

# STITES & HARBISON PLLC

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March 25, 2011

## HAND DELIVERED

Jeff R. Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

## RECEIVED

MAR 25 2011

PUBLIC SERVICE  
COMMISSION

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

**RE: P.S.C. Case No. 2011-00031 (Kentucky Power Environmental Surcharge Review)**

Dear Mr. Derouen:

Enclosed please find and accept for filing an original and six copies of Kentucky Power Company's Responses to Staff's First Set of Data Requests in this proceeding, as well as a like number of copies of Ms. Munsey's testimony.

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

Very truly yours,

  
Mark R. Overstreet

MRO

cc: Dennis G. Howard, II  
Michael L. Kurtz

RECEIVED

MAR 25 2011

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION ON THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF KENTUCKY ) CASE NO. 2011-00031  
POWER COMPANY FOR THE SIX-MONTH )  
BILLING PERIOD ENDING DECEMBER 31, 2010 )

DIRECT TESTIMONY OF LILA P. MUNSEY  
ON BEHALF OF  
KENTUCKY POWER COMPANY

March 25, 2011

DIRECT TESTIMONY OF  
LILA P. MUNSEY, ON BEHALF OF  
KENTUCKY POWER COMPANY  
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

CASE NO. 2011-00031

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**DIRECT TESTIMONY OF  
LILA P. MUNSEY, ON BEHALF OF  
KENTUCKY POWER COMPANY  
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**I. Introduction**

1   **Q: PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

2   **A:** My name is Lila P. Munsey. My position is Manager of Regulatory Services,  
3       Kentucky Power Company (“Kentucky Power, KPCo or Company”). My business  
4       address is 101 A Enterprise Drive, Frankfort, Kentucky 40602.

**II. Background**

5   **Q: PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**  
6   **BUSINESS EXPERIENCE.**

7   **A:** I received a Bachelor of Science in Civil Engineering degree from Purdue  
8       University, West Lafayette, Indiana in May 1978 and began my career with  
9       Appalachian Power Company (“APCo”) as a Civil Engineer in the Hydroelectric  
10       Department. In August 1983, I was promoted to the position of Cost Allocation  
11       Analyst for APCo where I conducted numerous studies to support retail rate filings  
12       and regulatory interactions with the West Virginia and Virginia regulatory  
13       commissions. In November 1985, I was transferred to the Rate Department in  
14       American Electric Power Service Corporation, a subsidiary of American Electric  
15       Power Company, Inc. (“AEP”), in Columbus, Ohio, as an Associate Rate Analyst  
16       where I developed and supported operating company retail rate filings within AEP’s

1 seven eastern states. I was promoted to Rate Analyst in November 1989 where I  
2 developed, supported, and testified in retail filings concerning cost of service issues.

3 In January 1998, I moved to the newly formed transmission pricing group  
4 as a Transmission Contracts & Regulatory Specialist for AEP. In this capacity, I  
5 prepared AEP's FERC transmission rate filings, including transmission cost-of-  
6 service studies, rate design, and tariff development in support of the Regional  
7 Transmission Organization (RTO) developmental filings and negotiations for the  
8 Alliance TransCo and ultimately AEP's entrance into PJM's RTO on October 1,  
9 2004. I also prepared long-term reservation contracts with other utilities and  
10 developed a contract management tracking system, provided expertise on AEP's  
11 Open Access Transmission Tariff and tariff revisions as necessary, and developed  
12 the merger-related FERC filings required for AEP's merger of the operating  
13 companies in the seven eastern states with those in the four western states  
14 previously known as Central & Southwest (CSW). In June of 2000, I was  
15 promoted to Senior Regulatory Consultant in the Transmission & Interconnections  
16 department, which became part of the Regulated Tariffs department in 2005. In  
17 September 2010, I transferred from AEP to Kentucky Power where I assumed my  
18 current responsibilities and position.

19 **Q: WHAT ARE YOUR RESPONSIBILITIES AS MANAGER OF**  
20 **REGULATORY SERVICES?**

21 **A:** I supervise and direct the Regulatory Services of the Company, which has the  
22 responsibility for rate and regulatory matters affecting Kentucky Power. This  
23 includes the preparation of and coordination of the Company's exhibits and  
24 testimony in rate cases and any other formal filings before state and federal

1 regulatory bodies. Another responsibility is assuring the proper application of the  
2 Company's rates in all classifications of business.

3 **Q: TO WHOM DO YOU REPORT?**

4 A: I report to the Managing Director Regulatory and Finance of Kentucky Power, Mr.  
5 Ranie K. Wohnhas, who is also located in Frankfort, Kentucky.

6 **Q. DO YOU HOLD ANY PROFESSIONAL LICENSES?**

7 A. Yes, I am registered as a Professional Engineer in the State of Ohio and in the  
8 Commonwealth of Virginia.

9 **Q: HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY**  
10 **PROCEEDINGS?**

11 A: Yes. I testified before this Commission in Kentucky Power Case No. 91-066, a  
12 regulatory proceeding involving the adjustment in electric base rates for Kentucky  
13 Power and Case No. 2010-00490, a Fuel Adjustment Clause proceeding. I have  
14 provided written testimony in other Kentucky Power Company regulatory  
15 proceedings, and have presented testimony for Wheeling Power Company before  
16 the West Virginia Public Service Commission and for Appalachian Power  
17 Company before the Commonwealth of Virginia State Corporation Commission.

### **III. Purpose of Testimony**

18 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
19 **PROCEEDING?**

20 A: My testimony has two purposes. The first is to support the Company's request to  
21 collect the total net under-collection of environmental costs in the amount of  
22 \$17,111 for the expense months of May through August, 2010. The second purpose

1 is to demonstrate the reasonableness of the application of the Company's monthly  
2 environmental surcharge during the six month period ended December 31, 2010.

**A. Proposed Adjustment For Under-Recovery**

3 Q. WHAT WAS THE ENDING DATE FOR THE COMPANY'S LAST TWO-  
4 YEAR REVIEW PERIOD?

5 A. June 30, 2009. On January 20, 2010, the Commission entered its Order in Case No.  
6 2009-00316 accepting Kentucky Power's proposed adjustment for the two-year  
7 period ended June 30, 2009 and closing the proceeding.

8 Q. WERE THE EXPENSES GIVING RISE TO THE PROPOSED  
9 ADJUSTMENT INCURRED SUBSEQUENT TO THE END OF THE  
10 COMPANY'S LAST TWO-YEAR REVIEW PERIOD?

11 A. Yes. The expenses at issue were incurred between and including May, and  
12 October, 2010. Because Kentucky Power's surcharge is billed on a two-month  
13 delay, these expenses were reflected in the Company's filings to be billed during  
14 the months of July through December, 2010.

15 Q: HOW DID THE COMPANY DISCOVER ITS UNDERCOLLECTION OF  
16 TOTAL NET ENVIRONMENTAL COSTS OF \$17,111?

17 A: During Kentucky Power's preparation of a recent monthly environmental filing for  
18 the six month period under review in this proceeding, the Company discovered that  
19 it had omitted certain reportable expenses associated with its approved  
20 environmental projects for Amos Unit 3, Cardinal Unit 1, and Gavin and Mitchell  
21 Units 1 & 2. More specifically, the erroneously unreported expenses were  
22 associated with SCR and Scrubber FGD maintenance costs.

1 Q. YOU STATE THAT THE NET RESULT OF THE ERRONEOUSLY  
2 UNREPORTED EXPENSES WAS AN UNDER-RECOVERY OF \$17,111  
3 DURING THE SIX-MONTH PERIOD BEING REVIEWED. WAS THERE  
4 AN UNDER COLLECTION EACH MONTH?

5 A. No. However there was an under-collection four out of the six months in this  
6 review, May through August, 2010 expense months. Details of the under-collection  
7 by month can be found in the table below.

8 Q: WOULD YOU PLEASE DESCRIBE THE UNDER-STATEMENT OF AMOS  
9 UNIT 3 SCR AND SCRUBBER (FGD) MAINTENANCE EXPENSE?

10 A: Yes. Amos Unit 3 accounts 501, 502, and 512 for Disposal, Steam expense, SCR  
11 Maintenance, and FGD Scrubber Maintenance expenses, respectively, were not  
12 included in the totals reported for May and June 2010 expense months in the  
13 monthly filings. These SCR and Scrubber (FGD) maintenance expenses are listed  
14 in Kentucky Power's Environmental Surcharge Tariff E.S., sheet number 29-4,  
15 section 5, bullets (p), (q), and (r) as costs of compliance with the Clean Air Act that  
16 are recoverable in the surcharge. They had not previously been provided to  
17 Kentucky Power as expenses associated with projects at the plant that were being  
18 reported for recovery. Although Kentucky Power incurred these expenses related to  
19 plant SCR and FGD maintenance, these expenses were not previously filed for  
20 recovery.

21 Q: PLEASE DESCRIBE THE UNDER-STATEMENT OF CARDINAL UNIT 1  
22 SCR AND SCRUBBER (FGD) MAINTENANCE EXPENSE.

23 A: Properly includable account 502 maintenance expenses for Polymer, Lime Hydrate,  
24 and Steam Expense at the Cardinal Unit 1 SCR and Scrubber (FGD) were not  
25 included in the totals reported for May through August 2010 expense months in the  
26 monthly filings.

1 Q: PLEASE DESCRIBE THE UNDER-STATEMENT OF GAVIN UNITS 1 & 2  
2 SCR MAINTENANCE EXPENSE.

3 A: Properly includable SCR maintenance expense at Gavin Units 1 & 2 for account  
4 502 Polymer was not included in the totals reported for May through July 2010  
5 expense months in the monthly filings.

6 Q: PLEASE DESCRIBE THE UNDER-STATEMENT OF MITCHELL UNITS 1  
7 & 2 SCR AND SCRUBBER (FGD) MAINTENANCE EXPENSE.

8 A: Properly includable account 502 maintenance expenses at Mitchell Units 1 & 2  
9 SCR and Scrubber (FGD) for Lime Stone, Polymer, Lime Hydrate, and Steam  
10 expense were not included in the totals reported in the May through July 2010  
11 expense months in the monthly filings.

12 Q: HAS THE COMPANY RE-CALCULATED ITS ENVIRONMENTAL  
13 SURCHARGE FILINGS TO INCLUDE THE UNDERSTATEMENTS?

14 A: Yes. When ES Form 3.13, Lines 10 and 11 are revised and the results are carried  
15 forward to the other affected forms, i.e. ES Form 1.00, Line 1, the monthly results  
16 as found on ES Form 1.00, Line 7 are as follows for each of the understated  
17 months:

SCR & Scrubber (FGD) Expense Month/Year	As Filed on ES Form 1.00, Line 7	Revised on ES Form 1.00, Line 7	(Over) Under Recovery	Co's Response to Staff's Item No.1 Reference Page
May 2010	\$2,646,231	\$2,652,470	\$6,239	Page 4 of 53
June 2010	\$1,829,858	\$1,832,596	\$2,738	Page 14 of 53
July 2010 (for service prior to 6-29-10)	\$772,199	\$777,451	\$5,252	Page 24 of 53
July 2010 (for service on & after 6-29-10)	\$107,872	\$113,124	\$5,252	Page 34 of 53
August 2010	\$1,048,360	\$1,051,242	\$2,882	Page 44 of 53
Subtotal			\$22,363	
Remove Duplicate July Due to Pro-ration			(\$5,252)	
Total Under Recover			\$17,111	

1 Q: HAS THE COMPANY RESPONDED TO THE COMMISSION STAFF'S  
2 SIXTEEN DATA REQUESTS, INCLUDING SUB-PARTS, PROPOUNDED  
3 IN APPENDIX B OF THE FEBRUARY 8, 2011 ORDER IN THIS CASE?

4 A: Yes, the responses were filed on March 25, 2011.

5 Q. DOES THE COMPANY HAVE ANY ADDITIONAL ADJUSTMENTS TO  
6 PROPOSE?

7 A. No.

**B. Reasonableness Of Operation Of The Environmental Surcharge  
During The Review Period**

8 Q. AS ADJUSTED, WERE THE RATES CHARGED THROUGH THE  
9 ENVIRONMENTAL SURCHARGE DURING THE REVIEW PERIOD  
10 FAIR, JUST AND REASONABLE.

11 A. Yes. With the proposed adjustment, the Company's customers will have paid  
12 through the review period ended December 31, 2010 the full costs – but no more –  
13 that are recoverable through the environmental surcharge.

**IV. Conclusion**

1 Q: WHAT ACTION IS THE COMPANY REQUESTING THE COMMISSION  
2 TAKE IN THIS PROCEEDING?

3 A: Kentucky Power Company respectfully requests the Commission issue an Order  
4 permitting the Company to collect the total net under collection of its environmental  
5 costs in the amount of \$17,111.

