

EXHIBIT ____ (LK-9)

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATED DEPRECIATION RESERVE
 STEAM PRODUCTION PLANT

ACCOUNT	PLANT BALANCE AT 12-31-04	AVERAGE AGE	AVERAGE REM. LIFE	AVERAGE LIFE	NET SALVAGE	% REM. LIFE TO AVG. LIFE	CALCULATED RESERVE %	CALCULATED RESERVE W/O NET SALVAGE	CALCULATED RESERVE WITH NET SALVAGE
BIG SANDY									
311	36,149,758	26.08	25.98	52.06	-8%	49.90%	50.10%	18,109,598	19,558,366
312	324,538,694	9.97	22.10	32.07	-19%	68.91%	31.09%	100,893,383	120,063,125
314	73,038,983	20.85	22.71	43.56	-16%	52.13%	47.87%	34,960,119	40,553,738
315	13,742,601	32.06	25.81	57.87	-10%	44.60%	55.40%	7,613,406	8,374,746
316	<u>6,518,954</u>	22.08	24.79	46.87	-11%	52.89%	47.11%	<u>3,071,016</u>	<u>3,408,827</u>
Total	<u>453,988,990</u>							<u>164,647,522</u>	<u>191,958,803</u>

KENTUCKY POWER COMPANY
Depreciation Study as of December 31, 2004
Production Plant

This investment consists of two generating units located on the Big Sandy River near Louisa, Kentucky. Unit 1 is rated at 260 MW and was placed in service in 1963. Unit 2 is rated at 800MW and was placed in service in 1969. The estimated final retirement dates for the units were provided by the Asset and Outage Planning Section of AEP's Generating Division.

AEP recently announced plans to install flue gas desulfurization (FGD) equipment to reduce sulfur dioxide emissions on Unit 2 at Big Sandy Plant. This additional investment in pollution control equipment is expected to result in operating Unit 2 to year 2034. There are currently no plans to install FGD equipment on Unit 1. Due to environmental constraints, the current plans are to retire Unit 1 in year 2015.

Life Analysis

Interim retirements for the Big Sandy Plant were determined by analyzing past history for each of the accounts in the production plant function. Interim retirement ratios were developed based on the period 1975 through 2004. Interim retirements are not usually considered representative of the future until the generating units have experienced a few years of actual operation. Since Unit 2 was placed in-service in 1969, the period beginning in 1975 provided for five years of operational experience.

In addition to the interim retirements experienced to date, the Selective Catalytic Reduction (SCR) system that is installed at Big Sandy Plant will have the SCR Catalysts replaced at future intervals. The AEP Engineering group provided the following details for replacement of the SCR Catalysts:

Layers 1 and 2 will be replaced in year 2009.
Layer 3 will be replaced in 2007.

The original cost of the catalysts are as follows:

Layer 1	\$3,259,048
Layer 2	\$3,259,049
Layer 3	\$1,629,524

After determining the interim retirements and the retirement of the SCR catalysts, a remaining life was calculated for each of the primary production plant accounts. The surviving plant balances by primary plant account at 12/31/04 were also aged. The age of the surviving balances plus the remaining life were summed to determine the total life of the investments.

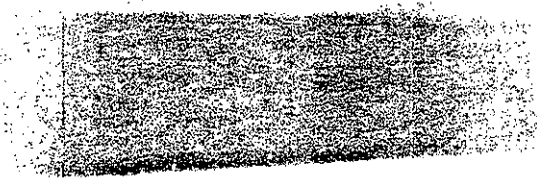
Salvage and Cost of Removal

Kentucky Power Company engaged [redacted] to perform a conceptual demolition cost estimate for the Big Sandy Plant. The [redacted] estimate is in current (2004) dollars. It is appropriate to include this estimate in depreciation rates in order to ensure that the generating units and their associated removal costs of the plant.

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to perform a conceptual demolition cost estimate for the Big Sandy Plant. The [redacted] estimate is in current (2004) dollars. It is appropriate to include this estimate in depreciation rates in order to ensure that the generating units and their associated removal costs of the plant.

There are also gross salvage and removal costs of equipment during the operating life of the plant. An analysis of the production plant function and the fifteen year period of 1990-2004 was conducted to determine a gross salvage percentage and a gross removal percentage. The estimates of the remaining life of the generating units and the interim retirements were combined to calculate the total life of the investment. The calculation is as follows:



KENTUCKY POWER COMPANY
 Depreciation Study as of December 31, 2004
 Production Plant

Calculation of Removal and Salvage:

Interim Retirements:

Account	Interim Retirements (From Remaining Life Workpaper)	Gross Removal Percent	Gross Salvage Percent	Interim Retirement Net Salvage Percent
311	1,037,633	35.3%	8.8%	-27%
312	144,478,211	35.3%	8.8%	-27%
314	25,648,705	35.3%	8.8%	-27%
315	1,488,647	35.3%	8.8%	-27%
316	1,013,890	35.3%	8.8%	-27%
Total	173,667,086			

Account	Plant In-Service at 12/31/04	Net Salvage on Interim Retirement	Final Demolition Cost (a)	Total Net Salvage Costs	Net Salvage as Percent of Plant
311	36,149,758	-275,088	-2,548,062	-2,823,151	-8%
312	324,538,695	-38,302,841	-22,875,529	-61,178,370	-19%
314	73,038,983	-6,799,768	-5,148,247	-11,948,015	-16%
315	13,742,601	-394,657	-968,665	-1,363,322	-10%
316	6,518,954	-268,794	-459,497	-728,291	-11%
Total	453,988,991	-46,041,149	-32,000,000	-78,041,149	-17%

Notes: (a) Costs allocated to plant accounts based on Plant-In-Service Balances at 12/31/04

Calculation of Theoretical Reserve and Depreciation Rates

A theoretical reserve was determined based on the above calculations of average age, remaining life and net salvage. The theoretical reserve was used to allocate the actual book reserve to the individual plant accounts.

Based on plant balances at 12/31/04 and the allocated book reserve, remaining life depreciation rates were calculated for each primary plant account.

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE REMAINING LIFE
 BIG SANDY PLANT ACCOUNT 312
 RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0150

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	4,868,080	0.5	2,434,040	
2006	4,868,080	1.5	7,302,121	
2007	6,497,604	2.5	16,244,011	
2008	4,843,638	3.5	16,952,731	
2009	11,361,735	4.5	51,127,806	
2010	4,745,866	5.5	26,102,264	
2011	4,745,866	6.5	30,848,130	
2012	4,745,866	7.5	35,593,996	
2013	4,745,866	8.5	40,339,862	
2014	4,745,866	9.5	45,085,728	
2015	11,641,100	10.5	122,231,551	
2016	4,642,438	11.5	53,388,032	
2017	4,642,438	12.5	58,030,470	
2018	4,642,438	13.5	62,672,908	
2019	4,642,438	14.5	67,315,345	
2020	4,642,438	15.5	71,957,783	
2021	4,642,438	16.5	76,600,220	
2022	4,642,438	17.5	81,242,658	
2023	4,642,438	18.5	85,885,096	
2024	4,642,438	19.5	90,527,533	
2025	4,642,438	20.5	95,169,971	
2026	4,642,438	21.5	99,812,408	
2027	4,642,438	22.5	104,454,846	
2028	4,642,438	23.5	109,097,284	
2029	4,642,438	24.5	113,739,721	
2030	4,642,438	25.5	118,382,159	
2031	4,642,438	26.5	123,024,596	
2032	4,642,438	27.5	127,667,034	
2033	4,642,438	28.5	132,309,472	
2034	173,165,250	29.5	5,108,374,879	
TOTALS	324,538,695		7,173,914,654	22.10

INTERIM RETIREMENTS:

Total Plant at 12/31/04	324,538,695
Less Retirement of Unit 1 in 2015	-6,895,234
Less Final Retirement in year 2034	-173,165,250
Total Interim Retirements	<u>144,478,211</u>

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE REMAINING LIFE
 BIG SANDY PLANT ACCOUNT 314
 RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0127

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	927,595	0.5	463,798	
2006	927,595	1.5	1,391,393	
2007	927,595	2.5	2,318,988	
2008	927,595	3.5	3,246,583	
2009	927,595	4.5	4,174,178	
2010	927,595	5.5	5,101,773	
2011	927,595	6.5	6,029,368	
2012	927,595	7.5	6,956,963	
2013	927,595	8.5	7,884,558	
2014	927,595	9.5	8,812,153	
2015	6,402,451	10.5	67,225,736	
2016	858,064	11.5	9,867,741	
2017	858,064	12.5	10,725,805	
2018	858,064	13.5	11,583,870	
2019	858,064	14.5	12,441,934	
2020	858,064	15.5	13,299,998	
2021	858,064	16.5	14,158,063	
2022	858,064	17.5	15,016,127	
2023	858,064	18.5	15,874,192	
2024	858,064	19.5	16,732,256	
2025	858,064	20.5	17,590,320	
2026	858,064	21.5	18,448,385	
2027	858,064	22.5	19,306,449	
2028	858,064	23.5	20,164,514	
2029	858,064	24.5	21,022,578	
2030	858,064	25.5	21,880,643	
2031	858,064	26.5	22,738,707	
2032	858,064	27.5	23,596,771	
2033	858,064	28.5	24,454,836	
2034	41,915,422	29.5	1,236,504,938	
TOTALS	73,038,983		1,659,013,618	22.71

INTERIM RETIREMENTS:

Total Plant at 12/31/04	73,038,983
Less Retirement of Unit 1 in 2015	-5,474,856
Less Final Retirement in year 2034	<u>-41,915,422</u>
Total Interim Retirements	<u>25,648,705</u>

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE REMAINING LIFE
 BIG SANDY PLANT ACCOUNT 315
 RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0040

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	54,970	0.5	27,485	
2006	54,970	1.5	82,456	
2007	54,970	2.5	137,426	
2008	54,970	3.5	192,396	
2009	54,970	4.5	247,367	
2010	54,970	5.5	302,337	
2011	54,970	6.5	357,308	
2012	54,970	7.5	412,278	
2013	54,970	8.5	467,248	
2014	54,970	9.5	522,219	
2015	1,520,180	10.5	15,961,894	
2016	49,110	11.5	564,760	
2017	49,110	12.5	613,870	
2018	49,110	13.5	662,979	
2019	49,110	14.5	712,089	
2020	49,110	15.5	761,198	
2021	49,110	16.5	810,308	
2022	49,110	17.5	859,417	
2023	49,110	18.5	908,527	
2024	49,110	19.5	957,636	
2025	49,110	20.5	1,006,746	
2026	49,110	21.5	1,055,856	
2027	49,110	22.5	1,104,965	
2028	49,110	23.5	1,154,075	
2029	49,110	24.5	1,203,184	
2030	49,110	25.5	1,252,294	
2031	49,110	26.5	1,301,403	
2032	49,110	27.5	1,350,513	
2033	49,110	28.5	1,399,623	
2034	10,788,744	29.5	318,267,960	
TOTALS	13,742,601		354,657,817	25.81

INTERIM RETIREMENTS:

Total Plant at 12/31/04	13,742,601
Less Retirement of Unit 1 in 2015	-1,465,210
Less Final Retirement in year 2034	<u>-10,788,744</u>
Total Interim Retirements	<u>1,488,647</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 316
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0058

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	37,810	0.5	18,905	
2006	37,810	1.5	56,715	
2007	37,810	2.5	94,525	
2008	37,810	3.5	132,335	
2009	37,810	4.5	170,145	
2010	37,810	5.5	207,955	
2011	37,810	6.5	245,765	
2012	37,810	7.5	283,574	
2013	37,810	8.5	321,384	
2014	37,810	9.5	359,194	
2015	828,981	10.5	8,704,300	
2016	33,221	11.5	382,043	
2017	33,221	12.5	415,264	
2018	33,221	13.5	448,485	
2019	33,221	14.5	481,707	
2020	33,221	15.5	514,928	
2021	33,221	16.5	548,149	
2022	33,221	17.5	581,370	
2023	33,221	18.5	614,591	
2024	33,221	19.5	647,812	
2025	33,221	20.5	681,033	
2026	33,221	21.5	714,255	
2027	33,221	22.5	747,476	
2028	33,221	23.5	780,697	
2029	33,221	24.5	813,918	
2030	33,221	25.5	847,139	
2031	33,221	26.5	880,360	
2032	33,221	27.5	913,581	
2033	33,221	28.5	946,803	
2034	4,713,893	29.5	139,059,849	
TOTALS	6,518,954		161,614,256	24.79

INTERIM RETIREMENTS:

Total Plant at 12/31/04	6,518,954
Less Retirement of Unit 1 in 2015	-791,171
Less Final Retirement in year 2034	<u>-4,713,893</u>
Total Interim Retirements	<u>1,013,890</u>

KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 311.0 STRUCTURES & IMPROVEMENTS

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	6,127,706	0	6,127,706	N. A.	N. A.
1964	13,194	0	6,140,900	6,134,303	0.0000
1965	18,607	255	6,159,252	6,150,076	0.0000
1966	4,255	7,338	6,156,169	6,157,711	0.0012
1967	575	69,333	6,087,411	6,121,790	0.0113
1968	21,282	0	6,108,693	6,098,052	0.0000
1969	15,770,374	0	21,879,067	13,993,880	0.0000
1970	803,526	7,182	22,675,411	22,277,239	0.0003
1971	163,043	37,002	22,801,452	22,738,432	0.0016
1972	56,860	0	22,858,312	22,829,882	0.0000
1973	2,605	0	22,860,917	22,859,615	0.0000
1974	66,090	1,665	22,925,342	22,893,130	0.0001
1975	29,219	0	22,954,561	22,939,952	0.0000
1976	65,662	0	23,020,223	22,987,392	0.0000
1977	87,499	0	23,107,722	23,063,973	0.0000
1978	297,729	24,379	23,381,072	23,244,397	0.0010
1979	214,311	5,000	23,590,383	23,485,728	0.0002
1980	27,547	6,618	23,611,312	23,600,848	0.0003
1981	212,801	358	23,823,755	23,717,534	0.0000
1982	716,535	44,396	24,495,894	24,159,825	0.0018
1983	389,851	307,808	24,577,937	24,536,916	0.0125
1984	81,115	469	24,658,583	24,618,260	0.0000
1985	64,741	1,605	24,721,719	24,690,151	0.0001
1986	0	0	24,721,719	24,721,719	0.0000
1987	34,955	966	24,755,708	24,738,714	0.0000
1988	171,684	718	24,926,674	24,841,191	0.0000
1989	28,362	2,856	24,952,180	24,939,427	0.0001
1990	484,041	3,690	25,432,531	25,192,356	0.0001
1991	18,357	35,387	25,415,501	25,424,016	0.0014
1992	22,217	13,640	25,424,078	25,419,790	0.0005
1993	168,711	56,800	25,535,989	25,480,034	0.0022
1994	1,254,912	4,050	26,786,851	26,161,420	0.0002
1995	45,725	9,070	26,823,506	26,805,179	0.0003
1996	113,294	94,931	26,841,869	26,832,688	0.0035
1997	0	101,804	26,740,065	26,790,967	0.0038
1998	2,448,051	54,548	29,133,568	27,936,817	0.0020
1999	220,173	4,000	29,349,741	29,241,655	0.0001
2000	46,629	17,282	29,379,088	29,364,415	0.0006
2001	20,444	8,355	29,391,177	29,385,133	0.0003
2002	431	1,168	29,390,440	29,390,809	0.0000
2003	6,265,695	5,061	35,651,074	32,520,757	0.0002
2004	630,676	74,097	36,207,653	35,929,364	0.0021
TOTAL 1975-2004	14,161,367	879,056	788,802,573	782,161,418	0.0336

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE 0.0336
 0.0011
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KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 312.0 BOILER PLANT EQUIPMENT

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	16,508,970	0	16,508,970	N. A.	N. A.
1964	119,842	8,093	16,620,719	16,564,845	0.0005
1965	33,135	7,505	16,646,349	16,633,534	0.0005
1966	176,256	19,803	16,802,802	16,724,576	0.0012
1967	7,026	3,196	16,806,632	16,804,717	0.0002
1968	39,011	127,966	16,717,677	16,762,155	0.0076
1969	57,241,411	5,000	73,954,088	45,335,883	0.0001
1970	2,611,299	569,493	75,995,894	74,974,991	0.0076
1971	1,703,522	87,366	77,612,050	76,803,972	0.0011
1972	773,998	23,261	78,362,787	77,987,419	0.0003
1973	124,697	24,700	78,462,784	78,412,786	0.0003
1974	795,833	128,171	79,130,446	78,796,615	0.0016
1975	1,177,739	43,910	80,264,275	79,697,361	0.0006
1976	4,699,081	1,136,240	83,827,116	82,045,696	0.0138
1977	1,500,565	738,415	84,589,266	84,208,191	0.0088
1978	3,596,304	210,933	87,974,637	86,281,952	0.0024
1979	3,702,290	690,851	90,986,076	89,480,357	0.0077
1980	1,574,173	1,302,708	91,257,541	91,121,809	0.0143
1981	2,710,157	1,947,465	92,020,233	91,638,887	0.0213
1982	4,780,741	1,372,184	95,428,790	93,724,512	0.0146
1983	2,053,897	244,647	97,238,040	96,333,415	0.0025
1984	1,928,226	583,176	98,583,090	97,910,565	0.0060
1985	1,775,366	79,270	100,279,186	99,431,138	0.0008
1986	1,302,549	1,199,650	100,382,085	100,330,636	0.0120
1987	2,870,827	941,836	102,311,076	101,346,581	0.0093
1988	2,769,412	757,438	104,323,050	103,317,063	0.0073
1989	1,780,224	543,698	105,559,576	104,941,313	0.0052
1990	2,114,057	841,371	106,832,262	106,195,919	0.0079
1991	1,503,783	964,562	107,371,483	107,101,873	0.0090
1992	3,022,972	929,688	109,464,767	108,418,125	0.0086
1993	6,037,402	2,619,487	112,882,682	111,173,725	0.0236
1994	11,992,454	1,471,709	123,403,427	118,143,055	0.0125
1995	10,399,357	5,694,627	128,108,157	125,755,792	0.0453
1996	12,608,246	12,608,246	128,108,157	128,108,157	0.0984
1997	0	3,024,973	125,083,184	126,595,671	0.0239
1998	10,554,688	901,600	134,736,272	129,909,728	0.0069
1999	1,940,785	263,258	136,413,799	135,575,036	0.0019
2000	2,930,632	704,876	138,639,555	137,526,677	0.0051
2001	925,934	356,729	139,208,760	138,924,158	0.0026
2002	3,329,584	560,581	141,977,763	140,593,262	0.0040
2003	183,221,112	15,170,924	310,027,951	226,002,857	0.0671
2004	6,041,203	2,293,276	313,775,878	311,901,915	0.0074
TOTAL 1975-2004	294,843,760	60,198,328	3,671,058,134	3,553,735,418	0.4507

