

COMMONWEALTH OF KENTUCKY  
BEFORE THE  
PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

**RECEIVED**  
SEP 30 2010  
PUBLIC SERVICE  
COMMISSION

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION ON THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF KENTUCKY ) CASE NO. 2010-00318  
POWER COMPANY FOR THE SIX-MONTH )  
BILLING PERIOD ENDING JUNE 30, 2010 )

KENTUCKY POWER COMPANY RESPONSES TO COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS

September 30, 2010



## Kentucky Power Company

### REQUEST

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

### RESPONSE

A summary schedule showing the calculation of E(m) and the surcharge factor for the expense months covered by the applicable billing period is attached as page 3 of 57.

In reviewing the monthly environmental filings, the Company discovered that during the twelve month period since the last two-year review (May 2009 through April 2010 expense months) the expenses associated with its approved environmental projects for Cardinal Unit 1 were overstated in the amount of \$69,860. This over-recovery for the twelve month period is calculated by netting the \$24,658 under-recovery for the six month period May 2009 through October 2009 against the \$94,518 over-recovery for the period November 2009 through April 2010.

When the monthly filings are modified to include the correct monthly Cardinal Unit 1 SCR and Scrubber FGD maintenance costs for the 12-month period since the previous 2-year review, or the expense months of May 2009 through April 2010, the changed amounts on page ES FORM 1.00 line 7 are shown on the table below. Revised copies of ES FORM 1.00, 3.00, 3.10, 3.11, 3.12B, 3.13, and 3.14 pages 1, 2, and 4 of 11 are attached for each of the 6 months being reviewed.

Month/Year	As Filed Amount on ES FORM 1.00, Line 7	Revised Amount on ES FORM 1.00, Line 7	(Over) Under Recovery	Attachment Reference Page
May-09	2,000,050	1,999,718	(332)	
June-09	1,267,370	1,267,367	(3)	
July-09	678,646	678,649	3	
August-09	939,165	948,166	9,001	
September-09	847,505	856,982	9,477	
October-09	450,443	456,955	6,512	
<b>6-month total</b>	<b>6,183,179</b>	<b>6,207,837</b>	<b>24,658</b>	
November-09	1,021,249	1,031,205	9,956	Page 4 of 57
December-09	2,491,341	2,491,341	-	Page 13 of 57
January-10	1,148,441	1,071,532	(76,909)	Page 22 of 57
February-10	699,695	672,134	(27,561)	Page 31 of 57
March-10	1,060,013	1,060,009	(4)	Page 40 of 57
April-10	1,789,088	1,789,088	-	Page 49 of 57
<b>6-month total</b>	<b>8,209,827</b>	<b>8,115,309</b>	<b>(94,518)</b>	Page 3 of 57
<b>Annual Total</b>	<b>14,393,006</b>	<b>14,323,146</b>	<b>(69,860)</b>	

The overall result is an over-recovery by the Company in an amount of \$94,518 for the 6-month review period, as shown on page 3 of 57, Total Over/Under column, line 21, but only an over-recovery for the 12-month period following the 2-year review of \$69,860. Therefore, the Company is requesting authority to include the total 12-month over-recovery amount as a one time adjustment in its next monthly environmental filing following the date of the Commission's Order in this proceeding. It may be preferable to the customer to net out the 2 six-month periods and apply the entire annual adjustment to the next month's filing, rather than adjusting for only the November 2009 to April 2010 six-month period being reviewed at this time and then making the May through October 2009 adjustment at the next 2-year review period.

WITNESS: Lila P Munsey

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

LINE	DESCRIPTION	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	Total Over / Under Recovery
LINE 1	CRR from ES FORM 3.00	\$3,706,347	\$2,572,434	\$3,818,491	\$4,894,937	\$4,719,203	\$4,311,383	\$4,250,672	\$4,038,044	
LINE 2	Brr from ES FORM 1.10	\$2,852,305	\$2,181,975	\$2,598,522	\$1,407,969	\$2,531,784	\$3,003,995	\$2,845,066	\$2,095,535	
LINE 3	E(m) (LINE 1 - LINE 2)	\$854,042	\$390,459	\$1,219,969	\$3,486,968	\$2,187,419	\$1,307,388	\$1,405,606	\$1,942,509	
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	78.8%	76.0%	77.5%	73.7%	77.2%	81.3%	85.4%	80.7%	
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$672,986	\$296,750	\$945,476	\$2,569,895	\$1,688,688	\$1,062,907	\$1,200,388	\$1,567,605	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	\$0	\$0	\$0	\$0	(\$85,082)	\$0	\$0	\$0	
LINE 6	Over/(Under) Recovery Adjustment from ES FORM 3.30	\$174,519	\$153,693	\$75,773	(\$78,554)	(\$455,165)	(\$363,212)	(\$140,375)	\$221,463	
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$847,505	\$450,443	\$1,021,249	\$2,491,341	\$1,148,441	\$699,695	\$1,060,013	\$1,789,088	
LINE 8	Net KY Retail E(m) (Line 7)	\$847,505	\$450,443	\$1,021,249	\$2,491,341	\$1,148,441	\$699,695	\$1,060,013	\$1,789,088	
LINE 9	KY Retail R(m) from ES FORM 3.30	\$36,435,255	\$33,633,296	\$33,871,736	\$39,523,245	\$30,334,032	\$52,396,461	\$45,622,014	\$36,160,423	
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.3261%	1.3393%	3.0150%	6.3035%	2.2816%	1.3354%	2.3235%	4.9476%	
LINE 11	CRR from ES FORM 3.00	\$3,706,347	\$2,572,434	3,831,338	4,894,937	4,619,581	4,277,483	4,250,668	4,038,044	
LINE 12	Brr from ES FORM 1.10	\$2,852,305	\$2,181,975	2,598,522	1,407,969	2,531,784	3,003,995	2,845,066	2,095,535	
LINE 13	E(m) (LINE 11 - LINE 12)	\$854,042	\$390,459	1,232,816	3,486,968	2,087,797	1,273,488	1,405,602	1,942,509	
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	78.8%	76.0%	77.5%	73.7%	77.2%	81.3%	85.4%	80.7%	
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	\$672,986	\$296,750	955,432	2,569,895	1,611,779	1,035,946	1,200,384	1,567,605	
LINE 15B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 16	Over/(Under) Recovery Adjustment from ES FORM 3.30	\$174,519	\$153,693	75,773	(78,554)	(540,247)	(363,212)	(140,375)	221,463	
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	\$847,505	\$450,443	1,031,205	2,491,341	1,071,532	672,134	1,050,009	1,789,088	
LINE 18	Net KY Retail E(m) (Line 17)	\$847,505	\$450,443	1,031,205	2,491,341	1,071,532	672,134	1,060,009	1,789,088	
LINE 19	KY Retail R(m) from ES FORM 3.30	\$36,435,255	\$33,633,296	33,871,736	39,523,245	50,334,032	52,396,461	45,622,014	36,160,423	
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	2.3261%	1.3393%	3.0444%	6.3035%	2.1288%	1.2828%	2.3235%	4.9476%	
LINE 21	Difference (Line 18 - Line 6)	\$0	\$0	\$ 9,956.43	\$ 0.42	\$(76,908.72)	\$(27,561.26)	\$(3.88)	\$(0.24)	\$(94,517.25)

ES FORM 1.00

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

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

Effective Date for Billing: January 2010

Submitted By : \_\_\_\_\_

Title : Director Regulatory Services

Date Submitted : December 21, 2009



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

For the Expense Month of November 2009

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

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

For the Expense Month of November 2009

	(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	403,260	\$0	\$0	\$0.000
Gavin Reallocation	0	84,162	\$0	\$0	\$0.000
P & E Transfers In	0	325,869	\$0	\$4,725,223	\$14.500
Intercompany Purchases	0	20,739	\$0	\$3,247,347	\$156.582
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power	4,214	549,233	\$109,486	\$37,073,001	\$67.500
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,105,493		\$7,363,638	\$6.661
Expense Month Member Load Ratio for AEP/Kentucky Power					0.07173

**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 B

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

For the Expense Month of November 2009

	(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	108	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	100	\$0	\$124,271	\$1,242.710
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	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	645	6,883	\$17,396	\$104,204	\$15.139
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		37,839		\$20,067	\$0.530

**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 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of November 2009

LINE NO.	O&M Expenses		
	<b>1997 Plan :</b>		
1	Monthly Kentucky Air Emissions Fee	\$32,461	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$534,750	
3	Monthly SO2 Allowance Consumption	\$109,486	
4	Total 1997 Plan O&M Expenses		\$676,697
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$317,580	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$17,396	
9	Equipment - Associated Operating Expenses	\$2,325	
10	Equipment - Associated Maintenance Expenses	\$35,716	
11	Total 2003 Plan O&M Expenses		\$373,017
12	Total Monthly O&M Expenses		\$1,049,714
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$131,214

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

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

For the Expense Month of November 2009

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 26)	\$51,336		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$269,514		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$603,198		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$4,278		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$705,870		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$72,726		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$12,834		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$4,278	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$12,834	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,719,756	\$17,112	\$1,736,868

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 November 2009

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 18)	(\$90,044)		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$838,179		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$10,310,854		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$860,976		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$227,625		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 3, Line 10)		\$15,625	
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)		\$15,625	
11	Subtotal	\$12,181,298	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,425,000	5,107,000	
13	Environmental Base (\$/kw)	\$1.45	\$0.01	
14	Company Surplus Weighting	86.00%	11.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.25	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	427,800	427,800	
17	Fixed O&M Environmental Cost to Kentucky Power	\$534,750	\$0	\$534,750

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) - CARDINAL UNIT 1

For the Expense Month of November 2009

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$389,022,136
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,329,603
	Operations :	
4	Disposal (5010000)	\$59,684
5	Urea (5020002)	\$144,251
6	Trona (5020003)	\$70,136
7	Lime Stone (5020004)	\$268,408
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	\$553,085
	Maintenance :	
10	SCR Maintenance (5120000)	\$10,063
11	Scrubber (FGD) Maintenance (5120000)	<u>\$560,125</u>
12	Total Maintenance (11) + (12)	\$570,188
13	1/2 Maintenance (12) * 50%	<u>\$285,094</u>
14	Fixed O&M (9) + (11)	<u>\$838,179</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,167,782</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,167,782
18	Ohio Power Company Steam Capacity (kw)	8,425,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.73
20	Ohio Power Surplus Weighing	86.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.63
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.63
23	Kentucky Power Capacity Deficit (kw)	<u>427,800</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$269,514

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

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

Effective Date for Billing: February 2010

Submitted By : \_\_\_\_\_

Title : Director Regulatory Services

Date Submitted : January 19, 2009



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

For the Expense Month of December 2009

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

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

For the Expense Month of December 2009

	(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	403,260	\$0	\$0	\$0.000
Gavin Reallocation	10,582	94,744	\$0	\$0	\$0.000
P & E Transfers In	1,332	327,201	\$130,472	\$4,855,695	\$14.840
Intercompany Purchases	13,191	33,930	\$6,208,212	\$9,455,560	\$278.678
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power	4,763	553,996	\$656,953	\$37,729,954	\$68.105
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,125,835		\$13,045,370	\$11.587
Expense Month Member Load Ratio for AEP/Kentucky Power					0.07173

**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 B

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

For the Expense Month of December 2009

	(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	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	370	470	\$441,600	\$565,871	\$1,203.981
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	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	1,000	7,883	\$414,691	\$518,895	\$65.825
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		37,209		\$46,976	\$1.262

**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 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of December 2009

LINE NO.	O&M Expenses		
	<b>1997 Plan :</b>		
1	Monthly Kentucky Air Emissions Fee	\$21,000	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$615,329	
3	Monthly SO2 Allowance Consumption	<u>\$656,953</u>	
4	Total 1997 Plan O&M Expenses		\$1,293,282
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$327,404	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$414,691	
9	Equipment - Associated Operating Expenses	\$1,829	
10	Equipment - Associated Maintenance Expenses	<u>\$22,331</u>	
11	Total 2003 Plan O&M Expenses		<u>\$766,255</u>
12	Total Monthly O&M Expenses		<u>\$2,059,537</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$257,442

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

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

For the Expense Month of December 2009

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 26)	\$120,484		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$266,786		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$611,026		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$4,303		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$722,904		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$73,151		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$12,909		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$4,303	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$12,909	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,811,563	\$17,212	\$1,828,775

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

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

For the Expense Month of December 2009

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 18)	\$1,454,509		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$748,003		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$10,350,623		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,164,616		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$249,516		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
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)		\$15,625	
11	Subtotal	\$14,000,975	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,425,000	5,107,000	
13	Environmental Base (\$/kw)	\$1.66	\$0.01	
14	Company Surplus Weighting	86.00%	11.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.43	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	430,300	430,300	
17	Fixed O&M Environmental Cost to Kentucky Power	\$615,329	\$0	\$615,329

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) - CARDINAL UNIT 1

For the Expense Month of December 2009

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$389,022,136
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,329,603
	Operations :	
4	Disposal (5010000)	\$166,175
5	Urea (5020002)	\$278,733
6	Trona (5020003)	(\$228,248)
7	Lime Stone (5020004)	\$432,147
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	\$659,413
	Maintenance :	
10	SCR Maintenance (5120000)	\$2,176
11	Scrubber (FGD) Maintenance (5120000)	<u>\$175,003</u>
12	Total Maintenance (11) + (12)	\$177,179
13	1/2 Maintenance (12) * 50%	<u>\$88,590</u>
14	Fixed O&M (9) + (11)	<u>\$748,003</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,077,606</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,077,606
18	Ohio Power Company Steam Capacity (kw)	8,425,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.72
20	Ohio Power Surplus Weighing	86.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.62
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.62
23	Kentucky Power Capacity Deficit (kw)	<u>430,300</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$266,786

ES FORM 1.00

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

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

Effective Date for Billing: March 2010

Submitted By : \_\_\_\_\_

Title : Director Regulatory Services

Date Submitted : March 02, 2010

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

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

ES FORM 3.10

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

For the Expense Month of January 2010

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

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

For the Expense Month of January 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		0	403,260	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	1,897					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	7,140	9,037	563,033	\$385,323	\$38,115,277	\$67.696
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,116,798		\$12,660,047	\$11.336
Expense Month Member Load Ratio for AEP/Kentucky Power						0.07173

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

**Column 5 -**

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

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 ANNUAL NO<sub>x</sub> EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of January 2010

	(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	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	470	\$0	\$565,871	\$1,203.981
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	0	\$0	\$0	\$0.000
NO <sub>x</sub> Consumed By Kentucky Power	1,005	8,888	\$9,010	\$527,905	\$59.395
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		36,204		\$37,966	\$1.049

**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 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of January 2010

LINE NO.	O&M Expenses		
	<b>1997 Plan :</b>		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$316,680	
3	Monthly SO2 Allowance Consumption	<u>\$385,323</u>	
4	Total 1997 Plan O&M Expenses		\$732,554
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$395,987	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$9,010	
9	Equipment - Associated Operating Expenses	\$1,281	
10	Equipment - Associated Maintenance Expenses	<u>\$6,981</u>	
11	Total 2003 Plan O&M Expenses		<u>\$413,258</u>
12	Total Monthly O&M Expenses		<u>\$1,145,812</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$143,227

