power's metering equipment have been more closely monitored since July, 2007. To date no further inaccuracies have been detected;

(f) Line loss studies for each of the eleven operating companies on the AEP system were commissioned. Kentucky Power's has been completed and filed with the Commission; and

(g) Metering Equipment at certain stations in Kentucky will be upgraded at a cost of approximately \$2 million.

Additional Staff Inquiries

Following the informal conference, Staff asked the Company to address whether there is any tension between the maximum thirty day limit for adjustments under Section 8.6 of the Interconnection Agreement and the possibility that Appalachian Power Company (APCo) may be permitted by the West Virginia Commission to "true-up" the settlements to an earlier 2007 date. The answer is no. If the West Virginia Commission allows APCo to recover by way of its cost recovery mechanism the costs back to an earlier date in 2007, the AEP System has elected to transfer any sums beyond the thirty-day "contract period" to Kentucky Power in lieu of retaining the sums. As such, any adjustments beyond the thirty-day "contract period" will be unrelated to the Interconnection Agreement. Kentucky Power will apply any such adjustment to future monthly FAC, System Sales and Environmental Surcharge filings in the manner proposed for May, 2007.

Staff also inquired whether Section 8.6 of the Interconnection Agreement is applicable, suggesting that the inaccuracy arose in connection with equipment other than a meter. The

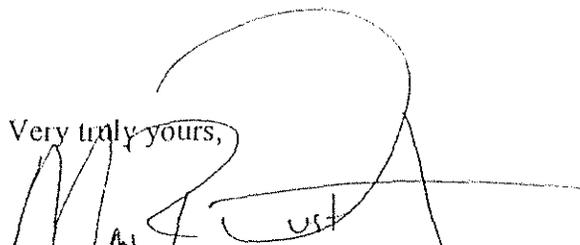
Ms. Beth O'Donnell
October 10, 2007
Page 4

Interconnection Agreement provision, however, is not limited to meters. Instead, it provides in pertinent part “[i]f on any test of *metering equipment*, an inaccuracy shall be disclosed exceeding two percent...” As such, the provision extends to inaccuracies in metering equipment and not just meters. Indeed, if the drafters of the Interconnection Agreement (as well as FERC which approved the agreement) had intended to limit Section 8.6’s applicability to meters they would have so written.

The inaccuracies giving rise to Kentucky Power’s report to the Commission occurred as a result of a programming error in the Consolidated Energy Accounting System (“CEAS”) and the translation between the CT (Current Transformer) and the meter. The attached PowerPoint slide indicates (Attachment 6), the CEAS and CT are part of the metering equipment used by Kentucky Power in retrieving information concerning energy use.² As such, the error resulting from its operation is governed by Section 8.6 of the Interconnection Agreement.

Kentucky Power’s Recommendation for Case No. 2006-00507.

Kentucky Power requests that the Commission issue an Order closing this two-year review because the proposed adjustment relates to a time period (May, 2007) beyond the October 31, 2006 ending date for the Commission’s review in this proceeding. Any further adjustments as a result of developments in West Virginia can be considered in connection with the Company’s next two-year review.

Very truly yours,

Mark R. Overstreet

cc: Larry Cook
Michael Kurtz

² The MV-90, which is directly linked to the meter, is the system used to gather meter data information. It in turn is directly linked to the Statistical Analysis Software (SAS). The SAS is the feeder system for CEAS that pulls selected metering data from the MV-90 system.

Kentucky Power Company
Period of May 2007 - Revised

Line No.	Description	As Filed	Revised	Benefit to the Customer
(1)	Fuel Costs	10,896,965 (A)	10,906,930 (B)	(9,965)
(2)	Customer's Share of System Sales	412,452	293,414 *	(119,038) (C)
(3)	Environmental Surcharge	949,835	754,757 *	195,078 (D)
(4)	Total	12,259,252	11,955,101 *	66,075

* There was a small change to the SO2 Emission Allowance Inventory which resulted in a \$1,708 increase in the environmental revised costs. This in turn changed the environmental costs applicable to System Sales, which revised the Customer's Share of System Sales amount by a \$390 decrease from what was handed out during the September 19, 2007 informal conference.

- (A) See Page 5 of 33
- (B) See Page 9 of 33
- (C) See Page 10 of 33, Line 8
- (D) See Page 11 of 33

Kentucky Power Company
Period of May 2007

	As Filed	Revised	Benefit to the Customer
Fuel Costs	10,896,965	10,906,930	(9,965)
Customer's Share of System Sales	412,452	293,804	(118,648)
Environmental Surcharge	949,835	753,049	196,786
Total	12,259,252	11,953,783	68,173

KENTUCKY POWER COMPANY
POWER TRANSACTION SCHEDULE
May 2007

TRANSACTION TYPES *

F	FIRM
LT-CAP	LONG TERM CAPACITY
L-TERM	LIMITED TERM
S-TERM	SHORT TERM
PRE	PRE-SCHEDULED
RESCAP	RESERVED CAPACITY
ARS-EMRG	AUTO RESERVE SHARING - EMERG.
EXP-CONG	EXPLICIT CONGESTION
IMP-CONG	IMPLICIT CONGESTION
SPOT-ENS	PJM MARKET SPOT ENERGY
ND	NON-DISPLACEMENT
SUPP	SUPPLEMENTAL (OVEC)
EMERG	EMERGENCY
CMP-UPR	UNIT POWER
NF	NON-FIRM
PKPWR	PEAKING POWER
CCS:COALPH	COAL CONVERSION SVC.
GENLOS	GENERATION LOSS
BKI-EXCS	BUCKEYE EXCESS POWER
U-ENERGY	UNIT ENERGY

OTHER

HR	HOURLY
DY	DAILY
WK	WEEKLY
MO	MONTHLY
YR	YEAR
PH	PHYSICAL

* Due to voluminous transactions, they are aggregated by type rather than by interconnected utility.