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE 0.4507
 0.0150
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KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 314.0 TURBO-GENERATOR UNITS

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	11,821,004	0	11,821,004	N. A.	N. A.
1964	19,361	0	11,840,365	11,830,685	0.0000
1965	12,601	755	11,852,211	11,846,288	0.0001
1966	7,592	872	11,858,931	11,855,571	0.0001
1967	7,158	0	11,866,089	11,862,510	0.0000
1968	52,378	0	11,918,467	11,892,278	0.0000
1969	26,377,737	0	38,296,204	25,107,336	0.0000
1970	1,024,372	180,383	39,140,193	38,718,199	0.0047
1971	713,082	0	39,853,275	39,496,734	0.0000
1972	272,380	0	40,125,655	39,989,465	0.0000
1973	63,768	0	40,189,423	40,157,539	0.0000
1974	63,140	0	40,252,563	40,220,993	0.0000
1975	336,271	80,578	40,508,256	40,380,410	0.0020
1976	74,777	2,746	40,580,287	40,544,272	0.0001
1977	33,676	1,548	40,612,415	40,596,351	0.0000
1978	45,149	6,818	40,650,746	40,631,581	0.0002
1979	1,007,454	398,443	41,259,757	40,955,252	0.0097
1980	66,913	214,355	41,112,315	41,186,036	0.0052
1981	1,916,304	618,632	42,409,987	41,761,151	0.0148
1982	1,006,642	82,616	43,334,013	42,872,000	0.0019
1983	1,067,481	549,626	43,851,868	43,592,941	0.0126
1984	237,266	2,944	44,086,190	43,969,029	0.0001
1985	528,415	7,819	44,606,786	44,346,488	0.0002
1986	634,657	709,776	44,531,667	44,569,227	0.0159
1987	229,683	307,098	44,454,252	44,492,960	0.0069
1988	5,606,623	58,088	50,002,787	47,228,520	0.0012
1989	3,103,073	2,768,504	50,337,356	50,170,072	0.0552
1990	2,320,315	1,094,464	51,563,207	50,950,282	0.0215
1991	2,065,521	138,353	53,490,375	52,526,791	0.0026
1992	836,989	1,593,641	52,733,723	53,112,049	0.0300
1993	2,739,309	550,206	54,922,826	53,828,275	0.0102
1994	2,265,960	2,354,678	54,834,108	54,878,467	0.0429
1995	1,186,873	444,477	55,576,504	55,205,306	0.0081
1996	126,815	477,746	55,225,573	55,401,039	0.0086
1997	13,047,841	4,684,964	63,588,450	59,407,012	0.0789
1998	0	695,946	62,892,504	63,240,477	0.0110
1999	0	205,238	62,687,266	62,789,885	0.0033
2000	227,801	52,538	62,862,529	62,774,898	0.0008
2001	47,682	141,367	62,768,844	62,815,687	0.0023
2002	1,505,312	257,582	64,016,574	63,392,709	0.0041
2003	9,648,825	1,427,668	72,237,731	68,127,153	0.0210
2004	1,394,539	692,983	72,939,287	72,588,509	0.0095
TOTAL 1975-2004	53,308,166	20,621,442	1,554,678,183	1,538,334,821	0.3807

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE 0.3807
 0.0127
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KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 315.0 ACCESSORY ELECTRICAL EQUIPMENT

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	2,090,616	0	2,090,616	N. A.	N. A.
1964	9,817	2,835	2,097,598	2,094,107	0.0014
1965	2,265	0	2,099,863	2,098,731	0.0000
1966	20,284	0	2,120,147	2,110,005	0.0000
1967	4,595	0	2,124,742	2,122,445	0.0000
1968	947	0	2,125,689	2,125,216	0.0000
1969	6,451,294	0	8,576,983	5,351,336	0.0000
1970	555,696	0	9,132,679	8,854,831	0.0000
1971	356,319	0	9,488,998	9,310,839	0.0000
1972	13,318	2,910	9,499,406	9,494,202	0.0003
1973	114,131	12,654	9,600,883	9,550,145	0.0013
1974	1,489	4,680	9,597,692	9,599,288	0.0005
1975	0	0	9,597,692	9,597,692	0.0000
1976	425,620	0	10,023,312	9,810,502	0.0000
1977	113,934	0	10,137,246	10,080,279	0.0000
1978	226,909	0	10,364,155	10,250,701	0.0000
1979	40,978	0	10,405,133	10,384,644	0.0000
1980	81,148	0	10,486,281	10,445,707	0.0000
1981	607,835	49,582	11,044,534	10,765,408	0.0046
1982	369,121	120,858	11,292,797	11,168,666	0.0108
1983	92,707	10,516	11,374,988	11,333,893	0.0009
1984	88,302	5,454	11,457,836	11,416,412	0.0005
1985	108,963	11,203	11,555,596	11,506,716	0.0010
1986	38,938	19,802	11,574,732	11,565,164	0.0017
1987	119,792	27,283	11,667,241	11,620,987	0.0023
1988	187,376	71,442	11,783,175	11,725,208	0.0061
1989	100,224	0	11,883,399	11,833,287	0.0000
1990	286,615	24,236	12,145,778	12,014,589	0.0020
1991	106,173	12,852	12,239,099	12,192,439	0.0011
1992	38,842	10,027	12,267,914	12,253,507	0.0008
1993	115,632	9,068	12,374,478	12,321,196	0.0007
1994	79,021	1,052	12,452,447	12,413,463	0.0001
1995	35,386	91,239	12,396,594	12,424,521	0.0073
1996	12,996	0	12,409,590	12,403,092	0.0000
1997	1,139,691	324,810	13,224,471	12,817,031	0.0253
1998	363,986	24,960	13,563,497	13,393,984	0.0019
1999	8,929	1,372	13,571,054	13,567,276	0.0001
2000	368,049	80,920	13,858,183	13,714,619	0.0059
2001	46,339	32,876	13,871,646	13,864,915	0.0024
2002	7,426	2,009	13,877,063	13,874,355	0.0001
2003	244,780	587,860	13,533,983	13,705,523	0.0429
2004	4,907	4,041	13,534,849	13,534,416	0.0003
TOTAL 1975-2004	5,460,619	1,523,462	359,968,763	358,000,185	0.1189

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE 0.1189
 0.0040

KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 316.0 MISCELLANEOUS POWER PLANT EQUIPMENT

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	1,013,821	0	1,013,821	N. A.	N. A.
1964	5,839	1,922	1,017,738	1,015,780	0.0019
1965	5,676	0	1,023,414	1,020,576	0.0000
1966	15,702	292	1,038,824	1,031,119	0.0003
1967	2,344	394	1,040,774	1,039,799	0.0004
1968	8,129	150	1,048,753	1,044,764	0.0001
1969	1,686,335	1,226	2,733,862	1,891,308	0.0006
1970	204,242	8,507	2,929,597	2,831,730	0.0030
1971	88,954	1,728	3,016,823	2,973,210	0.0006
1972	58,425	83	3,075,165	3,045,994	0.0000
1973	93,582	1,700	3,167,047	3,121,106	0.0005
1974	555	37,702	3,129,900	3,148,474	0.0120
1975	132,129	1,473	3,260,556	3,195,228	0.0005
1976	20,739	6,251	3,275,044	3,267,800	0.0019
1977	66,965	13,849	3,328,160	3,301,602	0.0042
1978	37,660	27,895	3,337,925	3,333,043	0.0084
1979	25,265	5,173	3,358,017	3,347,971	0.0015
1980	17,868	15,971	3,359,914	3,358,966	0.0048
1981	117,316	3,482	3,473,748	3,416,831	0.0010
1982	122,076	54,567	3,541,257	3,507,503	0.0156
1983	6,160	14,806	3,532,611	3,536,934	0.0042
1984	78,342	5,857	3,605,096	3,568,854	0.0016
1985	101,194	2,086	3,704,204	3,654,650	0.0006
1986	108,695	11,296	3,801,603	3,752,904	0.0030
1987	32,012	12,552	3,821,063	3,811,333	0.0033
1988	29,324	12,736	3,837,651	3,829,357	0.0033
1989	169,870	5,926	4,001,595	3,919,623	0.0015
1990	34,137	10,400	4,025,332	4,013,464	0.0026
1991	41,416	3,814	4,062,934	4,044,133	0.0009
1992	127,431	70,529	4,119,836	4,091,385	0.0172
1993	21,290	623	4,140,503	4,130,170	0.0002
1994	803,660	136,159	4,808,004	4,474,254	0.0304
1995	91,614	104,801	4,794,817	4,801,411	0.0218
1996	39,964	9,510	4,825,271	4,810,044	0.0020
1997	865,744	31,903	5,659,112	5,242,192	0.0061
1998	6,545	51,000	5,614,657	5,636,885	0.0090
1999	31,382	805	5,645,234	5,629,946	0.0001
2000	64,253	0	5,709,487	5,677,361	0.0000
2001	59,062	4,330	5,764,219	5,736,853	0.0008
2002	67,283	38,540	5,792,962	5,778,591	0.0067
2003	442,131	62,105	6,172,988	5,982,975	0.0104
2004	698,136	64,449	6,806,675	6,489,832	0.0099
TOTAL 1975-2004	4,459,663	782,888	131,180,475	129,342,088	0.1735

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE 0.1735
 0.0058
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KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE AGE OF SURVIVING PLANT
BIG SANDY GENERATING PLANT

311

<u>VINTAGE YEAR</u>	<u>SURVIVING BALANCE</u>	<u>AGE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE AGE (YEARS)</u>
1963	5,835,587	41.5	242,176,861	
1964	13,194	40.5	534,357	
1965	18,352	39.5	724,904	
1966	3,636	38.5	139,986	
1967	217	37.5	8,138	
1968	21,282	36.5	776,793	
1969	15,208,342	35.5	539,896,141	
1970	798,917	34.5	27,562,637	
1971	162,704	33.5	5,450,584	
1972	56,780	32.5	1,845,350	
1973	2,605	31.5	82,058	
1974	5,005	30.5	152,653	
1975	28,389	29.5	837,476	
1976	65,662	28.5	1,871,367	
1977	76,759	27.5	2,110,873	
1978	290,514	26.5	7,698,621	
1979	188,907	25.5	4,817,129	
1980	23,035	24.5	564,358	
1981	212,801	23.5	5,000,824	
1982	697,944	22.5	15,703,740	
1983	379,258	21.5	8,154,047	
1984	78,613	20.5	1,611,567	
1985	47,985	19.5	935,708	
1986	34,955	18.5	646,668	
1987	171,684	17.5	3,004,470	
1988	15,604	16.5	257,466	
1989	481,577	15.5	7,464,444	
1990	11,250	14.5	163,125	
1991	20,716	13.5	279,666	
1992	157,920	12.5	1,974,000	
1993	1,237,138	11.5	14,227,087	
1994	38,697	10.5	406,319	
1995	471,264	9.5	4,477,008	
1996	719,120	8.5	6,112,520	
1997	1,407,250	7.5	10,554,375	
1998	56,378	6.5	366,457	
1999	212,915	5.5	1,171,033	
2000	431	4.5	1,940	
2001	6,209,891	3.5	21,734,619	
2002	111,625	2.5	279,063	
2003	574,855	1.5	862,283	
2004	0	0.5	0	
TOTALS	<u>36,149,758</u>		<u>942,638,705</u>	<u>26.08</u>

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE AGE OF SURVIVING PLANT
 BIG SANDY GENERATING PLANT

312

VINTAGE YEAR	SURVIVING BALANCE	AGE (YEARS)	DOLLAR YEARS	AVERAGE AGE (YEARS)
1963	6,895,234	41.5	286,152,211	
1964	104,317	40.5	4,224,839	
1965	28,441	39.5	1,123,420	
1966	31,857	38.5	1,226,495	
1967	1,203	37.5	45,113	
1968	37,345	36.5	1,363,093	
1969	36,739,824	35.5	1,304,263,752	
1970	2,331,894	34.5	80,450,343	
1971	1,583,333	33.5	53,041,656	
1972	692,340	32.5	22,501,050	
1973	54,734	31.5	1,724,121	
1974	736,147	30.5	22,452,484	
1975	927,822	29.5	27,370,749	
1976	679,371	28.5	19,362,074	
1977	569,747	27.5	15,668,043	
1978	3,517,702	26.5	93,219,103	
1979	2,836,065	25.5	72,319,658	
1980	1,557,801	24.5	38,166,125	
1981	2,042,101	23.5	47,989,374	
1982	3,830,536	22.5	86,187,060	
1983	1,692,432	21.5	36,387,288	
1984	1,270,809	20.5	26,051,585	
1985	1,613,389	19.5	31,461,086	
1986	1,284,909	18.5	23,770,817	
1987	2,870,827	17.5	50,239,473	
1988	2,626,915	16.5	43,344,098	
1989	1,555,961	15.5	24,117,396	
1990	1,769,956	14.5	25,664,362	
1991	1,132,899	13.5	15,294,137	
1992	2,911,319	12.5	36,391,488	
1993	3,140,523	11.5	36,116,015	
1994	11,533,966	10.5	121,106,643	
1995	10,409,154	9.5	98,886,963	
1996	8,118,106	8.5	69,003,901	
1997	6,979,974	7.5	52,349,805	
1998	6,187,646	6.5	40,219,699	
1999	317,684	5.5	1,747,262	
2000	1,403,839	4.5	6,317,276	
2001	463,448	3.5	1,622,068	
2002	34,174,650	2.5	85,436,625	
2003	152,535,783	1.5	228,803,675	
2004	<u>5,346,692</u>	0.5	<u>2,673,346</u>	
TOTALS	<u>324,538,695</u>		<u>3,235,855,760</u>	<u>9.97</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE AGE OF SURVIVING PLANT
BIG SANDY GENERATING PLANT

314

<u>VINTAGE YEAR</u>	<u>SURVIVING BALANCE</u>	<u>AGE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE AGE (YEARS)</u>
1963	5,474,856	41.5	227,206,524	
1964	399	40.5	16,160	
1965	63,546	39.5	2,510,067	
1966	7,158	38.5	275,583	
1967	16,713	37.5	626,738	
1968	20,787,860	36.5	758,756,890	
1969	919,095	35.5	32,627,873	
1970	702,552	34.5	24,238,044	
1971	263,990	33.5	8,843,665	
1972	59,137	32.5	1,921,953	
1973	14,948	31.5	470,862	
1974	240,134	30.5	7,324,087	
1975	9,309	29.5	274,616	
1976	19,103	28.5	544,436	
1977	11,239	27.5	309,073	
1978	836,732	26.5	22,173,398	
1979	37,742	25.5	962,421	
1980	1,893,106	24.5	46,381,097	
1981	412,999	23.5	9,705,477	
1982	1,057,901	22.5	23,802,773	
1983	183,335	21.5	3,941,703	
1984	6,809	20.5	139,585	
1985	211,112	19.5	4,116,684	
1986	226,283	18.5	4,186,236	
1987	3,248,362	17.5	56,846,335	
1988	1,951,999	16.5	32,207,984	
1989	1,034,429	15.5	16,033,650	
1990	1,649,547	14.5	23,918,432	
1991	0	13.5	0	
1992	2,648,021	12.5	33,100,263	
1993	2,166,603	11.5	24,915,935	
1994	1,140,038	10.5	11,970,399	
1995	2,078,595	9.5	19,746,653	
1996	127	8.5	1,080	
1997	11,093,444	7.5	83,200,830	
1998	7,235	6.5	47,028	
1999	79,722	5.5	438,471	
2000	38,757	4.5	174,407	
2001	9,146,810	3.5	32,013,835	
2002	1,838,035	2.5	4,595,088	
2003	1,461,201	1.5	2,191,802	
2004	0	0.5	0	
TOTALS	<u>73,038,983</u>		<u>1,522,758,126</u>	<u>20.85</u>

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE AGE OF SURVIVING PLANT
 BIG SANDY GENERATING PLANT

315

<u>VINTAGE YEAR</u>	<u>SURVIVING BALANCE</u>	<u>AGE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE AGE (YEARS)</u>
1963	1,465,210	41.5	60,806,215	
1964	2,265	40.5	91,733	
1965	6,106,874	39.5	241,221,523	
1966	555,696	38.5	21,394,296	
1967	355,383	37.5	13,326,863	
1968	13,318	36.5	486,107	
1969	114,131	35.5	4,051,651	
1970	1,489	34.5	51,371	
1971	289,966	33.5	9,713,861	
1972	113,934	32.5	3,702,855	
1973	216,942	31.5	6,833,673	
1974	40,978	30.5	1,249,829	
1975	81,148	29.5	2,393,866	
1976	429,265	28.5	12,234,053	
1977	353,773	27.5	9,728,758	
1978	89,002	26.5	2,358,553	
1979	88,303	25.5	2,251,727	
1980	98,185	24.5	2,405,533	
1981	486	23.5	11,421	
1982	119,792	22.5	2,695,320	
1983	187,376	21.5	4,028,584	
1984	100,224	20.5	2,054,592	
1985	259,710	19.5	5,064,345	
1986	106,173	18.5	1,964,201	
1987	38,842	17.5	679,735	
1988	115,632	16.5	1,907,928	
1989	79,021	15.5	1,224,826	
1990	33,436	14.5	484,822	
1991	360,098	13.5	4,861,323	
1992	945,619	12.5	11,820,238	
1993	405,268	11.5	4,660,582	
1994	2,861	10.5	30,041	
1995	228,090	9.5	2,166,855	
1996	77,560	8.5	659,260	
1997	215,570	7.5	1,616,775	
1998	47,432	6.5	308,308	
1999	3,549	5.5	19,520	
2000	0	4.5	0	
2001	0	3.5	0	
2002	0	2.5	0	
2003	0	1.5	0	
2004	0	0.5	0	
TOTALS	<u>13,742,601</u>		<u>440,561,137</u>	<u>32.06</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE AGE OF SURVIVING PLANT
BIG SANDY GENERATING PLANT

