# Kentucky Power Company

## REQUEST

Refer to the Roush Testimony, pages 11 and 12, and the Direct Testimony of Errol K. Wagner ("Wagner Testimony"), Exhibit EKW-5, page 103 of 103, regarding the proposed net congestion recovery tariff.

a. Mr. Roush refers to the volatility in congestion costs as the reason such a tariff is being requested. If volatility is such a cause for concern, explain why the tariff is proposed to be adjusted annually rather than monthly as are items such as the fuel adjustment charge and environmental surcharge.

b. The proposed tariff defines the current period as the 12 months ended September 30 of each year. Describe the process, and the timing thereof, that Kentucky Power envisions for requesting and implementing the annual adjustment to the proposed Net Congestion Recovery Factor.

## RESPONSE

(a) The Company was attempting to balance a number of factors in its proposal of an annual factor, including the volatility of the costs, rate stability/certainty for customers, the absolute magnitude of the costs and costs of administering the rider. Additionally, various components of the rider change at different times - FTR allocations typically in June and administrative charge typically in January. In the Company's view, an appropriate balance of all of these items was an annual surcharge.

(b) The Company envisioned a filing in late October/early November of each year to establish the Net Congestion Recovery Factor to be effective for the subsequent calendar year.

WITNESS: David M Roush

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, page 8. Provide the monthly Member Load Ratio for Kentucky Power from July 2002 through the month currently available.

## RESPONSE

Please see page 2 of this item for the response to this question.

**WITNESS:** Errol K Wagner

Kentucky Power Company
Member Load Ratio (MLR)
July 2002 to October 2005

| Month (1) | Year (2) | Member Load Ratio (3) | |
|---|---|---|---|
| July | 2002 | 0.07358 | |
| August | 2002 | 0.07294 | |
| September | 2002 | 0.07287 | |
| October | 2002 | 0.07287 | |
| November | 2002 | 0.07287 | |
| December | 2002 | 0.07287 | |
| January | 2003 | 0.07287 | |
| February | 2003 | 0.07058 | |
| March | 2003 | 0.07058 | |
| April | 2003 | 0.07058 | |
| May | 2003 | 0.07058 | |
| June | 2003 | 0.07058 | |
| July | 2003 | 0.07058 | |
| August | 2003 | 0.07091 | |
| September | 2003 | 0.07199 | |
| October | 2003 | 0.07217 | |
| November | 2003 | 0.07217 | |
| December | 2003 | 0.07217 | |
| January | 2004 | 0.07217 | |
| February | 2004 | 0.07034 | |
| March | 2004 | 0.07034 | |
| April | 2004 | 0.07034 | |
| May | 2004 | 0.07034 | |
| June | 2004 | 0.07034 | |
| July | 2004 | 0.07034 | |
| August | 2004 | 0.07034 | |
| September | 2004 | 0.07202 | |
| October | 2004 | 0.07207 | |
| November | 2004 | 0.07207 | |
| December | 2004 | 0.07207 | |
| January | 2005 | 0.07537 | |
| February | 2005 | 0.07838 | |
| March | 2005 | 0.07838 | |
| April | 2005 | 0.07838 | |
| May | 2005 | 0.07838 | |
| June | 2005 | 0.07838 | |
| July | 2005 | 0.07647 | |
| August | 2005 | 0.07508 | |
| September | 2005 | 0.07423 | |
| October | 2005 | 0.07423 | Estimate |

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, page 14, and the Application, Section V, Workpaper S-2, page 3 of 3.

a. Explain why it is reasonable to use a 3-year average of the percentage of "Accounts – Net Charged Off" instead of the test year actual percentage.

b. Do the "Accounts – Net Charged Off" reflect Kentucky jurisdictional customer accounts receivable charge offs or other accounts receivable? Explain the response.

c. Describe Kentucky Power's accounts receivable financing program. Include in the description all charges and costs associated with the program and explain how program charges and costs are recorded on Kentucky Power's books.

d. Provide an analysis of Kentucky Power's accounts receivable. The analysis should cover each month in the period from July 2003 through June 2005. This analysis should include the following items:

(1) The total accounts receivable.
(2) The total Kentucky jurisdictional customer accounts receivable.
(3) The total other accounts receivable.
(4) The total accounts receivable sold.
(5) The total Kentucky jurisdictional customer accounts receivable sold.
(6) The total other accounts receivable sold.
(7) The total uncollectible accounts.
(8) The total Kentucky jurisdictional uncollectible accounts.
(9) The total other uncollectible accounts.

**RESPONSE**

a. The Commission in past KPCo rate cases has found a three year average as reasonable.

b. The Net Charge Off Account only reflects charge offs associated with the Kentucky retail customers since KPCo did not have any charge offs associated with the wholesale customers during the test year.

c. Kentucky Power's accounts receivable financing program is as follows:

AEP Credit, Inc., a wholly owned subsidiary of AEP, which does not participate in the AEP Money Pool, provides low cost financing for AEP Utility subsidiaries, including Kentucky Power, through factoring receivables, which arise primarily from the sale and delivery of electricity in the ordinary course of business. AEP Credit was formed for the purpose of purchasing accounts receivable (receivables) at a discount (factoring) and financing these purchases at an SEC approved debt to equity ratio.

Each company selling (factoring) its receivables to AEP Credit has executed a Purchase Agreement and an Agency Agreement, which outlines how the basic transactions take place. Either party upon 30 days written notice to the other party may terminate the Purchase Agreement and Agency Agreement.

AEP Credit is authorized by the SEC to purchase, without recourse, certain receivables arising from the sale or delivery of electricity, gas and other related services in the Seller's ordinary course of business. The price AEP Credit pays for the receivables is the dollar amount of the receivables less a discount (purchase price). The determination of the discount is based upon AEP Credit's cost of financing, the Seller's collection experience and an agency fee.

The Seller has agreed through the Agency Agreement to service, administer and collect such receivables on behalf of AEP Credit.

AEP Credit has entered into a sale of receivables agreement with a group of banks and commercial paper conduits. Under the sale of receivables agreement, AEP Credit sells an interest in the receivables it has acquired from the Sellers to the commercial paper conduits and banks and receives cash.

d. Please see the attachment for the analysis of Kentucky Power's accounts receivable.