6 Q: HOW DOES THE COMPANY PROPOSE TO COLLECT THE TOTAL NET  
7 UNDER COLLECTION?

8 A: Due to the relatively small amount of the total net under collection, the Company  
9 proposes a one time adjustment to the Company's first monthly environmental  
10 surcharge filing following the Commission's Order in this proceeding. The  
11 Company suggests inserting a line between lines 5 and 6 on ES Form 1.00 in which  
12 the \$17,111 under collection amount would be added to line 5.

13 Q: DOES THAT CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

14 A: Yes.



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE**  
**PUBLIC SERVICE COMMISSION OF KENTUCKY**

**IN THE MATTER OF**

**AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION ON THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF KENTUCKY ) CASE NO. 2011-00031  
POWER COMPANY FOR THE SIX-MONTH )  
BILLING PERIOD ENDING DECEMBER 31, 2010 )**

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

**March 25, 2011**

## 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 53.

In reviewing the monthly environmental filings, the Company discovered that during the six month period since the last review (November 2009 through April 2010 expense months) the expenses associated with its approved environmental projects for Amos Unit 3, Cardinal Unit 1, Gavin, and Mitchell Units 1 and 2 were understated in the amount of \$17,111.

The modifications include Disposal, Polymer, Lime Hydrate, Steam Exp, SCR and Scrubber FGD maintenance expense. When the monthly filings are modified to include the correct monthly Amos Unit 3, Cardinal Unit 1, Gavin, and Mitchell Units 1 and 2 costs for the 6-month period or the expense months of May 2010 through October 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, 3.13, and 3.14 pages 1, 2, 3, 4, 5 and 7 of 11 are attached for each of the 5-months adjusted. There are no revised copies of ES FORM 1.00, 3.00, 3.10, 3.13, and 3.14 pages 1,2,3,4,5, and 7 of 11 for September and October 2010 because no adjustments were made.

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-10	\$2,646,231	\$2,652,470	\$ 6,239	Page 4 of 53
June-10	\$1,829,858	\$1,832,596	\$ 2,738	Page 14 of 53
July-10	\$772,199	\$777,451	\$ 5,252	Page 24 of 53
July-10	\$107,872	\$113,124	\$ 5,252	Page 34 of 53
August-10	\$1,048,360	\$1,051,242	\$ 2,882	Page 44 of 53
<b>Subtotal</b>			<b>\$22,363</b>	
<b>Remove Duplicate July Due to Pro- ration</b>			<b>(\$5,252)</b>	
<b>Total Under Recovery</b>			<b>\$17,111</b>	

The overall result is an under-recovery by the Company in an amount of \$17,111 for the 6-month review period, as shown on page 3 of 53. Therefore, the Company is requesting authority to include the under-recovery amount as a one time adjustment in its next monthly environmental filing following the date of the Commission's Order in this proceeding.

WITNESS: Lila P Munsey

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

LINE	Description	As Originally Filed												Total Over / Under Recovery
		March 2010	April 2010	May 2010	June 2010	July* 2010	July* 2010	August** 2010	September 2010	October 2010				
LINE 1	CRR from ES FORM 3.00	\$4,250,672	\$4,098,044	\$4,184,795	\$4,572,877	\$4,700,817	\$4,700,817	\$6,337,170	\$4,543,622	\$4,683,697				
LINE 2	Br from ES FORM 1.10	\$2,845,066	\$2,095,595	\$1,514,859	\$1,913,578	\$2,818,212	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302				
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,405,606	\$1,942,509	\$2,669,936	\$2,659,299	\$1,882,605	\$895,492	\$2,248,340	\$603,612	\$1,423,395				
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	85.4%	80.7%	83.9%	73.5%	67.3%	67.3%	73.9%	77.2%	77.4%				
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$1,200,388	\$1,567,605	\$2,240,076	\$1,954,437	\$1,266,993	\$602,666	\$1,661,523	\$620,369	\$1,101,708				
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$140,375)	\$221,483	\$406,155	(\$124,579)	(\$494,794)	(\$494,794)	(\$613,163)	(\$116,332)	\$332,708				
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,060,013	\$1,789,088	\$2,646,231	\$1,829,858	\$772,199	\$107,872	\$1,048,360	\$504,058	\$1,434,416				
<u>SURCHARGE FACTOR</u>														
LINE 8	Net KY Retail E(m) (Line 7)	\$1,060,013	\$1,789,088	\$2,646,231	\$1,829,858	\$772,199	\$107,872	\$1,048,360	\$504,058	\$1,434,416				
LINE 9	KY Retail R(m) from ES FORM 3.30	\$45,622,014	\$36,160,423	\$33,662,428	\$38,129,249	\$48,039,559	\$48,039,559	\$49,802,297	\$40,903,323	\$39,106,852				
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.3235%	4.9476%	7.8611%	4.7991%	1.6074%	0.2245%	2.1050%	1.2323%	3.6679%				
<u>As Revised</u>														
<u>CALCULATION OF E(m)</u>														
E(m) = CRR - BRR														
LINE 11	CRR from ES FORM 3.00	4,250,668	4,098,044	4,192,231	4,576,401	4,708,620	4,708,620	6,341,070						
LINE 12	Br from ES FORM 1.10	2,845,066	2,095,595	1,514,859	1,913,578	2,818,212	3,805,325	4,088,830						
LINE 13	E(m) (LINE 11 - LINE 12)	1,405,602	1,942,509	2,677,372	2,662,823	1,890,408	903,295	2,252,240						
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	85.4%	80.7%	83.9%	73.5%	67.3%	67.3%	73.9%						
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	1,200,384	1,567,605	2,246,315	1,957,175	1,272,245	607,918	1,664,405						
LINE 15B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	\$0	\$0	\$0	\$0	\$0	\$0	\$0						
LINE 16	(Over)/Under Recovery Adjustment from ES FORM 3.30	(140,375)	221,483	406,155	(124,579)	(494,794)	(494,794)	(613,163)						
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	1,060,009	1,789,088	2,652,470	1,832,596	777,451	113,124	1,051,242						
<u>SURCHARGE FACTOR</u>														
LINE 18	Net KY Retail E(m) (Line 17)	1,060,009	1,789,088	2,652,470	1,832,596	777,451	113,124	1,051,242						
LINE 19	KY Retail R(m) from ES FORM 3.30	45,622,014	36,160,423	33,662,428	38,129,249	48,039,559	48,039,559	49,802,297						
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	2.3235%	4.9476%	7.8796%	4.8093%	1.6184%	0.2355%	2.1108%						
LINE 21	Difference (Line 18 - Line 8)	\$ (3.89)	\$ (0.24)	\$ 6,239.11	\$ 2,737.91	\$ 5,251.58	\$ 5,251.54	\$ 2,882.36						
											Removal of Duplicate July due to Proration			
											Total Under Collected		\$ 17,110.91	

\* July was prorated due to Rate Case filing. Case No 2009-00459 dated June 28, 2010  
 \*\* Filed on 9/17/10, revised on 9/22/10. No one was billed on 9/17/10 filed rate.

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,192,231
LINE 2	Brr from ES FORM 1.10	\$1,514,859
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,677,372
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	83.9%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$2,246,315
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$406,155
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,652,470
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$2,652,470
LINE 9	KY Retail R(m) from ES FORM 3.30	\$33,662,428
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	7.8796%

Effective Date for Billing: July 2010

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

Title : Director Regulatory Services

Date Submitted : June 18, 2010

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 For the Expense Month of May 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		\$4,143,321
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		\$48,910
	<b>Third Component:</b> Net Proceeds from Emission Allowances Sales AS 1) <b>SO2</b> - EPA Auction Proceeds received during Expense Month 2) <b>SO2</b> - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) <b>NOx</b> - ERC Sales Proceeds, received during Expense Month 2) <b>NOx</b> - EPA Auction Proceeds, received during Expense Month 3) <b>NOx</b> - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx 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.		\$4,192,231

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

For the Expense Month of May 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$56,642,456)	
3	Less Accum. Def. Income Taxes	(\$43,555,356)	
4	Net Utility Plant		\$91,129,740
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,020,639
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$15,743
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$109,782
8	Total Rate Base		\$103,275,904
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)		\$908,828
	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		\$2,060,160
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$440,610
18	Monthly SO2 Emission Allowance Consumption		\$65,592
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,234,493
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,143,321

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of May 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	\$341,504	
3	Monthly SO2 Allowance Consumption	<u>\$65,592</u>	
4	Total 1997 Plan O&M Expenses		\$437,647
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$153,066	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$870	
9	Equipment - Associated Operating Expenses	\$490	
10	Equipment - Associated Maintenance Expenses	<u>\$286,184</u>	
11	Total 2003 Plan O&M Expenses		<u>\$440,610</u>
12	Total Monthly O&M Expenses		<u>\$878,257</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$109,782

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 May 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)	\$356,352		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$259,840		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$697,856		
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)	\$657,024		
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	\$2,045,312	\$14,848	\$2,060,160

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

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

For the Expense Month of May 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)	\$1,008,502		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,327,044		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,025,839		
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)	\$1,425,401		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$59,639		
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	\$8,880,133	\$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)	\$1.05	\$0.01	
14	Company Surplus Weighting	88.00%	12.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.92	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	371,200	371,200	
17	Fixed O&M Environmental Cost to Kentucky Power	\$341,504	\$0	\$341,504

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

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

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$70,658
7	Urea (5020002)	\$380,415
8	Trona (5020003)	\$656,574
9	Lime Stone (5020004)	\$350,666
10	Polymer (5020005)	\$0
11	Lime Hydrate (5020007)	\$0
12	Steam Exp (5020025)	(\$12)
13	Air Emission Fee	\$10,178
14	Total Operations (Lines 6 thru 10)	\$1,468,479
	Maintenance :	
15	SCR Maintenance (5120000)	\$1,821
16	Scrubber (FGD) Maintenance (5120000)	\$86,574
17	Total Maintenance (12) + (13)	\$88,395
18	1/2 of Maintenance (14) * 50%	\$44,198
19	Fixed O&M (11) + (15)	\$1,512,677
20	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%
21	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$1,008,502
	Total Revenue Requirement,	
22	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,245,398
23	Ohio Power Company Steam Capacity (kw)	8,458,000
24	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.09
25	Ohio Power Surplus Weighing	88.00%
26	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.96
	Amos Unit No. 3 Costs to Kentucky Power :	
27	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.96
28	Kentucky Power Capacity Deficit (kw)	371,200
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
29	(ES FORM 3.14, Page 1 of 10, Line 1)	\$356,352

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

For the Expense Month of May 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)	\$133,268
5	Urea (5020002)	\$204,982
6	Trona (5020003)	\$345,246
7	Lime Stone (5020004)	\$460,826
8	Polymer (5020005)	\$14,535
9	Lime Hydrate (5020007)	\$1,206
10	Steam Exp (5020025)	\$37,849
11	Air Emission Fee	<u>\$10,606</u>
12	Total Operations (Line 4 thru 8)	\$1,208,518
	Maintenance :	
13	SCR Maintenance (5120000)	\$21,261
14	Scrubber (FGD) Maintenance (5120000)	<u>\$215,791</u>
15	Total Maintenance (11) + (12)	\$237,052
16	1/2 Maintenance (12) * 50%	<u>\$118,526</u>
17	Fixed O&M (9) + (11)	<u>\$1,327,044</u>
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,783,629</u>
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,783,629
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.80
23	Ohio Power Surplus Weighing	88.00%
24	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 :	
25	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.70
26	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$259,840

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

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$581,487
5	Lime (5020001)	\$1,974,611
6	Urea (5020002)	\$485,453
7	Trona (5020003)	\$1,351,078
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$218,771
10	Lime Hydrate (5020007)	\$0
11	Steam Exp (5020025)	\$0
12	Air Emission Fee	\$36,017
13	Lease (5070005)	\$0
14	Total Operations (Lines 4 thru 10)	\$4,647,417
	Maintenance :	
15	SCR Maintenance (5120000)	\$84,370
16	Scrubber Maintenance (5120000)	\$672,473
17	Total Maintenance (12) + (13)	\$756,843
18	1/2 of Maintenance (13) * 50%	\$378,422
19	Fixed O&M (11) + (15)	\$5,025,839
	Total Revenue Requirement,	
20	Cost Associated with Gavin Plant (3) + (16)	\$18,137,510
21	Ohio Power Company's Percentage Ownership	100.00%
22	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,137,510
23	Ohio Power Company Steam Capacity (kw)	8,458,000
24	Gavin Plant (\$/kw)	\$2.14
25	Ohio Power Surplus Weighing	88.00%
26	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.88
	Gavin Plant Costs to Kentucky Power :	
27	Gavin Plant Portion (\$/kw) (23)	\$1.88
28	Kentucky Power Capacity Deficit (kw)	371,200
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
29	(ES FORM 3.14, Page 1 of 10, Line 3)	\$697,856

