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PUBLIC SERVICE
COMMISSION

421 West Main Street
Post Office Box 634
Frankfort, KY 40602-0634
15021 223-3477
15021 223-4124 Fax
www.stites.com

October 24, 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

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

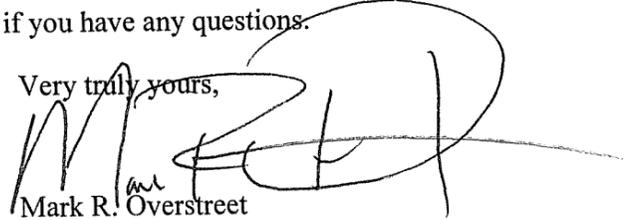
RE: P.S.C. Case No. 2007-00381

Dear Ms. O'Donnell:

Please find enclosed and accept for filing the original and ten copies of the testimony of Errol K. Wagner and the original and seven copies of Kentucky Power Company's Responses to the Staff's September 19, 2007 Data Requests. Copies of each are being served on the persons indicated below.

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

Very truly yours,


Mark R. Overstreet

cc: Michael L. Kurtz
Dennis G. Howard II

KE057:KE196:16189:1:FRANKFORT

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OCT 24 2007

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF

*ps.c.
original*

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY)
POWER COMPANY FOR THE SIX-MONTH)
BILLING PERIODS ENDING JUNE 30, 2006, AND)
DECEMBER 31, 2006, AND FOR THE TWO-YEAR)
BILLING PERIOD ENDING JUNE 30, 2007)

CASE NO. 2007-00381

TESTIMONY AND EXHIBITS
OF
ERROL K WAGNER

ON BEHALF OF KENTUCKY POWER COMPANY

October 24, 2007

**DIRECT TESTIMONY OF
ERROL K WAGNER, ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

CASE NO. 2007-00381

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**DIRECT TESTIMONY OF
ERROL K WAGNER, ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

I. Introduction

1 Q: Please state your name, position and business address.

2 A: My name is Errol K. Wagner. My position is Director of Regulatory Services,
3 Kentucky Power Company ("Kentucky Power, KPCo or Company"). My business
4 address is 101 A Enterprise Drive, Frankfort, Kentucky 40602.

II. Background

5 Q: Please summarize your educational background and business experience.

6 A: I received a Bachelor of Science degree with a major in accounting from
7 Elizabethtown College, Elizabethtown, Pennsylvania in December 1973. I am a
8 Certified Public Accountant. I worked for two certified public accounting firms
9 prior to joining the Pennsylvania Public Utility Commission Staff in 1976. In 1982,
10 I joined the American Electric Power Service Corporation ("AEPSC") as a Rate
11 Case Coordinator. In 1986, I transferred from AEPSC to Kentucky as the Assistant
12 Rates, Tariffs and Special Contracts Director. In July 1987, I assumed my current
13 position.

14 Q: What are your responsibilities as Director of Regulatory Services?

15 A: I supervise and direct the Regulatory Services of the Company, which has the
16 responsibility for rate and regulatory matters affecting Kentucky Power. This
17 includes the preparation of and coordination of the Company's exhibits and

1 testimony in rate cases and any other formal filings before state and federal
2 regulatory bodies. Another responsibility is assuring the proper application of the
3 Company's rates in all classifications of business.

4 Q: To whom do you report?

5 A: I report to the President of Kentucky Power, Mr. Timothy C. Mosher, who is also
6 located in Frankfort, Kentucky.

7 Q: Have you previously testified before this Commission?

8 A: Yes. I have testified before this Commission in numerous regulatory proceedings
9 involving the adjustment in electric base rates, the fuel adjustment clause, the
10 operation of the environmental cost recovery mechanism, approval of certificates of
11 public convenience and necessity and other regulatory matters. I also testified in
12 KPCo's last general adjustment in electric base rates in Case No. 2005-00341.

13 Q: What is your understanding of the purpose of this proceeding?

14 A: The Kentucky Public Service Commission (KPSC) issued its September 19, 2007
15 Order in Case No. 2007-00381 for the purpose of examining the environmental
16 surcharge mechanism of KPCo for the six-month billing periods ending June 30,
17 2006 and December 31, 2006, and for the two-year billing periods ending June 30,
18 2007.

19 Q: Has the Company responded to the Staff's twelve data requests, including sub-parts,
20 in Appendix B to the Commission's September 19, 2007 order in this case?

21 A: Yes.

III. Purpose of Testimony

1 Q: Was there any over-collection or under-collection by the Company during the
2 review period?

3 A: As demonstrated in the Company's response to Item No. 1, page 4 of 4, there was
4 no over-or-under collection except for an over-collection (offset in large part by an
5 under-collection under the fuel adjustment clause and an over-collection for off-
6 system sales) as a result of the metering equipment inaccuracies during the month
7 of May 2007. These issues were first addressed in Case No. 2006-00507.

IV. Meter Issue

8
9
10 Q. Kentucky Power informed the Commission by letter on July 18, 2007 that it had
11 experienced metering equipment inaccuracies at its interconnections with
12 Appalachian Power Company ("APCo") and Ohio Power Company (OPCo).
13 Please describe for the Commission the nature of the inaccuracies?

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

20 Q. What caused the inaccuracies?

21 A. Following the discovery of the inaccuracies in June, 2007, Kentucky Power's
22 parent, American Electric Power Company, Inc. ("AEP"), immediately undertook

1 an investigation into the metering equipment inaccuracies and their cause. That
2 investigation revealed that the causes were different at the two interconnections.
3 At the Leach to South Neal tie line interconnection, one of the parameters
4 employed by the portion of the metering equipment that aggregates the usage data
5 used the wrong plus/minus (inflow/outflow) designator as the result of a
6 programming error. At the Bellefonte-Pleasant Street tie line interconnection the
7 metering equipment was not synchronized with the Potential Transformer (PT)
8 and Current Transformer (CT) settings thereby resulting in readings that were
9 approximately 2/3 the correct reading.

10 Q. Did the metering inaccuracies affect the environmental surcharge during the
11 period under review?

12 A. Yes. The metering equipment inaccuracies resulted in an overstatement of
13 Kentucky Power's demand. As a result, the Company's pool deficit, upon which
14 the pool capacity payments are calculated under the AEP-East System
15 Interconnection Agreement ("Interconnection Agreement"), initially was reported
16 as larger than the actual deficit. The difference between the payments properly
17 computed using the actual demand and that initially reported as a result of the
18 metering equipment inaccuracies included \$195,078 in erroneous environmental
19 costs recoverable by Kentucky Power through its May, 2007 bills under the
20 Company's environmental surcharge.

21 Q. Was the environmental surcharge the only charge on customers' bills affected by
22 the metering equipment inaccuracies?

1 A. No. The overcharge with respect to the environmental surcharge was offset
2 partially by understated fuel costs of \$9,965 and the customers' share of system
3 sales profits being overstated by \$119,038. The net effect was that customers'
4 May, 2007 bills were overstated by \$66,075. A calculation of the net credit due
5 customers is shown on Exhibit EKW- 1 page 5 of 37.

6 Q. Does Kentucky Power intend to refund this net \$66,075 overcharge to its
7 customers?

8 A. Yes. In Commission Case 2006-00507, the two-year review of Kentucky Power's
9 fuel adjustment clause, Kentucky Power requested authority to adjust the affected
10 charges on customers' December, 2007 bills to reflect the net \$66,075 reduction.

11 Q. If the Company's request in Case No. 2006-00507 is approved, how will the
12 refund appear on customers' December, 2007 bills?

13 A. Due to the fact that these adjustments tend to off-set each other, the Company
14 recommends that these adjustments be reflected in the same month on the
15 customers' monthly bill to lessen the impact on the ratepayers. Both the
16 environmental surcharge and the fuel adjustment charge, which includes the
17 system sales tracker, reflected on the December, 2007 bills will be adjusted to
18 reflect the adjustments required to provide a net \$66,075 refund. Specifically, the
19 total amount billed to customers under the environmental surcharge will be
20 \$195,078 less than it otherwise would have been, with each customer receiving a
21 proportionate reduction. On the other hand, the fuel adjustment charge as shown
22 on customers' bills (which reflects the sum of the fuel adjustment charge of
23 \$9,965 and customers' share of system sales profits of \$119,038) will be

1 \$129,003 more than it otherwise would be. The net result is a credit to customers
2 of \$66,075.

3
4 **Interconnection Agreement Requirement**

5 Q. Why is the Company proposing an adjustment only with respect to the May, 2007
6 bills?

7 A. The 30-day limit on the adjustment is required by the Interconnection Agreement
8 between Appalachian Power Company, Kentucky Power Company, Ohio Power
9 Company, Columbus and Southern Power Company and Indiana and Michigan
10 Power Company. A copy of the Interconnection Agreement is attached as Exhibit
11 EKW- 5. The Interconnection Agreement, which was initially executed on July 6,
12 1951 and subsequently modified and supplemented on four separate occasions,
13 has been approved by the Federal Energy Regulatory Commission and binds the
14 parties to the agreement and the commissions that regulate them. Section 8.6 of
15 the Interconnection Agreement provides:

16 If on any test of metering equipment, an inaccuracy shall be
17 disclosed exceeding two percent, the account between the
18 members theretofore delivered shall be adjusted *to correct*
19 *for the inaccuracy disclosed over the shorter of the*
20 *following two periods: (1) for the thirty-day period*
21 *immediately preceding the day of the test or (2) for the*
22 *period that such inaccuracy may be determined to have*
23 *existed.*

24
25 Q. How does Section 8.6 apply to metering equipment inaccuracy discovered in
26 June, 2007?

27 A. As a result of the metering equipment inaccuracy, the total MWh in May, 2007
28 were overstated by 20,818 MWh or 3.5% of the total MWh (600,686 MWh),

1 thereby exceeding the two percent floor required by Section 8.6 for inter-company
2 adjustments. Section 8.6 limits inter-company settlements for the shorter of 30
3 days or the actual period of the metering equipment inaccuracies. Although
4 Kentucky Power has not been able to determine the actual period of the metering
5 equipment inaccuracies, it has concluded they existed for at least 30 days. Thus,
6 Section 8.6 limits the adjustment to the thirty day period preceding the discovery
7 of the inaccuracies in June, 2007. That period is May, 2007.

8 Q. Do you agree that the limitation imposed by Section 8.6 is applicable in light of
9 the fact that the metering equipment inaccuracy discovered at the Leach to South
10 Neal tie line with APCo did not involve the meter but instead arose as a result of
11 an error with the software that aggregates usage data?

12 A. Yes, Section 8.6 is not limited to meter errors. Rather, the provision includes any
13 inaccuracy resulting from “metering equipment.” The term metering equipment
14 is broader than meter and includes all equipment used to measure and report
15 energy flows. If the drafters of the Interconnection Agreement (as well as FERC
16 which approved the agreement) had understood Section 8.6’s applicability to be
17 limited to meters they could and would have so provided.

18 Q. How does Section 8.6 of the Interconnection Agreement apply to the erroneous
19 readings at the Leach to South Neal tie line?

20 A. The inaccuracy at the Leach to South Neal tie line giving rise to Kentucky
21 Power’s report to the Commission occurred as a result of a programming error in
22 the Consolidated Energy Accounting System (“CEAS”). As the attached
23 PowerPoint slide indicates (Exhibit EKW-6), the CEAS is part of the metering

1 equipment used by Kentucky Power in retrieving information concerning energy
2 use.

3 Q. Can you explain in more detail Exhibit EKW- 6 as it relates to the CEAS and
4 Section 8.6 of the Interconnection Agreement?

5 A. Yes. The meter is directly linked to the MV-90. The MV-90 is the system used
6 to gather meter data information. It in turn is directly linked to the Statistical
7 Analysis Software (SAS). The SAS is the feeder system for CEAS that pulls
8 selected metering data from the MV-90 system. As such, the error resulting from
9 the operation of the CEAS is governed by Section 8.6 of the Interconnection
10 Agreement.

11 Q. Is the same also true for the Bellefonte-Pleasant Street tie line with OPCo?

12 A. Yes, although the cause of the inaccuracy was different. With respect to the
13 Bellefonte-Pleasant Street tie line with OPCo the inaccuracy arose as a result of a
14 lack of synchronization between the Current Transformer, Potential Transformer
15 and the meter. As shown on Exhibit EKW- 6, the CT is part of the metering
16 equipment.

17 Q. Is it reasonable to suggest that the drafters of the Interconnection Agreement
18 anticipated the advent of equipment such as CEAS and intended that it be
19 included under the rubric of "metering equipment" since the Interconnection
20 Agreement originally was executed in 1951 when computers did not play as an
21 important role in business and industry as they do now?

22 A. Yes, very much so. Although the Interconnection Agreement originally was
23 executed in 1951, it subsequently was amended and supplemented in 1962, 1975,

1 1979 and 1980. Certainly, by 1980 computers and software were an important
2 part of electric metering equipment.

3 Q. What other reasons, if any, are there for determining the term “metering
4 equipment” as used in the Interconnection Agreement includes facilities such as
5 the CEAS?

6 A. There is nothing in the Interconnection Agreement to suggest that at the time the
7 agreement was originally executed, and each subsequent time it was modified and
8 supplemented, the parties executing the Interconnection Agreement intended its
9 terms to be frozen in time and apply only to the technology and facilities that
10 existed at the time the agreement and each amendment was executed. That would
11 mean, for example, that the Interconnection Agreement would not apply to the
12 Big Sandy Units No. 1 and 2, which did not exist at the time of the original
13 agreement, or Rockport Units No. 1 and 2, which did not exist at the time of the
14 last modification. Therefore, for reasons explained above the Company believes
15 that the term meter equipment includes not only a meter but all equipment used to
16 measure and report energy flows.

17 Q. Kentucky Power indicated in its filing in Case No. 2006-00507 that the West
18 Virginia Commission may permit APCo to “true-up” its settlements with
19 Kentucky Power to an earlier 2007 date than May, 2007. If that occurs, what will
20 happen to the additional payments by APCo?

21 A. Any additional payments will be paid by APCo to American Electric Power
22 Service Corporation, which in turn will pay the additional settlement amounts to

1 Kentucky Power which will be reflected in the appropriate FERC accounts and be
2 refunded to its ratepayers by way of the monthly surcharge filings.

3 Q. Can you explain to the Commission why “true-up” payments beyond the 30-day
4 period permitted by Section 8.6 are not inconsistent with that portion of Section
5 8.6 discussed earlier in your testimony?

6 A. Yes. Under the Interconnection Agreement Kentucky Power can not require
7 APCo to “true-up” its settlements past the 30-day period permitted under Section
8 8.6. Likewise, the section limits the ability of any Commission to require such a
9 true-up. In the event, however, the West Virginia Commission authorizes APCo
10 to recover by way of its cost recovery mechanism the costs back to an earlier date
11 in 2007, the AEP System has elected to transfer any sums beyond the thirty-day
12 “contract period” to Kentucky Power in lieu of retaining them. As such, any
13 adjustments beyond the thirty-day “contract period” will be unrelated to the
14 Interconnection Agreement. Kentucky Power will apply any such adjustment to
15 future monthly FAC, System Sales and Environmental Surcharge filings in the
16 manner proposed for May, 2007.

VIII. Conclusion

17 Q: What is the net over/under position the Company calculates for the environmental
18 surcharge six-month billing periods ending June 30, 2006 and December 30, 2006
19 and for the two-year billing period ending June 30, 2007?

20 A: The Company’s net under collection for this environmental surcharge review
21 periods is zero exclusive of the meter issue and with respect to the meter issue the
22 environmental surcharge over-recovery to be refunded is \$195,078.

1 Q: Does that conclude your pre-filed direct testimony?

2 A: Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

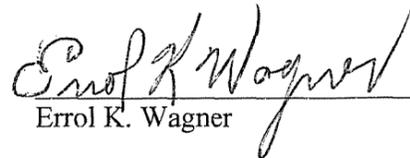
COMMONWEALTH OF KENTUCKY

CASE NO. 2007-00381

COUNTY OF FRANKLIN

AFFIDAVIT

Errol K. Wagner, upon first being duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.


Errol K. Wagner

Subscribed and sworn to before me by Errol K. Wagner this 24th day of October, 2007.


Notary Public

My Commission Expires January 14, 2009

421 West Main Street
Post Office Box 634
Frankfort, KY 40602-0634
(502) 223-3477
(502) 223-4824 Fax
www.stites.com

October 10, 2007

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PUBLIC SERVICE
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Mark R. Overtree
(502) 209-1219
(502) 223-4387 FAX
moversree@stites.com

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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.

STITES & HARBISON PLLC
ATTORNEYS

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

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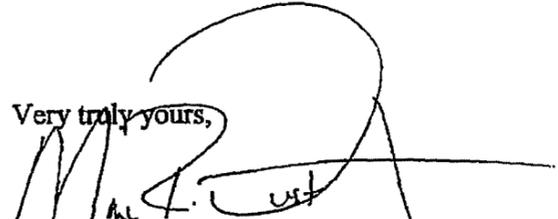
Ms. Beth O'Donnell
October 10, 2007
Page 4

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 9 of 37
- (B) See Page 13 of 37
- (C) See Page 14 of 37, Line 8
- (D) See Page 15 of 37

**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-CONS	EXPLICIT CONGESTION
IMP-CONS	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.

KENTUCKY POWER COMPANY
POWER TRANSACTION SCHEDULE
MONTH ENDED: MAY 2007

PURCHASES TRANSACTION TYPE	BILLING COMPONENTS				
	MWH	FUEL CHARGE (\$)	DEMAND (\$)	OTHER CHARGES (\$)	TOTAL CHARGES (\$)
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

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

SALES TRANSACTION TYPE	KPCO MLR SHARE OF DELIVERED MWH	BILLING COMPONENTS					
		SUPPLIED BY KPCO SOURCES			DEMAND (\$)	OTHER CHARGES (\$)	TOTAL CHARGES (\$)
		MWH	FUEL 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.

FINAL SCHEDULE MAY 2007 COSTS - ACTUAL

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
(3) 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				
(3) FUEL COSTS				6,082,476.16
TOTAL FUEL COSTS (A + B - C)				10,896,965.00 (A)
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

(3) 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.

KENTUCKY POWER COMPANY
POWER TRANSACTION SCHEDULE
MONTH ENDED: MAY 2007

PURCHASES TRANSACTION TYPE	BILLING COMPONENTS				
	MWH	FUEL CHARGE (\$)	DEMAND (\$)	OTHER CHARGES (\$)	TOTAL CHARGES (\$)
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

	MWH	Total Energy Charges
⁽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

SALES TRANSACTION TYPE	KPCO MLR SHARE OF DELIVERED MWH	BILLING COMPONENTS				
		SUPPLIED BY KPCO SOURCES		DEMAND (\$)	OTHER CHARGES (\$)	TOTAL 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	219	203	16,187.38	0.00	4,188.29	19,095.25
	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):						4,853,688.53

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

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

FINAL SCHEDULE MAY 2007 COSTS - ACTUAL

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				
(2) 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

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

Revised - 09/20/2007

ES FORM 1.00

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

CALCULATION OF E(m)				
E(m) = CRR - BRR		Revised Amount	Amount Filed	Difference
LINE 1	CRR from ES FORM 3.00	\$2,613,486	\$2,915,796	(\$302,310)
LINE 2	Brr from ES FORM 1.10	\$1,614,859	\$1,614,859	\$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)
SURCHARGE FACTOR				
LINE 8	Net KY Retail E(m) (Line 7)	\$681,442	\$876,520	(\$195,078)
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%

(D)

(D)

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)

ES FORM 1.10

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>

ES FORM 3.00

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

ES FORM 3.10

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

For the Expense Month of May 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
16	Monthly Environmental AEP Pool Capacity Costs 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 Record on ES FORM 3.00, Line 1		\$2,895,585

ES FORM 3.11

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.

ES FORM 3.12

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
ECR and NOx 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
NOx 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 (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.

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

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

ES FORM 3.13

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

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

For the Expense Month of 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.

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
WORKING CAPITAL ONLY

For the Expense Month of 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.

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

For the Expense Month of 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

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

For the Expense Month of 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

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

For the Expense Month of 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>
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$3,257

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

For the Expense Month of 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>
21	Mitchell Plant Environmental Cost to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 5)	\$39,084

ES FORM 3.14
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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

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

For the Expense Month of May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$15,262,706
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$209,099
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,368
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)	\$13,368
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$222,467
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)	325,700
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.	(1)	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 (9) * 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 I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	55.00%	65.08%	
15		Total Rockport Plant Common and Units 1 & 2	\$18,421	\$122,793	\$146,980	\$280,194
16		Indiana Michigan Power Company Steam Capacity (kw)				5,101,000
17		Rockport Plant (\$/kw) (14) / (15)				\$0.06
18		Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing				5.00%
19		Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)				\$0.00
20		Rockport Plant Costs to Kentucky Power :				\$0.00
21		Rockport Plant Portion (\$/kw) (18)				\$0.00
		Kentucky Power Capacity Deficit (kw)				325,700
		Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)				\$0
		(ES FORM 3.14, Page 1 of 10, Line 8)				

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

For the Expense Month of May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,094,163
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,343,890
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$12,500</u>
7	Total Operations (4) + (5) + (6)	\$12,500
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$12,500</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,356,390</u>
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)	<u>325,700</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$3,257

ES FORM 3.15

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

For the Expense Month of 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%	4.18%	1.6073	6.72%
5	TOTAL	\$874,194,380	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. 2006-00128, 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. (1)	COST COMPONENT (2)	(3)	Rockport Plant Common (4)	Unit No. 1 (b)	Unit No. 2 (c)	Total Units 1 & 2 (f)	Total (g)
1	Return on Rate Base :						
2	Rockport Plant Continuous Environmental Monitoring System (CEMS) Utility Plant at Original Cost		\$1,776,769	\$5,272,657	\$8,353,084		
3	AEGCo Low NOx Burners (LNB) Installed Cost		(\$626,177)	(\$646,866)	(\$904,866)		
4	Less Accumulated Depreciation		(\$134,231)	(\$637,866)	(\$990,411)		
5	Less Accum. Def. Income Taxes		\$1,016,351	\$3,987,926	\$6,457,807		
6	Total Rate Base	12.3398%					
7	Weighted Average Cost of Capital - ES FORM 3.21		1.0283%				
8	Monthly Weighted Avg. Cost of Capital (LINE 6 / 12)		\$10,451				
9	Monthly Return of Rate Base (Line 5 * Line 7)						
10	Operating Expenses :						
11	Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502		
12	Monthly Indiana Air Emissions Fee		\$12,500	\$0	\$0		
13	Total Operating Expenses (Line 9 + Line 10)		\$17,712				
14	Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 8 + Line 11)		\$28,163				
15	Kentucky Power's Portion of Rockport's CEMS (Line 12 * 15%)		\$4,224				
	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

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.

ES FORM 3.21

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	Cap. Structures	Cost Rates	WACC (NET OF TAX)	GRCF	WACC (PRE - TAX)
		As of 05/31/2007					
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	121,915,695	100.0000%		8.4145%		12.3398%
<p>WACC = Weighted Average Cost of Capital</p> <p>1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement</p> <p>2/ Gross Revenue Conversion Factor (GRCF) Calculation:</p> <p>1 OPERATING REVENUE 100.00</p> <p>2 LESS: INDIANA ADJUSTED GROSS INCOME</p> <p>3 (LINE 1 X .085) 8.500</p> <p>4 INCOME BEFORE FED INC TAX 91.500</p> <p>5 LESS: FEDERAL INCOME TAX</p> <p>6 (LINE 4 X .35) 32.025</p> <p>7 OPERATING INCOME PERCENTAGE 59.475</p> <p>8 GROSS REVENUE CONVERSION</p> <p>9 FACTOR (100% / LINE 7) 1.681379</p>							

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

ES FORM 3.30

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
and OVER/(UNDER) RECOVERY ADJUSTMENT

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

EXHIBIT 2

- KPCo file copy -



Kentucky Power
P O Box 5190
101A Enterprise Drive
Frankfort, KY 40602
KentuckyPower.com

RECEIVED

JUL 19 2007

**PUBLIC SERVICE
COMMISSION**

Elizabeth O'Donnell, Executive Director
Public Service Commission
Attn: Daryl Newby
P. O. Box 615
Frankfort, KY 40602

19 July 2007

Dear Ms. O'Donnell and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated June 2007 fuel costs with an adjustment reflecting actual May 2007 fuel costs.

The fuel adjustment clause factor of \$0.00244/kwh will be applied to our August 2007 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Also, we are attaching the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated June 2007 net revenue with an adjustment reflecting the true-up of May 2007 net revenue. Pursuant to the Settlement Agreement and the Commission's March 14th Order in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2007 through March 31, 2008 shall be based on 70/30 percent sharing basis. When the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The attached System Sales Clause Schedule, page 1 of 2, shows the net revenue level applied to our August 2007 billing will be in the amount of \$5,653,449 for a YTD total of \$19,562,330.

The net system sales clause factor of \$(0.0034442)/kwh (a credit) will be applied to our August 2007 billing.

All billings during August 2007 will show a combined factor of \$(0.0010042)/kwh (a credit).

If you have any questions, please advise.

Sincerely,

Errol K. Wagner
Director of Regulatory Services

bcc: (all via email)
Robin Wiseman - Canton (w/a) John Pulsinelli - Columbus (w/a)
Justin O'Neil - Columbus (w/a) Andrea M. Wallace - Cols (w/a)
O. J. Sever, Jr. - Columbus (w/a) Jeff Brubaker - Cols (w/a)
Steve M Trammell - Tulsa, (w/a) KPCo Regulatory File Book

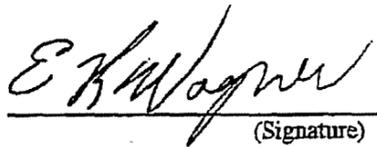
KENTUCKY POWER COMPANY

SUMMARY OF ADJUSTMENT CLAUSES

Month Ended: June 2007

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.00244
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>-\$0.0034442</u>
3 Total Adjustment Clause Factors		<u><u>-\$0.0010042</u></u>

Effective Date for Billing August 2007

Submitted by: 
(Signature)

Title: Director of Regulatory Services

Date Submitted: July 19, 2007

KENTUCKY POWER COMPANY
FUEL ADJUSTMENT CLAUSE SCHEDULE

Month Ended: **June 2007**

Fuel Fm (Fuel Cost Schedule)	<u>\$9,828,806</u>		
Sales Sm (Sales Schedule)	518,644,000	(+)	0.01895
Fuel (Fb)	<u>\$8,703,098</u>		
Sales (Sb)	527,226,000	(-)	<u>0.01651</u>
			<u>0.00244</u>
			(\$/KWH)

Effective Date for Billing: August 2007

Submitted by:


(Signature)

Title:

Director of Regulatory Services

Date Submitted:

July 19, 2007

KENTUCKY POWER COMPANY

SALES SCHEDULE

Month Ended: June 2007

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	625,420,000
Purchases Including Interchange In	(+)	<u>427,397,000</u>
Sub Total		<u>1,052,817,000</u>
B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	484,542,000
System Losses	(+)	<u>49,631,000 *</u>
Sub Total		<u>534,173,000</u>
Total Sales (A - B)		<u><u>518,644,000</u></u>

* Does not include 331,709 KWH of company usage.

KENTUCKY POWER COMPANY
OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended: June 2007

Line No.			
1	FAC Rate Billed	(+)	0.00425
2	Retail KWH Billed at Above Rate	(x)	<u>554,740,596</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>2,357,648</u>
4	KWH Used to Determine Last FAC Rate Billed	(+)	516,093,000
5	Non-Jurisdictional KWH Included in L4	(-)	<u>7,495,300</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>508,597,700</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		2,161,540
8	Over or (Under) Recovery (L3 - L7)		196,108
9	Total Sales (Page 3)	(+)	518,644,000
10	Kentucky Jurisdictional Sales	(/)	<u>510,642,700</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1.01567
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>199,181</u></u>

KENTUCKY POWER COMPANY

FINAL
FUEL COST SCHEDULE

Month Ended: May 2007

A. Company Generation			
Coal Burned	(+)	\$10,826,446	
Oil Burned	(+)	383,069	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)			
(KWH X)	(+)	0	
Fuel (substitute for F. O.)	(-)	<u>0</u>	
Sub-total		<u>11,209,515</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	5,769,926	(1)
Identifiable Fuel Cost (substitute for F. O.)			
(KWH X)	(-)	<u>0</u>	
Sub-total		<u>5,769,926</u>	
C. Inter-System Sales Fuel Costs		<u>6,082,476</u>	(1)
Total Fuel Cost (A + B - C)		<u><u>\$10,896,965</u></u>	

(1) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B.

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE SCHEDULE
Case No. 9061 and
Stipulation and Settlement Agreement in Case No. 2005-00341
June 2007

Line No.	Month Ended:		
1	Current Month (Tm) Net Revenue Level	(+)	5,653,449
2	Base Month (Tb) Tariff 19-2 Net Revenue Level	(-)	<u>3,101,556</u>
3	Increase/(Decrease) of System Sales Net Revenue		2,551,893
4	Customer 70% Sharing	(x)	<u>70%</u>
5	Customer Share of Increase/(Decrease) in System Sales Net Revenue		1,786,325
6	Current Month (Sm) Sales Level	(/)	<u>518,644,000</u>
7	System Sales Clause Factor - \$/Kwh		<u><u>-0.0034442</u></u> *

YTD System Sales Profit	
Feb-07	2,911,080
Mar-07	4,277,970
Apr-07	3,765,051
May-07	2,954,780
Jun-07	5,653,449
Jul-07	
Aug-07	
Sep-07	0
Oct-07	0
Nov-07	0
Dec-07	0
Jan-08	0
Total	19,562,330

* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month.