PURCHASES

BILLING COMPONENTS

<u>TRANSACTION TYPE</u>	<u>MWH</u>	<u>FUEL CHARGE (\$)</u>	<u>DEMAND (\$)</u>	<u>OTHER CHARGES (\$)</u>	<u>TOTAL CHARGES (\$)</u>
DY-2F	29,568	1,057,308.72	0.00	264,323.57	1,321,632.29
HR-2NF	795	46,437.35	0.00	9,147.17	55,584.52
EXP-CONS	0	0.00	0.00	2,561.13	2,561.13
IMP-CONS	0	0.00	0.00	373,772.42	373,772.42
SPOT-ENS	34,064	1,300,587.97	0.00	325,146.01	1,625,733.98
DY-F	128	6,277.92	0.00	1,569.44	7,847.36
DY-NF	236	11,510.57	0.00	2,877.68	14,388.25
HR-NF	<u>3,827</u>	<u>145,398.08</u>	<u>0.00</u>	<u>36,349.18</u>	<u>181,747.26</u>
	68,618 ⁽¹⁾	2,567,520.61	0.00	1,015,746.60	3,583,267.21
AEP POOL PRIMARY PURCHASES:	188,367	2,501,037.00	0.00	436,870.00	2,937,907.00
INTERRUPTIBLE BUY/THROUGH (AEP AFF. COS.)	0	0.00	0.00	0.00	0.00
BOOKOUTS/OPTIONS:	271,660	0.00	0.00	10,129,459.00	10,129,459.00
TOTALS:	528,645	5,068,557.61	0.00	11,582,075.60	16,650,633.21

	<u>MWH</u>	<u>Total Energy Charges</u>
⁽¹⁾ ALLOCATED TO SYSTEM SALES:	65,575	3,225,197.66
ALLOCATED TO INTERNAL CUSTOMERS:	<u>3,043</u>	<u>358,069.55</u>
	68,618	3,583,267.21
LESS: PJM IMPLICIT CONGESTION INCLUDED IN THE INTERNAL CUSTOMER'S FIGURE:	<u>0</u>	<u>314,378.49</u>
NET INCLUDABLE ENERGY CHARGES:	68,618	3,268,888.72

NOTE:

IN THE ABOVE TRANSACTIONS THERE WERE NO PURCHASES AS A RESULT OF FORCED OUTAGES AT BIG SANDY PLANT.

KENTUCKY POWER COMPANY
POWER TRANSACTION SCHEDULE
MONTH ENDED: MAY 2007

KPSC Case No. 2006-00507
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BILLING COMPONENTS

SALES TRANSACTION TYPE	KPCO MLR SHARE OF DELIVERED MWH	SUPPLIED BY KPCO SOURCES					TOTAL CHARGES (\$)
		MWH	FUEL	DEMAND	OTHER CHARGES		
			CHARGE (\$)				
LT-CAP	11,466	8,412	149,812.10	230,256.00	42,120.19	422,188.29	
RESCAP	0	0	0.00	18,051.77	0.00	18,051.77	
DY-2F	102,366	73,212	1,902,253.81	0.00	3,224,275.93	5,126,529.74	
DY-2NF	0	90	4,549.68	0.00	3,971.36	8,521.04	
CMP-UPR	0	0	0.00	43,992.00	0.00	43,992.00	
SPOT-ENG	61,731	46,665	1,529,631.07	0.00	923,313.74	2,452,944.81	
MO-F	32,934	22,739	418,080.90	389,056.74	712,981.23	1,520,118.87	
DY-F	816	736	23,397.02	0.00	31,969.38	55,366.40	
DY-NF	9,102	4,893	138,962.43	0.00	228,869.36	367,831.79	
HR-NF	2,164	1,348	52,123.72	0.00	61,223.10	113,346.82	
GENLOS	7	1	64.46	0.00	(64.46)	0.00	
BKI-EXCS	235	238	16,187.38	0.00	4,548.04	20,735.42	
	220,821	158,334	4,200,635.17 ⁽¹⁾	681,356.51	5,267,635.27	10,149,626.95	
AEP POOL SALES (PRIMARY/ECONOMY)	0	58,971	1,188,247.00	0.00	243,067.00	1,431,314.00	
INTERRUPTIBLE BUY/THROUGH (AEP AFF. CO./KY EL STEEL)	0	17	975.00	0.00	254.00	1,229.00	
BOOKOUTS/OPTIONS:	304,969	0	0.00	0.00	10,541,925.00	10,541,925.00	
TOTALS:	525,790	217,322	5,389,857.17	681,356.51	16,052,881.27	22,124,094.95	
KPCo's other costs incurred. (other than fuel from Account 151):						1,176,890.93	
KPCo's MLR share of AEP energy cost less the actual energy costs incurred by KPCo:						2,214,910.50	
KPCo's MLR share of the difference (Total AEP energy charges - Total AEP energy costs):						1,875,833.84	
Total (Other Charges):						5,267,635.27	

⁽¹⁾ Includes (\$34,427.40) adjustment for chemicals carried over to Other Charges