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

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$13,765
5	Urea (5020002)	\$403,814
6	Trona (5020003)	\$349,194
7	Lime Stone (5020004)	\$369,388
8	Polymer (5020005)	\$3,210
9	Lime Hydrate (5020007)	\$4,708
10	Steam Exp (5020025)	(\$2,278)
11	Air Emission Fee	\$15,502
12	Total Operations (Lines 4 thru 8)	\$1,157,303
	Maintenance :	
13	FDG (5120000)	\$523,148
14	SCR Maintenance (5120000)	\$13,047
15	1/2 of Maintenance (10 + 11) * 50%	\$268,098
16	Fixed O&M (9) + (12)	\$1,425,401
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	\$17,030,559
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,030,559
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$2.01
22	Ohio Power Surplus Weighing	88.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.77
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.77
25	Kentucky Power Capacity Deficit (kw)	371,200
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$657,024

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,576,401
LINE 2	Brr from ES FORM 1.10	\$1,913,578
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,662,823
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	73.5%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,957,175
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$124,579)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,832,596
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,832,596
LINE 9	KY Retail R(m) from ES FORM 3.30	\$38,129,249
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	4.8063%

Effective Date for Billing: August 2010

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

Title : Director Regulatory Services

Date Submitted : July 19, 2010

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 For the Expense Month of June 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, Line 20</b>		\$4,528,039
2	<b>Second Component:</b> Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] <b>ES FORM 3.20, Line 16</b>		\$48,362
	<b>Third Component:</b> Net Proceeds from Emission Allowances Sales AS 1) <b>SO2</b> - EPA Auction Proceeds received during Expense Month 2) <b>SO2</b> - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) <b>NOx</b> - ERC Sales Proceeds, received during Expense Month 2) <b>NOx</b> - EPA Auction Proceeds, received during Expense Month 3) <b>NOx</b> - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx 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.		\$4,576,401

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

For the Expense Month of June 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$57,265,738)	
3	Less Accum. Def. Income Taxes	(\$43,823,917)	
4	Net Utility Plant		\$90,237,897
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$11,719,431
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$13,862
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$159,595
8	Total Rate Base		\$102,130,785
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)		\$898,751
	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		\$2,082,432
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$577,517
18	Monthly SO2 Emission Allowance Consumption		\$301,208
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,629,288
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,528,039

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of June 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	\$367,488	
3	Monthly SO2 Allowance Consumption	<u>\$301,208</u>	
4	Total 1997 Plan O&M Expenses		\$699,247
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$399,858	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$1,881	
9	Equipment - Associated Operating Expenses	\$1,866	
10	Equipment - Associated Maintenance Expenses	<u>\$173,911</u>	
11	Total 2003 Plan O&M Expenses		<u>\$577,517</u>
12	Total Monthly O&M Expenses		<u>\$1,276,764</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$159,595

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 June 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)	\$334,080		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$259,840		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$720,128		
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)	\$671,872		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$66,816		
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	\$2,067,584	\$14,848	\$2,082,432

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 June 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)	\$416,536		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,328,625		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,611,902		
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)	\$1,798,137		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$299,590		
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	\$9,488,498	\$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)	\$1.12	\$0.01	
14	Company Surplus Weighting	88.00%	12.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.99	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	371,200	371,200	
17	Fixed O&M Environmental Cost to Kentucky Power	\$367,488	\$0	\$367,488

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

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

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
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)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$50,424
7	Urea (5020002)	\$210,225
8	Trona (5020003)	\$121,191
9	Lime Stone (5020004)	\$206,832
10	Polymer (5020005)	\$0
11	Lime Hydrate (5020007)	\$0
12	Steam Exp (5020025)	(\$30)
13	Air Emission Fee	<u>\$10,178</u>
14	Total Operations (Lines 6 thru 10)	\$598,820
	Maintenance :	
15	SCR Maintenance (5120000)	\$1,902
16	Scrubber (FGD) Maintenance (5120000)	<u>\$50,004</u>
17	Total Maintenance (12) + (13)	<u>\$51,906</u>
18	1/2 of Maintenance (14) * 50%	<u>\$25,953</u>
19	Fixed O&M (11) + (15)	\$624,773
20	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
21	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$416,536</u>
	Total Revenue Requirement,	
22	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,653,432
23	Ohio Power Company Steam Capacity (kw)	8,458,000
24	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.02
25	Ohio Power Surplus Weighing	88.00%
26	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.90
	Amos Unit No. 3 Costs to Kentucky Power :	
27	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.90
28	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
29	(ES FORM 3.14, Page 1 of 10, Line 1)	\$334,080

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

For the Expense Month of June 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)	\$104,820
5	Urea (5020002)	\$305,548
6	Trona (5020003)	\$181,316
7	Lime Stone (5020004)	\$568,197
8	Polymer (5020005)	\$7,588
9	Lime Hydrate (5020007)	\$2,858
10	Steam Exp (5020025)	\$38,385
11	Air Emission Fee	<u>\$10,606</u>
12	Total Operations (Line 4 thru 8)	\$1,219,318
	Maintenance :	
13	SCR Maintenance (5120000)	\$13,902
14	Scrubber (FGD) Maintenance (5120000)	<u>\$204,712</u>
15	Total Maintenance (11) + (12)	\$218,614
16	1/2 Maintenance (12) * 50%	<u>\$109,307</u>
17	Fixed O&M (9) + (11)	<u>\$1,328,625</u>
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,785,210</u>
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,785,210
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.80
23	Ohio Power Surplus Weighing	88.00%
24	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 :	
25	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.70
26	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$259,840

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

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$681,581
5	Lime (5020001)	\$2,981,419
6	Urea (5020002)	\$834,659
7	Trona (5020003)	\$649,003
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$177,142
10	Lime Hydrate (5020007)	\$0
11	Steam Exp (5020025)	\$0
12	Air Emission Fee	\$36,017
13	Lease (5070005)	\$0
14	Total Operations (Lines 4 thru 10)	\$5,359,821
	Maintenance :	
15	SCR Maintenance (5120000)	\$50,105
16	Scrubber Maintenance (5120000)	\$454,057
17	Total Maintenance (12) + (13)	\$504,162
18	1/2 of Maintenance (13) * 50%	<u>\$252,081</u>
19	Fixed O&M (11) + (15)	<u>\$5,611,902</u>
	Total Revenue Requirement,	
20	Cost Associated with Gavin Plant (3) + (16)	\$18,723,573
21	Ohio Power Company's Percentage Ownership	100.00%
22	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,723,573
23	Ohio Power Company Steam Capacity (kw)	8,458,000
24	Gavin Plant (\$/kw)	\$2.21
25	Ohio Power Surplus Weighing	88.00%
26	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.94
	Gavin Plant Costs to Kentucky Power :	
27	Gavin Plant Portion (\$/kw) (23)	\$1.94
28	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
29	(ES FORM 3.14, Page 1 of 10, Line 3)	\$720,128

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

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$49,978
5	Urea (5020002)	\$588,320
6	Trona (5020003)	\$133,189
7	Lime Stone (5020004)	\$623,844
8	Polymer (5020005)	\$4,565
9	Lime Hydrate (5020007)	\$2,114
10	Steam Exp (5020025)	\$435
11	Air Emission Fee	<u>\$15,502</u>
12	Total Operations (Lines 4 thru 8)	\$1,417,947
	Maintenance :	
13	FDG (5120000)	\$747,097
14	SCR Maintenance (5120000)	<u>\$13,283</u>
15	1/2 of Maintenance (10 + 11) * 50%	<u>\$380,190</u>
16	Fixed O&M (9) + (12)	<u>\$1,798,137</u>
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$17,403,295</u>
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,403,295
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$2.06
22	Ohio Power Surplus Weighing	88.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.81
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.81
25	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$671,872

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,708,620
LINE 2	Brr from ES FORM 1.10	\$2,818,212
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,890,408
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.3%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,272,245
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$494,794)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$777,451
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$777,451
LINE 9	KY Retail R(m) from ES FORM 3.30	\$48,039,569
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.6184%

1/

Effective Date for Billing: September 2010

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

Title : Director Regulatory Services

Date Submitted : August 18, 2010

1/ Case No. 2005-00341, dated March 14, 2006

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 For the Expense Month of July 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		\$4,664,808
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		\$43,812
	<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.		\$4,708,620

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

For the Expense Month of July 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$57,891,000)	
3	Less Accum. Def. Income Taxes	(\$43,605,073)	
4	Net Utility Plant		\$89,831,479
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,981,090
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$10,528
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$175,646
8	Total Rate Base		\$100,998,743
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)		\$888,789
	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		\$2,083,825
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$285,722
18	Monthly SO2 Emission Allowance Consumption		\$738,341
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,776,019
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,664,808

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 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	\$350,550	
3	Monthly SO2 Allowance Consumption	<u>\$738,341</u>	
4	Total 1997 Plan O&M Expenses		\$1,119,442
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$350,519	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,334	
9	Equipment - Associated Operating Expenses	\$1,866	
10	Equipment - Associated Maintenance Expenses	<u>(\$69,997)</u>	
11	Total 2003 Plan O&M Expenses		<u>\$285,722</u>
12	Total Monthly O&M Expenses		<u>\$1,405,164</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$175,646

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 July 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)	\$342,760		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$257,070		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$724,470		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$654,360		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,064,350	\$19,475	\$2,083,825

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 July 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)	\$626,806		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,180,619		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,702,256		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,272,287		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$281,440		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
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	\$9,092,305	\$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)	\$1.07	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.90	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$350,550	\$0	\$350,550

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

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

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
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)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$53,964
7	Urea (5020002)	\$433,592
8	Trona (5020003)	\$27,089
9	Lime Stone (5020004)	\$319,072
10	Polymer (5020005)	\$0
11	Lime Hydrate (5020007)	\$0
12	Steam Exp (5020025)	\$0
13	Air Emission Fee	<u>\$8,973</u>
14	Total Operations (Lines 6 thru 10)	\$842,690
	Maintenance :	
15	SCR Maintenance (5120000)	\$4,162
16	Scrubber (FGD) Maintenance (5120000)	\$190,781
17	Total Maintenance (12) + (13)	<u>\$194,943</u>
18	1/2 of Maintenance (14) * 50%	<u>\$97,472</u>
19	Fixed O&M (11) + (15)	\$940,162
20	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
21	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$626,806</u>
	Total Revenue Requirement,	
22	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,863,702
23	Ohio Power Company Steam Capacity (kw)	8,458,000
24	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05
25	Ohio Power Surplus Weighing	84.00%
26	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.88
	Amos Unit No. 3 Costs to Kentucky Power :	
27	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.88
28	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
29	(ES FORM 3.14, Page 1 of 10, Line 1)	\$342,760

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

For the Expense Month of July 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)	\$165,132
5	Urea (5020002)	\$294,846
6	Trona (5020003)	\$97,977
7	Lime Stone (5020004)	\$508,620
8	Polymer (5020005)	\$20,864
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$46,586
11	Air Emission Fee	\$8,622
12	Total Operations (Line 4 thru 8)	\$1,142,647
	Maintenance :	
13	SCR Maintenance (5120000)	\$29,370
14	Scrubber (FGD) Maintenance (5120000)	\$46,574
15	Total Maintenance (11) + (12)	\$75,944
16	1/2 Maintenance (12) * 50%	\$37,972
17	Fixed O&M (9) + (11)	\$1,180,619
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (12)	\$6,637,204
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,637,204
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.78
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.66
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.66
26	Kentucky Power Capacity Deficit (kw)	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$257,070

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

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$601,341
5	Lime (5020001)	\$3,734,175
6	Urea (5020002)	\$881,231
7	Trona (5020003)	(\$38,776)
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$241,331
10	Lime Hydrate (5020007)	\$0
11	Steam Exp (5020025)	\$0
12	Air Emission Fee	\$36,017
13	Lease (5070005)	\$0
14	Total Operations (Lines 4 thru 10)	\$5,455,319
	Maintenance :	
15	SCR Maintenance (5120000)	\$51,251
16	Scrubber Maintenance (5120000)	<u>\$442,622</u>
17	Total Maintenance (12) + (13)	\$493,873
18	1/2 of Maintenance (13) * 50%	<u>\$246,937</u>
19	Fixed O&M (11) + (15)	<u>\$5,702,256</u>
	Total Revenue Requirement,	
20	Cost Associated with Gavin Plant (3) + (16)	\$18,813,927
21	Ohio Power Company's Percentage Ownership	100.00%
22	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,813,927
23	Ohio Power Company Steam Capacity (kw)	8,458,000
24	Gavin Plant (\$/kw)	\$2.22
25	Ohio Power Surplus Weighing	84.00%
26	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.86
	Gavin Plant Costs to Kentucky Power :	
27	Gavin Plant Portion (\$/kw) (23)	\$1.86
28	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
29	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$724,470