**WITNESS:** Errol K Wagner

Kentucky Accounts Receivable
July 2003 thru October 2005

KPSC Case No. 2005-00341
Commission Staff 2 nd Set Data Requests
Order Dated November 10, 2005
Item No.70


| | Accounts Receivable | Jurisdictional Accounts Receivable | Total Other Accounts Receivable | Sold Accounts Receivable | Jurisdictional Sold Accounts Receivable | Total Other Sold Accounts Receivable | Total Uncollectible Accounts/ Charge off | Jurisdictional Uncollectible Accounts | Total Other Uncollectible Accounts |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| July-03 | 19,366,761.36 | 19,113,932.90 | 1,255,768.18 | 27,498,428.23 | 27,317,775.45 | - | (203,964.67) | (203,964.67) | - |
| August-03 | 18,508,396.05 | 18,256,403.69 | 1,338,675.99 | 23,984,342.63 | 23,731,514.17 | - | (197,374.33) | (197,374.33) | - |
| September-03 | 17,245,374.25 | 16,971,331.71 | 1,639,182.04 | 23,340,457.27 | 23,031,513.88 | - | (125,767.59) | (125,767.59) | 7,637.69 |
| October-03 | 15,253,800.41 | 15,059,943.91 | 1,219,439.29 | 29,240,210.32 | 29,043,217.72 | - | (44,345.95) | (44,345.95) | - |
| November-03 | 17,482,038.24 | 17,269,587.22 | 1,283,907.59 | 19,307,750.27 | 19,150,509.27 | - | (74,456.33) | (74,456.33) | 847.70 |
| December-03 | 21,345,209.20 | 21,087,709.86 | 1,344,517.23 | 28,558,271.84 | 28,323,399.15 | - | (78,143.08) | (78,143.08) | 2,775.13 |
| January-04 | 23,969,933.10 | 23,687,144.00 | 864,051.82 | 33,242,912.24 | 33,035,631.34 | - | (323,300.52) | (323,300.52) | - |
| February-04 | 25,227,717.57 | 24,965,273.68 | 547,498.66 | 25,194,531.62 | 24,911,742.52 | - | (49,404.21) | (49,404.21) | 259.19 |
| March-04 | 21,948,913.07 | 21,714,705.78 | 1,164,559.56 | 28,914,268.29 | 28,608,232.71 | - | (107,584.78) | (107,584.78) | 8,426.03 |
| April-04 | 20,834,681.07 | 20,629,995.17 | 855,675.43 | 24,901,653.17 | 24,644,980.98 | - | (119,423.90) | (119,423.90) | - |
| May-04 | 21,598,736.41 | 21,379,699.02 | 897,221.18 | 23,945,541.13 | 23,767,101.25 | - | (95,940.50) | (95,940.50) | 1,485.72 |
| June-04 | 21,386,296.39 | 21,145,459.43 | 1,852,112.66 | 27,733,094.94 | 27,474,531.72 | - | (154,859.37) | (154,859.37) | 37,623.04 |
| July-04 | 21,923,163.82 | 21,624,284.39 | 1,039,252.73 | 28,308,567.21 | 28,060,922.55 | - | (175,574.17) | (175,574.17) | - |
| August-04 | 19,349,084.89 | 19,121,679.87 | 480,048.70 | 26,350,396.89 | 26,087,831.41 | - | (166,018.50) | (166,018.50) | 34,682.20 |
| September-04 | 18,575,028.15 | 18,333,360.12 | 1,223,457.76 | 27,950,787.94 | 27,773,210.07 | - | (392,601.11) | (392,601.11) | - |
| October-04 | 17,141,770.54 | 16,945,917.93 | 950,161.56 | 23,293,100.85 | 22,987,948.51 | - | (116,964.26) | (116,964.26) | 11,150.67 |
| November-04 | 17,645,711.70 | 17,403,543.83 | 790,181.90 | 27,216,047.44 | 27,009,195.44 | - | (78,579.85) | (78,579.85) | 0.31 |
| December-04 | 24,687,701.86 | 24,338,573.14 | 1,285,916.30 | 33,780,101.19 | 33,498,938.08 | - | (71,017.73) | (71,017.73) | - |
| January-05 | 28,358,011.83 | 28,032,787.01 | 1,908,628.05 | 38,580,554.73 | 38,243,048.66 | - | (44,517.25) | (44,517.25) | - |
| February-05 | 26,798,344.76 | 26,517,044.24 | 769,818.72 | 26,077,882.30 | 25,854,513.77 | - | (30,187.04) | (30,187.04) | - |
| March-05 | 25,870,106.10 | 25,563,949.96 | 914,391.23 | 32,766,130.25 | 32,376,306.40 | - | (23,095.73) | (23,095.73) | - |
| April-05 | 25,153,839.29 | 24,927,504.79 | 872,719.91 | 27,795,451.15 | 27,513,591.37 | - | (26,082.01) | (26,082.01) | 228,774.25 |
| May-05 | 24,530,918.74 | 24,301,919.38 | 595,843.27 | 28,030,525.24 | 27,804,961.49 | - | (60,562.93) | (60,562.93) | - |
| June-05 | 21,354,294.48 | 21,072,873.44 | 1,248,787.49 | 30,152,021.51 | 29,903,963.75 | - | (97,430.63) | (97,430.63) | - |

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, pages 14 and 15.

a. Indicate how long Kentucky Power has been paying the Ohio state franchise tax and the West Virginia state income tax.

b. Provide documentation that shows the Ohio tax rate to be 8.50 percent and the West Virginia tax rate to be 9.00 percent.

c. Provide all calculations, workpapers, and assumptions used to determine the apportionment factors for the Ohio and West Virginia taxes.

d. Explain in detail why Kentucky Power believes the Ohio and West Virginia taxes should be reflected in the gross revenue conversion factor. Include with this explanation a discussion of why including the Ohio and West Virginia taxes as test-year expenses does not provide sufficient cost recovery for Kentucky Power.

## RESPONSE

a. Kentucky Power has been paying Ohio franchise tax since 2002 (based upon 2001 income). Kentucky Power began paying West Virginia net income tax prior to 2000.

b. Please see attached statutes.

c. Please see attached pages.

d. The Ohio and West Virginia taxes should be reflected in the gross revenue conversion factor because gross revenues affect the overall tax burden for Kentucky Power resulting from all of the states in which Kentucky Power does business, two of which are Ohio and West Virginia. Gross revenues flow into taxable net income which is the basis upon which Kentucky Power incurs its income tax liability. As revenues change, taxable net income changes; and the tax liability in each of those states will change. Accordingly, Ohio and West Virginia taxes should be reflected in the gross revenue conversion factor. If test-year expenses reflect the burden resulting from the revenue requirement, then inclusion of the test-year expenses would provide sufficient cost recovery for Kentucky Power.

**WITNESS:** Errol K Wagner

**STATE-LAW, WV-TAXRPTR ¶97-495, Sec. 11-24-4. Imposition of primary tax and rate thereof; effective and termination dates --Primary tax. --**



**WEST VIRGINIA CODE OF 1931, CHAPTER 11 TAXATION, Article 24 Corporation Net Income Tax Act, Part I Definitions, Imposition of Tax and Rate, and Exemptions.**

**Sec. 11-24-4. --**

**(1)**

In the case of taxable periods beginning after the thirtieth day of June, one thousand nine hundred sixty-seven, and ending prior to the first day of January, one thousand nine hundred eighty-three, a tax is hereby imposed for each taxable year at the rate of six percent per annum on the West Virginia taxable income of every domestic or foreign corporation engaging in business in this state or deriving income from property, activity or other sources in this state, except corporations exempt under section five.