KENTUCKY POWER COMPANY
 FUEL COST SCHEDULE
 MONTH ENDED: MAY 2007

(A) COMPANY GENERATION	BIG SANDY (PLANT)	ROCKPORT UNIT #1	ROCKPORT UNIT #2	FUEL AMOUNTS (\$)	
COAL BURNED	8,537,426.25	2,289,020.00	0.00	10,826,446.25	
OIL BURNED	302,589.19	80,480.00	0.00	383,069.19	
GAS BURNED					
FUEL (JOINTLY OWNED PLANT)					
FUEL (ASSIGNED COST DURING F.O.) (0 x 0.000)				0.00	
FUEL (SUBSTITUTE FOR F.O.)					
SUB-TOTAL				11,209,515.44	
(B) PURCHASES					
NET ENERGY COST - ECONOMY PURCHASES				0.00	
⁽¹⁾ IDENTIFIABLE FUEL COST - OTHER PURCHASES				5,769,925.72	
IDENTIFIABLE FUEL COST (SUBSTITUTE FOR F.O.) (0 x 0.000)				0.00	
SUB-TOTAL				5,769,925.72	
(C) INTER-SYSTEM SALES					
⁽¹⁾ FUEL COSTS				6,082,476.16	
TOTAL FUEL COSTS (A + B - C)				10,896,965.00	
F.O. = FORCED OUTAGE					
DETAILS:					
<u>FUEL (ASSIGNED COST DURING F.O.)</u>					
QUANTITY OF SUBSTITUTE ENERGY GIVEN AN ASSIGNED COST (Kwh):				0	
AT THE BIG SANDY FUEL RATE OF:		20.509	MILLS/KWH \$	0.00	
<u>IDENTIFIABLE FUEL COST (SUBSTITUTE FOR F.O.)</u>					
<u>PURCHASES SUBSTITUTED FOR F.O.:</u>					
PRIMARY ENERGY (AEP POOL)	00,000,000	kWH	13.277	MILLS/KWH \$	0.00
CASH PURCHASES FROM NON-AFFILIATED COS.	0	kWH		MILLS/KWH \$	0.00
TOTAL PURCHASES (IDENTIFIABLE FUEL COST) (SUBSTITUTE FOR F.O.):		Kwh	13.277	MILLS/KWH \$	0.00

⁽¹⁾ INCLUDES TOTAL ENERGY COSTS OF NON-ECONOMY PURCHASES AS PER KPSC ORDER OF OCTOBER 3, 2002
 IN CASE NO. 2000-00495-B

KENTUCKY POWER COMPANY
POWER TRANSACTION SCHEDULE
May 2007
(FINAL)
07/19/07

TRANSACTION TYPES *

F	FIRM
LT-CAP	LONG TERM CAPACITY
L-TERM	LIMITED TERM
S-TERM	SHORT TERM
PRE	PRE-SCHEDULED
RESCAP	RESERVED CAPACITY
ARS-EMRG	AUTO RESERVE SHARING - EMERG.
EXP-CONG	EXPLICIT CONGESTION
IMP-CONG	IMPLICIT CONGESTION
SPOT-ENG	PJM MARKET SPOT ENERGY
ND	NON-DISPLACEMENT
SUPP	SUPPLEMENTAL (OVEC)
EMERG	EMERGENCY
CMP-UPR	UNIT POWER
NF	NON-FIRM
PKPWR	PEAKING POWER
CCS;COALPH	COAL CONVERSION SVC.
GENLOS	GENERATION LOSS
BKI-EXCS	BUCKEYE EXCESS POWER
U-ENERGY	UNIT ENERGY

OTHER

HR	HOURLY
DY	DAILY
WK	WEEKLY
MO	MONTHLY
YR	YEAR
PH	PHYSICAL

* Due to voluminous transactions, they are aggregated by type rather than by interconnected utility.

PURCHASES

BILLING COMPONENTS

<u>TRANSACTION TYPE</u>	<u>MWH</u>	<u>FUEL CHARGE (\$)</u>	<u>DEMAND (\$)</u>	<u>OTHER CHARGES (\$)</u>	<u>TOTAL CHARGES (\$)</u>
DY-2F	22,303	973,675.60	0.00	243,415.58	1,217,091.18
HR-2NF	729	42,764.16	0.00	8,423.63	51,187.78
EXP-CONG	0	0.00	0.00	2,358.54	2,358.54
IMP-CONG	0	0.00	0.00	344,207.02	344,207.02
SPOT-ENG	31,364	1,197,711.46	0.00	299,426.96	1,497,138.42
DY-F	96	5,781.34	0.00	1,445.30	7,226.63
DY-NF	220	10,600.08	0.00	2,650.06	13,250.14
HR-NF	<u>3,437</u>	<u>133,897.09</u>	<u>0.00</u>	<u>33,473.96</u>	<u>167,371.05</u>
	58,149 ⁽¹⁾	2,364,429.73	0.00	935,401.04	3,299,830.77
AEP POOL PRIMARY PURCHASES:	188,626	2,504,387.00	0.00	437,613.00	2,942,000.00
INTERRUPTIBLE BUY/THROUGH (AEP AFF. COS.)	0	0.00	0.00	0.00	0.00
BOOKOUTS/OPTIONS:	250,172	0.00	0.00	9,328,218.79	9,328,218.79
TOTALS:	496,947	4,868,816.73	0.00	10,701,232.84	15,570,049.57

	<u>MWH</u>	<u>Total Energy Charges</u>
⁽¹⁾ ALLOCATED TO SYSTEM SALES:	55,426	2,970,084.53
ALLOCATED TO INTERNAL CUSTOMERS:	2,723	329,746.25
	<u>58,149</u>	<u>3,299,830.77</u>
LESS: PJM IMPLICIT CONGESTION INCLUDED IN THE INTERNAL CUSTOMER'S FIGURE:	0	289,511.15
NET INCLUDABLE ENERGY CHARGES:	<u>58,149</u>	<u>3,010,319.62</u>

