

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

**APPLICATION OF KENTUCKY POWER  
COMPANY FOR APPROVAL OF ITS  
2011 ENVIRONMENTAL COMPLIANCE  
PLAN, FOR APPROVAL OF ITS  
AMENDED ENVIRONMENTAL COST  
RECOVERY SURCHARGE TARIFF, AND  
FOR THE GRANTING OF A  
CERTIFICATE OF PUBLIC  
CONVENIENCE AND NECESSITY FOR  
THE CONSTRUCTION AND  
ACQUISITION OF RELATED  
FACILITIES**

CASE NO. 2011-00401

**RECEIVED**

**MAR 23 2012**

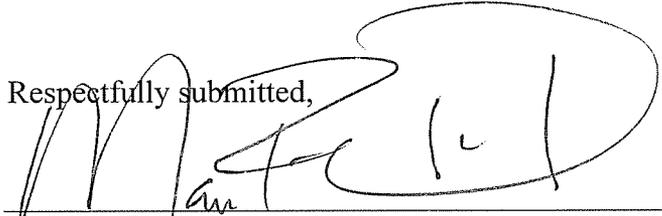
**PUBLIC SERVICE  
COMMISSION**

**Notice of Filing Of Supplemental Response**  
**To Identified Data Requests**

Kentucky Power Company files its March 23, 2012 Supplemental Response to the following data requests:

- (a) KIUC 1-41;
- (b) AG 1-3.

Respectfully submitted,



Mark R. Overstreet  
R. Benjamin Crittenden  
STITES & HARBISON, PLLC  
421 West Main Street  
P.O. Box 634  
Frankfort, KY 40602-0634  
Telephone: (502) 223-3477  
COUNSEL FOR KENTUCKY POWER  
COMPANY

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served by first class mail upon the following parties of record, this the 23<sup>rd</sup> day of March, 2012.

Michael L. Kurtz  
Kurt J. Boehm  
Boehm, Kurtz & Lowry  
Suite 1510  
36 East Seventh Street  
Cincinnati, OH 45202

Joe F. Childers  
Joe F. Childers & Associates  
300 The Lexington Building  
201 West Short Street  
Lexington, KY 40507

Jennifer Black Hans  
Dennis G. Howard II  
Lawrence W. Cook  
Assistant Attorney General  
Office for Rate Intervention  
P.O. Box 2000  
Frankfort, KY 40602-2000

Kristin Henry  
Sierra Club  
85 Second Street  
San Francisco, CA 94105

Shannon Fisk  
235 Rector St.  
Philadelphia, PA 19128



Mark R. Overstreet



## Kentucky Power Company

### REQUEST

Please update the application and all testimonies to reflect the effect, impact, and ramifications which the 2011 promulgation of the final version of EPA's MACT rule will have upon the company.

### RESPONSE

The MACT Rule was finalized by the U.S. Environmental Protection Agency (EPA) on December 16, 2011, and was renamed the Mercury Air Toxics Standards (MATS) Rule. AEP is in the process of analyzing the newly finalized rule addressing mercury and other hazardous pollutants (HAPS). The final rule varies little from the proposed rule, and based on a preliminary analysis, there will be little if any change in impact on the company from the rule. When a more thorough analysis is completed, a determination will be made of the need for an update of the application and testimonies.

### Supplemental Response provided on March 23, 2012:

Based on the final MATS Rule, the initial MATS compliance deadline has changed from approximately the end of 2014 to April 16, 2015, along with the rule's associated compliance extensions. Given the new initial compliance deadline, the approximate three-month extension is immaterial to the modeling efforts discussed by Company witness Weaver; therefore, no new modeling is required as a result of the final rule.

WITNESS: John M McManus





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

March 19, 2012

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

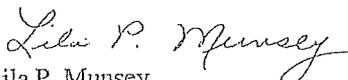
Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of February 2012. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after March 29, 2012.