316

<u>VINTAGE YEAR</u>	<u>SURVIVING BALANCE</u>	<u>AGE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE AGE (YEARS)</u>
1963	791,171	41.5	32,833,597	
1964	4,644	40.5	188,082	
1965	5,340	39.5	210,930	
1966	8,383	38.5	322,746	
1967	2,344	37.5	87,900	
1968	3,755	36.5	137,058	
1969	1,547,958	35.5	54,952,509	
1970	197,493	34.5	6,813,509	
1971	84,826	33.5	2,841,671	
1972	48,144	32.5	1,564,680	
1973	23,088	31.5	727,272	
1974	94	30.5	2,867	
1975	124,869	29.5	3,683,636	
1976	18,611	28.5	530,414	
1977	12,430	27.5	341,825	
1978	34,424	26.5	912,236	
1979	25,081	25.5	639,566	
1980	11,193	24.5	274,229	
1981	97,226	23.5	2,284,811	
1982	72,372	22.5	1,628,370	
1983	65,241	21.5	1,402,682	
1984	87,922	20.5	1,802,401	
1985	96,287	19.5	1,877,597	
1986	32,012	18.5	592,222	
1987	29,324	17.5	513,170	
1988	82,538	16.5	1,361,877	
1989	34,137	15.5	529,124	
1990	29,306	14.5	424,937	
1991	138,204	13.5	1,865,754	
1992	21,290	12.5	266,125	
1993	1,249,784	11.5	14,372,516	
1994	125,591	10.5	1,318,706	
1995	184,929	9.5	1,756,826	
1996	217,359	8.5	1,847,552	
1997	58,674	7.5	440,055	
1998	42,911	6.5	278,922	
1999	7,491	5.5	41,201	
2000	50,660	4.5	227,970	
2001	73,297	3.5	256,540	
2002	611,807	2.5	1,529,518	
2003	166,744	1.5	250,116	
2004	0	0.5	0	
TOTALS	<u>6,518,954</u>		<u>143,933,710</u>	<u>22.08</u>

EXHIBIT ____ (LK-10)

Kentucky Power Company
 Depreciation Expense Adjustments
 For the Test Year Ended 6/30/05

	Electric Plant In Service as of 6/30/2005	New Annual Rate Per KPCO Filing	Annualized Depreciation Per KPCO Filing	New Annual Rate With Adjustments Listed	KIUC Adjusted Annualized Depreciation	KIUC Depreciation Adjustment
Production Steam	459,150,369	0.0357	16,391,668	0.0320	14,692,812	(1,698,856)
Transmission	385,378,899	0.0271	10,443,768	0.0271	10,443,768	-
Distribution	445,002,421	0.0364	16,198,088	0.0364	16,198,088	-
General Plant	<u>29,575,208</u>	0.0531	<u>1,570,444</u>	0.0531	<u>1,570,444</u>	-
	1,319,106,897		44,603,968		42,905,112	(1,698,856)
			Allocation Factor - GP-TOT			<u>0.990</u>
			Total Depreciation Expense Reduction			<u>(1,681,868)</u>
			Total of Prior Depreciation Adjustments			<u>(1,409,132)</u>
			Total of Depreciation Adjustment 2			<u>(272,735)</u>

Adjustments Included:

- 1 - Remove \$32,000,000 million demolition costs from computation of net salvage costs.
- 2 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.

KENTUCKY POWER COMPANY
ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Adjustments 1 and 2

SCHEDULE I

NO. (I)	ACCOUNT TITLE (II)	ORIGINAL COST AT 12/31/04 (III)	AVERAGE LIFE AND CURVE TYPE (IV)	TERMINAL RETIREMENT DATE (V)	NET SALVAGE RATIO (VI)	TOTAL TO BE RECOVERED (VII)	CALCULATED DEPRECIATION REQUIREMENT (VIII)	ALLOCATED ACCUMULATED DEPRECIATION (IX)	REMAINING TO BE RECOVERED (X)	AVERAGE REMAINING LIFE (XI)	RECOMMENDED	
											ANNUAL AMOUNT (XII)	ACCRUAL PERCENT (XIII)
STEAM PRODUCTION PLANT												
BIG SANDY PLANT												
				2015/2034								
311.0	Structures & Improvements	36,149,758	FCST.		1.01	36,511,256	18,290,694	17,091,616	19,419,639	25.98	747,484	2.07%
312.0	Boiler Plant Equipment	324,538,695	FCST.		1.12	363,483,338	111,163,462	104,742,242 (a)	258,741,096	22.63	11,433,544	3.52%
314.0	Turbogenerator Units	73,038,983	FCST.		1.09	79,612,491	38,106,530	35,608,391	44,004,100	22.71	1,937,653	2.65%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		1.03	14,154,879	7,841,808	7,327,725	6,827,154	25.81	264,516	1.92%
318.0	Misc. Power Plant Equip.	6,518,954	FCST.		1.04	6,779,712	3,193,656	2,984,478	3,795,235	24.79	153,095	2.35%
	Total Steam Production Plant	<u>453,988,991</u>				<u>500,541,677</u>	<u>178,596,351</u>	<u>167,754,452</u>	<u>332,787,225</u>		<u>14,536,291</u>	3.20%
TRANSMISSION PLANT												
350.1	Land Rights	23,258,047	75 R4.0	N.A.	1.00	23,258,047	6,496,508	5,181,575	18,076,472	54.05	334,440	1.44%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	1.00	6,387,065	2,174,176	1,734,110	4,652,955	36.28	128,251	2.01%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	1.00	123,153,116	30,208,886	24,094,424	99,058,692	30.19	3,281,176	2.66%
354.0	Towers & Fixtures	92,364,356	55 R4.0	N.A.	1.35	124,691,881	44,490,496	35,485,349	89,206,532	35.38	2,521,383	2.73%
355.0	Poles & Fixtures	37,506,208	35 S6.0	N.A.	1.50	56,259,312	18,200,686	14,516,677	41,742,635	23.68	1,762,780	4.70%
356.0	OH Conductor & Devices	100,355,481	50 S8.0	N.A.	1.05	105,373,255	39,881,156	31,808,967	73,564,288	31.08	2,366,933	2.36%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	1.00	11,590	5,713	4,557	7,033	18.76	375	3.23%
358.0	Underground Conductor	<u>106,056</u>	44 R1.0	N.A.	1.00	<u>106,056</u>	<u>37,616</u>	<u>30,002</u>	<u>76,064</u>	28.40	2,678	2.53%
	Total Transmission Plant	<u>383,141,929</u>				<u>439,240,332</u>	<u>141,495,137</u>	<u>112,855,660</u>	<u>326,384,672</u>		<u>10,399,016</u>	2.71%
DISTRIBUTION PLANT												
360.1	Land Rights	3,691,802	75 R4.0	N.A.	1.00	3,691,802	1,464,290	1,521,740	2,170,062	45.25	47,957	1.30%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	1.00	4,231,065	801,496	832,942	3,398,123	56.74	59,889	1.42%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	1.00	42,017,840	11,888,206	12,354,632	29,663,208	21.51	1,379,043	3.28%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	1.40	174,541,140	48,873,736	50,791,264	123,749,876	20.16	6,138,387	4.92%
365.0	Overhead Conductor & Devices	89,426,561	30 R0.5	N.A.	0.80	79,541,249	19,903,904	20,684,820	58,856,429	22.49	2,617,004	2.63%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	1.00	2,959,899	483,560	502,532	2,457,367	41.83	58,747	1.98%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	0.85	4,659,758	603,991	627,688	4,032,070	45.13	87,407	1.59%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	0.75	63,139,067	18,278,290	18,995,426	44,143,640	20.60	2,142,895	2.55%
369.0	Services	31,239,944	22 R0.5	N.A.	0.85	26,553,952	6,927,939	7,199,752	19,354,200	16.28	1,190,295	3.81%
370.0	Meters	21,071,793	20 R3.0	N.A.	0.75	15,803,845	7,761,512	8,066,030	7,737,815	10.18	760,100	3.61%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	1.00	15,598,882	3,614,093	3,755,890	11,842,992	9.22	1,284,489	8.23%
373.0	Street Lighting & Signal Sys.	<u>2,741,234</u>	20 L0.0	N.A.	1.05	<u>2,878,295</u>	<u>844,358</u>	<u>877,486</u>	<u>2,000,799</u>	14.13	<u>141,599</u>	5.17%
	Total Distribution Plant	<u>437,318,753</u>				<u>495,616,794</u>	<u>121,445,385</u>	<u>126,210,213</u>	<u>309,406,581</u>		<u>15,907,812</u>	3.64%
GENERAL PLANT												
389.2	Land Rights	84,011	75 R4.0	N.A.	1.00	84,011	10,301	5,029	78,982	65.80	1,200	1.43%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	0.90	17,366,397	8,266,103	4,035,838	13,330,560	13.10	1,017,600	5.27%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	1.00	1,737,579	386,452	188,681	1,548,898	27.22	56,903	3.27%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	1.00	5,819	3,136	1,531	4,288	13.83	310	5.33%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	1.00	189,262	47,037	22,965	166,297	22.54	7,378	3.90%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	1.00	1,711,318	262,618	128,220	1,583,098	27.08	58,438	3.41%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	1.00	394,394	258,983	126,446	267,948	10.99	24,381	6.18%
396.0	Power Operated Equipment	5,931	8 SQ	N.A.	1.00	5,931	1,853	905	5,026	5.50	914	15.41%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	0.90	4,200,092	1,960,549	957,217	3,242,875	10.13	320,126	6.86%
398.0	Miscellaneous Equipment	<u>584,684</u>	19 L2.0	N.A.	1.00	<u>584,684</u>	<u>134,604</u>	<u>65,719</u>	<u>518,965</u>	14.63	<u>35,473</u>	6.07%
	Total General Plant	<u>28,675,764</u>				<u>26,279,487</u>	<u>11,331,636</u>	<u>5,532,552</u>	<u>20,746,935</u>		<u>1,522,723</u>	5.31%
	Total Depreciable Plant	<u>1,303,125,437</u>				<u>1,401,678,290</u>	<u>452,668,509</u>	<u>412,352,877 (a)</u>	<u>989,325,413</u>		<u>42,364,842</u>	3.25%

(a) Includes allocated reserve of \$105,161,967 plus \$966,291 of accumulated amortization applicable to SCR Catalysts.

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE REMAINING LIFE
 BIG SANDY PLANT ACCOUNT 312
 RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0150

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	4,868,080	0.5	2,434,040	
2006	4,868,080	1.5	7,302,121	
2007	4,868,080	2.5	12,170,201	
2008	4,868,080	3.5	17,038,281	
2009	4,868,080	4.5	21,906,362	
2010	4,868,080	5.5	26,774,442	
2011	4,868,080	6.5	31,642,523	
2012	4,868,080	7.5	36,510,603	
2013	4,868,080	8.5	41,378,684	
2014	4,868,080	9.5	46,246,764	
2015	11,763,314	10.5	123,514,801	
2016	4,764,652	11.5	54,793,497	
2017	4,764,652	12.5	59,558,149	
2018	4,764,652	13.5	64,322,801	
2019	4,764,652	14.5	69,087,453	
2020	4,764,652	15.5	73,852,105	
2021	4,764,652	16.5	78,616,757	
2022	4,764,652	17.5	83,381,409	
2023	4,764,652	18.5	88,146,060	
2024	4,764,652	19.5	92,910,712	
2025	4,764,652	20.5	97,675,364	
2026	4,764,652	21.5	102,440,016	
2027	4,764,652	22.5	107,204,668	
2028	4,764,652	23.5	111,969,320	
2029	4,764,652	24.5	116,733,972	
2030	4,764,652	25.5	121,498,624	
2031	4,764,652	26.5	126,263,276	
2032	4,764,652	27.5	131,027,928	
2033	4,764,652	28.5	135,792,580	
2034	178,330,842	29.5	5,260,759,835	
TOTALS	324,538,695		7,342,953,347	22.63

INTERIM RETIREMENTS:

Total Plant at 12/31/04	324,538,695
Less Retirement of Unit 1 in 2015	-6,895,234
Less Final Retirement in year 2034	<u>-178,330,842</u>
Total Interim Retirements	<u>139,312,619</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATED DEPRECIATION RESERVE
STEAM PRODUCTION PLANT

ACCOUNT	PLANT BALANCE AT 12-31-04	AVERAGE AGE	AVERAGE REM. LIFE	AVERAGE LIFE	NET SALVAGE	% REM. LIFE TO AVG. LIFE	CALCULATED RESERVE %	CALCULATED RESERVE W/O NET SALVAGE	CALCULATED RESERVE WITH NET SALVAGE
BIG SANDY									
311	36,149,758	26.08	25.98	52.06	-1%	49.90%	50.10%	18,109,598	18,290,694
312	324,538,694	9.97	22.63	32.60	-12%	69.42%	30.58%	99,253,091	111,163,462
314	73,038,983	20.85	22.71	43.56	-9%	52.13%	47.87%	34,960,119	38,106,530
315	13,742,601	32.06	25.81	57.87	-3%	44.60%	55.40%	7,613,406	7,841,808
316	<u>6,518,954</u>	22.08	24.79	46.87	-4%	52.89%	47.11%	<u>3,071,016</u>	<u>3,193,856</u>
Total	<u>453,988,990</u>							<u>163,007,230</u>	<u>178,596,351</u>

EXHIBIT ____ (LK-11)

Kentucky Power Company
 Depreciation Expense Adjustments
 For the Test Year Ended 6/30/05

	Electric Plant In Service as of 6/30/2005	New Annual Rate Per KPCO Filing	Annualized Depreciation Per KPCO Filing	New Annual Rate With Adjustments Listed	KIUC Adjusted Annualized Depreciation	KIUC Depreciation Adjustment
Production Steam	459,150,369	0.0357	16,391,668	0.0300	13,774,511	(2,617,157)
Transmission	385,378,899	0.0271	10,443,768	0.0271	10,443,768	-
Distribution	445,002,421	0.0364	16,198,088	0.0364	16,198,088	-
General Plant	<u>29,575,208</u>	0.0531	<u>1,570,444</u>	0.0531	<u>1,570,444</u>	-
	1,319,106,897		44,603,968		41,986,811	(2,617,157)
			Allocation Factor - GP-TOT			<u>0.990</u>
			Total Depreciation Expense Reduction			<u>(2,590,986)</u>
			Total of Prior Depreciation Adjustments			<u>(1,681,868)</u>
			Total of Depreciation Adjustment 3			<u>(909,118)</u>

Adjustments Included:

- 1 - Remove \$32,000,000 million demolition costs from computation of net salvage costs.
- 2 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.
- 3 - Use full history of additions and retirements to determine interim retirement rate for Big Sandy Assets instead of last 30 years.

KENTUCKY POWER COMPANY
ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Adjustments 1,2 and 3

SCHEDULE I

ACCOUNT		ORIGINAL COST AT 12/31/04 (III)	AVERAGE LIFE AND CURVE TYPE (IV)	TERMINAL RETIREMENT DATE (V)	NET SALVAGE RATIO (VI)	TOTAL TO BE RECOVERED (VII)	CALCULATED DEPRECIATION REQUIREMENT (VIII)	ALLOCATED ACCUMULATED DEPRECIATION (IX)	REMAINING TO BE RECOVERED (X)	AVERAGE REMAINING LIFE (XI)	RECOMMENDED	
NO. (I)	TITLE (II)										ANNUAL AMOUNT (XII)	ACCURAL PERCENT (XIII)
STEAM PRODUCTION PLANT												
BIG SANDY PLANT												
				2015/2034								
311.0	Structures & Improvements	36,149,758	FCST.		1.01	36,511,256	18,290,694	17,754,918	18,756,337	25.98	721,953	2.00%
312.0	Boiler Plant Equipment	324,538,695	FCST.		1.12	363,483,338	105,839,044	103,605,070 (a)	259,878,269	24.27	10,707,798	3.30%
314.0	Turbogenerator Units	73,036,983	FCST.		1.09	79,612,491	36,854,362	35,774,814	43,837,678	24.19	1,812,223	2.48%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		1.03	14,154,879	7,779,968	7,552,073	6,602,806	26.27	251,344	1.83%
316.0	Misc. Power Plant Equip.	6,518,954	FCST.		1.04	6,779,712	3,160,144	3,067,577	3,712,135	25.29	146,783	2.25%
	Total Steam Production Plant	453,988,991				500,541,677	171,924,211	167,754,452	332,787,225		13,640,100	3.00%
TRANSMISSION PLANT												
350.1	Land Rights	23,258,047	75 R4.0	N.A.	1.00	23,258,047	6,496,508	5,181,575	18,076,472	54.05	334,440	1.44%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	1.00	6,387,065	2,174,176	1,734,110	4,652,955	36.28	128,251	2.01%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	1.00	123,153,116	30,208,886	24,094,424	99,058,692	30.19	3,281,176	2.66%
354.0	Towers & Fixtures	92,364,356	55 R4.0	N.A.	1.35	124,691,881	44,490,496	35,485,349	89,206,532	35.38	2,521,383	2.73%
355.0	Poles & Fixtures	37,506,208	35 S6.0	N.A.	1.50	56,259,312	18,200,588	14,516,677	41,742,635	23.68	1,762,780	4.70%
356.0	OH Conductor & Devices	100,355,481	50 S6.0	N.A.	1.05	105,373,255	39,881,156	31,808,967	73,564,288	31.08	2,366,933	2.38%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	1.00	11,590	5,713	4,557	7,033	18.76	375	3.23%
358.0	Underground Conductor	106,066	44 R1.0	N.A.	1.00	106,066	37,616	30,002	76,064	28.40	2,678	2.53%
	Total Transmission Plant	383,141,929				439,240,332	141,495,137	112,855,660	326,384,672		10,399,016	2.71%
DISTRIBUTION PLANT												
360.1	Land Rights	3,691,802	75 R4.0	N.A.	1.00	3,691,802	1,464,290	1,521,740	2,170,062	45.25	47,957	1.30%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	1.00	4,231,065	801,496	832,942	3,398,123	56.74	59,889	1.42%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	1.00	42,017,840	11,888,206	12,354,832	29,663,208	21.51	1,379,043	3.28%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	1.40	174,541,140	48,873,736	50,791,264	123,749,876	20.16	6,138,367	4.82%
365.0	Overhead Conductor & Devices	99,426,561	30 R0.5	N.A.	0.80	79,541,249	19,903,904	20,684,820	58,856,429	22.49	2,617,004	2.63%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	1.00	2,959,899	483,560	502,532	2,457,367	41.83	58,747	1.98%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	0.85	4,659,758	603,991	627,688	4,032,070	46.13	87,407	1.59%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	0.75	63,139,067	18,278,290	18,995,426	44,143,640	20.60	2,142,895	2.55%
369.0	Services	31,239,944	22 R0.5	N.A.	0.85	26,553,952	6,927,939	7,199,752	19,354,200	16.26	1,190,295	3.81%
370.0	Meters	21,071,793	20 R3.0	N.A.	0.75	15,803,845	7,761,512	8,068,030	7,737,815	10.18	760,100	3.61%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	1.00	15,598,882	3,614,093	3,755,890	11,842,992	9.22	1,284,489	8.23%
373.0	Street Lighting & Signal Sys.	2,741,234	20 L0.0	N.A.	1.05	2,878,296	844,368	877,496	2,000,799	14.13	141,599	5.17%
	Total Distribution Plant	437,318,753				435,616,794	121,445,385	126,210,213	309,406,581		15,907,812	3.64%
GENERAL PLANT												
389.2	Land Rights	84,011	75 R4.0	N.A.	1.00	84,011	10,301	5,029	78,982	65.80	1,200	1.43%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	0.90	17,366,397	8,286,103	4,035,838	13,330,560	13.10	1,017,600	5.27%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	1.00	1,737,579	386,452	188,681	1,548,898	27.22	56,903	3.27%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	1.00	5,819	3,136	1,531	4,288	13.83	310	5.33%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	1.00	189,262	47,037	22,965	166,297	22.54	7,378	3.90%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	1.00	1,711,318	262,618	128,220	1,583,098	27.09	58,438	3.41%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	1.00	394,394	258,383	126,446	267,948	10.99	24,381	6.18%
396.0	Power Operated Equipment	5,931	8 SQ	N.A.	1.00	5,931	1,853	905	5,026	5.50	914	15.41%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	0.90	4,200,092	1,960,549	957,217	3,242,875	10.13	320,126	6.86%
398.0	Miscellaneous Equipment	584,684	19 L2.0	N.A.	1.00	584,684	134,604	65,719	518,965	14.63	35,473	6.07%
	Total General Plant	28,675,764				26,279,467	11,331,636	5,532,552	20,746,935		1,522,723	5.31%
	Total Depreciable Plant	1,303,125,437				1,401,678,290	446,196,368	412,352,677 (a)	989,325,413		41,468,651	3.18%

(a) Includes allocated reserve of \$105,161,967 plus \$866,291 of accumulated amortization applicable to SCR Catalysts.

KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 311.0 STRUCTURES & IMPROVEMENTS

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	6,127,706	0	6,127,706	N. A.	N. A.
1964	13,194	0	6,140,900	6,134,303	0.0000
1965	18,607	255	6,159,252	6,150,076	0.0000
1966	4,255	7,338	6,156,169	6,157,711	0.0012
1967	575	69,333	6,087,411	6,121,790	0.0113
1968	21,282	0	6,108,693	6,098,052	0.0000
1969	15,770,374	0	21,879,067	13,993,880	0.0000
1970	803,526	7,182	22,675,411	22,277,239	0.0003
1971	163,043	37,002	22,801,452	22,738,432	0.0016
1972	56,860	0	22,858,312	22,829,882	0.0000
1973	2,605	0	22,860,917	22,859,615	0.0000
1974	66,090	1,665	22,925,342	22,893,130	0.0001
1975	29,219	0	22,954,561	22,939,952	0.0000
1976	65,662	0	23,020,223	22,987,392	0.0000
1977	87,499	0	23,107,722	23,063,973	0.0000
1978	297,729	24,379	23,381,072	23,244,397	0.0010
1979	214,311	5,000	23,590,383	23,485,728	0.0002
1980	27,547	6,618	23,611,312	23,600,848	0.0003
1981	212,801	358	23,823,755	23,717,534	0.0000
1982	716,535	44,396	24,495,894	24,159,825	0.0018
1983	389,851	307,808	24,577,937	24,536,916	0.0125
1984	81,115	469	24,658,583	24,618,260	0.0000
1985	64,741	1,605	24,721,719	24,690,151	0.0001
1986	0	0	24,721,719	24,721,719	0.0000
1987	34,955	966	24,755,708	24,738,714	0.0000
1988	171,684	718	24,926,674	24,841,191	0.0000
1989	28,362	2,856	24,952,180	24,939,427	0.0001
1990	484,041	3,690	25,432,531	25,192,356	0.0001
1991	18,357	35,387	25,415,501	25,424,016	0.0014
1992	22,217	13,640	25,424,078	25,419,790	0.0005
1993	168,711	56,800	25,535,989	25,480,034	0.0022
1994	1,254,912	4,050	26,786,851	26,161,420	0.0002
1995	45,725	9,070	26,823,506	26,805,179	0.0003
1996	113,294	94,931	26,841,869	26,832,688	0.0035
1997	0	101,804	26,740,065	26,790,967	0.0038
1998	2,448,051	54,548	29,133,568	27,936,817	0.0020
1999	220,173	4,000	29,349,741	29,241,655	0.0001
2000	46,629	17,282	29,379,088	29,364,415	0.0006
2001	20,444	8,355	29,391,177	29,385,133	0.0003
2002	431	1,168	29,390,440	29,390,809	0.0000
2003	6,265,695	5,061	35,651,074	32,520,757	0.0002
2004	630,676	74,097	36,207,653	35,929,364	0.0021
TOTAL 1975-2004	14,161,367	879,056	788,802,573	782,161,418	0.0336

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE 0.0336
 0.0011
 30

KIUC Adjustment
 Total All Years 37,209,484 1,001,831 961,583,205 940,415,526 0.0481

AVERAGE INTERIM RATE 0.0481
 0.0011 No Change

KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 312.0 BOILER PLANT EQUIPMENT

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	16,508,970	0	16,508,970	N. A.	N. A.
1964	119,842	8,093	16,620,719	16,564,845	0.0005
1965	33,135	7,505	16,646,349	16,633,534	0.0005
1966	176,256	19,803	16,802,802	16,724,576	0.0012
1967	7,026	3,196	16,806,632	16,804,717	0.0002
1968	39,011	127,966	16,717,677	16,762,155	0.0076
1969	57,241,411	5,000	73,954,088	45,335,883	0.0001
1970	2,611,299	569,493	75,995,894	74,974,991	0.0076
1971	1,703,522	87,366	77,612,050	76,803,972	0.0011
1972	773,998	23,261	78,362,787	77,987,419	0.0003
1973	124,697	24,700	78,462,784	78,412,786	0.0003
1974	795,833	128,171	79,130,446	78,796,615	0.0016
1975	1,177,739	43,910	80,264,275	79,697,361	0.0006
1976	4,699,081	1,136,240	83,827,116	82,045,696	0.0138
1977	1,500,565	738,415	84,589,266	84,208,191	0.0088
1978	3,596,304	210,933	87,974,637	86,281,952	0.0024
1979	3,702,290	690,851	90,986,076	89,480,357	0.0077
1980	1,574,173	1,302,708	91,257,541	91,121,809	0.0143
1981	2,710,157	1,947,465	92,020,233	91,638,887	0.0213
1982	4,780,741	1,372,184	95,428,790	93,724,512	0.0146
1983	2,053,897	244,647	97,238,040	96,333,415	0.0025
1984	1,928,226	583,176	98,583,090	97,910,565	0.0060
1985	1,775,366	79,270	100,279,186	99,431,138	0.0008
1986	1,302,549	1,199,650	100,382,085	100,330,636	0.0120
1987	2,870,827	941,836	102,311,076	101,346,581	0.0093
1988	2,769,412	757,438	104,323,050	103,317,063	0.0073
1989	1,780,224	543,698	105,559,576	104,941,313	0.0052
1990	2,114,057	841,371	106,832,262	106,195,919	0.0079
1991	1,503,783	964,562	107,371,483	107,101,873	0.0090
1992	3,022,972	929,688	109,464,767	108,418,125	0.0086
1993	6,037,402	2,619,487	112,882,682	111,173,725	0.0236
1994	11,992,454	1,471,709	123,403,427	118,143,055	0.0125
1995	10,399,357	5,694,627	128,108,157	125,755,792	0.0453
1996	12,608,246	12,608,246	128,108,157	128,108,157	0.0984
1997	0	3,024,973	125,083,184	126,595,671	0.0239
1998	10,554,688	901,600	134,736,272	129,909,728	0.0069
1999	1,940,785	263,258	136,413,799	135,575,036	0.0019
2000	2,930,632	704,876	138,639,555	137,526,677	0.0051
2001	925,934	356,729	139,208,760	138,924,158	0.0026
2002	3,329,584	560,581	141,977,763	140,593,262	0.0040
2003	183,221,112	15,170,924	310,027,951	226,002,857	0.0671
2004	6,041,203	2,293,276	313,775,878	311,901,915	0.0074
TOTAL 1975-2004	294,843,760	60,198,328	3,671,058,134	3,553,735,418	0.4507

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE 0.4507
 30 **0.0150**

KIUC Adjustment
 Total All Years 374,978,760 61,202,882 4,234,679,332 4,069,536,908 0.4718

AVERAGE INTERIM RATE 0.4718
 42 **0.0112**

KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 314.0 TURBO-GENERATOR UNITS

YEAR	ADDITIONS	RETIREMENTS	BALANCE	AVERAGE BALANCE	RETIREMENT RATIO
1963	11,821,004	0	11,821,004	N. A.	N. A.
1964	19,361	0	11,840,365	11,840,365	0.0000
1965	12,601	755	11,852,211	11,852,211	0.0001
1966	7,592	872	11,858,931	11,858,931	0.0001
1967	7,158	0	11,866,089	11,866,089	0.0000
1968	52,378	0	11,918,467	11,918,467	0.0000
1969	26,377,737	0	38,296,204	26,377,737	0.0000
1970	1,024,372	180,383	39,140,193	38,296,204	0.0047
1971	713,082	0	39,853,275	39,140,193	0.0000
1972	272,380	0	40,125,655	39,853,275	0.0000
1973	63,768	0	40,189,423	40,125,655	0.0000
1974	63,140	0	40,252,563	40,189,423	0.0000
1975	336,271	80,578	40,508,256	40,252,563	0.0020
1976	74,777	2,746	40,580,287	40,508,256	0.0001
1977	33,676	1,548	40,612,415	40,580,287	0.0000
1978	45,149	6,818	40,650,746	40,612,415	0.0002
1979	1,007,454	398,443	41,259,757	40,650,746	0.0097
1980	66,913	214,355	41,112,315	41,259,757	0.0052
1981	1,916,304	618,632	42,409,987	41,112,315	0.0148
1982	1,006,642	82,616	43,334,013	42,409,987	0.0019
1983	1,067,481	549,626	43,851,868	43,334,013	0.0126
1984	237,266	2,944	44,086,190	43,851,868	0.0001
1985	528,415	7,819	44,606,786	44,086,190	0.0002
1986	634,657	709,776	44,531,667	44,606,786	0.0159
1987	229,683	307,098	44,454,252	44,531,667	0.0069
1988	5,606,623	58,088	50,002,787	44,454,252	0.0012
1989	3,103,073	2,768,504	50,337,356	50,002,787	0.0552
1990	2,320,315	1,094,464	51,563,207	50,337,356	0.0215
1991	2,065,521	138,353	53,490,375	51,563,207	0.0026
1992	836,989	1,593,641	52,733,723	53,490,375	0.0300
1993	2,739,309	550,206	54,922,826	52,733,723	0.0102
1994	2,265,960	2,354,678	54,834,108	54,922,826	0.0429
1995	1,186,873	444,477	55,576,504	54,834,108	0.0081
1996	126,815	477,746	55,225,573	55,576,504	0.0086
1997	13,047,841	4,684,964	63,588,450	55,225,573	0.0789
1998	0	695,946	62,892,504	63,588,450	0.0110
1999	0	205,238	62,687,266	62,892,504	0.0033
2000	227,801	52,538	62,862,529	62,687,266	0.0008
2001	47,682	141,367	62,768,844	62,862,529	0.0023
2002	1,505,312	257,582	64,016,574	62,768,844	0.0041
2003	9,648,825	1,427,668	72,237,731	64,016,574	0.0210
2004	1,394,539	692,983	72,939,287	72,237,731	0.0095
TOTAL 1975-2004	53,308,166	20,621,442	1,554,678,183	1,538,348,821	0.3807

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE 0.3807
 0.0127
 30

KIUC Adjustment
 Total All Years 93,742,739 20,803,452 1,863,692,563 1.82 12,418 0.3855

AVERAGE INTERIM RATE 0.3855
 0.0092
 42

KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 315.0 ACCESSORY ELECTRICAL EQUIPMENT

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	2,090,616	0	2,090,616	N. A.	N. A.
1964	9,817	2,835	2,097,598	2,094,107	0.0014
1965	2,265	0	2,099,863	2,098,731	0.0000
1966	20,284	0	2,120,147	2,110,005	0.0000
1967	4,595	0	2,124,742	2,122,445	0.0000
1968	947	0	2,125,689	2,125,216	0.0000
1969	6,451,294	0	8,576,983	5,351,336	0.0000
1970	555,696	0	9,132,679	8,854,831	0.0000
1971	356,319	0	9,488,998	9,310,839	0.0000
1972	13,318	2,910	9,499,406	9,494,202	0.0003
1973	114,131	12,654	9,600,883	9,550,145	0.0013
1974	1,489	4,680	9,597,692	9,599,288	0.0005
1975	0	0	9,597,692	9,597,692	0.0000
1976	425,620	0	10,023,312	9,810,502	0.0000
1977	113,934	0	10,137,246	10,080,279	0.0000
1978	226,909	0	10,364,155	10,250,701	0.0000
1979	40,978	0	10,405,133	10,384,644	0.0000
1980	81,148	0	10,486,281	10,445,707	0.0000
1981	607,835	49,582	11,044,534	10,765,408	0.0046
1982	369,121	120,858	11,292,797	11,168,666	0.0108
1983	92,707	10,516	11,374,988	11,333,893	0.0009
1984	88,302	5,454	11,457,836	11,416,412	0.0005
1985	108,963	11,203	11,555,596	11,506,716	0.0010
1986	38,938	19,802	11,574,732	11,565,164	0.0017
1987	119,792	27,283	11,667,241	11,620,987	0.0023
1988	187,376	71,442	11,783,175	11,725,208	0.0061
1989	100,224	0	11,883,399	11,833,287	0.0000
1990	286,615	24,236	12,145,778	12,014,589	0.0020
1991	106,173	12,852	12,239,099	12,192,439	0.0011
1992	38,842	10,027	12,267,914	12,253,507	0.0008
1993	115,632	9,068	12,374,478	12,321,196	0.0007
1994	79,021	1,052	12,452,447	12,413,463	0.0001
1995	35,386	91,239	12,396,594	12,424,521	0.0073
1996	12,996	0	12,409,590	12,403,092	0.0000
1997	1,139,691	324,810	13,224,471	12,817,031	0.0253
1998	363,986	24,960	13,563,497	13,393,984	0.0019
1999	8,929	1,372	13,571,054	13,567,276	0.0001
2000	368,049	80,920	13,858,183	13,714,619	0.0059
2001	46,339	32,876	13,871,646	13,864,915	0.0024
2002	7,426	2,009	13,877,063	13,874,355	0.0001
2003	244,780	587,860	13,533,983	13,705,523	0.0429
2004	4,907	4,041	13,534,849	13,534,416	0.0003
TOTAL 1975-2004	5,460,619	1,523,462	359,968,763	358,000,185	0.1189

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE	0.1189	
	<hr/>	0.0040
	30	

KIUC Adjustment				
Total All Years	15,081,390	1,546,541	428,524,059	420,711,327
				0.1224

AVERAGE INTERIM RATE	0.1224	
	<hr/>	0.0029
	42	

KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 316.0 MISCELLANEOUS POWER PLANT EQUIPMENT

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	1,013,821	0	1,013,821	N. A.	N. A.
1964	5,839	1,922	1,017,738	1,015,780	0.0019
1965	5,676	0	1,023,414	1,020,576	0.0000
1966	15,702	292	1,038,824	1,031,119	0.0003
1967	2,344	394	1,040,774	1,039,799	0.0004
1968	8,129	150	1,048,753	1,044,764	0.0001
1969	1,686,335	1,226	2,733,862	1,891,308	0.0006
1970	204,242	8,507	2,929,597	2,831,730	0.0030
1971	88,954	1,728	3,016,823	2,973,210	0.0006
1972	58,425	83	3,075,165	3,045,994	0.0000
1973	93,582	1,700	3,167,047	3,121,106	0.0005
1974	555	37,702	3,129,900	3,148,474	0.0120
1975	132,129	1,473	3,260,556	3,195,228	0.0005
1976	20,739	6,251	3,275,044	3,267,800	0.0019
1977	66,965	13,849	3,328,160	3,301,602	0.0042
1978	37,660	27,895	3,337,925	3,333,043	0.0084
1979	25,265	5,173	3,358,017	3,347,971	0.0015
1980	17,868	15,971	3,359,914	3,358,966	0.0048
1981	117,316	3,482	3,473,748	3,416,831	0.0010
1982	122,076	54,567	3,541,257	3,507,503	0.0156
1983	6,160	14,806	3,532,611	3,536,934	0.0042
1984	78,342	5,857	3,605,096	3,568,854	0.0016
1985	101,194	2,086	3,704,204	3,654,650	0.0006
1986	108,695	11,296	3,801,603	3,752,904	0.0030
1987	32,012	12,552	3,821,063	3,811,333	0.0033
1988	29,324	12,736	3,837,651	3,829,357	0.0033
1989	169,870	5,926	4,001,595	3,919,623	0.0015
1990	34,137	10,400	4,025,332	4,013,464	0.0026
1991	41,416	3,814	4,062,934	4,044,133	0.0009
1992	127,431	70,529	4,119,836	4,091,385	0.0172
1993	21,290	623	4,140,503	4,130,170	0.0002
1994	803,660	136,159	4,808,004	4,474,254	0.0304
1995	91,614	104,801	4,794,817	4,801,411	0.0218
1996	39,964	9,510	4,825,271	4,810,044	0.0020
1997	865,744	31,903	5,659,112	5,242,192	0.0061
1998	6,545	51,000	5,614,657	5,636,885	0.0090
1999	31,382	805	5,645,234	5,629,946	0.0001
2000	64,253	0	5,709,487	5,677,361	0.0000
2001	59,062	4,330	5,764,219	5,736,853	0.0008
2002	67,283	38,540	5,792,962	5,778,591	0.0067
2003	442,131	62,105	6,172,988	5,982,975	0.0104
2004	698,136	64,449	6,806,675	6,489,832	0.0099
TOTAL 1975-2004	4,459,663	782,888	131,180,475	129,342,088	0.1735