NOTE:
IN THE ABOVE TRANSACTIONS THERE WERE NO PURCHASES AS A RESULT OF FORCED OUTAGES AT BIG SANDY PLANT

KENTUCKY POWER COMPANY
POWER TRANSACTION SCHEDULE
MONTH ENDED: MAY 2007

KPSC Case No. 2006-00507
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SALES TRANSACTION TYPE	KPCO MLR SHARE OF DELIVERED MWH	BILLING COMPONENTS					TOTAL CHARGES (\$)
		SUPPLIED BY KPCO SOURCES			DEMAND (\$)	OTHER CHARGES (\$)	
		MWH	FUEL CHARGE (\$)				
LT-CAP	10,416	8,336	149,812.10	212,042.75	38,788.48	388,793.20	
RESCAP	0	0	0.00	16,623.87	0.00	16,623.87	
DY-2F	89,525	70,035	1,902,253.81	0.00	2,969,235.70	4,721,021.24	
DY-2NF	0	98	4,549.68	0.00	3,657.23	7,847.03	
CMP-UPR	0	0	0.00	40,512.23	0.00	40,512.23	
SPOT-ENG	56,845	40,967	1,529,631.07	0.00	850,279.62	2,258,916.88	
MO-F	29,861	22,351	418,080.90	358,282.35	656,584.41	1,399,877.47	
DY-F	688	675	23,397.02	0.00	29,440.60	50,986.92	
DY-NF	8,342	4,465	138,962.43	0.00	210,765.79	338,736.30	
HR-NF	1,930	1,054	52,123.72	0.00	56,380.35	104,381.09	
GENLOS	7	1	64.46	0.00	(59.36)	0.00	
BKI-EXCS	<u>219</u>	<u>203</u>	<u>16,187.38</u>	<u>0.00</u>	<u>4,188.29</u>	<u>19,095.25</u>	
	197,833	148,185	4,200,635.17	627,461.21	4,853,688.53	9,346,791.46	
Includes Purchase Adjustment see Note 2		148,185	4,000,308.20 ⁽¹⁾				
		0	(200,326.97) ⁽²⁾				
AEP POOL SALES (PRIMARY/ECONOMY)	0	58,421	1,178,176.00	0.00	241,337.00	1,419,513.00	
INTERRUPTIBLE BUY/THROUGH (AEP AFF. CO./KY EL. STEEL)	0	17	975.00	0.00	254.00	1,229.00	
BOOKOUTS/OPTIONS:	280,846	0	0.00	0.00	9,708,058.73	9,708,058.73	
TOTALS:	478,679	206,623	5,179,459.20	627,461.21	14,803,338.26	20,475,592.19	
KPCo's other costs incurred. (other than fuel from Account 151):						1,086,522.07	
KPCo's MLR share of AEP energy cost less the actual energy costs incurred by KPCo:						2,039,711.08	
KPCo's MLR share of the difference (Total AEP energy charges - Total AEP energy costs):						1,727,455.38	
Total (Other Charges):						<u>4,853,688.53</u>	

⁽¹⁾ Includes (\$34,427.40) adjustment for chemicals carried over to Other Charges

⁽²⁾ Purchases allocated to sales adjustment due to change in MLR.

KENTUCKY POWER COMPANY
 FUEL COST SCHEDULE
 MONTH ENDED: MAY 2007

(A) COMPANY GENERATION	BIG SANDY (PLANT)	ROCKPORT UNIT #1	ROCKPORT UNIT #2	FUEL AMOUNTS (\$)
COAL BURNED	8,537,426.25	2,289,020.00	0.00	10,826,446.25
OIL BURNED	302,589.19	80,480.00	0.00	383,069.19
GAS BURNED				-----
FUEL (JOINTLY OWNED PLANT)				-----
FUEL (ASSIGNED COST DURING F.O.) (0 x 0.000)				0.00
FUEL (SUBSTITUTE FOR F.O.)				-----
SUB-TOTAL				11,209,515.44
(B) PURCHASES				
NET ENERGY COST - ECONOMY PURCHASES				0.00
(1) IDENTIFIABLE FUEL COST - OTHER PURCHASES				5,514,706.62
IDENTIFIABLE FUEL COST (SUBSTITUTE FOR F.O.) (0 x 0.000)				0.00
SUB-TOTAL				5,514,706.62
(C) INTER-SYSTEM SALES				
(1) FUEL COSTS				5,817,292.03
TOTAL FUEL COSTS (A + B - C)				10,906,930.04 (B)
F.O. = FORCED OUTAGE				
DETAILS:				
<u>FUEL (ASSIGNED COST DURING F.O.)</u>				
QUANTITY OF SUBSTITUTE ENERGY GIVEN AN ASSIGNED COST (Kwh):				0
AT THE BIG SANDY FUEL RATE OF:	20,509	MILLS/KWH	\$	0.00
<u>IDENTIFIABLE FUEL COST (SUBSTITUTE FOR F.O.)</u>				
<u>PURCHASES SUBSTITUTED FOR F.O.:</u>				
PRIMARY ENERGY (AEP POOL) 00,000,000 KWH	13,277	MILLS/KWH	\$	0.00
CASH PURCHASES FROM NON-AFFILIATED COS 0 KWH		MILLS/KWH	\$	0.00
TOTAL PURCHASES (IDENTIFIABLE FUEL COST) (SUBSTITUTE FOR F.O.):	Kwh 13,277	MILLS/KWH	\$	0.00

(1) INCLUDES TOTAL ENERGY COSTS OF NON-ECONOMY PURCHASES AS PER KPSC ORDER OF OCTOBER 3, 2002 IN CASE NO. 2000-00495-B.

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE SCHEDULE & NET REVENUE

Line No.		Month Ended: May 2007			DIFFERENCE	
		REVISED	AS FILED	DIFFERENCE		
1	Current Month (TM) Net Revenue Level @ 70%	\$2,784,726	\$2,954,780	(\$170,054)		
2	Current Month (TM) Net Revenue Level @ 60%	\$0	\$0	\$0		
3	Current Month Net Revenue Level (Ln 1 + Ln 2)	\$2,784,726	\$2,954,780	(\$170,054)		
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	\$2,365,563	\$2,365,563	\$0		
5	Increase/(Decrease) of System Sales					
6	Net Revenue (Ln 3 - Ln 4)	\$419,163	\$589,217	(\$170,054)		
7	Customer 70% Sharing	70%	70%	70%		
8	Customer 60% Sharing					
9	Customer Share of Increase/(Decrease) in System Sales Net Revenue (Ln 5 * Ln 7)	\$293,414	\$412,452	(\$119,038)	(C)	
10	Current Month (Sm) Sales level (Pg 3)					
	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)					
Line No.		REVISED	REVISED	AS FILED	AS FILED	DIFFERENCE
		CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	TOTAL
1	Sales For Resale Revenues	\$9,554,265	(\$29,262)	\$9,525,003	(\$29,262)	\$9,495,741
2	Interchange-Delivered Revenues	0	0	0	0	0
3	Total System Sales Revenues	9,554,265	(29,262)	9,525,003	(29,262)	9,495,741
4	Sales For Resale Expenses	\$6,327,981	\$166,204	\$6,494,185	\$166,204	\$6,660,389
5	Interchange-Delivered Expenses	0	0	0	0	0
6	Non-Associated Utilities Monthly Environmental Costs *	\$246,092	0	246,092	0	246,092
7	Total System Sales Expenses	6,574,073	166,204	6,740,277	166,204	6,906,481
8	Total System Sales Net Revenues	\$2,980,192	(\$195,466)	\$2,784,726	(\$195,466)	\$2,589,260