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

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$21,281
5	Urea (5020002)	\$400,116
6	Trona (5020003)	\$127,147
7	Lime Stone (5020004)	\$694,183
8	Polymer (5020005)	\$4,447
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	<u>\$12,128</u>
12	Total Operations (Lines 4 thru 8)	\$1,259,302
	Maintenance :	
13	FDG (5120000)	\$632
14	SCR Maintenance (5120000)	<u>\$25,337</u>
15	1/2 of Maintenance (10 + 11) * 50%	<u>\$12,985</u>
16	Fixed O&M (9) + (12)	<u>\$1,272,287</u>
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,877,445</u>
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,877,445
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$2.00
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.68
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.68
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$654,360

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,708,620
LINE 2	Brr from ES FORM 1.10	\$3,805,325
LINE 3	E(m) (LINE 1 - LINE 2)	\$903,295
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.3%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$607,918
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$494,794)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$113,124
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$113,124
LINE 9	KY Retail R(m) from ES FORM 3.30	\$48,039,569
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	0.2355%

1/

Effective Date for Billing: September 2010

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

Title : Director Regulatory Services

Date Submitted : August 18, 2010

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 For the Expense Month of July 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		\$4,664,808
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		\$43,812
	<b>Third Component:</b> Net Proceeds from Emission Allowances Sales AS 1) <b>SO2</b> - EPA Auction Proceeds received during Expense Month 2) <b>SO2</b> - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) <b>NOx</b> - ERC Sales Proceeds, received during Expense Month 2) <b>NOx</b> - EPA Auction Proceeds, received during Expense Month 3) <b>NOx</b> - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx 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.		\$4,708,620

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

For the Expense Month of July 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$57,891,000)	
3	Less Accum. Def. Income Taxes	(\$43,605,073)	
4	Net Utility Plant		\$89,831,479
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,981,090
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$10,528
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$175,646
8	Total Rate Base		\$100,998,743
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)		\$888,789
	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		\$2,083,825
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$285,722
18	Monthly SO2 Emission Allowance Consumption		\$738,341
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,776,019
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,664,808

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 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	\$350,550	
3	Monthly SO2 Allowance Consumption	<u>\$738,341</u>	
4	Total 1997 Plan O&M Expenses		\$1,119,442
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$350,519	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,334	
9	Equipment - Associated Operating Expenses	\$1,866	
10	Equipment - Associated Maintenance Expenses	<u>(\$69,997)</u>	
11	Total 2003 Plan O&M Expenses		<u>\$285,722</u>
12	Total Monthly O&M Expenses		<u>\$1,405,164</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$175,646

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 July 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)	\$342,760		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$257,070		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$724,470		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$654,360		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,064,350	\$19,475	\$2,083,825

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 July 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)	\$626,806		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,180,619		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,702,256		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,272,287		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$281,440		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
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	\$9,092,305	\$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)	\$1.07	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.90	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$350,550	\$0	\$350,550

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

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

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$53,964
7	Urea (5020002)	\$433,592
8	Trona (5020003)	\$27,089
9	Lime Stone (5020004)	\$319,072
10	Polymer (5020005)	\$0
11	Lime Hydrate (5020007)	\$0
12	Steam Exp (5020025)	\$0
13	Air Emission Fee	\$8,973
14	Total Operations (Lines 6 thru 10)	\$842,690
	Maintenance :	
15	SCR Maintenance (5120000)	\$4,162
16	Scrubber (FGD) Maintenance (5120000)	\$190,781
17	Total Maintenance (12) + (13)	\$194,943
18	1/2 of Maintenance (14) * 50%	\$97,472
19	Fixed O&M (11) + (15)	\$940,162
20	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%
21	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$626,806
	Total Revenue Requirement,	
22	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,863,702
23	Ohio Power Company Steam Capacity (kw)	8,458,000
24	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05
25	Ohio Power Surplus Weighing	84.00%
26	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.88
	Amos Unit No. 3 Costs to Kentucky Power :	
27	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.88
28	Kentucky Power Capacity Deficit (kw)	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
29	(ES FORM 3.14, Page 1 of 10, Line 1)	\$342,760

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

For the Expense Month of July 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)	\$165,132
5	Urea (5020002)	\$294,846
6	Trona (5020003)	\$97,977
7	Lime Stone (5020004)	\$508,620
8	Polymer (5020005)	\$20,864
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$46,586
11	Air Emission Fee	<u>\$8,622</u>
12	Total Operations (Line 4 thru 8)	\$1,142,647
	Maintenance :	
13	SCR Maintenance (5120000)	\$29,370
14	Scrubber (FGD) Maintenance (5120000)	<u>\$46,574</u>
15	Total Maintenance (11) + (12)	\$75,944
16	1/2 Maintenance (12) * 50%	<u>\$37,972</u>
17	Fixed O&M (9) + (11)	<u>-\$1,180,619</u>
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,637,204</u>
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,637,204
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.78
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.66
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.66
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$257,070

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

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$601,341
5	Lime (5020001)	\$3,734,175
6	Urea (5020002)	\$881,231
7	Trona (5020003)	(\$38,776)
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$241,331
10	Lime Hydrate (5020007)	\$0
11	Steam Exp (5020025)	\$0
12	Air Emission Fee	\$36,017
13	Lease (5070005)	<u>\$0</u>
14	Total Operations (Lines 4 thru 10)	\$5,455,319
	Maintenance :	
15	SCR Maintenance (5120000)	\$51,251
16	Scrubber Maintenance (5120000)	<u>\$442,622</u>
17	Total Maintenance (12) + (13)	\$493,873
18	1/2 of Maintenance (13) * 50%	<u>\$246,937</u>
19	Fixed O&M (11) + (15)	<u>\$5,702,256</u>
	Total Revenue Requirement,	
20	Cost Associated with Gavin Plant (3) + (16)	\$18,813,927
21	Ohio Power Company's Percentage Ownership	100.00%
22	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,813,927
23	Ohio Power Company Steam Capacity (kw)	8,458,000
24	Gavin Plant (\$/kw)	\$2.22
25	Ohio Power Surplus Weighing	84.00%
26	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.86
	Gavin Plant Costs to Kentucky Power :	
27	Gavin Plant Portion (\$/kw) (23)	\$1.86
28	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
29	(ES FORM 3.14, Page 1 of 10, Line 3)	\$724,470

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

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$21,281
5	Lime Stone (5020004)	\$694,183
6	Urea (5020002)	\$400,116
7	Trona (5020003)	\$127,147
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$4,447
10	Lime Hydrate (5020007)	\$0
11	Steam Exp (5020025)	\$0
12	Air Emission Fee	<u>\$12,128</u>
13	Total Operations (Lines 4 thru 8)	\$1,259,302
	Maintenance :	
14	FDG (5120000)	\$632
15	SCR Maintenance (5120000)	<u>\$25,337</u>
16	1/2 of Maintenance (10 + 11) * 50%	<u>\$12,985</u>
17	Fixed O&M (9) + (12)	<u>\$1,272,287</u>
	Total Revenue Requirement,	
18	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,877,445</u>
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,877,445
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Mitchell Plant (\$/kw)	\$2.00
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.68
	Mitchell Plant Costs to Kentucky Power :	
25	Mitchell Plant Portion (\$/kw) (20)	\$1.68
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
27	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$654,360

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$6,341,070
LINE 2	Brr from ES FORM 1.10	\$4,088,830
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,252,240
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	73.9%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,664,405
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$613,163)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,051,242
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,051,242
LINE 9	KY Retail R(m) from ES FORM 3.30	\$49,802,297
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.1108%

1/

Effective Date for Billing: October 2010

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

Title : Manager Regulatory Services

Date Submitted : September 17, 2010

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

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 For the Expense Month of August 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, Line 20</b>		\$6,296,520
2	<b>Second Component:</b> Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] <b>ES FORM 3.20, Line 16</b>		\$44,550
	<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.		\$6,341,070

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

For the Expense Month of August 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$58,512,302)	
3	Less Accum. Def. Income Taxes	(\$43,387,622)	
4	Net Utility Plant		\$89,427,628
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$8,681,878
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$7,155
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$382,846
8	Total Rate Base		\$98,499,507
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)		\$866,796
	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		\$2,083,825
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$378,556
18	Monthly SO2 Emission Allowance Consumption		\$2,299,212
19	Total Operating Expenses [Line 12 thru Line 18]		\$5,429,724
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$6,296,520

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of August 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	\$354,445	
3	Monthly SO2 Allowance Consumption	<u>\$2,299,212</u>	
4	Total 1997 Plan O&M Expenses		\$2,684,208
	<b>2003 Plan :</b>		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$363,407	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,373	
9	Equipment - Associated Operating Expenses	\$560	
10	Equipment - Associated Maintenance Expenses	<u>\$11,216</u>	
11	Total 2003 Plan O&M Expenses		<u>\$378,556</u>
12	Total Monthly O&M Expenses		<u>\$3,062,764</u>
13	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$382,846

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 August 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)	\$338,865		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$260,965		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$728,365		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$658,255		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$62,320		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,064,350	\$19,475	\$2,083,825

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 August 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)	\$500,110		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,323,459		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,722,014		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,415,300		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$158,111		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
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	\$9,147,891	\$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)	\$1.08	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.91	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$354,445	\$0	\$354,445

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

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

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$80,100
7	Urea (5020002)	\$254,096
8	Trona (5020003)	\$84,763
9	Lime Stone (5020004)	\$252,981
10	Polymer (5020005)	\$0
11	Lime Hydrate (5020007)	\$0
12	Steam Exp (5020025)	\$0
13	Air Emission Fee	\$8,973
14	Total Operations (Lines 6 thru 10)	\$680,913
	Maintenance :	
15	SCR Maintenance (5120000)	\$1,378
16	Scrubber (FGD) Maintenance (5120000)	\$137,050
17	Total Maintenance (12) + (13)	\$138,428
18	1/2 of Maintenance (14) * 50%	\$69,214
19	Fixed O&M (11) + (15)	\$750,127
20	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%
21	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$500,110
	Total Revenue Requirement,	
22	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,737,006
23	Ohio Power Company Steam Capacity (kw)	8,458,000
24	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.03
25	Ohio Power Surplus Weighing	84.00%
26	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :	
27	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.87
28	Kentucky Power Capacity Deficit (kw)	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
29	(ES FORM 3.14, Page 1 of 10, Line 1)	\$338,865

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

For the Expense Month of August 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)	\$298,018
5	Urea (5020002)	\$284,562
6	Trona (5020003)	\$189,893
7	Lime Stone (5020004)	\$468,206
8	Polymer (5020005)	\$16,118
9	Lime Hydrate (5020007)	\$1,161
10	Steam Exp (5020025)	\$45,341
11	Air Emission Fee	\$8,622
12	Total Operations (Line 4 thru 8)	\$1,311,921
	Maintenance :	
13	SCR Maintenance (5120000)	\$14,887
14	Scrubber (FGD) Maintenance (5120000)	\$8,188
15	Total Maintenance (11) + (12)	\$23,076
16	1/2 Maintenance (12) * 50%	\$11,538
17	Fixed O&M (9) + (11)	\$1,323,459
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (12)	\$6,780,044
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,780,044
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.80
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.67
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.67
26	Kentucky Power Capacity Deficit (kw)	389,500
27	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23) (ES FORM 3.14, Page 1 of 10, Line 2)	\$260,965

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

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$643,439
5	Lime (5020001)	\$3,093,960
6	Urea (5020002)	\$926,427
7	Trona (5020003)	\$495,636
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$180,287
10	Lime Hydrate (5020007)	\$0
11	Steam Exp (5020025)	\$0
12	Air Emission Fee	\$36,017
13	Lease (5070005)	\$0
14	Total Operations (Lines 4 thru 10)	\$5,375,766
	Maintenance :	
15	SCR Maintenance (5120000)	\$94,028
16	Scrubber Maintenance (5120000)	\$598,468
17	Total Maintenance (12) + (13)	\$692,496
18	1/2 of Maintenance (13) * 50%	\$346,248
19	Fixed O&M (11) + (15)	\$5,722,014
	Total Revenue Requirement,	
20	Cost Associated with Gavin Plant (3) + (16)	\$18,833,685
21	Ohio Power Company's Percentage Ownership	100.00%
22	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,833,685
23	Ohio Power Company Steam Capacity (kw)	8,458,000
24	Gavin Plant (\$/kw)	\$2.23
25	Ohio Power Surplus Weighing	84.00%
26	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.87
	Gavin Plant Costs to Kentucky Power :	
27	Gavin Plant Portion (\$/kw) (23)	\$1.87
28	Kentucky Power Capacity Deficit (kw)	389,500
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
29	(ES FORM 3.14, Page 1 of 10, Line 3)	\$728,365

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

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$47,821
5	Urea (5020002)	\$466,418
6	Trona (5020003)	\$88,402
7	Lime Stone (5020004)	\$768,701
8	Polymer (5020005)	\$2,465
9	Lime Hydrate (5020007)	\$2,274
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$12,128
12	Total Operations (Lines 4 thru 8)	\$1,388,210
	Maintenance :	
13	FDG (5120000)	\$40,106
14	SCR Maintenance (5120000)	\$14,075
15	1/2 of Maintenance (10 + 11) * 50%	\$27,091
16	Fixed O&M (9) + (12)	\$1,415,300
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	\$17,020,458
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,020,458
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$2.01
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.69
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.69
25	Kentucky Power Capacity Deficit (kw)	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$658,255

**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 loss 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 gain or loss is 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 3.11, the SO2 Emissions Allowance Inventory, For the Expense Month of August 2010 — Lines, SO2 Emissions Allowances (Year 2009 & Prior) and SO2 Emissions Allowances (Years 2010 to 2014). Explain the primary reason(s) for the credit adjustment to the SO2 Emissions Allowances (Year 2010 to 2014) and for the fluctuation in the expense for the August 2010 month compared to the other months in this review period.