**(2)**

In the case of taxable periods beginning on or after the first day of January, one thousand nine hundred eighty-three, and ending prior to the first day of July, one thousand nine hundred eighty-seven, a tax is hereby imposed for each taxable year on the West Virginia taxable income of every domestic or foreign corporation engaging in business in this state or deriving income from property, activity or other sources in this state, except corporations exempt under section five of this article, and any banks, banking associations or corporations, trust companies, building and loan associations, and savings and loan associations, at the rates which follow:

**(A)**

On taxable income not in excess of fifty thousand dollars, the rate of six percent; and

**(B)**

On taxable income in excess of fifty thousand dollars, the rate of seven percent.

**(3)**

In the case of taxable periods beginning on or after the first day of July, one thousand nine hundred eighty-seven, a tax is hereby imposed for each taxable year on the West Virginia taxable income of every domestic or foreign corporation engaging in business in this state or deriving income from property, activity or other sources in this state, except corporations exempt under section five of this article, at the rate of nine and three quarters percent. Beginning the first day of July, one thousand nine hundred eighty-eight, and on each first day of July thereafter for four successive calendar years, the rate shall be reduced by fifteen one hundredths of one percent per year, with such rate to be nine percent on and after the first day of July, one thousand nine hundred ninety-two.

(As added by Ch. 197, Laws 1967; as amended by Ch. 162, Laws 1985; Ch. 119, Laws 1988, effective July 1, 1988, and applicable to all taxable years ending after July 1, 1988.)



KPSC Case No. 2005-00341
Commission Staff 2nd Set Data Requests
Order dated November 10, 2005
Item No. 71b
Page 1 of 4

**STATE-LAW, OH-TAXRPTR ¶143-490, Sec. 5733.06. Computation of tax; exceptions; minimum payment; exiting corporations; references to statute. –**



**[Ohio Revised Code], TITLE LVII TAXATION, CHAPTER 5733 CORPORATION FRANCHISE TAX.**

**Sec. 5733.06. –**

[3] The tax hereby charged each corporation subject to this chapter shall be the greater of the sum of divisions (A) and (B) of this section, after the reduction, if any, provided by division (J) of this section, or division (C) of this section, after the reduction, if any, provided by division (J) of this section, except that the tax hereby charged each financial institution subject to this chapter shall be the amount computed under division (D) of this section:

(A) Except as set forth in division (F) of this section, five and one-tenth per cent upon the first fifty thousand dollars of the value of the taxpayer's issued and outstanding shares of stock as determined under division (B) of section 5733.05 of the Revised Code;

(B) Except as set forth in division (F) of this section, eight and one-half per cent upon the value so determined in excess of fifty thousand dollars; or

(C)(1) Except as otherwise provided under division (G) of this section, four mills times that portion of the value of the issued and outstanding shares of stock as determined under division (C) of section 5733.05 of the Revised Code. For the purposes of division (C) of this section, division (C)(2) of section 5733.065, and division (C) of section 5733.066 of the Revised Code, the value of the issued and outstanding shares of stock of an eligible corporation for tax year 2003 through tax year 2007, or of a qualified holding company, is zero.

(2) As used in division (C) of this section, "eligible corporation" means a person treated as a corporation for federal income tax purposes that meets all of the following criteria:

(a) The corporation conducts business for an entire taxable year as a qualified trade or business as defined by division (C) of section 122.15 of the Revised Code.

(b) The corporation uses more than fifty per cent of the corporation's assets, based on net book value, that are located in Ohio solely to conduct activities that constitute a qualified trade or business as defined by section 122.15 of the Revised Code.

(c) The corporation has been formed or organized not more than three years before the report required to be filed by section 5733.02 of the Revised Code is due, without regard to any extensions.

(d) The corporation is not a related member, as defined in section 5733.042 of the Revised Code, at any time during the taxable year with respect to another person treated as a corporation for federal income tax purposes. A corporation is not a related member if during the entire taxable year at least seventy-five per cent of the corporation's stock is owned directly or through a pass-through entity by individuals, estates, and grantor trusts, and the individuals, estates, and grantor trusts do not directly or indirectly own more than twenty per cent of the value of another person treated as a corporation for federal income tax purposes that is conducting a qualified trade or business.

(D) The tax charged each financial institution subject to this chapter shall be that portion of the value of the issued and outstanding shares of stock as determined under division (A) of section 5733.05 of the Revised Code, multiplied by the following amounts:

(1) For tax years prior to the 1999 tax year, fifteen mills;

(2) For the 1999 tax year, fourteen mills;

(3) For tax year 2000 and thereafter, thirteen mills.

(E) No tax shall be charged from any corporation that has been adjudicated bankrupt, or for which a receiver has been appointed, or that has made a general assignment for the benefit of creditors, except for the portion of the then current tax year during which the tax commissioner finds such corporation had the power to exercise its corporate franchise unimpaired by such proceedings or act. The minimum payment for each corporation shall be as follows:



(1) One thousand dollars in the case of a corporation having gross receipts for the taxable year equal to at least five million dollars from activities within or outside this state or in the case of a corporation employing at least three hundred employees at some time during the taxable year within or outside this state;

(2) Fifty dollars in the case of any other corporation.

The tax charged to corporations under this chapter for the privilege of engaging in business in this state, which is an excise tax levied on the value of the issued and outstanding shares of stock, shall in no manner be construed as prohibiting or otherwise limiting the powers of municipal corporations, joint economic development zones created under section 715.691 of the Revised Code, and joint economic development districts created under section 715.70 or 715.71 or sections 715.72 to 715.81 of the Revised Code in this state to impose an income tax on the income of such corporations.

(F) If two or more taxpayers satisfy the ownership or control requirements of division (a) of section 5733.052 of the revised code, each such taxpayer shall substitute "the taxpayer's pro-rata amount" for "fifty thousand dollars" in divisions (a) and (b) of this section. For purposes of this division, "the taxpayer's pro-rata amount" is an amount that, when added to the other such taxpayer's pro-rata amounts, does not exceed fifty thousand dollars. For the purpose of making that computation, the taxpayer's pro-rata amount shall not be less than zero. Nothing in this division derogates from or eliminates the requirement to make the alternative computation of tax under division (C) of this section.

(G) The tax liability of any corporation under division (C) of this section shall not exceed one hundred fifty thousand dollars.

(H)(1) For the purposes of division (H) of this section, "exiting corporation" means a corporation that satisfies all of the following conditions:

(a) The corporation had nexus with or in this state under the Constitution of the United States during any portion of a calendar year;

(b) The corporation was not a corporation described in division (A) of section 5733.01 of the Revised Code on the first day of January immediately following that calendar year;

(c) The corporation was not a financial institution on the first day of January immediately following that calendar year;

(d) If the corporation was a transferor as defined in section 5733.053 of the Revised Code, the corporation's transferee was not required to add to the transferee's net income the income of the transferor pursuant to division (B) of that section;

(e) During any portion of that calendar year, or any portion of the immediately preceding calendar year, the corporation had net income that was not included in a report filed by the corporation or its transferee pursuant to section 5733.02, 5733.021, 5733.03, 5733.031, or 5733.053 of the Revised Code;

(f) The corporation would have been subject to the tax computed under divisions (A), (B), (C), (F), and (G) of this section if the corporation is assumed to be a corporation described in division (A) of section 5733.01 of the Revised Code on the first day of January immediately following the calendar year to which division (H)(1)(a) of this section refers.