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

  
Lila P. Munsey  
Manager, Regulatory Services  
Enclosures

RECEIVED

MAR 19 2012

PUBLIC SERVICE  
COMMISSION

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CALCULATION OF E(m) and SURCHARGE FACTOR  
 For the Expense Month of February 2012

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$3,426,012
LINE 2	Brr from ES FORM 1.10	<b>3,590,810</b> <sup>1/</sup>
LINE 3	E(m) (LINE 1 - LINE 2)	(\$164,798)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	88.9%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$146,505)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$74,511)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$221,016)
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	(\$221,016)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$48,360,835
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-0.4570%

Effective Date for Billing: March 29, 2012

Submitted By : *Lila P. Mursey*

Title : Manager Regulatory Services

Date Submitted : March 19, 2012

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

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 BASE PERIOD REVENUE REQUIREMENT  
 For the Expense Month of February 2012

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
<b>FEBRUARY</b>	<b>3,590,810</b>
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	<u>\$44,185,079</u>

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 For the Expense Month of February 2012

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		\$3,380,003
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		\$46,009
	<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 \$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.		\$3,426,012

ES FORM 3.10

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

For the Expense Month of February 2012

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,452,443	
2	Less Accumulated Depreciation	(\$69,731,770)	
3	Less Accum. Def. Income Taxes	(\$38,522,976)	
4	Net Utility Plant		\$83,197,697
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,160,358
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$83,231
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$131,115
8	Total Rate Base		\$95,572,401
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$850,594
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$10,527
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$991,380
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$105,868
18	Monthly SO2 Emission Allowance Consumption		\$785,030
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,529,409
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,380,003

ES FORM 3.11

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

For the Expense Month of February 2012

	(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	474,169	\$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	109,405	\$0	\$33,456,375	\$305.803
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	(28)	13,642	(\$2,819)	(\$5,106,799)	(\$374.344)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
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)	1,414		\$785,030		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	0	696,945	\$0	\$57,411,167	\$82.375
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,135,611		\$12,160,358	\$10.708
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06409

**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 A

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

For the Expense Month of February 2012

	(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	37,048	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	23,693	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		10,000		\$0	\$0.000

**Columns 1 and 2 -**

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

**Columns 3 and 4 -**

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

**Column 5 -**

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

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

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

ES FORM 3.12 B

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

For the Expense Month of February 2012

	(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	101	44,830	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	(716)	3,264	(\$86,548)	\$1,970,892	\$603.827
Other (List)	0	0	\$0	\$0	\$0.000
NO <sub>x</sub> Emissions Allowance Adjustment	(2)	(8)	(\$635)	(\$2,540)	\$317.500
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	476	26,930	\$6,271	\$1,885,121	\$70.001
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		21,156		\$83,231	\$3.934

**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 2012

	<b>1997 Plan :</b>		
1	Monthly Kentucky Air Emissions Fee	\$10,527	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$147,498	
3	Monthly SO2 Allowance Consumption	<u>\$785,030</u>	
4	Total 1997 Plan O&M Expenses		\$943,055
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$261	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$6,271	
9	Equipment - Associated Operating Expenses	\$5,611	
10	Equipment - Associated Maintenance Expenses	<u>\$93,725</u>	
11	Total 2003 Plan O&M Expenses		<u>\$105,868</u>
12	Total Monthly O&M Expenses		<u>\$1,048,923</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$131,115

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

**Kentucky Power Company  
 Environmental Equipment Operation and Maintenance Costs  
 February 2012**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	\$3,037.96	\$0.00	\$0.00	\$3,037.96
Urea Recycle Storage Tank	\$35,000.00	\$0.00	\$0.00	\$35,000.00
SCR Boiler Outlet Ductwork	\$8,353.84	\$4,994.26	\$0.00	\$13,348.10
SCR Booster Fan	\$27,618.79	\$12,397.54	\$0.00	\$40,016.33
<b>Total SCR February 2012 O &amp; M Expense</b>	<b>\$74,010.59</b>	<b>\$17,391.80</b>	<b>\$0.00</b>	<b>\$91,402.39</b>
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$5,041.01
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$570.27	\$570.27
Maintenance	\$2,322.42	\$0.00	\$0.00	\$2,322.42
<b>February 2012 O &amp; M Expenses Filed</b>				<b>\$99,336.09</b>