**RESPONSE**

In 2010 the Clean Air Interstate Rule (CAIR) took effect. This new rule affected the consumption rate of SO2 allowances. All SO2 allowances with a vintage year 2009 or prior were consumed on a one allowance per ton ratio. Allowances for the vintage years 2010-2015 are consumed on a two allowances per ton of SO2 emitted ratio. This created two separate allowance pools with different average unit costs. As a result, a YTD adjustment between 2009 and 2010 vintage years was made to better reflect the projected year end consumption of SO2, which resulted in an increase in consumption in August.

**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 fluctuations in the operation and maintenance expenses for the review period were a result of regular maintenance and a number of repairs due to wear on plant equipment.

During May and June a large amount of work was completed by outside services on the Ammonia Injection System and the SCR Boiler Outlet Ductwork.

- The Ammonia Injection System Recycle and Urea tanks were cleaned along with the Hydrolizer Economizer.
- Handrails were built and installed on the AOD Solution Tanks.
- The SCR Boiler Outlet Ductwork had an excessive part of the expansion joint removed, insulation and lagging was removed and reinstalled.
- Casing leaks and stiffeners on the north and south Economizer Outlet Ducts were repaired.
- Test covers for stiffeners were installed
- SCR test ports were replaced.
- The SCR Booster Fans were inspected and blades were replaced.

The credit for July resulted from a reversal of unvouchered liabilities of \$114,866 for the month of June and standard O&M charges of \$46,735 for work completed during July. Most of the expenses in July were due to the completion of the blade replacement on the SCR Booster Fan.

O&M expenses for August through October were in line with regular operations and maintenance activities performed at the plant.

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, Lines 6, 12 and 13. Explain the primary reason(s) for the addition of disposal and SCR and Scrubber Maintenance expenses in the July 2010 expense month compared to the preceding months of May 2010 and June 2010 in this review period.

**RESPONSE**

Plant personnel provide the expenses associated with projects at the plant. Prior to July these specific expenses were not being reported for recovery. Although Kentucky Power incurred expenses related to these projects prior to July, this information was not included in previous monthly filings. As a result, Kentucky Power did not previously recover expenses related to disposal, SCR, and Scrubber (FGD) Maintenance.

**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 10. Explain the primary reason(s) for the addition of steam expense in the October 2010 expense month compared to the preceding month of September 2010 in this review period.

**RESPONSE**

Steam expense was included in the October 2010 expense month filing after a systematic review of all costs associated with Amos Plant Unit No. 3. During the review, Kentucky Power discovered that certain expenses such as steam expense were not being recovered, but did qualify for recovery per the Environmental Surcharge Tariff section 5, bullets (p) and (q).

(p) - costs associated with operating approved pollution control equipment

(q) - costs associated with maintaining approved pollution control equipment including material and contract labor (excluding plant labor)

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 fluctuations in the Trona expenses during the review period are related to variations in normal plant operations and delivery of the materials from Wyoming and other locations.

The significant increase in Trona expense for May was a result of a shortfall penalty. Trona is purchased through a take-or-pay contract and due to the economic downturn and the reduced demand for coal-fired generation, AEP's Trona requirements have declined.

**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**

The primary reason for the fluctuations in the Limestone expense during the review period are related to variations in normal plant operations, usage, and delivery of the materials from Wyoming and other locations.

**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 4 Disposal. Explain the primary reason(s) for the fluctuation in this expense for the September 2010 expense month compared to the other months in this review period.

**RESPONSE**

In September 2010, Certainteed was billed to cover reimbursement of gypsum disposal costs paid by Cardinal Operating Company in 2008 & 2009. Cardinal Operating Company incurred disposal costs in those years for gypsum that met the required specifications and that Certainteed was obligated to accept per contractually agreement, but did not accept.

**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 No. 1, Lines 8, 9 and 10. Explain the primary reason(s) for the addition of polymer, lime hydrate and steam expenses in the September 2010 expense month compared to the preceding months in this review period.

**RESPONSE**

A systematic review was performed of environmental costs associated with Cardinal Plant Unit No. 1. During the review Kentucky Power found that certain expenses such as polymer, lime hydrate, and steam expense were not being recovered, but did qualify for recovery per the Environmental Surcharge Tariff section 5, bullets (p) and (q).

(p) - costs associated with operating approved pollution control equipment

(q) - costs associated with maintaining approved pollution control equipment including material and contract labor (excluding plant labor)

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 May 2010 and July 2010 expense months compared to the other months in this review period.

**RESPONSE**

The fluctuation in Trona expense for Gavin during May was a result of purchasing a large amount of Trona. Unit 1 was brought back on-line in May 2010 after a 7 week outage. Due to higher temperatures more Trona is consumed during the summer months.

The fluctuation in July was a result of the accrual for July being more than the actual amount of Trona consumed.

**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 9. Explain the primary reason(s) for the addition of polymer expense in the August 2010 expense month compared to the preceding months in this review period.

**RESPONSE**

A systematic review was performed of environmental costs associated with Gavin Plant Units 1 and 2. During the review Kentucky Power found that certain expenses such as polymer expense were not being recovered, but did qualify for recovery per the Environmental Surcharge Tariff section 5, bullets (p) and (q).

(p) - costs associated with operating approved pollution control equipment

(q) - costs associated with maintaining approved pollution control equipment including material and contract labor (excluding plant labor)

**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), Lines 8 and 9. Explain the primary reason(s) for the addition of lime hydrate and polymer expenses in the August 2010 expense month compared to the preceding months in this review period.

**RESPONSE**

Polymer and lime hydrate expenses were included in the August 2010 expense month filing after a systematic review of Environmental costs associated with Mitchell Plant Units 1 and 2. During the review Kentucky Power found that certain expenses such as polymer and lime hydrate expense were not being recovered, but did qualify for recovery per the Environmental Surcharge Tariff section 5, bullets (p) and (q).

(p) - costs associated with operating approved pollution control equipment

(q) - costs associated with maintaining approved pollution control equipment including material and contract labor (excluding plant labor)

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 FDG Maintenance expense during the six expense months that make up this review period.

**RESPONSE**

The fluctuations in the FGD maintenance expense for the current review period were a result of outages at Mitchell. May, June, and September show significant expenses as a result of the outages.

October FGD expense shows a credit balance due to the reversal of the accrual for FGD maintenance expenses for September. The September accrual was larger than the actual expenses incurred resulting in a credit.

**WITNESS:** Lila P Munsey

**Kentucky Power Company**

**REQUEST**

Refer to ES Form 3.14, Page 8 of 11, the Current Period Revenue Requirement, Ohio Power Company — Muskingum River Plant (Units 1, 2, 3, 4 & 5), Line 8. Explain the primary reason(s) for the fluctuation in the SCR maintenance expense for the May 2010 expense month compared to the other months in this review

**RESPONSE**

The fluctuations in the Muskingum River SCR maintenance expense for May were a result of maintenance work performed during the 8 week outage from April 3 - May 29. Maintenance work completed included cleaning the hydrolyzer and economizers, repairing leaks on the AOD (Ammonia on Demand) recycle heater, repairing a leaky valve on the dilution air skid, and rotating welded valves in the AOD building.

**WITNESS:** Lila P Munsey

## Kentucky Power Company

### REQUEST

Provide the following information as of October 31, 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 October 31, 2010 can be found in the attachment as described below. The attached CD contains the electronic excel file.

- a. Please refer to Page 2 of 19 of the attached exhibit for the balances for long-term debt, short-term debt, accounts receivable financing and common equity as of October 31, 2010. Pages 3 thru 17 of 19 demonstrate the supporting calculations.
- b. Please refer to Page 2 of 19 of the attached exhibit for the blended interest rates for long-term debt, short-term debt, and accounts receivable financing as of October 31, 2010.
- c. Kentucky Power's October 31, 2010 calculated weighted average cost of capital for environmental surcharge purposes was 8.11% as shown on pg 18 of 19. 10.50% was used as the return on common equity in conformity with the Order in Case No. 2009-00316, dated January 20, 2010. Please refer to Page 2 of 19 of the attached exhibit for support of the calculation.
- d. Please see Page 18 of 19 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 October 31, 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	50.859%	6.48%	3.30%
2	Short Term Debt	\$0	a	0.000%	0.01% b	0.00%
3	Accts Receivable Financing	\$41,323,205		3.821%	1.18%	0.05%
4	Common Equity	<u>\$490,091,762</u>	a	<u>45.319%</u>	10.50% c	<u>4.76%</u>
5	Total	\$1,081,414,967		100.000%		8.11%

a Book balance as of 10/31/2010

b Average borrowing costs for the 12 Months Ended October 31, 2010

c Per Case No 2009-00316, Order dated January 20, 2010

KENTUCKY POWER COMPANY  
 EFFECTIVE COST OF LONG-TERM DEBT  
 AS OF OCTOBER 31, 2010

SERIES	ISSUE DATE	DUE DATE	AVERAGE TERM IN YEARS	PRINCIPAL AMOUNT ISSUED	PREMIUM OR (DISCOUNT) AT ISSUANCE	COMPANY ISSUANCE EXPENSE	NET PROCEEDS	NET PROCEEDS RATIO	EFFECTIVE COST RATE	CURRENT AMOUNT OUTSTANDING	ANNUALIZED COST	WEIGHTED COST RATE
				\$	\$	\$	\$	%	%	\$	\$	%
<b>Global Note</b>												
5.25%	2/5/2004	6/1/2015	11.3	20,000,000	-	-	20,000,000	100.00	5.249	20,000,000	1,049,816	
<b>Subtotal</b>				<u>20,000,000</u>						<u>20,000,000</u>	<u>1,049,816</u>	
<b>Senior Notes</b>												
5.625%	6/13/2003	12/1/2032	29.45	75,000,000	(656,250)	736,575	73,607,175	98.14	5.756	75,000,000	4,317,337	
6.000%	9/11/2007	9/15/2017	10.01	325,000,000	(1,567,250)	2,277,883	321,054,867	98.79	6.164	325,000,000	20,033,514	
7.250%	6/18/2009	6/18/2021	11.99	40,000,000	-	217,919	39,782,081	99.46	7.319	40,000,000	2,927,597	
8.050%	6/18/2009	6/18/2029	19.99	30,000,000	-	163,439	29,836,561	99.46	8.085	30,000,000	2,425,620	
8.130%	6/18/2009	6/18/2039	29.98	60,000,000	-	326,879	59,673,121	99.46	8.179	60,000,000	4,907,388	
<b>Subtotal</b>				<u>530,000,000</u>						<u>530,000,000</u>	<u>34,611,457</u>	
<b>Total</b>				<u>550,000,000</u>						<u>550,000,000</u>	<u>35,661,273</u>	<u>6.484</u>

FMV of mark to market 133 hedge

TOTAL LONG-TERM DEBT

a Book balance as of 10/31/2010

Effective Cost Rate = Annualized Cost divided by the Current Amount Outstanding.