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE	<u>0.1735</u>				
			0.0058		
			30		
KIUC Adjustment					
Total All Years	7,643,267	836,592	155,416,193	151,505,945	0.1930
AVERAGE INTERIM RATE	<u>0.1930</u>				
			0.0046		
			42		

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE REMAINING LIFE
 BIG SANDY PLANT ACCOUNT 311
 RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE

0.0011 No Change

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	39,765	0.5	19,882	
2006	39,765	1.5	59,647	
2007	39,765	2.5	99,412	
2008	39,765	3.5	139,177	
2009	39,765	4.5	178,941	
2010	39,765	5.5	218,706	
2011	39,765	6.5	258,471	
2012	39,765	7.5	298,236	
2013	39,765	8.5	338,000	
2014	39,765	9.5	377,765	
2015	5,875,352	10.5	61,691,193	
2016	33,346	11.5	383,474	
2017	33,346	12.5	416,820	
2018	33,346	13.5	450,165	
2019	33,346	14.5	483,511	
2020	33,346	15.5	516,857	
2021	33,346	16.5	550,202	
2022	33,346	17.5	583,548	
2023	33,346	18.5	616,893	
2024	33,346	19.5	650,239	
2025	33,346	20.5	683,585	
2026	33,346	21.5	716,930	
2027	33,346	22.5	750,276	
2028	33,346	23.5	783,621	
2029	33,346	24.5	816,967	
2030	33,346	25.5	850,312	
2031	33,346	26.5	883,658	
2032	33,346	27.5	917,004	
2033	33,346	28.5	950,349	
2034	29,276,538	29.5	863,657,881	
TOTALS	36,149,758		939,341,723	25.98 No change

INTERIM RETIREMENTS:

Total Plant at 12/31/04	36,149,758
Less Retirement of Unit 1 in 2015	-5,835,587
Less Final Retirement in year 2034	<u>-29,276,538</u>
Total Interim Retirements	<u>1,037,633</u>

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE REMAINING LIFE
 BIG SANDY PLANT ACCOUNT 312
 RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0112

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	3,634,833	0.5	1,817,417	
2006	3,634,833	1.5	5,452,250	
2007	3,634,833	2.5	9,087,083	
2008	3,634,833	3.5	12,721,917	
2009	3,634,833	4.5	16,356,750	
2010	3,634,833	5.5	19,991,584	
2011	3,634,833	6.5	23,626,417	
2012	3,634,833	7.5	27,261,250	
2013	3,634,833	8.5	30,896,084	
2014	3,634,833	9.5	34,530,917	
2015	10,530,067	10.5	110,565,708	
2016	3,557,607	11.5	40,912,478	
2017	3,557,607	12.5	44,470,085	
2018	3,557,607	13.5	48,027,691	
2019	3,557,607	14.5	51,585,298	
2020	3,557,607	15.5	55,142,905	
2021	3,557,607	16.5	58,700,512	
2022	3,557,607	17.5	62,258,118	
2023	3,557,607	18.5	65,815,725	
2024	3,557,607	19.5	69,373,332	
2025	3,557,607	20.5	72,930,939	
2026	3,557,607	21.5	76,488,545	
2027	3,557,607	22.5	80,046,152	
2028	3,557,607	23.5	83,603,759	
2029	3,557,607	24.5	87,161,366	
2030	3,557,607	25.5	90,718,972	
2031	3,557,607	26.5	94,276,579	
2032	3,557,607	27.5	97,834,186	
2033	3,557,607	28.5	101,391,793	
2034	213,623,372	29.5	6,301,889,475	
TOTALS	324,538,695		7,874,935,287	24.27

INTERIM RETIREMENTS:

Total Plant at 12/31/04	324,538,695
Less Retirement of Unit 1 in 2015	-6,895,234
Less Final Retirement in year 2034	<u>-213,623,372</u>
Total Interim Retirements	<u>104,020,089</u>

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE REMAINING LIFE
 BIG SANDY PLANT ACCOUNT 314
 RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0092

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	671,959	0.5	335,979	
2006	671,959	1.5	1,007,938	
2007	671,959	2.5	1,679,897	
2008	671,959	3.5	2,351,855	
2009	671,959	4.5	3,023,814	
2010	671,959	5.5	3,695,773	
2011	671,959	6.5	4,367,731	
2012	671,959	7.5	5,039,690	
2013	671,959	8.5	5,711,648	
2014	671,959	9.5	6,383,607	
2015	6,146,815	10.5	64,541,554	
2016	621,590	11.5	7,148,285	
2017	621,590	12.5	7,769,875	
2018	621,590	13.5	8,391,465	
2019	621,590	14.5	9,013,055	
2020	621,590	15.5	9,634,645	
2021	621,590	16.5	10,256,234	
2022	621,590	17.5	10,877,824	
2023	621,590	18.5	11,499,414	
2024	621,590	19.5	12,121,004	
2025	621,590	20.5	12,742,594	
2026	621,590	21.5	13,364,184	
2027	621,590	22.5	13,985,774	
2028	621,590	23.5	14,607,364	
2029	621,590	24.5	15,228,954	
2030	621,590	25.5	15,850,544	
2031	621,590	26.5	16,472,134	
2032	621,590	27.5	17,093,724	
2033	621,590	28.5	17,715,314	
2034	48,983,962	29.5	1,445,026,893	
TOTALS	73,038,983		1,766,938,768	24.19

INTERIM RETIREMENTS:

Total Plant at 12/31/04	73,038,983
Less Retirement of Unit 1 in 2015	-5,474,856
Less Final Retirement in year 2034	<u>-48,983,962</u>
Total Interim Retirements	<u>18,580,165</u>

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE REMAINING LIFE
 BIG SANDY PLANT ACCOUNT 315
 RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0029

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	39,854	0.5	19,927	
2006	39,854	1.5	59,780	
2007	39,854	2.5	99,634	
2008	39,854	3.5	139,487	
2009	39,854	4.5	179,341	
2010	39,854	5.5	219,194	
2011	39,854	6.5	259,048	
2012	39,854	7.5	298,902	
2013	39,854	8.5	338,755	
2014	39,854	9.5	378,609	
2015	1,505,064	10.5	15,803,167	
2016	35,604	11.5	409,451	
2017	35,604	12.5	445,055	
2018	35,604	13.5	480,660	
2019	35,604	14.5	516,264	
2020	35,604	15.5	551,869	
2021	35,604	16.5	587,473	
2022	35,604	17.5	623,078	
2023	35,604	18.5	658,682	
2024	35,604	19.5	694,286	
2025	35,604	20.5	729,891	
2026	35,604	21.5	765,495	
2027	35,604	22.5	801,100	
2028	35,604	23.5	836,704	
2029	35,604	24.5	872,309	
2030	35,604	25.5	907,913	
2031	35,604	26.5	943,517	
2032	35,604	27.5	979,122	
2033	35,604	28.5	1,014,726	
2034	11,198,122	29.5	330,344,605	
TOTALS	13,742,601		360,958,046	26.27

INTERIM RETIREMENTS:

Total Plant at 12/31/04	13,742,601
Less Retirement of Unit 1 in 2015	-1,465,210
Less Final Retirement in year 2034	<u>-11,198,122</u>
Total Interim Retirements	<u>1,079,269</u>

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE REMAINING LIFE
 BIG SANDY PLANT ACCOUNT 316
 RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0046

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	29,987	0.5	14,994	
2006	29,987	1.5	44,981	
2007	29,987	2.5	74,968	
2008	29,987	3.5	104,955	
2009	29,987	4.5	134,942	
2010	29,987	5.5	164,930	
2011	29,987	6.5	194,917	
2012	29,987	7.5	224,904	
2013	29,987	8.5	254,891	
2014	29,987	9.5	284,878	
2015	821,158	10.5	8,622,161	
2016	26,348	11.5	303,000	
2017	26,348	12.5	329,348	
2018	26,348	13.5	355,695	
2019	26,348	14.5	382,043	
2020	26,348	15.5	408,391	
2021	26,348	16.5	434,739	
2022	26,348	17.5	461,087	
2023	26,348	18.5	487,434	
2024	26,348	19.5	513,782	
2025	26,348	20.5	540,130	
2026	26,348	21.5	566,478	
2027	26,348	22.5	592,826	
2028	26,348	23.5	619,173	
2029	26,348	24.5	645,521	
2030	26,348	25.5	671,869	
2031	26,348	26.5	698,217	
2032	26,348	27.5	724,565	
2033	26,348	28.5	750,912	
2034	4,923,663	29.5	145,248,073	
TOTALS	6,518,954		164,854,802	25.29

INTERIM RETIREMENTS:

Total Plant at 12/31/04	6,518,954
Less Retirement of Unit 1 in 2015	-791,171
Less Final Retirement in year 2034	<u>-4,923,663</u>
Total Interim Retirements	<u>804,120</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATED DEPRECIATION RESERVE
STEAM PRODUCTION PLANT

ACCOUNT	PLANT BALANCE AT 12-31-04	AVERAGE AGE	AVERAGE REM. LIFE	AVERAGE LIFE	NET SALVAGE	% REM. LIFE TO AVG. LIFE	CALCULATED RESERVE %	CALCULATED RESERVE W/O NET SALVAGE	CALCULATED RESERVE WITH NET SALVAGE
BIG SANDY									
311	36,149,758	26.08	25.98	52.06	-1%	49.90%	50.10%	18,109,598	18,290,694
312	324,538,694	9.97	24.27	34.24	-12%	70.88%	29.12%	94,499,147	105,839,044
314	73,038,983	20.85	24.19	45.04	-9%	53.71%	46.29%	33,811,341	36,854,362
315	13,742,601	32.06	26.27	58.33	-3%	45.04%	54.96%	7,553,365	7,779,966
316	<u>6,518,954</u>	22.08	25.29	47.37	-4%	53.39%	46.61%	<u>3,038,600</u>	<u>3,160,144</u>
Total	<u>453,988,990</u>							<u>157,012,051</u>	<u>171,924,211</u>

EXHIBIT ____ (LK-12)

Kentucky Power Company
 Depreciation Expense Adjustments
 For the Test Year Ended 6/30/05

	Electric Plant In Service as of 6/30/2005	New Annual Rate Per KPCO Filing	Annualized Depreciation Per KPCO Filing	New Annual Rate With Adjustments Listed	KIUC Adjusted Annualized Depreciation	KIUC Depreciation Adjustment
Production Steam	459,150,369	0.0357	16,391,668	0.0299	13,728,596	(2,663,072)
Transmission	385,378,899	0.0271	10,443,768	0.0261	10,058,389	(385,379)
Distribution	445,002,421	0.0364	16,198,088	0.0343	15,263,583	(934,505)
General Plant	<u>29,575,208</u>	0.0531	<u>1,570,444</u>	0.0531	<u>1,570,444</u>	<u>-</u>
	1,319,106,897		44,603,968		40,621,012	(3,982,956)
			Allocation Factor - GP-TOT			<u>0.990</u>
			Total Depreciation Expense Reduction			<u>(3,943,127)</u>
			Total of Prior Depreciation Adjustments			<u>(2,590,986)</u>
			Total of Depreciation Adjustment 4			<u>(1,352,141)</u>

Adjustments Included:

- 1 - Remove \$32,000,000 million demolition costs from computation of net salvage costs.
- 2 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.
- 3 - Use full history of additions and retirements to determine interim retirement rate for Big Sandy Assets instead of last 30 years.
- 4 - Use of Net Salvage percentages on overall functional account basis instead of judgement percentages based on retirements.

KENTUCKY POWER COMPANY
ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Adjustments 1,2,3 and 4

SCHEDULE I

ACCOUNT	ORIGINAL COST AT 12/31/04	AVERAGE LIFE AND CURVE TYPE	TERMINAL RETIREMENT DATE	NET SALVAGE RATIO	TOTAL TO BE RECOVERED	CALCULATED DEPRECIATION REQUIREMENT	ALLOCATED ACCUMULATED DEPRECIATION	REMAINING TO BE RECOVERED	AVERAGE REMAINING LIFE	RECOMMENDED ANNUAL AMOUNT	ACCURAL PERCENT	
NO. (I)	TITLE (II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	
STEAM PRODUCTION PLANT												
BIG SANDY PLANT												
			2015/2034									
311.0	Structures & Improvements	36,149,758	FCST.		1.10	39,764,734	18,290,694	17,754,918	22,009,815	25.98	847,183	2.34%
312.0	Boiler Plant Equipment	324,538,695	FCST.		1.10	356,992,565	105,839,044	103,605,070 (a)	253,387,495	24.27	10,440,358	3.22%
314.0	Turbogenerator Units	73,038,983	FCST.		1.10	80,342,881	36,854,362	35,774,814	44,568,067	24.19	1,842,417	2.52%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		1.10	15,116,961	7,779,966	7,552,073	7,564,788	26.27	287,963	2.10%
316.0	Misc. Power Plant Equip.	6,518,954	FCST.		1.10	7,170,849	3,160,144	3,067,577	4,103,273	25.29	162,249	2.49%
	Total Steam Production Plant	<u>453,988,991</u>				<u>499,397,990</u>	<u>171,924,211</u>	<u>167,754,452</u>	<u>331,633,438</u>		<u>13,580,169</u>	2.99%
TRANSMISSION PLANT												
350.1	Land Rights	23,258,047	75 R4.0	N.A.	1.12	26,049,013	6,498,508	5,181,575	20,867,437	54.05	388,077	1.66%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	1.12	7,153,513	2,174,176	1,734,110	5,419,403	36.28	149,377	2.34%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	1.12	137,931,490	30,208,898	24,094,424	113,837,066	30.19	3,770,688	3.06%
354.0	Towers & Fixtures	92,364,356	55 R4.0	N.A.	1.12	103,448,079	44,490,496	35,485,349	67,962,730	35.38	1,920,936	2.08%
355.0	Poles & Fixtures	37,506,208	35 S6.0	N.A.	1.12	42,006,953	18,200,586	14,516,677	27,490,276	23.68	1,160,907	3.10%
356.0	OH Conductor & Devices	100,355,481	50 S6.0	N.A.	1.12	112,398,139	39,881,156	31,808,967	80,589,171	31.08	2,592,959	2.58%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	1.12	12,981	5,713	4,557	8,424	18.76	449	3.87%
356.0	Underground Conductor	<u>106,066</u>	44 R1.0	N.A.	1.12	<u>118,794</u>	<u>37,616</u>	<u>30,002</u>	<u>88,792</u>	28.40	3,126	2.95%
	Total Transmission Plant	<u>389,141,929</u>				<u>429,118,960</u>	<u>141,495,137</u>	<u>112,855,660</u>	<u>316,263,300</u>		<u>9,984,520</u>	2.61%
DISTRIBUTION PLANT												
360.1	Land Rights	3,691,802	75 R4.0	N.A.	0.95	3,507,212	1,464,290	1,521,740	1,985,471	45.25	43,878	1.19%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	0.95	4,019,512	801,496	832,942	3,186,570	56.74	56,161	1.33%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	0.95	39,916,948	11,888,206	12,354,632	27,562,316	21.51	1,281,372	3.05%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	0.95	118,438,531	48,873,736	50,791,264	67,647,367	20.16	3,355,524	2.69%
365.0	Overhead Conductor & Devices	99,426,561	30 R0.5	N.A.	0.95	94,455,233	19,903,904	20,684,820	73,770,413	22.49	3,280,143	3.30%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	0.95	2,811,904	483,560	502,532	2,309,372	41.83	55,209	1.87%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	0.95	5,207,965	603,991	627,688	4,580,276	46.13	99,291	1.81%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	0.95	79,976,151	18,278,290	18,995,426	60,980,724	20.60	2,960,229	3.52%
369.0	Services	31,239,944	22 R0.5	N.A.	0.95	29,877,947	6,827,939	7,199,752	22,478,195	16.26	1,382,423	4.43%
370.0	Meters	21,071,793	20 R3.0	N.A.	0.95	20,018,203	7,761,512	8,066,030	11,952,174	10.18	1,174,084	5.57%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	0.95	14,818,938	3,614,093	3,755,690	11,063,048	9.22	1,199,897	7.69%
373.0	Street Lighting & Signal Sys.	<u>2,741,234</u>	20 L0.0	N.A.	0.95	<u>2,604,172</u>	<u>844,368</u>	<u>877,496</u>	<u>1,726,676</u>	14.13	<u>122,189</u>	4.46%
	Total Distribution Plant	<u>437,318,753</u>				<u>415,452,815</u>	<u>121,445,385</u>	<u>126,210,213</u>	<u>289,242,602</u>		<u>15,010,409</u>	3.43%
GENERAL PLANT												
389.2	Land Rights	84,011	75 R4.0	N.A.	0.91	76,450	10,301	5,029	71,421	65.80	1,085	1.29%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	0.91	17,559,357	8,268,103	4,035,838	13,523,519	13.10	1,032,330	5.35%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	0.91	1,581,197	386,452	188,681	1,392,516	27.22	51,158	2.94%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	0.91	5,295	3,136	1,531	3,764	13.83	272	4.68%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	0.91	172,228	47,037	22,965	149,263	22.54	6,622	3.50%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	0.91	1,557,299	262,618	128,220	1,429,079	27.09	52,753	3.08%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	0.91	359,899	258,983	126,446	232,453	10.99	21,151	5.36%
396.0	Power Operated Equipment	5,931	8 S0	N.A.	0.91	5,397	1,853	905	4,493	5.50	817	13.77%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	0.91	4,246,760	1,960,549	957,217	3,289,542	10.13	324,733	6.96%
398.0	Miscellaneous Equipment	<u>584,684</u>	19 L2.0	N.A.	0.91	<u>532,062</u>	<u>134,604</u>	<u>85,719</u>	<u>466,343</u>	14.63	<u>31,876</u>	5.45%
	Total General Plant	<u>28,675,764</u>				<u>26,094,945</u>	<u>11,331,636</u>	<u>5,532,552</u>	<u>20,562,393</u>		<u>1,522,797</u>	5.31%
	Total Depreciable Plant	<u>1,303,125,437</u>				<u>1,370,054,611</u>	<u>446,196,369</u>	<u>412,352,877 (a)</u>	<u>957,701,734</u>		<u>40,097,894</u>	3.08%

(a) Includes allocated reserve of \$105,161,967 plus \$866,291 of accumulated amortization applicable to SCR Catalysts.