Effective Date for Billing:

August 2007

Submitted by:

E. K. Wagner
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

July 19, 2007

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE NET REVENUE

Line No.	Month Ended: June 2007		TOTAL
	CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	
1	\$13,634,292	(\$43,210)	\$13,591,082
2	-0-	-0-	-0-
3	13,634,292	(43,210)	13,591,082
4	\$7,729,158	\$13,186	\$7,742,344
5	-0-	-0-	-0-
6	195,289	0	195,289
7	7,924,447	13,186	7,937,633
8	<u>\$5,709,845</u>	<u>(\$56,396)</u>	<u>\$5,653,449</u>

*Source:
ES Form 1.0, Line 3
ES Form 3.3, Line 4
Non-Associated Environmental Costs

**KENTUCKY POWER
FUEL COSTS (5010001, 5010013, & 5010019)
JUNE 2007**

COAL	\$11,892,201.70
SURVEY	\$0.00
CONVERSION COAL	<u>\$0.00</u>
TOTAL COAL	\$11,892,201.70
OIL	<u>\$169,264.24</u>
TOTAL FUEL	<u><u>\$12,061,465.94</u></u>



KENTUCKY POWER COMPANY
 NET ENERGY REQUIREMENTS
 JUNE 2007

Net Generation (Sch 12)		625,420
Purchases:		
1. Interchange Pool (Sch 4, Pool Energy)	192,426	
2. Interchange Received Cash	0	
3. Purchased Power: Associated (Including Rockport Units 1 & 2)	174,752	
4. Purchased Power: Non Associated	60,219	
Subtotal	234,971	
5. Loop In/Out (Sch 4, Loop or Interchange In/Out - Nonassociated)	0	
Total Purchased Power		427,397
Available for Distribution		1,052,817
Sales		
1. Interchange Pool (Sch 4, Total Assoc Co Sales)	247,500	
2. Total System Sales (Physical Sales)	233,447	
3. Total System Sales (Non - Physical Sales or Bookouts & Options)	3,595	
Disposition of Energy		484,542
Total Supply for Net Energy Requirement (NER) (Internal Load Requirements)		568,275
Check:		
Total Sales (Calc for Deferred Fuel, Page 3 of 5, Total Sales (A - B))	518,644	
Net System Losses MWH (Calc for Deferred Fuel, Page 3 of 5)	49,631	
Total Supply for Net Energy Requirement (NER)	568,275	

Current Month Energy Sales

Billed KWH

Preliminary Page 9-1 (Sch 5, Total Sales of Electricity)	562,741,896
System Sales for Resale (Schedule 4, Total System Sales)	233,447,000
System Interchange Sales (Schedule 4, Total Assoc Co Sales)	247,500,000
Total Current Month Billed Revenue	1,043,688,896
Accrued KWH	
Current Month Unbilled Page 9-1A (Sch 6)	270,508,453
Last Month Unbilled Page 9-1A	304,373,079
Current Month Billed and Accrued KWH	1,009,824,270

KENTUCKY POWER COMPANY												
Line Loss Calculation												
BILLED & ACCRUED												
Inter change Pool	System Sales	Bill. & Accrd. Loss	Total Disposition	Billed Only ---Loss---	MWH	TOTAL ENERGY		ASSOC. COMPANY INTERCHANGE	SYSTEM SALES FOR RESALE	INTERNAL ENERGY DISPOSED (1-2-3-4)	ENERGY LOST & UNACCOUNTED	% LINE LOSS (6/5)
						DISPOSED 1	DISPOSED 6					
226,657	180,807	37,315	1,133,614	---		06	current month	226,657	180,807	726,150	37,315	5.139%
			13,569,039	---	JAN	06	12 mos. ending	2,766,796	2,766,514	8,035,729	642,256	7.993%
197,969	233,870	75,719	1,183,392	---	FEB	06	current month	197,969	233,870	751,563	75,719	10.075%
			13,612,511	---	MAR	06	12 mos. ending	2,765,029	2,749,320	8,098,162	661,296	8.166%
257,553	226,681	54,266	1,200,512	---	MAR	06	current month	257,553	226,681	716,278	54,266	7.576%
			13,514,347	---	APR	06	12 mos. ending	2,760,249	2,672,853	8,081,245	659,024	8.155%
281,185	221,781	98,758	1,077,711	3,245	APR	06	current month	281,185	221,781	574,745	98,758	17.183%
			13,502,138	---	MAY	06	12 mos. ending	2,755,725	2,661,157	8,085,256	710,776	8.791%
129,331	191,082	56,870	906,998	66,154	MAY	06	current month	129,331	191,082	586,585	56,870	9.695%
			13,432,832	---	JUN	06	12 mos. ending	2,728,273	2,614,834	8,089,725	722,703	8.934%
283,427	254,340	65,193	1,146,790	62,242	JUN	06	current month	283,427	254,340	609,023	65,193	10.705%
			13,472,210	---	JUL	06	12 mos. ending	2,778,618	2,630,085	8,063,507	734,015	9.103%
252,352	298,491	51,867	1,235,232	111,439	JUL	06	current month	252,352	298,491	684,389	51,867	7.579%
			13,520,281	---	AUG	06	12 mos. ending	2,772,406	2,667,490	8,080,385	731,011	9.047%
252,375	291,493	59,996	1,252,649	94,965	AUG	06	current month	252,375	291,493	708,781	59,995	8.465%
			13,608,660	---	SEP	06	12 mos. ending	2,817,690	2,713,804	8,077,166	727,651	9.009%
297,092	196,951	85,826	1,056,706	(32,347)	SEP	06	current month	297,092	196,951	562,663	85,826	15.254%
			13,510,004	---	OCT	06	12 mos. ending	2,816,516	2,662,181	8,031,307	760,355	9.467%
305,738	240,217	44,763	1,163,289	103,139	OCT	06	current month	305,738	240,217	617,334	44,763	7.249%
			13,620,505	---	NOV	06	12 mos. ending	2,866,997	2,714,458	8,049,150	761,704	9.463%
287,102	184,004	46,903	1,133,742	94,784	NOV	06	current month	287,102	184,004	662,636	46,903	7.078%
			13,691,829	---	DEC	06	12 mos. ending	2,946,118	2,693,863	8,051,848	741,807	9.213%
193,816	186,140	52,806	1,135,365	76,562	DEC	06	current month	193,816	186,140	755,409	52,806	6.990%
			13,626,000	---	JAN	07	12 mos. ending	2,964,597	2,705,857	7,955,546	730,271	9.179%
189,303	200,862	65,845	1,173,943	83,762	JAN	07	current month	189,303	200,862	783,778	65,845	8.401%
			13,666,329	---	FEB	07	12 mos. ending	2,927,243	2,725,912	8,013,174	768,801	9.469%
109,435	185,212	63,932	1,104,783	84,311	FEB	07	current month	109,435	185,212	810,136	63,932	7.892%
			13,587,720	---	MAR	07	12 mos. ending	2,838,709	2,677,254	8,071,757	747,014	9.255%
268,702	249,103	79,703	1,189,976	(8,566)	MAR	07	current month	268,702	249,103	672,171	79,703	11.858%
			13,577,184	---	APR	07	12 mos. ending	2,849,858	2,699,676	8,027,650	772,451	9.622%
182,068	199,389	63,780	1,004,763	38,393	APR	07	current month	182,068	199,389	623,306	63,780	10.233%
			13,504,236	---	MAY	07	12 mos. ending	2,750,741	2,677,284	8,076,211	737,473	9.131%
135,350	211,328	51,493	965,122	76,014	MAY	07	current month	135,350	211,328	618,444	51,493	8.328%
			13,562,360	---	JUN	07	12 mos. ending	2,756,790	2,697,530	8,108,070	732,096	9.028%
247,500	233,447	42,661	1,052,817	8,796	JUN	07	current month	247,500	233,447	571,870	42,661	7.468%
			13,468,387	---			12 mos. ending	2,720,833	2,676,637	8,070,917	709,564	8.792%

**KENTUCKY POWER COMPANY
 JUNE 2007**

Source and Disposition of Energy (Total System)

Megawatthours

Generation:

1 Total Net Generation (Sch 3) 625,420

Purchased Power:

2 Interchange Pool (Sch 4, Pool Energy) 192,426

3 Interchange Received Cash 0

Purchased Power: Associated
 4 (Including Rockport) (Sch 4 or 12A) 174,752

5 Purchased Power: Non Associated 60,219

Loop In/Out
 6 (Sch 4, Loop or Interchange In/Out - Nonassociated) 0

7 Total Purchased Power 427,397

8 Total Source (1 Plus 8) 1,052,817

Billed and Accrued

9 Total Energy Sales (Sch 3) 1,009,824

10 Used in Electric & Other Departments (Sch 2) 332

11 Furnished Without Charge 0

12 Total Energy Accounted For (+10+11+12) 1,010,156

13 Energy Lost and Unaccounted For 42,661

14 Total Disposition (Must Equal Line 8) 1,052,817

Billed Only (Memo)

15 Total Energy Sales (Sch 3) 1,043,689

16 Used in Electric & Other Departments (Sch 2) 332

17 Furnished Without Charge 0

18 Total Energy Accounted For 1,044,021

19 Energy Lost and Unaccounted For 8,796

20 Total Disposition (Must Equal Line 8) 1,052,817

KENTUCKY POWER COMPANY

SOURCES AND DISPOSITION OF ENERGY FOR
FERC TYPE FUEL COST ADJUSTMENT CLAUSE

JUNE 2007 ESTIMATE

<u>SOURCES OF ENERGY</u>	<u>MWH</u>	<u>\$ AMOUNT</u>	<u>MILLS/kWh</u>	
1. NET GENERATION				
OWN FOSSIL GENERATION	625,420	12,061,466	19.285	
UNIT POWER PURCHASE (AEG) ROCKPORT #1	126,428	2,004,506	15.855	
UNIT POWER PURCHASE (AEG) ROCKPORT #2	48,289	826,556	17.117	
				Sch 8
SUBTOTAL, ITEM 1	800,137	14,892,528	18.612	
SYSTEM POOL - PRIMARY & ECONOMY	29,138	399,331	13.705	
AEP SYSTEM CASH PURCHASES	60,256	2,568,337	42.624	
INTERRUPTIBLE BUY-THROUGH	0	0	0.000	
SUBTOTAL, ITEM 2	89,394	2,967,668	33.198	
3. TOTAL SOURCES (1+2)	889,531	17,860,196	20.078	
		5,798,730		Line 33
<u>DISPOSITION OF ENERGY</u>				
4. OFF SYSTEM ALLOCATION OF SOURCES				
SYSTEM POOL - PRIMARY & ECONOMY	51,317	955,110	18.612	
UNIT POWER PURCHASE (AEG) ROCKPORT #1	22,471	385,081	17.137	
UNIT POWER PURCHASE (AEG) ROCKPORT #2	12,298	210,849	17.145	
AEP SYSTEM CASH PURCHASES	59,641	2,548,669	42.734	
OWN GENERATION	155,667	2,850,144	18.309	
INTERRUPTIBLE BUY-THROUGH	139	10,710	77.050	
SUBTOTAL, ITEM 4	301,533	6,960,564	23.084	Line 33
5. FUEL IDENTIFIED FOR NER (3-4)	587,998	10,899,632	18.537	
6. TOTAL (4+5)	889,531	17,860,196	20.078	
A.FUEL IDENTIFIED FOR NER (LINE 5 ABOVE)	587,998	10,899,632	18.537	
B.NON-MONETARY INTER-COMPANY RECEIPTS (+) DELIVERIES (-)	30,864	0	0.000	
C.FUEL IDENTIFIED FOR NER (LINES A+B)	618,862	10,899,632	17.612	
D.OUT OF PERIOD ADJUSTMENT	0	0	0.000	
E.CONVENTIONAL HYDRO	0	0	0.000	
F.TOTAL SUPPLY FOR NET ENERGY REQUIREMENT (NER)	618,862	10,899,632	17.61238	

UNIT POWER PURCHASE (AEG) ROCKPORT #1 USE AVG RATE FROM POWER BILL

UNIT POWER PURCHASE (AEG) ROCKPORT #2 USE AVG RATE FROM POWER BILL

800137 14892528 18.612

Kentucky Power Company - Building Usage - June 2007

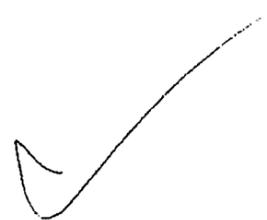
Metered Usage In Company Buildings For The Current Month	331,709
Metered Usage In Company Buildings For The Prior Month	368,882

Current Month Company Usage

ASHLAND	143,220	kWh
SO. WILLIAMSON	1,739	kWh
HAZARD/PIKEVILLE	186,750	kWh
CURRENT MONTH	331,709	kWh
PRIOR MONTH ADJUSTMENT	0	kWh
CURRENT MONTH REPORT	331,709	kWh

332 mWh

Source: OSPRIO60



**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-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 TRANSACTION TYPE	BILLING COMPONENTS				
	MWH	FUEL CHARGE (\$)	DEMAND (\$)	OTHER CHARGES (\$)	TOTAL CHARGES (\$)
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-CONG	0	0.00	0.00	2,561.13	2,561.13
IMP-CONG	0	0.00	0.00	373,772.42	373,772.42
SPOT-ENG	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

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

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	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.

FINAL SCHEDULE MAY 2007 COSTS - ACTUAL

KENTUCKY POWER COMPANY
FUEL COST SCHEDULE
MONTH ENDED: MAY 2007

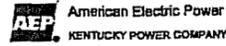
(A) COMPANY GENERATION	BIG SANDY (PLANT)	ROCKPORT UNIT #1	ROCKPORT UNIT #2	FUEL AMOUNTS (\$)
COAL BURNED	8,537,426.25	2,289,020.00	0.00	10,826,446.25
OIL BURNED	302,589.19	80,480.00	0.00	383,069.19
GAS BURNED				-----
FUEL (JOINTLY OWNED PLANT)				-----
FUEL (ASSIGNED COST DURING F.O.) (0 x 0.000)				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.

<u>Flow Date</u>	<u>Columbia Gas, Appalachia Gas Daily</u> Avg. (\$/MMBtu)	<u>Park & Lend Service</u> (\$/MMBtu)	<u>Energy Cost</u> (\$/MWh)*
01-May-07	8.025	0.1983	85.52
02-May-07	8.020	0.1983	85.47
03-May-07	8.040	0.1983	85.68
04-May-07	8.030	0.1983	85.57
05-May-07	8.200	0.1983	87.34
06-May-07	8.200	0.1983	87.34
07-May-07	8.200	0.1983	87.34
08-May-07	8.085	0.1983	86.15
09-May-07	7.915	0.1983	84.38
10-May-07	7.865	0.1983	83.86
11-May-07	8.015	0.1983	85.42
12-May-07	7.920	0.1983	84.43
13-May-07	7.920	0.1983	84.43
14-May-07	7.920	0.1983	84.43
15-May-07	8.270	0.1983	88.07
16-May-07	8.100	0.1983	86.30
17-May-07	8.080	0.1983	86.09
18-May-07	8.175	0.1983	87.08
19-May-07	8.355	0.1983	88.95
20-May-07	8.355	0.1983	88.95
21-May-07	8.355	0.1983	88.95
22-May-07	8.185	0.1983	87.19
23-May-07	8.185	0.1983	87.19
24-May-07	8.155	0.1983	86.87
25-May-07	8.175	0.1983	87.08
26-May-07	8.040	0.1983	85.68
27-May-07	8.040	0.1983	85.68
28-May-07	8.040	0.1983	85.68
29-May-07	8.040	0.1983	85.68
30-May-07	8.085	0.1983	86.15
31-May-07	8.320	0.1983	88.59

Minimum(75%: \$62.90/MWh)

* Based on 10,800 Btu/kWh for June - August.
* Based on 10,400 Btu/kWh for September - May.



OPERATING REVENUES, KILOWATT HOUR SALES, CUSTOMER REALIZATION (CENTS PER KWH), AVG REV AND KWH USE
1 MONTH BILLED AND ESTIMATED - MCSR0194

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June 2007 9-1EE

FERC ACCT NO.	OPERATING REVENUE ACCOUNTS	OPERATING REVENUES			KILOWATT-HOUR SALES			CUSTOMERS		CENTS PER KWH	
		THIS YR	LAST YR	% CHNG	THIS YR	LAST YR	% CHNG	THIS YR	LAST YR	2007	2006
	SALES OF ELECTRICITY										
4400 002	RESIDENTIAL WITHOUT SPACE HEATING	4,449,732.01	4,276,132.09	1.05	62,207,716	56,963,601	9.32	60,568	61,743	7.34	7.51
4400 001	RESIDENTIAL WITH SPACE HEATING	7,168,861.20	7,000,456.52	2.41	102,509,099	95,543,375	7.29	81,276	81,377	6.99	7.33
	TOTAL RESIDENTIAL	11,608,593.21	11,276,588.61	2.95	164,716,815	152,446,976	8.05	141,844	143,120	7.05	7.40
	COMMERCIAL										
4420 001	OTHER THAN PUBLIC AUTHORITIES	6,295,458.49	6,338,362.11	0.03	88,303,888	84,903,726	4.00	26,465	26,389	1.13	1.46
4420 006	PUBLIC AUTHS - SCHOOLS	1,013,037.09	937,706.04	11.23	14,778,990	12,599,203	17.30	761	772	1.06	1.44
4420 007	PUBLIC AUTHS-OTHER THAN SCHOOL	1,018,046.30	1,037,499.78	1.78	14,778,274	14,522,639	1.76	2,453	2,318	4.90	1.14
	TOTAL COMMERCIAL	8,326,541.88	8,313,567.93	0.01	117,860,152	112,025,568	5.21	29,679	29,019	1.09	1.42
	INDUSTRIAL										
4420 002	EXCLUDING MINE POWER	7,445,055.62	7,972,794.92	6.01	191,462,766	186,266,081	2.80	950	962	3.89	4.28
4420 004	MINE POWER	4,321,288.69	4,932,754.53	13.21	80,125,785	87,677,258	8.60	482	505	5.39	6.63
4420 005	ASSOCIATED COMPANIES	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
	TOTAL INDUSTRIAL	11,766,344.31	12,905,549.45	8.83	271,588,551	273,943,339	0.85	1,432	1,467	4.23	4.71
	COMMERCIAL AND INDUSTRIAL	20,125,985.02	21,215,716.38	5.34	389,448,613	385,948,887	0.91	31,117	30,785	5.37	5.50
4440 000	PUBLIC STREET & HIGHWAY LIGHT	86,473.59	96,885.27	10.73	563,168	608,895	7.66	273	380	15.35	15.88
	TOTAL PUBLIC STREET & HIGHWAY LIGHT	86,473.59	96,885.27	10.73	563,168	608,895	7.66	273	380	15.35	15.88
	OTHER SALES TO PUBLIC AUTHS										
4450 001	PUBLIC SCHOOLS	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
4450 002	OTHER THAN PUBLIC SCHOOLS	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
	TOTAL OTHER SALES TO PUBLIC AUTHS	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
	ULTIMATE CUSTOMERS	31,821,951.72	32,589,170.26	2.35	554,740,596	529,085,748	2.92	175,228	175,245	5.78	6.05
4470 XXX	SALES FOR RESALE										
	OTHER ELEC UTILS	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
	TOTAL SALES FOR RESALE	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
	TOTAL SALES OF ELECTRICITY	31,821,951.72	32,589,170.26	2.35	554,740,596	529,085,748	2.92	175,228	175,245	5.78	6.05
	NET OF PROVISION										
4481	PROVISION FOR REPAIRS	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
	PROVISION FOR REVENUE REFUND	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
	TOTAL PROVISION FOR REFUND	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
	TOTAL NET OF PROVISION	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
	OTHER OPERATING REVENUES										
4500	OPERATING REVENUE										
	FORFEITED DISCOUNTS	94,613.00	136,362.06	28.73	0	0	100.00	0	0	0.00	0.00
4510	MISCELLANEOUS SERVICE REVENUES	47,323.39	11,932.64	22.62	0	0	100.00	0	0	0.00	0.00
4520	SALES OF WATER AND WATER POWER	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
4540	RENT FROM ELE PROP-NON ARBDC	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
4560	OTHER ELECTRIC REVENUES	0.00	0.00	100.00	0	0	100.00	0	0	0.00	0.00
	TOTAL OPERATING REVENUE	141,936.39	171,272.70	17.13	0	0	100.00	0	0	0.00	0.00
	TOTAL OTHER OPERATING REVENUES	141,936.39	171,272.70	17.13	0	0	100.00	0	0	0.00	0.00
	TOTAL OPERATING REVENUES	31,963,888.11	32,760,442.96	2.43	554,740,596	529,085,748	2.92	175,228	175,245	5.78	6.05

INVOICE
AMERICAN ELECTRIC POWER
AS AGENT FOR KENTUCKY POWER COMPANY
STATEMENT OF SCHEDULED TRANSACTIONS
WITH
THE CITY OF OLIVE HILL, KENTUCKY



INVOICE DATE: 5/8/2007
PAYMENT DUE DATE: 5/18/2007
INVOICE NUMBER: 117-20406813

INVOICE PERIOD: 01-Apr-2007 - 30-Apr-2007 Eastern Prevalling Time

Billing Information:

	<u>Peak kW</u>	<u>\$/kW</u>	<u>Billing \$</u>
<u>Demand Charge:</u>			
Peak Date & Time: 04/08/07 @ 9:00	4,427	\$9.26	\$40,994.02
	<u>Accumulated kWh</u>	<u>\$/kWh</u>	
<u>Energy Charge:</u>	1,977,408	\$0.0031396	\$6,208.27
<u>Fuel Charge:</u>	1,977,408	\$0.0170476	\$33,710.06
<u>Fuel Adjustment Charge:</u>	1,977,408	\$0.0027866	\$5,510.25
<u>February 2007 Actual Fuel True-Up:</u>			
Estimated Fuel Adjustment Charge:		\$0.0025232	
Actual Fuel Adjustment Charge:		<u>\$0.0027866</u>	
February 2007 Fuel Charge Difference:	2,995,023	\$0.0002634	\$788.89
<u>January 2007 Actual Fuel True-Up:</u>			
Actual Fuel Adjustment Charge:		\$0.0019501	
Actual Revision 1 Fuel Adjustment Charge:		<u>\$0.0017586</u>	
January 2007 Fuel Charge Difference:	2,745,173	(\$0.0001915)	(\$525.70)
<u>PJM Open Access Transmission Tariff</u>			\$16,564.49
AMOUNT DUE AEP			\$103,250.28

METHODS OF PAYMENT

Bank Instructions:

By Wire Transfer To:
 Citibank, N.A., N.Y.
 ABA# 0210-00089
 Kentucky Power Company - Generation
 Account Number 30484544

Billing Questions: (614) 583-6225 or (614) 583-6149

INVOICE
AMERICAN ELECTRIC POWER
AS AGENT FOR KENTUCKY POWER COMPANY
STATEMENT OF SCHEDULED TRANSACTIONS
WITH
THE CITY OF VANCEBURG, KENTUCKY



INVOICE DATE: 5/8/2007
PAYMENT DUE DATE: 5/18/2007
INVOICE NUMBER: 117-20406812

INVOICE PERIOD: 01-Apr-2007 - 30-Apr-2007 Eastern Prevailing Time

Billing Information:

	<u>Peak kW</u>	<u>\$/kW</u>	<u>Billing \$</u>
<u>Demand Charge:</u>			
Peak date & Time: 04/10/07 @ 8:00			
	11,426	\$9.08	\$103,748.08
	<u>Accumulated kWh</u>	<u>\$/kWh</u>	
<u>Energy Charge:</u>	5,517,935	\$0.0030769	\$16,978.13
<u>Fuel Charge:</u>	5,517,935	\$0.0167067	\$92,186.48
<u>Fuel Adjustment Charge:</u>	5,517,935	\$0.0027309	\$15,068.93
<u>February 2007 Actual Fuel True-Up:</u>			
Estimated Fuel Adjustment Charge:		\$0.0024727	
Actual Fuel Adjustment Charge:		\$0.0027309	
February 2007 Fuel Charge Difference:	7,202,739	\$0.0002582	\$1,859.75
<u>January 2007 Actual Fuel True-Up:</u>			
Actual Fuel Adjustment Charge:		\$0.0019111	
Actual Revision 1 Fuel Adjustment Charge:		\$0.0017234	
January 2007 Fuel Charge Difference:	6,588,896	(\$0.0001877)	(\$1,236.74)
<u>PJM Open Access Transmission Tariff</u>			\$25,133.18
AMOUNT DUE AEP			\$253,737.81

METHODS OF PAYMENT

Bank Instructions:

By Wire Transfer To:

Citibank, N.A., N.Y.
 ABA# 0210-00089
 Kentucky Power Company - Generation
 Account Number 30484544

Billing Questions: (614) 583-6225 or (614) 583-6149



INVOICE
AMERICAN ELECTRIC POWER
AS AGENT FOR KENTUCKY POWER COMPANY
STATEMENT OF SCHEDULED TRANSACTIONS
WITH
THE CITY OF OLIVE HILL, KENTUCKY

INVOICE DATE: 7/10/2007
 PAYMENT DUE DATE: 7/20/2007
 INVOICE NUMBER: 117-20419345

INVOICE PERIOD: 01-Jun-2007 - 30-Jun-2007 Eastern Prevailing Time

Billing Information:

	<u>Peak kW</u>	<u>\$/kW</u>	<u>Billing \$</u>
<u>Demand Charge:</u>			
Peak Date & Time: 06/18/07 @ 17:00			
	5,083	\$9.20	\$46,763.60
	<u>Accumulated kWh</u>	<u>\$/kWh</u>	
<u>Energy Charge:</u>	2,198,936	\$0.0033315	\$7,325.76
<u>Fuel Charge:</u>	2,198,936	\$0.0186328	\$40,972.33
<u>Fuel Adjustment Charge:</u>	2,198,936	-\$0.0009850	(\$2,165.95)
<u>April 2007 Actual Fuel True-Up:</u>			
Estimated Fuel Adjustment Charge:		\$0.0027866	
Actual Fuel Adjustment Charge:		\$0.0006002	
April 2007 Fuel Charge Difference:	1,977,408	(\$0.0021864)	(\$4,323.40)
<u>PJM Open Access Transmission Tariff</u>			\$16,476.05
<u>2006 Annual True-up - Monthly Payment</u>			
Jun-07	\$9,470.36		\$9,470.36
Jul-07	\$9,470.36		
Aug-07	\$9,470.36		
AMOUNT DUE AEP			\$114,518.75

METHODS OF PAYMENT

Bank Instructions:

By Wire Transfer To:
 Citibank, N.A., N.Y.
 ABA# 0210-00089
 Kentucky Power Company - Generation
 Account Number 30484544

Billing Questions: (614) 583-6225 or (614) 583-6149



INVOICE
AMERICAN ELECTRIC POWER
AS AGENT FOR KENTUCKY POWER COMPANY
STATEMENT OF SCHEDULED TRANSACTIONS
WITH
THE CITY OF VANCEBURG, KENTUCKY



INVOICE DATE: 7/10/2007
 PAYMENT DUE DATE: 7/20/2007
 INVOICE NUMBER: 117-20419344

INVOICE PERIOD: 01-Jun-2007 - 30-Jun-2007 Eastern Prevalling Time

Billing Information:

	<u>Peak kW</u>	<u>\$/kW</u>	<u>Billing \$</u>
<u>Demand Charge:</u>			
Peak date & Time: 06/27/07 @ 17:00			
	12,514	\$9.02	\$112,876.28
	<u>Accumulated kWh</u>	<u>\$/kWh</u>	
<u>Energy Charge:</u>	5,802,358	\$0.0032649	\$18,944.12
<u>Fuel Charge:</u>	5,802,358	\$0.0182602	\$105,952.22
<u>Fuel Adjustment Charge:</u>	5,802,358	-\$0.0009653	(\$5,601.02)
<u>April 2007 Actual Fuel True-Up:</u>			
Estimated Fuel Adjustment Charge:		\$0.0027309	
Actual Fuel Adjustment Charge:		<u>\$0.0005882</u>	
April 2007 Fuel Charge Difference:	5,517,935	(\$0.0021427)	(\$11,823.28)
<u>PJM Open Access Transmission Tariff</u>			\$24,913.30
<u>2006 Annual True-up - Monthly Payment</u>			
Jun-07	\$23,432.48		\$23,432.48
Jul-07	\$23,432.48		
Aug-07	\$23,432.48		
AMOUNT DUE AEP			\$268,694.10

METHODS OF PAYMENT

Bank Instructions:

By Wire Transfer To:

Citibank, N.A., N.Y.
 ABA# 0210-00089
 Kentucky Power Company - Generation
 Account Number 30484544

Billing Questions: (614) 583-6225 or (614) 583-6149



KENTUCKY POWER COMPANY
SYSTEMS SALES TRACKER
JUNE 2007

Physical Sales - Sales For Roads	(A) REVENUE 4470082	(B) COST 4470082	(C) Net	(D) REVENUE 4470088	(E) REVENUE 4470088	(F) REVENUE 4470083	(G) REVENUE 4470084	(H) REVENUE 4470088	(I) REVENUE 4470088	(J) REVENUE 4470087	(K) REVENUE 4470088	(L) REVENUE 4470100	(M) REVENUE 4470104	(N) REVENUE 4470105	(O) REVENUE 4470105	(P) REVENUE 4470107
1 PRIOR MO. ACTUAL	0,780,082	6,895,472	2,891,410	0	0	0	0	0	0	0	0	0	0	0	0	0
2 PRIOR MO. ESTIMATE	9,865,895	6,885,486	2,920,209	0	0	0	0	0	0	0	0	0	0	0	0	0
3 CURREN. MO. ADJ. PRIOR MO.	(15,813)	13,188	(26,769)	0	0	0	0	0	0	0	0	0	0	0	0	0
4 CSW DOLLAR TRNFR ADJ. CURREN. MO.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 CSW DOLLAR TRNFR ADJ. PRIOR MO.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 CURREN. MO. ESTIMATE	(254)	0	(254)	0	0	0	0	0	0	0	0	0	0	0	0	0
7 ADJUSTMENT	13,384,409	7,032,207	6,484,169	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Total Current Month Estimate	265,984	203,049	53,935	0	0	0	0	0	0	0	0	0	0	0	0	0
9 CSW DOLLAR TRNFR ADJ. CURREN. MO.	13,336,422	7,725,169	5,410,294	0	0	0	0	0	0	0	0	0	0	0	0	0
10 TRANSFER - EST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 CURREN. MO. TOTAL	13,123,555	7,742,344	5,381,211	0	0	0	0	0	0	0	0	0	0	0	0	0
Physical Sales - Sales For Roads - PPA Accounts	(R) Revenue 4470112	(S) Revenue 4470115	(T) Revenue 4470117	(U) Revenue 4470116	(V) Revenue 4470119	(W) Revenue 4470126	(X) Revenue 4470128	(Y) Revenue 4470120	(Z) Revenue 4470131	(AA) Revenue 4470204	(AB) Revenue 4470205	(AC) Revenue 4470200	(AD) Revenue 4470208	(AE) Revenue 4470208	(AF) Revenue 4470208	(AG) Revenue 4470208
11 PRIOR MO. ACTUAL	1,176,321	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 PRIOR MO. ESTIMATE	1,185,057	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 CURREN. MO. ADJ.	(8,736)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 CSW DOLLAR TRNFR ADJ. CURREN. MO.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 CSW DOLLAR TRNFR ADJ. PRIOR MO.	(30,141)	12,916	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 CURREN. MO. ESTIMATE	1,245,357	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 ADJUSTMENT	1,246,357	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Total Current Month Estimate	1,208,480	12,916	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 CSW DOLLAR TRNFR ADJ. CURREN. MO.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 CURREN. MO. TOTAL	1,208,480	12,916	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Physical Sales - Sales For Roads - PPA Accounts	(AH) Revenue 6660036	(AI) Revenue 6660039	(AJ) Revenue 6660039	(AK) Revenue 6660044	(AL) Revenue 6660002	(AM) Revenue 6660004	(AN) Revenue 6664000	(AO) Revenue 6660000	(AP) Revenue 6667000	(AQ) Revenue 6660000	(AR) Revenue 6660000	(AS) Revenue 6660000	(AT) Revenue 6660000	(AU) Revenue 6660000	(AV) Revenue 6660000	(AW) Revenue 6660000
1 PRIOR MO. ACTUAL	(803,428)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 PRIOR MO. ESTIMATE	(808,233)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 CURREN. MO. ADJ.	(7,182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 CSW DOLLAR TRNFR ADJ. CURREN. MO.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 CSW DOLLAR TRNFR ADJ. PRIOR MO.	(18,407)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 CURREN. MO. ESTIMATE	(827,235)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 ADJUSTMENT	(827,235)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Total Current Month Estimate	(853,834)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 CSW DOLLAR TRNFR ADJ. CURREN. MO.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 CURREN. MO. TOTAL	(853,834)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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KENTUCKY POWER COMPANY
SYSTEM SALES TRACKER
JUNE 2007

	(A) Revenue 4470000	(B) Cost 4470010	(C) Net 4470000	(D) Revenue 4470007	(E) Cost 4470011	(F) Net 4470000	(G) Revenue 4470006	(H) Cost 4470010	(I) Net 4470000	(J) Revenue 4470001	(K) Cost 4470002	(L) Net 4470000	(M) Revenue 4470000	(N) Revenue 4470000	(O) Cost 4470000	(P) Net 4470000
18 PRIOR MO. ACTUAL	9,371,381	9,160,283	211,098	0	0	0	0	0	0	0	0	0	0	0	0	0
19 PRIOR MO. ESTIMATE	9,342,819	9,134,778	208,041	0	0	0	0	0	0	0	0	0	0	0	0	0
20 PRIOR MO. ADJ.	29,582	25,505	3,077	0	0	0	0	0	0	0	0	0	0	0	0	0
21 CSW DOLLAR TRFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22 ESTIMATE	58,083	57,541	542	0	0	0	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 CURR MO. ESTIMATE	9,811,074	9,597,884	213,190	0	0	0	0	0	0	0	0	0	0	0	0	0
25 ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26 Total Current Month	9,811,074	9,597,884	213,190	0	0	0	0	0	0	0	0	0	0	0	0	0
27 CSW DOLLAR TRFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28 Total Current Month	9,811,074	9,597,884	213,190	0	0	0	0	0	0	0	0	0	0	0	0	0
29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 PRIOR MO. ACTUAL	1,882	0	1,882	0	0	0	0	0	0	0	0	0	0	0	0	0
31 PRIOR MO. ESTIMATE	1,837	0	1,837	0	0	0	0	0	0	0	0	0	0	0	0	0
32 PRIOR MO. ADJ.	(165)	0	(165)	0	0	0	0	0	0	0	0	0	0	0	0	0
33 CSW DOLLAR TRFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34 CURR MO. ESTIMATE	70,234	0	70,234	0	0	0	0	0	0	0	0	0	0	0	0	0
35 ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36 Total Current Month	115,378	0	115,378	0	0	0	0	0	0	0	0	0	0	0	0	0
37 CSW DOLLAR TRFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38 Total Current Month	115,378	0	115,378	0	0	0	0	0	0	0	0	0	0	0	0	0
39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43 CURR MO. ESTIMATE	184,458	0	184,458	0	0	0	0	0	0	0	0	0	0	0	0	0
44 ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45 Total Current Month	184,458	0	184,458	0	0	0	0	0	0	0	0	0	0	0	0	0
46 CSW DOLLAR TRFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
47 Total Current Month	184,458	0	184,458	0	0	0	0	0	0	0	0	0	0	0	0	0

RECONCILIATION TO QUERY

	Revenue	Cost	Net	Revenue Adj.	Cost Adj.	Net Adj.
TOTAL 447000X Query	13,090,783	2,512,398	10,578,385	13,188	13,188	0
LESS ASSOC:						
LESS S/S COST	7,742,344	0	7,742,344	(17,016)	23,215,532	0
Adjustment (if Needed)	0	0	0	39,016	17,285,804	0
NET	2,835,053	0	2,835,053	13,188	7,729,188	42,359
DIFFERENCE	5,846,738	0	5,846,738	0	59,953	0
TOTAL	13,090,783	2,512,398	10,578,385	13,188	13,188	42,359