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CALCULATION OF E(m) and SURCHARGE FACTOR
For the Expense Month of May 2007

CALCULATION OF E(m)		Revised Amount	Amount Filed	Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$2,613,486	\$2,915,796	(\$302,310)
LINE 2	Brr from ES FORM 1.10	\$1,514,859	\$1,514,859	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,098,627	\$1,400,937	(\$302,310)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30. Schedule of Revenues. LINE 1	68.7%	67.8%	0.9%
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$754,757	\$949,835	(\$195,078)
LINE 5B	Monthly Increase in Jurisdictional Environmental Revenue Requirement per Case No. 2006-00128, dated January 31, 2007	\$95,494	\$95,494	\$0
LINE 6	Over/(Under) Recovery Adjustment from ES FORM 3.30	(\$168,809)	(\$168,809)	\$0
LINE 7	Net KY Retail E(m) (LINE 5A + LINE 5B + LINE 6)	\$681,442	\$876,520	(\$195,078) (D)
SURCHARGE FACTOR				
LINE 8	Net KY Retail E(m) (Line 7)	\$681,442	\$876,520	(\$195,078) (D)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$28,451,204	\$28,451,204	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.3951%	3.0808%	-0.6857%

Effective Date for Billing: _____

Submitted By: _____

Title: Director Regulatory Services

Date Submitted: _____

Note:	Amount	Percentage of Revenues	Amount	Percentage of Revenues	Difference
Total Environmental Cost	\$1,098,627		\$1,400,937		(\$302,310)
Kentucky Retail Revenues	\$754,757	68.7%	\$949,835	67.8%	(\$195,078)
FERC Wholesale Revenues	\$13,184	1.2%	\$15,410	1.1%	(\$2,226)
Associated Utilities Revenues	\$84,594	7.7%	\$99,467	7.1%	(\$14,873)
Non-Assoc. Utilities Revenues (Off System Sales)	\$246,092	22.4%	\$336,225	24.0%	(\$90,133)
Total	\$1,098,627	100.0%	\$1,400,937	100.0%	(\$302,310)

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
BASE PERIOD REVENUE REQUIREMENT
For the Expense Month of May 2007

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$2,531,784
FEBRUARY	3,003,995
MARCH	2,845,066
APRIL	2,095,535
MAY	1,514,859
JUNE	1,913,578
JULY	2,818,212
AUGUST	2,342,883
SEPTEMBER	2,852,305
OCTOBER	2,181,975
NOVEMBER	2,598,522
DECEMBER	1,407,969
TOTAL	<u>\$28,106,683</u> =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of May 2007

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		\$2,895,585
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 12		\$48,438
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$330,537	
	Total Net Proceeds from SO ₂ Allowances	\$330,537	
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0	
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	
	Total Net Proceeds from NO _x Allowances	\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	-----	\$330,537
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1 00	-----	\$2,613,486

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

For the Expense Month of May 2007

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,086,055	
2	Less Accumulated Depreciation	(\$34,229,909)	
3	Less Accum. Def. Income Taxes	(\$33,572,199)	
4	Net Utility Plant		\$123,283,947
5	SO2 Emission Allowance Inventory from ES FORM 3 11		\$11,701,731
6	ECR & NOx Emission Allowance Inventory from ES FORM 3 12		\$0
7	Cash Working Capital Allowance from ES FORM 3 13. Line 11		\$100,469
8	Total Rate Base		\$135,086,147
9	Weighted Average Cost of Capital - ES FORM 3.15	10.15%	
10	Monthly Weighted Avg Cost of Capital (9) / 12		0.85%
11	Monthly Return of Rate Base (8) * (10)		\$1,148,232
	Operating Expenses :		
12	Monthly Depreciation Expense		\$576,258
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$15,153
15	Monthly Kentucky Air Emissions Fee		\$32,201
	Monthly Environmental AEP Pool Capacity Costs		
16	from ES FORM 3 14. Page 1 of 11, Column 5, Line 10		\$719,797
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3 13		\$235,191
18	Monthly SO2 Emission Allowance Consumption		\$122,723
19	Monthly ERC & NOx Emission Allowance Consumption		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		\$1,747,353
21	Total Revenue Requirement - Big Sandy		\$2,895,585
	Record on ES FORM 3.00. Line 1		

Attachment 2
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AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of May 2007

	(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	298,425	\$0	\$0	\$0.000
Gavin Reallocation	0	62,114	\$0	\$0	\$0.000
P & E Transfers In	0	325,869	\$0	\$4,725,223	\$14.500
Intercompany Purchases	0	20,657	\$0	\$3,212,441	\$155.513
Other (List)	0	428,624	\$0	\$67,006,514	\$156.329
SO2 Emissions Allowance Adjustment	0	4	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	9,038	\$0	\$775,253	\$85.777
Intercompany Sales	0	50,124	\$0	\$4,704,459	\$93.856
Off - System Sales	690	292,308	\$28,607	\$29,573,207	\$101.171
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power	2,959	425,895	\$122,723	\$32,875,254	\$77.191
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,112,936		\$11,701,731	\$10.514
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06896

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 - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ERC and NO_x EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of May 2007

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	0.000
Additions -					
EPA Allowances	0	18,575	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	0.000
Other (List)	0	0	\$0	\$0	0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	0.000
Intercompany Sales	0	0	\$0	\$0	0.000
Off - System Sales	0	1,650	\$0	\$0	0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	0.000
NO _x Consumed By Kentucky Power	449	7,562	\$0	\$0	0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		8,433		\$0	0.000

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 (Col 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.