(2) For the purposes of division (H) of this section, "unreported net income" means net income that was not previously included in a report filed pursuant to section 5733.02, 5733.021, 5733.03, 5733.031, or 5733.053 of the Revised Code and that was realized or recognized during the calendar year to which division (H)(1) of this section refers or the immediately preceding calendar year.

(3) Each exiting corporation shall pay a tax computed by first allocating and apportioning the unreported net income pursuant to division (B) of section 5733.05 and section 5733.051 and, if applicable, section 5733.052 of the Revised Code. The exiting corporation then shall compute the tax due on its unreported net income allocated and apportioned to this state by applying divisions (A), (B), and (F) of this section to that income.

(4) Divisions (C) and (G) of this section, division (D)(2) of section 5733.065, and division (C) of section 5733.066 of the Revised Code do not apply to an exiting corporation, but exiting corporations are subject to every other provision of this chapter.

(5) Notwithstanding division (B) of section 5733.01 or sections 5733.02, 5733.021, and 5733.03 of the Revised Code to the contrary, each exiting corporation shall report and pay the tax due under division (H) of this section on or before the thirty-first day of May immediately following the calendar year to which division (H)(1)(a) of this section refers. The exiting corporation shall file that report on the form most recently prescribed by the tax commissioner for the purposes of complying with sections 5733.02 and 5733.03 of the Revised Code. Upon request by the corporation, the tax commissioner may extend the date for filing the report.

(6) If, on account of the application of section 5733.053 of the Revised Code, net income is subject to the tax imposed by divisions (A) and (B) of this section, such income shall not be subject to the tax imposed by division (H)(3) of this section.

(7) The amendments made to division (H) of this section by Am. Sub. S.B. 287 of the 123rd general assembly do not apply to any transfer, as defined in section 5733.053 of the Revised Code, for which negotiations began prior to January 1, 2001, and that was commenced in and completed during calendar year 2001, unless the taxpayer makes an election prior to December 31, 2001, to apply those amendments.

(8) The tax commissioner may adopt rules governing division (H) of this section.

(I) Any reference in the Revised Code to "the tax imposed by section 5733.06 of the Revised Code" or "the tax due under section 5733.06 of the Revised Code" includes the taxes imposed under sections 5733.065 and 5733.066 of the Revised Code.

(J)(1) Division (J) of this section applies solely to a combined company. Section 5733.057 of the Revised Code shall apply when calculating the adjustments required by division (J) of this section.

(2) Subject to division (J)(4) of this section, the total tax calculated in divisions (A) and (B) of this section shall be reduced by an amount calculated by multiplying such tax by a fraction, the numerator of which is the total taxable gross receipts attributed to providing public utility activity other than as an electric company under section 5727.03 of the Revised Code for the year upon which the taxable gross receipts are measured immediately preceding the tax year, and the denominator of which is the total gross receipts from all sources for the year upon which the taxable gross receipts are measured immediately preceding the tax year. Nothing herein shall be construed to exclude from the denominator any item of income described in section 5733.051 of the Revised Code.

(3) Subject to division (J)(4) of this section, the total tax calculated in division (C) of this section shall be reduced by an amount calculated by multiplying such tax by the fraction described in division (J)(2) of this section.

(4) In no event shall the reduction provided by division (J)(2) or (J)(3) of this section exceed the amount of the excise tax paid in accordance with section 5727.38 of the Revised Code, for the year upon which the taxable gross receipts are measured immediately preceding the tax year.

(As amended by H.B. 838, Laws 1959; H.B. 291, Laws 1961; H.B. 130, Laws 1963; S.B. 350, Laws 1967; S.B. 55 and H.B.'s 1 and 531, Laws 1969; H.B. 475, Laws 1971; H.B. 694, Laws 1981; H.B. 291, Laws 1983; H.B. 238, Laws 1985; repealed and reenacted by S.B. 417, Laws 1986; as amended by H.B. 174, Laws 1990; H.B.'s 298 and 431, Laws 1991; H.B. 715, Laws 1994; H.B. 269, Laws 1995; H.B. 442, Laws 1996; H.B. 215, Laws 1997; S.B. 3, Laws 1999; S.B. 287, Laws 2000; H.B. 94 and H.B. 405, Laws 2001; H.B. 95, Laws 2003, effective June 26, 2003 and applicable to tax year 2004 and to each tax year thereafter.)

[3] Sec. 10, H.B. 405, Laws 2001, effective December 13, 2001, provides:

Not later than January 30, 2007, the Director of Development shall prepare and deliver an evaluation of the programs and laws contained in section 122.171, section 307.6910, division (C) of section 5709.40, division (C) of section 5709.73, division (B) of section 5709.78, and division (C) of section 5733.06, as it pertains to eligible corporations, of the Revised Code, as amended by this act; Section 41.15 of Am. Sub. H.B. 94 of the 124th General Assembly, as amended by this act, and Section 63.09 of Am. Sub. H.B. 94 of the 124th General Assembly, as amended by this act, as they pertain to the Rural Development Initiative Fund and the Appalachian Technology and Workforce Development program; and section 122.602 of the Revised Code, as enacted by this act. The report shall be delivered not later than January 30, 2007, to the President of the Senate, the Speaker of the House of Representatives, the chairpersons of the standing committees to which economic development legislation is generally referred, and the Governor. The evaluation shall cover the time period from the effective date of this section to December 31, 2006. The Director shall include a cumulative summary over the time period of data compiled from any annual or other reports required by the laws pertaining to the sections named above, and any additional information that the Director deems necessary. The Director shall analyze the effectiveness of the programs and provide a recommendation as to whether the programs should be continued, and whether any modifications are necessary.

The Department of Taxation shall provide the necessary data concerning the operation of division (C) of section 5733.06 of the Revised Code as it pertains to eligible corporations. The Department shall forward this information to the Director of Development for inclusion in the report. This information shall include the number of eligible corporations that have claimed an exemption, the amount of tax revenue foregone because of the exemptions, and any other information deemed necessary by the Department of Taxation or the Director of Development.

The Department of Taxation shall provide information to the Director of Development upon the Director's request concerning the administration of section 122.171 of the Revised Code as enacted by this act.

Not later than December 31, 2006, a board of county commissioners that enters into an agreement under section 307.6910 of the Revised Code during the time period covered by the report shall provide the Director of Development with all necessary information, as determined by the Director, concerning the agreement. CCH.