	Revenue	Cost	Net	Revenue	Cost	Net
38 PRIOR MO. ACTUAL	19,374,882	18,065,825	1,309,057	0	0	0
39 PRIOR MO. ESTIMATE	18,392,688	16,020,808	2,371,880	0	0	0
40 PRIOR MO. ADJ.	(17,016)	39,016	(56,032)	0	0	0
41 CSW DOLLAR TRFR	0	0	0	0	0	0
42	0	0	0	0	0	0
43 CURR MO. ESTIMATE	42,359	58,853	(16,494)	0	0	0
44 ADJUSTMENT	23,472,516	17,489,853	5,982,663	0	0	0
45 Total Current Month	256,884	203,040	53,844	0	0	0
46 CSW DOLLAR TRFR	0	0	0	0	0	0
47 Total Current Month	23,215,532	17,286,804	5,928,728	0	0	0
48 CSW DOLLAR TRFR	0	0	0	0	0	0
49 TRANSFER - EST	0	0	0	0	0	0
50 Total	23,440,511	17,391,773	5,848,738	0	0	0

20k2

Kentucky Power Company		Exhibit FKW.2		
Monthly Environmental Surcharge Report Analysis		Page 28 of 31		
June 2007	Current Month	Prior Month	Difference	Percentage Change
ES FORM 1.00				
Line 1- CRR from ES Form 3.0	2,691,620	2,915,796	(224,176)	-7.69%
Line 2A- Brr from ES Form 1.10	1,913,578	1,514,859	398,719	26.32%
Line 3- E(m) (Line 1 - Line 2)	778,042	1,400,937	(622,895)	-44.46%
Line 4 - Kentucky Retail Jurisdictional Allocation Factor, ES FORM 3.30 Schedule of Revenues, Line 1	63.6%	67.8%	-4.20%	-6.19%
Line 5A - KY Retail E (m) (Line 3 * Line 4)	494,835	949,835	(455,000)	-47.90%
Line 5B - Monthly Increase in Jurisdictional Environmental Revenue Requirement per Case No. 2006-00128, dated January 31, 2007	95,494	95,494	0	0.00%
Line 6 - (Over)/Under Recovery Adjustment from ES Form 3.30	78,185	(168,809)	246,994	-146.32%
Line 7 - Net KY Retail E (m) (Line 5 + Line 6) - Expense	668,514	876,520	(208,006)	-23.73%
Line 8 - Net Retail E(m) (line 7) - Expense	668,514	876,520	(208,006)	-23.73%
Line 9 - KY Retail R(m) from ES Form 3.3 - Revenue	31,821,952	28,451,204	3,370,748	11.85%
Line 10 - Environmental Surcharge Factor for Expense Month (Line 8 / Line 9)	2.1008%	3.0808%	-0.9800%	-31.81%
Environmental Costs				
ES FORM 1.00, Line 3 (Environmental Costs to be Allocated)	778,042	1,400,937	(622,895)	
ES FORM 1.00, Line 5B (Retail Customers Only)	95,494	95,494	0	
ES FORM 1.00, Line 6 (Over/Under Recovery) (Retail Customers Only)	78,185	(168,809)	246,994	
Total Environmental Costs	951,721	1,327,622	(375,901)	
Allocation of Environmental Costs				
Kentucky Retail Revenues	668,514	876,520	(208,006)	
FERC Wholesale Revenues	5,446	15,410	(9,964)	
Associated Utilities Revenues	82,472	99,467	(16,995)	
Non-Associated Utilities Revenues (Off System Sales)	195,289	336,225	(140,936)	
Total Environmental Costs By Revenue Category	951,721	1,327,622	(375,901)	
ES FORM 3.00				
ES FORM 1.00, Line 3 (Environmental Costs to be Allocated)	778,042	1,400,937	(622,895)	
% of Kentucky Retail Revenues to Total Revenues for Month	63.6%	67.8%		
Applicable KY Retail Environmental Costs	494,835	949,835	(455,000)	
ES FORM 1.00, Line 5B (Retail Customers Only)	95,494	95,494	0	
ES FORM 1.00, Line 6 (Over/Under Recovery) (Retail Customers Only)	78,185	(168,809)	246,994	
Total Environmental Costs To Be Recovered	668,514	876,520	(208,006)	
FERC Wholesale Revenues	0.7%	1.1%		
Associated Utilities Revenues	10.6%	7.1%		
Non-Associated Utilities Revenues (Off System Sales)	25.1%	24.0%		
ES FORM 3.00				
First Component: Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1	3,104,980	3,227,641	(122,661)	
Second Component: Kentucky Power Company Portion of Rockport Total Revenue Requirement, Record on ES FORM 3.20, Line 2	48,609	48,438	171	
Third Component: Net Gain/(Loss) from Emission Allowance Sales	461,969	360,283	101,686	
Total Current Period Revenue Requirement, CRR Record on ES Form 1.0	2,691,620	2,915,796	(224,176)	

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Kentucky Power Company				Exhibit EKW 2
Monthly Environmental Surcharge Report Analysis				Page 29 of 31
June 2007	Current Month	Prior Month	Difference	Percentage Change
ES FORM 3.10				
Line 1 - Utility Plant at Original Cost	191,086,055	191,086,055	0	
Line 2 - Less Accumulated Depreciation	(34,852,455)	(34,229,909)	(622,546)	
Line 3 - Less Accum. Def. Income Taxes	(33,859,759)	(33,572,199)	(287,560)	
Line 4 - Net Utility Plant	122,373,841	123,283,947	(910,106)	
Line 5 - SO2 Emission Allowance Inventory from ES FORM 3.11	11,502,660	11,705,515	(202,855)	
Line 6 - ECR & NOx Emission Allowance Inventory from ES FORM 3.12	0	0	0	
Line 7 - Cash Working Capital Allowance from ES FORM 3.13, Line 11	121,614	124,040	(2,426)	
Line 8 - Total Rate Base	133,998,115	135,113,502	(1,115,387)	
Line 9 - Weighted Average Cost of Capital - ES FORM 3.15	10.15%	10.15%	0.00%	
Line 10 - Monthly Weighted Avg. Cost of Capital (9) / 12	0.85%	0.85%	0.00%	
Line 11 - Monthly Return of Rate Base (8) * (10)	1,138,984	1,148,465	(9,481)	
Operating Expenses :				
Line 12 - Monthly Depreciation Expense	576,258	576,258	0	
Line 13 - Monthly Catalyst Amortization Expense	46,030	46,030	0	
Line 14 - Monthly Property Taxes	15,153	15,153	0	
Line 15 - Monthly Kentucky Air Emissions Fee	20,849	32,201	(11,352)	
Line 16 - Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10 / Monthly Gavin Scrubber Cost from ES FORM 3.14	805,638	1,056,601	(250,963)	
Line 17 - Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13	332,040	235,191	96,849	
Line 18 - Monthly SO2 Emission Allowance Consumption - ES FORM 3.11	170,028	117,742	52,286	
Line 19 - Monthly ERC & NOx Emission Allowance Consumption - ES FORM 3.12	0	0	0	
Line 20 - Total Operating Expenses [Line 12 thru Line 18]	1,965,996	2,079,176	(113,180)	
Line 21 - Total Revenue Requirement - Big Sandy - Record on ES FORM 3.00, Line 1	3,104,980	3,227,641	(122,661)	
ES FORM 3.11				
SO2 Emission Allowance Inventory	11,502,660	11,705,515	(202,855)	
SO2 Emissions Allowances Consumed By Kentucky Power	4,273	2,959	1,314	
SO2 Allowance Management System - Internal Purchases	0.0	0.0	0.0	
SO2 Allowance Management System - External Purchases	0.0	0.0	0.0	
SO2 Allowance Management System - Internal Sales	0.0	0.0	0.0	
SO2 Allowance Management System - External Sales	825.0	749.0	76.0	
SO2 Allowance Management System - Adjustments	0.0	0.0	0.0	
SO2 Allowance Management System - Consumption	4,273.0	2,959.0	1,314.0	
Member Load Ratio - KPC (ES FORM 3.11)	0.06896	0.07488	(0.00592)	
ES FORM 3.12				
ECR & NOx Emission Allowance Inventory	0	0	0	
ECR Consumed By Kentucky Power	0	0	0	
NOx Consumed By Kentucky Power	549	449	100	
ES FORM 3.13				
1997 Plan :				
Monthly Kentucky Air Emissions Fee	20,849	32,201	(11,352)	
Total Monthly AEP Pool Environmental Capacity Costs / Monthly Gavin Scrubber Costs	449,996	607,187	(157,191)	
Monthly SO2 Allowance Consumption	170,028	117,742	52,286	
Total 1997 Plan O&M Expenses	640,873	757,130	(116,257)	
2003 Plan :				
Monthly Variable Cladding at Big Sandy Unit 1	0	0	0	
Monthly Urea Consumption at Big Sandy Unit 2	328,610	207,116	121,494	
Monthly Catalyst Replacement at Big Sandy Unit 2	0	0	0	
Monthly ERC & NOx Allowance Consumption	0	1,059	(1,059)	
Equipment - Associated Operating Expense	3,430	27,016	(23,586)	
Equipment - Associated Maintenance Expense	332,040	235,191	96,849	
Total 2003 Plan O&M Expenses	332,040	235,191	96,849	
Total Monthly O&M Expenses	972,913	992,321	(19,408)	
Cash Working Capital Allowance (Line 10 X 1/8)	121,614	124,040	(2,426)	

Kentucky Power Company				
Monthly Environmental Surcharge Report Analysis				
June 2007	Current Month	Prior Month	Difference	Percentage Change
ES FORM 3.14				
Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	805,638	1,056,601	(250,963)	
Gavin Scrubber Expense:				
Sludge Removal	268,725	639,259	(370,534)	
Lime Consumption	3,133,815	2,883,016	250,799	
Lease Expense	4,253,067	4,253,067	0	
Scrubber Maintenance (Only 50% is Applicable)	143,140	584,168	(441,028)	
Total Gavin Scrubber Expenses	7,798,747	8,359,510	(560,763)	
Scrubber Cost to Kentucky Power (ES FORM 3.10, Line 15)	0	0	0	
Surplus Capacity kW				
OPCo	2,737,900	2,870,800	(132,900)	
I&M	52,300	156,300	(104,000)	
Total	2,790,200	3,027,100	(132,900)	
Ohio Power Surplus Weighting	98%	95%	3.00%	
Indiana Michigan Power Surplus Weighting	2%	5%	-3.00%	
Kentucky Power Capacity Deficit	362,900	478,100	(115,200)	
ES FORM 3.20				
<i>(Costs Associated with Rockport)</i>				
Line 12 - KPC Portion of Costs Associated with Rockport, Record on ES FORM 3.00	48,609	48,438	171	
ES FORM 3.30				
Kentucky Retail Revenues	31,821,952	28,451,204	3,370,748	
FERC Wholesale Revenues	350,585	478,578	(127,993)	
Associated Utilities Revenues	5,288,411	2,964,559	2,323,852	
Non-Associated Utilities Revenues	12,549,420	10,070,744	2,478,676	
Physical Revenues for Month	50,010,368	41,965,085	8,045,283	
Non Physical Revenues for Month	1,041,663	271,951	769,712	
Total Revenues for Month	51,052,031	42,237,036	8,814,995	
% of Kentucky Retail Revenues to Total Revenues for Month	63.6%	67.8%	-4.2%	
% of FERC Wholesale Revenues to Total Revenues for Month	0.7%	1.1%	-0.4%	
% of Associated Utilities Revenues (Off System Sales) to Total Revenues for Month	10.6%	7.1%	3.5%	
% of Non Associated Utilities Revenues to Total Revenues for Month	25.1%	24.0%	1.1%	
Total	100.0%	100.0%	0.0%	
Over/(Under) Recovery Adjustment				
Kentucky Retail Surcharge Factor For - April 2007 / March 2007	1.2693%	-1.1149%	2.3842%	
Kentucky Retail Revenues for Current Expense Month	27,073,820	23,784,196	3,289,624	
Surcharge Collected	343,648	(265,170)	608,818	
Surcharge Amount To Be Collected	421,833	(433,979)	855,812	
Over/(Under) Recovery - Record on ES FORM 1.00, Line 6	(78,185)	168,809	(246,994)	

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	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007	Total 2007
Kentucky Power Company													
Monthly Environmental Burden Report Analysis													
Line 1-CRR from ES Form 3.0	2,648,788	2,756,788	2,086,092	2,848,480	2,915,788	289,920	2,816,212	2,342,883	2,852,305	2,181,875	2,588,822	1,407,969	28,166,883
ES FORM 1.00													
Line 2A- Brr from ES Form 1.10	2,531,784	3,003,985	2,845,068	2,095,535	1,514,859	1,913,578	2,816,212	2,342,883	2,852,305	2,181,875	2,588,822	1,407,969	28,166,883
Line 2-E(m) (Line 1 - Line 2)	116,002	(247,209)	(758,974)	489,941	1,400,937	778,042							
Line 3 - Kentucky Retail Jurisdictional Allocation Factor, ES FORM 3.30 Schedule of Revenues, Line 1	74.3%	76.8%	70.3%	71.1%	67.5%	63.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Line 3A - KY Retail E (m) (Line 3 * Line 4)	85,448	(180,104)	(533,559)	349,302	646,835	484,835							
Line 4 - Kentucky Retail Jurisdictional Allocation Factor, ES FORM 3.30 Schedule of Revenues, Line 1	95,484	95,484	95,484	95,484	95,484	95,484							
Line 5 - Monthly Increase in Jurisdictional Environmental Revenue Requirement per Case No. 2006-00128, dated January 31, 2007	(25,203)	(18,487)	4,089	(22,023)	(168,809)	78,185							
Line 6 - (Over)/Under Recovery Adjustment from ES Form 3.30	185,737	(111,097)	(433,976)	421,833	878,520	888,314							
Line 7 - Net KY Retail E (m) (Line 5 + Line 6) - Expense	185,737	(111,097)	(433,976)	421,833	878,520	888,314							
Line 8 - Net Retail E (m) (Line 7) - Expense	38,728,843	41,184,282	38,925,415	33,333,581	28,451,204	31,821,852							
Line 9 - KY Retail R(m) from ES Form 3.3 - Revenue	0.3820%	-0.2898%	-1.1149%	1.2883%	3.0808%	2.1098%							
Line 10 - Environmental Burdenings Factor for Expenses Month (Line 8 / Line 9)													
Environmental Costs To Be Recovered	116,002	(247,209)	(758,974)	489,941	1,400,937	778,042							
ES FORM 1.00, Line 3 (Retail Customers Only)	95,484	95,484	95,484	95,484	95,484	95,484							
ES FORM 1.00, Line 6 (Over/Under Recovery) (Retail Customers Only)	(25,203)	(18,487)	4,089	(22,023)	(168,809)	78,185							
ES FORM 1.00, Line 9 (Over/Under Recovery) (Retail Customers Only)	185,737	(111,097)	(433,976)	421,833	878,520	888,314							
Total Environmental Costs To Be Recovered	185,737	(111,097)	(433,976)	421,833	878,520	888,314							
Kentucky Retail Revenues	920	(12,295)	(75,974)	489,941	1,400,937	778,042							
FERC Wholesale Revenues	8,395	(11,819)	(75,974)	39,897	88,487	5,446							
Associated Utilities Revenues (Of System Sales)	20,241	(43,281)	(144,205)	97,392	338,225	185,289							
Non-Associated Utilities Revenues (Of System Sales)	185,293	(188,202)	(889,394)	853,432	1,327,822	951,721							
Total Environmental Costs By Revenue Category													
Allocation of Environmental Costs													
ES FORM 1.00, Line 3 (Environmental Costs To Be Recovered)	116,002	(247,209)	(758,974)	489,941	1,400,937	778,042							
% of Kentucky Retail Revenues to Total Revenues for Month	7.3%	4.7%	10.0%	11.1%	6.1%	8.8%							
Applicable KY Retail Environmental Costs	95,484	95,484	95,484	95,484	95,484	95,484							
ES FORM 1.00, Line 5B (Retail Customers Only)	(25,203)	(18,487)	4,089	(22,023)	(168,809)	78,185							
ES FORM 1.00, Line 9 (Over/Under Recovery) (Retail Customers Only)	185,737	(111,097)	(433,976)	421,833	878,520	888,314							
Total Environmental Costs To Be Recovered	95,484	95,484	95,484	95,484	95,484	95,484							
FERC Wholesale Revenues	8,395	(11,819)	(75,974)	39,897	88,487	5,446							
Associated Utilities Revenues (Of System Sales)	20,241	(43,281)	(144,205)	97,392	338,225	185,289							
Non-Associated Utilities Revenues (Of System Sales)	185,293	(188,202)	(889,394)	853,432	1,327,822	951,721							
Total Revenues for Month	2,902,387	2,712,283	2,845,937	2,792,183	3,227,841	3,104,080							
ES FORM 3.00													
First Component: Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1	44,419	44,503	51,216	46,927	48,438	48,609							
Second Component: Kentucky Power Company Portion of Rockport Total Revenue Requirement, Record on ES FORM 3.20, Line 2	0	0	815,091	283,394	380,283	481,989							
Third Component: Net Gain(Loss) from Emission Allowance Sales	2,845,788	2,766,786	2,089,692	2,885,488	2,885,488	2,885,488							
Total Current Period Revenue Requirement, CRR Record on ES Form 1.0	38,728,843	41,184,282	38,925,415	33,333,581	28,451,204	31,821,852							
ES FORM 3.20													
Kentucky Retail Revenues	920	(12,295)	(75,974)	489,941	1,400,937	778,042							
FERC Wholesale Revenues	8,395	(11,819)	(75,974)	39,897	88,487	5,446							
Associated Utilities Revenues	20,241	(43,281)	(144,205)	97,392	338,225	185,289							
Non-Associated Utilities Revenues	185,293	(188,202)	(889,394)	853,432	1,327,822	951,721							
Total Revenues for Month	94,831,979	84,789,610	85,714,385	85,714,385	85,714,385	85,714,385							
Non Physical Revenues for Month													
Total Revenues for Month													

4
9
5

- Ky Power File Copy -



Kentucky Power
P O Box 5190
101A Enterprise Drive
Frankfort, KY 40602
KentuckyPower.com

Elizabeth O'Donnell, Executive Director
Public Service Commission
Attn: Daryl Newby
P. O. Box 615
Frankfort, KY 40602

RECEIVED

JUN 18 2007

PUBLIC SERVICE
COMMISSION

If you have any questions, please advise.

Sincerely,
June
18 July 2007

Dear Ms. O'Donnell and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated May 2007 fuel costs with an adjustment reflecting actual April 2007 fuel costs.

The fuel adjustment clause factor of \$0.00758/kwh will be applied to our July 2007 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Also, we are attaching the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated May 2007 net revenue with an adjustment reflecting the true-up of April 2007 net revenue. Pursuant to the Settlement Agreement and the Commission's March 14th Order in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2007 through March 31, 2008 shall be based on 70/30 percent sharing basis. When the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The System Sales Clause Schedule, page 1 of 2, shows the net revenue level applied to our July 2007 billing will be in the amount of \$2,954,780 for a YTD total of \$13,908,881.

The net system sales clause factor of \$(0.0007856)/kwh (a credit) will be applied to our July 2007 billing.

All billings during July 2007 will show a combined factor of \$0.0067944/kwh.

Errol K. Wagner
Errol K. Wagner
Director of Regulatory Services

- bcc: (all via email)
- Robin Wiseman - Canton (w/a) John Pulsinelli - Columbus (w/a)
- Justin O'Neil - Columbus (w/a) Andrea M. Wallace - Cols (w/a)
- O. J. Sever, Jr. - Columbus (w/a) Jeff Brubaker - Cols (w/a)
- Steve M Trammell - Tulsa, (w/a) KPCo Regulatory File Book

KENTUCKY POWER COMPANY
SUMMARY OF ADJUSTMENT CLAUSES

Month Ended: May 2007

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.00758
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>-.0007856</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0067944</u></u>

Effective Date for Billing July 2007

Submitted by:

E. K. Wagner
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

June 18, 2007

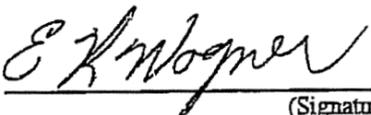
Page 1 of 5

KENTUCKY POWER COMPANY
FUEL ADJUSTMENT CLAUSE SCHEDULE

Month Ended: **May 2007**

Fuel Fm (Fuel Cost Schedule)	<u>\$12,645,960</u>		
Sales Sm (Sales Schedule)	525,019,000	(+)	0.02409
Fuel (Fb)	<u>\$8,703,098</u>		
Sales (Sb)	527,226,000	(-)	0.01651
			<u>0.00758</u>
			<u>0.00758</u>
(\$/KWH)			

Effective Date for Billing July 2007

Submitted by: 
(Signature)

Title: Director of Regulatory Services

Date Submitted: June 18, 2007

KENTUCKY POWER COMPANY

FUEL COST SCHEDULE

Month Ended: May 2007

A. Company Generation			
Coal Burned	(+)	\$8,537,426	
Oil Burned	(+)	302,589	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)	(+)	0	
Fuel (substitute for F. O.)	(-)		
Sub Total		<u>8,840,015</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	10,954,186	
Identifiable Fuel Cost (substitute for F. O.)	(-)	0	
Sub Total		<u>10,954,186</u>	
C. Inter-System Sales Fuel Costs		<u>7,966,084</u>	*
Sub Total		<u>7,966,084</u>	
D. Total Fuel Cost (A + B - C)		<u>\$11,828,117</u>	
E. Adjustment indicating the difference in actual fuel cost for the month of <u>April 2007</u> and the estimated cost originally reported. <u>\$11,046,448</u> - <u>\$10,408,572</u> = <u>637,876</u>			
		(actual)	(est.)
F. Total Company Over or (Under) Recovery from Page 4, Line 12		<u>(179,967)</u>	
G. Grand Total Fuel Cost (D + E - F)		<u>\$12,645,960</u>	

* Estimated - based on actual Kentucky generation unit costs in
 May 2007 \$8,840,015
 431,032,000 0.02051 /KWH

KENTUCKY POWER COMPANY
OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended: May 2007

<u>Line</u> <u>No.</u>			
1	FAC Rate Billed	(+)	0.00271
2	Retail KWH Billed at Above Rate	(x)	<u>534,596,054</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>1,448,755</u>
4	KWH Used to Determine Last FAC Rate Billed	(+)	608,369,000
5	Non-Jurisdictional KWH Included in L4	(-)	<u>8,308,500</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>600,060,500</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		1,626,164
8	Over or (Under) Recovery (L3 - L7)		(177,409)
9	Total Sales (Page 3)	(+)	525,019,000
10	Kentucky Jurisdictional Sales	(/)	<u>517,554,000</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1.01442
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(179,967)</u></u>

KENTUCKY POWER COMPANY

FINAL
FUEL COST SCHEDULE

Month Ended: April 2007

A. Company Generation			
Coal Burned	(+)	\$13,508,884	
Oil Burned	(+)	136,259	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)			
(0 KWH X \$0.000000)	(+)	0	
Fuel (substitute for F. O.)	(-)	<u>0</u>	
Sub-total		<u>13,645,143</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	4,424,631	(1)
Identifiable Fuel Cost (substitute for F. O.)			
(0 KWH X \$0.000000)	(-)	<u>0</u>	
Sub-total		<u>4,424,631</u>	
C. Inter-System Sales Fuel Costs		<u>7,023,326</u>	(1)
Total Fuel Cost (A + B - C)		<u><u>\$11,046,448</u></u>	

(1) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B.

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE SCHEDULE
Case No. 9061 and
Stipulation and Settlement Agreement in Case No. 2005-00341
May 2007

YTD System Sales Profit	
Feb-07	2,911,080
Mar-07	4,277,970
Apr-07	3,765,051
May-07	2,954,780
Jun-07	
Jul-07	
Aug-07	
Sep-07	0
Oct-07	0
Nov-07	0
Dec-07	0
Jan-08	0
Total	13,908,881

Line No.	Month Ended:		
1	Current Month (Tm) Net Revenue Level	(+)	2,954,780
2	Base Month (Tb) Tariff 19-2 Net Revenue Level	(-)	2,365,563
3	Increase/(Decrease) of System Sales Net Revenue		589,217
4	Customer 70% Sharing	(x)	70%
5	Customer Share of Increase/(Decrease) in System Sales Net Revenue		412,452
6	Current Month (Sm) Sales Level	(/)	525,019,000
7	System Sales Clause Factor - \$/Kwh		<u>-0.0007856</u>

* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month.

Effective Date for Billing:

July 2007

Submitted by:

E. H. Wagner
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

June 18, 2007

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE NET REVENUE

Line No.	Month Ended:		TOTAL
	CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	
1	\$10,371,957	(\$29,262)	\$10,342,695
2	-0-	-0-	-0-
3	10,371,957	(29,262)	10,342,695
4	\$6,885,486	\$166,204	\$7,051,690
5	-0-	-0-	-0-
6	336,225	0	336,225
7	7,221,711	166,204	7,387,915
8	\$3,150,246	(\$195,466)	\$2,954,780

*Source:
ES Form 1.0, Line 3
ES Form 3.3, Line 4
Non-Associated Environmental Costs

KENTUCKY POWER COMPANY

SUMMARY OF ADJUSTMENT CLAUSES

Month Ended: May 2007

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+) .00758
2 System Sales Clause Factor (Page 1 of 2)	(+) (.0007856)
3 Total Adjustment Clause Factors	<u>.0067944</u>
Effective Date for Billing	<u>July 2007</u>
Submitted by:	_____ (Signature)
Title:	<u>Director of Regulatory Services</u>
Date Submitted:	<u>June 18, 07</u>

KENTUCKY POWER COMPANY

FUEL ADJUSTMENT CLAUSE SCHEDULE

Month Ended: May 2007

Fuel Fm (Fuel Cost Schedule)	<u>12,645,960</u>		
Sales Sm (Sales Schedule)	<u>525,019,000</u>	(+)	= .02409
Fuel (Fb)	\$8,703,098		
Sales (Sb)	<u>527,226,000</u>	(-)	<u>0.01651</u>
			<u>.00758</u>
			(\$/KWH)

Effective Date for Billing: July 2007

Submitted by: _____
(Signature)

Title: Director of Regulatory Services

Date Submitted: June 18, 2007

KENTUCKY POWER COMPANY

FUEL COST SCHEDULE

Month Ended: *May 2007*

A. Company Generation			
Coal Burned	(+)	8,537,426	
Oil Burned	(+)	302,589	
Gas Burned	(+)	<u> </u>	
Fuel (jointly owned plant)	(+)	<u> </u>	
Fuel (assigned cost during F. O.)	(+)	<u> </u>	
Fuel (substitute for F. O.)	(-)	<u> </u>	
Sub Total		<u>8,840,015</u>	4
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	<u> </u>	
Identifiable Fuel Cost - Other Purchases	(+)	10,954,186	*
Identifiable Fuel Cost (substitute for F. O.)	(-)	<u> </u>	
Sub Total		<u>10,954,186</u>	4
C. Inter-System Sales Fuel Costs			
Sub Total		<u>7,966,084</u>	* 4
D. Total Fuel Cost (A + B - C)		<u>11,828,117</u>	4
E. Adjustment indicating the difference in actual fuel cost for the month of <u>April 2007</u> and the estimated cost originally reported. <u>11,046,448</u> (actual) - <u>10,408,572</u> (est.) = <u>637,876</u>			4
F. Total Company Over or (Under) Recovery from Page 4, Line 12		<u>(179,967)</u>	
G. Grand Total Fuel Cost (D + E - F)		<u>12,645,960</u>	

* Estimated - based on actual Kentucky generation unit costs in

May '07 $\frac{8,840,015}{431,032,000} = .02051$ /KWH

KENTUCKY POWER COMPANY

SALES SCHEDULE

Month Ended: May 2007

	<u>Kilowatt-Hours</u>	
A. Generation (Net)	(+) 431,032,000	
Purchases Including Interchange In	(+) <u>534,090,000</u>	
Sub Total	<u>965,122,000</u>	✓
B. Pumped Storage Energy	(+) <u>—</u>	
Inter-System Sales Including Interchange Out	(+) 388,400,000	
System Losses	(+) <u>51,703,000</u> *	
Sub Total	<u>440,103,000</u>	✓
Total Sales (A - B)	<u>525,019,000</u>	✓

* Does not include 368,882 KWH of company usage.

KENTUCKY POWER COMPANY

OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended: *May 2007*

Line
No.

1	FAC Rate Billed <i>May</i>	(+)	.00271	¢
2	Retail KWH Billed at Above Rate <i>May</i>	(x)	<u>534,596,054</u>	¢
3	FAC Revenue/(Refund) (L1 * L2)		<u>1,448,755</u>	¢
4	KWH Used to Determine Last FAC Rate Billed <i>May</i>	(+)	<u>608,369,000</u>	¢
5	Non-Jurisdictional KWH Included in L4 <i>Mar</i>	(-)	<u>8,308,500</u>	¢
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>600,060,500</u>	¢
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		<u>1,626,164</u>	¢
8	Over or (Under) Recovery (L3 - L7)		<u>(177,409)</u>	¢
9	Total Sales (Page 3)	(+)	<u>525,019,000</u>	¢
10	Kentucky Jurisdictional Sales <i>May</i>	(-)	<u>517,554,000</u>	¢
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		<u>1.01442</u>	
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(179,967)</u></u>	

May

$$\begin{array}{r} 2,239,520 \\ 6,068,974 \\ \hline 8,308,494 = 8308500 \end{array}$$

May

$$\begin{array}{r} 2037,428 \\ 5427,061 \\ \hline 7464,549 \end{array}$$

KENTUCKY POWER COMPANY

FINAL
FUEL COST SCHEDULE

Month Ended: April 2007

A. Company Generation			
Coal Burned	(+)	13,508,884	
Oil Burned	(+)	136,259	
Gas Burned	(+)	- 0 -	
Fuel (jointly owned plant)	(+)	- 0 -	
Fuel (assigned cost during F. O.)			
(- 0 - KWH X - 0 -)	(+)	- 0 -	
Fuel (substitute for F. O.)	(-)	- 0 -	
		<u>13,645,143</u>	
Sub-total			
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	- 0 -	
Identifiable Fuel Cost - Other Purchases	(+)	4,424,631	(1)
Identifiable Fuel Cost (substitute for F. O.)			
(- 0 - KWH X - 0 -)	(-)	- 0 -	
		<u>4,424,631</u>	
Sub-total			
C. Inter-System Sales Fuel Costs		<u>7,023,326</u>	(1)
Total Fuel Cost (A + B - C)		<u><u>11,046,448</u></u>	

(1) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B.

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE SCHEDULE
Case No. 9061 and
Stipulation and Settlement Agreement in Case No. 2005-00341

May 07 ~~Month~~ 2007

YTD System Sales Profit	
Feb-07	2,911,080
Mar-07	4,277,970
Apr-07	3,765,051
May-07	2,954,780
Jun-07	
Jul-07	
Aug-07	
Sep-07	0
Oct-07	0
Nov-07	0
Dec-07	0
Jan-08	0
Total	10,954,101

Line No.	Month Ended:	
1	Current Month (Tm) Net Revenue Level	(+ 2,954,780
2	Base Month (Tb) Tariff 19-2 Net Revenue Level	(-) 2,365,563
3	Increase/(Decrease) of System Sales Net Revenue	589,217
4	Customer 70% Sharing	(x) 70%
5	Customer Share of Increase/(Decrease) in System Sales Net Revenue	412,452
		525,019,000
6	Current Month (Sm) Sales Level	(1) (10007856)
7	System Sales Clause Factor - \$/Kwh	

13,908,881

credit
z

* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month.

Effective Date for Billing: ~~Month 2007~~ July 2007

Submitted by: _____
(Signature)

Title: Director of Regulatory Services

Date Submitted: ~~Month 2007~~ June 18, 2007

KENTUCKY POWER COMPANY

SYSTEM SALES CLAUSE NET REVENUE

Month Ended: *May 2007*

Line No.	CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	TOTAL
1 Sales For Resale Revenues	10,371,957	(29,262)	10,342,695
2 Interchange-Delivered Revenues	—	—	—
3 Total System Sales Revenues	10,371,957	(29,262)	10,342,695
4 Sales For Resale Expenses	6,885,486	166,204	7,051,690
5 Interchange-Delivered Expenses	—	—	—
6 Non-Associated Utilities Monthly Environmental Costs*	336,225	—	336,225
7 Total System Sales Expenses	7,221,711	166,204	7,387,915
8 Total System Sales Net Revenues	<u>3,150,246</u>	<u>(195,466)</u>	<u>2,954,780</u>

*Source:
ES Form 1.0, Line 3
ES Form 3.3, Line 4
Non-Associated Environmental Costs

Internal Workpaper

Date: 6/18/07

Month Ending: May 2007

NER:

Net Energy Requirement in MWH X twelve (12) months rolling line losses in % carried to two (2) decimals less company usage in MWH.