KENTUCKY POWER COMPANY
Transmission Plant Net Salvage Test

06-Jan-06

Retirements

Year	<u>352</u>	<u>353</u>	<u>354.0</u>	<u>355.0</u>	<u>356.0</u>	<u>357</u>	<u>358</u>	<u>Total</u>	<u>Removal</u> %	<u>Weighted</u> (000)
1990	1,248	143,432	68,846	12,894	0	0	0	226,420	-51%	-115
1991	4,839	703,871	1,436	64,021	54,844	0	0	829,011	-31%	-258
1992	982	1,446,425	2,344	161,031	72,454	0	0	1,683,236	40%	666
1993	8,738	540,897	5,820	286,574	134,392	0	0	976,421	-63%	-619
1994	522	807,484	0	51,836	12,669	0	0	872,511	11%	97
1995	2,589	143,408	0	50,733	0	0	0	196,730	-49%	-97
1996	11,283	32,475	894	58,862	40,165	0	0	143,679	-2%	-3
1997	6,190	1,056,611	9,923	205,721	85,900	0	0	1,364,345	1%	17
1998	373	165,269	0	126,426	170,083	0	0	462,151	26%	119
1999	852	357,124	0	459,086	315,114	0	0	1,132,176	18%	198
2000	0	308,529	0	307,215	112,148	0	0	727,892	-4%	-30
2001	0	104,157	406	129,175	8,636	0	0	242,374	-297%	-720
2002	352	167,185	4,473	169,000	107,845	0	0	448,855	5%	24
2003	0	462,374	2,124	23,422	102,595	0	0	590,515	-130%	-769
2004	<u>0</u>	<u>699,507</u>	<u>0</u>	<u>358,451</u>	<u>55,179</u>	<u>0</u>	<u>0</u>	<u>1,113,137</u>	15%	<u>162</u>
TOTAL	<u>37,968</u>	<u>7,138,748</u>	<u>96,266</u>	<u>2,464,447</u>	<u>1,272,024</u>	<u>0</u>	<u>0</u>	<u>11,009,453</u>	-12%	<u>-1,328</u>

EVALUATION BASED ON 1990-2004 ACTUAL

	352	353	354.1	355.1	356.1	357	358	Total
Total Retmnts	37,968	7,138,748	96,266	2,464,447	1,272,024	0	0	11,009,453
Gross Removal %	0	0	-35	-50	-5	0	0	-12
Gross Removal \$	0	0	-33,693	-1,232,224	-63,601	0	0	-1,329,518

KENTUCKY POWER COMPANY
Distribution Plant Net Salvage Test

06-Jan-06

Year	Retirements											Total	Removal %	Weighted (000)
	361	362	364	365	366	367	368	369	370	371	373			
1990	2,108	289,306	2,752,129	1,114,551	7,201	11,675	959,910	396,795	363,340	261,542	73,803	6,232,360	2%	128
1991	4,188	308,865	1,480,558	1,060,633	1,608	19,317	1,219,271	456,573	293,127	317,371	48,604	5,210,115	-18%	-940
1992	0	107,270	1,465,072	909,965	0	69,723	1,618,101	415,580	381,788	292,580	21,277	5,281,356	-20%	-1,064
1993	972	176,465	1,304,149	758,447	0	9,042	1,105,636	696,650	502,234	349,338	27,095	4,930,028	-8%	-374
1994	19,675	287,934	144,412	1,379,552	199	18,365	1,164,053	562,102	578,545	354,008	37,451	4,524,294	3%	155
1995	2,757	287,579	1,671,011	2,549,129	5,842	19,071	1,313,309	497,449	631,083	350,093	30,017	7,357,320	1%	39
1996	5,030	454,597	1,126,637	1,662,236	1,248	37,421	1,578,917	475,561	517,207	246,115	18,665	6,125,834	2%	95
1997	6,522	734,060	1,542,829	1,668,505	4,035	46,345	2,188,374	522,610	836,156	529,850	26,937	8,102,223	6%	448
1998	57,059	430,669	1,082,705	867,054	1,777	16,729	1,560,837	431,172	723,727	553,968	20,374	5,746,071	9%	520
1999	462	133,384	779,722	767,232	2,608	11,656	1,278,242	344,602	979,544	465,115	15,450	4,778,017	4%	179
2000	0	430,936	1,459,576	1,553,565	6,479	36,661	1,443,110	569,287	1,709,961	637,697	26,217	7,873,489	16%	1,286
2001	0	543,501	1,402,194	1,323,285	9,421	11,194	1,029,459	390,080	639,511	563,886	22,268	5,934,589	-12%	-728
2002	0	163,287	1,100,199	2,020,300	16,953	71,261	1,055,795	508,684	970,185	370,170	27,698	6,304,532	54%	3,401
2003	0	448,926	770,546	1,665,159	2,929	23,089	1,073,924	630,850	624,632	155,458	19,163	5,414,676	7%	367
2004	370	325,880	3,264,700	1,048,651	2,052	37,052	1,076,234	511,999	832,607	115,921	33,892	7,249,358	13%	966
TOTAL	99,143	5,102,659	21,348,629	20,346,264	62,352	438,601	19,663,172	7,409,994	10,561,627	5,562,910	448,911	91,064,262	5%	4,477

EVALUATION BASED ON 1990-2004 ACTUAL

	361	362	364	365	366	367	368	369	370	371	373	Total
Total Retmts	99,143	5,102,659	21,348,629	20,346,264	62,352	438,601	19,663,172	7,409,994	10,561,627	5,562,910	448,911	91,064,262
Gross Removal %	0	0	-40	20	0	15	25	15	25	0	-5	5
Gross Removal \$	0	0	-8,539,452	4,069,253	0	65,790	4,915,793	1,111,499	2,645,407	0	-22,446	4,245,845

KENTUCKY POWER COMPANY
General Plant Salvage Test

06-Jan-06

Retirements

Year	<u>390</u>	<u>391</u>	<u>392</u>	<u>393</u>	<u>394</u>	<u>395</u>	<u>396</u>	<u>397</u>	<u>398</u>	Total	Salvage %	Weighted (000)
1990	102,966	60,961	0	0	13,247	0	0	18,191	50,179	245,544	9%	21
1991	54,531	24,275	55,930	524	188	0	0	27,394	2,396	165,238	-27%	-44
1992	87,473	17,127	0	48,111	57,500	0	0	135,867	4,563	350,641	8%	26
1993	1,500	3,279	0	0	7,269	971	0	69,700	176,925	259,644	-26%	-67
1994	8,581	1,147	0	3,479	0	0	0	18,899	2,416	34,522	11%	4
1995	0	6,412	0	0	1,329	0	0	523	0	8,264	-35%	-3
1996	290,552	4,438	0	0	734	7,565	0	157,954	63,224	524,467	16%	86
1997	0	1,923	0	0	1,113	0	0	219,173	14,210	236,419	14%	33
1998	3,693	81,954	11,241	1,690	25,510	29,020	0	982,587	34,504	1,170,199	0%	0
1999	26,757	0	0	0	0	0	0	0	0	26,757	-36%	-10
2000	0	15,335	0	0	2,272	5,215	0	0	0	22,822	16%	4
2001	182,029	0	0	0	0	0	0	47,157	0	229,186	-32%	-74
2002	160,071	0	0	0	0	0	0	51,409	0	211,480	0%	0
2003	1,426,227	5,790	38,129	7,347	5,105	2,558	0	244,213	0	1,729,369	-14%	-245
2004	<u>10,330,436</u>	<u>3,747</u>	<u>0</u>	<u>779</u>	<u>3,477</u>	<u>3,405</u>	<u>0</u>	<u>874,410</u>	<u>0</u>	<u>11,216,254</u>	16%	<u>1,741</u>
TOTAL	<u>12,674,816</u>	<u>226,388</u>	<u>105,300</u>	<u>61,930</u>	<u>117,744</u>	<u>48,734</u>	<u>0</u>	<u>2,847,477</u>	<u>348,417</u>	<u>16,430,806</u>	9%	<u>1,472</u>

EVALUATION BASED ON 1990-2004 ACTUAL

	<u>390</u>	<u>391</u>	<u>392</u>	<u>393</u>	<u>394</u>	<u>395</u>	<u>396</u>	<u>397</u>	<u>398</u>	Total
Total Retmts	12,674,816	226,388	105,300	61,930	117,744	48,734	0	2,847,477	348,417	16,082,389
Gross Salvage, %	10	0	0	0	0	0	0	10	0	10
Gross Salvage \$	1,267,482	0	0	0	0	0	0	284,748	0	1,552,229

EXHIBIT ____ (LK-13)

Kentucky Power Company
 Depreciation Expense Adjustments
 For the Test Year Ended 6/30/05

	Electric Plant In Service as of 6/30/2005	New Annual Rate Per KPCO Filing	Annualized Depreciation Per KPCO Filing	New Annual Rate With Adjustments Listed	KIUC Adjusted Annualized Depreciation	KIUC Depreciation Adjustment
Production Steam	459,150,369	0.0357	16,391,668	0.0295	13,544,936	(2,846,732)
Transmission	385,378,899	0.0271	10,443,768	0.0213	8,208,571	(2,235,198)
Distribution	445,002,421	0.0364	16,198,088	0.0328	14,596,079	(1,602,009)
General Plant	<u>29,575,208</u>	0.0531	<u>1,570,444</u>	0.0524	<u>1,549,741</u>	<u>(20,703)</u>
	1,319,106,897		44,603,968		37,899,327	(6,704,641)
			Allocation Factor - GP-TOT			<u>0.990</u>
			Total Depreciation Expense Reduction			<u>(6,637,595)</u>
			Total of Prior Depreciation Adjustments			<u>(3,943,127)</u>
			Total of Depreciation Adjustment 5			<u>(2,694,468)</u>

Adjustments Included:

- 1 - Remove \$32,000,000 million demolition costs from computation of net salvage costs.
- 2 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.
- 3 - Use full history of additions and retirements to determine interim retirement rate for Big Sandy Assets instead of last 30 years.
- 4 - Use of Net Salvage percentages on overall functional account basis instead of judgement percentages based on retirements.
- 5 - Use full history for all Net Salvage percentages instead of just the 15 year period of 1990-2004.

ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
 BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
 AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Adjustments 1,2,3,4 and 5

NO.	ACCOUNT TITLE	ORIGINAL COST AT 12/31/04	AVERAGE LIFE AND CURVE TYPE	TERMINAL RETIREMENT DATE	NET SALVAGE RATIO	TOTAL TO BE RECOVERED	CALCULATED DEPRECIATION REQUIREMENT	ALLOCATED ACCUMULATED DEPRECIATION	REMAINING TO BE RECOVERED	AVERAGE REMAINING LIFE	RECOMMENDED ANNUAL AMOUNT	ACCRAUL PERCENT
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)
STEAM PRODUCTION PLANT												
BIG SANDY PLANT 2015/2034												
311.0	Structures & Improvements	36,149,758	FCST.		1.09	39,403,236	18,290,694	17,754,918	21,648,318	25.98	833,269	2.31%
312.0	Boiler Plant Equipment	324,538,695	FCST.		1.09	353,747,178	105,839,044	103,605,070 (a)	250,142,108	24.27	10,306,638	3.18%
314.0	Turbogenerator Units	73,039,983	FCST.		1.09	79,612,491	36,854,352	35,774,814	43,837,678	24.19	1,812,223	2.48%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		1.09	14,979,435	7,779,966	7,552,073	7,427,362	26.27	282,732	2.06%
316.0	Misc. Power Plant Equip.	6,518,954	FCST.		1.09	7,105,690	3,160,144	3,067,577	4,038,083	25.29	159,671	2.45%
	Total Steam Production Plant	453,988,991				494,848,000	171,924,211	167,754,452	327,093,548		13,394,532	2.95%
TRANSMISSION PLANT												
350.1	Land Rights	23,258,047	75 R4.0	N.A.	0.97	22,560,306	6,496,508	5,181,575	17,378,730	54.05	321,531	1.38%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	0.97	6,195,453	2,174,176	1,734,110	4,461,344	35.28	122,970	1.93%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	0.97	119,458,523	30,208,886	24,094,424	95,364,099	30.19	3,158,798	2.56%
354.0	Towers & Fixtures	92,364,356	55 R4.0	N.A.	0.97	89,593,425	44,490,496	35,485,349	54,108,077	35.38	1,529,341	1.66%
355.0	Poles & Fixtures	37,506,209	35 S6.0	N.A.	0.97	36,381,022	18,200,586	14,516,677	21,864,345	23.68	923,325	2.46%
356.0	OH Conductor & Devices	100,355,481	50 S6.0	N.A.	0.97	97,344,817	39,881,156	31,808,967	65,535,849	31.08	2,108,618	2.10%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	0.97	11,242	5,713	4,557	6,686	18.76	356	3.07%
358.0	Underground Conductor	106,066	44 R1.0	N.A.	0.97	102,884	37,616	30,002	72,882	28.40	2,566	2.42%
	Total Transmission Plant	383,141,929				371,647,671	141,495,137	112,855,660	258,792,011		8,167,505	2.13%
DISTRIBUTION PLANT												
360.1	Land Rights	3,691,802	75 R4.0	N.A.	0.92	3,396,458	1,464,290	1,521,740	1,874,717	45.25	41,430	1.12%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	0.92	3,892,580	801,496	832,942	3,059,638	56.74	53,924	1.27%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	0.92	38,656,413	11,888,206	12,354,632	26,301,781	21.51	1,222,770	2.91%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	0.92	114,698,464	48,873,736	50,791,264	63,907,199	20.16	3,170,000	2.54%
365.0	Overhead Conductor & Devices	99,426,561	30 R0.5	N.A.	0.92	91,472,436	19,903,904	20,684,820	70,787,616	22.49	3,147,515	3.17%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	0.92	2,723,107	483,560	502,532	2,220,575	41.83	53,086	1.79%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	0.92	5,043,503	603,991	627,688	4,415,814	46.13	95,725	1.75%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	0.92	77,450,588	18,278,290	18,995,426	58,455,162	20.60	2,837,629	3.37%
369.0	Services	31,239,944	22 R0.5	N.A.	0.92	28,740,748	6,927,939	7,199,752	21,540,996	16.26	1,324,785	4.24%
370.0	Meters	21,071,793	20 R3.0	N.A.	0.92	19,386,050	7,761,512	8,066,030	11,320,020	10.18	1,111,986	5.28%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	0.92	14,350,971	3,614,093	3,755,890	10,595,082	9.22	1,149,141	7.37%
373.0	Street Lighting & Signal Sys.	2,741,234	20 L0.0	N.A.	0.92	2,521,935	844,368	877,496	1,644,439	14.13	116,379	4.25%
	Total Distribution Plant	437,318,753				402,333,253	121,445,385	126,210,213	276,123,040		14,324,371	3.28%
GENERAL PLANT												
389.2	Land Rights	84,011	75 R4.0	N.A.	0.90	75,610	10,301	5,029	70,581	65.80	1,073	1.28%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	0.90	17,366,397	8,266,103	4,035,838	13,330,560	13.10	1,017,600	5.27%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	0.90	1,563,821	385,452	188,681	1,375,140	27.22	50,519	2.91%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	0.90	5,237	3,136	1,531	3,706	13.83	268	4.61%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	0.90	170,336	47,037	22,965	147,370	22.54	6,538	3.45%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	0.90	1,540,186	262,618	129,220	1,411,966	27.09	52,121	3.05%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	0.90	354,955	258,983	126,446	228,509	10.99	20,792	5.27%
396.0	Power Operated Equipment	5,931	8 S Q	N.A.	0.90	5,338	1,853	905	4,433	5.50	806	13.59%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	0.90	4,200,092	1,960,549	957,217	3,242,875	10.13	320,126	6.86%
398.0	Miscellaneous Equipment	584,684	19 L2.0	N.A.	0.90	526,216	134,604	65,719	460,497	14.63	31,476	5.38%
	Total General Plant	28,675,764				25,808,188	11,331,636	5,532,552	20,275,636		1,501,320	5.24%
	Total Depreciable Plant	1,303,125,437				1,294,637,112	446,196,369	412,352,877 (a)	862,284,235		37,387,726	2.87%

(a) Includes allocated reserve of \$105,161,967 plus \$866,291 of accumulated amortization applicable to SCR Catalysts.