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Kentucky Power - West Virginia Apportionment
As Last Filed - 2003 Tax Year

| PROPERTY FACTOR | | | |
|---|---|---|---|
| TOTAL | WV AMOUNT | WV % | WV % @ 25% |
| 1,286,014,271 | 635,230 | 0.000494 | 0.000123 |

| PAYROLL FACTOR | | | |
|---|---|---|---|
| TOTAL | WV AMOUNT | WV % | WV % @ 25% |
| 29,177,440 | 57,851 | 0.001983 | 0.000496 |

| SALES FACTOR | | | |
|---|---|---|---|
| TOTAL | WV AMOUNT | WV % | WV % @ 50% |
| 1,231,183,978 | 10,029,222 | 0.008146 | 0.004073 |

| TOTAL OF FACTORS |
|---|
| **0.004692** |

Kentucky Power - West Virginia Apportionment
As Last Filed - 2003 Tax Year

| | GROSS UTILITY PROPERTY [A/C 101,103 105,106,114] | GROSS UTILITY ACCUM DEPR [A/C 101,103 105,106,114] | COST OF REMOVAL RESERVE A/C 1080011 | CAP LEASES IF IN PROPERTY [A/C 101.1] | CAP LEASES ACCUM DEPR PROPERTY [A/C 101.1] | CWIP [ A/C 107 ] | TOTAL UTILITY PROPERTY | TOTAL UTILITY ACCUM DEPR | TOTAL UTIL PROP LESS CAP LEASES & CWIP | TOTAL UTIL ACCUM DEPR | OTHER NON UTIL PROPERTY [ A/C 121 ] | OTHER NON UTIL ACCUM DEPR [ A/C 121 ] | OTHER INVESTMENTS LAND [ A/C 124 ] | NET NONUTILITY PROPERTY | FUEL [A/C 151,152] | M & S [A/C 154&156] | TOTAL PROPERTY | RENT EXPENSE | RENT * 8 | TOTAL PROPERTY FACTOR AMOUNT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| WEST VIRGINIA | 604,106 | 183,379 | (11,966) | 5,813 | 3,391 | 7,929 | 617,848 | 174,805 | 604,106 | 171,414 | 446 | 67 | 2,103 | 2,482 | 4,340 | 2,584 | 613,579 | 2,706 | 21,651 | 635,230 |
| EVERYWHERE | 1,223,003,485 | 371,248,524 | (24,224,258) | 11,768,887 | 6,865,042 | 16,053,058 | 1,250,825,431 | 353,889,308 | 1,223,003,485 | 347,024,266 | 902,851 | 135,255 | 4,258,033 | 5,025,629 | 8,786,259 | 5,231,215 | 1,242,181,845 | 5,479,053 | 43,832,426 | 1,286,014,271 |

Kentucky Power - West Virginia Apportionment
As Last Filed - 2003 Tax Year

| | TOTAL AMOUNTS |
|---|---|
| WEST VIRGINIA | 57,851 |
| EVERYWHERE | 29,177,440 |

Kentucky Power - West Virginia Apportionment
As Last Filed - 2003 Tax Year

| | OPERATING REVENUES [ A/C 440-456 ] | INTEREST INC [ A/C 419 ] | RENTAL INC [A/C 418,421 & 454.1,454.2] | MISC INC. [ A/C 421 ] | TOTAL INCOME | SCHEDULE D/ FORM 4797 PROCEEDS | APPORTION INCOME |
|---|---|---|---|---|---|---|---|
| WEST VIRGINIA | 10,029,006 | 0 | 225 | 0 | 10,029,231 | (9) | 10,029,222 |
| EVERYWHERE | 1,224,903,960 | 39,100 | 3,365,062 | 1,358,622 | 1,229,666,744 | 1,517,234 | 1,231,183,978 |

Kentucky Power - Ohio Apportionment
As Last Filed - 2004 Tax Year

**PROPERTY FACTOR**

| TOTAL | OH AMOUNT | OH % | OH % @ 20% |
|---|---|---|---|
| 1,286,014,271 | 0 | 0.000000 | 0.000000 |

**PAYROLL FACTOR**

| TOTAL | OH AMOUNT | OH % | OH % @ 20% |
|---|---|---|---|
| 29,177,440 | 0 | 0.000000 | 0.000000 |

**SALES FACTOR**

| TOTAL | OH AMOUNT | OH % | OH % @ 60% |
|---|---|---|---|
| 1,274,590,130 | 161,188,108 | 0.126463 | 0.075878 |

| TOTAL OF FACTORS |
|---|
| **0.075878** |

Kentucky Power - Ohio Apportionment
As Last Filed - 2004 Tax Year

| | GROSS UTILITY PROPERTY [A/C 101,103 105,106,114] | GROSS UTILITY ACCUM DEPR [A/C 101,103 105,106,114] | COST OF REMOVAL RESERVE A/C 1080011 | CAP LEASES IF IN PROPERTY [A/C 101.1] | CAP LEASES ACCUM DEPR PROPERTY [A/C 101.1] | CWIP [ A/C 107 ] | TOTAL UTILITY PROPERTY | TOTAL UTILITY ACCUM DEPR | TOTAL UTIL PROP LESS CAP LEASES & CWIP | TOTAL UTIL ACCUM DEPR | OTHER NON UTIL PROPERTY [ A/C 121 ] | OTHER NON UTIL ACCUM DEPR [ A/C 121 ] | OTHER INVESTMENTS LAND [ A/C 124 ] | NET NONUTILITY PROPERTY | FUEL [A/C 151,152] | M & S [A/C 154&156] | TOTAL PROPERTY | RENT EXPENSE | RENT * 8 | TOTAL PROPERTY FACTOR AMOUNT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| OHIO | - | - | - | - | - | - | 0 | 0 | 0 | 0 | - | - | - | - | - | - | 0 | - | - | - |
| EVERYWHERE | 1,223,003,485 | 371,248,524 | (24,224,258) | 11,768,887 | 6,865,042 | 16,053,058 | 1,250,825,431 | 353,889,308 | 1,223,003,485 | 347,024,266 | 902,851 | 135,255 | 4,258,033 | 5,025,629 | 8,786,259 | 5,231,215 | 1,242,181,845 | 5,479,053 | 43,832,426 | 1,286,014,271 |

Kentucky Power - Ohio Apportionment
As Last Filed - 2004 Tax Year

| | TOTAL AMOUNTS |
|---|---|
| OHIO | - |
| EVERYWHERE | 29,177,440 |

Kentucky Power - Ohio Apportionment
As Last Filed - 2004 Tax Year

| | OPERATING REVENUES [ A/C 440-456 ] | MISC INC. [ A/C 421 ] | TOTAL INCOME |
|---|---|---|---|
| OHIO | 161,077,443 | 110,665 | 161,188,108 |
| EVERYWHERE | 1,273,231,508 | 1,358,622 | 1,274,590,130 |

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, pages 16 and 17.

a. Explain in detail why it is appropriate to revise the calculation of the environmental surcharge gross revenue conversion factor in a base rate case.

b. Does Kentucky Power advocate that the return on capital for its environmental surcharge should be revised to match the return on capital authorized in this base rate case? Explain the response.