NER = Generation plus Purchases minus Sales

NER = 965,120 MWH (Generation + Purchases)

NER - 388,400 MWH (Sales)

NER = 576,722 MWH

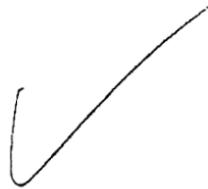
NER = 576,722 MWH

NER X 9.029% Avg. 12 mos. Line loss

System Losses = 52,072 MWH

Company Usage - 369 MWH

System Losses = 51,703 MWH
(Less Company Usage)



INVOICE
AMERICAN ELECTRIC POWER
AS AGENT FOR KENTUCKY POWER COMPANY
STATEMENT OF SCHEDULED TRANSACTIONS
WITH
THE CITY OF OLIVE HILL, KENTUCKY



INVOICE DATE: 6/8/2007
 PAYMENT DUE DATE: 6/18/2007
 INVOICE NUMBER: 117-20413749

INVOICE PERIOD: 01-May-2007 - 31-May-2007 Eastern Prevailing Time

Billing Information:

	<u>Peak kW</u>	<u>\$/kW</u>	<u>Billing \$</u>
<u>Demand Charge:</u>			
Peak Date & Time: 05/30/07 @ 17:00			
	4,842	\$9.26	\$44,836.92
	<u>Accumulated kWh</u>	<u>\$/kWh</u>	
<u>Energy Charge:</u>			
	2,037,488	\$0.0031396	\$6,396.90
<u>Fuel Charge:</u>	2,037,488	\$0.0170476	\$34,734.28
<u>Fuel Adjustment Charge:</u>	2,037,488	\$0.0035905	\$7,315.60
<u>March 2007 Actual Fuel True-Up:</u>			
Estimated Fuel Adjustment Charge:		\$0.0019501	
Actual Fuel Adjustment Charge:		<u>\$0.0035905</u>	
March 2007 Fuel Charge Difference:	2,239,520	\$0.0016404	\$3,673.71
<u>PJM Open Access Transmission Tariff</u>			\$16,900.28
AMOUNT DUE AEP			\$113,857.69

METHODS OF PAYMENT

Bank Instructions:

By Wire Transfer To:

Citibank, N.A., N.Y.
 ABA# 0210-00089
 Kentucky Power Company - Generation
 Account Number 30484544

Billing Questions: (614) 583-6225 or (614) 583-6149

INVOICE
AMERICAN ELECTRIC POWER
AS AGENT FOR KENTUCKY POWER COMPANY
STATEMENT OF SCHEDULED TRANSACTIONS
WITH
THE CITY OF VANCEBURG, KENTUCKY



INVOICE DATE: 6/8/2007
 PAYMENT DUE DATE: 6/18/2007
 INVOICE NUMBER: 117-20413748

INVOICE PERIOD: 01-May-2007 - 31-May-2007 Eastern Prevailing Time

Billing Information:

	<u>Peak kW</u>	<u>\$/kW</u>	<u>Billing \$</u>
<u>Demand Charge:</u>			
Peak date & Time: 05/30/07 @ 16:00			
	11,550	\$9.08	\$104,874.00
	<u>Accumulated kWh</u>	<u>\$/kWh</u>	
<u>Energy Charge:</u>			
	5,427,061	\$0.0030769	\$16,698.52
<u>Fuel Charge:</u>	5,427,061	\$0.0167067	\$90,668.28
<u>Fuel Adjustment Charge:</u>	5,427,061	\$0.0035187	\$19,096.20
<u>March 2007 Actual Fuel True-Up:</u>			
Estimated Fuel Adjustment Charge:		\$0.0019111	
Actual Fuel Adjustment Charge:		<u>\$0.0035187</u>	
March 2007 Fuel Charge Difference:	6,068,974	\$0.0016076	\$9,756.48
<u>PJM Open Access Transmission Tariff</u>			\$25,884.80
AMOUNT DUE AEP			\$266,978.28

METHODS OF PAYMENT

Bank Instructions:

By Wire Transfer To:
 Citibank, N.A., N.Y.
 ABA# 0210-00089
 Kentucky Power Company - Generation
 Account Number 30484544

Billing Questions: (614) 583-6225 or (614) 583-6149



INVOICE
AMERICAN ELECTRIC POWER
AS AGENT FOR KENTUCKY POWER COMPANY
STATEMENT OF SCHEDULED TRANSACTIONS
WITH
THE CITY OF OLIVE HILL, KENTUCKY



INVOICE DATE: 4/10/2007
 PAYMENT DUE DATE: 4/20/2007
 INVOICE NUMBER: 117-20401099

INVOICE PERIOD: 01-Mar-2007 - 31-Mar-2007 Eastern Prevailing Time

Billing Information:

	<u>Peak kW</u>	<u>\$/kW</u>	<u>Billing \$</u>
<u>Demand Charge:</u>			
Peak Date & Time: 03/04/07 @ 21:00	4,824	\$9.26	\$44,670.24
	<u>Accumulated kWh</u>	<u>\$/kWh</u>	
<u>Energy Charge:</u>	2,239,520	\$0.0031396	\$7,031.20
<u>Fuel Charge:</u>	2,239,520	\$0.0170476	\$38,178.44
<u>Fuel Adjustment Charge:</u>	2,239,520	\$0.0019501	\$4,367.29
<u>January 2007 Actual Fuel True-Up:</u>			
Estimated Fuel Adjustment Charge:		\$0.0017352	
Actual Fuel Adjustment Charge:		<u>\$0.0019501</u>	
January 2007 Fuel Charge Difference:	2,745,173	\$0.0002149	\$589.94
<u>PJM Open Access Transmission Tariff</u>			\$16,914.50
AMOUNT DUE AEP			\$111,751.61

METHODS OF PAYMENT

Bank Instructions:

By Wire Transfer To:

Citibank, N.A., N.Y.
 ABA# 0210-00089
 Kentucky Power Company - Generation
 Account Number 30484544

Billing Questions: (614) 583-6225 or (614) 583-6149



INVOICE
AMERICAN ELECTRIC POWER
 AS AGENT FOR KENTUCKY POWER COMPANY
 STATEMENT OF SCHEDULED TRANSACTIONS
 WITH
 THE CITY OF VANCEBURG, KENTUCKY



INVOICE DATE: 4/10/2007
 PAYMENT DUE DATE: 4/20/2007
 INVOICE NUMBER: 117-20401098

INVOICE PERIOD: 01-Mar-2007 - 31-Mar-2007 Eastern Prevailing Time

Billing Information:

	<u>Peak kW</u>	<u>\$/kW</u>	<u>Billing \$</u>
<u>Demand Charge:</u>			
Peak date & Time: 03/06/07 @ 8:00			
	12,905	\$9.08	\$117,177.40
	<u>Accumulated kWh</u>	<u>\$/kWh</u>	
<u>Energy Charge:</u>	6,068,974	\$0.0030769	\$18,673.63
<u>Fuel Charge:</u>	6,068,974	\$0.0167057	\$101,392.53
<u>Fuel Adjustment Charge:</u>	6,068,974	\$0.0019111	\$11,598.42
<u>January 2007 Actual Fuel True-Up:</u>			
Estimated Fuel Adjustment Charge:		\$0.0017005	
Actual Fuel Adjustment Charge:		\$0.0019111	
January 2007 Fuel Charge Difference:	6,588,896	\$0.0002106	\$1,387.62
<u>PJM Open Access Transmission Tariff</u>			\$25,929.43
AMOUNT DUE AEP			\$276,159.03

METHODS OF PAYMENT

Bank Instructions:

By Wire Transfer To:
 Citibank, N.A., N.Y.
 ABA# 0210-00089
 Kentucky Power Company - Generation
 Account Number 30484544

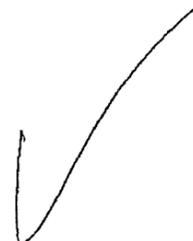
Billing Questions: (614) 583-6225 or (614) 583-6149



Schedule 11

KENTUCKY POWER
FUEL COSTS (5010001, 5010013, & 5010019)
MAY 2007

COAL	\$8,537,426.25
SURVEY	\$0.00
CONVERSION COAL	<u>\$0.00</u>
TOTAL COAL	\$8,537,426.25
OIL	<u>\$302,589.19</u>
TOTAL FUEL	<u><u>\$8,840,015.44</u></u>



KENTUCKY POWER COMPANY
 NET ENERGY REQUIREMENTS
 MAY 2007

Net Generation (Sch 12)		431,032
Purchases:		
1. Interchange Pool (Sch 4, Pool Energy)	340,681	
2. Interchange Received Cash	0	
3. Purchased Power: Associated (Including Rockport Units 1 & 2)	125,332	
4. Purchased Power: Non Associated	68,077	
Subtotal	193,409	
5. Loop In/Out (Sch 4, Loop or Interchange In/Out - Nonassociated)	0	
Total Purchased Power		534,090
Available for Distribution		965,122
Sales		
1. Interchange Pool (Sch 4, Total Assoc Co Sales)	135,350	
2. Total System Sales (Physical Sales)	211,328	
3. Total System Sales (Non - Physical Sales or Bookouts & Options)	41,722	
Disposition of Energy		388,400
Total Supply for Net Energy Requirement (NER) (Internal Load Requirements)		576,722
Check:		
Total Sales (Calc for Deferred Fuel, Page 3 of 5, Total Sales (A - B))	525,019	
Net System Losses MWH (Calc for Deferred Fuel, Page 3 of 5)	51,703	
Total Supply for Net Energy Requirement (NER)	576,722	
Current Month Energy Sales		
Billed KWH		
Preliminary Page 9-1 (Sch 5, Total Sales of Electricity)	542,060,554	
System Sales for Resale (Schedule 4, Total System Sales)	211,328,000	
System Interchange Sales (Schedule 4, Total Assoc Co Sales)	135,350,000	
Total Current Month Billed Revenue	888,738,554	
Accrued KWH		
Current Month Unbilled Page 9-1A (Sch 6)	304,373,079	
Last Month Unbilled Page 9-1A	279,851,166	
Current Month Billed and Accrued KWH	913,260,467	

KENTUCKY POWER COMPANY												
Line Loss Calculation												
BILLED & ACCRUED												
Inter change Pool	System Sales	Bill. & Accrd. Loss	Total Disposition	Billed Only —Loss—	Month	Period	TOTAL ENERGY DISPOSED	ASSOC. COMPANY INTERCHANGE	SYSTEM SALES FOR RESALE	INTERNAL ENERGY DISPOSED	ENERGY LOST & UNACCOU NTED	% LINE LOSS
#####	#####	#####	#####	#####			1	2	3	(1-2-3-4)	6	(6/6)
					MWH							
	INPUT											
226,657	180,807	37,315	1,133,614	(30,447)	JAN	06	1,133,614	226,657	180,807	726,150	37,315	5.139%
						12	13,569,039	2,766,796	2,756,514	8,035,729	642,256	7.993%
197,969	233,870	75,719	1,183,392	70,989	FEB	06	1,183,392	197,969	233,870	751,553	75,719	10.075%
						12	13,612,511	2,765,029	2,749,320	8,098,162	661,296	8.166%
257,553	226,681	54,266	1,200,512	73,930	MAR	06	1,200,512	257,553	226,681	716,278	54,266	7.576%
						12	13,514,347	2,760,249	2,672,853	8,081,245	659,024	8.155%
281,185	221,781	98,758	1,077,711	3,245	APR	06	1,077,711	281,185	221,781	574,746	98,758	17.183%
						12	13,502,138	2,755,725	2,661,157	8,085,256	710,776	8.791%
129,331	191,082	56,870	906,998	66,154	MAY	06	906,998	129,331	191,082	586,585	56,870	9.695%
						12	13,432,832	2,728,273	2,614,834	8,089,725	722,703	8.934%
283,427	254,340	65,193	1,146,790	62,242	JUN	06	1,146,790	283,427	254,340	609,023	65,193	10.705%
						12	13,472,210	2,778,618	2,630,085	8,063,507	734,015	9.103%
252,352	298,491	51,867	1,235,232	111,439	JUL	06	1,235,232	252,352	298,491	684,389	51,867	7.579%
						12	13,520,281	2,772,406	2,667,490	8,080,385	731,011	9.047%
252,375	291,493	59,995	1,252,649	94,965	AUG	06	1,252,649	252,375	291,493	708,781	59,995	8.465%
						12	13,608,660	2,817,690	2,713,804	8,077,166	727,651	9.009%
297,092	196,951	85,826	1,056,706	(32,347)	SEP	06	1,056,706	297,092	196,951	562,663	85,826	15.254%
						12	13,510,004	2,816,516	2,662,181	8,031,307	760,355	9.467%
305,738	240,217	44,753	1,163,289	103,139	OCT	06	1,163,289	305,738	240,217	617,334	44,753	7.249%
						12	13,620,505	2,856,897	2,714,458	8,049,150	761,704	9.463%
287,102	184,004	46,903	1,133,742	94,784	NOV	06	1,133,742	287,102	184,004	662,636	46,903	7.078%
						12	13,691,829	2,946,118	2,693,863	8,051,848	741,807	9.213%
193,816	186,140	52,806	1,135,365	76,562	DEC	06	1,135,365	193,816	186,140	755,409	52,806	6.990%
						12	13,626,000	2,964,597	2,705,857	7,955,546	730,271	9.179%
189,303	200,862	65,845	1,173,943	83,762	JAN	07	1,173,943	189,303	200,862	783,778	65,845	8.401%
						12	13,666,329	2,927,243	2,725,912	8,013,174	758,801	9.459%
109,435	185,212	63,932	1,104,783	84,311	FEB	07	1,104,783	109,435	185,212	810,136	63,932	7.892%
						12	13,587,720	2,838,709	2,677,254	8,071,757	747,014	9.255%
268,702	249,103	79,703	1,189,976	(8,566)	MAR	07	1,189,976	268,702	249,103	672,171	79,703	11.858%
						12	13,577,184	2,849,858	2,699,676	8,027,550	772,451	9.622%
182,068	199,389	63,780	1,004,763	38,393	APR	07	1,004,763	182,068	199,389	623,306	63,780	10.233%
						12	13,504,236	2,750,741	2,677,284	8,076,211	737,473	9.131%
135,350	211,328	51,493	965,122	76,014	MAY	07	965,122	135,350	211,328	618,444	51,493	8.328%
						12	13,562,360	2,756,760	2,697,530	8,108,070	732,096	9.028%

Kentucky Power Company - Building Usage - May 2007

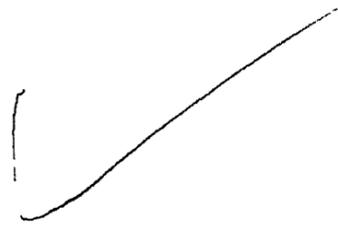
Metered Usage In Company Buildings For The Current Month	368,882
Metered Usage In Company Buildings For The Prior Month	432,021

Current Month Company Usage

ASHLAND	175,320	kWh
SO. WILLIAMSON	2,141	kWh
HAZARD/PIKEVILLE	191,421	kWh
CURRENT MONTH	368,882	kWh
PRIOR MONTH ADJUSTMENT	0	kWh
CURRENT MONTH REPORT	368,882	kWh

369 mWh

Source: OSPRIO60



KENTUCKY POWER COMPANY
POWER TRANSACTION SCHEDULE
April 2007

TRANSACTION TYPES *

<u>F</u>	<u>FIRM</u>
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-BKUP	BUCKEYE BACKUP 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				
	TRANSACTION TYPE	MWH	FUEL CHARGE (\$)	DEMAND (\$)	OTHER CHARGES (\$)
DY-2F	45,136	1,585,445.44	0.00	396,361.44	1,981,806.88
HR-2NF	552	46,816.85	0.00	5,970.23	52,787.08
EXP-CONG	0	0.00	0.00	14,781.55	14,781.55
IMP-CONG	0	0.00	0.00	490,193.61	490,193.61
SPOT-ENG	30,437	1,145,666.31	0.00	286,416.92	1,432,083.23
DY-F	720	36,040.64	0.00	9,010.08	45,050.72
HR-NF	4,692	195,054.35	0.00	48,763.27	243,817.62
	81,537 ⁽¹⁾	3,009,023.59	0.00	1,251,497.10	4,260,520.69
AEP POOL PRIMARY PURCHASES:	43,586	586,125.00	0.00	114,021.00	700,146.00
INTERRUPTIBLE BUY/THROUGH (AEP AFF. COS.)	0	0.00	0.00	0.00	0.00
BOOKOUTS/OPTIONS:	269,250	0.00	0.00	9,986,929.00	9,986,929.00
TOTALS:	394,373	3,595,148.59	0.00	11,352,447.10	14,947,595.69

	MWH	Total Energy Charges
⁽¹⁾ ALLOCATED TO SYSTEM SALES:	77,750	3,762,780.24
ALLOCATED TO INTERNAL CUSTOMERS:	3,787	497,740.45
	81,537	4,260,520.69
LESS: PJM IMPLICIT CONGESTION INCLUDED IN THE INTERNAL CUSTOMER'S FIGURE:	0	422,015.25
NET INCLUDABLE ENERGY CHARGES:	81,537	3,838,505.44

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: APRIL 2007

SALES TRANSACTION TYPE	KPCO MLR SHARE OF DELIVERED MWH	BILLING COMPONENTS					
		SUPPLIED BY KPCO SOURCES			DEMAND (\$)	OTHER CHARGES (\$)	TOTAL CHARGES (\$)
		MWH	FUEL CHARGE (\$)				
LT-CAP	11,510	8,960	162,982.49	230,256.00	22,758.44	415,996.93	
RESCAP	0	0	0.00	18,051.77	0.00	18,051.77	
DY-2F	76,238	55,130	1,298,329.04	0.00	2,491,039.42	3,789,368.46	
DY-2NF	0	72	3,411.16	0.00	4,773.32	8,184.48	
CMP-UPR	0	0	0.00	43,992.00	0.00	43,992.00	
SPOT-ENG	78,861	58,355	2,176,747.29	0.00	1,259,550.73	3,436,298.02	
MO-F	31,086	24,742	472,015.37	364,184.36	589,044.85	1,425,244.58	
DY-F	704	276	11,255.36	0.00	30,575.68	41,831.04	
DY-NF	7,905	6,292	159,464.42	0.00	142,835.30	302,299.72	
HR-NF	4,068	2,892	113,933.98	0.00	118,538.52	232,472.50	
GENLOS	5	25	970.20	0.00	(970.20)	0.00	
BKI-BKUP	206	195	8,685.27	0.00	4,504.59	13,189.86	
	210,583	156,939	4,400,493.86 ⁽¹⁾	656,484.13	4,669,951.37	9,726,929.36	
AEP POOL SALES (PRIMARY/ECONOMY)	0	99,212	1,806,560.00	0.00	194,969.00	2,001,529.00	
INTERRUPTIBLE BUY/THROUGH (AEP AFF. CO./KY EL. STEEL)	0	36	1,931.00	0.00	493.00	2,424.00	
BOOKOUTS/OPTIONS:	279,411	0	0.00	0.00	10,455,958.00	10,455,958.00	
TOTALS:	489,994	256,187	6,208,984.86	656,484.13	15,321,371.37	22,186,840.36	
KPCo's other costs incurred, (other than fuel from Account 151):						1,135,941.65	
KPCo's MLR share of AEP energy cost less the actual energy costs incurred by KPCo:						1,903,581.45	
KPCo's MLR share of the difference (Total AEP energy charges - Total AEP energy costs):						1,630,428.27	
Total (Other Charges):						4,669,951.37	

⁽¹⁾ Includes (\$7,300.72) adjustment for chemicals carried over to Other Charges.

FINAL SCHEDULE APRIL 2007 COSTS - ACTUAL

KENTUCKY POWER COMPANY
FUEL COST SCHEDULE
MONTH ENDED: APRIL 2007

(A) COMPANY GENERATION	BIG SANDY (PLANT)	ROCKPORT UNIT #1	ROCKPORT UNIT #2	FUEL AMOUNTS (\$)
COAL BURNED	9,772,163.91	2,393,122.00	1,343,598.00	13,508,883.91
OIL BURNED	95,616.44	4,843.00	35,800.00	136,259.44
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				13,645,143.35
(B) PURCHASES				
NET ENERGY COST - ECONOMY PURCHASES				0.00
⁽¹⁾ IDENTIFIABLE FUEL COST - OTHER PURCHASES				4,424,630.44
IDENTIFIABLE FUEL COST (SUBSTITUTE FOR F.O.) (0 x 0.000)				0.00
SUB-TOTAL				4,424,630.44
(C) INTER-SYSTEM SALES				
⁽¹⁾ FUEL COSTS				7,023,326.03
TOTAL FUEL COSTS (A + B - C)				11,046,447.76
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:	18.342		MILLS/KWH \$	0.00
<u>IDENTIFIABLE FUEL COST (SUBSTITUTE FOR F.O.)</u>				
PURCHASES SUBSTITUTED FOR F.O.:				
PRIMARY ENERGY (AEP POOL) 00,000,000 kwh	13.448		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	13.448	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.



<u>Flow Date</u>	<u>Columbia Gas</u> <u>Appalachia Gas Daily</u> <u>Avg.</u> <u>(\$/MMBtu)</u>	<u>Park & Lend</u> <u>Service</u> <u>(\$/MMBtu)</u>	<u>Energy Cost</u> <u>(\$/MWh)*</u>
01-Apr-07	7.810	0.1983	83.29
02-Apr-07	7.810	0.1983	83.29
03-Apr-07	7.925	0.1983	84.48
04-Apr-07	7.805	0.1983	83.23
05-Apr-07	7.695	0.1983	82.09
06-Apr-07	7.760	0.1983	82.77
07-Apr-07	7.760	0.1983	82.77
08-Apr-07	7.760	0.1983	82.77
09-Apr-07	7.760	0.1983	82.77
10-Apr-07	7.910	0.1983	84.33
11-Apr-07	7.985	0.1983	85.11
12-Apr-07	8.230	0.1983	87.65
13-Apr-07	8.205	0.1983	87.39
14-Apr-07	8.190	0.1983	87.24
15-Apr-07	8.190	0.1983	87.24
16-Apr-07	8.190	0.1983	87.24
17-Apr-07	7.985	0.1983	85.11
18-Apr-07	7.840	0.1983	83.60
19-Apr-07	7.845	0.1983	83.65
20-Apr-07	7.785	0.1983	83.03
21-Apr-07	7.665	0.1983	81.78
22-Apr-07	7.665	0.1983	81.78
23-Apr-07	7.665	0.1983	81.78
24-Apr-07	7.580	0.1983	80.89
25-Apr-07	7.920	0.1983	84.43
26-Apr-07	7.945	0.1983	84.89
27-Apr-07	7.855	0.1983	83.75
28-Apr-07	7.740	0.1983	82.56
29-Apr-07	7.740	0.1983	82.56
30-Apr-07	7.740	0.1983	82.56

Minimum(75%: \$60.67/MWh)

* Based on 10,800 Btu/kWh for June - August.

* Based on 10,400 Btu/kWh for September - May.

KENTUCKY POWER COMPANY
SYSTEM FINDER TRACKER
MAY 2007

Non-Physical Sales - Sales For Month - 2007 Accounts

	(A) Revenue 4470008	(B) Cost 4470010	(C) Net	(D) Revenue 4470007	(E) Cost 4470011	(F) Net	(G) Brokers 4470009	(H) Commissions 4470010	(I) Net	(J) Revenue 4470008	(K) Revenue 4470002	(L) Revenue 4470009	(M) Revenue 4470009	(N) Subtotal Non-Physical REVENUE COST	(O) Sales For Month COST	(P) Net
19 PRIOR MO. ACTUAL	9,434,672	437,131	9,007,541	0	0	0	(4,533)	3,866	(8,401)	0	154,807	0	0	9,655,048	9,011,409	643,639
20 PRIOR MO. ESTIMATE	9,422,089	428,980	8,993,109	0	0	0	(4,127)	3,211	(7,338)	0	154,949	0	0	9,872,911	8,995,340	877,571
21 CURR MO. ADJ.	12,583	(2,829)	15,412	0	0	0	(406)	957	(1,093)	0	(4)	0	0	12,135	10,099	(2,034)
22 ESTIMATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 ADJUSTMENT	(6,310)	(17)	(6,293)	0	0	0	0	0	0	124,643	489,847	0	(58,899)	620,281	(17)	520,268
24 CURR MO. ESTIMATE	9,342,819	9,134,777	208,042	0	0	0	(7,104)	6,649	(13,748)	0	6,087	0	0	9,340,772	9,141,422	199,350
25 ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26 ESTIMATE	9,342,819	9,134,777	208,042	0	0	0	(7,104)	6,649	(13,748)	0	5,057	0	0	9,340,772	9,141,422	199,350
27 CSW DOLLAR	9,342,819	9,134,777	208,042	0	0	0	(7,104)	6,649	(13,748)	0	5,057	0	0	9,340,772	9,141,422	199,350
28 TRANSFER - EST	0	0	0	0	0	0	(7,104)	6,649	(13,748)	0	5,057	0	0	9,340,772	9,141,422	199,350
29 TOTAL	9,342,819	9,134,777	208,042	0	0	0	(7,104)	6,649	(13,748)	0	5,057	0	0	9,340,772	9,141,422	199,350
30 PRIOR MO. ACTUAL	18,950,832	15,903,843	3,046,989	0	0	0	0	0	0	0	0	0	0	9,873,168	9,157,474	715,714
31 PRIOR MO. ESTIMATE	18,994,075	16,721,870	2,272,205	0	0	0	0	0	0	0	0	0	0	9,473,709	8,995,340	478,369
32 CURR MO. ADJ.	(454,607)	0	454,607	0	0	0	0	0	0	0	0	0	0	12,135	16,089	(3,954)
33 ADJUSTMENT	1,837	0	1,837	0	0	0	0	0	0	0	0	0	0	0	0	0
34 CURR MO. ESTIMATE	18,950,832	15,903,843	3,046,989	0	0	0	0	0	0	0	0	0	0	9,873,168	9,157,474	715,714
35 ADJUSTMENT	1,837	0	1,837	0	0	0	0	0	0	0	0	0	0	12,135	16,089	(3,954)
36 ESTIMATE	18,950,832	15,903,843	3,046,989	0	0	0	0	0	0	0	0	0	0	9,873,168	9,157,474	715,714
37 CSW DOLLAR	18,950,832	15,903,843	3,046,989	0	0	0	0	0	0	0	0	0	0	9,873,168	9,157,474	715,714
38 TRANSFER - EST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39 TOTAL	18,950,832	15,903,843	3,046,989	0	0	0	0	0	0	0	0	0	0	9,873,168	9,157,474	715,714

RECONCILIATION TO QUERY

	Revenue	Cost	Net
TOTAL 4470008 Query	13,090,793	13,090,793	0
LESS ASSOC:	2,012,398	2,012,398	0
LESS S/S COST	7,051,680	7,051,680	0
Adjustment (if needed)	0	0	0
979 SALES NET PROFIT (LOSS)	3,626,707	3,626,707	0
NET	3,281,905	3,281,905	0
DIFFERENCE	238,102	238,102	0

REVENUE COST NET

(20,282) 108,204 (195,486)
10,371,937 8,883,488 3,488,471

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KENTUCKY POWER COMPANY
SYSTEM SALES TRACKER
MAY 2007

	(A) REVENUE CURRENT MONTH	(B) COST CURRENT MONTH	(C) Net	(D) REVENUE 4470029	(E) REVENUE 4470068	(F) REVENUE 4470083	(G) REVENUE 4470094	(H) REVENUE 4470095	(I) REVENUE 4470098	(J) REVENUE 4470097	(K) REVENUE 4470098	(L) REVENUE 4470100	(M) REVENUE 4470104	(N) REVENUE 4470105	(O) REVENUE 4470106	(P) REVENUE 4470107
1 PRIOR MO. ACTUAL	9,439,092	6,892,624	2,543,546	0	0	0	0	0	0	0	0	0	0	0	0	0
2 PRIOR MO. ESTIMATE	9,440,748	6,726,330	2,714,415	0	0	0	0	0	0	0	0	0	0	0	0	0
3 CSW DOLLAR TRNFR ADJ. CURRENT MONTH	(4,993)	186,204	(170,891)	0	0	0	0	0	0	0	0	0	0	0	0	0
4 CSW DOLLAR TRNFR ADJ. PRIOR MONTH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 CSW DOLLAR TRNFR ADJ. ESTIMATE	(881)	0	(881)	0	0	0	0	0	0	0	0	0	0	0	0	0
6 CURR MO. ESTIMATE	10,194,031	7,181,018	3,003,913	0	0	0	7,446	0	0	0	0	0	0	0	0	0
7 ADJUSTMENT	369,239	275,532	83,704	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Total Current Month Estimate	8,605,895	6,885,488	2,820,209	0	0	0	0	0	0	0	0	0	0	0	0	0
9 CSW DOLLAR TRNFR - EST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 CURR MO. TOTAL	8,605,895	7,081,060	2,748,481	0	0	0	7,446	0	0	0	0	0	0	0	0	0
11 PRIOR MO. ACTUAL	1,025,810	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 PRIOR MO. ESTIMATE	1,037,833	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 CSW DOLLAR TRNFR ADJ.	(12,114)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 CSW DOLLAR TRNFR ADJ. ESTIMATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 CSW DOLLAR TRNFR ADJ. ESTIMATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 CURR MO. ESTIMATE	1,185,057	0	0	0	0	0	248	122,788	0	0	0	0	0	0	0	0
17 ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Total Current Month Estimate	1,185,057	0	0	0	0	0	248	122,788	0	0	0	0	0	0	0	0
19 CSW DOLLAR TRNFR - EST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 CURR MO. TOTAL	1,172,943	0	0	0	0	0	248	122,788	0	0	0	0	0	0	0	0

	(R) REVENUE 4470115	(S) REVENUE 4470117	(T) REVENUE 4470117	(U) REVENUE 4470118	(V) REVENUE 4470119	(W) REVENUE 4470124	(X) REVENUE 4470125	(Y) REVENUE 4470126	(Z) REVENUE 4470131	(AA) REVENUE 4470204	(AB) REVENUE 4470205	(AC) REVENUE 447020X	(AD) REVENUE 447020X	(AE) Total Physical Sales For Resale REVENUE	(AF) Total Physical Sales For Resale COST	(AG) REVENUE NET
11 PRIOR MO. ACTUAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 PRIOR MO. ESTIMATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 CSW DOLLAR TRNFR ADJ.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 CSW DOLLAR TRNFR ADJ. ESTIMATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 CSW DOLLAR TRNFR ADJ. ESTIMATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 CURR MO. ESTIMATE	8,405	0	0	0	0	1,285	248	122,788	0	1,173	(482)	0	0	99,170	0	99,170
17 ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Total Current Month Estimate	1,185,057	0	0	0	0	0	0	0	0	0	0	0	0	10,947,332	8,885,488	3,161,838
19 CSW DOLLAR TRNFR - EST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 CURR MO. TOTAL	1,172,943	0	0	0	0	0	248	122,788	0	1,173	(482)	0	0	10,734,447	7,051,990	3,882,757

	(AH) REVENUE 6560026	(AI) REVENUE 6560029	(AJ) REVENUE 6560039	(AK) REVENUE 6560044	(AL) REVENUE 6560052	(AM) REVENUE 6560054	(AN) REVENUE 6564000	(AO) REVENUE 6561000	(AP) REVENUE 6570000	(AQ) REVENUE 6500000	(AR) REVENUE 6500000	(AS) REVENUE 6500000	(AT) REVENUE 6500000	(AU) Total Physical Sales For Resale REVENUE	(AV) Total Physical Sales For Resale COST	(AW) REVENUE NET
1 PRIOR MO. ACTUAL	(884,853)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 PRIOR MO. ESTIMATE	(871,370)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 CSW DOLLAR TRNFR ADJ.	(13,283)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 CSW DOLLAR TRNFR ADJ. ESTIMATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 CSW DOLLAR TRNFR ADJ. ESTIMATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 CURR MO. ESTIMATE	(690,095)	0	(13,913)	0	0	0	(16,423)	(2,788)	(16,162)	0	0	0	0	47,845	0	47,845
7 ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Total Current Month Estimate	(690,095)	0	(13,913)	0	0	0	(16,423)	(2,788)	(16,162)	0	0	0	0	10,407,483	7,161,018	3,246,445
9 CSW DOLLAR TRNFR - EST	0	0	0	0	0	0	0	0	0	0	0	0	0	390,238	278,532	83,704
10 CURR MO. TOTAL	(812,378)	0	(13,913)	0	0	0	(16,423)	(2,788)	(16,162)	0	0	0	0	10,046,227	6,885,488	3,182,741
11 CURR MO. TOTAL	(812,378)	0	(13,913)	0	0	0	(16,423)	(2,788)	(16,162)	0	0	0	0	10,070,744	7,051,990	3,019,054