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

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

For the Expense Month of January 2010

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 26)	\$393,588		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$199,056		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$818,844		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$4,524		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$737,412		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$72,384		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$9,048		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$4,524	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$18,096	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,234,856	\$22,620	\$2,257,476

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 January 2010

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 18)	\$771,283		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	(\$879,659)		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,681,839		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,357,459		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$250,930		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
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)		\$15,625	
11	Subtotal	\$7,215,560	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,425,000	5,366,000	
13	Environmental Base (\$/kw)	\$0.86	\$0.01	
14	Company Surplus Weighting	81.00%	17.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.70	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	452,400	452,400	
17	Fixed O&M Environmental Cost to Kentucky Power	\$316,680	\$0	\$316,680

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

ES FORM 3.14  
 Page 4 of 11

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

For the Expense Month of January 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$149,410
5	Urea (5020002)	\$195,386
6	Trona (5020003)	\$94,420
7	Lime Stone (5020004)	\$442,538
8	Air Emission Fee	\$10,606
9	Total Operations (Line 4 thru 8)	\$892,360
	Maintenance :	
10	SCR Maintenance (5120000)	\$12,272
11	Scrubber (FGD) Maintenance (5120000)	<u>(\$3,556,309)</u>
12	Total Maintenance (11) + (12)	<u>(\$3,544,037)</u>
13	1/2 Maintenance (12) * 50%	<u>(\$1,772,019)</u>
14	Fixed O&M (9) + (11)	<u>(\$879,659)</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	\$4,576,926
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$4,576,926
18	Ohio Power Company Steam Capacity (kw)	8,425,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.54
20	Ohio Power Surplus Weighing	81.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.44
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.44
23	Kentucky Power Capacity Deficit (kw)	<u>452,400</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$199,056

ES FORM 1.00

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

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

Effective Date for Billing: April 2010

Submitted By : \_\_\_\_\_

Title : Director Regulatory Services

Date Submitted : March 19, 2010

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

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

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

For the Expense Month of February 2010

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

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

For the Expense Month of February 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		0	403,260	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	1,298					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	7,140	8,438	571,471	\$302,548	\$38,417,825	\$67.226
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,108,360		\$12,357,499	\$11.149
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06944

**Columns 1 and 2 -**

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

**Columns 3 and 4 -**

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

**Column 5 -**

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

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

For the Expense Month of February 2010

	(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	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	(30)	440	(\$36,997)	\$528,874	\$1,201.986
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	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	858	9,746	\$3,238	\$531,143	\$54.499
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		35,316		(\$2,269)	(\$0.064)

**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 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of February 2010

LINE NO.	O&M Expenses		
	<b>1997 Plan :</b>		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$338,670	
3	Monthly SO2 Allowance Consumption	<u>\$302,548</u>	
4	Total 1997 Plan O&M Expenses		\$671,769
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$352,513	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,238	
9	Equipment - Associated Operating Expenses	\$0	
10	Equipment - Associated Maintenance Expenses	<u>\$32,643</u>	
11	Total 2003 Plan O&M Expenses		<u>\$388,394</u>
12	Total Monthly O&M Expenses		<u>\$1,060,163</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$132,520

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

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

For the Expense Month of February 2010

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 26)	\$334,907		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$285,988		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$681,103		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,763		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$632,184		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$63,971		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,289		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,763	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,052	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,013,205	\$18,815	\$2,032,020

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 February 2010

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 18)	\$619,518		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$2,052,175		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$4,890,750		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,134,066		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$248,287		
7	Spom Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
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)		\$15,625	
11	Subtotal	\$8,978,504	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,441,000	5,367,000	
13	Environmental Base (\$/kw)	\$1.06	\$0.01	
14	Company Surplus Weighting	85.00%	15.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.90	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	376,300	376,300	
17	Fixed O&M Environmental Cost to Kentucky Power	\$338,670	\$0	\$338,670

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) - CARDINAL UNIT 1

For the Expense Month of February 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$240,715
5	Urea (5020002)	\$224,805
6	Trona (5020003)	\$122,727
7	Lime Stone (5020004)	\$650,852
8	Air Emission Fee	\$10,606
9	Total Operations (Line 4 thru 8)	\$1,249,705
	Maintenance :	
10	SCR Maintenance (5120000)	\$23,958
11	Scrubber (FGD) Maintenance (5120000)	\$1,580,981
12	Total Maintenance (11) + (12)	\$1,604,939
13	1/2 Maintenance (12) * 50%	\$802,470
14	Fixed O&M (9) + (11)	\$2,052,175
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	\$7,508,760
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$7,508,760
18	Ohio Power Company Steam Capacity (kw)	8,441,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.89
20	Ohio Power Surplus Weighing	85.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.76
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.76
23	Kentucky Power Capacity Deficit (kw)	376,300
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$285,988

ES FORM 1.00

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

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

Effective Date for Billing: May 2010

Submitted By : \_\_\_\_\_

Title : Director Regulatory Services

Date Submitted : April 19, 2010



ES FORM 3.10

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

For the Expense Month of March 2010

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

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

For the Expense Month of March 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		0	403,260	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	189					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	7,140	7,329	578,800	\$149,297	\$38,567,122	\$66.633
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,101,031		\$12,208,202	\$11.088
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06979

**Columns 1 and 2 -**

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

**Columns 3 and 4 -**

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

**Column 5 -**

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

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 ANNUAL NO<sub>x</sub> EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of March 2010

	(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	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
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	0	\$0	\$0	\$0.000
NO <sub>x</sub> Consumed By Kentucky Power	294	10,040	(\$19,880)	\$511,263	\$50.923
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		35,022		\$17,611	\$0.503

**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 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of March 2010

LINE NO.	O&M Expenses		
	<b>1997 Plan :</b>		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$374,032	
3	Monthly SO2 Allowance Consumption	<u>\$149,297</u>	
4	Total 1997 Plan O&M Expenses		\$553,880
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$401,333	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	(\$19,880)	
9	Equipment - Associated Operating Expenses	\$732	
10	Equipment - Associated Maintenance Expenses	<u>\$20,647</u>	
11	Total 2003 Plan O&M Expenses		<u>\$402,832</u>
12	Total Monthly O&M Expenses		<u>\$956,712</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$119,589

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

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

For the Expense Month of March 2010

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 26)	\$347,040		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$269,920		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$767,344		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,856		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$682,512		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$69,408		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,568		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,856	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$11,568	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,151,648	\$15,424	\$2,167,072

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 March 2010

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 18)	\$364,592		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,239,891		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,993,371		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,416,052		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$266,519		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
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)		\$15,625	
11	Subtotal	\$9,314,133	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.10	\$0.01	
14	Company Surplus Weighting	88.00%	12.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.97	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	385,600	385,600	
17	Fixed O&M Environmental Cost to Kentucky Power	\$374,032	\$0	\$374,032

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

ES FORM 3.14  
 Page 4 of 11

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

For the Expense Month of March 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$138,905
5	Urea (5020002)	\$290,513
6	Trona (5020003)	\$99,717
7	Lime Stone (5020004)	\$472,926
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	\$1,012,667
	Maintenance :	
10	SCR Maintenance (5120000)	\$7,295
11	Scrubber (FGD) Maintenance (5120000)	<u>\$447,152</u>
12	Total Maintenance (11) + (12)	<u>\$454,447</u>
13	1/2 Maintenance (12) * 50%	<u>\$227,224</u>
14	Fixed O&M (9) + (11)	<u>\$1,239,891</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,696,476</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,696,476
18	Ohio Power Company Steam Capacity (kw)	8,458,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.79
20	Ohio Power Surplus Weighing	88.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.70
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.70
23	Kentucky Power Capacity Deficit (kw)	<u>385,600</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$269,920

ES FORM 1.00

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

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

Effective Date for Billing: June 2010

Submitted By : \_\_\_\_\_

Title : Director Regulatory Services

Date Submitted : May 19, 2010



ES FORM 3.10

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

For the Expense Month of April 2010

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

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

For the Expense Month of April 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		0	403,260	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)						
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	7,070	7,070	585,870	\$121,971	\$38,689,093	\$66.037
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,093,961		\$12,086,231	\$11.048
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06925

**Columns 1 and 2 -**

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

**Columns 3 and 4 -**

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

**Column 5 -**

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

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 ANNUAL NO<sub>x</sub> EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of April 2010

	(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	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
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	0	\$0	\$0	\$0.000
NO <sub>x</sub> Consumed By Kentucky Power	303	10,343	\$998	\$512,261	\$49.527
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		34,719		\$16,613	\$0.478

**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 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of April 2010

LINE NO.	O&M Expenses		
	<b>1997 Plan :</b>		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$204,160	
3	Monthly SO2 Allowance Consumption	<u>\$121,971</u>	
4	Total 1997 Plan O&M Expenses		\$356,682
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$308,089	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$998	
9	Equipment - Associated Operating Expenses	\$178	
10	Equipment - Associated Maintenance Expenses	<u>\$46,898</u>	
11	Total 2003 Plan O&M Expenses		<u>\$356,163</u>
12	Total Monthly O&M Expenses		<u>\$712,845</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$89,106

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

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

For the Expense Month of April 2010

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 26)	\$337,792		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$215,296		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$634,752		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,712		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$649,600		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$59,392		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,136		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,712	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$11,136	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,911,680	\$14,848	\$1,926,528

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 April 2010

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 18)	\$487,910		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$104,785		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$3,305,566		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,250,053		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$64,357		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
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)		\$15,625	
11	Subtotal	\$5,246,379	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$0.62	\$0.01	
14	Company Surplus Weighting	88.00%	12.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.55	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	371,200	371,200	
17	Fixed O&M Environmental Cost to Kentucky Power	\$204,160	\$0	\$204,160

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) - CARDINAL UNIT 1

For the Expense Month of April 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	(\$36,324)
5	Urea (5020002)	\$2,760
6	Trona (5020003)	\$1,022
7	Lime Stone (5020004)	\$3,605
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	(\$18,331)
	Maintenance :	
10	SCR Maintenance (5120000)	\$17,397
11	Scrubber (FGD) Maintenance (5120000)	<u>\$228,834</u>
12	Total Maintenance (11) + (12)	\$246,231
13	1/2 Maintenance (12) * 50%	<u>\$123,116</u>
14	Fixed O&M (9) + (11)	<u>\$104,785</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$5,561,370</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$5,561,370
18	Ohio Power Company Steam Capacity (kw)	8,458,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.66
20	Ohio Power Surplus Weighing	88.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.58
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.58
23	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$215,296

## Kentucky Power Company

### REQUEST

The net gain or loss from sulfur dioxide and nitrogen oxide 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 billing period under review, provide an explanation of how the gain or loss reported in the expense month was calculated and describe the transaction(s) that was the source of the gain or loss.

### RESPONSE

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

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

Any reported gains or losses are a result of selling SO<sub>2</sub> or NO<sub>x</sub> allowances from our compliance inventory to external counter-parties.

WITNESS: Lila P Munsey

## 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 six expense months that make up this review period.

### RESPONSE

The primary reason for the fluctuations in the maintenance expenses was from work performed on the SCR Ammonia Injection System (AOD) and the SCR Boiler Outlet Ductwork during this review period. Of the \$125K of total maintenance performed, \$103K or 82% pertained to the maintenance performed on the SCR Ammonia Injection System (AOD) and the SCR Boiler Outlet Ductwork.

Please see the attachment for further explanation of the maintenance costs.

WITNESS: Lila P Munsey

Line No	Month	Year	Amount	Description
1	November	2009	\$27,727.40	Normal operations of SCR. System 165 (1) Aero Fab Inc fabricated and installed ductwork in the Ammonia Injection System building, (2) Big Sandy electrical tech replaced solenoid and driver on elevation 95 Boiler Acoustic Horn unit two (3) Replaced air hoses on 4 SCR Acoustic Air Horns and set to repair solenoids. (4) Replaced weak surge suppressor on the middle phase of number two SCR booster fan. (5) Replaced SCR Seal Lay-up Fan cable with PH lens bought from State Electric Supply Company. System 175 (1) Replaced desiccant chamber on the Continuous Emissions Monitoring System. (2) Replaced the number one sulfur pump on unit 1 as well as its bearings and seals.
2	December	2009	\$22,074.02	Normal operations of SCR System 165 (1) Siemens Industry INC troubleshot SCR South duct ammonia slip monitor on the Ammonia Injection System AOD. (2) Replaced four solenoid valves on Boiler Acoustic Horns from Acoustic Cleaning Systems Inc. (3) SCR Acoustic Horn drivers were sent out to Acoustic Cleaning Systems Inc for repair, then some were credited back to stock. (4) Enerfab repaired leak in expansion joint 9 on SCR boiler outlet ductwork. Structure installed scaffolding for expansion joint 9 repairs. Structure also installed scaffolding so plant could fix casing leak on number 21 SCR reactor outlet duct. (5) Plant repaired Reactor #2 Inlet and Outlet NOX Monitors. System 175 (1) Replaced CO2 monitor vacuum pump. (2) Replaced fitting adapter assembly and dilution orifice on Mercury Monitoring Equipment.
3	January	2010	\$9,014.29	Normal operations of SCR System 165 (1) Replaced 1/4 inch ball valve and sheared pin on SCR Ammonia Injection System AOD. (2) Replaced two solenoid valves on Boiler Acoustic Horns (3) Replaced 5 drivers, 3 hoses and 1 solenoid on Unit 2 SCR Acoustic Horns. (4) Structure installed scaffolding so Master Mechanical Insulation Inc could remove and reinstall insulation on the vertical expansion joint apart of the SCR Boiler Outlet Duct Work. (5) SCR NOX Monitoring System- Replaced NOX cell assembly and adjusted SCR inventory log 2010. (6) Master Mechanical Insulation Inc installed new lagging on #21 SCR Reactor. Replaced bad solenoid on SCR #22 Seal Air Lay Up Fan Damper. System 175 (1) Flow meter was replaced on Unit 1 Sulfur Pump, credit due to warranty.
4	February	2010	\$10,001.01	Normal operations of SCR. System 165 (1) Replaced control valve positioner on Ammonia Injection System AOD. (2) Replaced 2 drivers, 1 solenoid and 1 hose on 3 SCR Sonic Acoustic Horns. (3) Welded casing leak on expansion joint 25 on Unit 2 SCR Boiler Outlet Ductwork. (4) SCR NOX Monitoring system diaphragm pump ordered to replenish stock. Replaced Check valves on SCR NOX monitoring system. (5) SCR Reactor credit due to unvouchered liabilities. System 175 (1) Replaced sulfur line on Sulfur Converter Heating Boiler. Line ordered from Jabo Supply Corp. (2) Completed Annual Relative Accuracy Test Audit for Continuous Emissions Monitoring System. (3) Replaced 8- 150 Cubic feet aluminum Cal Gas bottles from AirGas Great Lakes.
5	March	2010	\$12,265.88	Normal operations of SCR System 165 (1) North American Industrial Service cleaned the economizer on the SCR Ammonia Injection System AOD. Removed economizer head and dome and installed new mist eliminator. Replaced flow control valve seat, cage and plug and then valve was reinsulated and put back in service. Parts ordered from Fisher Controls International and were also put in stock. (2) Credit on Boiler Acoustic Horns is from stocked part countered by direct purchase from Acoustic Cleaning Systems INC. (3) Replaced in line stainless filter from Swagelok Co and flat round washer on the south inlet dilution probe that's a part of the SCR NOX Monitoring System. System 175 (1) Replaced desiccant chamber, air purge filter, filter regulator and chopper motor on the Continuous Emissions Monitoring System. Replaced electric motor and converter assembly core on the Mercury Monitoring System.