## RESPONSE

a. The reason KPCo believes it appropriate to revise the calculations of the environmental surcharge gross revenue conversion factor is because the Section 199 deduction can only be used or deducted once on the Company's tax return. If the entire Section 199 deduction is reflected in the base rate case it would be inappropriate to again reflect a portion of the Section 199 deduction in the environmental surcharge.

b. As long as the return on capital authorized in the rate case is reasonable, the Company has no problem revising the return used in the environmental proceeding to match the return authorized in this rate case.

WITNESS: Errol K Wagner

## Kentucky Power Company

**REQUEST**

Refer to the Wagner Testimony, page 19. Describe the current and future status of Kentucky Power's wholesale electric service to the cities of Vanceburg and Olive Hill.

**RESPONSE**

The status of the Vanceburg and Olive Hill wholesale contracts is that we are currently in negotiations. The existing wholesale contracts with these cities expire December 31, 2005.

**WITNESS:** Errol K Wagner

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, pages 24 and 25.

a. Did Kentucky Power have excess deferred income taxes as a result of recognizing the change in the Kentucky corporate income tax rate? Explain the response.

b. If excess Kentucky deferred income taxes did result, provide the amount of protected and unprotected excess Kentucky deferred income taxes. Include all calculations, workpapers, and assumptions used to determine the amounts.

## RESPONSE

a. No. No excess deferred income tax liabilities resulted from the change in the Kentucky corporate income tax rate. Per commission's Order dated October 28, 1991 in Case No. 91-066 deferred state income taxes are not recorded for ratemaking purposes. SFAS 109 deferred state income taxes are recorded for financial reporting purposes only, with an equal and offsetting amount recorded as a regulatory asset. These balances have no impact on revenue requirements in the ratemaking model. The Kentucky portion of SFAS 109 regulatory assets and deferred state income tax liabilities were adjusted as of June 30, 2005, to reflect the change in the Kentucky corporate income tax rate.

b. Not applicable.

WITNESS: Errol K Wagner

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, page 27.

a. Explain why Kentucky Power believes it is necessary to adjust the coal inventory to the 35-day target level.

b. Explain why Kentucky Power's coal inventory was below the target level at test-year end.

c. Describe the actions Kentucky Power has undertaken to get its coal inventory up to the 35-day target level. Include with this description an estimation of how long it will take to return to the target level.

## RESPONSE

a. Kentucky Power's adjustment of its coal inventory level to a 35 day target is in accordance with the Company's Coal Inventory Policy issued in September 2003. The Coal Inventory Policy is based on recommendations approved by Senior Management in August 2003.

b. The coal industry in general has experienced a number of widely publicized situations that have affected Kentucky Power's calendar year 2005 coal deliveries and monthly inventory levels. Some of these events include: reductions in and delays in "new" mine operating permits, increased export tonnages, supplier shutdowns and bankruptcies, and both eastern and western rail transportation capacity shortfalls, more restrictive truck haulage regulations, increases in truck hauling costs, and commercial driver shortages. One of Kentucky Power's contract coal suppliers, Eastern Consolidated, experienced delays in opening its new operations and has been unable to meet its scheduled deliveries which were to begin in March 2005. Kentucky Power continues to monitor their efforts to complete preparation plant construction and final mine development.

c. In light of the difficulties that have occurred, Kentucky Power has scheduled purchases in November 2005 and December 2005 of nearly 100,000 tons of coal above its projected burn through the end of the year. Successful delivery of this tonnage via both rail and truck is expected to bring Big Sandy's coal inventory level up to its 35 day target level by the end of the year.

**WITNESS - Errol K. Wagner**

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, page 33. Explain why employee overtime has been included in the rate case expense adjustment.

## RESPONSE

The overtime expense was for work by a single non-exempt employee who was required in light of filing requirements to work overtime to prepare responses to data requests for filing.

**WITNESS - Errol K. Wagner**

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, pages 35 through 37, and the Application, Section V, Workpaper S-4, page 26 of 41.

a. Provide Kentucky Power's monthly system sales profit for each of the calendar years 2000 through 2004.

b. A comparison of the monthly system sales profit amounts on the tariff sheet Exhibit EKW-5 and the amounts on page 26 of the workpaper indicates that the amounts on the tariff sheet are consistently larger for every month of the year. Explain how this result occurs.

## RESPONSE

a. Kentucky Power Company's monthly system sales profit for each calendar year 2000 through 2004 is attached.

b. In reviewing the Company's proposed System Sales tariff (Exhibit EKW-5 page 75 of 103 and Section III page 317 of 373), the Company discovered that the total base net revenue from System Sales (paragraph 4) totaled to the $26.9 million actual test year level versus the adjusted test year level of $24.9 million.

Revised pages which reflect the $24.9 million level of System Sales profit can be found attached to the Company's response to the AG First Set Item no. 55.

**WITNESS - Errol K. Wagner**

## Kentucky Power Company
## KENTUCKY RETAIL JURISDICTION

### Monthly System Sales Profits

| Year | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2000 | 1,368,483 | 1,447,679 | 647,553 | 1,578,668 | 3,333,653 | 2,667,492 | 4,995,371 | 7,682,554 | 2,286,323 | 1,566,740 | 1,592,205 | 5,717,103 | 34,883,824 |
| 2001 | 1,572,319 | 877,653 | 2,807,283 | 4,453,206 | 4,411,744 | 1,684,319 | 6,782,762 | 3,144,284 | 308,161 | 517,025 | 471,920 | (1,030,078) | 26,000,598 |
| 2002 | 1,197,344 | 752,540 | 1,031,274 | 1,662,867 | 301,164 | 3,489,678 | 1,426,832 | 715,253 | 2,311,209 | 1,976,175 | 1,814,515 | 2,342,350 | 19,021,201 |
| 2003 | 2,676,054 | 2,814,330 | 4,773,737 | 3,372,210 | 1,853,514 | 2,825,828 | 4,431,976 | 2,720,475 | 1,589,739 | 1,677,235 | 1,598,496 | 3,015,262 | 33,348,856 |
| 2004 | 2,981,894 | 3,186,685 | 1,690,591 | 2,784,993 | 2,818,773 | 4,897,906 | 4,068,332 | 2,871,664 | 1,922,864 | 67,121 | 1,620,674 | 1,994,258 | 30,905,755 |

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, pages 37 and 38, and the Application, Section V, Workpaper S-4, page 27 of 41. Provide the supporting workpapers, including all assumptions and calculations, along with a detailed narrative explanation, which support the proposed deferred tax adjustment of ($412,901) associated with the proposed fuel cost adjustment.

## RESPONSE

The adjustment for fuel cost recovery is not a tax deductible expense. Full deferred federal income taxes at 35% would be required. See attached calculation.

**WITNESS - Errol K. Wagner**

Kentucky Power Company
Calculation of Deferred Federal Income Tax
Fuel Cost Recovery Adjustment

| | |
|---|---|
| Fuel Cost Recovery Adjustment to Income | (1,179,718) |
| Federal Income Tax rate | 35.00% |
| Deferred Federal Income Tax Expense | 412,901 |

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, page 38, the transmission and distribution reliability adjustment.

a. Explain the difference between the associated capital expenditure and the additional capital investment related to this adjustment.

b. Explain what documentation has been provided that demonstrates that Kentucky Power will actually incur the O&M expenses and make the capital expenditures and investments identified in this proposal.