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Kentucky Power Company		Exhibit EKW 3		
Monthly Environmental Surcharge Report Analysis		Page 34 of 42		
May 2007	Current Month	Prior Month	Difference	Percentage Change
ES FORM 1.00				
Line 1- CRR from ES Form 3.0	2,915,796	2,585,496	330,300	12.78%
Line 2A- Brr from ES Form 1.10	1,514,859	2,095,535	(580,676)	-27.71%
Line 3- E(m) (Line 1 - Line 2)	1,400,937	489,961	910,976	185.93%
Line 4 - Kentucky Retail Jurisdictional Allocation Factor, ES FORM 3.30 Schedule of Revenues, Line 1	67.8%	71.1%	-3.30%	-4.64%
Line 5A - KY Retail E (m) (Line 3 * Line 4)	949,835	348,362	601,473	172.66%
Line 5B - Monthly Increase in Jurisdictional Environmental Revenue Requirement per Case No. 2006-00128, dated January 31, 2007	95,494	95,494	0	0.00%
Line 6 - (Over)/Under Recovery Adjustment from ES Form 3.30	(168,809)	(22,023)	(146,786)	666.51%
Line 7 - Net KY Retail E (m) (Line 5 + Line 6) - Expense	876,520	421,833	454,687	107.79%
Line 8 - Net Retail E(m) (line 7) - Expense	876,520	421,833	454,687	107.79%
Line 9 - KY Retail R(m) from ES Form 3.3 - Revenue	28,451,204	33,233,581	(4,782,377)	-14.39%
Line 10 - Environmental Surcharge Factor for Expense Month (Line 8 / Line 9)	3.0808%	1.2693%	1.8115%	142.72%
Environmental Costs				
ES FORM 1.00, Line 3 (Environmental Costs to be Allocated)	1,400,937	489,961	910,976	
ES FORM 1.00, Line 5B (Retail Customers Only)	95,494	95,494	0	
ES FORM 1.00, Line 6 (Over/Under Recovery) (Retail Customers Only)	(168,809)	(22,023)	(146,786)	
Total Environmental Costs	1,327,622	563,432	764,190	
Allocation of Environmental Costs				
Kentucky Retail Revenues	876,520	421,833	454,687	
FERC Wholesale Revenues	15,410	3,920	11,490	
Associated Utilities Revenues	99,467	39,687	59,780	
Non-Associated Utilities Revenues (Off System Sales)	336,225	97,992	238,233	
Total Environmental Costs By Revenue Category	1,327,622	563,432	764,190	
ES FORM 3.00				
ES FORM 1.00, Line 3 (Environmental Costs to be Allocated)	1,400,937	489,961	910,976	
% of Kentucky Retail Revenues to Total Revenues for Month	67.8%	71.1%		
Applicable KY Retail Environmental Costs	949,835	348,362	601,473	
ES FORM 1.00, Line 5B (Retail Customers Only)	95,494	95,494	0	
ES FORM 1.00, Line 6 (Over/Under Recovery) (Retail Customers Only)	(168,809)	(22,023)	(146,786)	
Total Environmental Costs To Be Recovered	876,520	421,833	454,687	
FERC Wholesale Revenues	1.1%	0.8%		
Associated Utilities Revenues	7.1%	8.1%		
Non-Associated Utilities Revenues (Off System Sales)	24.0%	20.0%		
ES FORM 3.00				
First Component: Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1	3,227,641	2,792,163	435,478	
Second Component: Kentucky Power Company Portion of Rockport Total Revenue Requirement, Record on ES FORM 3.20, Line 2	48,438	46,927	1,511	
Third Component: Net Gain/(Loss) from Emission Allowance Sales	360,283	253,594	106,689	
Total Current Period Revenue Requirement, CRR Record on ES Form 1.0	2,915,796	2,585,496	330,300	

Kentucky Power Company			Exhibit EKW 3
Monthly Environmental Surcharge Report Analysis			Page 35 of 42
May 2007	Current Month	Prior Month	Difference
			Percentage Change
ES FORM 3.10			
Line 1 - Utility Plant at Original Cost	191,086,055	191,086,055	0
Line 2 - Less Accumulated Depreciation	(34,229,909)	(33,607,621)	(622,288)
Line 3 - Less Accum. Def. Income Taxes	(33,572,199)	(33,284,553)	(287,646)
Line 4 - Net Utility Plant	123,283,947	124,193,881	(909,934)
Line 5 - SO2 Emission Allowance Inventory from ES FORM 3.11	11,705,515	11,853,061	(147,546)
Line 6 - ECR & NOx Emission Allowance Inventory from ES FORM 3.12	0	0	0
Line 7 - Cash Working Capital Allowance from ES FORM 3.13, Line 11	124,040	78,753	45,287
Line 8 - Total Rate Base	135,113,502	136,125,695	(1,012,193)
Line 9 - Weighted Average Cost of Capital - ES FORM 3.15	10.15%	10.15%	0.00%
Line 10 - Monthly Weighted Avg. Cost of Capital (9) / 12	0.85%	0.85%	0.00%
Line 11 - Monthly Return of Rate Base (8) * (10)	1,148,465	1,157,068	(8,603)
Operating Expenses :			
Line 12 - Monthly Depreciation Expense	576,258	576,258	0
Line 13 - Monthly Catalyst Amortization Expense	46,030	46,030	0
Line 14 - Monthly Property Taxes	15,153	15,153	0
Line 15 - Monthly Kentucky Air Emissions Fee	32,201	32,201	0
Line 16 - Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10 / Monthly Gavin Scrubber Cost from ES FORM 3.14	1,056,601	731,268	325,333
Line 17 - Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13	235,191	80,472	154,719
Line 18 - Monthly SO2 Emission Allowance Consumption - ES FORM 3.11	117,742	153,713	(35,971)
Line 19 - Monthly ERC & NOx Emission Allowance Consumption - ES FORM 3.12	0	0	0
Line 20 - Total Operating Expenses [Line 12 thru Line 18]	2,079,176	1,635,095	444,081
Line 21 - Total Revenue Requirement - Big Sandy - Record on ES FORM 3.00, Line 1	3,227,641	2,792,163	435,478
ES FORM 3.11			
SO2 Emission Allowance Inventory	11,705,515	11,853,061	(147,546)
SO2 Emissions Allowances Consumed By Kentucky Power	2,959	3,863	(904)
SO2 Allowance Management System - Internal Purchases	0.0	0.0	0.0
SO2 Allowance Management System - External Purchases	0.0	9,248.0	(9,248.0)
SO2 Allowance Management System - Internal Sales	0.0	0.0	0.0
SO2 Allowance Management System - External Sales	749.0	636.0	113.0
SO2 Allowance Management System - Adjustments	0.0	0.0	0.0
SO2 Allowance Management System - Consumption	2,959.0	3,863.0	(904.0)
Member Load Ratio - KPC (ES FORM 3.11)	0.07488	0.07488	0.00000
ES FORM 3.12			
ECR & NOx Emission Allowance Inventory	0	0	0
ECR Consumed By Kentucky Power	0	0	0
NOx Consumed By Kentucky Power	0	0	0
ES FORM 3.13			
1997 Plan :			
Monthly Kentucky Air Emissions Fee	32,201	32,201	0
Total Monthly AEP Pool Environmental Capacity Costs / Monthly Gavin Scrubber Costs	607,187	363,636	243,551
Monthly SO2 Allowance Consumption	117,742	153,713	(35,971)
Total 1997 Plan O&M Expenses	757,130	549,550	207,580
2003 Plan :			
Monthly Variable Cladding at Big Sandy Unit 1	0	0	0
Monthly Urea Consumption at Big Sandy Unit 2	207,116	50,290	156,826
Monthly Catalyst Replacement at Big Sandy Unit 2	0	0	0
Monthly ERC & NOx Allowance Consumption	0	0	0
Equipment - Associated Operating Expense	1,059	0	1,059
Equipment - Associated Maintenance Expense	27,016	30,182	(3,166)
Total 2003 Plan O&M Expenses	235,191	80,472	154,719
Total Monthly O&M Expenses	992,321	630,022	362,299
Cash Working Capital Allowance (Line 10 X 1/8)	124,040	78,753	45,287

Kentucky Power Company				
Monthly Environmental Surcharge Report Analysis				
May 2007	Current Month	Prior Month	Difference	Percentage Change
ES FORM 3.14				
Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	1,056,601	731,268	325,333	
Gavin Scrubber Expense:				
Sludge Removal	639,259	1,038,118	(398,859)	
Lime Consumption	2,883,016	1,773,348	1,109,668	
Lease Expense	4,253,067	4,253,067	0	
Scrubber Maintenance (Only 50% is Applicable)	584,168	1,134,794	(550,626)	
Total Gavin Scrubber Expenses	8,369,510	8,199,327	160,183	
Scrubber Cost to Kentucky Power (ES FORM 3.10, Line 15)	0	0	0	
Surplus Capacity kW				
OPCo	2,870,800	3,099,100	(228,300)	
I&M	156,300	358,100	(201,800)	
Total	3,027,100	3,457,200	(228,300)	
Ohio Power Surplus Weighting	95%	90%	5.00%	
Indiana Michigan Power Surplus Weighting	5%	10%	-5.00%	
Kentucky Power Capacity Deficit	478,100	399,600	78,500	
ES FORM 3.20				
<i>(Costs Associated with Rockport)</i>				
Line 12 - KPC Portion of Costs Associated with Rockport, Record on ES FORM 3.00	48,438	46,927	1,511	
ES FORM 3.30				
Kentucky Retail Revenues	28,451,204	33,233,581	(4,782,377)	
FERC Wholesale Revenues	478,578	356,918	121,660	
Associated Utilities Revenues	2,964,559	3,795,680	(831,121)	
Non-Associated Utilities Revenues	10,070,744	9,347,318	723,426	
Physical Revenues for Month	41,965,085	46,733,497	(4,768,412)	
Non Physical Revenues for Month	271,951	1,351,561	(1,079,610)	
Total Revenues for Month	42,237,036	48,085,058	(5,848,022)	
% of Kentucky Retail Revenues to Total Revenues for Month	67.8%	71.1%	-3.3%	
% of FERC Wholesale Revenues to Total Revenues for Month	1.1%	0.8%	0.3%	
% of Associated Utilities Revenues (Off System Sales) to Total Revenues for Month	7.1%	8.1%	-1.0%	
% of Non Associated Utilities Revenues to Total Revenues for Month	24.0%	20.0%	4.0%	
Total	100.0%	100.0%	0.0%	
Over/(Under) Recovery Adjustment				
Kentucky Retail Surcharge Factor For - March 2007 / February 2007	-1.1149%	-0.2698%	-0.8451%	
Kentucky Retail Revenues for Current Expense Month	23,784,195	33,014,826	(9,230,630)	
Surcharge Collected	(265,170)	(89,074)	(176,096)	
Surcharge Amount To Be Collected	(433,979)	(111,097)	(322,882)	
Over/(Under) Recovery - Record on ES FORM 1.00, Line 6	168,809	22,023	146,786	

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KENTUCKY POWER COMPANY

SOURCES AND DISPOSITION OF ENERGY FOR
FERC TYPE FUEL COST ADJUSTMENT CLAUSE

May 2007 ESTIMATE

<u>SOURCES OF ENERGY</u>			
	<u>MWH</u>	<u>\$ AMOUNT</u>	<u>MILLS/kWh</u>
1. NET GENERATION			
OWN FOSSIL GENERATION (Sch 8, Line 30) ==>	431,032	8,840,015	20.509
UNIT POWER PURCHASE (AEG) ROCKPORT #1	124,807	2,197,223	17.605
UNIT POWER PURCHASE (AEG) ROCKPORT #2	0	0	0.000
			Sch 8
SUBTOTAL, ITEM 1	555,839	11,037,238	19.857
SYSTEM POOL - PRIMARY & ECONOMY	197,285	2,564,182	12.997
AEP SYSTEM CASH PURCHASES	68,620	2,564,962	37.379
INTERRUPTIBLE BUY-THROUGH	0	0	0.000
SUBTOTAL, ITEM 2	265,905	5,129,144	19.289
3. TOTAL SOURCES (1+2)	821,744	16,166,382	19.673
		7,326,367	Line 33
<u>DISPOSITION OF ENERGY</u>			
4. OFF SYSTEM ALLOCATION OF SOURCES			
SYSTEM POOL - PRIMARY & ECONOMY	37,633	747,277	19.857
UNIT POWER PURCHASE (AEG) ROCKPORT #1	19,463	334,876	17.206
UNIT POWER PURCHASE (AEG) ROCKPORT #2	0	0	0.000
AEP SYSTEM CASH PURCHASES	65,716	2,531,817	38.527
OWN GENERATION	83,234	1,551,690	18.643
INTERRUPTIBLE BUY-THROUGH	20	1,168	58.400
			Line 34
SUBTOTAL, ITEM 4	206,066	5,166,828	25.074
5. FUEL IDENTIFIED FOR NER (3-4)	615,678	10,999,554	17.866
6. TOTAL (4+5)	821,744	16,166,382	19.673
A.FUEL IDENTIFIED FOR NER (LINE 5 ABOVE)	615,678	10,999,554	17.866
B.NON-MONETARY INTER-COMPANY RECEIPTS (+) DELIVERIES (-)	5,457	0	0.000
C.FUEL IDENTIFIED FOR NER (LINES A+B)	621,135	10,999,554	17.709
D.OUT OF PERIOD ADJUSTMENT	0	0	0.000
E.CONVENTIONAL HYDRO	0	0	0.000
F.TOTAL SUPPLY FOR NET ENERGY REQUIREMENT (NER)	621,135	10,999,554	17.70880

KENTUCKY POWER COMPANY
APRIL 2007

FUEL IDENTIFIED PORTION (A/C 151 FUEL BASIS)

ACTUAL	MWH	AMOUNT \$	MILLS/KWH
1. OWN FOSSIL GENERATION	537,990	9,867,780	18.342
Unit Purchase (AEG) Rockport 1	136,419	2,397,965	17.578
Unit Purchase (AEG) Rockport 2	75,002	1,379,398	18.391
TOTAL	<u>749,411</u>	<u>13,645,143</u>	<u>18.208</u>
2. OTHER PURCHASES (CASH SETTLED):			
System Pool - Primary/Economy	43,586	586,125	13.448
AEP System - Cash Purchases	81,537	3,009,024	36.904
Interruptible Buy-Through/SDI	0	0	0.000
TOTAL	<u>125,123</u>	<u>3,595,149</u>	<u>28.733</u>
3. IDENTIFIED SOURCES (1 + 2)	874,534	17,240,292	19.714
4. OFF-SYSTEM ALLOCATION OF SOURCES:			
System Pool - Primary/Economy	99,212	1,806,560	18.209
Allocated to AEP Deliveries (cash):			
Unit Purchase (AEG) Rockport 1	1,377	22,598	16.411
Unit Purchase (AEG) Rockport 2	458	7,443	16.251
AEP System Cash Purchases	77,750	2,948,439	37.922
Own Generation	77,354	1,422,013	18.383
Interruptible Buy-Through/SDI	0	0	0.000
Interruptible Buy-Through/SDI	36	1,931	53.639
TOTAL	<u>256,187</u>	<u>6,208,984</u>	<u>24.236</u>
5. IDENTIFIED FOR NER (3 - 4)	618,347	11,031,308	17.840
6. TOTAL (4 + 5)	874,534	17,240,292	19.714
<hr/>			
A. FUEL IDENTIFIED FOR NER (LINE 5)	618,347	11,031,308	17.840
B. NON-MONETARY INTER-COMPANY RECEIPTS/(DELIVERIES)	667	0	0.000
C. FUEL IDENTIFIED FOR NER (A + B)	<u>619,014</u>	<u>11,031,308</u>	<u>17.821</u>
D. OUT OF PERIOD ADJUSTMENT	0	0	0.000
E. CONVENTIONAL HYDRO	0	0	0.000
F. TOTAL SUPPLY FOR NER	<u>619,014</u>	<u>11,031,308</u>	<u>17.82077</u>

KENTUCKY POWER COMPANY
APRIL 2007

SOURCES AND DISPOSITION OF ENERGY FOR FERC TYPE FUEL COST ADJUSTMENT CLAUSE

ACTUAL

<u>SOURCES</u>	TOTAL MWH
1. NET GENERATION:	
Fossil Steam	537,990
2. INTER-COMPANY RECEIPTS:	
a. Purchased Power (Excluding Interchange) *	
1. Unit Power Purchases (AEG)	211,421
2. Other*	81,537
b. Non-Associated Companies	0
c. System Account	171,193
d. Interruptible Buy-Through/SDI	0
Total Inter-Company Receipts	464,151
3. TOTAL SOURCES (1 + 2)	1,002,141

DISPOSITION

4. INTER-COMPANY DELIVERIES:	
a. Non-Associated Companies	0
b. System Account	172,508
c. System Sales for Resale (w/o fuel adjustment) *	210,583
d. Interruptible Buy-Through/SDI	36
Total Inter-Company Deliveries	383,127
5. NET ENERGY REQUIREMENT (3 - 4)	619,014
8. TOTAL DISPOSITION (4 + 5 + 6 + 7)	1,002,141

* Excludes power that did not enter into nor did it flow out of AEP System.

INVOICE
AMERICAN ELECTRIC POWER
AS AGENT FOR KENTUCKY POWER COMPANY
STATEMENT OF SCHEDULED TRANSACTIONS
WITH
THE CITY OF OLIVE HILL, KENTUCKY



INVOICE DATE: 5/8/2007
 PAYMENT DUE DATE: 5/18/2007
 INVOICE NUMBER: 117-20406813

INVOICE PERIOD: 01-Apr-2007 - 30-Apr-2007 Eastern Prevalling Time

Billing Information:

	<u>Peak kW</u>	<u>\$/kW</u>	<u>Billing \$</u>
<u>Demand Charge:</u>			
Peak Date & Time: 04/08/07 @ 9:00	4,427	\$9.26	\$40,994.02
	<u>Accumulated kWh</u>	<u>\$/kWh</u>	
<u>Energy Charge:</u>	1,977,408	\$0.0031396	\$6,208.27
<u>Fuel Charge:</u>	1,977,408	\$0.0170476	\$33,710.06
<u>Fuel Adjustment Charge:</u>	1,977,408	\$0.0027866	\$5,510.25
<u>February 2007 Actual Fuel True-Up:</u>			
Estimated Fuel Adjustment Charge:		\$0.0025232	
Actual Fuel Adjustment Charge:		<u>\$0.0027866</u>	
February 2007 Fuel Charge Difference:	2,995,023	\$0.0002634	\$788.89
<u>January 2007 Actual Fuel True-Up:</u>			
Actual Fuel Adjustment Charge:		\$0.0019501	
Actual Revision 1 Fuel Adjustment Charge:		<u>\$0.0017586</u>	
January 2007 Fuel Charge Difference:	2,745,173	(\$0.0001915)	(\$525.70)
<u>PJM Open Access Transmission Tariff</u>			\$16,564.49

AMOUNT DUE AEP **\$103,250.28**

METHODS OF PAYMENT

Bank Instructions:

By Wire Transfer To:

Citibank, N.A., N.Y.
 ABA# 0210-00089
 Kentucky Power Company - Generation
 Account Number 30484544

Billing Questions: (614) 583-6225 or (614) 583-6149



INVOICE
AMERICAN ELECTRIC POWER
AS AGENT FOR KENTUCKY POWER COMPANY
STATEMENT OF SCHEDULED TRANSACTIONS
WITH
THE CITY OF VANCEBURG, KENTUCKY

INVOICE DATE: 5/8/2007
 PAYMENT DUE DATE: 5/18/2007
 INVOICE NUMBER: 117-20406812

INVOICE PERIOD: 01-Apr-2007 - 30-Apr-2007 Eastern Prevalling Time

Billing Information:

	<u>Peak kW</u>	<u>\$/kW</u>	<u>Billing \$</u>
<u>Demand Charge:</u>			
Peak date & Time: 04/10/07 @ 8:00			
	11,426	\$9.08	\$103,748.08

	<u>Accumulated kWh</u>	<u>\$/kWh</u>	
<u>Energy Charge:</u>			
	5,517,935	\$0.0030769	\$16,978.13
<u>Fuel Charge:</u>	5,517,935	\$0.0167067	\$92,186.48
<u>Fuel Adjustment Charge:</u>	5,517,935	\$0.0027309	\$15,068.93

February 2007 Actual Fuel True-Up:

Estimated Fuel Adjustment Charge:		\$0.0024727	
Actual Fuel Adjustment Charge:		<u>\$0.0027309</u>	
February 2007 Fuel Charge Difference:	7,202,739	\$0.0002582	\$1,859.75

January 2007 Actual Fuel True-Up:

Actual Fuel Adjustment Charge:		\$0.0019111	
Actual Revision 1 Fuel Adjustment Charge:		<u>\$0.0017234</u>	
January 2007 Fuel Charge Difference:	6,588,896	(\$0.0001877)	(\$1,236.74)

PJM Open Access Transmission Tariff \$25,133.18

AMOUNT DUE AEP \$253,737.81

METHODS OF PAYMENT

Bank Instructions:

By Wire Transfer To:

Citibank, N.A., N.Y.
 ABA# 0210-00089
 Kentucky Power Company - Generation
 Account Number 30484544

Billing Questions: (614) 583-6225 or (614) 583-6149

**KENTUCKY POWER COMPANY
 MAY 2007**

Source and Disposition of Energy (Total System)

Megawatthours

Generation:

1 Total Net Generation (Sch 3) 431,032

Purchased Power:

2 Interchange Pool (Sch 4, Pool Energy) 340,681

3 Interchange Received Cash 0

Purchased Power: Associated

4 (Including Rockport) (Sch 4 or 12A) 125,332

5 Purchased Power: Non Associated 68,077

Loop In/Out

6 (Sch 4, Loop or Interchange In/Out - Nonassociated) 0

7 Total Purchased Power 534,090

8 Total Source (1 Plus 8) 965,122

Billed and Accrued

9 Total Energy Sales (Sch 3) 913,260

10 Used in Electric & Other Departments (Sch 2) 369

11 Furnished Without Charge 0

12 Total Energy Accounted For (+10+11+12) 913,629

13 Energy Lost and Unaccounted For 51,493

14 Total Disposition (Must Equal Line 8) 965,122

Billed Only (Memo)

15 Total Energy Sales (Sch 3) 888,739

16 Used in Electric & Other Departments (Sch 2) 369

17 Furnished Without Charge 0

18 Total Energy Accounted For 889,108

19 Energy Lost and Unaccounted For 76,014

20 Total Disposition (Must Equal Line 8) 965,122



Kentucky Power
P O Box 5190
101A Enterprise Drive
Frankfort, KY 40602
KentuckyPower.com

RECEIVED

JUN 18 2007

PUBLIC SERVICE
COMMISSION

June 18, 2007

Elizabeth O'Donnell, Executive Director
Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602

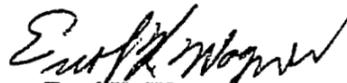
Attention: Isaac S. Scott

RE: Monthly Environmental Surcharge Report

Dear Ms. O'Donnell

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power) files the original and three copies of its Environmental Surcharge Reports for the month of May 2007. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after June 28, 2007.

If there are any questions please contact me at 502-696-7010.

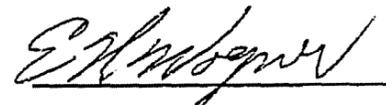

Errol K. Wagner
Director Regulatory Services
Enclosures

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$2,915,796
LINE 2	Brr from ES FORM 1.10	\$1,514,859
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,400,937
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.8%
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$949,835
LINE 5B	Monthly Increase in Jurisdictional Environmental Revenue Requirement per Case No. 2006-00128, dated January 31, 2007	\$95,494
LINE 6	Over/(Under) Recovery Adjustment from ES FORM 3.30	(\$168,809)
LINE 7	Net KY Retail E(m) (LINE 5A + LINE 5B + LINE 6)	\$876,520
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$876,520
LINE 9	KY Retail R(m) from ES FORM 3.30	\$28,451,204
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.0808%

Effective Date for Billing: July 2007

Submitted By: 

Title: Director Regulatory Services

Date Submitted: June 18, 2007

ES FORM 1.10

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		\$3,227,641
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	\$360,283	
	Total Net Proceeds from SO ₂ Allowances	\$360,283	
	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		\$360,283
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,915,796

ES FORM 3.10

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

For the Expense Month of May 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		\$11,705,515
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 11		\$124,040
8	Total Rate Base		\$135,113,502
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)		\$1,148,465
	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
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,056,601
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$235,191
18	Monthly SO2 Emission Allowance Consumption		\$117,742
19	Monthly ERC & NOx Emission Allowance Consumption		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		\$2,079,176
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,227,641

KENTUCKY POWER COMPANY - 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	\$1,866,728	\$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	749	292,367	\$29,804	\$29,574,404	\$101.155
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power	2,959	425,895	\$117,742	\$32,870,273	\$77.179
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,112,877		\$11,705,515	\$10.518
Expense Month Member Load Ratio for AEP/Kentucky Power					0.07488

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.

ES FORM 3.12

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
ERC and NOx 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
NOx 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 (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.

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

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

ES FORM 3.13

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	\$607,187	
3	Monthly SO2 Allowance Consumption	<u>\$117,742</u>	
4	Total 1997 Plan O&M Expenses		\$757,130
	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>\$992,321</u>
13	Cash Working Capital Allowance (Line 10 X 1/8)		\$124,040

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)	\$86,058		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 22)	\$81,277		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$721,931		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$4,781		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 21)	\$57,372		
6	Muskingum Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$86,058		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$14,343		
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)		\$4,781	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,051,820	\$4,781	\$1,056,601

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)	\$13,368		
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)	478,100	478,100	
17	Fixed O&M Environmental Cost to Kentucky Power	\$607,187	\$0	\$607,187

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>478,100</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 1)	\$86,058

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

For the Expense Month of 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)	478,100
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (18) * (19)	
22	(ES FORM 3.14, Page 1 of 10, Line 2)	\$81,277

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>478,100</u>
26	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$721,931

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

For the Expense Month of 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%	\$0
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>478,100</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$4,781

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

For the Expense Month of May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$43,375,267
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
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	\$21,235
8	Total Operations (Lines 4 thru 7)	\$474,733
	Maintenance :	
9	SCR Maintenance (5120000)	\$477
10	1/2 of Maintenance (8) * 50%	\$239
11	Fixed O&M (8) + (10)	\$474,972
	Total Revenue Requirement,	
12	Cost Associated with Mitchell Plant (3) + (11)	\$1,069,213
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)	478,100
21	Mitchell Plant Environmental Cost to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 5)	\$57,372

ES FORM 3.14
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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)	1.37%
3	Total Rate Base	\$1,460,080
	Operations :	
4	Urea (5020002)	\$132,692
5	Trona (5020003)	\$0
6	Air Emission Fee	\$28,510
7	Total Operations (4) + (5) + (6)	\$161,202
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$161,202
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,621,282
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)	478,100
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$86,058

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

For the Expense Month of May 2007

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$15,262,706
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$209,099
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,368
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)	\$13,368
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$222,467
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)	478,100
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$14,343

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.	(1)	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 I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	95.00%	65.00%	
15		Total Rockport Plant Common and Units 1 & 2	\$18,421	\$122,793	\$148,980	\$290,194
16		Indiana Michigan Power Company Steam Capacity (kw)				5,101,000
17		Rockport Plant (\$/kw) (14) / (15)				\$0.06
18		Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)				6.00%
19		Rockport Plant Costs to Kentucky Power :				\$0.00
20		Rockport Plant Portion (\$/kw) (18)				\$0.00
21		Kentucky Power Capacity Deficit (kw) Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)				478,100
						\$0

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

For the Expense Month of 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)	478,100
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$4,781

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

For the Expense Month of May 2007

LINE NO.	Component	Balances As of 12/31/2006	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)
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 FINANCING	\$32,348,353	3.700%	3.888%		0.14%			0.14%
4	C EQUITY	\$347,841,406	39.790%	10.590%	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.
Appendix C Case No. 2005 - 00341 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. (1)	COST COMPONENT (2)	(3)	Rockport Plant Common (4)	Unit No. 1 (b)	Unit No. 2 (b)	Total Units 1 & 2 (7)	Total (8)
1	Return on Rate Base :						
2	Rockport Plant Continuous Environmental Monitoring System (CEMS) Utility Plant at Original Cost		\$1,776,759	\$5,272,657	\$8,353,084		
3	AEGCo Low NOx Burners (LNB) Installed Cost		(\$626,177)	(\$646,865)	(\$904,866)		
4	Less Accumulated Depreciation		(\$134,231)	(\$637,866)	(\$990,411)		
5	Less Accum. Def. Income Taxes		\$1,016,351	\$3,987,926	\$6,457,807	\$10,445,733	
6	Total Rate Base	12.3398%				1.0283%	
7	Weighted Average Cost of Capital, - ES FORM 3.21		1.0283%			\$107,413	
8	Monthly Weighted Avg. Cost of Capital (LINE 6 / 12)		\$10,451				
9	Monthly Return of Rate Base (Line 5 * Line 7)						
10	Operating Expenses :						
11	Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	
12	Monthly Indiana Air Emissions Fee		\$12,500	\$0	\$0	\$0	
13	Total Operating Expenses (Line 9 + Line 10)		\$17,712			\$39,968	
14	Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 8 + Line 11)		\$28,163			\$147,381	
15	Kentucky Power's Portion of Rockport's CEMS (Line 12 * 15%) 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		\$4,224			\$44,214	\$48,438

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

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	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF	WACC (PRE - TAX)
		As of 05/31/2007						
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							
3	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	9.6861%
6	TOTAL	121,915,695	100.0000%			8.4145%		12.3398%
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)						1.681379	

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

ES FORM 3.30

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of May 2007

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$28,451,204	67.8%
2	FERC Wholesale Revenues	\$478,578	1.1%
3	Associated Utilities Revenues	\$2,964,559	7.1%
4	Non-Assoc. Utilities Revenues	\$10,070,744	24.0%
5	Total Revenues for Surcharges Purposes	\$41,965,085	100.0%
6	Non-Physical Revenues for Month	\$271,951	
7	Total Revenues for Month	\$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
1	Kentucky Retail Surcharge Factor for March 2007	-1.1149%
2	Kentucky Retail Revenues for Current Expense Month	\$23,784,196
3	Surcharge Collected (1) * (2)	(\$265,170)
4	Surcharge Amount To Be Collected	(\$433,979)
5	Over/(Under) Recovery (3) - (4) = (5)	\$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.

INTERCONNECTION AGREEMENT
BETWEEN
APPALACHIAN POWER COMPANY
KENTUCKY POWER COMPANY
OHIO POWER COMPANY
COLUMBUS AND SOUTHERN OHIO ELECTRIC COMPANY *
INDIANA & MICHIGAN ELECTRIC COMPANY
AND WITH
AMERICAN ELECTRIC POWER SERVICE CORPORATION,
AS AGENT

Dated: July 6, 1951, as modified and supplemented by:

Modification No. 1, August 1, 1951
Modification No. 2, September 20, 1962
Modification No. 3, April 1, 1975
Supplement No. 1 to
Modification No. 3, August 1, 1979
Supplement No. 2 to
Modification No. 3, August 27, 1979
Modification No. 4, November 1, 1980 *
Compliance Filing (FERC ordered), Opinion 266,
Docket Nos. ER82-579-006 and EL86-10-001

* Pursuant to Modification No. 4 the terms "Member" and "Members", whenever said terms appear in the 1951 Agreement, shall, on and after the time when Modification No. 4 shall become effective, include Columbus Company.

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0.1 THIS AGREEMENT, made and entered into as of the 11th day of July, 1951 by and between APPALACHIAN POWER COMPANY (Appalachian Company), a Virginia corporation, KENTUCKY POWER COMPANY (Kentucky Company), a Kentucky corporation, OHIO POWER COMPANY (Ohio Company), an Ohio corporation, COLUMBUS AND SOUTHERN OHIO ELECTRIC COMPANY (Columbus Company), an Ohio corporation, INDIANA & MICHIGAN ELECTRIC COMPANY (Indiana Company), an Indiana corporation, said companies (herein sometimes called 'Members' when referred to collectively and 'Member' when referred to individually), being affiliated companies of an integrated public utility electric system, and AMERICAN ELECTRIC POWER SERVICE CORPORATION (Agent), a New York corporation, being a service company engaged solely in the business of furnishing essential services to the aforesaid companies and to other affiliated electric utility companies.

The term "affiliate" shall include American Electric Power Company, Inc., Appalachian Power Company, Columbus and Southern Ohio Electric Company, Indiana & Michigan Electric Company, Kentucky Power Company, Ohio Power Company, Kingsport Power Company, Michigan Power Company, Wheeling Electric Company, and any subsidiaries, direct or indirect, of the foregoing.

W I T N E S S E T H.