6	April	2010	<u>\$44,089.98</u>	Normal operations of SCR System 165 (1) Replaced electronics board from Siemens Industry INC for slip probe on SCR Ammonia Injection System. Also replaced ball valve on AOD Urea/Recycle Tanks (2) Riggs Machine and Fabricating INC fabricated SCR bundle assembly for SCR test ports spool sections on the SCR Boiler Outlet Ductwork. Enerfab repaired leaks on expansion joints, Structure installed various scaffolds, North American Industrial Services vacuumed ash as needed and Master Mechanical Insulation removed and reinstalled insulation as needed (3) SCR Instrument & Controls- installed new heating tracer cable from Relcon Inc in AOD building. (4) Ordered phototube NOX analyzer, printed circuit board and NOX non-plated cell from Control Analytics INC for SCR NOX Monitoring System. (5) Moved ammonia slip probe on North Reactor, and ordered pipe slip-on flange, pipe blind flange and 21 feet of 3 inch plain end pipe from Jabo Supply Corp System 175 (1) Replaced 4- 150 Cubic feet aluminum Cal Gas bottles from AirGas Great Lakes. (2) Replaced lance on Precipitator S03 Injection System, part ordered from Riggs Machine
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7	Total	<u><u>\$125,172.58</u></u>
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<u>\$54,466.20</u>	SCR Boiler Outlet Ductwork
<u>\$48,206.63</u>	SCR Ammonia Injection System (AOD)
<u><u>\$102,672.83</u></u>	Total
82.0%	Percentage of Total Maintenance Costs

## Kentucky Power Company

### REQUEST

Refer to ES Form 3.14, Page 3 of 11, the Current Period Revenue Requirement, Ohio Power Company — Amos Plant Unit No. 3, Line 1. Explain the primary reason(s) for the increase in the Utility Plant at Original Cost in the January 2010 expense month compared to the preceding month of December 2009 in this review period.

### RESPONSE

The FGD system for Amos Unit 3 was approved for inclusion in Kentucky Power's Environmental Compliance Plan, order dated January 24, 2007 in Case No. 2006-00307.

The Utility Plant at Original Cost was increased by \$509.3 million due to capital projects being put in-service during 2009. The major project was the installation of the FGD and associated work for \$447.8 million. Additional work included replacing the Economizer (\$24.5 M), Slag Blower (\$7.0 M), Cooling Tower Fill (\$4.9 M), and two HP Generator Rotors (\$3.4 M). The remaining 3% of the increase was comprised of multiple smaller capital projects and plant production blankets.

WITNESS: Lila P Munsey

## **Kentucky Power Company**

### **REQUEST**

Refer to ES Form 3.14, Page 3 of 11, the Current Period Revenue Requirement, Ohio Power Company — Amos Plant Unit No. 3, Line 8. Explain the primary reason(s) for the fluctuation in the Trona expense during the six expense months that make up this review period.

### **RESPONSE**

The primary reason for the fluctuation in the Trona expense during the review period for Ohio Power Company's (OPCo) share of Amos Unit 3 is due to the method used to allocate the costs for Trona between Appalachian Power (APCo) and OPCo. The allocation process involved a journal entry each month to accrue for the value of Trona received but not paid for by the end of the month; this accrual entry is automatically reversed the following month.

In December of 2009, an error was identified in the November allocations of the Trona expense. The error occurred when the October reversal was made prior to the November allocation. Manual entries were made in December 2009 to adjust for this error. In order to prevent this situation from recurring, the Fuel Accounting department is now allocating all payments and accruals for Trona through manual journal entries. The numbers as reported reflect proper allocation of Amos Unit 3 Trona costs.

Other variables such as the unit operational hours, coal quality, and Trona injection rates contributed to the fluctuation during the review period.

**WITNESS:** Lila P Munsey

**Kentucky Power Company**

**REQUEST**

Refer to ES Form 3.14, Page 3 of 11, the Current Period Revenue Requirement, Ohio Power Company — Amos Plant Unit No. 3, Line 9. Explain the primary reason(s) for the fluctuation in the Lime Stone expense during the six expense months that make up this review period.

**RESPONSE**

Limestone usage will fluctuate based on the plant's hours of operation. During the review period, however, there was also a data entry error in December of 2009 of 12,000 tons that overstated the consumption which was then corrected in April. Although the December consumption was overstated, the April consumption was inversely understated.

During the review period, OPCo's share of Amos Unit 3 operated and consumed limestone as outlined in the table:

	Hour of Operation	Limestone Usage (tons) OPCo share only
Nov-09	352	8,128
Dec-09	620	31,319*
Jan-10	744	20,336
Feb-10	674	15,135
Mar-10	680	15,509
Apr-10	720	6,319**

\*data entry error overstated consumption

\*\*survey adjustment

**WITNESS:** Lila P Munsey

**Kentucky Power Company**

**REQUEST**

Refer to ES Form 3.14, Page 4 of 11, the Current Period Revenue Requirement, Ohio Power Company — Cardinal Unit 1, Line 11 Scrubber (FGD) Maintenance. Explain the primary reason(s) for the fluctuation in this expense for the February 2010 month compared to the other months in this review period.

**RESPONSE**

A thorough examination of the expenses for the Cardinal FGD system for the review period has been conducted. Kentucky Power has found that the amount of \$3,403,966 submitted for February, should have been \$1,580,981, as shown in Item No. 1 attachment page 39 of 57. The expenses reported included the FGD expenses for the entire Cardinal Plant, rather than being limited to the portion allocated to Ohio Power Company. The corrected amount is still higher than the amounts for the other months as there was a Jet Bubble Reactor outage during the month.

**WITNESS:** Lila P Munsey

**Kentucky Power Company**

**REQUEST**

Refer to ES Form 3.14, Page 5 of 11, the Current Period Revenue Requirement, Ohio Power Company — Gavin Plant (Units 1 & 2), Line 1. Explain the primary reason(s) for the increase in the Utility Plant at Original Cost in the January 2010 compared to the preceding month of December 2009 in this review period.

**RESPONSE**

Gavin's JMG FGD scrubber system was a leased system when it was installed. In December of 2009, Gavin purchased the scrubber system from its leaseholders for \$687,140,736. The purchase of the scrubber system explains the large increase in utility plant at original cost from December 2009 to January 2010.

**WITNESS:** Lila P Munsey

## Kentucky Power Company

### REQUEST

Refer to ES Form 3.14, Page 5 of 11, the Current Period Revenue Requirement, Ohio Power Company — Gavin Plant (Units 1 & 2), Line 10 and Line 12. Explain the primary reason(s) for the fluctuation in the Lease expense and SCR Maintenance expense for the January 2010 month compared to the other months in this review period.

### RESPONSE

Gavin's purchase of its scrubber system from its leaseholders in December of 2009 effectively terminated the lease. There will be no lease payments going forward.

As for the SCR maintenance expense for January 2010, the SCR maintenance expense should have been \$35,541.27, the amount that was listed as the scrubber expense. The scrubber expense was actually \$824,000. Although the text on the line items was reversed, there is no net change to the total O&M expense.

WITNESS: Lila P Munsey

**Kentucky Power Company**

**REQUEST**

Refer to ES Form 3.14, Page 5 of 11, the Current Period Revenue Requirement, Ohio Power Company — Gavin Plant (Units 1 & 2), Line 7. Explain the primary reason(s) for the fluctuation in the Trona expense for the December 2009 month compared to the other months in this review period.

**RESPONSE**

The contract with Solvay Chemicals, Inc. for Trona is a take-or-pay contract. Due to the economic downturn and the reduced demand for coal-fired generation, AEP's Trona requirements have declined. As a result of the forecasted shortfall in Trona requirements and the take-or-pay provisions of the Solvay Chemicals, Inc. agreement, the Company, during 2009, accrued for the shortfall penalty. The negative entry for December 2009 was due to the accrual for the shortfall penalty being more than the actual shortfall penalty.

Through November 2009, the accrual for the penalty was approximately \$1M for the Gavin plant. After negotiations with the vendor, the penalty amount was decreased to \$200,000. Therefore, the December amount was negative, reflecting the difference in the accrual for the shortfall penalty and the actual penalty, as negotiated.

**WITNESS:** Lila P Munsey

**Kentucky Power Company**

**REQUEST**

Refer to ES Form 3.14, Page 7 of 11, the Current Period Revenue Requirement, Ohio Power Company — Mitchell Plant (Units 1& 2), Line 4. Explain the primary reason(s) for the fluctuation in the Trona expense for the December 2009 expense month compared to the other months in this review period.

**RESPONSE**

The contract with Solvay Chemicals, Inc. for Trona is a take-or-pay contract. Due to the economic downturn and the reduced demand for coal-fired generation, AEP's Trona requirements have declined. As a result of the forecasted shortfall in Trona requirements and the take-or-pay provisions of the Solvay Chemicals, Inc. agreement, the Company, during 2009, accrued for the shortfall penalty. The negative entry for December 2009 was due to the accrual for the shortfall penalty being more than the actual shortfall penalty.

Through November 2009, the accrual for the penalty was approximately \$300,000 for the Mitchell plant. After negotiations with the vendor, the penalty amount was decreased to \$50,000. Therefore, the December amount was negative, reflecting the difference in the accrual for the shortfall penalty and the actual penalty, as negotiated.

**WITNESS:** Lila P Munsey

**Kentucky Power Company**

**REQUEST**

Refer to ES Form 3.14, Page 7 of 11, the Current Period Revenue Requirement, Ohio Power Company — Mitchell Plant (Units 1& 2), Line 10. Explain the primary reason(s) for the fluctuation in the FGD maintenance expense for the January 2010 expense month compared to the other months in this review

**RESPONSE**

Mitchell Plant had an FGD outage in December 2009. The \$494,571 recorded in December reflects a large portion of accruals, indicating that a significant amount of work had taken place and had been recognized as a liability. However, the January's reversal of those accruals more than offset the amounts owed for the return to normal maintenance. After January, monthly expenses can be seen to normalize. On average, the months of December and January reflect approximately \$218,000 in FGD maintenance expense -- above the normal maintenance amount, but in line with the fact that there was an outage on the equipment.

**WITNESS:** Lila P Munsey

## **Kentucky Power Company**

### **REQUEST**

Provide the following information as of April 30, 2010. Provide the information in hard copy and in electronic format with the formulas intact and unprotected.

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

### **RESPONSE**

The requested information as of April 30, 2010 can be found in the attachment as described below. The attached CD contains the electronic excel file.

- a. Please refer to Page 3 of 20 of the attached exhibit for the balances for long-term debt, short-term debt, accounts receivable financing and common equity as of April 30, 2010. Pages 4 thru 18 of 20 demonstrate the supporting calculations.
- b. Please refer to Page 3 of 20 of the attached exhibit for the blended interest rates for long-term debt, short-term debt, and accounts receivable financing as of April 30, 2010.

- c. Kentucky Power's April 30, 2010 calculated weighted average cost of capital for environmental surcharge purposes was 8.03%. 10.50% was used as the return on common equity, per Case No. 2009-00316, dated January 20, 2010. Please refer to Page 3 of 20 of the attached exhibit for support of the calculation.
  
- d. Please see Page 19 of 20 for the weighted cost of capital reflecting the application of the income tax gross-up factor.

**WITNESS:** Lila P Munsey

**Kentucky Power Company  
 Cost of Capital  
 As of April 30, 2010**

<u>Ln No</u> (1)	<u>Description</u> (2)	<u>Capital</u> (3)	<u>Percent of Total</u> (4)	<u>Cost Percentage Rate</u> (5)	<u>Weighted Average Cost Percent</u> (6)=(4)x(5)
1	Long Term Debt	\$550,000,000	a 51.941%	6.48%	3.37%
2	Short Term Debt	\$0	a 0.000%	0.83% b	0.00%
3	Accts Receivable Financing	\$43,588,933	4.116%	1.22%	0.05%
4	Common Equity	<u>\$465,314,088</u>	a <u>43.943%</u>	10.50% c	<u>4.61%</u>
5	Total	\$1,058,903,021	100.000%		8.03%

a Book balance as of 4/30/2010

b Average borrowing costs for the 12 Months Ended April 30, 2010



Kentucky Power Company  
Schedule of Short Term Debt  
Twelve Months Ended April 30, 2010

Line No. (1)	Month (2)	Year (3)	Notes Payable Outstanding at the End of the Month (4)
1	May	2009	168,665,181
2	June	2009	6,049,931
3	July	2009	0
4	August	2009	0
5	September	2009	0
6	October	2009	0
7	November	2009	0
8	December	2009	0
9	January	2010	0
10	February	2010	0
11	March	2010	0
12	April	2010	0

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended April 30, 2010**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	5/1/2009	(155,984,273.05)	1.21%	0.022319%
	5/2/2009	(155,989,506.24)	1.21%	0.022320%
	5/3/2009	(155,994,739.60)	1.21%	0.022321%
	5/4/2009	(157,192,293.41)	1.21%	0.022492%
	5/5/2009	(156,890,929.77)	1.21%	0.022449%
	5/6/2009	(157,429,225.18)	1.21%	0.022526%
	5/7/2009	(152,178,468.84)	1.21%	0.021774%
	5/8/2009	(162,118,161.66)	1.21%	0.023197%
	5/9/2009	(162,123,600.63)	1.21%	0.023197%
	5/10/2009	(162,129,039.78)	1.21%	0.023198%
	5/11/2009	(160,547,553.48)	1.21%	0.022972%
	5/12/2009	(158,800,954.65)	0.92%	0.017285%
	5/13/2009	(157,525,213.22)	0.92%	0.017146%
	5/14/2009	(158,593,159.72)	0.83%	0.015500%
	5/15/2009	(159,811,435.33)	0.83%	0.015620%
	5/16/2009	(159,815,097.67)	0.83%	0.015620%
	5/17/2009	(159,818,760.10)	0.83%	0.015620%
	5/18/2009	(157,281,849.90)	0.83%	0.015372%
	5/19/2009	(154,505,031.35)	0.83%	0.015101%
	5/20/2009	(150,315,503.17)	0.83%	0.014691%
	5/21/2009	(159,564,334.43)	0.83%	0.015595%
	5/22/2009	(160,576,859.47)	0.80%	0.015216%
	5/23/2009	(160,580,427.24)	0.80%	0.015217%
	5/24/2009	(160,583,995.10)	0.80%	0.015217%
	5/25/2009	(160,587,563.04)	0.80%	0.015217%
	5/26/2009	(159,772,212.25)	0.76%	0.014301%
	5/27/2009	(165,632,260.62)	0.76%	0.014885%
	5/28/2009	(167,238,928.87)	0.76%	0.015124%
Friday	5/29/2009	<b>(168,665,181.33)</b>	0.77%	0.015340%
Saturday	5/30/2009	(168,668,778.19)	0.77%	0.015341%
Sunday	5/31/2009	(168,672,375.13)	0.77%	0.015341%
	6/1/2009	(170,855,376.38)	0.74%	0.014885%
	6/2/2009	(169,394,397.39)	0.74%	0.014758%
	6/3/2009	(170,601,883.64)	0.71%	0.014400%
	6/4/2009	(164,113,400.87)	0.72%	0.013909%
	6/5/2009	(163,560,314.02)	0.71%	0.013834%
	6/6/2009	(163,563,557.61)	0.71%	0.013834%
	6/7/2009	(163,566,801.26)	0.71%	0.013834%
	6/8/2009	(174,108,041.92)	0.70%	0.014467%
	6/9/2009	(172,153,241.34)	0.71%	0.014497%
	6/10/2009	(170,174,541.58)	0.71%	0.014274%
	6/11/2009	(169,067,023.14)	0.70%	0.014100%
	6/12/2009	(167,911,054.47)	0.71%	0.014102%
	6/13/2009	(167,914,361.01)	0.71%	0.014102%
	6/14/2009	(167,917,667.61)	0.71%	0.014103%
	6/15/2009	(166,905,836.38)	0.66%	0.013051%
	6/16/2009	(166,894,057.18)	0.65%	0.012861%
	6/17/2009	(160,317,012.73)	0.65%	0.012397%
	6/18/2009	(35,268,928.72)	0.68%	0.002839%
	6/19/2009	(35,149,583.35)	0.69%	0.002866%
	6/20/2009	(35,358,038.04)	0.69%	0.002883%