## RESPONSE

a. As shown on page 11, Table 5 of Witness Phillips' direct testimony the Company is proposing to incrementally invest on average approximately $3.8 million ($11,300,000/3) each year in capital funding associated with reliability vegetation management improvements. The Company has assumed that the $3.8 million of capital reliability improvements would be performed evenly throughout the three year period. Therefore, after the first year the Company had on average $1.8 million of investment associated with Capital reliability projects. After year two, the Company will have had all of year one's investment and one half of year two's investment or approximately $5,485,000 ($3.6 million plus one half of $3.8 million). After year three, the Company will have had all of year one and two's investment and one half of year three's investment or approximately $9,350,000 ($3.6 +$3.8 million plus one half of $3.9 million). On average during the three year period the Company has $5.5 million (($1.8 +$5.5+$9.5)/3) of invested reliability improvement capital.

b. Witness Phillips testimony discusses the capital improvement projects the Company would propose to complete as long as the funds are provided. The

Company is willing to provide such documentation as the Commission might require to demonstrate the capital expenditures and investments identified in the Company's proposal were in fact made.

**WITNESS - Errol K. Wagner**

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, page 39, lines 10 through 18.

a. Provide the actual or expected dates of the listed additions and retirements of generating capacity.

b. Describe the "known load changes during the test year and shortly thereafter." Indicate when any post-test-year load changes included in this adjustment actually occurred.

## RESPONSE

a. With regard to additions, on page 39, lines 10-11, of his testimony, Mr. Wagner is referring to the Waterford combined cycle facility which was acquired on September 28, 2005; on page 39, lines 12-13, Mr. Wagner is referring to the Ceredo combustion turbine facility which is projected to be acquired by January 1, 2006.

With regard to retirements, on page 39, lines 15-16, of his testimony, Mr. Wagner is referring to the projected December 31, 2005 retirement of CSP's Conesville Units 1&2 (125 MW each).

b. By order of the Public Utilities Commission of Ohio, the retail service territory of Monongahela Power (an Allegheny affiliate) in Ohio will be transferred to CSP on January 1, 2006. The 289 MW referred-to on line 14, pg. 39, in Mr. Wagner's Testimony pertains to the projected peak demand of that load addition coincident with CSP's peak demand currently in effect for member-load-ratio purposes.

**WITNESS - Errol K. Wagner**

# Kentucky Power Company

## REQUEST

Refer to the Wagner Testimony, page 41, concerning the pension prepayment adjustment.

a. Provide documentation verifying that the extra pension payments are not reflecting in Kentucky Power's test-year O&M expenses.

b. Explain how the proposed pension prepayment account will be written off over time.

c. Explain why Kentucky Power should be allowed to earn a return on this pension payment.

d. As of test-year end, what is the status of Kentucky Power's qualified pension plan?

## RESPONSE

a. Refer to Staff 2-81, Attachment 1, pages 1-4 for documentation that the extra pension payments in March and June 2005 were debited to account 2283006 and are not reflected in Kentucky Power's test-year O&M expenses. As highlighted on pages 2 and 4, $1,906,337 is for distribution, $946,065 is for generation, and $193,362 is for transmission for a total of $3,045,765 for each payment in March and June.

b. Kentucky Power records pension cost on its books in accordance with FAS 87 and separately makes cash contributions to its pension fund in accordance with ERISA and IRS rules. Under FAS 87, differences between FAS 87 cost and pension contributions are recorded on the balance sheet as either prepaid pension or pension liability. Prepaid pension will reduce in future years as deferred actuarial losses are recorded through FAS 87 pension cost.

c. Prepaid pension represents cash contributions in excess of the FAS 87 pension cost amounts included in book expense and cost of service and should be treated like any other prepayment. Earning a return on prepaid pension will allow Kentucky Power to recover its cost of funds for the prepayment.

d. Kentucky Power's pension funding status is computed based on an updated actuarial report at each calendar year-end. In order to work toward its goal of fully funding its underfunded qualified pension plan by the end of 2005, KP is making discretionary pension contributions in each quarter of 2005.

**WITNESS - Errol K. Wagner**

**WIRE TRANSFER/ACH REQUEST FOR PAYMENT FORM** Fax completed form to Accounting-Admin at (330) 438-7070/7071 or Audinet 920-7070/7071 Rev. 4/16/02

| Payment Description: | AMOUNT |
|---|---|
| 2005 FAS 87 Pension Contribution | $102,200,000.00 |
| Attn: Derek Farrell, 202-635-6548 | |

BANKING INSTRUCTIONS

~~KPSC CASE NO. 2005-00341~~
PSC STAFF 2ND SET
ITEM NO. 81
PAGE 3 OF 6

VENDOR TO BE PAID:
**Bank of New York**
BANK NAME:
**Bank of New York**
ABA/SWIFT NUMBER:
**021 000 018**
ACCOUNT NUMBER:
**GLA 111363**
REFERENCE:
**For Credit to AEP Retirement 501915 East Plan 0001**

Prepare Wire Payment for:

| Last Name | First Name | MI | Address | City | State | Zip |
|---|---|---|---|---|---|---|
| Bank of New York | | | One Wall Street, 12 Floor | New York | New York | 10286 |

(BU Responsible for Payment) AP BU: 100

| ZIP CODE | Vendor Code |
|---|---|
| 10286 | 0000011999 |

Incorporated ______ Yes No

Fed. ID #
SS #

| Amount | GL Unit | PC BU | Project ID | Work Order | Account | Dept ID | Cost Comp | ABM Act | Resource Sub Cat | State Jurisdiction | Product | Affil |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $102,200,000.00 | 100 | | | | 2283006 | 99990 | | | | | | |
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$102,200,000.00 TOTAL