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

For the Expense Month of February 2012

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)	\$169,260		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$106,392		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$362,700		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$2,418		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$316,758		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$29,016		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$4,836		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$0	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$0	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$991,380	\$0	\$991,380

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

ES FORM 3.14  
 Page 2 of 11

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 2012

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 19)	\$592,524		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$92,825		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,083,569		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$19,398		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,023,646		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$37,370		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$16,272		
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	\$7,865,604	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	12,851,000	5,412,000	
13	Environmental Base (\$/kw)	\$0.61	\$0.01	
14	Company Surplus Weighting	100.00%	0.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.61	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	241,800	241,800	
17	Fixed O&M Environmental Cost to Kentucky Power	\$147,498	\$0	\$147,498

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

ES FORM 3.14  
 Page 3 of 11

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

For the Expense Month of February 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$611,422,571
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,376,489
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,376,489
	Operations :	
6	Disposal (5010000)	\$28,421
7	Urea (5020002)	\$284,888
8	Trona (5020003)	\$133,837
9	Lime Stone (5020004)	\$282,226
10	Air Emission Fee	\$11,770
11	Total Operations (Lines 6 thru 10)	\$741,142
	Maintenance :	
12	SCR Maintenance (5120000)	\$26,649
13	Scrubber (FGD) Maintenance (5120000)	<u>\$268,550</u>
14	Total Maintenance (12) + (13)	<u>\$295,199</u>
15	1/2 of Maintenance (14) * 50%	<u>\$147,600</u>
16	Fixed O&M (11) + (15)	\$888,742
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$592,524</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,969,013
20	Ohio Power Company Steam Capacity (kw)	12,851,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$0.70
22	Ohio Power Surplus Weighing	100.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.70
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.70
25	Kentucky Power Capacity Deficit (kw)	<u>241,800</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 1)	\$169,260

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 February 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$403,006,219
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,521,185
	Operations :	
4	Disposal (5010000)	\$3,107
5	Lime (5020001)	\$0
6	Urea (5020002)	\$21,513
7	Trona (5020003)	\$9,938
8	Lime Stone (5020004)	\$30,715
9	Air Emission Fee	<u>\$8,663</u>
10	Total Operations (Line 4 thru 8)	\$73,936
	Maintenance :	
11	SCR Maintenance (5120000)	\$86
12	Scrubber (FGD) Maintenance (5120000)	<u>\$37,692</u>
13	Total Maintenance (13) + (14)	\$37,778
14	1/2 Maintenance (15) * 50%	<u>\$18,889</u>
15	Fixed O&M (12) + (16)	<u>\$92,825</u>
	Total Revenue Requirement,	
16	Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$5,614,010</u>
17	Ohio Power Company's Percentage Ownership	100.00%
18	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$5,614,010
19	Ohio Power Company Steam Capacity (kw)	12,851,000
20	Cardinal Unit No. 1 (\$/kw)	\$0.44
21	Ohio Power Surplus Weighing	100.00%
22	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.44
	Cardinal Unit No. 1 Costs to Kentucky Power :	
23	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.44
24	Kentucky Power Capacity Deficit (kw)	<u>241,800</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
25	(ES FORM 3.14, Page 1 of 10, Line 2)	\$106,392