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended April 30, 2010**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	6/21/2009	(35,358,714.05)	0.69%	0.002883%
	6/22/2009	(31,529,878.11)	0.70%	0.002632%
	6/23/2009	(35,257,272.96)	0.70%	0.002935%
	6/24/2009	(34,480,625.60)	0.71%	0.002917%
	6/25/2009	(6,123,350.60)	0.72%	0.000520%
	6/26/2009	(6,467,090.36)	0.72%	0.000552%
	6/27/2009	(6,467,219.85)	0.72%	0.000552%
	6/28/2009	(6,467,349.34)	0.72%	0.000552%
	6/29/2009	(5,948,156.76)	0.72%	0.000508%
<b>Tuesday</b>	<b>6/30/2009</b>	<b>(6,049,931.46)</b>	0.72%	0.000517%
	7/1/2009	(5,929,044.05)	0.72%	0.000504%
	7/2/2009	(5,659,741.28)	0.70%	0.000468%
	7/3/2009	(5,802,435.33)	0.70%	0.000479%
	7/4/2009	(5,802,547.74)	0.70%	0.000479%
	7/5/2009	(5,802,660.15)	0.70%	0.000479%
	7/6/2009	(7,504,296.51)	0.70%	0.000622%
	7/7/2009	(5,301,210.47)	0.70%	0.000439%
	7/8/2009	(8,141,841.22)	0.70%	0.000676%
	7/9/2009	(9,740,706.42)	0.71%	0.000814%
	7/10/2009	(7,643,029.75)	0.71%	0.000642%
	7/11/2009	(7,643,180.37)	0.71%	0.000642%
	7/12/2009	(7,643,331.00)	0.71%	0.000642%
	7/13/2009	(6,389,928.06)	0.71%	0.000537%
	7/14/2009	(477,708.13)	0.72%	0.000041%
	7/15/2009		0.63%	0.000000%
	7/16/2009	(1,580,038.90)	0.64%	0.000119%
	7/17/2009	(844,103.60)	0.63%	0.000063%
	7/18/2009	(844,118.40)	0.63%	0.000063%
	7/19/2009	(844,133.20)	0.63%	0.000063%
	7/20/2009	(5,216,279.15)	0.62%	0.000384%
	7/21/2009			0.000000%
	7/22/2009			0.000000%
	7/23/2009	(514,732.02)	0.63%	0.000038%
	7/24/2009	(2,995,268.22)	0.62%	0.000221%
	7/25/2009	(2,995,320.12)	0.62%	0.000221%
	7/26/2009	(2,995,372.02)	0.62%	0.000221%
	7/27/2009	(4,626,757.56)	0.60%	0.000327%
	7/28/2009	(4,501,719.24)	0.61%	0.000326%
	7/29/2009	(2,107,619.43)	0.61%	0.000153%
	7/30/2009			0.000000%
<b>Friday</b>	<b>7/31/2009</b>			0.000000%
	8/1/2009			0.000000%
	8/2/2009			0.000000%
	8/3/2009			0.000000%
	8/4/2009			0.000000%
	8/5/2009			0.000000%
	8/6/2009			0.000000%
	8/7/2009			0.000000%
	8/8/2009			0.000000%
	8/9/2009			0.000000%
	8/10/2009	(4,035,990.53)	0.62%	0.000297%

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended April 30, 2010**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	8/11/2009	(2,093,013.12)	0.62%	0.000154%
	8/12/2009	(926,592.74)	0.62%	0.000068%
	8/13/2009			0.000000%
	8/14/2009			0.000000%
	8/15/2009			0.000000%
	8/16/2009			0.000000%
	8/17/2009			0.000000%
	8/18/2009			0.000000%
	8/19/2009			0.000000%
	8/20/2009			0.000000%
	8/21/2009			0.000000%
	8/22/2009			0.000000%
	8/23/2009			0.000000%
	8/24/2009			0.000000%
	8/25/2009			0.000000%
	8/26/2009			0.000000%
	8/27/2009			0.000000%
	8/28/2009			0.000000%
	8/29/2009			0.000000%
	8/30/2009			0.000000%
<b>Monday</b>	<b>8/31/2009</b>			0.000000%
	9/1/2009			0.000000%
	9/2/2009			0.000000%
	9/3/2009			0.000000%
	9/4/2009			0.000000%
	9/5/2009			0.000000%
	9/6/2009			0.000000%
	9/7/2009			0.000000%
	9/8/2009			0.000000%
	9/9/2009			0.000000%
	9/10/2009			0.000000%
	9/11/2009			0.000000%
	9/12/2009			0.000000%
	9/13/2009			0.000000%
	9/14/2009			0.000000%
	9/15/2009			0.000000%
	9/16/2009			0.000000%
	9/17/2009			0.000000%
	9/18/2009			0.000000%
	9/19/2009			0.000000%
	9/20/2009			0.000000%
	9/21/2009			0.000000%
	9/22/2009			0.000000%
	9/23/2009			0.000000%
	9/24/2009	(1,436,766.12)	0.27%	0.000045%
	9/25/2009	(2,091,727.48)	0.31%	0.000076%
	9/26/2009	(2,091,745.27)	0.31%	0.000076%
	9/27/2009	(2,091,763.05)	0.31%	0.000076%
	9/28/2009			0.000000%
	9/29/2009			0.000000%
<b>Wednesday</b>	<b>9/30/2009</b>			0.000000%

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended April 30, 2010**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	10/1/2009			0.000000%
	10/2/2009			0.000000%
	10/3/2009			0.000000%
	10/4/2009			0.000000%
	10/5/2009	(1,477,483.62)	0.28%	0.000049%
	10/6/2009			0.000000%
	10/7/2009	(7,081,693.65)	0.25%	0.000209%
	10/8/2009			0.000000%
	10/9/2009			0.000000%
	10/10/2009			0.000000%
	10/11/2009			0.000000%
	10/12/2009			0.000000%
	10/13/2009			0.000000%
	10/14/2009			0.000000%
	10/15/2009			0.000000%
	10/16/2009			0.000000%
	10/17/2009			0.000000%
	10/18/2009			0.000000%
	10/19/2009			0.000000%
	10/20/2009			0.000000%
	10/21/2009			0.000000%
	10/22/2009			0.000000%
	10/23/2009			0.000000%
	10/24/2009			0.000000%
	10/25/2009			0.000000%
	10/26/2009			0.000000%
	10/27/2009			0.000000%
	10/28/2009			0.000000%
	10/29/2009			0.000000%
<b>Friday</b>	<b>10/30/2009</b>			0.000000%
<b>Saturday</b>	10/31/2009			0.000000%
	11/1/2009			0.000000%
	11/2/2009			0.000000%
	11/3/2009			0.000000%
	11/4/2009			0.000000%
	11/5/2009			0.000000%
	11/6/2009			0.000000%
	11/7/2009			0.000000%
	11/8/2009			0.000000%
	11/9/2009			0.000000%
	11/10/2009			0.000000%
	11/11/2009			0.000000%
	11/12/2009			0.000000%
	11/13/2009			0.000000%
	11/14/2009			0.000000%
	11/15/2009			0.000000%
	11/16/2009			0.000000%
	11/17/2009			0.000000%
	11/18/2009			0.000000%
	11/19/2009			0.000000%
	11/20/2009	(1,228,065.87)	0.20%	0.000007%

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended April 30, 2010**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	11/21/2009	(1,228,072.74)	0.20%	0.000007%
	11/22/2009	(1,228,079.60)	0.20%	0.000007%
	11/23/2009			0.000000%
	11/24/2009			0.000000%
	11/25/2009			0.000000%
	11/26/2009			0.000000%
	11/27/2009			0.000000%
	11/28/2009			0.000000%
	11/29/2009			0.000000%
<b>Monday</b>	<b>11/30/2009</b>			0.000000%
	12/1/2009			0.000000%
	12/2/2009			0.000000%
	12/3/2009			0.000000%
	12/4/2009			0.000000%
	12/5/2009			0.000000%
	12/6/2009			0.000000%
	12/7/2009			0.000000%
	12/8/2009			0.000000%
	12/9/2009			0.000000%
	12/10/2009			0.000000%
	12/11/2009			0.000000%
	12/12/2009			0.000000%
	12/13/2009			0.000000%
	12/14/2009			0.000000%
	12/15/2009			0.000000%
	12/16/2009			0.000000%
	12/17/2009			0.000000%
	12/18/2009	(1,771,470.22)	0.18%	0.000010%
	12/19/2009	(1,771,479.22)	0.18%	0.000010%
	12/20/2009	(1,771,488.22)	0.18%	0.000010%
	12/21/2009	(1,159,134.70)	0.21%	0.000007%
	12/22/2009	(250,061.40)	0.21%	0.000002%
	12/23/2009	(1,367,337.73)	0.21%	0.000009%
	12/24/2009	(2,190,054.42)	0.22%	0.000014%
	12/25/2009	(2,190,067.68)	0.22%	0.000014%
	12/26/2009	(2,190,080.94)	0.22%	0.000014%
	12/27/2009	(2,190,094.20)	0.22%	0.000014%
	12/28/2009			0.000000%
	12/29/2009			0.000000%
	12/30/2009			0.000000%
<b>Thursday</b>	<b>12/31/2009</b>	(485,336.84)	0.21%	0.000003%
	1/1/2010	(485,339.69)	0.21%	0.000003%
	1/2/2010	(485,342.55)	0.21%	0.000003%
	1/3/2010	(485,345.40)	0.21%	0.000003%
	1/4/2010	(497,293.18)	0.18%	0.000003%
	1/5/2010	(3,077,420.39)	0.19%	0.000018%
	1/6/2010	(5,361,441.55)	0.16%	0.000026%
	1/7/2010			0.000000%
	1/8/2010			0.000000%
	1/9/2010			0.000000%
	1/10/2010			0.000000%

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended April 30, 2010**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	1/11/2010	(11,883,473.94)	0.14%	0.000048%
	1/12/2010	(11,419,024.83)	0.13%	0.000046%
	1/13/2010	(9,707,792.90)	0.14%	0.000039%
	1/14/2010	(6,808,713.60)	0.13%	0.000027%
	1/15/2010	(6,397,257.56)	0.14%	0.000027%
	1/16/2010	(6,397,282.29)	0.14%	0.000027%
	1/17/2010	(6,397,307.02)	0.14%	0.000027%
	1/18/2010	(6,397,331.75)	0.14%	0.000027%
	1/19/2010			0.000000%
	1/20/2010	(3,722,401.59)	0.17%	0.000019%
	1/21/2010	(3,759,311.75)	0.17%	0.000019%
	1/22/2010	(1,994,728.69)	0.16%	0.000009%
	1/23/2010	(1,994,737.45)	0.16%	0.000009%
	1/24/2010	(1,994,746.21)	0.16%	0.000009%
	1/25/2010	(988,701.47)	0.15%	0.000004%
	1/26/2010			0.000000%
	1/27/2010			0.000000%
	1/28/2010	(2,214,719.03)	0.14%	0.000010%
Friday	1/29/2010	(805,285.95)	0.16%	0.000004%
	1/30/2010	(805,289.62)	0.16%	0.000004%
	1/31/2010	(805,293.30)	0.16%	0.000004%
	2/1/2010	(428,347.46)	0.18%	0.000002%
	2/2/2010	(680,235.63)	0.18%	0.000004%
	2/3/2010	(4,213,807.73)	0.17%	0.000022%
	2/4/2010	(2,547,693.73)	0.15%	0.000012%
	2/5/2010	(1,854,505.35)	0.17%	0.000010%
	2/6/2010	(1,854,514.23)	0.17%	0.000010%
	2/7/2010	(1,854,523.11)	0.17%	0.000010%
	2/8/2010	(9,807,778.43)	0.16%	0.000048%
	2/9/2010	(7,084,567.21)	0.16%	0.000033%
	2/10/2010	(5,257,465.72)	0.16%	0.000025%
	2/11/2010	(5,218,293.36)	0.16%	0.000025%
	2/12/2010	(700,582.98)	0.16%	0.000003%
	2/13/2010	(700,586.14)	0.16%	0.000003%
	2/14/2010	(700,589.29)	0.16%	0.000003%
	2/15/2010	(700,592.45)	0.16%	0.000003%
	2/16/2010			0.000000%
	2/17/2010			0.000000%
	2/18/2010			0.000000%
	2/19/2010	(1,310,432.30)	0.16%	0.000006%
	2/20/2010	(1,310,438.21)	0.16%	0.000006%
	2/21/2010	(1,310,444.12)	0.16%	0.000006%
	2/22/2010			0.000000%
	2/23/2010			0.000000%
	2/24/2010			0.000000%
Friday	2/25/2010	(4,261,405.22)	0.18%	0.000023%
	2/26/2010	(2,984,115.84)	0.34%	0.000031%
	2/27/2010	(2,984,144.32)	0.34%	0.000031%
	2/28/2010	(2,984,172.80)	0.34%	0.000031%
	3/1/2010	(3,025,500.39)	0.34%	0.000031%
	3/2/2010	(1,464,631.97)	0.34%	0.000015%