**WIRE DUE DATE: 3/30/2005**

Classified By Amy Waffler (PLEASE PRINT) Audinet 200-2693 Date: 03/29/05

Approved By Steve Kiser Audinet 200-2864 Date: 03/29/05

AEP System
2005 Pension Contribution
**Debit / (Credit)**

KPSC CASE NO. 2005-00341
PSC STAFF 2ND SET
ITEM NO. 81
PAGE 4 OF 6

| BU | Company | Towers Perrin 2005 Contribution ML-3 Report East | Contribution Towers Perrin 2005 Contribution ML-3 Report West | Total Contrbition DR Acct. 2283006 | MP | |
|---|---|---|---|---|---|---|
| 103 | American Electric Power Service Corporation | 29,564,825 | | 29,564,825 | YES | |
| 103 | C3 Communications, Inc. (BU 109) | 1,022 | | 1,022 | YES | |
| 103 | EnerShop Inc.(BU 165) | 0 | | 0 | YES | |
| 103 | AEP Energy Services, Inc. (BU 185) | 46,808 | | 46,808 | YES | |
| 181 | Cardinal Operating Company | 2,022,845 | | 2,022,845 | YES | |
| 110 | Kentucky Power Co - Distribution | 1,906,337 | | 1,906,337 | YES | |
| 111 | Southwestern Electric Power Co - Texas - Transmission | 0 | | 0 | YES | |
| 114 | Public Service Co of Oklahoma - Transmission | 13,388 | | 13,388 | YES | |
| 117 | Kentucky Power Co - Generation | 946,065 | | 946,065 | YES | |
| 119 | AEP Texas North Company - Distribution | 7,869 | | 7,869 | YES | |
| 120 | Indiana Michigan Power Co - Transmission | 1,093,847 | | 1,093,847 | YES | |
| 130 | Columbus Southern Power Co - Transmission | 832,010 | | 832,010 | YES | |
| 132 | Indiana Michigan Power Co - Generation | 3,044,334 | | 3,044,334 | YES | |
| 140 | Appalachian Power Co - Distribution | 10,773,924 | | 10,773,924 | YES | |
| 143 | AEP Pro Serv, Inc. | 4,701 | | 4,701 | YES | |
| 144 | Columbus Southern Power Co - Generation | 3,548,588 | | 3,548,588 | YES | |
| 147 | AEP Texas Central Company - Generation | 0 | | 0 | YES | |
| 150 | Appalachian Power Co - Transmission | 1,313,985 | | 1,313,985 | YES | |
| 159 | Southwestern Electric Power Co - Distribution | 11,344 | | 11,344 | YES | |
| 160 | Ohio Power Co - Transmission | 1,628,659 | | 1,628,659 | YES | |
| 161 | Southwestern Electric Power Co - Texas - Distribution | 29,025 | | 29,025 | YES | |
| 166 | AEP Texas North Company - Generation | 1,022 | | 1,022 | YES | |
| 167 | Public Service Co of Oklahoma - Distribution | 38,938 | | 38,938 | YES | |
| 168 | Southwestern Electric Power Co - Generation | 29,638 | | 29,638 | YES | |
| 169 | AEP Texas Central Company - Transmission | 9,505 | | 9,505 | YES | |
| 170 | Indiana Michigan Power Co - Distribution | 5,554,059 | | 5,554,059 | YES | |
| 171 | CSW Energy, Inc. | 2,657 | | 2,657 | YES | |
| 179 | AEP Texas Central Company - Nuclear | 0 | | 0 | YES | |
| 180 | Kentucky Power Co - Transmission | 193,362 | | 193,362 | YES | |
| 181 | Ohio Power Co - Generation | 6,966,770 | | 6,966,770 | YES | |
| 181 | Windsor | 146,759 | | 146,759 | YES | |
| 181 | Southern Ohio Coal - Meigs | 447,329 | | 447,329 | YES | |
| 181 | Southern Ohio Coal - Martinka | 253,763 | | 253,763 | YES | |
| 181 | Central Ohio Coal | 389,382 | | 389,382 | YES | |
| 185 | Houston Pipeline (HPL) (BU 240) | 147,986 | | 147,986 | YES | |
| 189 | Central Coal Company | 0 | | 0 | YES | |
| 190 | Indiana Michigan Power Co - Nuclear | 4,766,301 | | 4,766,301 | YES | |
| 192 | AEP Texas North Company - Transmission | 818 | | 818 | YES | |
| 194 | Southwestern Electric Power Co - Transmission | 6,847 | | 6,847 | YES | |
| 198 | Public Service Co of Oklahoma - Generation | 13,593 | | 13,593 | YES | |
| 200 | Wheeling Power Co - Transmission | 48,647 | | 48,647 | YES | |
| 202 | Price River Coal | 17,681 | | 17,681 | YES | |
| 204 | AEP T & D Services, LLC | 0 | | 0 | YES | |
| 210 | Wheeling Power Co - Distribution | 559,545 | | 559,545 | YES | |
| 211 | AEP Texas Central Company - Distribution | 47,012 | | 47,012 | YES | |
| 215 | Appalachian Power Co - Generation | 7,688,302 | | 7,688,302 | YES | |
| 220 | Columbus Southern Power Co - Distribution | 8,139,617 | | 8,139,617 | YES | |
| 225 | Cedar Coal Co | 161,169 | | 161,169 | YES | |
| 230 | Kingsport Power Co - Distribution | 409,618 | | 409,618 | YES | |
| 250 | Ohio Power Co - Distribution | 8,060,718 | | 8,060,718 | YES | |
| 260 | Kingsport Power Co - Transmission | 84,315 | | 84,315 | YES | |
| 270 | Cook Coal Terminal | 90,345 | | 90,345 | YES | |
| 280 | Water Transportation (Blackhawk) | 874,117 | | 874,117 | YES | |
| 290 | Conesville Coal Preparation Company | 90,549 | | 90,549 | YES | |
| 292 | Memco | 141,240 | | 141,240 | YES | |
| 293 | Elmwood | 28,820 | | 28,820 | YES | |
| | | | | 0 | | 0 |
| | | | | 0 | | 0 |
| | | | | 0 | | 0 |
| | Total | 102,200,000 | 0 | 102,200,000 | | |

h\external\corp & gen acct\rod\pension\sfas87_2003payment xls

**WIRE TRANSFER/ACH REQUEST FOR PAYMENT FORM** Fax completed form to Accounting-Admin at (330) 438-7070/7071 or Audinet 920-7070/7071 Rev. 4/16/02

| Payment Description: | AMOUNT |
|---|---|
| 2005 FAS 87 Pension Contribution | $102,200,000.00 |
| Attn: Derek Farrell, 202-635-6548 | |

BANKING INSTRUCTIONS

~~KPSC CASE NO. 2005-00341~~
PSC STAFF 2nd Set
ITEM NO. 81
PAGE 5 OF 6

VENDOR TO BE PAID:
**Bank of New York**
BANK NAME:
**Bank of New York**
ABA/SWIFT NUMBER:
**021 000 018**
ACCOUNT NUMBER:
**GLA 111363**
REFERENCE:
**For Credit to AEP Retirement 501915 East Plan 0001**

Prepare Wire Payment for:

| Last Name | First Name | MI | Address | City | State | Zip |
|---|---|---|---|---|---|---|
| Bank of New York | | | One Wall Street, 12 Floor | New York | New York | 10286 |

(BU Responsible for Payment) AP BU: **100**

| ZIP CODE | Vendor Code |
|---|---|
| 10286 | 0000011999 |

Incorporated ______ Yes No

Fed. ID # ______
SS # ______

| Amount | GL Unit | PC BU | Project ID | Work Order | Account | Dept ID | Cost Comp | ABM Act | Resource Sub Cat | State Jurisdiction | Product | Affil |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $102,200,000.00 | 100 | | | | 2283006 | 99990 | | | | | | |
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**$102,200,000.00** TOTAL

**WIRE DUE DATE: 6/30/2005**

Classified By Amy Waffler (PLEASE PRINT) Audinet **200-2693** Date: **06/29/05**

Approved By Steve Kiser Audinet **200-2864** Date: **06/29/05**