Kentucky Power Company  
Schedule of Short Term Debt  
Twelve Months Ended October 31, 2010

Line No. (1)	Month (2)	Year (3)	Notes Payable Outstanding at the End of the Month (4)
1	November	2009	0
2	December	2009	485,337
3	January	2010	805,286
4	February	2010	2,984,116
5	March	2010	0
6	April	2010	0
7	May	2010	6,714,571
8	June	2010	4,268,088
9	July	2010	0
10	August	2010	0
11	September	2010	0
12	October	2010	0

Kentucky Power Company  
 Short Term Debt Balance and Cost Calculation  
 Twelve Months Ended October 31, 2010

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	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%
	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%
Friday	11/29/2009			0.000000%
Saturday	11/30/2009			0.000000%
Sunday	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%

Kentucky Power Company  
 Short Term Debt Balance and Cost Calculation  
 Twelve Months Ended October 31, 2010

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	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%
Tuesday	12/31/2009	(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%
	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%
	1/29/2010	(805,285.95)	0.16%	0.000004%
	1/30/2010	(805,289.62)	0.16%	0.000004%
Friday	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%

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended October 31, 2010**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	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%
	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%
Monday	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%
	3/31/2010			0.000000%
Wednesday	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%

Kentucky Power Company  
 Short Term Debt Balance and Cost Calculation  
 Twelve Months Ended October 31, 2010

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	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%
	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%
	4/30/2010			0.000000%
	5/1/2010			0.000000%
Friday	5/2/2010			0.000000%
Saturday	5/3/2010			0.000000%
	5/4/2010			0.000000%
	5/5/2010	(4,207,789.77)	0.21%	0.000026%
	5/6/2010			0.000000%
	5/7/2010			0.000000%
	5/8/2010			0.000000%
	5/9/2010			0.000000%
	5/10/2010	(1,499,724.39)	0.21%	0.000009%
	5/11/2010			0.000000%
	5/12/2010			0.000000%
	5/13/2010	(1,973,210.83)	0.21%	0.000012%
	5/14/2010			0.000000%
	5/15/2010			0.000000%
	5/16/2010			0.000000%
	5/17/2010			0.000000%
	5/18/2010			0.000000%
	5/19/2010			0.000000%
	5/20/2010	(5,886,222.45)	0.37%	0.000064%
	5/21/2010	(8,379,686.35)	0.37%	0.000091%
	5/22/2010	(8,379,773.01)	0.37%	0.000091%
	5/23/2010	(8,379,859.67)	0.37%	0.000091%
	5/24/2010	(7,982,887.68)	0.21%	0.000049%
	5/25/2010	(8,454,969.58)	0.23%	0.000057%
	5/26/2010	(7,801,080.72)	0.21%	0.000049%
	5/27/2010	(8,096,827.37)	0.21%	0.000050%
	5/28/2010	(6,714,455.19)	0.21%	0.000041%
	5/29/2010	(6,714,493.79)	0.21%	0.000041%
	5/30/2010	(6,714,532.39)	0.21%	0.000041%
	5/31/2010	(6,714,570.99)	0.21%	0.000041%
Monday	6/1/2010	(9,961,957.21)	0.41%	0.000120%
	6/2/2010	(7,987,501.35)	0.43%	0.000101%
	6/3/2010	(9,970,786.75)	0.21%	0.000061%
	6/4/2010	(12,630,007.31)	0.44%	0.000163%
	6/5/2010	(12,630,162.28)	0.44%	0.000163%
	6/6/2010	(12,630,317.26)	0.44%	0.000163%
	6/7/2010	(10,254,423.24)	0.44%	0.000133%
	6/8/2010	(13,853,111.57)	0.48%	0.000196%
	6/9/2010	(12,336,127.02)	0.48%	0.000175%
	6/10/2010	(7,635,055.52)	0.48%	0.000108%
	6/11/2010	(7,136,902.23)	0.49%	0.000103%
	6/12/2010	(7,136,999.79)	0.49%	0.000103%

Kentucky Power Company  
 Short Term Debt Balance and Cost Calculation  
 Twelve Months Ended October 31, 2010

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	6/13/2010	(7,137,097.36)	0.49%	0.000103%
	6/14/2010	(1,555,138.80)	0.20%	0.000009%
	6/15/2010	(136,551.25)	0.22%	0.000001%
	6/16/2010	(1,993,532.16)	0.22%	0.000013%
	6/17/2010	(5,369,118.54)	0.23%	0.000036%
	6/18/2010	(11,054,877.94)	0.51%	0.000165%
	6/19/2010	(11,055,034.53)	0.51%	0.000165%
	6/20/2010	(11,055,191.12)	0.51%	0.000165%
	6/21/2010	(18,345,869.78)	0.50%	0.000270%
	6/22/2010	(18,963,076.89)	0.51%	0.000284%
	6/23/2010	(13,907,486.01)	0.51%	0.000209%
	6/24/2010	(15,322,317.00)	0.51%	0.000228%
	6/25/2010	(17,870,027.06)	0.51%	0.000265%
	6/26/2010	(17,870,278.70)	0.51%	0.000265%
	6/27/2010	(17,870,530.34)	0.51%	0.000265%
	6/28/2010	(15,216,852.84)	0.51%	0.000225%
	6/29/2010	(10,804,849.54)	0.22%	0.000070%
	6/30/2010	(4,268,088.07)	0.22%	0.000028%
	7/1/2010	(3,114,597.13)	0.22%	0.000020%
Thursday	7/2/2010	(8,998,072.35)	0.51%	0.000133%
	7/3/2010	(8,998,198.89)	0.51%	0.000133%
	7/4/2010	(8,998,325.43)	0.51%	0.000133%
	7/5/2010	(8,998,451.98)	0.51%	0.000133%
	7/6/2010	(16,840,714.00)	0.51%	0.000251%
	7/7/2010	(15,885,618.65)	0.51%	0.000240%
	7/8/2010	(17,570,497.30)	0.52%	0.000268%
	7/9/2010	(15,733,222.11)	0.53%	0.000243%
	7/10/2010	(15,733,452.20)	0.53%	0.000243%
	7/11/2010	(15,733,682.30)	0.53%	0.000243%
	7/12/2010	(10,120,555.82)	0.24%	0.000072%
	7/13/2010	(6,916,138.06)	0.24%	0.000049%
	7/14/2010	(5,129,849.60)	0.25%	0.000037%
	7/15/2010	(8,280,344.85)	0.55%	0.000133%
	7/16/2010	(7,665,461.13)	0.55%	0.000124%
	7/17/2010	(7,665,578.27)	0.55%	0.000124%
	7/18/2010	(7,665,695.41)	0.55%	0.000124%
	7/19/2010	(6,763,188.17)	0.55%	0.000110%
	7/20/2010	(5,290,130.83)	0.55%	0.000086%
	7/21/2010	(1,025,136.47)	0.54%	0.000016%
	7/22/2010	(3,377,170.12)	0.26%	0.000026%
	7/23/2010	(1,157,855.69)	0.26%	0.000009%
	7/24/2010	(1,157,863.98)	0.26%	0.000009%
	7/25/2010	(1,157,872.26)	0.26%	0.000009%
	7/26/2010	(1,127,190.71)	0.26%	0.000009%
	7/27/2010	(284,757.10)	0.26%	0.000002%
	7/28/2010			0.000000%
	7/29/2010			0.000000%
	7/30/2010			0.000000%
	7/31/2010			0.000000%
Friday	8/1/2010			0.000000%
	8/2/2010			0.000000%
	8/3/2010			0.000000%
	8/4/2010			0.000000%
	8/5/2010			0.000000%
	8/6/2010			0.000000%
	8/7/2010			0.000000%

Kentucky Power Company  
 Short Term Debt Balance and Cost Calculation  
 Twelve Months Ended October 31, 2010

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	8/8/2010			0.000000%
	8/9/2010			0.000000%
	8/10/2010			0.000000%
	8/11/2010			0.000000%
	8/12/2010			0.000000%
	8/13/2010			0.000000%
	8/14/2010			0.000000%
	8/15/2010			0.000000%
	8/16/2010			0.000000%
	8/17/2010			0.000000%
	8/18/2010			0.000000%
	8/19/2010			0.000000%
	8/20/2010			0.000000%
	8/21/2010			0.000000%
	8/22/2010			0.000000%
	8/23/2010			0.000000%
	8/24/2010			0.000000%
	8/25/2010			0.000000%
	8/26/2010			0.000000%
	8/27/2010			0.000000%
Friday	8/28/2010			0.000000%
	8/29/2010			0.000000%
	8/30/2010			0.000000%
	8/31/2010			0.000000%
	9/1/2010			0.000000%
	9/2/2010			0.000000%
	9/3/2010			0.000000%
	9/4/2010			0.000000%
	9/5/2010			0.000000%
	9/6/2010			0.000000%
	9/7/2010			0.000000%
	9/8/2010			0.000000%
	9/9/2010			0.000000%
	9/10/2010			0.000000%
	9/11/2010			0.000000%
	9/12/2010			0.000000%
	9/13/2010			0.000000%
	9/14/2010			0.000000%
	9/15/2010			0.000000%
	9/16/2010			0.000000%
	9/17/2010			0.000000%
	9/18/2010			0.000000%
	9/19/2010			0.000000%
	9/20/2010			0.000000%
	9/21/2010			0.000000%
	9/22/2010			0.000000%
	9/23/2010			0.000000%
	9/24/2010			0.000000%
	9/25/2010			0.000000%
	9/26/2010			0.000000%
	9/27/2010			0.000000%
	9/28/2010			0.000000%
	9/29/2010			0.000000%
	9/30/2010			0.000000%
Wednesday	10/1/2010			0.000000%
	10/2/2010			0.000000%

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended October 31, 2010**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	10/3/2010			0.000000%
	10/4/2010			0.000000%
	10/5/2010			0.000000%
	10/6/2010			0.000000%
	10/7/2010			0.000000%
	10/8/2010			0.000000%
	10/9/2010			0.000000%
	10/10/2010			0.000000%
	10/11/2010			0.000000%
	10/12/2010			0.000000%
	10/13/2010			0.000000%
	10/14/2010			0.000000%
	10/15/2010			0.000000%
	10/16/2010			0.000000%
	10/17/2010			0.000000%
	10/18/2010			0.000000%
	10/19/2010			0.000000%
	10/20/2010			0.000000%
	10/21/2010			0.000000%
	10/22/2010			0.000000%
	10/23/2010			0.000000%
	10/24/2010			0.000000%
	10/25/2010			0.000000%
	10/26/2010			0.000000%
	10/27/2010			0.000000%
	10/28/2010			0.000000%
	10/29/2010			0.000000%
	10/30/2010			0.000000%
Friday	10/31/2010			0.000000%

<b>Sum Total All Daily Balances</b>	<b>(\$846,826,476.00)</b>	<b>0.0093%</b>	<b>Sum Total Weighted Average Borrowed Interest Rate</b>
<b>Divided By Number of Days in Year</b>	<b>365</b>		
<b>Average Daily Balance</b>	<b>(\$2,320,072.54)</b>		

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 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)	
10/01/2009	37,697,235.83	0.000032	1,208.31	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	6,353.61	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	1,308,771.83	0.000032	36.26	0.001160	1,515.86	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	1,863,208.96	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	1,188.00	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	39,106,080.39	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	43,808,080.18	0.000031	1,357.99	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	1,401,624.29	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	1,123,680.96	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	1,461.29	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	

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 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)
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
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	184,523.05	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	1,245.05	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	5,926.83	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	2,324,923.83	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	2,982.93	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	1,585.18	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	49,329,162.23	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	1,386.40	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	42,566,016.37	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

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 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)	
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	
03/11/2010	49,524,473.06	0.00003	1,485.73	1,988,230.92	0.00003	28.23	0.000847	1,684.03	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	1,684.22	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	1,053.46	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	1,417.07	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	1,359,705.45	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	1,166.56	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	1,847,355.08	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	34,553,992.91	0.000031	1,071.17	1,237,987.57	0.000031	25.57	0.000793	981.72	0.000028	
04/27/2010	34,526,036.23	0.000031	1,070.31	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	
05/01/2010	37,812,244.35	0.000031	1,172.18	1,181,742.66	0.000031	25.57	0.000793	937.12	0.000025	
05/02/2010	42,074,690.14	0.000031	1,304.32	6,007,875.75	0.000031	25.57	0.000793	4,764.25	0.000113	
05/03/2010	38,209,601.66	0.000031	1,184.50	0.00	0.000031	25.57	0.000000	0.00	0.000000	
05/04/2010	38,209,601.66	0.000031	1,184.50	0.00	0.000031	25.57	0.000000	0.00	0.000000	
05/05/2010	41,049,182.25	0.000031	1,272.52	1,062,619.04	0.000031	25.57	0.000793	842.66	0.000021	
05/06/2010	41,841,767.98	0.000031	1,297.09	1,506,207.28	0.000031	25.57	0.000793	1,194.42	0.000029	
05/07/2010	41,958,862.94	0.000031	1,300.72	0.00	0.000031	32.25	0.000000	0.00	0.000000	