KPCO
Production Detail

Reserve Account	Activity Year	Original Cost Retired	Salvage	Removal	Net Salvage
10810000	1960	-	450	3,141	#DIV/0!
10810000	1961	-	365	250	#DIV/0!
10810000	1962	-	-	-	#DIV/0!
10810000	1963	-	-	-	#DIV/0!
10810000	1964	12,972	2,350	559	14%
10810000	1965	8,393	63	1,353	-15%
10810000	1966	28,356	1,639	1,309	1%
10810000	1967	72,923	50,088	207	68%
10810000	1968	128,116	3,717	11,276	-6%
10810000	1969	6,226	-	-	0%
10810000	1970	765,565	38,983	20,261	2%
10810000	1971	126,096	2,831	42,474	-31%
10810000	1972	26,254	8,641	3,092	21%
10810000	1973	40,145	3,905	76,655	-181%
10810000	1974	172,218	661	756	0%
10810000	1975	123,712	8,539	28,002	-16%
10810000	1976	1,145,237	9,669	56,912	-4%
10810000	1977	753,812	78,585	111,093	-4%
10810000	1978	280,923	1,491	20,757	-7%
10810000	1979	1,978,089	83,069	278,953	-10%
10810000	1980	1,539,921	5,630	126,933	-8%
10810000	1981	1,729,730	3,569	573,164	-33%
10810000	1982	1,674,621	55,571	704,047	-39%
10810000	1983	1,127,403	12,461	49,042	-3%
10810000	1984	597,900	724	112,419	-19%
10810000	1985	101,983	69,625	537,959	-459%
10810000	1986	1,341,809	69,408	10,759	4%
10810000	1987	1,296,541	671,733	386,860	22%
10810000	1988	1,239,413	146,691	1,881,634	-140%
10810000	1989	3,675,101	1,495,274	264,645	33%
10810000	1990	1,974,433	435,816	814,536	-19%
10810000	1991	1,154,968	25,400	311,112	-25%
10810000	1992	2,617,525	866,774	427,952	17%
10810000	1993	3,236,184	(34,358)	1,578,355	-50%
10810000	1994	3,969,598	60,472	2,038,522	-50%
10810000	1995	6,338,609	1,919,772	2,724,820	-13%
10810000	1996	2,883,635	(108,297)	2,268,116	-82%
10810000	1997	8,213,501	1,622,235	1,652,784	0%
10810000	1998	1,885,004	(109,746)	2,094,579	-117%
10810000	1999	474,672	3,780	8,267	-1%
10810000	2000	855,616	1,711	203,653	-24%
10810000	2001	543,659	172,103	(80,513)	46%
10810000	2002	875,114	30,879	55,395	-3%
10810000	2003	17,253,619	(28,698)	1,578,174	-9%
10810000	2004	3,134,846	39,639	4,362,183	-138%
Total		75,404,442	7,723,214	25,342,447	-23%
1990-2004		55,410,983	4,897,482	20,037,935	-27%

KPCO
Transmission Detail

Reserve Account	Activity Year	Original Cost Retired	Salvage	Removal	Net Salvage
10850000	1954	34,583	15,298	7,180	23%
10850000	1955	47,135	23,025	7,889	32%
10850000	1956	22,861	5,024	5,258	-1%
10850000	1957	134,912	42,741	10,113	24%
10850000	1958	89,413	39,278	23,451	18%
10850000	1959	109,562	56,914	10,968	42%
10850000	1960	120,308	25,114	12,000	11%
10850000	1961	97,570	58,122	19,975	39%
10850000	1962	105,122	48,139	35,762	12%
10850000	1963	81,024	76,939	10,727	82%
10850000	1964	44,999	2,529	8,623	-14%
10850000	1965	456,939	129,041	138,735	-2%
10850000	1966	202,844	54,393	73,574	-9%
10850000	1967	378,070	64,988	112,497	-13%
10850000	1968	241,351	13,413	57,522	-18%
10850000	1969	600,025	103,002	103,107	0%
10850000	1970	52,004	17,779	12,589	10%
10850000	1971	153,003	55,726	28,344	18%
10850000	1972	166,793	56,538	36,030	12%
10850000	1973	238,120	192,316	49,235	60%
10850000	1974	230,313	339,163	45,869	127%
10850000	1975	137,446	129,176	69,379	44%
10850000	1976	789,389	143,997	32,216	14%
10850000	1977	250,212	225,156	1,431	89%
10850000	1978	422,125	(37,889)	(17,686)	-5%
10850000	1979	138,790	60,197	145,231	-61%
10850000	1980	740,426	303,867	118,565	25%
10850000	1981	1,235,156	137,039	72,785	5%
10850000	1982	348,126	306,936	146,727	46%
10850000	1983	133,764	137,997	79,939	43%
10850000	1984	248,203	51,497	68,152	-7%
10850000	1985	407,649	306,076	38,164	66%
10850000	1986	620,920	22,842	175,660	-25%
10850000	1987	205,446	197,229	69,955	62%
10850000	1988	325,128	276,527	110,394	51%
10850000	1989	950,539	370,387	122,039	26%
10850000	1990	455,000	64,159	296,114	-51%
10850000	1991	863,065	59,121	327,755	-31%
10850000	1992	1,871,867	1,163,291	422,506	40%
10850000	1993	748,707	(228,274)	245,842	-63%
10850000	1994	908,689	194,052	92,692	11%
10850000	1995	220,890	42,611	151,723	-49%
10850000	1996	(25,138)	(5,644)	(6,225)	-2%
10850000	1997	984,775	51,684	39,136	1%
10850000	1998	265,039	284,212	215,982	26%
10850000	1999	1,131,697	231,775	33,535	18%
10850000	2000	727,893	23,740	53,562	-4%
10850000	2001	243,225	101,608	823,970	-297%
10850000	2002	433,622	(31,282)	(54,593)	5%
10850000	2003	590,516	305,945	1,074,786	-130%
10850000	2004	1,107,137	365,788	204,960	15%
Total		21,087,254	6,673,302	5,964,144	3%
1990-2004		10,526,984	2,622,786	3,921,745	-12%

KPCO
Distribution Detail

Reserve Account	Activity Year	Original Cost Retired	Salvage	Removal	Net Salvage
10860000	1954	345,614	164,293	66,201	28%
10860000	1955	329,795	163,818	68,960	29%
10860000	1956	340,400	175,639	81,844	28%
10860000	1957	560,530	243,234	141,931	18%
10860000	1958	505,375	206,808	144,792	12%
10860000	1959	624,939	259,031	152,087	17%
10860000	1960	492,849	271,181	161,636	22%
10860000	1961	819,969	381,111	170,331	26%
10860000	1962	558,196	299,388	192,682	19%
10860000	1963	706,977	279,116	194,420	12%
10860000	1964	773,027	304,668	189,822	15%
10860000	1965	1,012,221	374,123	239,135	13%
10860000	1966	1,071,099	450,349	285,103	15%
10860000	1967	1,463,163	413,889	342,901	5%
10860000	1968	1,330,710	670,448	479,783	14%
10860000	1969	1,560,135	646,533	347,617	19%
10860000	1970	1,143,715	400,222	357,897	4%
10860000	1971	1,315,603	543,957	401,721	11%
10860000	1972	1,475,429	752,589	490,837	18%
10860000	1973	1,773,250	703,812	491,738	12%
10860000	1974	1,273,997	921,165	527,796	31%
10860000	1975	1,413,889	633,350	485,488	10%
10860000	1976	1,770,503	905,056	680,443	13%
10860000	1977	1,790,525	1,032,217	928,730	6%
10860000	1978	2,839,810	1,622,814	952,797	24%
10860000	1979	2,379,695	1,368,931	1,048,294	13%
10860000	1980	3,067,886	1,455,926	1,423,814	1%
10860000	1981	4,492,306	1,883,382	1,737,241	3%
10860000	1982	2,552,584	1,586,478	1,503,023	3%
10860000	1983	3,917,704	1,560,432	1,361,570	5%
10860000	1984	2,274,942	1,275,047	1,464,480	-8%
10860000	1985	3,390,814	1,033,246	1,315,547	-8%
10860000	1986	4,122,421	1,703,914	1,814,294	-3%
10860000	1987	5,062,869	2,341,368	1,686,747	13%
10860000	1988	5,092,695	2,009,198	1,881,879	3%
10860000	1989	7,285,672	5,727,263	1,888,999	53%
10860000	1990	6,337,485	2,563,490	2,433,166	2%
10860000	1991	5,330,583	1,639,592	2,601,095	-18%
10860000	1992	5,047,537	1,220,353	2,236,974	-20%
10860000	1993	4,862,356	1,829,402	2,197,784	-8%
10860000	1994	5,874,830	2,155,099	1,954,453	3%
10860000	1995	7,390,800	2,159,120	2,119,861	1%
10860000	1996	6,260,150	1,342,053	1,245,388	2%
10860000	1997	8,613,849	1,918,643	1,444,506	6%
10860000	1998	5,385,836	1,292,253	804,413	9%
10860000	1999	4,764,283	440,710	262,682	4%
10860000	2000	7,883,448	1,501,740	213,654	16%
10860000	2001	5,934,590	2,190,111	2,918,529	-12%
10860000	2002	6,806,995	5,075,585	1,403,071	54%
10860000	2003	5,434,672	1,560,605	1,192,686	7%
10860000	2004	7,250,554	2,946,107	1,979,653	13%
Total		164,109,276	64,598,859	50,710,495	8%
1990-2004		93,177,968	29,834,863	25,007,915	5%

KPCO
General Plant Detail

Activity Year	Original Cost Retired	Salvage	Removal	Net Salvage		
10872000	1954	6,604	1,932	857	16%	
10872000	1955	4,156	1,153	296	21%	
10872000	1956	11,547	1,175	56	10%	
10872000	1957	17,234	741	261	3%	
10872000	1958	15,852	631	1,442	-5%	
10872000	1959	7,961	315	238	1%	
10872000	1960	35,975	3,171	2,193	3%	
10872000	1961	32,219	1,414	949	1%	
10872000	1962	5,803	3,494	1,607	33%	
10872000	1963	29,313	2,469	3,333	-3%	
10872000	1964	66,108	570	4,221	-6%	
10872000	1965	162,447	888	3,091	-1%	
10872000	1966	2,451	342	9,583	-377%	
10872000	1967	12,153	3,237	(2,422)	47%	
10872000	1968	24,450	1,281	623	3%	
10872000	1969	97,196	(3,795)	2,768	-7%	
10872000	1970	11,186	2,888	103	25%	
10872000	1971	2,926	(2,089)	71	-74%	
10872000	1972	11,324	514	348	1%	
10872000	1973	16,756	1,921	255	10%	
10872000	1974	36,359	5,212	1,097	11%	
10872000	1975	16,603	747	162	4%	
10872000	1976	43,932	2,256	63	5%	
10872000	1977	20,375	848	206	3%	
10872000	1978	29,848	449	947	-2%	
10872000	1979	110,455	38,474	1,771	33%	
10872000	1980	(26,283)	379,792	(193)	-1446%	
10872000	1981	62,146	2,204	-	4%	
10872000	1982	114,845	37	(300)	0%	
10872000	1983	56,853	69	(624)	1%	
10872000	1984	28,929	1,152	624	2%	
10872000	1985	180,319	1,726	(635)	1%	
10872000	1986	61,942	603	3,785	-5%	
10872000	1987	65,632	4,797	2,604	3%	
10872000	1988	66,486	1,612	-	2%	
10872000	1989	80,142	51	11,628	-14%	
10872000	1990	1,063,124	141,149	50,399	9%	
10872000	1991	289,538	21,722	99,427	-27%	
10872000	1992	704,613	49,167	(3,992)	8%	
10872000	1993	437,544	2,090	114,740	-26%	
10872000	1994	347,501	37,443	804	11%	
10872000	1995	104,629	11,107	47,957	-35%	
10872000	1996	451,507	4,006	(70,222)	16%	
10872000	1997	295,506	68,506	27,111	14%	
10872000	1998	1,326,363	-	524	0%	
10872000	1999	26,757	(9,336)	393	-36%	
10872000	2000	224,558	-	(35,438)	16%	
10872000	2001	27,540	-	8,861	-32%	
10872000	2002	-	-	-	#DIV/0!	
10872000	2003	1,740,509	(100,160)	146,609	-14%	
10872000	2004	12,449,685	1,932,476	-	16%	
Total		21,011,618	2,620,451	438,181	10%	10%
1990-2004		19,489,374	2,158,170	387,173	9%	

KENTUCKY POWER COMPANY
 Depreciation Study as of December 31, 2004
 Production Plant

Calculation of Removal and Salvage:

Interim Retirements:

Account	Interim Retirements (From Remaining Life Workpaper)	Gross Removal Percent	Gross Salvage Percent	Interim Retirement Net Salvage Percent
311	1,037,633	33.6%	10.2%	-23%
312	144,478,211	33.6%	10.2%	-23%
314	25,648,705	33.6%	10.2%	-23%
315	1,488,647	33.6%	10.2%	-23%
316	1,013,890	33.6%	10.2%	-23%
Total	173,667,086			

Account	Plant In-Service at 12/31/04	Net Salvage on Interim Retirement	Final Demolition Cost (a)	Total Net Salvage Costs	Net Salvage as Percent of Plant
311	36,149,758	-242,457	0	-242,457	-1%
312	324,538,695	-33,759,222	0	-33,759,222	-10%
314	73,038,983	-5,993,155	0	-5,993,155	-8%
315	13,742,601	-347,842	0	-347,842	-3%
316	6,518,954	-236,909	0	-236,909	-4%
Total	453,988,991	-40,579,584	0	-40,579,584	-9%

Notes: (a) Costs allocated to plant accounts based on Plant-in-Service Balances at 12/31/04

Calculation of Theoretical Reserve and Depreciation Rates

A theoretical reserve was determined based on the above calculations of average age, remaining life and net salvage. The theoretical reserve was used to allocate the actual book reserve to the individual plant accounts.

Based on plant balances at 12/31/04 and the allocated book reserve, remaining life depreciation rates were calculated for each primary plant account.

EXHIBIT ____ (LK-14)

Kentucky Power Company
 Depreciation Expense Adjustments
 For the Test Year Ended 6/30/05

	Electric Plant In Service as of 6/30/2005	New Annual Rate Per KPCO Filing	Annualized Depreciation Per KPCO Filing	New Annual Rate With Adjustments Listed	KIUC Adjusted Annualized Depreciation	KIUC Depreciation Adjustment
Production Steam	459,150,369	0.0357	16,391,668	0.0293	13,453,106	(2,938,562)
Transmission	385,378,899	0.0271	10,443,768	0.0213	8,208,571	(2,235,198)
Distribution	445,002,421	0.0364	16,198,088	0.0328	14,596,079	(1,602,009)
General Plant	<u>29,575,208</u>	0.0531	<u>1,570,444</u>	0.0524	<u>1,549,741</u>	<u>(20,703)</u>
	1,319,106,897		44,603,968		37,807,497	(6,796,471)
			Allocation Factor - GP-TOT			<u>0.990</u>
			Total Depreciation Expense Reduction			<u>(6,728,507)</u>
			Total of Prior Depreciation Adjustments			<u>(6,637,595)</u>
			Total of Depreciation Adjustment 6			<u>(90,912)</u>

Adjustments Included:

- 1 - Remove \$32,000,000 million demolition costs from computation of net salvage costs.
- 2 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.
- 3 - Use full history of additions and retirements to determine interim retirement rate for Big Sandy Assets instead of last 30 years.
- 4 - Use of Net Salvage percentages on overall functional account basis instead of judgement percentages based on retirements.
- 5 - Use full history for all Net Salvage percentages instead of just the 15 year period of 1990-2004.
- 6 - Delay retirement of Big Sandy Unit I five years from 2015 until 2020.

KENTUCKY POWER COMPANY
ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Adjustments 1,2,3,4,5 and 6

SCHEDULE I

NO. (I)	ACCOUNT TITLE (II)	ORIGINAL COST AT 12/31/04 (III)	AVERAGE LIFE AND CURVE TYPE (IV)	TERMINAL RETIREMENT DATE (V)	NET SALVAGE RATIO (VI)	TOTAL TO BE RECOVERED (VII)	CALCULATED DEPRECIATION REQUIREMENT (VIII)	ALLOCATED ACCUMULATED DEPRECIATION (IX)	REMAINING TO BE RECOVERED (X)	AVERAGE REMAINING LIFE (XI)	RECOMMENDED	
											ANNUAL AMOUNT (XII)	ACCRUAL PERCENT (XIII)
STEAM PRODUCTION PLANT												
BIG SANDY PLANT												
				2015/2034								
311.0	Structures & Improvements	36,149,758	FCST.		1.09	39,403,236	18,013,877	17,576,849	21,826,387	26.78	815,026	2.25%
312.0	Boiler Plant Equipment	324,538,695	FCST.		1.09	353,747,178	105,592,333	103,896,887 (a)	249,850,290	24.35	10,260,792	3.16%
314.0	Turbogenerator Units	73,038,983	FCST.		1.09	79,612,491	36,594,366	35,708,564	43,905,928	24.51	1,791,348	2.45%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		1.09	14,979,435	7,713,844	7,526,701	7,452,734	26.77	278,399	2.03%
316.0	Misc. Power Plant Equip.	8,518,954	FCST.		1.09	7,105,680	3,123,222	3,047,451	4,058,209	25.85	156,991	2.41%
	Total Steam Production Plant	<u>453,988,991</u>				<u>494,848,000</u>	<u>171,037,642</u>	<u>167,754,452</u>	<u>327,093,548</u>		<u>13,302,554</u>	2.93%
TRANSMISSION PLANT												
350.1	Land Rights	23,258,047	75 R4.0	N.A.	0.97	22,560,306	6,496,508	5,181,575	17,378,730	54.05	321,631	1.38%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	0.97	6,195,453	2,174,176	1,734,110	4,461,344	36.28	122,970	1.93%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	0.97	119,458,523	30,208,886	24,094,424	95,364,099	30.19	3,158,798	2.56%
354.0	Towers & Fixtures	92,384,356	55 R4.0	N.A.	0.97	89,593,425	44,490,496	35,485,349	54,108,077	35.38	1,529,341	1.66%
355.0	Poles & Fixtures	37,506,208	35 S6.0	N.A.	0.97	36,381,022	18,200,586	14,516,677	21,864,345	23.68	923,325	2.46%
356.0	OH Conductor & Devices	100,355,481	50 S6.0	N.A.	0.97	97,344,817	39,881,156	31,808,967	65,535,849	31.08	2,108,618	2.10%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	0.97	11,242	5,713	4,557	6,688	18.76	356	3.07%
358.0	Underground Conductor	108,066	44 R1.0	N.A.	0.97	102,884	37,616	30,002	72,882	28.40	2,566	2.42%
	Total Transmission Plant	<u>383,141,929</u>				<u>371,647,671</u>	<u>141,495,137</u>	<u>112,855,660</u>	<u>258,792,011</u>		<u>8,167,505</u>	2.13%
DISTRIBUTION PLANT												
360.1	Land Rights	3,891,802	75 R4.0	N.A.	0.92	3,396,459	1,464,290	1,521,740	1,874,717	45.25	41,430	1.12%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	0.92	3,892,580	801,496	832,942	3,059,638	58.74	53,924	1.27%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	0.92	38,656,413	11,888,206	12,354,632	26,301,781	21.51	1,222,770	2.91%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	0.92	114,698,464	46,873,736	50,791,264	63,907,199	20.16	3,170,000	2.54%
365.0	Overhead Conductor & Devices	99,426,561	30 R0.5	N.A.	0.92	91,472,436	19,903,904	20,684,820	70,787,616	22.49	3,147,515	3.17%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	0.92	2,723,107	483,560	502,532	2,220,575	41.83	53,086	1.79%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	0.92	5,043,503	603,991	627,888	4,415,814	46.13	95,725	1.75%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	0.92	77,450,588	18,278,290	18,995,428	58,455,162	20.60	2,837,629	3.37%
369.0	Services	31,239,944	22 R0.5	N.A.	0.92	28,740,748	6,927,939	7,199,752	21,540,996	16.26	1,324,785	4.24%
370.0	Meters	21,071,793	20 R3.0	N.A.	0.92	19,386,050	7,761,512	8,066,030	11,320,020	10.18	1,111,986	5.28%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	0.92	14,350,971	3,614,093	3,755,890	10,595,082	9.22	1,149,141	7.37%
373.0	Street Lighting & Signal Sys.	2,741,234	20 L0.0	N.A.	0.92	2,521,935	844,368	877,496	1,644,439	14.13	116,379	4.25%
	Total Distribution Plant	<u>437,318,753</u>				<u>402,333,253</u>	<u>121,445,385</u>	<u>126,210,213</u>	<u>276,123,040</u>		<u>14,324,371</u>	3.28%
GENERAL PLANT												
389.2	Land Rights	84,011	75 R4.0	N.A.	0.90	75,610	10,301	5,029	70,581	65.80	1,073	1.28%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	0.90	17,366,397	8,286,103	4,035,838	13,330,560	13.10	1,017,600	5.27%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	0.90	1,563,821	386,452	188,681	1,375,140	27.22	50,519	2.91%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	0.90	5,237	3,136	1,531	3,706	13.83	268	4.61%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	0.90	170,336	47,037	22,965	147,370	22.54	6,538	3.45%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	0.90	1,540,186	262,618	128,220	1,411,966	27.09	52,121	3.05%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	0.90	354,955	258,983	126,446	228,509	10.99	20,792	5.27%
396.0	Power Operated Equipment	5,931	8 SQ	N.A.	0.90	5,338	1,853	905	4,433	5.50	806	13.59%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	0.90	4,200,092	1,960,549	957,217	3,242,875	10.13	320,126	6.86%
398.0	Miscellaneous Equipment	584,684	19 L2.0	N.A.	0.90	526,216	134,604	65,719	460,497	14.63	31,476	5.36%
	Total General Plant	<u>28,675,764</u>				<u>26,808,188</u>	<u>11,331,636</u>	<u>5,532,552</u>	<u>20,275,636</u>		<u>1,501,320</u>	5.24%
	Total Depreciable Plant	<u>1,303,125,437</u>				<u>1,294,637,112</u>	<u>445,309,800</u>	<u>412,352,877 (a)</u>	<u>882,294,235</u>		<u>37,295,748</u>	2.86%

(a) Includes allocated reserve of \$105,161,967 plus \$866,291 of accumulated amortization applicable to SCR Catalysts.