T H A T:

0.2 WHEREAS, the Members own and operate electric facilities in the states herein indicated: (i) Appalachian Company in Tennessee, Virginia, and West Virginia, (ii) Kentucky Company in Kentucky, (iii) Ohio Company in Ohio and West Virginia, and (iv) Indiana Company in Indiana and Michigan, and (v) Columbus Company in Ohio, and

0.3 WHEREAS, the Members' electric facilities are now and have been for many years interconnected through their respective transmission facilities at a number of points (hereby designated and hereinafter called "Interconnection Points"), such facilities and the transmission facilities of other affiliated electric utility companies forming an integrated transmission network; and

0.4 WHEREAS, the transmission facilities of each Member are interconnected at a number of points with the transmission facilities of various non-affiliated electric utility companies, and those of Appalachian Company are interconnected with those of Tennessee Valley Authority, (said companies and Tennessee Valley Authority hereinafter sometimes called "Foreign Companies" when referred to collectively and "Foreign Company" when referred to individually; and

0.5 WHEREAS, the Members through cooperation with each other have been successful for some years in achieving substantial economies in the conduct of their business by coordinating the expansion and operation of their power supply facilities; and

0.6 WHEREAS, the Members believe that a fuller realization of the benefits and advantages through coordinated operation of their electric supply facilities will be better assured and more efficiently and economically achieved by having such operation directed and supervised by a centrally located organization skilled in the technique of system operation on a large scale and thoroughly familiar with the power supply facilities of the Members, and that their participation in the coordinated expansion and operation of their facilities will be simplified and facilitated by having such procedures conducted by a single clearing agent; and

0.7 WHEREAS, the Members believe that the Agent designated herein for such purpose is qualified to perform

such services for them.

0.8 NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

PROVISIONS FOR, AND CONTINUITY
OF INTERCONNECTED OPERATION

1.1 Throughout the duration of this agreement the systems of the Members shall be operated in continuous synchronism through each of the various lines interconnecting their respective systems; provided, however, if synchronous operation of the systems through a particular line or lines becomes interrupted because of reasons beyond the control of any Member or because of scheduled maintenance that has been agreed to by the Members, the Members shall cooperate so as to remove the cause of such interruption as soon as practicable and restore the affected line or lines to normal operating condition.

1.2 Each Member shall keep the portions of the lines interconnecting their respective systems, together with all associated facilities and appurtenances, that are located on their respective sides of the Interconnection Points in a suitable condition of repair at all times in order that said lines will operate in a reliable and satisfactory manner and that reduction in their capacity will be avoided.

ARTICLE 2

OPERATING COMMITTEE

2.1 The parties herein shall appoint representatives to act as the "Operating Committee" in cooperation with each other and the Agent in the coordination and operation and/or use

of the electric power sources of or available to the Members and of their transmission and distribution and substation facilities to the end that the advantages to be derived thereunder may be realized to the fullest practicable extent.

2.2 Each Member shall designate in writing delivered to the other Members and Agent, the person who is to act as its representative on said committee and the person or persons who may serve as alternate whenever such representative is unable to act. Agent shall designate in writing delivered to the Members the person who is to act as its representative on said committee. Such person shall act as chairman of the Operating Committee and shall be known as the "Pool Manager". All such representatives or alternates so designated shall be fully authorized to cooperate with the other representatives or alternates in all matters described in this agreement as responsibilities of the Operating Committee.

ARTICLE 3

AGENT'S RESPONSIBILITIES

3.1 For the purpose of carrying out the coordinated operation of the generating and transmission facilities of Members and the most efficient use of the energy produced by them and of other energy available to them, the Members hereby delegate to Agent and Agent hereby accepts the responsibility of supervising and directing such operation and use, and in furtherance thereof Agent agrees as follows; viz:

3.11 To coordinate the operation of the electric power sources of or available to the Members, which include their own generating stations and electric power available to them through interconnection with affiliated companies other than Members and Foreign Companies.

3.12 To arrange for and conduct such meetings of the Operating Committee as may be required to insure the effective and efficient carrying out of all matters of procedure essential to the complete performance of the provisions of this agreement.

3.13 To prepare and collect such log sheets and other records as may be needed to afford a clear history of the electric power and energy supplied under this agreement. Preparation and collection of such log sheets and other record shall be coordinated with similar responsibilities of the Members as provided for under Article 9.

3.14 To render to each Member as promptly as possible after the end of each calendar month a statement setting forth the electric power and energy transactions carried out during such month pursuant to the provisions of this agreement in such detail and with such segregations as may be needed for operating records or for settlements hereunder.

3.15 To make arrangements with Foreign Companies on behalf of the Members for the purchase, sale, or interchange of power and energy between such companies and the Members, such arrangements to be made in addition to similar arrangements to be made under agreements between an individual Member and a Foreign Company and to be made whenever in the judgment of the Members the effecting of matters of operation and contract related thereto can be simplified and their performance facilitated.

3.16 To carry out cash settlements for electric power and energy supplied under this agreement. Settlements by the Members shall be made for each calendar month through an account (hereby designated and hereinafter called "SYSTEM ACCOUNT") to be administered by Agent. Payments to or from such account shall be made to or by Agent as clearing agent of the account. The total of the payments made by Members to the SYSTEM ACCOUNT for a particular month shall be equal to the payments made to the Members from the SYSTEM ACCOUNT for such month.

ARTICLE 4

MEMBERS' OBLIGATIONS AND RIGHTS

4.1 For the purpose of obtaining the most efficient coordinated expansion and operation of their electric power supply facilities the Members hereby agree to operate and utilize their electric power sources under the direction of the Pool Manager in such manner that each Member shall receive at all times sufficient electric power and energy from such sources to meet its specific load obligations.

Each member shall, to the extent practicable, install or have available to it under contract such capacity as is necessary to supply all of the requirements of its own customers.

4.2 The Members agree that their electric power sources, which shall include all the generating stations owned by the Members and all electric power available to them through interconnection with affiliated companies other than Members and Foreign Companies, shall be used as needed to carry the combined load obligations of the Member under the direction of the Pool Manager. Each Member in return shall receive at all times sufficient electric power and energy from such sources to meet the specific load obligations of such Member.

4.3 The Members recognize that in carrying out the interconnected operation of their respective transmission systems as herein provided, electric energy being received by a portion of a particular Member's transmission system from another portion of such system or from the system of another interconnected company, or electric energy being delivered by a portion of a particular Member's transmission system to another portion of such system or to the system of another interconnected company, may flow over the transmission system of another Member. In respect of such flow of electric energy (hereinafter called "Energy Transfer") the Members agree that such Energy Transfer over their respective transmission facilities shall be permitted whenever it occurs, and, except as may be specifically agreed to otherwise by the Members, no Member shall make a charge at any time to another Member to permit such Energy Transfer. Electric power and energy associated with such Energy Transfer, including electrical losses associated therewith, shall be accounted for each clockhour. Proper consideration shall be given to such electrical losses in accordance with the manner determined and agreed upon by the Operating Committee, and such consideration shall be fully in accord with the provisions of LINE LOSS FACTOR as defined under subdivision 5.15 of Article 5.

ARTICLE 5

DEFINITIONS OF LOAD, CAPACITY, AND ENERGY CLASSES
AND RELATED FACTORS ASSOCIATED WITH SETTLEMENTS
FOR POWER SUPPLIED FROM MEMBER'S ELECTRIC POWER SOURCES

5.1 Load, capacity, and energy shall be designated and allocated to various classes for the purposes of effecting settlements under this agreement. Load, capacity, and energy

classes and related factors associated with the settlement for electric power and energy supplied from electric power sources of the Members are defined as follows; viz:

Load

5.2 MEMBER LOAD OBLIGATION - A Member's internal load plus any firm power sales to Foreign Companies and to affiliated companies other than Members. Principally characterized by the Member assuming the load obligation as its own firm power commitment and by the Member retaining advantages accruing from meeting the load.

5.3 SYSTEM LOAD OBLIGATION - Load obligation shared proportionately by the Members where one Member or Agent will act as Agent of the Members in meeting the commitment; principally characterized by the load not being considered as a part of any MEMBER LOAD OBLIGATION.

(Examples of SYSTEM LOAD OBLIGATIONS are electric power and energy deliveries made to Foreign Companies under emergency and storage power arrangements with such companies.)

5.4 MEMBER DEMAND - MEMBER LOAD OBLIGATION determined on a clock-hour integrated kilowatt basis.

5.5 MEMBER MAXIMUM DEMAND - The MEMBER MAXIMUM DEMAND in effect for a calendar month for a particular Member shall be equal to the maximum MEMBER DEMAND experienced by said Member during the twelve consecutive calendar months next preceding such calendar month.

5.6 MEMBER LOAD RATIO - The ratio of a particular Member's MEMBER MAXIMUM DEMAND in effect for a calendar month to the sum of the five MEMBER MAXIMUM DEMANDS in effect for such month.

Capacity

5.7 MEMBER PRIMARY CAPACITY - The aggregate capacity of the electric power sources of a particular Member, in Kilowatts, that is normally expected to be available to carry load. Such capacity shall include (i) the capacity installed at the generating stations owned by the Member and (ii) the capacity available to that Member through inter-connection arrangements with affiliated companies or Foreign Companies, if so designated by the Operating Committee with the approval of the Members.

5.7.1 All determinations by the Operating Committee pursuant to (ii) of Section 5.7 with respect to purchases of capacity from non-affiliated companies shall take into account, but shall not be limited to, the following circumstances and considerations: (1) the term during which such capacity will be available, a commitment from a reliable source of power and energy for at least five years being normally regarded as appropriate for inclusion as a capacity source of a particular Member, with purchases of a short or intermediate duration being normally regarded as System purchases under Article 7; (2) whether the availability of the purchased capacity will be comparable to the availability of the installed primary capacity of the Members, although the Operating Committee may make adjustments in the quantity of purchased capacity to be included as Member Primary Capacity to give effect to any disparity in the availability of such purchased capacity; (3) the need on the part of a Member with a Member Primary Capacity deficit of an extended nature to

rectify or alleviate such deficit and the interest of all Members in maintaining an equalization among the Members of capacity resources over a period of time.

5.7.2 In the event that arrangements are made hereunder for any Member to make capacity available to an affiliated company or to a Foreign Company through the sale by such Member, for its own account, of unit capacity or other non-firm capacity, the amount of the capacity so sold shall be excluded from the Primary Capacity of such Member.

5.8 SYSTEM PRIMARY CAPACITY - The sum of the MEMBER PRIMARY CAPACITY of all the Members..

5.9 MEMBER PRIMARY CAPACITY RESERVATION - SYSTEM PRIMARY CAPACITY multiplied by the MEMBER LOAD RATIO of a particular Member.

5.10 MEMBER PRIMARY CAPACITY SURPLUS - Difference between the MEMBER PRIMARY CAPACITY and MEMBER PRIMARY CAPACITY RESERVATION of a particular Member, when such MEMBER PRIMARY CAPACITY exceeds such MEMBER PRIMARY CAPACITY RESERVATION.

5.11 MEMBER PRIMARY CAPACITY DEFICIT - Difference between the MEMBER PRIMARY CAPACITY and MEMBER PRIMARY CAPACITY RESERVATION of a particular Member, when such MEMBER PRIMARY CAPACITY is less than such MEMBER PRIMARY CAPACITY RESERVATION.

Energy

5.12 POOL - Electric energy delivered by one Member, from its MEMBER PRIMARY CAPACITY, to another Member shall be considered to be energy delivered to the POOL by the former Member and received from the POOL by the latter Member.

Electric energy delivered by a Foreign Company to a Member, other than energy associated with a Member's MEMBER PRIMARY CAPACITY, shall be considered to be energy delivered to the POOL. Electric energy delivered by a Member to a Foreign Company to meet a SYSTEM LOAD OBLIGATION shall be considered to be energy delivered by the POOL to the Foreign Company.

5.13 PRIMARY ENERGY - Electric energy delivered to the POOL from the MEMBER PRIMARY CAPACITY of a particular Member to meet another Member's deficiency in capacity. The deficiency may be caused by one or both of two reasons, the total MEMBER PRIMARY CAPACITY of a particular Member may not be great enough to meet its MEMBER LOAD OBLIGATION or a Member may have a portion of its MEMBER PRIMARY CAPACITY out of service for maintenance and the remainder may not be great enough to meet its MEMBER LOAD OBLIGATION.

5.14 ECONOMY ENERGY - Electric energy delivered to the POOL from the MEMBER PRIMARY CAPACITY of a particular Member to displace energy that otherwise would be supplied by less efficient MEMBER PRIMARY CAPACITY of another Member to meet its MEMBER LOAD OBLIGATION.

5.15 LINE LOSS FACTOR - The transmission electrical loss factor to be applied for settlement purposes to a particular metered quantity of energy delivered to the POOL by a Member. The Operating Committee shall determine and agree upon the LINE LOSS FACTOR required, such determinations to be governed by the understanding that the Member receiving such energy shall bear the entire loss caused in transmitting such energy over the facilities of the delivering Member and over the facilities of any other party whose system may be used for such delivery.

ARTICLE 6

SETTLEMENTS FOR POWER AND ENERGY
SUPPLIED FROM MEMBER'S ELECTRIC POWER SOURCES

6.1 As promptly as practicable following the end of each month (all references to month mean calendar month), for electric power and energy supplied under this agreement during such month from SYSTEM PRIMARY CAPACITY, the Members shall carry out cash settlements through the SYSTEM ACCOUNT in accordance with the following; viz:

Primary Capacity Equalization Charge

6.2 For each kilowatt of MEMBER PRIMARY CAPACITY SURPLUS each Member having such surplus during any month shall receive payment from the SYSTEM ACCOUNT at a rate per kilowatt per month equal to the MEMBER PRIMARY CAPACITY INVESTMENT RATE plus the MEMBER PRIMARY CAPACITY FIXED OPERATING RATE, as hereinbelow defined, applicable to the particular surplus.

6.21. The MEMBER PRIMARY CAPACITY INVESTMENT RATE chargeable against the SYSTEM ACCOUNT for any calendar month by a particular Member shall be equal to the product of (A) the MEMBER WEIGHTED AVERAGE INVESTMENT COST, determined pursuant to subdivision 6.211 below, and (B) the MONTHLY CARRYING CHARGE FACTOR, determined pursuant to subdivision 6.212 below.

6.211 The MEMBER WEIGHTED AVERAGE INVESTMENT COST shall be equal to the ratio of (i) the total installed cost of production plant of the generation stations, other than hydro, classified as part of a particular Member's MEMBER PRIMARY CAPACITY to (ii) the total kilowatt capability of such generating stations. The total installed cost of production plant used in the

determination of the MEMBER WEIGHTED AVERAGE COST, as described above, shall be the total cost of such plant for the aforesaid generating stations included, as of the end of the next preceding year, in Accounts 310 to 316, inclusive, Accounts 320 to 325, inclusive and Accounts 340 to 346, inclusive, of the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for Public Utilities and Licensees, as in effect on January 1, 1975.

6.212 The MONTHLY CARRYING CHARGE FACTOR shall be 0.0137, or such larger amount as shall be established by order of the Federal Energy Regulatory Commission issued upon rehearing or reconsideration of its Opinion No. 50, issued July 27, 1979 in Docket No. E-9408.

6.22 The MEMBER PRIMARY CAPACITY FIXED OPERATING RATE chargeable against the SYSTEM ACCOUNT for any calendar month by a particular Member shall be equal to the weighted average fixed operating cost as hereinbelow defined, incurred by said Member during such month. Such weighted average fixed operating cost for purposes hereof shall be equal to the ratio of the fixed operating expense, i.e., the total production expenses minus the fuel and one-half of the maintenance expenses, incurred by a particular Member during a month at the generating stations other than hydro, classified as a part of its MEMBER PRIMARY CAPACITY to the total kilowatt capability of such generating stations.

6.3 For each kilowatt of MEMBER PRIMARY CAPACITY DEFICIT, any Member having such deficit during any month shall make payment into the SYSTEM ACCOUNT at a rate per kilowatt per month equal to the total payments from the SYSTEM ACCOUNT during any such month, determined pursuant to subdivision 6.2 above, divided

by the total kilowatts of MEMBER PRIMARY CAPACITY DEFICITS for such month.

Primary Energy Charge

6.4 For PRIMARY ENERGY delivered to the POOL during any month by any Member, the Member so delivering such energy shall receive payment from the SYSTEM ACCOUNT at a rate per kilowatt-hour equal to said Member's MEMBER PRIMARY ENERGY RATE, as hereinbelow defined, for such month. The MEMBER PRIMARY ENERGY RATE chargeable against the SYSTEM ACCOUNT for any month by said Member shall be equal to the Member's weighted average variable production cost, as hereinbelow defined, for such month. Such weighted average variable production cost for purposes hereof shall be equal to the ratio of the sum of the fuel and one-half of the maintenance expenses incurred by said Member during a month at the generating stations other than hydro, classified as part of such Member's MEMBER PRIMARY CAPACITY to the total kilowatt-hours of net generation at said generating stations during such month.

6.5 For PRIMARY ENERGY received from the POOL during any month by any Member, said Member shall make payment into the SYSTEM ACCOUNT for energy so received at a rate per kilowatt-hour equal to the MEMBER PRIMARY ENERGY RATE payable from the SYSTEM ACCOUNT to the other Members for such month for such PRIMARY ENERGY. The rate applicable to such PRIMARY ENERGY shall be determined from clock-hour records to be kept by Agent as provided under Article 3. Such records shall indicate the receiving Member and supplying Member for each kilowatt-hour classified as PRIMARY ENERGY.

Economy Energy Charge

6.6 For ECONOMY ENERGY delivered to the POOL during any

month the Member delivering such energy shall receive payment from and the Member receiving such energy shall make payment to the SYSTEM ACCOUNT at the ECONOMY ENERGY RATE, as hereinbelow defined, applicable to the energy so delivered and received. The ECONOMY ENERGY RATE applicable to a particular kilowatt-hour of ECONOMY ENERGY shall be equal to the out-of-pocket cost of delivering said kilowatt-hour to the POOL plus one-half the difference between such cost and the out-of-pocket cost of generation avoided by the Member receiving such energy. Said kilowatt-hour shall be considered to be supplied from the highest cost source carrying load to meet MEMBER LOAD OBLIGATIONS of the supplying Member, excluding sources operated for minimum operating requirements, and its out-of-pocket cost shall include fuel expense and an appropriate portion of maintenance expense of generating facilities. The cost of generation avoided by the Member receiving said kilowatt-hour of ECONOMY ENERGY shall be considered to be the out-of-pocket cost that would be experienced if said kilowatt-hour were not delivered and its equivalent generated upon the most efficient operable unloaded generation of the receiving Member. Such out-of-pocket cost shall include cost of fuel and an appropriate portion of maintenance expense of generating facilities. The appropriate portion of maintenance expense allocable to the out-of-pocket cost of the supplying Member and to the avoided cost of the receiving Member shall be determined and agreed upon by the Operating Committee.

System Primary Energy Rate

6.7 Settlements for various classes of electric power and energy delivered under transactions with Foreign Companies shall

include the use of a rate referred to as SYSTEM PRIMARY ENERGY RATE. For purposes of this agreement, the SYSTEM PRIMARY ENERGY RATE chargeable for any month shall be equal to the weighted average variable operating cost, as hereinbelow defined, incurred during such month at the generating stations, other than hydro, classified as part of the SYSTEM PRIMARY CAPACITY. Such weighted average variable operating cost for purposes hereof shall be equal to the ratio of the variable production expenses, i.e., the fuel and one-half of the maintenance expenses, incurred during a month at the generating stations, other than hydro, classified as part of the SYSTEM PRIMARY CAPACITY to the total kilowatt-hours of net generation generated at said generating stations during such month.

ARTICLE 7

TRANSACTIONS WITH FOREIGN COMPANIES

7.1 As promptly as practicable following the end of each month, cash settlements by the Members through the SYSTEM ACCOUNT for power transactions carried out in their behalf with Foreign Companies during such month shall be effected in accordance with the principles and procedures provided therefor under this Article 7. Any sale of power included in a Member's MEMBER LOAD OBLIGATION and any purchase of power included in a Member's MEMBER PRIMARY CAPACITY shall be excluded from such transactions. All other types of transactions carried out by any Member or on behalf of the Members with any Foreign Company shall be considered a transaction made on behalf of the collective interest of the Members. Costs and benefits associated with such transactions shall be shared proportionately as hereinbelow provided.

Settlement For Power And Energy
Purchases From Foreign Companies

Power and Energy Purchases
Other than Economy Energy

7.2 Definitions of billing factors required for settlements by the Members through the SYSTEM ACCOUNT for electric power and energy, other than ECONOMY ENERGY PURCHASE from any Foreign Company shall be as follows; viz:

7.21 SYSTEM PURCHASE FROM FOREIGN COMPANY - All energy purchased from a Foreign Company either by a particular Member or by the Members collectively through arrangements made on their behalf by Agent, except ECONOMY ENERGY or such energy as may be purchased to meet a SYSTEM LOAD OBLIGATION (settlement for energy so purchased that is supplied to another Foreign Company is provided for under subdivisions 7.5 and 7.7 below.)

7.22 MEMBER RESERVATION OF SYSTEM PURCHASE FROM FOREIGN COMPANY - For a month, the SYSTEM PURCHASE FROM FOREIGN COMPANY multiplied by the MEMBER LOAD RATIO of a particular Member.

7.23 MEMBER ENTITLEMENT OF SYSTEM PURCHASE FROM FOREIGN COMPANY - For a month, when the quantity of the MEMBER RESERVATION OF SYSTEM PURCHASE FROM FOREIGN COMPANY for a particular Member exceeds such quantity of energy delivered to said Member by the Foreign Company, the difference between such quantities is the MEMBER ENTITLEMENT OF SYSTEM PURCHASE FROM FOREIGN COMPANY of

said Member for such month.

7.24 MEMBER OBLIGATION OF SYSTEM PURCHASE FROM FOREIGN COMPANY - For a month, when the quantity of the MEMBER RESERVATION OF SYSTEM PURCHASE FROM FOREIGN COMPANY for a particular Member is less than such quantity of energy delivered to said Member by the Foreign Company, the difference between such quantities is the MEMBER OBLIGATION OF SYSTEM PURCHASE FROM FOREIGN COMPANY of said Member for such month.

7.25 MEMBER DEFICIT OF SYSTEM PURCHASE FROM FOREIGN COMPANY - For a month, when the quantity of the MEMBER OBLIGATION OF SYSTEM PURCHASE FROM FOREIGN COMPANY for a particular Member exceeds the quantity of kilowatt-hours of SYSTEM PURCHASE from FOREIGN COMPANY delivered to the POOL by the Member, the difference between such quantities is the MEMBER DEFICIT OF SYSTEM PURCHASE FROM FOREIGN COMPANY of said Member for such month.

7.26 MEMBER SURPLUS OF SYSTEM PURCHASE FROM FOREIGN COMPANY - For a month, when the quantity of the MEMBER ENTITLEMENT OF SYSTEM PURCHASE FROM FOREIGN COMPANY for a particular Member exceeds the quantity of kilowatt-hours of SYSTEM PURCHASE FROM FOREIGN COMPANY received from the POOL by said Member, the difference between such quantities is the MEMBER SURPLUS OF SYSTEM PURCHASE FROM FOREIGN COMPANY of said Member for such month.

7.3 To effect a proportionate sharing of the cost of any SYSTEM PURCHASE FROM FOREIGN COMPANY, purchases so made from each Foreign Company shall be treated separately as follows:

7.31 At the end of each month, from data supplied by the Members, Agent shall determine the cost of SYSTEM PURCHASE FROM FOREIGN COMPANY.

7.22 The total cost so determined multiplied by the [MEMBER] LOAD RATIO of a particular Member shall be the gross amount chargeable to said Member.

7.33 If a particular Member has established a MEMBER DEFICIT OF SYSTEM PURCHASE FROM FOREIGN COMPANY, the adjusted gross amount chargeable to the Member shall equal the sum of the gross amount determined under subdivision 7.32 above plus the amount chargeable to the Member for the MEMBER DEFICIT OF SYSTEM PURCHASE FROM FOREIGN COMPANY. The rate applicable to such deficit shall be the SYSTEM PRIMARY ENERGY RATE determined for the particular month.

7.34 If a particular Member has established a MEMBER SURPLUS OF SYSTEM PURCHASE FROM FOREIGN COMPANY, the adjusted gross amount chargeable to the Member shall equal the difference between the gross amount determined under subdivision 7.32 above and the amount to be credited to the Member for the MEMBER SURPLUS OF SYSTEM PURCHASE FROM FOREIGN COMPANY. The rate applicable to such surplus shall be the SYSTEM PRIMARY ENERGY RATE determined for the particular month.

7.35 If the adjusted gross amount chargeable to a particular Member for any month as determined under either subdivisions 7.33 or 7.34 is greater than the payment made by said Member to the Foreign Company for the SYSTEM

PURCHASE FROM FOREIGN COMPANY, said Member shall make payment into the SYSTEM ACCOUNT of the difference between such amount and payment. Conversely, if the amount so determined for a particular Member is less than the Member's aforesaid payment to the Foreign Company, such Member shall receive payment from the SYSTEM ACCOUNT of the difference between such amount and such payment to the Foreign Company.

Economy Energy Purchases

7.4 Settlement by the Members through the SYSTEM ACCOUNT for ECONOMY ENERGY PURCHASE from a Foreign Company shall be governed by the principle that the saving in production expense realized by the System (the term "System" as used in this agreement refers to the electric facilities of the Members viewed as a unit) shall be shared by the Members in proportion to their respective MEMBER LOAD RATIOS.

(The following illustrates the application of the principle and procedure for effecting such settlements:

It is assumed that Appalachian Company has purchased a block of ECONOMY ENERGY PURCHASE at a rate of 1.00 mill per kilowatt-hour which has displaced generation at Twin Branch Station of Indiana Company; the production expense saving to Indiana Company being 2.00 mills per kilowatt-hour.

Charges payable to and credits payable from the SYSTEM ACCOUNT for such energy shall be at the following rates: (1) pay Appalachian Company at a rate per kilowatt-hour equal to the sum of 1.00 mill plus the product of 2.00 mills times Appalachian Company's MEMBER LOAD RATIO, (2) pay Ohio Company at a rate per kilowatt-hour equal to the product of 2.00 mills times Ohio Company's MEMBER LOAD RATIO, and (3) charge Indiana Company at a rate per kilowatt-hour equal to the sum of 1.00 mill plus the product of 2.00 mills times the sum of Appalachian Company's and Ohio Company's MEMBER LOAD RATIOS.)

For the purpose of this agreement, the cost of generation avoided by the System in receiving a kilowatt-hour of ECONOMY ENERGY PURCHASE shall be considered to be the out-of-pocket

cost, i.e., fuel expense and an appropriate portion of maintenance expense of generating facilities that would be experienced if said kilowatt-hour were not delivered and its equivalent generated upon the most efficient operable unloaded generation of the System. The appropriate portion of maintenance expense allocable to the out-of-pocket cost of such generating facilities shall be determined and agreed upon by the Operating Committee.

Settlement for Power Sales to Foreign Companies

7.5 Settlement by the Members through the SYSTEM ACCOUNT for electric power and energy sales to Foreign Companies shall be governed by the principle that the difference between the amount charged a Foreign Company for the power and energy supplied under such a sale and the production expenses, i.e., out-of-pocket costs incurred by the System in making such supply, shall be shared by the Members in proportion to the respective MEMBER LOAD RATIOS. Electric Power and energy for such sales shall be considered to be supplied from the higher cost of the following two sources: (1) from the highest cost source carrying load on the System, excluding sources operated for minimum operating requirements, or (2) the highest cost source supplying power to the System under arrangements with Foreign Companies.

(The following illustrates the application of the principles and procedures for effecting such settlements:

It is assumed that Indiana Company has sold a block of energy at a rate of 4.00 mills per kilowatt-hour which has been supplied by carrying a block of load that would not otherwise be carried at Philo Station of Ohio Company, the out-of-pocket cost incurred by Ohio Company being 3.00 mills per kilowatt-hour.

Charges payable to and credits payable from the SYSTEM ACCOUNT for such energy would be at the following rates: (1) charge

Indiana Company at a rate per kilowatt-hour equal to the sum of 3.00 mills plus the product of 1.00 mill times the sum of Appalachian Company's and Ohio Company's MEMBER LOAD RATIOS, (2) pay Ohio company at a rate per kilowatt-hour equal to the sum of 3.00 mills and the product of 1.00 mill times Ohio Company's MEMBER LOAD RATIO, and (3) pay Appalachian Company at a rate per kilowatt-hour equal to the product of 1.00 mill times Appalachian Company's MEMBER LOAD RATIO.)

Settlement For Power and Energy Received Under
Interchange Arrangements With Foreign Companies

Power and Energy Received other
than Interchange Economy Energy

7.6 Definitions of billing factors required for settlements by the Members through the SYSTEM ACCOUNT for electric power and energy received, other than INTERCHANGE ECONOMY ENERGY, from any Foreign Company under interchange arrangements which require no cash settlements shall be as follows; vizi:

7.61 SYSTEM INTERCHANGE FROM FOREIGN COMPANY - All energy received from Foreign Company by either a particular Member or by the Members collectively through arrangements made on their behalf by Agent, which requires no cash settlement, except INTERCHANGE ECONOMY ENERGY.

7.62 MEMBER RESERVATION OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY - For a month, the SYSTEM INTERCHANGE FROM FOREIGN COMPANY multiplied by the MEMBER LOAD RATIO of a particular Member.

7.63 MEMBER ENTITLEMENT OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY - For a month, when the quantity of the MEMBER RESERVATION OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY for a particular Member exceeds the quantity of such energy delivered to the Member by the Foreign Company, the difference between such quantities is the MEMBER ENTITLEMENT OF SYSTEM

INTERCHANGE FROM FOREIGN COMPANY of such Member for such month.

7.64 MEMBER OBLIGATION OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY - For a month, when the quantity of the MEMBER RESERVATION OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY for a particular Member is less than the quantity of such energy delivered to the Member by the Foreign Company, the difference between such quantities is the MEMBER OBLIGATION OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY of said Member for such month.

7.65 MEMBER DEFICIT OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY - For a month, when the quantity of the MEMBER OBLIGATION OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY for a particular Member exceeds the quantity of kilowatt-hours of SYSTEM INTERCHANGE FROM FOREIGN COMPANY delivered to the POOL by said Member, the difference between such quantities is the MEMBER DEFICIT OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY of said Member for such month.

7.66 MEMBER SURPLUS OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY - For a month, when the quantity of the MEMBER ENTITLEMENT OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY for a particular Member exceeds the quantity of kilowatt-hours of SYSTEM INTERCHANGE FROM FOREIGN COMPANY received from the POOL by said Member, the difference between such quantities is the MEMBER SURPLUS OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY of said Member for such month.

7.7 To effect a proportionate sharing of the benefits of SYSTEM INTERCHANGE FROM FOREIGN COMPANY, electric energy so received from each Foreign Company shall be treated separately as follows:

7.71 If a particular Member has established a MEMBER DEFICIT OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY, said Member shall make payment into the SYSTEM ACCOUNT for the kilowatt-hours of such deficit at the SYSTEM PRIMARY ENERGY RATE determined for the particular month.

7.72 If a particular Member has established a MEMBER SURPLUS OF SYSTEM INTERCHANGE FROM FOREIGN COMPANY, said Member shall receive payment from the SYSTEM ACCOUNT for the kilowatt-hours of such surplus at the SYSTEM PRIMARY ENERGY RATE determined for the particular month.

Interchange Economy Energy

7.8 The principles described under subdivision 7.4 above for the settlement of ECONOMY ENERGY PURCHASE shall also govern the settlements by the Members through the SYSTEM ACCOUNT for INTERCHANGE ECONOMY ENERGY received from a Foreign Company. It shall be assumed for the purpose of such settlement that payment to the Foreign Company for INTERCHANGE ECONOMY ENERGY was made at a rate of zero mills per kilowatt-hour.

Settlements For Power Delivered Under Interchange Arrangements With Interconnected Foreign Companies

7.9 Settlement hereunder for electric power and energy (hereinafter called "SYSTEM INTERCHANGE TO FOREIGN COMPANY") delivered to any Foreign Company under interchange arrangements with either a particular Member or with the Members collectively through arrangements made on their behalf by Agent, which require no cash settlements, will be governed by the principle that the production expenses, i.e., out-of-pocket costs incurred by the System in making such deliveries, shall be shared by the

Members in proportion to their respective MEMBER LOAD RATIOS.

(The following illustrates the application of the principle and procedure for effecting such settlements:

It is assumed that Appalachian Company has delivered a block of SYSTEM INTERCHANGE TO FOREIGN COMPANY which has been supplied by carrying a block of load that would not otherwise be carried at Windsor Station of Ohio Company; the out-of-pocket cost incurred by Ohio Company being 3.50 mills per kilowatt-hour.

Charges payable to and credits payable from the SYSTEM ACCOUNT for such energy shall be at the following rates: (1) charge Appalachian Company and Indiana Company at rates per kilowatt-hour equal to the product of 3.50 mills per kilowatt-hour and their respective MEMBER LOAD RATIOS, and (2) pay Ohio Company at a rate equal to the sum of the rates charged Appalachian Company and Indiana.)