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended April 30, 2010**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	3/3/2010	(3,386,774.11)	0.34%	0.000035%
	3/4/2010			0.000000%
	3/5/2010			0.000000%
	3/6/2010			0.000000%
	3/7/2010			0.000000%
	3/8/2010	(1,891,591.87)	0.09%	0.000005%
	3/9/2010			0.000000%
	3/10/2010			0.000000%
	3/11/2010			0.000000%
	3/12/2010			0.000000%
	3/13/2010			0.000000%
	3/14/2010			0.000000%
	3/15/2010	(69,238.00)	0.13%	0.000000%
	3/16/2010	(851,840.76)	0.12%	0.000003%
	3/17/2010			0.000000%
	3/18/2010	(1,529,870.38)	0.11%	0.000005%
	3/19/2010	(285,013.90)	0.12%	0.000001%
	3/20/2010	(285,014.86)	0.12%	0.000001%
	3/21/2010	(285,015.82)	0.12%	0.000001%
	3/22/2010			0.000000%
	3/23/2010			0.000000%
	3/24/2010			0.000000%
	3/25/2010			0.000000%
	3/26/2010			0.000000%
	3/27/2010			0.000000%
	3/28/2010			0.000000%
	3/29/2010			0.000000%
	3/30/2010			0.000000%
<b>Wednesday</b>	<b>3/31/2010</b>			0.000000%
	4/1/2010			0.000000%
	4/2/2010			0.000000%
	4/3/2010			0.000000%
	4/4/2010			0.000000%
	4/5/2010	(1,965,701.90)	0.35%	0.000020%
	4/6/2010	(529,098.82)	0.34%	0.000005%
	4/7/2010			0.000000%
	4/8/2010			0.000000%
	4/9/2010	(1,965,631.57)	0.35%	0.000020%
	4/10/2010	(1,965,650.42)	0.35%	0.000020%
	4/11/2010	(1,965,669.27)	0.35%	0.000020%
	4/12/2010	(1,017,014.80)	0.14%	0.000004%
	4/13/2010	(292,942.63)	0.13%	0.000001%
	4/14/2010			0.000000%
	4/15/2010			0.000000%
	4/16/2010			0.000000%
	4/17/2010			0.000000%
	4/18/2010			0.000000%
	4/19/2010			0.000000%
	4/20/2010			0.000000%
	4/21/2010			0.000000%
	4/22/2010	(2,587,701.61)	0.19%	0.000015%

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended April 30, 2010**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	4/23/2010	(2,955,369.58)	0.21%	0.000018%
	4/24/2010	(2,955,386.50)	0.21%	0.000018%
	4/25/2010	(2,955,403.43)	0.21%	0.000018%
	4/26/2010	(2,445,023.08)	0.21%	0.000015%
	4/27/2010	(246,774.76)	0.14%	0.000001%
	4/28/2010			0.000000%
	4/29/2010			0.000000%
Friday	4/30/2010			0.000000%

Sum Total All Daily Balances	(\$8,440,983,819.62)	<u>0.8300%</u>	Sum Total Weighted Average Borrowed Interest Rate
Divided By Number of Days in Year	<u>365</u>		
Average Daily Balance	<u>(\$23,125,983.07)</u>		

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending April 30, 2010

Date	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)
	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	
04/01/2009	48,060,330.62	0.000043	2,066.59	2,178,986.49	0.000043	33.45	0.001438	3,133.38	0.000065
04/02/2009	52,879,616.02	0.000043	2,273.82	6,802,092.37	0.000043	33.45	0.001438	9,781.41	0.000185
04/04/2009	54,037,219.82	0.000043	2,323.60	0.00	0.000043	33.45	0.000000	0.00	0.000000
04/05/2009	54,037,219.82	0.000043	2,323.60	0.00	0.000043	33.45	0.000000	0.00	0.000000
04/03/2009	54,037,219.82	0.000043	2,323.60	2,162,889.76	0.000043	33.45	0.001438	3,110.24	0.000058
04/06/2009	53,618,181.01	0.000043	2,305.58	1,397,089.17	0.000043	33.45	0.001438	2,009.01	0.000037
04/07/2009	52,920,257.82	0.000043	2,275.57	1,992,612.84	0.000043	34.61	0.001488	2,965.01	0.000056
04/08/2009	52,401,652.87	0.000042	2,200.87	1,539,180.28	0.000042	34.61	0.001454	2,237.97	0.000043
04/09/2009	52,577,330.77	0.000042	2,208.25	1,970,231.09	0.000042	34.61	0.001454	2,864.72	0.000054
04/10/2009	52,577,330.77	0.000042	2,208.25	0.00	0.000042	34.61	0.000000	0.00	0.000000
04/11/2009	52,577,330.77	0.000042	2,208.25	0.00	0.000042	34.61	0.000000	0.00	0.000000
04/12/2009	52,577,330.77	0.000042	2,208.25	0.00	0.000042	34.61	0.000000	0.00	0.000000
04/13/2009	52,230,003.80	0.000042	2,193.66	1,366,400.39	0.000042	34.61	0.001454	1,986.75	0.000038
04/14/2009	45,638,889.35	0.000042	1,916.83	1,793,628.78	0.000042	34.61	0.001454	2,607.94	0.000057
04/15/2009	45,355,740.61	0.000042	1,904.94	1,904,345.66	0.000042	34.61	0.001454	2,768.92	0.000061
04/16/2009	44,645,073.35	0.000042	1,875.09	1,531,658.37	0.000042	34.61	0.001454	2,227.03	0.000050
04/18/2009	43,992,251.39	0.000042	1,847.67	0.00	0.000042	34.61	0.000000	0.00	0.000000
04/19/2009	43,992,251.39	0.000042	1,847.67	0.00	0.000042	34.61	0.000000	0.00	0.000000
04/17/2009	43,992,251.39	0.000042	1,847.67	1,263,073.55	0.000042	34.61	0.001454	1,865.59	0.000042
04/20/2009	43,436,892.03	0.000042	1,824.35	1,374,755.85	0.000042	34.61	0.001454	1,998.90	0.000046
04/21/2009	42,733,666.16	0.000042	1,794.81	1,819,319.81	0.000042	34.61	0.001454	2,645.29	0.000062
04/22/2009	41,958,331.07	0.000041	1,720.29	1,215,555.77	0.000041	34.61	0.001419	1,724.87	0.000041
04/23/2009	41,064,203.37	0.000041	1,683.63	1,119,867.60	0.000041	34.61	0.001419	1,589.09	0.000039
04/24/2009	41,189,960.92	0.000041	1,688.79	1,185,934.80	0.000041	34.61	0.001419	1,682.84	0.000041
04/25/2009	41,189,960.92	0.000041	1,688.79	0.00	0.000041	34.61	0.000000	0.00	0.000000
04/26/2009	41,189,960.92	0.000041	1,688.79	0.00	0.000041	34.61	0.000000	0.00	0.000000
04/27/2009	40,940,743.16	0.000041	1,678.57	1,207,305.36	0.000041	34.61	0.001419	1,713.17	0.000042
04/28/2009	42,639,102.57	0.000041	1,748.20	3,105,766.78	0.000041	34.61	0.001419	4,407.08	0.000103
04/29/2009	43,751,333.96	0.00004	1,750.05	2,764,487.59	0.00004	34.61	0.001384	3,826.05	0.000087
04/30/2009	44,947,096.80	0.00004	1,797.88	2,189,737.07	0.00004	34.61	0.001384	3,030.60	0.000067
05/01/2009	46,206,835.85	0.00004	1,848.27	2,258,959.13	0.00004	34.61	0.001384	3,126.40	0.000068
05/02/2009	46,206,835.85	0.00004	1,848.27	0.00	0.00004	34.61	0.000000	0.00	0.000000
05/03/2009	46,206,835.85	0.00004	1,848.27	0.00	0.00004	34.61	0.000000	0.00	0.000000
05/04/2009	46,956,419.38	0.00004	1,878.26	2,506,341.06	0.00004	34.61	0.001384	3,468.78	0.000074
05/05/2009	50,299,921.86	0.00004	2,012.00	5,788,424.65	0.00004	34.61	0.001384	8,011.18	0.000159
05/06/2009	49,782,744.75	0.00004	1,991.31	1,224,617.30	0.00004	34.61	0.001384	1,694.87	0.000034
05/07/2009	49,939,369.59	0.00004	1,997.57	1,950,101.11	0.00004	33.82	0.001353	2,638.49	0.000053
05/08/2009	49,846,487.76	0.00004	1,993.86	1,479,121.38	0.00004	33.82	0.001353	2,001.25	0.000040
05/09/2009	49,846,487.76	0.00004	1,993.86	0.00	0.00004	33.82	0.000000	0.00	0.000000
05/10/2009	49,846,487.76	0.00004	1,993.86	0.00	0.00004	33.82	0.000000	0.00	0.000000
05/11/2009	49,413,569.60	0.00004	1,976.54	1,750,653.31	0.00004	33.82	0.001353	2,368.63	0.000048
05/12/2009	48,038,463.98	0.00004	1,921.54	1,116,910.86	0.00004	33.82	0.001353	1,511.18	0.000031
05/13/2009	47,981,941.59	0.00004	1,919.28	1,374,024.44	0.00004	33.82	0.001353	1,859.06	0.000039
05/14/2009	47,751,305.50	0.00004	1,910.05	1,547,249.16	0.00004	33.82	0.001353	2,093.43	0.000044
05/15/2009	47,814,866.17	0.00004	1,912.59	1,252,119.96	0.00004	33.82	0.001353	1,694.12	0.000035
05/16/2009	47,814,866.17	0.00004	1,912.59	0.00	0.00004	33.82	0.000000	0.00	0.000000
05/17/2009	47,814,866.17	0.00004	1,912.59	0.00	0.00004	33.82	0.000000	0.00	0.000000
05/18/2009	46,269,313.72	0.00004	1,850.77	871,309.92	0.00004	33.82	0.001353	1,178.88	0.000025
05/19/2009	44,710,023.38	0.00004	1,788.40	1,100,998.75	0.00004	33.82	0.001353	1,489.65	0.000033
05/20/2009	39,597,675.59	0.000038	1,504.71	973,033.33	0.000038	33.82	0.001285	1,250.35	0.000032
05/21/2009	37,838,048.12	0.000038	1,437.85	855,063.44	0.000038	33.82	0.001285	1,098.76	0.000029
05/22/2009	37,945,380.72	0.000038	1,441.92	1,361,733.50	0.000038	33.82	0.001285	1,749.83	0.000046
05/23/2009	37,945,380.72	0.000038	1,441.92	0.00	0.000038	33.82	0.000000	0.00	0.000000
05/24/2009	37,945,380.72	0.000038	1,441.92	0.00	0.000038	33.82	0.000000	0.00	0.000000
05/25/2009	37,945,380.72	0.000038	1,441.92	0.00	0.000038	33.82	0.000000	0.00	0.000000
05/26/2009	37,305,587.59	0.000038	1,417.61	798,598.99	0.000038	33.82	0.001285	1,026.20	0.000028
05/27/2009	36,866,238.75	0.000038	1,400.92	1,278,263.95	0.000038	33.82	0.001285	1,842.57	0.000045
05/28/2009	37,488,732.66	0.000038	1,424.57	2,063,796.72	0.000038	33.82	0.001285	2,651.98	0.000071
05/29/2009	38,283,990.08	0.000038	1,454.79	2,102,361.13	0.000038	33.82	0.001285	2,701.53	0.000071
05/30/2009	38,283,990.08	0.000038	1,454.79	0.00	0.000038	33.82	0.000000	0.00	0.000000
05/31/2009	38,283,990.08	0.000038	1,454.79	0.00	0.000038	33.82	0.000000	0.00	0.000000
06/01/2009	39,534,140.71	0.000038	1,502.30	2,248,338.11	0.000038	33.82	0.001285	2,889.11	0.000073
06/02/2009	40,517,529.92	0.000038	1,539.67	2,342,853.94	0.000038	33.82	0.001285	3,010.57	0.000074
06/03/2009	45,545,740.17	0.000037	1,685.19	6,616,067.27	0.000037	33.82	0.001251	8,276.70	0.000182
06/04/2009	45,740,325.31	0.000037	1,692.39	1,604,730.57	0.000037	33.82	0.001251	2,007.52	0.000044
06/05/2009	46,173,291.08	0.000037	1,708.41	1,587,742.35	0.000037	40.66	0.001504	2,387.96	0.000052
06/06/2009	46,173,291.08	0.000037	1,708.41	0.00	0.000037	40.66	0.000000	0.00	0.000000
06/07/2009	46,173,291.08	0.000037	1,708.41	0.00	0.000037	40.66	0.000000	0.00	0.000000
06/08/2009	46,262,962.48	0.000037	1,711.73	2,305,004.03	0.000037	40.66	0.001504	3,466.73	0.000075
06/09/2009	45,416,973.91	0.000037	1,680.43	1,360,232.68	0.000037	40.66	0.001504	2,045.79	0.000045
06/10/2009	45,524,918.77	0.000037	1,684.42	1,731,585.19	0.000037	40.66	0.001504	2,604.30	0.000057
06/11/2009	45,690,153.07	0.000037	1,690.54	1,422,551.18	0.000037	40.66	0.001504	2,139.52	0.000047
06/12/2009	45,448,340.75	0.000037	1,681.59	1,617,644.00	0.000037	40.66	0.001504	2,432.94	0.000054
06/13/2009	45,448,340.75	0.000037	1,681.59	0.00	0.000037	40.66	0.000000	0.00	0.000000
06/14/2009	45,448,340.75	0.000037	1,681.59	0.00	0.000037	40.66	0.000000	0.00	0.000000
06/15/2009	44,679,859.50	0.000037	1,653.15	1,703,080.76	0.000037	40.66	0.001504	2,561.43	0.000057
06/16/2009	45,278,621.14	0.000037	1,675.31	1,968,111.84	0.000037	40.66	0.001504	2,960.04	0.000065
06/17/2009	38,999,448.61	0.000036	1,403.98	1,022,431.01	0.000036	40.66	0.001464	1,496.84	0.000038
06/18/2009	38,823,197.67	0.000036	1,397.64	1,131,084.19	0.000036	40.66	0.001464	1,655.91	0.000043
06/19/2009	38,785,896.05	0.000036	1,396.29	1,564,787.26	0.000036	40.66	0.001464	2,290.85	0.000059
06/20/2009	38,785,896.05	0.000036	1,396.29	0.00	0.000036	40.66	0.000000	0.00	0.000000
06/21/2009	38,785,896.05	0.000036	1,396.29	0.00	0.000036	40.66	0.000000	0.00	0.000000
06/22/2009	37,770,114.27	0.000036	1,359.72	1,478,699.06	0.000036	40.66	0.001464	2,164.82	0.000057
06/23/2009	36,965,309.72	0.000036	1,330.75	1,174,626.37	0.000036	40.66	0.001464	1,719.65	0.000047
06/24/2009	37,489,689.19	0.000036	1,349.63	1,746,698.69	0.000036	40.66	0.001464	2,557.17	0.000068
06/25/2009	37,813,131.83	0.000036	1,361.27	1,586,010.87	0.000036	40.66	0.001464	2,321.92	0.000061