Note : For any sale or transfer of ERCs or NO_x emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NO_x allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of May 2007

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$32,201	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$413,639	
3	Monthly SO2 Allowance Consumption	<u>\$122,723</u>	
4	Total 1997 Plan O&M Expenses		\$568,563
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$207,116	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$0	
9	Equipment - Associated Operating Expenses	\$1,059	
10	Equipment - Associated Maintenance Expenses	<u>\$27,016</u>	
11	Total 2003 Plan O&M Expenses		<u>\$235,191</u>
12	Total Monthly O&M Expenses		<u>\$803,754</u>
13	Cash Working Capital Allowance (Line 10 X 1/8)		\$100,469

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 May 2007**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
SCR Boiler Outlet Ductwork	\$662.50	\$8,222.07	\$0.00	\$8,884.57
SCR Instrument & Controls	\$1,509.68	\$0.00	\$0.00	\$1,509.68
SCR NOx Monitoring	\$1,274.78	\$0.00	\$0.00	\$1,274.78
SCR Booster Fan	\$1,078.82	\$0.00	\$0.00	\$1,078.82
Boiler Acoustic Horns	\$183.20	\$0.00	\$0.00	\$183.20
Ammonia Injection System	\$4,867.56	\$0.00	\$0.00	\$4,867.56
SCR Bypass Dampers	\$301.05	\$0.00	\$0.00	\$301.05
Total SCR May 2007 O & M Expense	\$9,877.59	\$8,222.07	\$0.00	\$18,099.66
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$1,059.12	\$1,059.12
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$8,916.10	\$0.00	\$0.00	\$8,916.10
May 2007 O & M Expenses Filed				\$28,075

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

For the Expense Month of May 2007

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)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3 14, Page 3 of 11, Line 24)	\$58,626		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3 14, Page 4 of 11, Line 22)	\$55,369		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3 14, Page 5 of 11, Line 26)	\$491,807		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3 14, Page 6 of 11, Line 20)	\$3,257		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3 14, Page 7 of 11, Line 21)	\$39,084		
6	Muskingum Plant Environmental Cost to Kentucky Power (ES FORM 3 14, Page 8 of 11, Line 20)	\$58,626		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3 14, Page 9 of 11, Line 20)	\$9,771		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3 14, Page 10 of 11, Column 5, Line 21)		\$0	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3 14, Page 11 of 11, Line 20)		\$3,257	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$716,540	\$3,257	\$719,797

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 May 2007

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	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 16)	\$351,974		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 12)	\$207,911		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$10,090,115		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,033		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 11)	\$474,972		
6	Muskingum Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$161,202		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,358		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 3, Line 10)		\$12,500	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$12,500	
11	Subtotal	\$11,317,575	\$25,000	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,455,000	5,101,000	
13	Environmental Base (\$/kw)	\$1.34	\$0.00	
14	Company Surplus Weighting	95.00%	5.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.27	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	325,700	325,700	
17	Fixed O&M Environmental Cost to Kentucky Power	\$413,639	\$0	\$413,639

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3 13, Line 2

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

For the Expense Month of May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$90,118,342
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,234,621
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$1,234,621
	Operations :	
6	Disposal (5010000)	\$0
7	Urea (5020002)	\$518,775
8	Trona (5020003)	\$0
9	Lime Stone (5020004)	\$0
10	Air Emission Fee	<u>\$9,160</u>
11	Total Operations (Lines 6 thru 10)	\$527,935
	Maintenance :	
12	SCR Maintenance (5120000)	\$0
13	1/2 of Maintenance (12) * 50%	<u>\$0</u>
14	Fixed O&M (11) + (13)	\$527,935
15	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
16	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (14) X (15)	<u>\$351,974</u>
	Total Revenue Requirement,	
17	Cost Associated with Amos Unit No. 3 (5) + (16)	\$1,586,595
18	Ohio Power Company Steam Capacity (kw)	8,455,000
19	Amos Unit No. 3 Environmental Rate (\$/kw)	\$0.19
20	Ohio Power Surplus Weighing	95.00%
21	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (19) * (20)	\$0.18
	Amos Unit No. 3 Costs to Kentucky Power :	
22	Amos Unit No. 3 Portion (\$/kw) (21)	\$0.18
23	Kentucky Power Capacity Deficit (kw)	<u>325,700</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 1)	\$58,626

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

For the Expense Month of May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$97,295,190
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,332,944
	Operations :	
4	Disposal (5010000)	\$0
5	Urea (5020002)	\$203,476
6	Trona (5020003)	\$0
7	Lime Stone (5020004)	\$0
8	Air Emission Fee	\$4,435
9	Total Operations (Line 4 thru 8)	\$207,911
	Maintenance :	
10	SCR Maintenance (5120000)	\$0
11	1/2 of Maintenance (10) * 50%	\$0
12	Fixed O&M (9) + (11)	\$207,911
	Total Revenue Requirement,	
13	Cost Associated with Cardinal Unit No. 3 (3) + (12)	\$1,540,855
14	Ohio Power Company's Percentage Ownership	100.00%
15	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (13) X (14)	\$1,540,855
16	Ohio Power Company Steam Capacity (kw)	8,455,000
17	Cardinal Unit No. 1 (\$/kw)	\$0.18
18	Ohio Power Surplus Weighing	95.00%
19	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (17) X (18)	\$0.17
	Cardinal Unit No. 1 Costs to Kentucky Power :	
20	Cardinal Unit No. 1 Portion (\$/kw) (19)	\$0.17
21	Kentucky Power Capacity Deficit (kw)	325,700
22	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 2)	\$55,369