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

For the Expense Month of February 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,567,531
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,214,575
	Operations :	
4	Sludge Disposal (5010000)	\$825,971
5	Lime (5020001)	\$3,446,390
6	Urea (5020002)	\$1,072,393
7	Trona (5020003)	\$488,642
8	Lime Stone (5020004)	\$365
9	Air Emission Fee	\$35,828
10	Lease (5070005)	<u>\$0</u>
11	Total Operations (Lines 4 thru 10)	\$5,869,589
	Maintenance :	
12	SCR Maintenance (5120000)	\$50,414
13	Scrubber Maintenance (5120000)	<u>\$377,545</u>
14	Total Maintenance (12) + (13)	\$427,959
15	1/2 of Maintenance (13) * 50%	<u>\$213,980</u>
16	Fixed O&M (11) + (15)	<u>\$6,083,569</u>
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (17)	\$19,298,144
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,298,144
20	Ohio Power Company Steam Capacity (kw)	12,851,000
21	Gavin Plant (\$/kw)	\$1.50
22	Ohio Power Surplus Weighing	100.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.50
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.50
25	Kentucky Power Capacity Deficit (kw)	<u>241,800</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 3)	\$362,700

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

For the Expense Month of February 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,487,868
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$116,284
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$19,398</u>
7	Total Operations (4) + (5) + (6)	\$19,398
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$19,398</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$135,682</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$135,682
14	Ohio Power Company Steam Capacity (kw)	12,851,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	100.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	<u>241,800</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$2,418

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

For the Expense Month of February 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,149,819,326
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,752,525
	Operations :	
4	Disposal (5010000)	(\$70,813)
5	Urea (5020002)	\$405,585
6	Trona (5020003)	\$61,278
7	Line Stone (5020004)	\$543,368
8	Air Emission Fee	<u>\$18,559</u>
9	Total Operations (Lines 4 thru 8)	\$957,977
	Maintenance :	
10	SCR Maintenance (5120000)	\$408
11	FDG (5120000)	<u>\$130,930</u>
12	1/2 of Maintenance (10 + 11) * 50%	<u>\$65,669</u>
13	Fixed O&M (9) + (12)	<u>\$1,023,646</u>
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,776,171</u>
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,776,171
17	Ohio Power Company Steam Capacity (kw)	12,851,000
18	Mitchell Plant (\$/kw)	\$1.31
19	Ohio Power Surplus Weighing	100.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.31
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.31
22	Kentucky Power Capacity Deficit (kw)	<u>241,800</u>
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
23	(ES FORM 3.14, Page 1 of 10, Line 5)	\$316,758

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

For the Expense Month of February 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$114,236,110
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,565,035
	Operations :	
4	Urea (5020002)	\$545
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$34,853</u>
7	Total Operations (4) + (5) + (6)	\$35,398
	Maintenance :	
8	SCR Maintenance (5120000)	\$3,944
9	1/2 of Maintenance (8) * 50%	<u>\$1,972</u>
10	Fixed O&M (7) + (9)	<u>\$37,370</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,602,405</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,602,405
14	Ohio Power Company Steam Capacity (kw)	12,851,000
15	Muskingum Plant (\$/kw)	\$0.12
16	Ohio Power Surplus Weighing	100.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.12
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.12
19	Kentucky Power Capacity Deficit (kw)	<u>241,800</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$29,016

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

For the Expense Month of February 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,796,088
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$284,906
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$16,272
7	Total Operations (4) + (5) + (6)	\$16,272
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$16,272
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$301,178
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$301,178
14	Ohio Power Company Steam Capacity (kw)	12,851,000
15	Sporn Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	100.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.02
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	241,800
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$4,836

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

For the Expense Month of February 2012

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,785,548	\$10,544,676	\$16,709,416	\$2,527,341	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,462	\$144,462	\$228,919	\$34,625	
4	Operations :	\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$15,625	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10) Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$40,087	\$144,462	\$228,919	\$34,625	
14	Total Rockport Plant Common and Units 1 & 2	50%	\$5,000	\$5,000	\$5,000	
15	Indiana Michigan Power Company Steam Capacity (kw)	\$20,044	\$122,793	\$148,980	\$17,313	\$309,130
16	Rockport Plant (\$/kw) (14) / (15)					5,412,000
17	Kentucky Power Portion of Rockport Plant /					\$0.06
18	Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					0.00%
19	Rockport Plant Costs to Kentucky Power :					\$0.00
20	Rockport Plant Portion (\$/kw) (18)					\$0.00
21	Kentucky Power Capacity Deficit (kw)					241,800
	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)					\$0
	(ES FORM 3.14, Page 1 of 10, Line 6)					