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending April 30, 2010

Date	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)
	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstandin g (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	
06/26/2009	39,757,443.05	0.000036	1,431.27	3,043,580.13	0.000036	40.66	0.001464	4,455.80	0.000112
06/27/2009	39,757,443.05	0.000036	1,431.27	0.00	0.000036	40.66	0.000000	0.00	0.000000
06/28/2009	39,757,443.05	0.000036	1,431.27	0.00	0.000036	40.66	0.000000	0.00	0.000000
06/29/2009	40,248,018.70	0.000036	1,448.86	1,620,847.95	0.000036	40.66	0.001464	2,372.92	0.000059
06/30/2009	42,331,543.13	0.000036	1,523.94	3,553,291.23	0.000036	40.66	0.001464	5,202.02	0.000123
07/01/2009	43,235,975.03	0.000036	1,566.50	1,983,816.98	0.000036	40.66	0.001464	2,904.31	0.000067
07/02/2009	49,411,706.91	0.000036	1,778.82	7,639,544.13	0.000036	40.66	0.001464	11,184.29	0.000226
07/03/2009	49,411,706.91	0.000036	1,778.82	0.00	0.000036	40.66	0.000000	0.00	0.000000
07/04/2009	49,411,706.91	0.000036	1,778.82	0.00	0.000036	40.66	0.000000	0.00	0.000000
07/05/2009	49,411,706.91	0.000036	1,778.82	0.00	0.000036	40.66	0.000000	0.00	0.000000
07/06/2009	50,066,328.65	0.000036	1,802.39	2,360,142.94	0.000036	40.66	0.001464	3,455.25	0.000069
07/07/2009	49,006,218.40	0.000036	1,764.22	1,494,273.30	0.000036	40.66	0.001464	2,187.62	0.000045
07/08/2009	49,018,759.82	0.000036	1,764.68	2,225,467.24	0.000036	28.47	0.001025	2,281.10	0.000047
07/09/2009	49,514,952.13	0.000036	1,782.54	1,988,245.55	0.000036	28.47	0.001025	2,037.95	0.000041
07/10/2009	48,912,195.98	0.000036	1,760.84	1,702,493.31	0.000036	28.47	0.001025	1,745.06	0.000036
07/11/2009	48,912,195.98	0.000036	1,760.84	0.00	0.000036	28.47	0.000000	0.00	0.000000
07/12/2009	48,912,195.98	0.000036	1,760.84	0.00	0.000036	28.47	0.000000	0.00	0.000000
07/13/2009	48,244,551.95	0.000036	1,736.80	1,425,762.67	0.000036	28.47	0.001025	1,461.41	0.000030
07/14/2009	44,064,726.69	0.000036	1,586.33	2,186,350.25	0.000036	28.47	0.001025	2,241.01	0.000051
07/15/2009	43,880,443.27	0.000036	1,579.70	2,202,919.75	0.000036	28.47	0.001025	2,257.99	0.000051
07/16/2009	43,799,395.75	0.000036	1,576.78	1,755,769.88	0.000036	28.47	0.001025	1,799.66	0.000041
07/17/2009	43,347,506.34	0.000036	1,560.51	1,506,644.13	0.000036	28.47	0.001025	1,544.31	0.000036
07/18/2009	43,347,506.34	0.000036	1,560.51	0.00	0.000036	28.47	0.000000	0.00	0.000000
07/19/2009	43,347,506.34	0.000036	1,560.51	0.00	0.000036	28.47	0.000000	0.00	0.000000
07/20/2009	42,728,354.98	0.000036	1,538.22	1,730,222.24	0.000036	28.47	0.001025	1,773.48	0.000042
07/21/2009	40,294,498.92	0.000036	1,450.60	1,540,560.42	0.000036	28.47	0.001025	1,579.07	0.000039
07/22/2009	40,171,658.73	0.000036	1,446.18	1,428,951.18	0.000036	28.47	0.001025	1,464.67	0.000036
07/23/2009	40,328,972.31	0.000036	1,451.84	1,369,852.48	0.000036	28.47	0.001025	1,404.10	0.000035
07/25/2009	40,908,402.58	0.000036	1,472.70	1,599,607.79	0.000036	28.47	0.000000	0.00	0.000000
07/26/2009	40,908,402.58	0.000036	1,472.70	0.00	0.000036	28.47	0.000000	0.00	0.000000
07/24/2009	40,908,402.58	0.000036	1,472.70	0.00	0.000036	28.47	0.001025	1,639.60	0.000040
07/27/2009	41,636,212.05	0.000036	1,498.90	1,611,573.52	0.000036	28.47	0.001025	1,651.86	0.000040
07/28/2009	42,913,232.94	0.000036	1,544.68	2,797,273.22	0.000036	28.47	0.001025	2,867.21	0.000067
07/29/2009	43,977,310.47	0.000035	1,539.21	3,065,055.77	0.000035	28.47	0.000996	3,052.81	0.000069
07/30/2009	45,144,222.18	0.000035	1,580.05	2,477,651.69	0.000035	28.47	0.000996	2,467.74	0.000055
07/31/2009	45,918,812.87	0.000035	1,607.16	2,417,708.52	0.000035	28.47	0.000996	2,408.04	0.000052
08/01/2009	45,918,812.87	0.000035	1,607.16	0.00	0.000035	28.47	0.000000	0.00	0.000000
08/02/2009	45,918,812.87	0.000035	1,607.16	0.00	0.000035	28.47	0.000000	0.00	0.000000
08/03/2009	45,309,139.13	0.000035	1,585.82	1,607,310.57	0.000035	28.47	0.000996	1,600.88	0.000035
08/04/2009	47,768,151.14	0.000035	1,671.89	3,915,329.11	0.000035	28.47	0.000996	3,899.67	0.000082
08/05/2009	47,909,945.23	0.000035	1,676.85	1,735,462.12	0.000035	28.47	0.000996	1,728.52	0.000036
08/06/2009	54,233,123.71	0.000035	1,898.11	7,599,270.14	0.000035	28.47	0.000996	7,568.87	0.000140
08/07/2009	54,231,703.76	0.000035	1,898.11	1,436,563.01	0.000035	28.88	0.001011	1,452.37	0.000027
08/08/2009	54,231,703.76	0.000035	1,898.11	0.00	0.000035	28.88	0.000000	0.00	0.000000
08/09/2009	54,231,703.76	0.000035	1,898.11	0.00	0.000035	28.88	0.000000	0.00	0.000000
08/10/2009	54,409,201.18	0.000035	1,904.32	1,558,166.89	0.000035	28.88	0.001011	1,575.31	0.000029
08/11/2009	53,647,366.95	0.000035	1,877.66	1,299,742.31	0.000035	28.88	0.001011	1,314.04	0.000024
08/12/2009	53,367,471.68	0.000034	1,814.49	1,605,856.54	0.000034	28.88	0.000982	1,576.95	0.000030
08/13/2009	47,754,268.38	0.000034	1,623.65	1,796,265.33	0.000034	28.88	0.000982	1,763.93	0.000037
08/14/2009	46,340,394.33	0.000034	1,575.57	1,717,751.45	0.000034	28.88	0.000982	1,686.83	0.000036
08/15/2009	46,340,394.33	0.000034	1,575.57	0.00	0.000034	28.88	0.000000	0.00	0.000000
08/16/2009	46,340,394.33	0.000034	1,575.57	0.00	0.000034	28.88	0.000000	0.00	0.000000
08/17/2009	46,097,309.90	0.000034	1,567.31	1,301,689.99	0.000034	28.88	0.000982	1,278.26	0.000028
08/18/2009	45,472,737.51	0.000034	1,546.07	1,723,083.79	0.000034	28.88	0.000982	1,692.07	0.000037
08/19/2009	43,118,773.09	0.000034	1,466.04	1,304,305.76	0.000034	28.88	0.000982	1,280.83	0.000030
08/20/2009	41,463,877.72	0.000034	1,409.77	1,144,466.29	0.000034	28.88	0.000982	1,123.87	0.000027
08/21/2009	40,663,472.84	0.000034	1,382.56	1,114,602.24	0.000034	28.88	0.000982	1,094.54	0.000027
08/22/2009	40,663,472.84	0.000034	1,382.56	0.00	0.000034	28.88	0.000000	0.00	0.000000
08/23/2009	40,663,472.84	0.000034	1,382.56	0.00	0.000034	28.88	0.000000	0.00	0.000000
08/24/2009	40,721,363.86	0.000034	1,384.53	1,369,213.29	0.000034	28.88	0.000982	1,344.57	0.000033
08/25/2009	40,494,229.09	0.000034	1,376.80	1,184,548.49	0.000034	28.88	0.000982	1,163.23	0.000029
08/26/2009	42,352,609.52	0.000033	1,397.64	3,166,500.89	0.000033	28.88	0.000953	3,017.68	0.000071
08/27/2009	42,709,740.30	0.000033	1,409.42	1,866,974.85	0.000033	28.88	0.000953	1,779.23	0.000042
08/28/2009	44,211,405.69	0.000033	1,458.98	3,107,538.26	0.000033	28.88	0.000953	2,961.48	0.000067
08/29/2009	44,211,405.69	0.000033	1,458.98	0.00	0.000033	28.88	0.000000	0.00	0.000000
08/30/2009	44,211,405.69	0.000033	1,458.98	0.00	0.000033	28.88	0.000000	0.00	0.000000
08/31/2009	44,993,757.65	0.000033	1,484.79	2,058,938.87	0.000033	28.88	0.000953	1,962.17	0.000044
09/01/2009	44,066,113.46	0.000033	1,454.18	1,242,070.78	0.000033	28.88	0.000953	1,183.69	0.000027
09/02/2009	50,036,893.78	0.000033	1,651.22	7,627,866.42	0.000033	28.88	0.000953	7,269.36	0.000145
09/03/2009	51,038,963.79	0.000033	1,684.29	2,471,090.63	0.000033	28.88	0.000953	2,354.95	0.000046
09/04/2009	51,304,733.70	0.000033	1,693.06	1,702,173.32	0.000033	28.88	0.000953	1,622.17	0.000032
09/05/2009	51,304,733.70	0.000033	1,693.06	0.00	0.000033	28.88	0.000000	0.00	0.000000
09/06/2009	51,304,733.70	0.000033	1,693.06	0.00	0.000033	28.88	0.000000	0.00	0.000000
09/07/2009	51,304,733.70	0.000033	1,693.06	0.00	0.000033	28.88	0.000000	0.00	0.000000
09/08/2009	50,386,713.94	0.000033	1,662.76	1,199,910.21	0.000033	33.02	0.001090	1,307.90	0.000026
09/09/2009	49,340,450.23	0.000033	1,628.23	1,530,234.65	0.000033	33.02	0.001090	1,667.96	0.000034
09/10/2009	48,562,433.57	0.000033	1,602.56	1,068,341.80	0.000033	33.02	0.001090	1,164.49	0.000024
09/11/2009	48,323,232.51	0.000033	1,594.67	1,804,518.26	0.000033	33.02	0.001090	1,966.92	0.000041
09/12/2009	48,323,232.51	0.000033	1,594.67	0.00	0.000033	33.02	0.000000	0.00	0.000000
09/13/2009	48,323,232.51	0.000033	1,594.67	0.00	0.000033	33.02	0.000000	0.00	0.000000
09/14/2009	46,746,432.39	0.000033	1,542.63	1,638,878.29	0.000033	33.02	0.001090	1,786.16	0.000038
09/15/2009	46,574,811.65	0.000033	1,536.97	1,634,889.10	0.000033	33.02	0.001090	1,782.03	0.000038
09/16/2009	44,996,493.35	0.000033	1,484.88	968,111.61	0.000033	33.02	0.001090	1,055.24	0.000023
09/17/2009	39,966,945.06	0.000033	1,318.91	1,273,514.72	0.000033	33.02	0.001090	1,388.13	0.000035
09/18/2009	38,335,267.48	0.000033	1,265.06	999,303.08	0.000033	33.02	0.001090	1,089.24	0.000028
09/19/2009	38,335,267.48	0.000033	1,265.06	0.00	0.000033	33.02</			