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

For the Expense Month of May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$244,637,350
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$3,351,532
	Operations :	
4	Sludge Disposal (5010000)	\$639,259
5	Lime (5020001)	\$2,883,016
6	Urea (5020002)	\$1,478,173
7	Trona (5020003)	\$432,366
8	Lime Stone (5020004)	\$0
9	Air Emission Fee	\$29,543
10	Lease (5070005)	<u>\$4,253,067</u>
11	Total Operations (Lines 4 thru 10)	\$9,715,424
	Maintenance :	
12	SCR Maintenance (5120000)	\$165,213
13	Scrubber Maintenance (5120000)	<u>\$584,168</u>
14	Total Maintenance (12) + (13)	\$749,381
15	1/2 of Maintenance (13) * 50%	<u>\$374,691</u>
16	Fixed O&M (11) + (15)	<u>\$10,090,115</u>
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (16)	\$13,441,647
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$13,441,647
20	Ohio Power Company Steam Capacity (kw)	8,455,000
21	Gavin Plant (\$/kw)	\$1.59
22	Ohio Power Surplus Weighing	95.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.51
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.51
25	Kentucky Power Capacity Deficit (kw)	<u>325,700</u>
26	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$491,807

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 May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,112,543
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$97,442
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$18,033</u>
7	Total Operations (4) + (5) + (6)	\$18,033
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$18,033</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$115,475</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$115,475
14	Ohio Power Company Steam Capacity (kw)	8,455,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	95.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	<u>325,700</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,257

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

For the Expense Month of May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$43,375,267
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$594,241
	Operations :	
4	Disposal (5010000)	\$0
5	Urea (5020002)	\$332,748
6	Trona (5020003)	\$120,750
7	Air Emission Fee	<u>\$21,235</u>
8	Total Operations (Lines 4 thru 7)	\$474,733
	Maintenance :	
9	SCR Maintenance (5120000)	\$477
10	1/2 of Maintenance (8) * 50%	<u>\$239</u>
11	Fixed O&M (8) + (10)	<u>\$474,972</u>
	Total Revenue Requirement,	
12	Cost Associated with Mitchell Plant (3) + (11)	<u>\$1,069,213</u>
13	Ohio Power Company's Percentage Ownership	100.00%
14	OPCo's Share of Cost Associated with Mitchell Plant (12) X (13)	\$1,069,213
15	Ohio Power Company Steam Capacity (kw)	8,455,000
16	Mitchell Plant (\$/kw)	\$0.13
17	Ohio Power Surplus Weighing	95.00%
18	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (16) X (17)	\$0.12
	Mitchell Plant Costs to Kentucky Power :	
19	Mitchell Plant Portion (\$/kw) (18)	\$0.12
20	Kentucky Power Capacity Deficit (kw)	<u>325,700</u>
	Mitchell Plant Environmental Cost to Kentucky Power (19) * (20)	
21	(ES FORM 3.14, Page 1 of 10, Line 5)	\$39,084

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

For the Expense Month of May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$106,575,168
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,460,080
	Operations :	
4	Urea (5020002)	\$132,692
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$28,510</u>
7	Total Operations (4) + (5) + (6)	\$161,202
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$161,202</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,621,282</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,621,282
14	Ohio Power Company Steam Capacity (kw)	8,455,000
15	Muskingum Plant (\$/kw)	\$0.19
16	Ohio Power Surplus Weighing	95.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	<u>325,700</u>
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$58,626

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 May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$15,262,706
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$209,099
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$13,368</u>
7	Total Operations (4) + (5) + (6)	\$13,368
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	<u>\$13,368</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$222,467</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$222,467
14	Ohio Power Company Steam Capacity (kw)	8,455,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	95.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>325,700</u>
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$9,771

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 2007

LINE NO.	COST (2)	Rockport Plant Common (3)	UNIT 1 AMOUNTS (4)	UNIT 2 AMOUNTS (5)	TOTAL (6)
1	Utility Plant at Original Cost	\$1,776,759	\$10,544,676	\$16,709,416	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,342	\$144,462	\$228,919	
4	Operations	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	
6	Trona (5020003)	\$12,500	\$0	\$0	
7	Air Emission Fee	\$12,500	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$12,500	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$36,842	\$144,462	\$228,919	
14	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	65.08%	
15	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$18,421	\$122,793	\$148,980	
16	Total Rockport Plant Common and Units 1 & 2				\$290,194
17	Indiana Michigan Power Company Steam Capacity (kw)				5,101,000
18	Rockport Plant (\$/kw) (14) / (15)				\$0.06
19	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing				5.00%
20	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)				\$0.00
21	Rockport Plant Costs to Kentucky Power - Rockport Plant Portion (\$/kw) (18)				\$0.00
22	Kentucky Power Capacity Deficit (kw)				\$0.00
23	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)				\$25,700
24	(ES FORM 3.14, Page 1 of 10, Line 8)				\$0

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 May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,094,163
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,343,890
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$12,500
7	Total Operations (4) + (5) + (6)	\$12,500
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$12,500
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,356,390
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,356,390
14	Indiana Michigan Power Company Steam Capacity (kw)	5,101,000
15	Tanners Creek Plant (\$/kw)	\$0.27
16	Indiana Michigan Power Surplus Weighing	5.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.01
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	325,700
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$3,257