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 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 Outstandin g (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)
05/08/2010	41,958,862.94	0.000031	1,300.72	0.00	0.000031	32.25	0.000000	0.00	0.000000
05/09/2010	39,868,868.48	0.000031	1,235.93	1,022,597.73	0.000031	32.25	0.001000	1,022.60	0.000026
05/10/2010	41,958,862.94	0.000031	1,300.72	2,040,364.33	0.000031	32.25	0.001000	2,040.36	0.000049
05/11/2010	38,988,033.16	0.000031	1,208.63	1,265,816.22	0.000031	32.25	0.001000	1,265.82	0.000032
05/12/2010	39,008,380.34	0.000031	1,209.26	1,098,634.03	0.000031	32.25	0.001000	1,098.63	0.000028
05/13/2010	38,714,158.41	0.000031	1,200.14	1,253,297.69	0.000031	32.25	0.001000	1,253.30	0.000032
05/14/2010	33,992,838.48	0.000031	1,053.78	1,428,560.90	0.000031	32.25	0.001000	1,428.56	0.000042
05/15/2010	33,132,015.55	0.000031	1,027.09	991,479.81	0.000031	32.25	0.001000	991.48	0.000030
05/16/2010	32,711,852.20	0.000031	1,014.07	1,348,765.41	0.000031	32.25	0.001000	1,348.77	0.000041
05/17/2010	33,992,838.48	0.000031	1,053.78	0.00	0.000031	32.25	0.000000	0.00	0.000000
05/18/2010	33,992,838.48	0.000031	1,053.78	0.00	0.000031	32.25	0.000000	0.00	0.000000
05/19/2010	31,806,470.21	0.000032	1,017.81	1,056,551.04	0.000032	32.25	0.001032	1,090.36	0.000034
05/20/2010	31,673,687.51	0.000032	1,013.56	1,152,857.55	0.000032	32.25	0.001032	1,189.75	0.000038
05/21/2010	30,423,310.91	0.000032	973.55	995,400.42	0.000032	32.25	0.001032	1,027.25	0.000034
05/22/2010	30,423,310.91	0.000032	973.55	0.00	0.000032	32.25	0.000000	0.00	0.000000
05/23/2010	30,423,310.91	0.000032	973.55	0.00	0.000032	32.25	0.000000	0.00	0.000000
05/24/2010	30,163,866.95	0.000032	965.24	825,362.15	0.000032	32.25	0.001032	851.77	0.000028
05/25/2010	30,354,243.66	0.000032	971.34	1,190,118.86	0.000032	32.25	0.001032	1,228.20	0.000040
05/26/2010	30,440,580.48	0.000032	974.10	1,327,891.49	0.000032	32.25	0.001032	1,370.38	0.000045
05/27/2010	31,815,158.79	0.000032	1,018.09	2,593,093.61	0.000032	32.25	0.001032	2,676.07	0.000084
05/28/2010	33,898,462.10	0.000032	1,084.75	3,066,981.21	0.000032	32.25	0.001032	3,165.12	0.000093
05/29/2010	33,898,462.10	0.000032	1,084.75	0.00	0.000032	32.25	0.000000	0.00	0.000000
05/30/2010	34,574,883.04	0.000032	1,105.40	2,212,843.00	0.000032	32.25	0.001032	2,283.65	0.000066
05/31/2010	33,898,462.10	0.000032	1,084.75	0.00	0.000032	32.25	0.000000	0.00	0.000000
06/01/2010	33,898,462.10	0.000032	1,084.75	0.00	0.000032	32.25	0.000000	0.00	0.000000
06/02/2010	34,158,726.25	0.000033	1,127.24	1,723,575.16	0.000033	32.25	0.001064	1,833.88	0.000054
06/03/2010	38,909,336.14	0.000033	1,284.01	5,947,229.19	0.000033	32.25	0.001064	6,327.85	0.000163
06/04/2010	39,412,715.89	0.000033	1,300.62	0.00	0.000033	32.25	0.000000	0.00	0.000000
06/05/2010	39,412,715.89	0.000033	1,300.62	0.00	0.000033	32.25	0.000000	0.00	0.000000
06/06/2010	38,196,545.74	0.000033	1,260.49	1,317,401.38	0.000033	34.01	0.001122	1,478.12	0.000039
06/07/2010	39,412,715.89	0.000033	1,300.62	2,015,659.07	0.000033	32.25	0.001064	2,144.66	0.000054
06/08/2010	37,827,579.62	0.000033	1,248.31	1,770,801.41	0.000033	34.01	0.001122	1,986.84	0.000053
06/09/2010	38,613,696.09	0.000034	1,312.87	1,742,986.99	0.000034	34.01	0.001156	2,014.89	0.000052
06/10/2010	38,825,143.92	0.000034	1,320.05	1,338,395.06	0.000034	34.01	0.001156	1,547.18	0.000040
06/11/2010	38,774,213.93	0.000034	1,318.32	1,498,915.70	0.000034	34.01	0.001156	1,732.75	0.000045
06/12/2010	34,646,737.17	0.000034	1,177.99	1,581,913.48	0.000034	34.01	0.001156	1,828.69	0.000053
06/13/2010	35,041,467.83	0.000034	1,191.41	1,971,139.67	0.000034	34.01	0.001156	2,278.64	0.000065
06/14/2010	38,825,143.92	0.000034	1,320.05	0.00	0.000034	34.01	0.000000	0.00	0.000000
06/15/2010	38,825,143.92	0.000034	1,320.05	0.00	0.000034	34.01	0.000000	0.00	0.000000
06/16/2010	33,699,362.00	0.000035	1,179.48	1,515,815.83	0.000035	34.01	0.001190	1,803.82	0.000054
06/17/2010	33,387,341.14	0.000035	1,168.56	1,211,803.70	0.000035	34.01	0.001190	1,442.05	0.000043
06/18/2010	32,920,552.60	0.000035	1,152.22	1,437,953.17	0.000035	34.01	0.001190	1,711.16	0.000052
06/19/2010	33,854,586.10	0.000035	1,184.91	1,594,591.09	0.000035	34.01	0.001190	1,897.56	0.000056
06/20/2010	33,854,586.10	0.000035	1,184.91	0.00	0.000035	34.01	0.000000	0.00	0.000000
06/21/2010	33,854,586.10	0.000035	1,184.91	0.00	0.000035	34.01	0.000000	0.00	0.000000
06/22/2010	32,051,818.33	0.000035	1,121.81	1,368,869.75	0.000035	34.01	0.001190	1,628.96	0.000051
06/23/2010	31,861,886.26	0.000035	1,115.17	1,015,211.20	0.000035	34.01	0.001190	1,208.10	0.000038
06/24/2010	32,185,341.55	0.000035	1,126.49	1,375,104.34	0.000035	34.01	0.001190	1,636.37	0.000051
06/25/2010	32,698,862.90	0.000035	1,144.46	2,069,667.10	0.000035	34.01	0.001190	2,462.90	0.000075
06/26/2010	34,141,310.29	0.000035	1,194.95	2,848,897.25	0.000035	34.01	0.001190	3,390.19	0.000099
06/27/2010	36,824,509.39	0.000035	1,288.86	3,803,175.71	0.000035	34.01	0.001190	4,525.78	0.000123
06/28/2010	32,698,862.90	0.000035	1,144.46	0.00	0.000035	34.01	0.000000	0.00	0.000000
06/29/2010	32,698,862.90	0.000035	1,144.46	0.00	0.000035	34.01	0.000000	0.00	0.000000
06/30/2010	38,727,494.58	0.000035	1,355.46	3,198,385.38	0.000035	34.01	0.001190	3,806.08	0.000098
07/01/2010	38,408,850.11	0.000035	1,344.31	1,564,288.92	0.000035	34.01	0.001190	1,861.50	0.000048
07/02/2010	44,000,896.47	0.000035	1,540.03	0.00	0.000035	34.01	0.000000	0.00	0.000000
07/03/2010	44,000,896.47	0.000035	1,540.03	0.00	0.000035	34.01	0.000000	0.00	0.000000
07/04/2010	44,000,896.47	0.000035	1,540.03	6,657,920.13	0.000035	34.01	0.001190	7,922.92	0.000180
07/05/2010	44,000,896.47	0.000035	1,540.03	0.00	0.000035	34.01	0.000000	0.00	0.000000
07/06/2010	43,801,390.56	0.000035	1,533.05	1,869,357.99	0.000035	34.01	0.001190	2,224.54	0.000051
07/07/2010	43,311,240.12	0.000035	1,515.89	1,908,474.33	0.000035	34.01	0.001190	2,271.08	0.000052
07/08/2010	44,263,463.58	0.000035	1,549.22	1,733,327.42	0.000035	24.03	0.000841	1,457.73	0.000033
07/09/2010	44,721,625.64	0.000035	1,565.26	2,879,029.97	0.000035	24.03	0.000841	2,421.26	0.000054
07/10/2010	40,091,287.10	0.000035	1,403.20	1,791,301.94	0.000035	24.03	0.000841	1,506.48	0.000038
07/11/2010	38,833,255.96	0.000035	1,359.16	1,577,583.99	0.000035	24.03	0.000841	1,326.75	0.000034
07/12/2010	44,263,463.58	0.000035	1,549.22	0.00	0.000035	24.03	0.000000	0.00	0.000000
07/13/2010	44,263,463.58	0.000035	1,549.22	0.00	0.000035	24.03	0.000000	0.00	0.000000
07/14/2010	38,613,001.54	0.000035	1,351.46	2,387,843.51	0.000035	24.03	0.000841	2,008.18	0.000052
07/15/2010	38,515,662.89	0.000035	1,348.05	1,832,392.81	0.000035	24.03	0.000841	1,541.04	0.000040
07/16/2010	39,200,554.61	0.000035	1,372.02	2,329,205.94	0.000035	24.03	0.000841	1,958.86	0.000050
07/17/2010	39,200,554.61	0.000035	1,372.02	0.00	0.000035	24.03	0.000000	0.00	0.000000
07/18/2010	39,200,554.61	0.000035	1,372.02	0.00	0.000035	24.03	0.000000	0.00	0.000000
07/19/2010	39,071,198.76	0.000035	1,367.49	1,263,593.80	0.000035	24.03	0.000841	1,062.68	0.000027