As described under subdivision 7.5 above, electric power and energy for sales to Foreign Companies shall be considered to be supplied from the higher cost of the following two sources: (1) from the highest cost source carrying load on the System, excluding sources operated for minimum operating requirements, or (2) the highest cost source supplying electric power and energy to the System under arrangements with Foreign Companies. Similarly, following the determination and designation of such source for the aforesaid sales, electric power and energy for SYSTEM INTERCHANGE TO FOREIGN COMPANY deliveries shall be considered to be supplied from the higher cost of the balance of said two sources.

ARTICLE 8

DELIVERY POINTS, METERING POINTS AND METERING

Delivery Points

8.1 All electric energy delivered under this agreement shall be of the character commonly known as three-phase sixty-cycle energy, and shall be delivered at the various Interconnection

Points where the transmission systems of the Members are interconnected at the nominal unregulated voltage designated for such points, and at such other points and voltages as may be determined and agreed upon by the Members.

Metering Points

8.2 Electric power and energy supplied and delivered by one Member to another Member shall be measured by suitable metering equipment to be provided, owned, and maintained by the Members at such metering points as are determined and agreed upon by them.

Metering

8.3 Suitable metering equipment at metering points as provided under subdivision 8.2 above shall include electric meters which shall give for each direction of flow the following quantities (1) an automatic record for each clock-hour of kilowatt-hours and (2) a continuous integrating record of the kilowatt-hours.

8.4 Measurements of electric energy for the purpose of effecting settlements under this agreement shall be made by standard types of electric meters, installed and maintained by the owner at the metering points as provided under subdivision 8.2 above. The timing devices of all meters having such devices shall be maintained in time synchronism as closely as practicable. The meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be tested or adjusted. For the purpose of checking the records of the metering equipment installed by any Member as hereinabove provided, the other Members shall have the right to install check metering equipment at the aforesaid metering points. Metering equipment so installed by

one Member on the premises of another Member shall be owned and maintained by the Member installing such equipment. Upon termination of this agreement the Member owning such metering equipment shall remove it from the premises of the other Member. Authorized representatives of any Member shall have access at all reasonable hours to the premises where the meters are located and to the records made by the meters.

8.5 The aforesaid metering equipment shall be tested by the owner at suitable intervals and its accuracy of registration maintained in accordance with good practice. On request of any Member, special tests shall be made at the expense of the Member requesting such special test.

8.6 If on any test of metering equipment, an inaccuracy shall be disclosed exceeding two percent, the account between the Members for service theretofore delivered shall be adjusted to correct for the inaccuracy disclosed over the shorter of the following two periods: (1) for the thirty-day period immediately preceding the day of the test or (2) for the period that such inaccuracy may be determined to have existed. Should the metering equipment as hereinabove provided fail to register at any time, the electric power and energy delivered shall be determined from the check meters, if installed, or otherwise shall be determined from the best available data.

ARTICLE 9

RECORDS AND STATEMENTS

9.1 In addition to meter records to be kept by the Members as provided under Article 8, the Members shall keep in duplicate such log sheets and other records as may be needed to afford a clear history of the various deliveries of electric power and energy made pursuant to the provisions of this agreement. The

originals of log sheets and other records shall be retained by the Member keeping the records and the duplicates shall be delivered as determined and agreed upon by the Operating Committee.

ARTICLE 10

TAXES

10.1 If at any time during the duration of this agreement, there should be levied and/or assessed against any Member any tax by any taxing authority in respect of the electric power and energy generated, purchased, sold, imported, transmitted, interchanged, or exchanged by said Member in addition to or different from the forms of such taxes now being levied or assessed against said Member, or there should be any increase or decrease in the rate of such existing or future taxes, and such taxes or changes in such taxes should result in increasing or decreasing the cost to said Member in carrying out the provisions of this agreement, then in such event adjustments shall be made in the rates and charges for electric power and energy furnished hereunder to make allowance for such taxes and changes in such taxes in an equitable manner.

ARTICLE 11

BILLINGS AND PAYMENTS

11.1 All bills for amounts owed hereunder shall be due and payable on the twentieth day of the month next following the monthly or other period to which such bills are applicable; or on the fifteenth day following receipt of bill, whichever date be later. Interest on unpaid amounts shall accrue at the rate of six percent per annum from the date due until the date upon which payment is made. Unless otherwise agreed upon a

calendar month shall be the standard monthly period for the purpose of settlements under this agreement.

ARTICLE 12

MODIFICATION

12.1 Any Member, by written notice given to the other Members and Agent not less than ninety days prior to the beginning of any calendar year of the duration of this agreement, may call for a reconsideration of the terms and conditions herein provided. If such reconsideration is called for, there shall be taken into account any changed conditions, any results from the application of said terms and conditions, and any other factors that might cause said terms and conditions to result in an inequitable division of the benefits of interconnected operation or in an inadequate realization of such benefits. Any modification in terms and conditions agreed to by the Members following such reconsideration shall become effective the first day of January of the calendar year next following the aforesaid ninety-day notice period.

ARTICLE 13

DURATION OF AGREEMENT

13.1 This agreement shall become effective August 1, 1951, and shall continue in effect for an initial period expiring December 31, 1971, and thereafter for successive periods of one year each until terminated as provided under subdivision 13.2 below.

13.2 Any Member upon at least three years' prior written notice to the other Members and Agent may terminate this agreement at the expiration of said initial period or at the expiration of any successive period of one year.

ARTICLE 14

TERMINATION OF EXISTING AGREEMENTS

14.1 Upon their joint execution of this agreement Appalachian Company and Ohio Company agree that the inter-connection agreements between them dated November 28, 1930, and September 1, 1936, respectively, and all supplements and amendments thereto, shall terminate as of July 31, 1951, and that all further obligations between them in respect thereof shall cease and terminate as of such date, except in respect of any payments or liabilities incurred in respect thereof prior to such termination date.

14.2 Upon their joint execution of this agreement Indiana Company and Ohio Company agree that the interconnection agreements between them, dated October 15, 1930, and September 1, 1936, respectively, and all supplements and amendments thereto, shall terminate as of July 31, 1951, and that all further obligations between them in respect thereof shall cease and terminate as of such date, except in respect of any payments or liabilities incurred in respect thereof prior to such termination date.

ARTICLE 15

REGULATORY AUTHORITIES

15.1 This agreement is made subject to the jurisdiction of any governmental authority or authorities having lawful jurisdiction in the premises.

ARTICLE 16

ASSIGNMENT

16.1 This agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties.

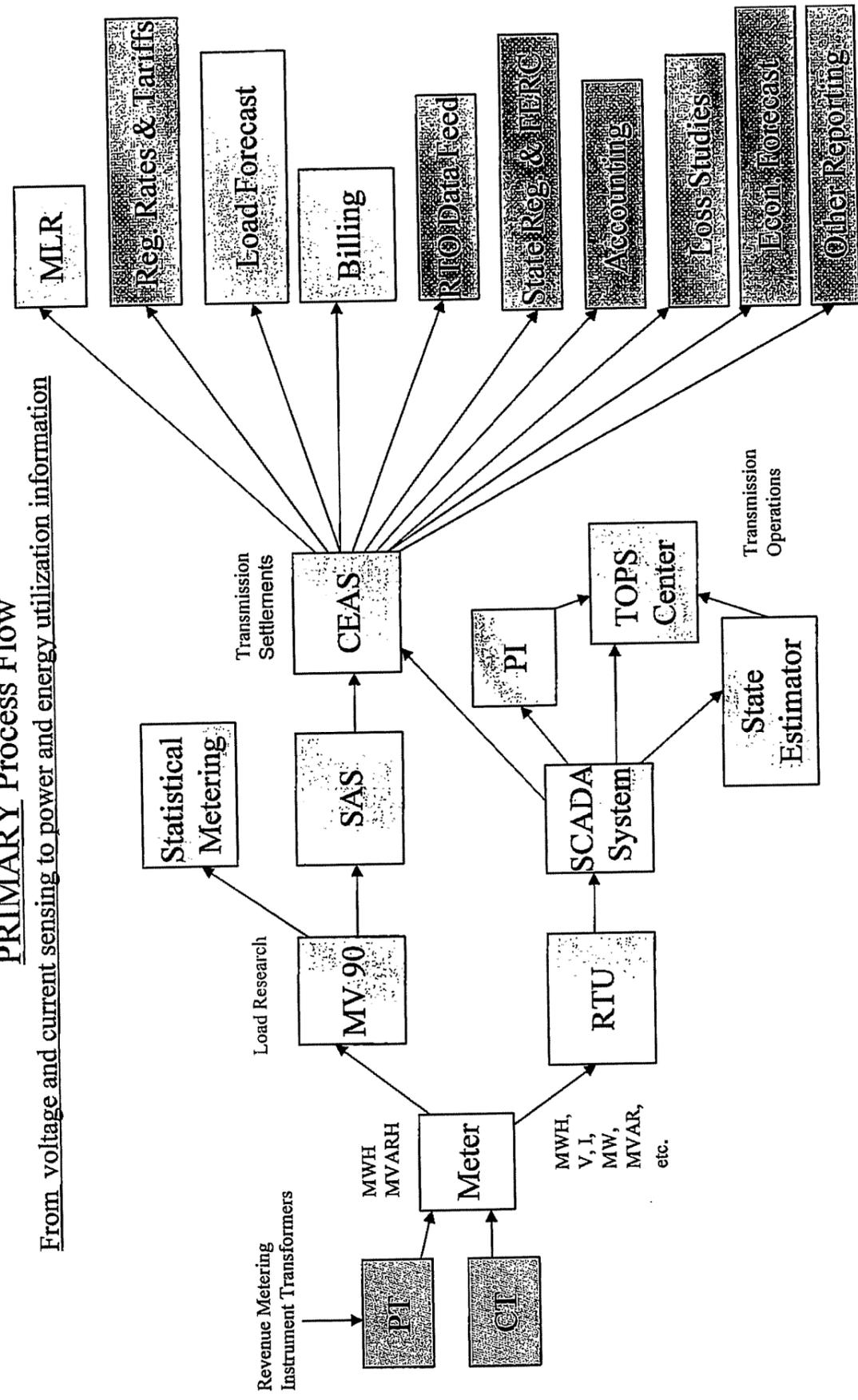
16.2 IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed in their respective corporate names and on their behalf by their proper officers thereunto duly authorized as of the day and year first above written.

(The numerous pages of the various signatories to the original Agreement and subsequent modifications thereto, are omitted herein.)

Intracompany and State Line Metering

PRIMARY Process Flow

From voltage and current sensing to power and energy utilization information



COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY)
POWER COMPANY FOR THE SIX-MONTH) CASE NO. 2007-00381
BILLING PERIODS ENDING JUNE 30, 2006 AND)
DECEMBER 31, 2006, AND FOR THE TWO-YEAR)
BILLING PERIOD ENDING JUNE 30, 2007)**

KENTUCKY POWER COMPANY

RESPONSES TO COMMISSION STAFF'S FIRST SET OF DATA REQUESTS

October 24, 2007

Kentucky Power Company

REQUEST

Prepare a summary schedule showing the calculations $E(m)$ and the surcharge factor for the expense months covered by the applicable billing period. Use ES Form 1.00 as a model for this summary. Include the expense months for the two expense months subsequent to the billing period in order to show the over- and under-recovery adjustments of the months included for the billing period under review. Include a calculation of any additional over- or under-recovery amount Kentucky Power believes needs to be recognized for each 6-month review or 2-year review. Include all supporting calculations and documentation for any such additional over- or under-recovery. Kentucky Power's calculations should recognize the Commission's decision in Case No. 2006-00128 concerning the recovery of costs associated with surcharge reporting errors applicable to seven expense months that are included in the current review case.

RESPONSE

The Company is not proposing any adjustments to the billing periods under review. As set out in more detail in my testimony, the Company is proposing an adjustment to the May 2007 actual expenses, which are reflected in the July 2007 billing period. The July 2007 billing period is outside the period under review. Kentucky Power is seeking authority to make the adjustments to the customers' December 2007 bills.

WITNESS: Errol K Wagner

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

As Originally Filed

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

LINE	Description	Billing Dates											
		Case No 2002-00169											
LINE 1	CRR from ES FORM 3.00	\$1,849,006	\$1,268,330	\$1,667,049	\$2,844,388	\$2,736,720	\$2,933,159	\$2,261,347	\$2,395,704	\$2,607,122	\$2,654,872		
LINE 2	Brr from ES FORM 1.10	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,833,221	\$1,252,545	\$1,651,264	\$2,828,603	\$2,720,935	\$2,917,374	\$2,245,562	\$2,380,919	\$2,591,337	\$2,619,087		
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	68.2%	66.6%	63.6%	64.6%	67.7%	67.7%	64.0%	66.2%	67.8%	67.8%	75.3%	
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,250,256	\$859,246	\$1,050,204	\$1,827,278	\$1,842,073	\$1,975,062	\$1,437,160	\$1,576,168	\$1,756,926	\$1,972,173		
LINE 6	Over/(Under) Recovery Adjustment from ES FORM 3.30	\$293,256	\$228,952	\$223,742	(\$43,922)	(\$246,177)	(\$246,177)	\$14,434	\$208,172	\$208,699	(\$384,343)		
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,543,512	\$1,088,198	\$1,273,946	\$1,783,356	\$1,595,896	\$1,728,885	\$1,451,594	\$1,784,340	\$1,965,625	\$1,587,830		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,543,512	\$1,088,198	\$1,273,946	\$1,783,356	\$1,595,896	\$1,728,885	\$1,451,594	\$1,784,340	\$1,965,625	\$1,587,830		
LINE 9	KY Retail R(m) from ES FORM 3.30	\$27,098,598	\$26,583,829	\$24,364,890	\$28,766,132	\$30,544,820	\$30,544,820	\$30,377,179	\$28,068,872	\$27,197,901	\$36,184,071		
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	5.6959%	4.0934%	5.2266%	6.1995%	5.2248%	5.6602%	4.7766%	6.3570%	7.2271%	4.3882%		

As Revised in Case No 2006-00128

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

LINE	Description	August 2005	September 2005	October 2005	November 2005	December 2005
		LINE 11	CRR from ES FORM 3.00	\$2,736,720	\$2,983,236	\$2,452,980
LINE 12	Brr from ES FORM 1.10	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785
LINE 13	E(m) (LINE 11 - LINE 12)	\$2,720,935	\$2,967,451	\$2,437,195	\$2,649,771	\$2,680,922
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.7%	67.7%	64.0%	66.2%	67.8%
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	\$1,842,073	\$2,008,964	\$1,472,740	\$1,613,423	\$1,796,545
LINE 16	Over/(Under) Recovery Adjustment from ES FORM 3.30	(\$246,177)	(\$246,177)	\$14,434	\$208,172	\$208,699
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	\$1,595,896	\$1,762,787	\$1,487,174	\$1,821,595	\$2,005,244
LINE 18	Net KY Retail E(m) (Line 17)	\$1,595,896	\$1,762,787	\$1,487,174	\$1,821,595	\$2,005,244
LINE 19	KY Retail R(m) from ES FORM 3.30	\$30,544,820	\$30,544,820	\$30,377,179	\$28,068,872	\$27,197,901
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	5.2248%	5.7711%	4.8957%	6.4897%	7.3728%
LINE 21	Difference	\$0	\$0	\$0	\$0	\$0

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

As Originally Filed

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

Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No
2005-00068	2005-00341	2005-00341	2005-00341	2005-00341	2005-00341	2005-00341	2005-00341	2005-00341	2005-00341	2005-00341	2005-00341	2005-00341
January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	
\$978,368	\$2,422,277	\$2,737,708	\$2,105,881	\$2,606,933	\$2,554,791	\$2,737,984	\$3,073,633	\$3,089,059	\$2,873,868	\$2,761,695	\$1,714,747	
\$15,785	\$3,003,995	\$2,845,066	\$2,095,535	\$1,514,859	\$1,913,578	\$2,818,212	\$2,342,883	\$2,852,305	\$2,181,975	\$2,598,522	\$1,407,969	
\$862,583	(\$581,718)	(\$107,358)	\$10,346	\$1,092,074	\$641,213	(\$80,228)	\$730,750	\$235,754	\$691,893	\$163,073	\$306,778	
73.6%	70.3%	67.2%	67.0%	71.6%	64.4%	64.0%	61.9%	66.8%	62.2%	68.1%	75.3%	
\$634,861	(\$408,948)	(\$72,145)	\$6,932	\$781,925	\$412,941	(\$51,346)	\$450,142	\$157,484	\$430,357	\$111,053	\$231,004	
\$0	\$31,601	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
(\$659,084)	\$272,056	(\$190,474)	\$349,997	(\$42,259)	\$17,063	(\$187,244)	\$14,111	(\$4,326)	\$65,957	\$13,841	(\$190,600)	
(\$24,223)	(\$105,291)	(\$262,619)	\$356,929	\$739,666	\$430,004	(\$238,590)	\$464,253	\$153,169	\$496,314	\$124,894	\$40,404	
(\$24,223)	(\$105,291)	(\$262,619)	\$356,929	\$739,666	\$430,004	(\$238,590)	\$464,253	\$153,169	\$496,314	\$124,894	\$40,404	
\$38,723,539	\$34,485,065	\$29,735,434	\$30,928,117	\$28,204,149	\$32,589,170	\$36,201,227	\$31,915,916	\$30,965,730	\$27,805,468	\$31,097,357	\$38,251,849	
-0.0626%	-0.3053%	-0.8832%	1.1541%	2.6225%	1.3195%	-0.6591%	1.4546%	0.4946%	1.7850%	0.4016%	0.1056%	

As Revised in Case No 2006-00128

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

Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No	Case No
2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006
January	February	March	April	May	June	July	August	September	October	November	December	
\$866,741	\$2,498,516	\$2,818,912	\$2,184,370	\$2,683,455	\$2,682,046	\$2,763,747						
\$15,785	\$3,003,995	\$2,845,066	\$2,095,535	\$1,514,859	\$1,913,578	\$2,818,212						
\$850,956	(\$505,479)	(\$26,154)	\$88,835	\$1,168,596	\$788,468	(\$54,465)						
73.6%	70.3%	67.2%	67.0%	71.6%	64.4%	64.0%						
\$689,904	(\$355,352)	(\$17,575)	\$59,519	\$836,715	\$484,893	(\$34,858)						
\$0	\$31,601	\$0	\$0	\$0	\$0	\$0						
(\$659,084)	\$272,056	(\$190,474)	\$349,997	(\$42,259)	\$17,063	(\$187,244)						
\$40,820	(\$51,695)	(\$208,049)	\$409,516	\$794,456	\$511,956	(\$222,102)						
\$40,820	(\$51,695)	(\$208,049)	\$409,516	\$794,456	\$511,956	(\$222,102)						
\$38,723,539	\$34,485,065	\$29,735,434	\$30,928,117	\$28,204,149	\$32,589,170	\$36,201,227						
0.1054%	-0.1499%	-0.6987%	1.3241%	2.8166%	1.5709%	-0.6135%						
\$0	\$0	\$0	\$0	\$0	\$0	\$0						

Difference

\$0

\$0

\$0

\$0

\$0

\$0

\$0

\$0

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\$0

\$0

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

Case No 2006-00307	Total Over / Under Recovery				
January 2007	February 2007	March 2007	April 2007		

$\frac{\text{CALCULATION OF E(m)}}{\text{E(m) = CRR - BRR}}$

LINE 1	CRR from ES FORM 3.00	\$2,646,786	\$2,756,786	\$2,086,092	\$2,565,466	
LINE 2	Brr from ES FORM 1.10	\$2,531,784	\$3,003,985	\$2,845,066	\$2,095,535	
LINE 3	E(m) (LINE 1 - LINE 2)	\$115,002	(\$247,209)	(\$758,974)	\$489,961	
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	74.3%	76.9%	70.3%	71.1%	
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$85,446	(\$190,104)	(\$533,559)	\$346,362	
LINE 5B	Monthly Increase in Jurisdictional Environmental Revenue Requirement per Case No. 2006-00128, dated January 31, 2007	\$95,494	\$95,494	\$95,494	\$95,494	
LINE 6	Over/(Under) Recovery Adjustment from ES FORM 3.30	(\$25,203)	(\$16,487)	\$4,083	(\$22,023)	
LINE 7	Net KY Retail E(m) (LINE 5A + LINE 5B + LINE 6)	\$155,737	(\$111,097)	(\$433,982)	\$421,833	
LINE 8	Net KY Retail E(m) (Line 7)	\$155,737	(\$111,097)	(\$433,982)	\$421,833	
LINE 9	KY Retail R(m) from ES FORM 3.30	\$38,728,843	\$41,184,282	\$38,925,415	\$33,233,681	
LINE 10	Environmental Surcharge Factor for Expense Month (Line 6 / LINE 9)	0.3920%	-0.2698%	-1.1149%	1.2693%	

As Revised in Case No 2006-00128

$\frac{\text{CALCULATION OF E(m)}}{\text{E(m) = CRR - BRR}}$

LINE 11	CRR from ES FORM 3.00					
LINE 12	Brr from ES FORM 1.10					
LINE 13	E(m) (LINE 1 - LINE 2)					
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1					
LINE 15	KY Retail E(m) (LINE 3 * LINE 4)					
LINE 16	Over/(Under) Recovery Adjustment from ES FORM 3.30					
LINE 17	Net KY Retail E(m) (LINE 5 + LINE 6)					

SURCHARGE FACTOR

LINE 18	Net KY Retail E(m) (Line 7)					
LINE 19	KY Retail R(m) from ES FORM 3.30					
LINE 20	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)					

Difference

\$0 \$0 \$0 \$0 \$0

Kentucky Power Company

REQUEST

The net gain or loss from sulfur dioxide ("SO₂") and nitrogen oxide ("NO_x") emission allowance sales are reported on ES Form 3.00, calculation of Current Period Revenue Requirement, Third Component. For each expense month covered by the applicable billing period, provide an explanation of how the gain or loss reported in the expense month was calculated and describe the transaction(s) that was the source of the gain or loss.

RESPONSE

We calculate the gain or losses on all allowance sales using this standard formula:

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

The gains or losses are as a result of selling SO₂ or NO_x allowances from our compliance inventory to external counterparties.

WITNESS: Errol K. Wagner

Kentucky Power Company

REQUEST

Included in the environmental costs reported on ES Form 3.10, Costs Associated with Big Sandy, are property taxes. Explain the reason(s) for the fluctuations in the property taxes during the three review periods.

RESPONSE

The fluctuations in property tax expense was the result of the following errors in the data used:

- January 2006 (a) An incorrect value for Big Sandy Plant (Line No. 1) of \$190,886,184 was used in lieu of the correct value of \$190,656,197.
(b) An incorrect net book factor (Line No. 2) was used in lieu of the correct factor of 0.630852.
(c) An incorrect manufacturing machinery assessment factor (Line No. 4) was used in lieu of the correct factor of 1.000000.
(d) Multiplying (a)*(b)*(c) yielded an incorrect assessed value (Line No. 5) of \$42,461,006 instead of the correct value of \$120,275,843.
- February 2006 (a) An incorrect value for Big Sandy Plant (Line No. 1) of \$190,886,184 was used in lieu of the correct value of \$190,656,197.
(b) An incorrect net book factor (Line No. 2) was used in lieu of the correct factor of 0.630852.
(c) An incorrect manufacturing machinery assessment factor (Line No. 4) was used in lieu of the correct factor of 1.000000.
(d) Multiplying (a)*(b)*(c) yielded an incorrect assessed value (Line No. 5) of \$41,681,628 instead of the correct value of \$120,275,843.
- March 2006 (a) An incorrect value for Big Sandy Plant (Line No. 1) of \$190,886,184 was used in lieu of the correct value of \$190,656,197.
(b) An incorrect net book factor (Line No. 2) was used in lieu of the correct factor of 0.630852.
(c) An incorrect manufacturing machinery assessment factor (Line No. 4) was used in lieu of the correct factor of 1.000000.
(d) Multiplying (a)*(b)*(c) yielded an incorrect assessed value (Line No. 5) of \$41,681,628 instead of the correct value of \$120,275,843.

KPSC Case No. 2007-00381
Environmental Surcharge two-year Review Ending June 30, 2007
Commission Staff First Set Data Request
Order Dated September 19, 2007
Item No. 3
Page 2 of 24

Page 3 of 4 illustrates the calculation of property tax expense as reported (Lines No. 1 - 9) and as corrected (Lines No. 10 - 17). The result of the incorrect values was that reported property tax expense for the months of January-March 2006 was under-reported by a total of \$29,395. The monthly difference between the reported property tax expense and the correct property tax expense is shown on Line No. 19.

Although incorrect values were reported for the months of January-March 2006, the Company discovered the error and allocated the under-recovery of \$29,395 over the remaining months of the year. As a result, the total property tax expense for Year 2006 of \$180,414 was properly reported. This is illustrated by comparing Column 15 at Lines Nos. 9 and 18.

WITNESS: Errol K Wagner

KENTUCKY POWER COMPANY
 ES FORM 3.10
 PROPERTY TAX CALCULATION

Line No.	Monthly Calculation - Schdeule 3.10 (2)	January 2007 (3)	February 2007 (4)	March 2007 (5)	April 2007 (6)	Total Estimated Property Taxes For Year (7)
(1)	Installed Cost					
1	Big Sandy Plant	\$191,450,923	\$191,450,923	\$191,450,923	\$191,450,923	
2	Net Book Factor	0.633175	0.633175	0.633175	0.633175	
3	Net Book Value	\$121,221,938	\$121,221,938	\$121,221,938	\$121,221,938	
	Manufacturing Machinery					
4	Assessment Factor	1.000000	1.000000	1.000000	1.000000	
5	Assessed Value	\$121,221,938	\$121,221,938	\$121,221,938	\$121,221,938	
6	Property Tax Rate	0.0015	0.0015	0.0015	0.0015	
	Annual Property					
7	Tax Amount	\$181,833	\$181,833	\$181,833	\$181,833	\$60,612
8	Monthly Property Tax	\$15,153	\$15,153	\$15,153	\$15,153	
	Filed					
9	Monthly Property Taxes - ES FORM 3.10	\$15,153	\$15,153	\$15,153	\$15,153	\$60,612
10	Difference	\$0	\$0	\$0	\$0	\$0

Kentucky Power Company

REQUEST

Refer to ES Form 3.13, the Operation and Maintenance Expense summary, Line 10, Equipment - Associated Maintenance Expenses. Explain the primary reason(s) for the fluctuations in these maintenance expenses during the 6 expense months that make up each of the three review periods.

RESPONSE

The primary reasons for the fluctuations in these maintenance expenses were the maintenance costs of the SCR Boiler Outlet Ductwork and SCR North and South Booster Fans.

Please see Page 2 of this response for the monthly explanation of the maintenance costs.

WITNESS: Errol K Wagner

Kentucky Power Company
 Explanation of Monthly Equipment - Associated Maintenance Expenses
 ES FORM 3.13, Line 10

Line No	Month	Year	Amount	Description
1	May	2005	\$10,389.60	Normal Operations of the SCR.
2	June	2005	\$17,900.24	(1) Normal Operations of the SCR and (2) Repairs to the SCR Boiler Outlet Ductwork.
3	July	2005	\$11,634.08	Normal Operations of the SCR.
4	August	2005	\$9,983.16	Normal Operations of the SCR.
5	September	2005	\$23,260.02	Normal Operations of the SCR and maintenance of the SCR Sonic Horns.
6	October	2005	\$15,189.67	SCR not in Operation. Emissions training by Control Analytical System Inc
7	November	2005	\$7,196.19	SCR was not in operation and due to cold weather there was very little maintenance activities. Purchased Drivers, DH 5.88" Diaph. to be replaced in 20 Sonic Horns for U2 Outage scheduled to be installed.
8	December	2005	\$31,045.40	
9	January	2006	\$14,147.12	(1) SCR was not in operation and due to cold weather there was very little maintenance activities and, (2) Emission Testing - Purchased and installed desiccant chambers by outside services
10	February	2006	\$25,061.08	(1) Purchase and install Flow Regulator on the North SCR Booster fan and repaired expansion joint leak on North SCR reactor inlet duct, material and labor and (2) Emission Testing - Repairs to 5 SCR monitors.
11	March	2006	\$36,612.87	(1) Installed new #1 urea solution feed pump and sent old pump out for repairs, (2) Repaired CEMS dilution probes and controls and (3) Repaired expansion joint leak on North SCR reactor inlet duct with contract labor.
12	April	2006	\$9,955.24	(1) Unit 2 Scheduled Outage, (2) Purchased and install Layup air Transmitter and (3) Repairs to expansion joint leak on North SCR reactor inlet duct with contract labor.
13	May	2006	\$40,448.30	(1) Unit 2 Scheduled Outage, (2) Routine inspection of the North SCR Booster Fan with outside contractor and (3) Emission Testing - Replaced Ammonia Probes and dilution probes.
14	June	2006	\$42,613.35	(1) Maintenance was done on the SCR while operating during the Ozone Season, (2) Repairs to #1 SCR Bypass Dampers, (3) Rebuilt oxygen sensor probe sleeves in the SCR gas outlet duct, (4) Inspected and repaired duct, econ outlet to SCR inlet and SCR duct, SCR inlet to reactor and (5) Repairs to the SCR Boiler Outlet Ductwork (Late billing from U2 Outage).
15	July	2006	\$79,193.13	Late billing charges from the April 2006 scheduled outage as to maintenance repairs to the SCR Boiler Outlet Ductwork.
16	August	2006	\$24,364.33	Maintenance was done pertaining to the SCR while operating during the Ozone Season as to the SCR Nox Monitoring System.
17	September	2006	\$19,902.51	Maintenance was done pertaining to the SCR while operating during the Ozone Season as to the SCR Boiler Outlet Ductwork, which includes \$5,241.63 late billings from the April 2006 scheduled outage.
18	October	2006	\$41,234.95	SCR was not in operation due to the end of the Ozone Season. There were billings pertaining work done on the SCR Boosters fans and Boiler Outlet Ductwork, which includes charges for work done in September 2006.
19	November	2006	\$9,661.35	(1) SCR was no in operation and due to cold weather there was very little maintenance activities, (2) repairs were made to the CEMS (Continuous Emission Monitoring System)
20	December	2006	\$3,497.69	SCR was no in operation and due to cold weather there was very little maintenance activities
21	January	2007	\$2,615.78	SCR was no in operation and due to cold weather there was very little maintenance activities
22	February	2007	\$92,348.61	(1) Preparing for spring operation, (2) \$60,000 was uninvoiced maintenance charged incorrectly to the wrong Work Order, the charge was reversed in March 2007 (3) Emission Testing - Purchased and installed desiccant chambers by outside contractor.
23	March	2007	(\$35,613.66)	(1) Various maintenance was performed preparing for the spring operation and (2) the \$60,000 of uninvoiced maintenance charges was reversed that was improperly charged in February 2007.
24	April	2007	\$30,181.82	(1) Preparing for spring operation and (2) Replaced Humidity Transmitter.
25	Total		\$562,822.83	

Kentucky Power Company

REQUEST

Billing Period from January 1, 2006 through June 30, 2006

Refer to ES Form 3.11, SO2 Emission Allowance Inventory, for the December 2005 expense month.

- a. Describe the type of transaction reported as "Withdrawals - Intercompany Sales."
- b. Explain how the sales price per allowance was determined for these sales.

RESPONSE

a) "Withdrawals - Intercompany Sales" represent transfers of 2,212 SO2 Emission allowances pursuant to Section 4.2 of the Interim Allowance Agreement - Modification No. 1 in connection with primary energy transactions.

b) These sales under Section 4.2 are based on KPCo's average allowance inventory cost of \$39.26 as required by the Interim Allowance Agreement.

WITNESS: Errol K Wagner

Kentucky Power Company

- **REQUEST**

Billing Period from January 1, 2006 through June 30, 2006

Refer to ES Form 3.12, ECR and NOx Emission Allowances Inventory, for the April 2006 expense month. Explain why Kentucky Power reported receiving "EPA Allowances" in this expense month.

RESPONSE

The "EPA Allowances" listed in the month of April and May 2006 were listed in error and the quantity should have been zero.

Please see Page 2 of 3 for the April 2006 revised ES Form 3.12 and Page 3 of 3 for the May 2006 revised ES Form 3.12.

WITNESS: Errol K Wagner

Revised October 24, 2007

ES FORM 3.12

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ECR and NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of April 2006

	(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	18,543	\$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		1,450	\$0	\$0	0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	0.000
NOx Consumed By Kentucky Power	0	3,720	\$0	\$0	0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		12,443		\$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 (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.

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

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

Revised October 24, 2007

ES FORM 3.12

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ERC and NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of May 2006

	(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	18,543	\$0	\$0	
P&E Transfers In	0	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		1,450	\$0	\$0	0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	0.000
NOx Consumed By Kentucky Power	654	4,374	\$0	\$0	0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		11,789		\$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 (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.

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

REQUEST

Billing Period from July 1, 2006 through December 31, 2006

Refer to ES Form 3.12, ECR and NOx Emission Allowance Inventory, for the May 2006 expense month. Explain why Kentucky Power reported receiving "EPA Allowances" in this expense month.