For the Expense Month of May 2007

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 12/31/2005								
1	L/T DEBT	\$487,964,000	55.819%	5.835%		3.26%			3.26%	
2	S/T DEBT	\$6,040,631	0.691%	4.490%		0.03%			0.03%	
3	ACCTS REC									
3	FINANCING	\$32,348,353	3.700%	3.888%		0.14%			0.14%	
4	C EQUITY	\$347,841,406	39.790%	10.500%	1/	4.18%	1.6073	2/	6.72%	
5	TOTAL	\$874,194,390	100.000%			7.61%			10.15%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2005 - 00341									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Appendix C Case No. 2005 - 00341 dated - March 14, 2006									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.47%)						0.4700			
3	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5300			
4	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						6.2203			
5	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.3097			
6	199 DEDUCTION PHASE-IN						0.0000			
7	FEDERAL TAXABLE PRODUCTION INCOME						93.3097			
8	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						32.6584			
9	AFTER-TAX PRODUCTION INCOME						60.6513			
10	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
11	AFTER-TAX PRODUCTION INCOME						60.6513			
12	199 DEDUCTION PHASE-IN						0.0000			
13	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.4700			
14	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						61.1213			
15	BLENDED FEDERAL AND STATE TAX RATE:									
16	FEDERAL (LINE 8)						32.6584			
17	STATE (LINE 4)						6.2203			
18	BLENDED TAX RATE						38.8787			
19	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.6361			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.20%)						0.4700			
3	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5300			
4	LESS: STATE 199 DEDUCTION						0.0000			
5	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5300			
6	STATE INCOME TAX RATE						6.2500			
7	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						6.2203			

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 12/31/2005 based on Case No. 2005-00128. dated January 31, 2007

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

For the Expense Month of May 2007

LINE NO.	COST COMPONENT	(3)	Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Return on Rate Base						
2	Rockport Plant Continuous Environmental Monitoring System (CEMS)						
3	Utility Plant at Original Cost						
4	AEGCo Low NOx Burners (LNB) Installed Cost		\$1,776,759	\$5,272,657	\$8,353,084		
5	Less Accumulated Depreciation		(\$626,177)	(\$646,865)	(\$904,866)		
6	Less Accum. Def. Income Taxes		(\$134,231)	(\$637,866)	(\$990,411)		
7	Total Rate Base		\$1,016,351	\$3,987,926	\$6,457,807	\$10,446,733	
8	Weighted Average Cost of Capital - ES FORM 3.21	12.3398%					
9	Monthly Weighted Avg. Cost of Capital (LINE 6 / 12)		1.0283%			1.0283%	
10	Monthly Return of Rate Base (Line 5 * Line 7)		\$10,451			\$107,413	
11	Operating Expenses						
12	Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	
13	Monthly Indiana Air Emissions Fee		\$12,500	\$0	\$0	\$0	
14	Total Operating Expenses (Line 9 + Line 10)		\$17,712	\$0	\$0	\$39,968	
15	Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 8 + Line 11)		\$28,163			\$147,381	
	Kentucky Power's Portion of Rockport's CEMS (Line 12 * 15%)		\$4,224			\$44,214	
	Kentucky Power's Portion of AEGCo's LNB (Line 12 * 30%)						
	Kentucky Power's Portion of Rockport Plants'						
	Total Revenue Requirement. (Column 4, Line 13 + Column 7, Line 14)						
	Note: Cost in Column 8, Line 15 is to be Recorded on						
	ES FORM 3.00 Line 2						\$48,438

KPSC Case No. 2006-00507
 Letter Dated October 10, 2007
 Attachment 2
 Page 32 of 34

With each monthly filing, attach a schedule similar to Exhibit EKW-2, page 11 of 11 (Wagner Direct Testimony in Case No. 96-489), showing the calculation of the Weighted Average Cost of Capital. These calculations should reflect the provisions of the Rockport Unit Power Agreement, and be as of the Current Expense Month.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of May 2007

LINE NO.	Component	Balances As of 05/31/2007	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
1	L/T DEBT	44,840,076	36.7796%	4.9099%		1.8058%			1.8058%
2	S/T DEBT	19,317,649	15.8451%	5.3513%		0.8479%			0.8479%
3	CAPITALIZATION OFFSETS	0	0.0000%	5.0428%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	57,757,970	47.3753%	12.1600%	1/	5.7608%	1.681379	2/	9.6861%
6	TOTAL	<u>121,915,695</u> =====	<u>100.0000%</u> =====			<u>8.4145%</u> =====			<u>12.3398%</u> =====
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						<u>1.681379</u>		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20. Line 5.

KENTUCKY POWER C
 CURRE
 MONTHLY REVENUE
 and OVER/(UNDER) RECOVERY ADJUSTMENT

Attachment 2 RCHARGE REPORT
 Page 34 of 34 IMENT
 ION FACTOR.

For the Expense Month of May 2007

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$28,451,204	68.7%	\$28,451,204	67.8%
2	FERC Wholesale Revenues	\$478,578	1.2%	\$478,578	1.1%
3	Associated Utilities Revenues	\$3,191,585	7.7%	\$2,964,559	7.1%
4	Non-Assoc. Utilities Revenues	\$9,274,553	22.4%	\$10,070,744	24.0%
5	Total Revenues for Surcharges Purposes	\$41,395,920	100.0%	\$41,965,085	100.0%
6	Non-Physical Revenues for Month	\$250,450		\$271,951	
7	Total Revenues for Month	\$41,646,370		\$42,237,036	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No	Description	Amounts	Amounts
1	Kentucky Retail Surcharge Factor for March 2007	-1.1149%	-1.1149%
2	Kentucky Retail Revenues for Current Expense Month	\$23,784,196	\$23,784,196
3	Surcharge Collected (1) * (2)	(\$265,170)	(\$265,170)
4	Surcharge Amount To Be Collected	(\$433,979)	(\$433,979)
5	Over/(Under) Recovery (3) - (4) = (5)	\$168,809	\$168,809

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense

Note:	Filed Amounts	Difference	Revised Amounts
Kentucky Retail Revenues	\$28,451,204	\$0	\$28,451,204
FERC Wholesale Revenues	\$478,578	\$0	\$478,578
Associated Utilities Revenues	\$2,964,559	\$227,026	\$3,191,585
Non-Assoc. Utilities Revenues (Physical Sales)	\$10,070,744	(\$796,191)	\$9,274,553
Total	\$41,965,085	(\$569,165)	\$41,395,920
Non Physical Sales	\$271,951	(\$21,501)	\$250,450
Total All Revenues	\$42,237,036	(\$590,666)	\$41,646,370