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 311
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE

0.0011 No Change

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	39,765	0.5	19,882	
2006	39,765	1.5	59,647	
2007	39,765	2.5	99,412	
2008	39,765	3.5	139,177	
2009	39,765	4.5	178,941	
2010	39,765	5.5	218,706	
2011	39,765	6.5	258,471	
2012	39,765	7.5	298,236	
2013	39,765	8.5	338,000	
2014	39,765	9.5	377,765	
2015	39,765	10.5	417,530	
2016	39,765	11.5	457,294	
2017	39,765	12.5	497,059	
2018	39,765	13.5	536,824	
2019	39,765	14.5	576,589	
2020	5,875,352	15.5	91,067,952	
2021	33,346	16.5	550,202	
2022	33,346	17.5	583,548	
2023	33,346	18.5	616,893	
2024	33,346	19.5	650,239	
2025	33,346	20.5	683,585	
2026	33,346	21.5	716,930	
2027	33,346	22.5	750,276	
2028	33,346	23.5	783,621	
2029	33,346	24.5	816,967	
2030	33,346	25.5	850,312	
2031	33,346	26.5	883,658	
2032	33,346	27.5	917,004	
2033	33,346	28.5	950,349	
2034	29,244,443	29.5	862,711,057	
TOTALS	36,149,758		968,006,126	26.78

INTERIM RETIREMENTS:

Total Plant at 12/31/04	36,149,758
Less Retirement of Unit 1 in 2015	-5,835,587
Less Final Retirement in year 2034	<u>-29,244,443</u>
Total Interim Retirements	<u>1,069,728</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 312
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0112

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	3,634,833	0.5	1,817,417	
2006	3,634,833	1.5	5,452,250	
2007	3,634,833	2.5	9,087,083	
2008	3,634,833	3.5	12,721,917	
2009	3,634,833	4.5	16,356,750	
2010	3,634,833	5.5	19,991,584	
2011	3,634,833	6.5	23,626,417	
2012	3,634,833	7.5	27,261,250	
2013	3,634,833	8.5	30,896,084	
2014	3,634,833	9.5	34,530,917	
2015	3,634,833	10.5	38,165,751	
2016	3,634,833	11.5	41,800,584	
2017	3,634,833	12.5	45,435,417	
2018	3,634,833	13.5	49,070,251	
2019	3,634,833	14.5	52,705,084	
2020	10,530,067	15.5	163,216,044	
2021	3,557,607	16.5	58,700,512	
2022	3,557,607	17.5	62,258,118	
2023	3,557,607	18.5	65,815,725	
2024	3,557,607	19.5	69,373,332	
2025	3,557,607	20.5	72,930,939	
2026	3,557,607	21.5	76,488,545	
2027	3,557,607	22.5	80,046,152	
2028	3,557,607	23.5	83,603,759	
2029	3,557,607	24.5	87,161,366	
2030	3,557,607	25.5	90,718,972	
2031	3,557,607	26.5	94,276,579	
2032	3,557,607	27.5	97,834,186	
2033	3,557,607	28.5	101,391,793	
2034	213,237,239	29.5	6,290,498,549	
TOTALS	324,538,695		7,903,233,327	24.35

INTERIM RETIREMENTS:	
Total Plant at 12/31/04	324,538,695
Less Retirement of Unit 1 in 2015	-6,895,234
Less Final Retirement in year 2034	<u>-213,237,239</u>
Total Interim Retirements	<u>104,406,222</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 314
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0092

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	671,959	0.5	335,979	
2006	671,959	1.5	1,007,938	
2007	671,959	2.5	1,679,897	
2008	671,959	3.5	2,351,855	
2009	671,959	4.5	3,023,814	
2010	671,959	5.5	3,695,773	
2011	671,959	6.5	4,367,731	
2012	671,959	7.5	5,039,690	
2013	671,959	8.5	5,711,648	
2014	671,959	9.5	6,383,607	
2015	671,959	10.5	7,055,566	
2016	671,959	11.5	7,727,524	
2017	671,959	12.5	8,399,483	
2018	671,959	13.5	9,071,442	
2019	671,959	14.5	9,743,400	
2020	6,146,815	15.5	95,275,627	
2021	621,590	16.5	10,256,234	
2022	621,590	17.5	10,877,824	
2023	621,590	18.5	11,499,414	
2024	621,590	19.5	12,121,004	
2025	621,590	20.5	12,742,594	
2026	621,590	21.5	13,364,184	
2027	621,590	22.5	13,985,774	
2028	621,590	23.5	14,607,364	
2029	621,590	24.5	15,228,954	
2030	621,590	25.5	15,850,544	
2031	621,590	26.5	16,472,134	
2032	621,590	27.5	17,093,724	
2033	621,590	28.5	17,715,314	
2034	48,732,119	29.5	1,437,597,514	
TOTALS	73,038,983		1,790,283,554	24.51

INTERIM RETIREMENTS:

Total Plant at 12/31/04	73,038,983
Less Retirement of Unit 1 in 2015	-5,474,856
Less Final Retirement in year 2034	<u>-48,732,119</u>
Total Interim Retirements	<u>18,832,008</u>

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATION OF AVERAGE REMAINING LIFE
 BIG SANDY PLANT ACCOUNT 315
 RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0029

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	39,854	0.5	19,927	
2006	39,854	1.5	59,780	
2007	39,854	2.5	99,634	
2008	39,854	3.5	139,487	
2009	39,854	4.5	179,341	
2010	39,854	5.5	219,194	
2011	39,854	6.5	259,048	
2012	39,854	7.5	298,902	
2013	39,854	8.5	338,755	
2014	39,854	9.5	378,609	
2015	39,854	10.5	418,462	
2016	39,854	11.5	458,316	
2017	39,854	12.5	498,169	
2018	39,854	13.5	538,023	
2019	39,854	14.5	577,876	
2020	1,505,064	15.5	23,328,485	
2021	35,604	16.5	587,473	
2022	35,604	17.5	623,078	
2023	35,604	18.5	658,682	
2024	35,604	19.5	694,286	
2025	35,604	20.5	729,891	
2026	35,604	21.5	765,495	
2027	35,604	22.5	801,100	
2028	35,604	23.5	836,704	
2029	35,604	24.5	872,309	
2030	35,604	25.5	907,913	
2031	35,604	26.5	943,517	
2032	35,604	27.5	979,122	
2033	35,604	28.5	1,014,726	
2034	11,176,877	29.5	329,717,862	
TOTALS	13,742,601		367,944,167	26.77

INTERIM RETIREMENTS:

Total Plant at 12/31/04	13,742,601
Less Retirement of Unit 1 in 2015	-1,465,210
Less Final Retirement in year 2034	<u>-11,176,877</u>
Total Interim Retirements	<u>1,100,514</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 316
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0046

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	29,987	0.5	14,994	
2006	29,987	1.5	44,981	
2007	29,987	2.5	74,968	
2008	29,987	3.5	104,955	
2009	29,987	4.5	134,942	
2010	29,987	5.5	164,930	
2011	29,987	6.5	194,917	
2012	29,987	7.5	224,904	
2013	29,987	8.5	254,891	
2014	29,987	9.5	284,878	
2015	29,987	10.5	314,865	
2016	29,987	11.5	344,853	
2017	29,987	12.5	374,840	
2018	29,987	13.5	404,827	
2019	29,987	14.5	434,814	
2020	821,158	15.5	12,727,952	
2021	26,348	16.5	434,739	
2022	26,348	17.5	461,087	
2023	26,348	18.5	487,434	
2024	26,348	19.5	513,782	
2025	26,348	20.5	540,130	
2026	26,348	21.5	566,478	
2027	26,348	22.5	592,826	
2028	26,348	23.5	619,173	
2029	26,348	24.5	645,521	
2030	26,348	25.5	671,869	
2031	26,348	26.5	698,217	
2032	26,348	27.5	724,565	
2033	26,348	28.5	750,912	
2034	4,905,467	29.5	144,711,264	
TOTALS	6,518,954		168,519,506	25.85

INTERIM RETIREMENTS:

Total Plant at 12/31/04	6,518,954
Less Retirement of Unit 1 in 2015	-791,171
Less Final Retirement in year 2034	<u>-4,905,467</u>
Total Interim Retirements	<u>822,316</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATED DEPRECIATION RESERVE
STEAM PRODUCTION PLANT

ACCOUNT	PLANT BALANCE AT 12-31-04	AVERAGE AGE	AVERAGE REM. LIFE	AVERAGE LIFE	NET SALVAGE	% REM. LIFE TO AVG. LIFE	CALCULATED RESERVE %	CALCULATED RESERVE W/O NET SALVAGE	CALCULATED RESERVE WITH NET SALVAGE
BIG SANDY									
311	36,149,758	26.08	26.78	52.86	-1%	50.66%	49.34%	17,835,522	18,013,877
312	324,538,694	9.97	24.35	34.32	-12%	70.95%	29.05%	94,278,869	105,592,333
314	73,038,983	20.85	24.51	45.36	-9%	54.03%	45.97%	33,572,813	36,594,366
315	13,742,601	32.06	26.77	58.83	-3%	45.50%	54.50%	7,489,169	7,713,844
316	<u>6,518,954</u>	22.08	25.85	47.93	-4%	53.93%	46.07%	<u>3,003,098</u>	<u>3,123,222</u>
Total	<u>453,988,990</u>							<u>156,179,471</u>	<u>171,037,642</u>

EXHIBIT ____ (LK-15)

**KPCO GROSS REVENUE CONVERSION FACTOR
WITHOUT SECTION 199 DEDUCTION
TEST YEAR ENDING 6/30/2005**

	<u>As Filed By KPCO</u>	<u>Ky Only No OH or WV</u>	<u>KY @ 6.0% No OH or WV</u>
Additional Revenue	100.00%	100.00%	100.00%
Less: Uncollectible Expense	<u>0.47%</u>	<u>0.47%</u>	<u>0.47%</u>
Income Before Income Taxes	99.53%	99.53%	99.53%
Less: State Income Taxes	<u>-7.16%</u>	<u>-6.97%</u>	<u>-5.97%</u>
Income Before Federal Income Taxes	92.36%	92.56%	93.56%
Less: Federal Income Taxes	<u>-32.33%</u>	<u>-32.40%</u>	<u>-32.74%</u>
Operating Income Percentage	60.04%	60.16%	60.81%
Gross Revenue Conversion Factor	<u>1.6656</u>	<u>1.6621</u>	<u>1.6444</u>

			<u>Rate As of 1/1/2007</u>
State Income Tax Effective Rate			
State Income Tax Rate - KY	7.0000%		
Apportionment Factor	<u>100.0000%</u>		
Effective Kentucky State Income Tax Rate		7.00%	6.00%
State Income Tax Rate - WVA	9.0000%		
Apportionment Factor	<u>0.4700%</u>		
Effective West Virginia State Income Tax Rate		0.04%	
State Income Tax Rate - OH	8.5000%		
Apportionment Factor	7.5900%		
Phase-Out Factor	<u>24.0000%</u>		
Effective Kentucky State Income Tax Rate		<u>0.15%</u>	
Total Effective State Income Tax Rate		<u>7.197%</u>	

EXHIBIT ____ (LK-16)

Kentucky Power Company
Production Gross Revenue Conversion Factor
With Federal & State §199 Deduction and Kentucky Tax Rate Reductions and No OH or WV

	<u>3% §199 Deduction for Fed and State and 6.0% State Income Tax Rate</u>
Pre-Tax Production Income	\$ 100.0000
Uncollectible Accounts Expense	<u>\$ 0.4727</u>
State Taxable Production Income before § 199 Deduction	\$ 99.5273
State Income Tax Expense, Net of § 199 Deduction - (See Rates Below)	<u>\$ 5.8029</u>
Federal Taxable Production Income before §199 Deduction	\$ 93.7243
§199 Deduction Phase-In	<u>\$ 2.8117</u>
Federal Taxable Production Income	\$ 90.9126
Federal Income Tax Expense After §199 Deduction (35% Statutory Tax Rate)	<u>\$ 31.8194</u>
Total Federal & State Income Tax Expense after §199 Ded & State Rate Reduct	<u>\$ 37.6223</u>
Gross-Up Factor for Production Income	<u>62.3777%</u>
Gross Revenue Conversion Factor	<u>1.6031</u>

State Income Tax Calculation:

Pre-Tax Production Income	\$ 100.0000
Uncollectible Accounts Expense	<u>\$ 0.4727</u>
State Taxable Production Income before § 199 Deduction	\$ 99.5273
Less: State §199 Deduction	<u>\$ 2.8117</u>
State Taxable Production Income	\$ 96.7156
State Income Tax Rate	<u>6.0000%</u>
State Income Tax Expense	<u>\$ 5.8029</u>

EXHIBIT ____ (LK-17)

**Kentucky Power Company
Production Rate Base
For the Test Year Ending June 30, 2005**

Description	Total Company Per Books	Eliminations/ Adjustments	Total Company Pro Forma Balance	Kentucky Jurisdictional %	Total Company Pro Forma Kentucky Jurisdiction	KPCO Rate Case Adjustments	KIUC Rate Case Adjustments	Total Company Pro Forma Kentucky Jurisdiction	Production Only %	Rate Case Production Only Kentucky Jurisdiction
Plant in Service:										
Gross Plant	1,353,341,211	(8,658,419)	1,344,682,792	99.02%	1,331,453,536	5,484,600	(5,484,600)	1,331,453,536	35.35%	470,661,522
Accumulated Depreciation	(437,493,803)		(437,493,803)	98.97%	(432,998,450)			(432,998,450)	41.39%	(179,201,191)
Net Plant In Service	915,847,408	(8,658,419)	907,188,989		898,455,086	5,484,600	(5,484,600)	898,455,086	32.44%	291,460,331
Plant Held for Future Use	6,862,819	(6,778,355)	84,464	98.60%	83,282			83,282	0.00%	-
Prepayments	661,934		661,934	99.00%	655,315	4,083,831		4,739,146	32.44%	1,537,387
Materials and Supplies	16,720,225		16,720,225	98.70%	16,502,178	3,542,537		20,044,715	95.57%	19,156,409
Cash Working Capital	45,667,031		45,667,031	98.80%	45,120,342	3,938,375		49,058,717	32.44%	15,914,730
Construction Work in Progress	19,336,201		19,336,201	99.09%	19,159,718			19,159,718	52.12%	9,986,915
Less:										
Customer Advance and Deposits	(10,598,069)		(10,598,069)	100.00%	(10,598,069)			(10,598,069)	0.00%	-
Accumulated Deferred Income Taxes	(129,276,197)		(129,276,197)	99.00%	(127,983,435)			(127,983,435)	32.44%	(41,518,040)
Total Rate Base	865,221,352	(15,436,774)	849,784,578		841,394,417	17,049,343	(5,484,600)	852,959,160	34.77%	296,537,731
					Check KPCO Total	<u>858,443,760</u>				

Source KPCO Filing:
Net Plant
Plant Held for Future Use
Prepayments
Materials and Supplies
Cash Working Capital
Construction Work in Progress
Rate Base Adjustments

Section V Schedule 5, 11 and 12
Section V Schedule 14
Section V Schedule 15
Section V Schedule 15 & Workpaper S-15
Section V Schedule 15
Section V Schedule 16
Section V Schedule 4 Pages 1-9

Kentucky Power Company
Breakout of Production Electric Utility Plant
As of 6/30/05

Overall Production Percentages - Kentucky Jurisdiction (Section V Schedule 11)

Production	452,727,608
Production, Transmission & Distribution	1,280,720,319
Production Percentage	<u>35.349%</u>

Production A/D	172,837,498
Production, Transmission & Distribution A/D	417,622,050
Production Percentage	<u>41.386%</u>

Net Production	279,890,110
Net Production, Transmission & Distribution	863,098,269
Production Percentage	<u>32.429%</u>

Overall Production Percentages - Total Company (Section V Schedule 11)

Per Books Production	459,155,789
Per Books Prod, Tran & Dist Plant	1,293,430,061
Production Percentage	<u>35.499%</u>

Per Books Production A/D	175,291,580
Per Books Prod, Tran & Dist A/D	421,959,306
Production Percentage	<u>41.542%</u>

Net Per Books Production	283,864,209
Net Per Books Prod, Trans & Dist	871,470,755
Production Percentage	<u>32.573%</u>