Kentucky Power Company  
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AEP Credit - Internal Cost Incurred				KP - Actual Carrying Cost Incurred					
Date	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)
09/20/2009	38,335,267.46	0.000033	1,265.06	0.00	0.000033	33.02	0.000000	0.00	0.000000
09/21/2009	37,261,665.27	0.000033	1,229.63	684,809.00	0.000033	33.02	0.001090	746.44	0.000020
09/22/2009	36,429,066.19	0.000033	1,202.16	988,807.66	0.000033	33.02	0.001090	1,077.80	0.000030
09/23/2009	36,041,739.99	0.000032	1,153.34	1,053,407.46	0.000032	33.02	0.001057	1,113.45	0.000031
09/24/2009	36,288,479.11	0.000032	1,161.23	1,175,046.64	0.000032	33.02	0.001057	1,242.02	0.000034
09/25/2009	37,379,039.78	0.000032	1,196.13	2,396,795.97	0.000032	33.02	0.001057	2,533.41	0.000068
09/26/2009	37,379,039.78	0.000032	1,196.13	0.00	0.000032	33.02	0.000000	0.00	0.000000
09/27/2009	37,379,039.78	0.000032	1,196.13	0.00	0.000032	33.02	0.000000	0.00	0.000000
09/28/2009	36,624,310.58	0.000032	1,171.98	1,352,221.90	0.000032	33.02	0.001057	1,429.30	0.000039
09/29/2009	37,111,992.37	0.000032	1,187.58	1,717,926.50	0.000032	33.02	0.001057	1,815.85	0.000049
09/30/2009	37,217,277.64	0.000032	1,190.95	1,492,683.76	0.000032	33.02	0.001057	1,577.77	0.000042
10/01/2009	37,697,235.83	0.000032	1,206.31	2,014,153.71	0.000032	33.02	0.001057	2,128.96	0.000056
10/02/2009	39,369,783.51	0.000032	1,259.83	2,522,074.48	0.000032	33.02	0.001057	2,665.83	0.000068
10/03/2009	39,369,783.51	0.000032	1,259.83	0.00	0.000032	33.02	0.000000	0.00	0.000000
10/04/2009	39,369,783.51	0.000032	1,259.83	0.00	0.000032	33.02	0.000000	0.00	0.000000
10/05/2009	39,180,513.83	0.000032	1,253.78	1,501,749.25	0.000032	33.02	0.001057	1,587.35	0.000041
10/06/2009	37,792,119.20	0.000032	1,209.35	1,212,935.15	0.000032	33.02	0.001057	1,282.07	0.000034
10/07/2009	41,482,441.34	0.000032	1,327.44	5,485,871.41	0.000032	36.26	0.001160	6,363.61	0.000153
10/08/2009	41,465,956.86	0.000032	1,326.91	1,316,855.07	0.000032	36.26	0.001160	1,527.55	0.000037
10/09/2009	42,213,351.45	0.000032	1,350.83	1,916,768.09	0.000032	36.26	0.001160	2,223.45	0.000053
10/10/2009	42,213,351.45	0.000032	1,350.83	0.00	0.000032	36.26	0.000000	0.00	0.000000
10/11/2009	42,213,351.45	0.000032	1,350.83	0.00	0.000032	36.26	0.000000	0.00	0.000000
10/12/2009	41,489,066.83	0.000032	1,327.65	1,351,893.11	0.000032	36.26	0.001160	1,568.20	0.000038
10/13/2009	41,290,262.77	0.000032	1,321.29	1,696,429.85	0.000032	36.26	0.001160	1,967.86	0.000048
10/14/2009	40,290,290.20	0.000032	1,289.29	1,566,228.78	0.000032	36.26	0.001160	1,816.83	0.000045
10/15/2009	40,461,735.07	0.000032	1,294.78	1,306,771.83	0.000032	36.26	0.001160	1,515.66	0.000037
10/16/2009	40,621,021.48	0.000032	1,299.87	1,423,541.37	0.000032	36.26	0.001160	1,651.31	0.000041
10/17/2009	40,621,021.48	0.000032	1,299.87	0.00	0.000032	36.26	0.000000	0.00	0.000000
10/18/2009	40,621,021.48	0.000032	1,299.87	0.00	0.000032	36.26	0.000000	0.00	0.000000
10/19/2009	40,558,425.38	0.000032	1,297.87	1,307,850.52	0.000032	36.26	0.001160	1,517.11	0.000037
10/20/2009	39,710,995.95	0.000032	1,270.75	1,218,026.74	0.000032	36.26	0.001160	1,412.91	0.000036
10/21/2009	34,463,526.65	0.000032	1,102.83	1,268,142.23	0.000032	36.26	0.001160	1,471.04	0.000043
10/22/2009	34,999,948.68	0.000032	1,120.00	1,863,206.96	0.000032	36.26	0.001160	2,161.32	0.000062
10/23/2009	35,847,339.99	0.000032	1,147.11	1,747,024.06	0.000032	36.26	0.001160	2,026.55	0.000057
10/24/2009	35,847,339.99	0.000032	1,147.11	0.00	0.000032	36.26	0.000000	0.00	0.000000
10/25/2009	35,847,339.99	0.000032	1,147.11	0.00	0.000032	36.26	0.000000	0.00	0.000000
10/26/2009	37,062,414.71	0.000032	1,186.00	2,666,450.60	0.000032	36.26	0.001160	3,093.08	0.000083
10/27/2009	37,505,717.65	0.000032	1,200.18	1,806,869.59	0.000032	36.26	0.001160	2,095.97	0.000056
10/28/2009	39,106,060.39	0.000031	1,212.29	3,047,618.03	0.000031	36.26	0.001124	3,425.52	0.000088
10/29/2009	39,753,298.37	0.000031	1,232.35	1,555,265.17	0.000031	36.26	0.001124	1,748.12	0.000044
10/30/2009	40,340,143.15	0.000031	1,250.54	2,054,214.86	0.000031	36.26	0.001124	2,308.94	0.000057
10/31/2009	40,340,143.15	0.000031	1,250.54	0.00	0.000031	36.26	0.000000	0.00	0.000000
11/01/2009	40,340,143.15	0.000031	1,250.54	0.00	0.000031	36.26	0.000000	0.00	0.000000
11/02/2009	40,520,170.16	0.000031	1,256.13	1,886,276.20	0.000031	36.26	0.001124	2,120.17	0.000052
11/03/2009	44,071,204.42	0.000031	1,366.21	5,170,877.68	0.000031	36.26	0.001124	5,812.07	0.000132
11/04/2009	44,613,243.60	0.000031	1,383.01	1,889,859.49	0.000031	36.26	0.001124	2,124.20	0.000048
11/05/2009	44,972,070.30	0.000031	1,394.13	1,776,292.33	0.000031	36.26	0.001124	1,996.55	0.000044
11/06/2009	45,020,465.69	0.000031	1,395.63	1,278,866.53	0.000031	29.13	0.000903	1,154.82	0.000026
11/07/2009	45,020,465.69	0.000031	1,395.63	0.00	0.000031	29.13	0.000000	0.00	0.000000
11/08/2009	45,020,465.69	0.000031	1,395.63	0.00	0.000031	29.13	0.000000	0.00	0.000000
11/09/2009	44,961,132.60	0.000031	1,393.80	1,489,426.81	0.000031	29.13	0.000903	1,344.95	0.000030
11/10/2009	44,955,807.77	0.000031	1,393.63	1,476,660.55	0.000031	29.13	0.000903	1,333.42	0.000030
11/11/2009	43,806,080.18	0.000031	1,379.02	1,593,750.73	0.000031	29.13	0.000903	1,439.16	0.000033
11/12/2009	44,484,480.82	0.000031	1,379.02	1,355,926.67	0.000031	29.13	0.000903	1,224.40	0.000028
11/13/2009	43,318,404.39	0.000031	1,342.87	1,339,011.85	0.000031	29.13	0.000903	1,209.13	0.000028
11/14/2009	43,318,404.39	0.000031	1,342.87	0.00	0.000031	29.13	0.000000	0.00	0.000000
11/15/2009	43,318,404.39	0.000031	1,342.87	0.00	0.000031	29.13	0.000000	0.00	0.000000
11/16/2009	43,514,381.69	0.000031	1,348.95	1,465,800.89	0.000031	29.13	0.000903	1,323.62	0.000030
11/17/2009	39,789,511.37	0.000031	1,233.47	1,401,524.29	0.000031	29.13	0.000903	1,265.58	0.000032
11/18/2009	36,933,081.95	0.000031	1,144.93	1,075,353.31	0.000031	29.13	0.000903	971.04	0.000026
11/19/2009	37,044,508.07	0.000031	1,148.38	1,170,787.39	0.000031	29.13	0.000903	1,057.22	0.000029
11/20/2009	37,053,677.03	0.000031	1,148.66	0.00	0.000031	29.13	0.000000	0.00	0.000000
11/21/2009	37,053,677.03	0.000031	1,148.66	0.00	0.000031	29.13	0.000000	0.00	0.000000
11/22/2009	37,232,775.65	0.000031	1,154.22	1,373,039.98	0.000031	29.13	0.000903	1,239.86	0.000033
11/23/2009	37,053,677.03	0.000031	1,148.66	1,240,360.46	0.000031	29.13	0.000903	1,120.05	0.000030
11/24/2009	36,974,705.09	0.000031	1,146.22	1,514,345.24	0.000031	29.13	0.000903	1,367.45	0.000037
11/25/2009	39,853,414.10	0.00003	1,195.60	4,246,934.02	0.00003	29.13	0.000874	3,711.82	0.000093
11/26/2009	39,853,414.10	0.00003	1,195.60	0.00	0.00003	29.13	0.000000	0.00	0.000000
11/27/2009	39,853,414.10	0.00003	1,195.60	0.00	0.00003	29.13	0.000000	0.00	0.000000
11/28/2009	39,853,414.10	0.00003	1,195.60	0.00	0.00003	29.13	0.000000	0.00	0.000000
11/29/2009	39,853,414.10	0.00003	1,195.60	0.00	0.00003	29.13	0.000000	0.00	0.000000
11/30/2009	40,936,300.21	0.00003	1,228.09	2,057,156.58	0.00003	29.13	0.000874	1,797.95	0.000044
12/01/2009	40,474,492.25	0.00003	1,214.23	1,123,580.96	0.00003	29.13	0.000874	982.01	0.000024
12/02/2009	44,693,369.40	0.00003	1,340.80	5,650,441.89	0.00003	29.13	0.000874	4,938.49	0.000110
12/03/2009	45,688,228.59	0.00003	1,370.65	2,628,341.84	0.00003	29.13	0.000874	2,297.17	0.000050
12/04/2009	45,775,037.45	0.00003	1,373.25	0.00	0.00003	29.13	0.000000	0.00	0.000000
12/05/2009	45,775,037.45	0.00003	1,373.25	0.00	0.00003	29.13	0.000000	0.00	0.000000
12/06/2009	45,713,459.49	0.00003	1,371.40	1,927,663.61	0.00003	35.65	0.001070	2,062.60	0.000045
12/07/2009	45,775,037.45	0.00003	1,373.25	1,178,674.80	0.00003	29.13	0.000874	1,030.16	0.000023
12/08/2009	45,780,852.87	0.00003	1,373.43	1,238,458.10	0.00003	35.65	0.001070	1,325.15	0.000029
12/09/2009	44,403,751.48	0.00003	1,332.11	1,384,383.48	0.00003	35.65	0.001070	1,481.29	0.000033
12/10/2009	44,168,925.86	0.00003	1,325.07	1,121,369.47	0.00003	35.65	0.001070	1,199.87	0.000027
12/11/2009	44,327,910.58	0.00003	1,329.84	1,272,352.28	0.00003	35.65	0.001070	1,361.42	0.000031
12/12/2009	44,168,925.86	0.00003	1,325.07	0.00	0.00003	35.65	0.000000	0.00	0.000000
12/13/2009	44,168,925.86	0.00003	1,325.07	0.00	0.00003	35.65	0.000000	0.00	0.000000
12/14/2009	44,273,774.04	0.00003	1,328.21	1,769,079.07	0.00003	35.65	0.001070	1,892.91	0.000043

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending April 30, 2010

Date	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred						Actual Cost of Capital as a % of Total A/R Balance
	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)		
12/15/2009	39,987,324.16	0.00003	1,199.62	1,884,367.10	0.00003	35.65	0.001070	2,016.27	0.000050	
12/16/2009	39,817,502.18	0.00003	1,194.53	1,048,835.54	0.00003	35.65	0.001070	1,122.25	0.000028	
12/17/2009	39,883,440.15	0.00003	1,196.50	1,379,650.33	0.00003	35.65	0.001070	1,476.23	0.000037	
12/18/2009	39,747,049.34	0.00003	1,192.41	0.00	0.00003	35.65	0.000000	0.00	0.000000	
12/19/2009	39,747,049.34	0.00003	1,192.41	0.00	0.00003	35.65	0.000000	0.00	0.000000	
12/20/2009	38,689,668.31	0.00003	1,160.69	1,064,326.03	0.00003	35.65	0.001070	1,138.83	0.000029	
12/21/2009	39,747,049.34	0.00003	1,192.41	1,340,560.83	0.00003	35.65	0.001070	1,434.40	0.000036	
12/22/2009	37,769,205.76	0.00003	1,133.08	857,046.15	0.00003	35.65	0.001070	917.04	0.000024	
12/23/2009	35,892,287.12	0.00003	1,076.77	184,523.06	0.00003	35.65	0.001070	197.44	0.000006	
12/24/2009	35,892,287.12	0.00003	1,076.77	0.00	0.00003	35.65	0.000000	0.00	0.000000	
12/25/2009	35,892,287.12	0.00003	1,076.77	0.00	0.00003	35.65	0.000000	0.00	0.000000	
12/26/2009	35,892,287.12	0.00003	1,076.77	0.00	0.00003	35.65	0.000000	0.00	0.000000	
12/27/2009	35,892,287.12	0.00003	1,076.77	0.00	0.00003	35.65	0.000000	0.00	0.000000	
12/28/2009	36,485,607.09	0.00003	1,094.57	1,872,142.22	0.00003	35.65	0.001070	2,003.19	0.000055	
12/29/2009	37,136,570.88	0.00003	1,114.10	2,546,847.22	0.00003	35.65	0.001070	2,725.13	0.000073	
12/30/2009	39,409,087.81	0.00003	1,182.27	3,685,135.09	0.00003	35.65	0.001070	3,943.09	0.000100	
12/31/2009	40,565,343.72	0.00003	1,216.96	2,734,835.17	0.00003	35.65	0.001070	2,926.27	0.000072	
01/01/2010	40,565,343.72	0.00003	1,216.96	0.00	0.00003	35.65	0.000000	0.00	0.000000	
01/02/2010	40,565,343.72	0.00003	1,216.96	0.00	0.00003	35.65	0.000000	0.00	0.000000	
01/03/2010	40,565,343.72	0.00003	1,216.96	0.00	0.00003	35.65	0.000000	0.00	0.000000	
01/04/2010	41,501,932.70	0.00003	1,245.06	1,909,482.86	0.00003	35.65	0.001070	2,043.15	0.000049	
01/05/2010	44,585,575.45	0.00003	1,337.57	5,539,096.23	0.00003	35.65	0.001070	5,826.83	0.000133	
01/06/2010	44,314,590.59	0.00003	1,329.44	2,504,333.93	0.00003	35.65	0.001070	2,679.64	0.000060	
01/07/2010	43,298,402.16	0.00003	1,298.95	1,736,168.15	0.00003	35.65	0.001070	1,857.70	0.000043	
01/08/2010	43,678,002.86	0.00003	1,310.34	2,046,255.69	0.00003	33.61	0.001008	2,062.63	0.000047	
01/09/2010	45,377,583.48	0.00003	1,361.33	2,921,123.03	0.00003	33.61	0.001008	2,944.49	0.000065	
01/10/2010	45,899,067.13	0.00003	1,376.97	2,439,843.70	0.00003	33.61	0.001008	2,459.36	0.000054	
01/11/2010	43,678,002.86	0.00003	1,310.34	0.00	0.00003	33.61	0.000000	0.00	0.000000	
01/12/2010	43,678,002.86	0.00003	1,310.34	0.00	0.00003	33.61	0.000000	0.00	0.000000	
01/13/2010	45,777,040.70	0.00003	1,373.31	1,987,109.56	0.00003	33.61	0.001008	2,003.01	0.000044	
01/14/2010	45,998,365.58	0.00003	1,379.95	2,254,131.97	0.00003	33.61	0.001008	2,272.17	0.000049	
01/15/2010	47,262,765.92	0.00003	1,417.88	0.00	0.00003	33.61	0.000000	0.00	0.000000	
01/16/2010	47,262,765.92	0.00003	1,417.88	0.00	0.00003	33.61	0.000000	0.00	0.000000	
01/17/2010	47,237,610.87	0.00003	1,417.13	2,511,281.89	0.00003	33.61	0.001008	2,531.37	0.000054	
01/18/2010	47,262,765.92	0.00003	1,417.88	2,660,867.94	0.00003	33.61	0.001008	2,682.15	0.000057	
01/19/2010	43,796,313.34	0.00003	1,313.89	3,324,923.83	0.00003	33.61	0.001008	2,343.52	0.000054	
01/20/2010	43,131,961.77	0.00003	1,293.96	1,472,420.43	0.00003	33.61	0.001008	1,484.20	0.000034	
01/21/2010	42,411,259.77	0.00003	1,272.34	1,809,490.51	0.00003	33.61	0.001008	1,823.97	0.000043	
01/22/2010	43,793,607.41	0.00003	1,313.81	2,028,991.74	0.00003	33.61	0.001008	2,045.22	0.000047	
01/23/2010	41,897,503.49	0.00003	1,256.93	1,450,371.36	0.00003	33.61	0.001008	1,461.97	0.000035	
01/24/2010	42,411,259.77	0.00003	1,272.34	0.00	0.00003	33.61	0.000000	0.00	0.000000	
01/25/2010	42,411,259.77	0.00003	1,272.34	0.00	0.00003	33.61	0.000000	0.00	0.000000	
01/26/2010	41,984,489.66	0.00003	1,259.53	1,850,139.98	0.00003	33.61	0.001008	1,864.94	0.000044	
01/27/2010	42,302,685.56	0.000029	1,226.78	2,047,548.49	0.000029	33.61	0.000975	1,996.36	0.000047	
01/28/2010	43,519,778.24	0.000029	1,262.07	2,869,904.58	0.000029	33.61	0.000975	2,798.16	0.000064	
01/29/2010	45,532,950.38	0.000029	1,320.46	3,496,661.21	0.000029	33.61	0.000975	3,409.24	0.000075	
01/30/2010	45,532,950.38	0.000029	1,320.46	0.00	0.000029	33.61	0.000000	0.00	0.000000	
01/31/2010	45,532,950.38	0.000029	1,320.46	0.00	0.000029	33.61	0.000000	0.00	0.000000	
02/01/2010	46,849,103.68	0.000029	1,358.62	3,059,419.64	0.000029	33.61	0.000975	2,982.33	0.000064	
02/02/2010	50,865,982.11	0.000029	1,475.11	6,531,797.26	0.000029	33.61	0.000975	6,368.50	0.000125	
02/03/2010	50,620,108.59	0.00003	1,518.60	1,854,554.98	0.00003	33.61	0.001008	1,869.39	0.000037	
02/04/2010	50,971,053.10	0.00003	1,529.13	2,227,885.62	0.00003	33.61	0.001008	2,245.71	0.000044	
02/05/2010	50,599,230.42	0.00003	1,517.98	1,850,255.31	0.00003	28.47	0.000854	1,580.12	0.000031	
02/06/2010	51,367,519.52	0.00003	1,541.03	2,471,246.95	0.00003	28.47	0.000854	2,110.44	0.000041	
02/07/2010	49,970,404.00	0.00003	1,499.11	1,856,184.30	0.00003	28.47	0.000854	1,595.18	0.000032	
02/08/2010	50,599,230.42	0.00003	1,517.98	0.00	0.00003	28.47	0.000000	0.00	0.000000	
02/09/2010	50,599,230.42	0.00003	1,517.98	0.00	0.00003	28.47	0.000000	0.00	0.000000	
02/10/2010	49,329,152.23	0.00003	1,479.87	1,938,342.86	0.00003	28.47	0.000854	1,655.34	0.000034	
02/11/2010	50,075,175.37	0.00003	1,502.26	2,604,325.54	0.00003	28.47	0.000854	2,224.09	0.000044	
02/12/2010	46,176,901.48	0.00003	1,385.31	1,960,348.32	0.00003	28.47	0.000854	1,674.14	0.000036	
02/13/2010	46,176,901.48	0.00003	1,385.31	0.00	0.00003	28.47	0.000000	0.00	0.000000	
02/14/2010	46,176,901.48	0.00003	1,385.31	0.00	0.00003	28.47	0.000000	0.00	0.000000	
02/15/2010	46,213,320.77	0.00003	1,366.40	2,437,497.79	0.00003	28.47	0.000854	2,081.62	0.000045	
02/16/2010	46,067,955.75	0.00003	1,382.04	2,598,439.59	0.00003	28.47	0.000854	2,219.07	0.000048	
02/17/2010	44,819,916.29	0.00003	1,344.60	1,520,040.28	0.00003	28.47	0.000854	1,298.11	0.000029	
02/18/2010	45,087,102.89	0.00003	1,352.61	1,887,156.49	0.00003	28.47	0.000854	1,611.63	0.000036	
02/19/2010	45,020,893.06	0.00003	1,350.63	1,770,731.96	0.00003	28.47	0.000854	1,512.21	0.000034	
02/20/2010	43,462,845.34	0.00003	1,303.89	1,538,852.66	0.00003	28.47	0.000854	1,314.18	0.000030	
02/21/2010	42,586,016.37	0.00003	1,277.58	1,486,061.97	0.00003	28.47	0.000854	1,269.10	0.000030	
02/22/2010	45,087,102.89	0.00003	1,352.61	0.00	0.00003	28.47	0.000000	0.00	0.000000	
02/23/2010	45,087,102.89	0.00003	1,352.61	0.00	0.00003	28.47	0.000000	0.00	0.000000	
02/24/2010	42,827,051.20	0.00003	1,284.81	1,664,327.00	0.00003	28.47	0.000854	1,421.34	0.000033	
02/25/2010	42,923,644.90	0.00003	1,287.71	2,240,919.71	0.00003	28.47	0.000854	1,913.75	0.000045	
02/26/2010	44,236,045.79	0.00003	1,327.08	0.00	0.00003	28.47	0.000000	0.00	0.000000	
02/27/2010	44,236,045.79	0.00003	1,327.08	0.00	0.00003	28.47	0.000000	0.00	0.000000	
02/28/2010	46,752,802.62	0.00003	1,402.58	4,288,707.35	0.00003	28.47	0.000854	3,662.56	0.000078	
03/01/2010	44,236,045.79	0.00003	1,327.08	2,980,503.76	0.00003	28.47	0.000854	2,545.35	0.000058	
03/02/2010	48,469,032.16	0.00003	1,454.07	4,327,106.27	0.00003	28.47	0.000854	3,695.35	0.000076	
03/03/2010	52,116,340.25	0.00003	1,563.49	6,409,911.35	0.00003	28.47	0.000854	5,474.06	0.000105	
03/04/2010	51,639,583.38	0.00003	1,549.19	1,544,383.99	0.00003	28.47	0.000854	1,318.90	0.000026	
03/05/2010	51,772,914.77	0.00003	1,553.19	2,188,352.48	0.00003	28.23	0.000847	1,853.53	0.000036	
03/06/2010	49,993,889.72	0.00003	1,499.82	1,760,541.34	0.00003	28.23	0.000847	1,491.18	0.000030	
03/07/2010	49,456,583.67	0.00003	1,483.70	2,641,252.72	0.00003	28.23	0.000847	2,237.14	0.000045	
03/08/2010	51,772,914.77	0.00003	1,553.19	0.00	0.00003	28.23	0.000000	0.00	0.000000	
03/09/2010	51,772,914.77	0.00003	1,553.19	0.00	0.00003	28.23	0.000000	0.00	0.000000	
03/10/2010	49,772,468.70	0.00003	1,493.17	2,083,400.35	0.00003	28.23	0.000847	1,764.64	0.000035	