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

For the Expense Month of February 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,564,441
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,350,333
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,365,958
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,365,958
14	Indiana Michigan Power Company Steam Capacity (kw)	5,412,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	0.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.00
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.00
19	Kentucky Power Capacity Deficit (kw)	241,800
	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$0

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 February 2012

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%	0.83%		0.00%		0.00%	
3	ACCTS REC								
3	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%	1.5762	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. 2010 - 00020								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171		
10	AFTER-TAX PRODUCTION INCOME						57.4173		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4173		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9171		
19	STATE (LINE 4)						5.6384		
20	BLENDED TAX RATE						36.5555		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384		

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 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

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

For the Expense Month of February 2012

LINE NO.	COST COMPONENT	(3)	Rockport Plant Common (4)	Unit No. 1 (5)	Unit No. 2 (6)	Total Units 1 & 2 (C5 + C6) (7)	Rockport Plant Common (8)	Total (9)
1	Return on Rate Base :							
2	Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3	Utility Plant at Original Cost							
4	AEGCo Low NOx Burners (LNB) Installed Cost		\$1,774,758	\$5,272,657	\$8,353,084		\$2,510,613	
5	Flyash Landfill Installed Cost		(\$923,261)	(\$1,526,427)	(\$2,301,480)		(\$212,630)	
6	Less Accumulated Depreciation		(\$153,796)	(\$528,498)	(\$682,294)		\$21,118	
7	Total Rate Base		\$697,701	\$3,215,732	\$5,222,395	\$8,438,127	\$2,319,101	
8	Weighted Average Cost of Capital - ES FORM 3.21	10.4341%						
9	Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		0.8695%			0.8695%	0.8695%	
10	Monthly Return of Rate Base (Line 6 * Line 8)		\$6,067			\$73,370	\$20,165	
11	Operating Expenses :							
12	Monthly Depreciation Expense		\$5,205	\$15,456	\$24,502	\$39,968	\$6,410	
13	Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
14	Total Operating Expenses (Line 10 + Line 11)		\$20,830			\$39,968	\$6,410	
15	Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$26,897			\$113,338	\$26,575	
16	Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%) Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%) Kentucky Power's Portion of Rockport Plants' Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15) Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2		\$4,035			\$34,001	\$7,973	\$46,009

ES FORM 3.21

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

For the Expense Month of February 2012

LINE NO.	Component	Balances As of 2/29/2012	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
1	L/T DEBT	66,487,612	36.3176%	5.4188%		1.9680%			1.9680%
2	S/T DEBT	41,871,766	22.8716%	0.5339%		0.1221%			0.1221%
3	CAPITALIZATION								
3	OFFSETS	0	0.0000%	3.5312%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	74,713,431	40.8108%	12.1600%	1/	4.9626%	1.681379	2/	8.3440%
6	TOTAL	183,072,809	100.0000%			7.0527%			10.4341%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

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

ES FORM 3.30

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

For the Expense Month of February 2012

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$48,360,835	88.9%
2	FERC Wholesale Revenues	\$529,207	1.0%
3	Associated Utilities Revenues	\$1,465,576	2.7%
4	Non-Assoc. Utilities Revenues	\$4,024,660	7.4%
5	Total Revenues for Surcharges Purposes	\$54,380,278	100.0%
6	Non-Physical Revenues for Month	\$82,892	
7	Total Revenues for Month	\$54,463,170	

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

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for December 2011	0.9289%
2	Kentucky Retail Revenues for Current Expense Month	\$58,643,449
3	Surcharge Collected (1) * (2)	\$544,739
4	Surcharge Amount To Be Collected	\$470,228
5	Over / (Under) Recovery (3) - (4) = (5)	\$74,511

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

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