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 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)
07/20/2010	38,145,333.77	0.000035	1,335.09	1,883,400.74	0.000035	24.03	0.000841	1,583.94	0.000042
07/21/2010	36,842,947.69	0.000036	1,326.35	1,581,648.49	0.000036	24.03	0.000865	1,368.13	0.000037
07/22/2010	37,645,513.29	0.000036	1,355.24	0.00	0.000036	24.03	0.000000	0.00	0.000000
07/23/2010	37,645,513.29	0.000036	1,355.24	0.00	0.000036	24.03	0.000000	0.00	0.000000
07/24/2010	36,801,501.52	0.000036	1,324.85	1,398,016.62	0.000036	24.03	0.000865	1,209.28	0.000033
07/25/2010	37,645,513.29	0.000036	1,355.24	2,171,658.34	0.000036	24.03	0.000865	1,878.48	0.000050
07/26/2010	37,870,836.99	0.000036	1,363.35	1,701,428.30	0.000036	24.03	0.000865	1,471.74	0.000039
07/27/2010	38,799,669.46	0.000036	1,396.79	2,327,667.51	0.000036	24.03	0.000865	2,013.43	0.000052
07/28/2010	40,072,399.79	0.000036	1,442.61	2,658,679.16	0.000036	24.03	0.000865	2,472.76	0.000062
07/29/2010	42,707,000.85	0.000036	1,537.45	4,270,402.30	0.000036	24.03	0.000865	3,693.90	0.000086
07/30/2010	44,502,063.33	0.000036	1,602.07	0.00	0.000036	24.03	0.000000	0.00	0.000000
07/31/2010	44,502,063.33	0.000036	1,602.07	3,203,769.84	0.000036	24.03	0.000865	2,771.26	0.000062
08/01/2010	44,502,063.33	0.000036	1,602.07	0.00	0.000036	24.03	0.000000	0.00	0.000000
08/02/2010	43,948,863.82	0.000036	1,582.16	1,409,224.24	0.000036	24.03	0.000865	1,218.98	0.000028
08/03/2010	44,305,206.98	0.000036	1,594.99	2,230,147.14	0.000036	24.03	0.000865	1,929.08	0.000044
08/04/2010	50,881,714.89	0.000035	1,780.86	8,509,802.75	0.000035	24.03	0.000841	7,156.74	0.000141
08/05/2010	51,655,821.23	0.000035	1,807.95	2,435,685.41	0.000035	24.03	0.000841	2,048.41	0.000040
08/06/2010	52,605,225.26	0.000035	1,841.18	2,832,024.02	0.000035	25.71	0.000900	2,548.82	0.000048
08/07/2010	52,773,868.99	0.000035	1,847.09	1,969,333.61	0.000035	25.71	0.000900	1,772.40	0.000034
08/08/2010	52,036,573.95	0.000035	1,821.28	1,936,268.58	0.000035	25.71	0.000900	1,742.64	0.000033
08/09/2010	52,605,225.26	0.000035	1,841.18	0.00	0.000035	25.71	0.000000	0.00	0.000000
08/10/2010	52,605,225.26	0.000035	1,841.18	0.00	0.000035	25.71	0.000000	0.00	0.000000
08/11/2010	50,672,700.61	0.000035	1,824.22	1,881,982.12	0.000035	25.71	0.000926	1,742.72	0.000034
08/12/2010	50,897,905.10	0.000036	1,832.32	2,056,378.54	0.000036	25.71	0.000926	1,904.21	0.000037
08/13/2010	45,594,027.65	0.000036	1,641.38	0.00	0.000036	25.71	0.000000	0.00	0.000000
08/14/2010	45,594,027.65	0.000036	1,641.38	0.00	0.000036	25.71	0.000000	0.00	0.000000
08/15/2010	44,426,646.81	0.000036	1,599.36	2,446,157.27	0.000036	25.71	0.000926	2,265.14	0.000051
08/16/2010	45,594,027.65	0.000036	1,641.38	1,793,274.11	0.000036	25.71	0.000926	1,660.57	0.000036
08/17/2010	42,652,597.30	0.000036	1,535.49	2,074,860.03	0.000036	25.71	0.000926	1,921.32	0.000045
08/18/2010	42,043,827.65	0.000036	1,513.58	1,543,414.07	0.000036	25.71	0.000926	1,429.20	0.000034
08/19/2010	42,246,647.57	0.000036	1,520.88	1,840,236.13	0.000036	25.71	0.000926	1,704.06	0.000040
08/20/2010	40,508,874.24	0.000036	1,458.25	1,411,693.18	0.000036	25.71	0.000926	1,307.23	0.000032
08/21/2010	40,177,623.18	0.000036	1,446.39	1,574,032.30	0.000036	25.71	0.000926	1,457.55	0.000036
08/22/2010	39,684,146.86	0.000036	1,428.63	1,274,032.50	0.000036	25.71	0.000926	1,179.75	0.000030
08/23/2010	40,508,874.24	0.000036	1,458.25	0.00	0.000036	25.71	0.000000	0.00	0.000000
08/24/2010	40,508,874.24	0.000036	1,458.25	0.00	0.000036	25.71	0.000000	0.00	0.000000
08/25/2010	40,468,055.76	0.000035	1,416.38	2,368,398.14	0.000035	25.71	0.000900	2,131.56	0.000053
08/26/2010	41,382,737.42	0.000035	1,448.40	2,550,581.42	0.000035	25.71	0.000900	2,295.52	0.000055
08/27/2010	44,194,005.99	0.000035	1,546.79	4,602,420.87	0.000035	25.71	0.000900	4,142.18	0.000094
08/28/2010	44,194,005.99	0.000035	1,546.79	0.00	0.000035	25.71	0.000000	0.00	0.000000
08/29/2010	44,194,005.99	0.000035	1,546.79	0.00	0.000035	25.71	0.000000	0.00	0.000000
08/30/2010	45,101,159.98	0.000035	1,578.54	2,545,723.95	0.000035	25.71	0.000900	2,291.15	0.000051
08/31/2010	44,626,313.74	0.000035	1,561.92	1,564,263.87	0.000035	25.71	0.000900	1,407.84	0.000032
09/01/2010	44,369,992.41	0.000035	1,552.95	1,526,448.06	0.000035	25.71	0.000900	1,373.80	0.000031
09/02/2010	45,299,695.00	0.000035	1,585.49	1,749,536.60	0.000035	25.71	0.000900	1,574.58	0.000035
09/03/2010	45,108,962.27	0.000035	1,578.81	2,656,634.91	0.000035	25.71	0.000900	2,390.97	0.000053
09/04/2010	45,299,695.00	0.000035	1,585.49	0.00	0.000035	25.71	0.000000	0.00	0.000000
09/05/2010	50,209,901.59	0.000035	1,757.35	7,507,952.76	0.000035	25.71	0.000900	6,757.16	0.000135
09/06/2010	45,299,695.00	0.000035	1,585.49	0.00	0.000035	25.71	0.000000	0.00	0.000000
09/07/2010	45,299,695.00	0.000035	1,585.49	0.00	0.000035	25.71	0.000000	0.00	0.000000
09/08/2010	48,333,560.70	0.000034	1,643.34	1,346,673.43	0.000034	26.74	0.000909	1,224.13	0.000025
09/09/2010	47,654,901.57	0.000034	1,620.27	2,053,537.65	0.000034	26.74	0.000909	1,866.67	0.000039
09/10/2010	47,331,741.87	0.000034	1,609.28	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/11/2010	47,331,741.87	0.000034	1,609.28	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/12/2010	46,091,441.91	0.000034	1,567.11	1,978,969.46	0.000034	26.74	0.000909	1,798.88	0.000039
09/13/2010	47,331,741.87	0.000034	1,609.28	1,603,008.23	0.000034	26.74	0.000909	1,457.13	0.000031
09/14/2010	46,093,335.92	0.000034	1,567.17	2,175,665.21	0.000034	26.74	0.000909	1,977.68	0.000043
09/15/2010	45,877,017.88	0.000034	1,559.82	1,629,228.40	0.000034	26.74	0.000909	1,480.97	0.000032
09/16/2010	44,902,878.19	0.000034	1,526.70	975,027.48	0.000034	26.74	0.000909	866.30	0.000020
09/17/2010	39,278,570.96	0.000034	1,335.47	1,748,058.57	0.000034	26.74	0.000909	1,588.99	0.000040
09/18/2010	37,325,445.17	0.000034	1,269.07	1,373,365.99	0.000034	26.74	0.000909	1,248.39	0.000033
09/19/2010	36,328,033.53	0.000034	1,235.15	1,278,547.12	0.000034	26.74	0.000909	1,162.20	0.000032
09/20/2010	39,278,570.96	0.000034	1,335.47	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/21/2010	39,278,570.96	0.000034	1,335.47	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/22/2010	35,488,367.38	0.000034	1,240.60	1,088,216.26	0.000034	26.74	0.000909	989.19	0.000027
09/23/2010	36,299,329.80	0.000034	1,234.18	850,298.88	0.000034	26.74	0.000909	772.92	0.000021
09/24/2010	36,240,178.98	0.000034	1,232.17	1,565,646.80	0.000034	26.74	0.000909	1,423.17	0.000039
09/25/2010	36,240,178.98	0.000034	1,232.17	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/26/2010	36,240,178.98	0.000034	1,232.17	0.00	0.000034	26.74	0.000000	0.00	0.000000
09/27/2010	35,870,284.20	0.000034	1,253.59	1,862,781.58	0.000034	26.74	0.000909	1,693.27	0.000046
09/28/2010	36,705,664.61	0.000034	1,247.99	1,989,661.75	0.000034	26.74	0.000909	1,808.60	0.000049
09/29/2010	39,193,295.51	0.000034	1,332.57	3,618,142.53	0.000034	26.74	0.000909	3,288.89	0.000084
09/30/2010	39,311,871.27	0.000034	1,336.60	2,073,078.48	0.000034	26.74	0.000909	1,884.43	0.000048

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 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)
10/01/2010	39,233,274.65	0.000034	1,333.93	1,495,890.45	0.000034	26.74	0.000909	1,359.76	0.000035
10/02/2010	44,113,988.71	0.000034	1,499.88	6,138,264.04	0.000034	26.74	0.000909	5,579.68	0.000126
10/03/2010	44,014,337.13	0.000034	1,496.49	2,459,929.74	0.000034	26.74	0.000909	2,236.08	0.000051
10/04/2010	39,233,274.65	0.000034	1,333.93	0.00	0.000034	26.74	0.000000	0.00	0.000000
10/05/2010	39,233,274.65	0.000034	1,333.93	0.00	0.000034	26.74	0.000000	0.00	0.000000
10/06/2010	43,495,981.90	0.000033	1,435.37	1,285,660.55	0.000033	26.74	0.000882	1,133.95	0.000026
10/07/2010	43,411,307.16	0.000033	1,432.57	1,504,991.68	0.000033	29.70	0.000980	1,474.89	0.000034
10/08/2010	43,406,520.43	0.000033	1,432.42	1,544,799.71	0.000033	29.70	0.000980	1,513.90	0.000035
10/09/2010	43,406,520.43	0.000033	1,432.42	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/10/2010	43,406,520.43	0.000033	1,432.42	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/11/2010	43,487,028.20	0.000033	1,435.07	2,206,067.47	0.000033	29.70	0.000980	2,161.95	0.000050
10/12/2010	43,266,262.30	0.000033	1,427.79	1,731,604.22	0.000033	29.70	0.000980	1,696.97	0.000039
10/13/2010	43,025,943.30	0.000033	1,419.86	2,047,744.03	0.000033	29.70	0.000980	2,006.79	0.000047
10/14/2010	39,579,670.97	0.000033	1,306.13	1,789,130.20	0.000033	29.70	0.000980	1,753.35	0.000044
10/15/2010	38,527,186.26	0.000033	1,271.40	1,246,645.06	0.000033	29.70	0.000980	1,221.71	0.000032
10/16/2010	38,527,186.26	0.000033	1,271.40	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/17/2010	38,527,186.26	0.000033	1,271.40	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/18/2010	37,758,451.91	0.000033	1,246.03	1,402,583.91	0.000033	29.70	0.000980	1,374.53	0.000036
10/19/2010	37,111,226.11	0.000033	1,224.67	1,422,471.50	0.000033	29.70	0.000980	1,394.02	0.000038
10/20/2010	36,222,577.65	0.000033	1,195.35	1,419,903.60	0.000033	29.70	0.000980	1,391.51	0.000038
10/21/2010	35,586,683.98	0.000033	1,174.69	1,119,595.77	0.000033	29.70	0.000980	1,097.20	0.000031
10/22/2010	35,538,679.84	0.000033	1,172.78	1,577,749.13	0.000033	29.70	0.000980	1,546.19	0.000044
10/23/2010	35,538,679.84	0.000033	1,172.78	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/24/2010	35,538,679.84	0.000033	1,172.78	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/25/2010	34,729,370.58	0.000033	1,146.07	1,535,609.95	0.000033	29.70	0.000980	1,504.90	0.000043
10/26/2010	35,094,819.36	0.000033	1,158.13	1,583,088.85	0.000033	29.70	0.000980	1,551.43	0.000044
10/27/2010	38,145,544.18	0.000033	1,258.80	4,752,817.74	0.000033	29.70	0.000980	4,657.76	0.000122
10/28/2010	39,560,729.58	0.000033	1,305.50	2,779,850.05	0.000033	29.70	0.000980	2,724.25	0.000069
10/29/2010	38,995,787.71	0.000033	1,286.86	1,080,326.32	0.000033	29.70	0.000980	1,058.72	0.000027
10/30/2010	38,995,787.71	0.000033	1,286.86	0.00	0.000033	29.70	0.000000	0.00	0.000000
10/31/2010	38,995,787.71	0.000033	1,286.86	0.00	0.000033	29.70	0.000000	0.00	0.000000
			524,318.72					540,666.35	0.000033
									Average Daily Cost of Capital as a % of Total A/R Balance
									1.1838%
									Annualized Cost of Capital as a % of Total A/R Balance
Average A/R Balance 10/01/09 - 10/31/10			41,323,205.19						
AEP Credit - Internal Cost of Capital 10/01/09 - 10/31/10			1.1535%	Internal Cost Incurred / Average A/R Balance / 396 x 360					
KP - Actual Cost of Capital 10/01/09 - 10/31/10			1.1894%	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 10/31/2010							
1	L/T DEBT	\$550,000,000	50.859%	6.48%		3.30%		3.30%	
2	S/T DEBT	\$0	0.000%	0.01%		0.00%		0.00%	
3	ACCTS REC FINANCING	\$41,323,205	3.821%	1.18%		0.05%		0.05%	
4	C EQUITY	\$490,091,762	45.319%	10.50%	1/	4.76%	1.5785	7.511%	
5	TOTAL	\$1,081,414,967	100.000%			8.11%		10.86%	
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 (0.22%)						0.0022		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.8478		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6526		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						94.1952		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.5580		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9953		
10	AFTER-TAX PRODUCTION INCOME						57.5627		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.5627		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.0022		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.3521		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9953		
19	STATE (LINE 4)						5.6526		
20	BLENDED TAX RATE						36.6479		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5785		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.22%)						0.0022		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.8478		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						94.2106		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6526		

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 January 24, 2011.

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 10/31/2008	\$450,077,589	\$1,065,411	0.24%
2	12 Months ended 10/31/2009	\$507,798,255	\$1,271,508	0.25%
3	12 Months ended 10/31/2010	\$512,399,443	\$916,940	0.18%
4	Total	\$1,470,275,287	\$3,253,859	0.67%
5	Three Year Average	\$490,091,762	\$1,084,620	0.22%