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending April 30, 2010

AEP Credit - Internal Cost Incurred				KP - Actual Carrying Cost Incurred						
Date	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)	
03/11/2010	49,524,473.06	0.00003	1,485.73	1,988,230.92	0.00003	28.23	0.000847	1,664.03	0.000034	
03/12/2010	44,039,862.22	0.00003	1,321.20	1,689,968.81	0.00003	28.23	0.000847	1,431.40	0.000033	
03/13/2010	44,039,862.22	0.00003	1,321.20	0.00	0.00003	28.23	0.000000	0.00	0.000000	
03/14/2010	44,039,862.22	0.00003	1,321.20	0.00	0.00003	28.23	0.000000	0.00	0.000000	
03/15/2010	43,863,835.17	0.00003	1,315.92	2,156,300.25	0.00003	28.23	0.000847	1,826.39	0.000042	
03/16/2010	44,135,959.16	0.00003	1,324.08	2,201,216.98	0.00003	28.23	0.000847	1,864.43	0.000042	
03/17/2010	44,155,449.99	0.00003	1,324.66	2,004,308.94	0.00003	28.23	0.000847	1,697.65	0.000038	
03/18/2010	43,311,808.32	0.00003	1,299.35	0.00	0.00003	28.23	0.000000	0.00	0.000000	
03/19/2010	43,311,808.32	0.00003	1,299.35	0.00	0.00003	28.23	0.000000	0.00	0.000000	
03/20/2010	43,619,308.73	0.00003	1,308.58	1,522,035.27	0.00003	28.23	0.000847	1,289.16	0.000030	
03/21/2010	43,311,808.32	0.00003	1,299.35	1,964,841.68	0.00003	28.23	0.000847	1,664.22	0.000038	
03/22/2010	44,389,830.37	0.00003	1,331.69	1,649,682.95	0.00003	28.23	0.000847	1,397.28	0.000031	
03/23/2010	40,366,288.59	0.00003	1,210.99	1,405,378.31	0.00003	28.23	0.000847	1,190.36	0.000029	
03/24/2010	40,205,792.42	0.00003	1,206.17	1,243,772.31	0.00003	28.23	0.000847	1,053.48	0.000026	
03/25/2010	40,004,526.12	0.00003	1,200.14	1,451,659.37	0.00003	28.23	0.000847	1,229.56	0.000031	
03/26/2010	40,504,042.37	0.00003	1,215.12	1,789,886.35	0.00003	28.23	0.000847	1,516.03	0.000037	
03/27/2010	40,504,042.37	0.00003	1,215.12	0.00	0.00003	28.23	0.000000	0.00	0.000000	
03/28/2010	40,504,042.37	0.00003	1,215.12	0.00	0.00003	28.23	0.000000	0.00	0.000000	
03/29/2010	41,635,442.76	0.00003	1,249.06	2,624,589.91	0.00003	28.23	0.000847	2,223.03	0.000053	
03/30/2010	43,564,832.41	0.00003	1,306.94	3,746,317.82	0.00003	28.23	0.000847	3,173.13	0.000073	
03/31/2010	43,752,291.61	0.00003	1,312.57	2,312,990.93	0.00003	28.23	0.000847	1,959.10	0.000045	
04/01/2010	43,384,597.91	0.00003	1,301.54	0.00	0.00003	28.23	0.000000	0.00	0.000000	
04/02/2010	43,384,597.91	0.00003	1,301.54	0.00	0.00003	28.23	0.000000	0.00	0.000000	
04/03/2010	43,384,597.91	0.00003	1,301.54	0.00	0.00003	28.23	0.000000	0.00	0.000000	
04/04/2010	43,384,597.91	0.00003	1,301.54	1,328,279.67	0.00003	28.23	0.000847	1,125.05	0.000026	
04/05/2010	47,908,124.63	0.00003	1,437.24	6,032,063.92	0.00003	28.23	0.000847	5,109.16	0.000107	
04/06/2010	45,689,816.45	0.00003	1,370.69	1,673,044.53	0.00003	28.23	0.000847	1,411.07	0.000031	
04/07/2010	44,503,176.41	0.00003	1,335.10	1,277,777.22	0.00003	28.23	0.000847	1,082.28	0.000024	
04/08/2010	44,656,999.24	0.00003	1,339.71	2,371,415.25	0.00003	25.57	0.000767	1,818.88	0.000041	
04/09/2010	43,962,669.70	0.00003	1,318.88	1,245,928.77	0.00003	25.57	0.000767	955.63	0.000022	
04/10/2010	43,962,669.70	0.00003	1,318.88	0.00	0.00003	25.57	0.000000	0.00	0.000000	
04/11/2010	43,962,669.70	0.00003	1,318.88	0.00	0.00003	25.57	0.000000	0.00	0.000000	
04/12/2010	43,533,918.00	0.00003	1,306.02	1,355,348.57	0.00003	25.57	0.000767	1,039.55	0.000024	
04/13/2010	42,671,106.33	0.00003	1,280.13	1,359,706.45	0.00003	25.57	0.000767	1,042.89	0.000024	
04/14/2010	42,315,883.45	0.000031	1,311.79	1,404,716.64	0.000031	25.57	0.000793	1,113.94	0.000026	
04/15/2010	42,498,168.21	0.000031	1,317.44	1,818,578.02	0.000031	25.57	0.000793	1,442.13	0.000034	
04/16/2010	37,878,435.69	0.000031	1,174.23	1,343,832.14	0.000031	25.57	0.000793	1,065.66	0.000028	
04/17/2010	37,308,441.49	0.000031	1,156.56	817,925.47	0.000031	25.57	0.000793	648.61	0.000017	
04/18/2010	37,655,234.15	0.000031	1,167.31	1,647,355.08	0.000031	25.57	0.000793	1,464.95	0.000039	
04/19/2010	37,878,435.69	0.000031	1,174.23	0.00	0.000031	25.57	0.000000	0.00	0.000000	
04/20/2010	37,878,435.69	0.000031	1,174.23	0.00	0.000031	25.57	0.000000	0.00	0.000000	
04/21/2010	36,752,536.00	0.000031	1,139.33	1,252,406.32	0.000031	25.57	0.000793	993.16	0.000027	
04/22/2010	35,168,494.40	0.000031	1,090.22	967,510.36	0.000031	25.57	0.000793	767.24	0.000022	
04/23/2010	34,969,308.47	0.000031	1,084.05	0.00	0.000031	25.57	0.000000	0.00	0.000000	
04/24/2010	34,969,308.47	0.000031	1,084.05	0.00	0.000031	25.57	0.000000	0.00	0.000000	
04/25/2010	34,969,308.47	0.000031	1,084.05	1,088,929.03	0.000031	25.57	0.000793	863.52	0.000025	
04/26/2010	34,563,992.91	0.000031	1,071.17	1,237,987.57	0.000031	25.57	0.000793	981.72	0.000028	
04/27/2010	34,563,992.91	0.000031	1,071.17	1,576,833.17	0.000031	25.57	0.000793	1,250.43	0.000036	
04/28/2010	35,621,399.24	0.000031	1,104.26	2,270,418.87	0.000031	25.57	0.000793	1,800.44	0.000051	
04/29/2010	38,209,601.66	0.000031	1,184.50	1,892,754.10	0.000031	25.57	0.000793	1,500.95	0.000039	
04/30/2010	37,462,251.09	0.000031	1,161.33	3,205,839.55	0.000031	25.57	0.000793	2,542.23	0.000068	
									Average Daily Cost of Capital as a % of Total A/R Balance	
									0.000034	
									Annualized Cost of Capital as a % of Total A/R Balance	
									1.2229%	
Average A/R Balance 4/01/09 - 4/30/10				43,588,933.20						
AEP Credit - Internal Cost of Capital 4/01/09 - 4/30/10				1.2016%	Internal Cost Incurred / Average A/R Balance / 396 x 360					
KP - Actual Cost of Capital 4/01/09 - 4/30/10				1.2314%	Actual Carrying Cost Incurred / Average A/R Balance / 396 x 360					

ES FORM 3 15

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

For the Expense month of XXXXXXXX XX, 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF	WACC (PRE-TAX)	
		As of 4/30/2010							
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%		3.37%	
2	S/T DEBT	\$0	0.000%	1.77%		0.00%		0.00%	
3	ACCTS REC FINANCING	\$43,588,933	4.116%	1.22%		0.05%		0.05%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5760	7.27%	
5	TOTAL	\$1,058,903,021	100.000%			8.03%		10.69%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2009 - 00316								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2009 - 00316 dated - January 20, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105		
10	AFTER-TAX PRODUCTION INCOME						57.4051		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4051		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9105		
19	STATE (LINE 4)						5.6372		
20	BLENDED TAX RATE						36.5477		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3 10, Line 9  
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010

Kentucky Power Company  
 Uncollected Accounts

Line No. (1)	Description (2)	Electric Revenues (3)	Accounts - Net Charged Off (4)	Percent of Electric Revenues (5)
1	12 Months ended 04/30/2008	\$408,354,846	\$1,101,516	0.27%
2	12 Months ended 04/30/2009	\$501,432,589	\$1,140,761	0.23%
3	12 Months ended 04/30/2010	\$486,154,829	\$1,162,370	0.24%
4	Total	<u>\$1,395,942,264</u>	<u>\$3,404,647</u>	<u>0.74%</u>
5	Three Year Average	<u>\$465,314,088</u>	<u>\$1,134,882</u>	<u>0.24%</u>