RESPONSE

Please see the response to Item No. 6.

WITNESS: Errol K. Wagner

Kentucky Power Company

REQUEST

Billing Period from July 1, 2006 through December 31, 2006

Refer to ES Form 3.13, the Operation and Maintenance Expense summary, Line 9, Equipment - Associated Operating Expenses. Explain the primary reasons(s) for the fluctuations in the operating expenses for each expense month in this review period.

RESPONSE

Please see the explanations on Page 2, Item No. 4, for the months of May, June, July, August, September and October 2006.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Billing Period from July 1, 2005 through June 30, 2007

Refer to ES Form 3.11, SO2 Emission Allowance Inventory, for the December 2006 expense month.

- a. Describe the type of transaction reported as "Withdrawals - Intercompany Sales."
- b. Explain how the sales price per allowance was determined for these sales.

RESPONSE

a) "Withdrawals - Intercompany Sales" represent transfers of 3,034 SO2 Emission allowances pursuant to Section 4.5 of the Interim Allowance Agreement - Modification No. 1. It requires that each member own an amount equal to its member load ratio of the AEP System Allowance Bank. The transfer was made to balance the shares owned by Kentucky Power.

b) These sales were priced at the AEP system cost of compliance for 2006 of \$348.25 per allowance as required by the Interim Allowance Agreement.

WITNESS: Errol K. Wagner

Kentucky Power Company

REQUEST

Billing Period from July 1, 2006 through June 30, 2007

In Case No. 1996-00489, the Commission ordered that Kentucky Power's rate of return on common equity for the environmental surcharge would be reviewed for reasonableness during the 2-year review case. In Case No. 2005-00341, the approved Settlement Agreement provided that Kentucky Power would utilize a 10.5 percent rate of return on common equity.

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

RESPONSE

a. Yes, Kentucky Power believes the 10.5 percent rate of return on common equity is reasonable. Kentucky Power acknowledges that the Company has agreed to a return on equity of 10.5 percent in 2006 for Case No. 2005-00341 and would consider that level to be reasonable for establishing rates for the environmental surcharge review. Kentucky Power is not aware of any market changes, which would materially affect the cost of equity since the order in Case No. 2005-00341.

b. N/A

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Provide the following information as of April 30, 2007:

- a. The outstanding balance for long-term debt, short-term debt, accounts receivable financing , and common equity.
- b. The blended interest rates for long-term debt, short-term debt, and accounts receivable financing. Include all supporting calculations showing how these blended interest rates were determined.

RESPONSE

- a. The outstanding balances for long-term debt, short-term debt, accounts receivable financing and common equity are shown on the attached Page 2, column 3.
- b. The blended interest rates for long-term debt, short-term debt, and accounts receivable financing are shown on the attached Pages 3 through 12.

Also, the weighted cost of capital is calculated on the attached Page 2.

WITNESS: Errol K Wagner

Kentucky Power Company
Cost of Capital
As of April 30, 2007

Ln No	Description	Capital	Percent of Total	Cost Percentage Rate	Weighted Average Cost Percent
(1)	(2)	(3)	(4)	(5)	(6)=(4)x(5)
1	Long Term Debt	447,964,000 a	50.36%	5.55%	2.79%
2	Short Term Debt	24,200,519 a,b	2.72%	5.57%	0.15%
3	Accs Receivable Financing	39,060,175 c	4.39%	5.82%	0.26%
4	Common Equity	<u>378,338,220 a</u>	<u>42.53%</u>	<u>10.50%</u>	<u>4.47%</u>
5	Total	889,562,914	100.00%		7.67%

- a Book balance as of 4/30/2007 (excluding MTM hedge balance)
- b Average borrowing costs for the 12 Monts Ended April 30, 2007
- c 13-month average obtained from Brian Dunaway

KENTUCKY POWER COMPANY
 EFFECTIVE COST OF LONG-TERM DEBT
 AS OF APRIL 30, 2007

SERIES	ISSUE DATE	DUE DATE	AVERAGE TERM IN YEARS	PRINCIPAL AMOUNT ISSUED	PREMIUM OR (DISCOUNT) AT ISSUANCE	COMPANY ISSUANCE EXPENSE	NET PROCEEDS	NET PROCEEDS RATIO	EFFECTIVE COST RATE	CURRENT AMOUNT OUTSTANDING	ANNUALIZED COST	WEIGHTED COST RATE
				\$	\$	\$	\$	%	%	\$	\$	%
Global Note												
5.25%	2/5/2004	6/1/2015	11.3	20,000,000	-	-	20,000,000	100.00	5.249	20,000,000	1,049,816	
Subtotal				20,000,000						20,000,000	1,049,816	
Senior Notes												
4.315%	11/12/2002	11/12/2007	5.00	80,400,000	-	2,056,614	78,343,386	97.44	4.898	80,400,000	3,937,995	
4.368%	12/23/2002	12/12/2007	4.97	69,564,000	-	1,975,083	67,588,917	97.16	5.020	69,564,000	3,492,333	
5.500%	6/28/2002	7/1/2007	5.00	125,000,000	(227,500)	858,150	123,914,350	99.13	5.702	125,000,000	7,127,060	
5.625%	6/13/2003	12/1/2032	29.45	75,000,000	(656,250)	736,575	73,607,175	98.14	5.756	75,000,000	4,317,337	
6.450%	11/10/1998	11/10/2008	9.99	30,000,000	(187,500)	51,517	29,760,983	99.20	6.560	30,000,000	1,967,969	
6.910%	10/1/1997	10/1/2007	9.99	48,000,000	(300,000)	63,413	47,636,587	99.24	7.017	48,000,000	3,367,979	
Subtotal				427,964,000						427,964,000	24,210,672	
Total				447,964,000								
											(409,698) d	
										447,964,000	24,850,789	5.547

FMV of mark to market 133 hedge

TOTAL LONG-TERM DEBT

d Book balance as of 4/30/2007

Kentucky Power Company
 Schedule of Short Term Debt
 Twelve Months Ended April 30, 2007

Line No. (1)	Month (2)	Year (3)	Notes Payable Outstanding at the End of the Month (4)
1	May	2006	39,035,117
2	June	2006	36,991,143
3	July	2006	25,016,538
4	August	2006	19,971,480
5	September	2006	24,510,678
6	October	2006	27,844,845
7	November	2006	25,429,079
8	December	2006	30,644,985
9	January	2007	30,294,196
10	February	2007	27,845,673
11	March	2007	20,771,774
12	April	2007	24,200,519
13	Average Borrowing Outstanding During the Period		27,713,002
14	Interest Expense for the Twelve Months Ended April 30, 2007		126,921
15	Average Interest Rate for the Twelve months Ended April 30, 2007		5.57%

Kentucky Power Company
Accounts Receivable Financing Balance and Cost Calculation
Thirteen Months Ended April 30, 2007

Date	A/R Balance	Daily Carrying Cost Charge	Carrying Cost Charge
4/1/2006	36,822,057.00	0.000147	5412.84
4/2/2006	36,822,057.00	0.000147	5412.84
4/3/2006	37,028,572.56	0.000147	5443.2
4/4/2006	40,646,374.07	0.000147	5975.02
4/5/2006	40,507,709.84	0.000149	6035.65
4/6/2006	40,351,057.67	0.000149	6012.31
4/7/2006	40,391,351.35	0.000149	6018.31
4/8/2006	40,391,351.35	0.000149	6018.31
4/9/2006	40,391,351.35	0.000149	6018.31
4/10/2006	41,365,786.37	0.000149	6163.5
4/11/2006	40,207,120.74	0.000149	5990.86
4/12/2006	39,577,325.33	0.00015	5936.6
4/13/2006	39,614,429.30	0.00015	5942.16
4/14/2006	39,614,429.30	0.00015	5942.16
4/15/2006	39,614,429.30	0.00015	5942.16
4/16/2006	39,614,429.30	0.00015	5942.16
4/17/2006	38,799,727.63	0.00015	5819.96
4/18/2006	37,401,733.69	0.00015	5610.26
4/19/2006	37,147,920.45	0.000151	5609.34
4/20/2006	36,628,024.06	0.000151	5530.83
4/21/2006	33,154,326.82	0.000151	5006.3
4/22/2006	33,154,326.82	0.000151	5006.3
4/23/2006	33,154,326.82	0.000151	5006.3
4/24/2006	32,119,734.35	0.000151	4850.08
4/25/2006	31,769,574.07	0.000151	4797.21
4/26/2006	31,466,118.47	0.000151	4751.38
4/27/2006	31,755,812.46	0.000151	4795.13
4/28/2006	34,080,947.23	0.000151	5146.22
4/29/2006	34,080,947.23	0.000151	5146.22
4/30/2006	34,080,947.23	0.000151	5146.22
5/1/2006	34,830,532.76	0.000151	5259.41
5/2/2006	39,409,082.75	0.000151	5950.77
5/3/2006	38,616,544.12	0.000152	5869.71
5/4/2006	38,717,162.00	0.000152	5885.01
5/5/2006	38,813,686.47	0.000152	5899.68
5/6/2006	38,813,686.47	0.000152	5899.68
5/7/2006	38,813,686.47	0.000152	5899.68
5/8/2006	38,612,481.37	0.000152	5869.1
5/9/2006	37,799,496.05	0.000152	5745.52
5/10/2006	36,371,774.88	0.000153	5564.88
5/11/2006	36,156,415.83	0.000153	5531.93
5/12/2006	36,172,393.78	0.000153	5534.38
5/13/2006	36,172,393.78	0.000153	5534.38
5/14/2006	36,172,393.78	0.000153	5534.38
5/15/2006	35,398,112.85	0.000153	5415.91
5/16/2006	31,143,512.44	0.000153	4764.96
5/17/2006	30,513,112.50	0.000155	4729.53
5/18/2006	30,152,318.52	0.000155	4673.61
5/19/2006	30,281,703.45	0.000155	4693.66
5/20/2006	30,281,703.45	0.000155	4693.66
5/21/2006	30,281,703.45	0.000155	4693.66

Kentucky Power Company
Accounts Receivable Financing Balance and Cost Calculation
Thirteen Months Ended April 30, 2007

Date	A/R Balance	Daily Carrying Cost Charge	Carrying Cost Charge
5/22/2006	29,304,565.65	0.000155	4542.21
5/23/2006	29,113,312.43	0.000155	4512.56
5/24/2006	29,015,551.42	0.000156	4526.43
5/25/2006	29,124,882.46	0.000156	4543.48
5/26/2006	29,672,443.01	0.000156	4628.9
5/27/2006	29,672,443.01	0.000156	4628.9
5/28/2006	29,672,443.01	0.000156	4628.9
5/29/2006	29,672,443.01	0.000156	4628.9
5/30/2006	32,609,115.30	0.000156	5087.02
5/31/2006	32,282,463.98	0.000156	5036.06
6/1/2006	32,653,342.78	0.000156	5093.92
6/2/2006	33,704,512.86	0.000156	5257.9
6/3/2006	33,704,512.86	0.000156	5257.9
6/4/2006	33,704,512.86	0.000156	5257.9
6/5/2006	37,323,391.22	0.000156	5822.45
6/6/2006	37,629,559.64	0.000156	5870.21
6/7/2006	37,610,931.28	0.000157	5904.92
6/8/2006	38,038,037.18	0.000157	5971.97
6/9/2006	38,439,613.17	0.000157	6035.02
6/10/2006	38,439,613.17	0.000157	6035.02
6/11/2006	38,439,613.17	0.000157	6035.02
6/12/2006	38,808,635.53	0.000157	6092.96
6/13/2006	38,112,717.48	0.000157	5983.7
6/14/2006	37,014,513.39	0.000158	5848.29
6/15/2006	35,313,462.02	0.000158	5579.53
6/16/2006	35,219,414.87	0.000158	5564.67
6/17/2006	35,219,414.87	0.000158	5564.67
6/18/2006	35,219,414.87	0.000158	5564.67
6/19/2006	35,649,702.07	0.000158	5632.65
6/20/2006	32,191,424.94	0.000158	5086.25
6/21/2006	31,029,492.49	0.000158	4902.66
6/22/2006	30,985,528.62	0.000158	4895.71
6/23/2006	31,657,945.47	0.000158	5001.96
6/24/2006	31,657,945.47	0.000158	5001.96
6/25/2006	31,657,945.47	0.000158	5001.96
6/26/2006	31,294,529.64	0.000158	4944.54
6/27/2006	32,983,318.43	0.000158	5211.36
6/28/2006	34,878,929.10	0.000159	5545.75
6/29/2006	36,161,435.69	0.000159	5749.67
6/30/2006	37,173,904.27	0.000159	5910.65
7/1/2006	37,173,904.27	0.000159	5910.65
7/2/2006	37,173,904.27	0.000159	5910.65
7/3/2006	37,240,296.44	0.000159	5921.21
7/4/2006	37,240,296.44	0.000159	5921.21
7/5/2006	42,260,011.56	0.000159	6719.34
7/6/2006	41,934,634.44	0.000162	6793.41
7/7/2006	42,375,102.96	0.000162	6864.77
7/8/2006	42,375,102.96	0.000162	6864.77
7/9/2006	42,375,102.96	0.000162	6864.77
7/10/2006	41,821,141.58	0.000162	6775.02
7/11/2006	41,465,663.53	0.000162	6717.44

Kentucky Power Company
Accounts Receivable Financing Balance and Cost Calculation
Thirteen Months Ended April 30, 2007

Date	A/R Balance	Daily Carrying Cost Charge	Carrying Cost Charge
7/12/2006	41,120,271.92	0.000163	6702.6
7/13/2006	40,015,074.36	0.000163	6522.46
7/14/2006	39,930,805.92	0.000163	6508.72
7/15/2006	39,930,805.92	0.000163	6508.72
7/16/2006	39,930,805.92	0.000163	6508.72
7/17/2006	38,887,292.52	0.000163	6338.63
7/18/2006	35,061,276.36	0.000163	5714.99
7/19/2006	35,086,889.12	0.000164	5754.25
7/20/2006	33,858,895.02	0.000164	5552.86
7/21/2006	33,966,457.28	0.000164	5570.5
7/22/2006	33,966,457.28	0.000164	5570.5
7/23/2006	33,966,457.28	0.000164	5570.5
7/24/2006	33,397,931.20	0.000164	5477.26
7/25/2006	33,202,196.00	0.000164	5445.16
7/26/2006	33,324,726.75	0.000164	5465.26
7/27/2006	34,216,623.31	0.000164	5611.53
7/28/2006	37,212,475.63	0.000164	6102.85
7/29/2006	37,212,475.63	0.000164	6102.85
7/30/2006	37,212,475.63	0.000164	6102.85
7/31/2006	37,547,721.88	0.000164	6157.83
8/1/2006	37,877,533.09	0.000164	6211.92
8/2/2006	43,077,619.49	0.000165	7107.81
8/3/2006	43,437,939.27	0.000165	7167.26
8/4/2006	43,236,714.74	0.000165	7134.06
8/5/2006	43,236,714.74	0.000165	7134.06
8/6/2006	43,236,714.74	0.000165	7134.06
8/7/2006	43,026,541.62	0.000165	7099.38
8/8/2006	41,810,442.14	0.000165	6898.72
8/9/2006	41,562,455.76	0.000165	6857.81
8/10/2006	41,066,039.46	0.000165	6775.9
8/11/2006	40,097,417.76	0.000165	6616.07
8/12/2006	40,097,417.76	0.000165	6616.07
8/13/2006	40,097,417.76	0.000165	6616.07
8/14/2006	39,375,811.63	0.000165	6497.01
8/15/2006	35,446,372.25	0.000165	5848.65
8/16/2006	34,586,832.52	0.000165	5706.83
8/17/2006	34,396,292.77	0.000165	5675.39
8/18/2006	34,272,934.24	0.000165	5655.03
8/19/2006	34,272,934.24	0.000165	5655.03
8/20/2006	34,272,934.24	0.000165	5655.03
8/21/2006	32,976,998.32	0.000165	5441.2
8/22/2006	31,917,869.58	0.000165	5266.45
8/23/2006	32,267,714.66	0.000165	5324.17
8/24/2006	31,475,680.09	0.000165	5193.49
8/25/2006	32,398,283.59	0.000165	5345.72
8/26/2006	32,398,283.59	0.000165	5345.72
8/27/2006	32,398,283.59	0.000165	5345.72
8/28/2006	34,440,082.26	0.000165	5682.61
8/29/2006	35,190,700.06	0.000165	5806.47
8/30/2006	35,922,288.52	0.000165	5927.18
8/31/2006	36,396,542.69	0.000165	6005.43

Kentucky Power Company
Accounts Receivable Financing Balance and Cost Calculation
Thirteen Months Ended April 30, 2007

Date	A/R Balance	Daily Carrying Cost Charge	Carrying Cost Charge
9/1/2006	37,846,111.14	0.000165	6244.61
9/2/2006	37,846,111.14	0.000165	6244.61
9/3/2006	37,846,111.14	0.000165	6244.61
9/4/2006	37,846,111.14	0.000165	6244.61
9/5/2006	41,923,554.85	0.000165	6917.39
9/6/2006	40,669,941.18	0.000165	6710.54
9/7/2006	40,260,834.57	0.000165	6643.04
9/8/2006	40,162,373.23	0.000165	6626.79
9/9/2006	40,162,373.23	0.000165	6626.79
9/10/2006	40,162,373.23	0.000165	6626.79
9/11/2006	40,108,689.81	0.000165	6617.93
9/12/2006	40,041,149.91	0.000165	6606.79
9/13/2006	37,643,269.22	0.000164	6173.5
9/14/2006	37,581,014.32	0.000164	6163.29
9/15/2006	37,439,860.11	0.000164	6140.14
9/16/2006	37,439,860.11	0.000164	6140.14
9/17/2006	37,439,860.11	0.000164	6140.14
9/18/2006	33,310,676.07	0.000164	5462.95
9/19/2006	32,733,542.77	0.000164	5368.3
9/20/2006	32,200,268.85	0.000164	5280.84
9/21/2006	31,452,341.47	0.000164	5158.18
9/22/2006	31,189,158.21	0.000164	5115.02
9/23/2006	31,189,158.21	0.000164	5115.02
9/24/2006	31,189,158.21	0.000164	5115.02
9/25/2006	30,622,248.28	0.000164	5022.05
9/26/2006	30,792,769.10	0.000164	5050.01
9/27/2006	33,144,730.52	0.000164	5435.74
9/28/2006	33,123,871.26	0.000164	5432.31
9/29/2006	33,745,116.19	0.000164	5534.2
9/30/2006	33,745,116.19	0.000164	5534.2
10/1/2006	33,745,116.19	0.000164	5534.2
10/2/2006	33,809,300.93	0.000164	5544.73
10/3/2006	38,348,741.63	0.000164	6289.19
10/4/2006	39,202,663.45	0.000164	6429.24
10/5/2006	38,431,123.26	0.000164	6302.7
10/6/2006	38,119,780.93	0.000164	6251.64
10/7/2006	38,119,780.93	0.000164	6251.64
10/8/2006	38,119,780.93	0.000164	6251.64
10/9/2006	37,659,205.45	0.000164	6176.11
10/10/2006	37,377,127.79	0.000164	6129.85
10/11/2006	36,321,815.44	0.000164	5956.78
10/12/2006	35,775,349.15	0.000164	5867.16
10/13/2006	35,512,201.98	0.000164	5824
10/14/2006	35,512,201.98	0.000164	5824
10/15/2006	35,512,201.98	0.000164	5824
10/16/2006	35,900,270.23	0.000164	5887.64
10/17/2006	36,198,636.98	0.000164	5936.58
10/18/2006	34,911,731.13	0.000164	5725.52
10/19/2006	30,477,266.29	0.000164	4998.27
10/20/2006	30,526,762.93	0.000164	5006.39
10/21/2006	30,526,762.93	0.000164	5006.39

Kentucky Power Company
Accounts Receivable Financing Balance and Cost Calculation
Thirteen Months Ended April 30, 2007

Date	A/R Balance	Daily Carrying Cost Charge	Carrying Cost Charge
10/22/2006	30,526,762.93	0.000164	5006.39
10/23/2006	30,440,923.84	0.000164	4992.31
10/24/2006	30,174,114.11	0.000164	4948.55
10/25/2006	30,772,778.78	0.000164	5046.74
10/26/2006	32,938,901.25	0.000164	5401.98
10/27/2006	33,044,593.80	0.000164	5419.31
10/28/2006	33,044,593.80	0.000164	5419.31
10/29/2006	33,044,593.80	0.000164	5419.31
10/30/2006	33,588,570.19	0.000164	5508.53
10/31/2006	33,347,021.08	0.000164	5468.91
11/1/2006	33,235,993.42	0.000164	5450.7
11/2/2006	38,571,273.70	0.000164	6325.69
11/3/2006	39,704,098.53	0.000164	6511.47
11/4/2006	39,704,098.53	0.000164	6511.47
11/5/2006	39,704,098.53	0.000164	6511.47
11/6/2006	38,416,300.44	0.000164	6300.27
11/7/2006	38,430,876.03	0.000164	6302.66
11/8/2006	38,205,925.91	0.000164	6265.77
11/9/2006	38,021,348.87	0.000164	6235.5
11/10/2006	37,419,072.30	0.000164	6136.73
11/11/2006	37,419,072.30	0.000164	6136.73
11/12/2006	37,419,072.30	0.000164	6136.73
11/13/2006	36,960,073.07	0.000164	6061.45
11/14/2006	37,040,833.28	0.000164	6074.7
11/15/2006	36,051,634.74	0.000164	5912.47
11/16/2006	33,306,904.30	0.000164	5462.33
11/17/2006	32,958,105.50	0.000164	5405.13
11/18/2006	32,958,105.50	0.000164	5405.13
11/19/2006	32,958,105.50	0.000164	5405.13
11/20/2006	32,976,509.64	0.000164	5408.15
11/21/2006	33,015,685.06	0.000164	5414.57
11/22/2006	33,908,862.96	0.000164	5561.05
11/23/2006	33,908,862.96	0.000164	5561.05
11/24/2006	33,908,862.96	0.000164	5561.05
11/25/2006	33,908,862.96	0.000164	5561.05
11/26/2006	33,908,862.96	0.000164	5561.05
11/27/2006	34,638,864.16	0.000164	5680.77
11/28/2006	37,205,153.12	0.000164	6101.65
11/29/2006	38,232,876.28	0.000164	6270.19
11/30/2006	38,344,933.25	0.000164	6288.57
12/1/2006	38,669,377.90	0.000164	6341.78
12/2/2006	38,669,377.90	0.000164	6341.78
12/3/2006	38,669,377.90	0.000164	6341.78
12/4/2006	40,816,939.73	0.000164	6693.98
12/5/2006	43,418,041.58	0.000164	7120.56
12/6/2006	43,946,100.41	0.000164	7207.16
12/7/2006	43,962,246.03	0.000164	7209.81
12/8/2006	44,349,668.76	0.000164	7273.35
12/9/2006	44,349,668.76	0.000164	7273.35
12/10/2006	44,349,668.76	0.000164	7273.35
12/11/2006	44,334,992.84	0.000164	7270.94

Kentucky Power Company
Accounts Receivable Financing Balance and Cost Calculation
Thirteen Months Ended April 30, 2007

Date	A/R Balance	Daily Carrying Cost Charge	Carrying Cost Charge
12/12/2006	44,690,842.54	0.000164	7329.3
12/13/2006	44,090,663.89	0.000164	7230.87
12/14/2006	43,404,121.05	0.000164	7118.28
12/15/2006	43,927,515.46	0.000164	7204.11
12/16/2006	43,927,515.46	0.000164	7204.11
12/17/2006	43,927,515.46	0.000164	7204.11
12/18/2006	44,594,792.22	0.000164	7313.55
12/19/2006	42,147,991.29	0.000164	6912.27
12/20/2006	41,448,822.71	0.000165	6839.06
12/21/2006	40,635,112.77	0.000165	6704.79
12/22/2006	40,635,112.77	0.000165	6704.79
12/23/2006	40,635,112.77	0.000165	6704.79
12/24/2006	40,635,112.77	0.000165	6704.79
12/25/2006	40,635,112.77	0.000165	6704.79
12/26/2006	40,668,201.43	0.000165	6710.25
12/27/2006	41,039,443.75	0.000165	6771.51
12/28/2006	41,254,134.73	0.000165	6806.93
12/29/2006	43,486,034.18	0.000165	7175.2
12/30/2006	43,486,034.18	0.000165	7175.2
12/31/2006	43,486,034.18	0.000165	7175.2
1/1/2007	43,486,034.18	0.000165	7175.2
1/2/2007	44,594,866.76	0.000165	7358.15
1/3/2007	49,258,968.13	0.000165	8127.73
1/4/2007	48,353,400.03	0.000165	7978.31
1/5/2007	49,386,054.48	0.000165	8148.7
1/6/2007	49,386,054.48	0.000165	8148.7
1/7/2007	49,386,054.48	0.000165	8148.7
1/8/2007	49,942,719.67	0.000165	8240.55
1/9/2007	50,149,550.45	0.000165	8274.68
1/10/2007	48,732,655.70	0.000165	8040.89
1/11/2007	48,510,326.55	0.000165	8004.2
1/12/2007	48,087,370.48	0.000165	7934.42
1/13/2007	48,087,370.48	0.000165	7934.42
1/14/2007	48,087,370.48	0.000165	7934.42
1/15/2007	47,622,200.42	0.000165	7857.66
1/16/2007	44,471,455.39	0.000165	7337.79
1/17/2007	43,676,501.88	0.000164	7162.95
1/18/2007	43,814,995.78	0.000164	7185.66
1/19/2007	44,358,682.50	0.000164	7274.82
1/20/2007	44,358,682.50	0.000164	7274.82
1/21/2007	44,358,682.50	0.000164	7274.82
1/22/2007	44,042,045.16	0.000164	7222.9
1/23/2007	43,227,570.20	0.000164	7089.32
1/24/2007	42,755,547.70	0.000164	7011.91
1/25/2007	41,938,754.77	0.000164	6877.96
1/26/2007	42,061,081.69	0.000164	6898.02
1/27/2007	42,061,081.69	0.000164	6898.02
1/28/2007	42,061,081.69	0.000164	6898.02
1/29/2007	43,022,965.35	0.000164	7055.77
1/30/2007	43,946,550.64	0.000164	7207.23
1/31/2007	45,368,429.04	0.000164	7440.42

Kentucky Power Company
Accounts Receivable Financing Balance and Cost Calculation
Thirteen Months Ended April 30, 2007

Date	A/R Balance	Daily Carrying Cost Charge	Carrying Cost Charge
2/1/2007	45,332,544.68	0.000164	7434.54
2/2/2007	46,529,791.66	0.000164	7630.89
2/3/2007	46,529,791.66	0.000164	7630.89
2/4/2007	46,529,791.66	0.000164	7630.89
2/5/2007	49,593,408.90	0.000164	8133.32
2/6/2007	49,385,787.44	0.000164	8099.27
2/7/2007	49,229,113.66	0.000164	8073.57
2/8/2007	49,499,214.07	0.000164	8117.87
2/9/2007	49,947,768.04	0.000164	8191.43
2/10/2007	49,947,768.04	0.000164	8191.43
2/11/2007	49,947,768.04	0.000164	8191.43
2/12/2007	48,981,006.67	0.000164	8032.89
2/13/2007	47,425,709.55	0.000164	7777.82
2/14/2007	47,477,319.39	0.000164	7786.28
2/15/2007	47,652,083.74	0.000164	7814.94
2/16/2007	47,980,993.65	0.000164	7868.88
2/17/2007	47,980,993.65	0.000164	7868.88
2/18/2007	47,980,993.65	0.000164	7868.88
2/19/2007	48,617,100.52	0.000164	7973.2
2/20/2007	48,689,526.22	0.000164	7985.08
2/21/2007	47,177,311.79	0.000164	7737.08
2/22/2007	47,360,474.52	0.000164	7767.12
2/23/2007	42,834,458.79	0.000164	7024.85
2/24/2007	42,834,458.79	0.000164	7024.85
2/25/2007	42,834,458.79	0.000164	7024.85
2/26/2007	42,207,121.36	0.000164	6921.97
2/27/2007	42,585,669.50	0.000164	6984.05
2/28/2007	43,316,961.79	0.000164	7103.98
3/1/2007	44,721,244.81	0.000164	7334.28
3/2/2007	49,303,761.64	0.000164	8085.82
3/3/2007	49,303,761.64	0.000164	8085.82
3/4/2007	49,303,761.64	0.000164	8085.82
3/5/2007	49,114,055.92	0.000164	8054.71
3/6/2007	48,864,725.62	0.000164	8013.82
3/7/2007	49,158,696.13	0.000164	8062.03
3/8/2007	49,371,198.47	0.000164	8096.88
3/9/2007	49,085,019.01	0.000164	8049.94
3/10/2007	49,085,019.01	0.000164	8049.94
3/11/2007	49,085,019.01	0.000164	8049.94
3/12/2007	49,676,536.54	0.000164	8146.95
3/13/2007	48,859,751.81	0.000164	8013
3/14/2007	47,741,946.79	0.000164	7829.68
3/15/2007	44,144,899.90	0.000164	7239.76
3/16/2007	43,579,159.08	0.000164	7146.98
3/17/2007	43,579,159.08	0.000164	7146.98
3/18/2007	43,579,159.08	0.000164	7146.98
3/19/2007	43,054,338.85	0.000164	7060.91
3/20/2007	43,104,324.26	0.000164	7069.11
3/21/2007	41,692,738.52	0.000164	6837.61
3/22/2007	40,697,655.03	0.000164	6674.42
3/23/2007	40,349,421.16	0.000164	6617.31

Kentucky Power Company
Accounts Receivable Financing Balance and Cost Calculation
Thirteen Months Ended April 30, 2007

Date	A/R Balance	Daily Carrying Cost Charge	Carrying Cost Charge
3/24/2007	40,349,421.16	0.000164	6617.31
3/25/2007	40,349,421.16	0.000164	6617.31
3/26/2007	39,677,488.28	0.000164	6507.11
3/27/2007	39,178,896.40	0.000164	6425.34
3/28/2007	40,064,658.26	0.000164	6570.6
3/29/2007	40,892,632.48	0.000164	6706.39
3/30/2007	43,130,987.15	0.000164	7073.48
3/31/2007	43,130,987.15	0.000164	7073.48
4/1/2007	43,130,987.15	0.000164	7073.48
4/2/2007	42,542,460.29	0.000164	6976.96
4/3/2007	47,230,622.80	0.000164	7745.82
4/4/2007	47,528,788.00	0.000164	7794.72
4/5/2007	47,139,554.92	0.000164	7730.89
4/6/2007	47,139,554.92	0.000164	7730.89
4/7/2007	47,139,554.92	0.000164	7730.89
4/8/2007	47,139,554.92	0.000164	7730.89
4/9/2007	46,881,273.37	0.000164	7688.53
4/10/2007	45,700,098.30	0.000164	7494.82
4/11/2007	45,561,832.78	0.000165	7517.7
4/12/2007	43,211,427.04	0.000165	7129.89
4/13/2007	42,702,320.41	0.000165	7045.88
4/14/2007	42,702,320.41	0.000165	7045.88
4/15/2007	42,702,320.41	0.000165	7045.88
4/16/2007	38,442,708.31	0.000165	6343.05
4/17/2007	37,772,934.51	0.000165	6232.53
4/18/2007	36,964,769.61	0.000164	6062.22
4/19/2007	36,886,851.67	0.000164	6049.44
4/20/2007	35,492,386.62	0.000164	5820.75
4/21/2007	35,492,386.62	0.000164	5820.75
4/22/2007	35,492,386.62	0.000164	5820.75
4/23/2007	35,416,419.38	0.000164	5808.29
4/24/2007	34,777,159.68	0.000164	5703.45
4/25/2007	34,420,254.09	0.000164	5644.92
4/26/2007	34,674,408.33	0.000164	5686.6
4/27/2007	35,339,189.94	0.000164	5795.63
4/28/2007	35,339,189.94	0.000164	5795.63
4/29/2007	35,339,189.94	0.000164	5795.63
4/30/2007	35,522,987.04	0.000164	5825.77
Average	39,060,174.52	0.000161711	

Average Annual
 5.8216% Carrying Cost Rate

Kentucky Power Company

REQUEST

KRS 278.183(3) provides that during the 2-year review, the Commission shall, to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility. In Case No. 2005-00341, the approved Settlement Agreement provided that \$28,106,683 from the environmental surcharge was incorporated into Kentucky Power's base rates.

- a. Does Kentucky Power believe any additional surcharge amounts need to be incorporated into its base rates in conjunction with this 2-year review?

- b. If yes to part (a), provide the additional surcharge amount that Kentucky Power believes should be incorporated into its existing base rates. Explain how the surcharge amount should be incorporated into the base rates. Include all supporting calculations, workpapers, and assumptions as well as any analysis that Kentucky Power believes supports its position.

RESPONSE

- a. No.

WITNESS: Errol K Wagner