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October 28, 2010

HAND DELIVERED

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

RECEIVED

OCT 28 2010

PUBLIC SERVICE
COMMISSION

Mark R. Overstreet
(502) 209-1219
(502) 223-4387 FAX
moverstreet@stites.com

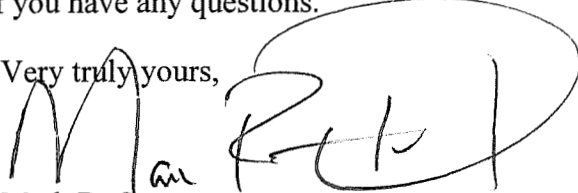
RE: P.S.C. Case No. 2010-318

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and four copies of Kentucky Power Company's Responses to Staff's Informal Conference Data Requests. Copies have been served on the individuals indicated below.

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

Very truly yours,


Mark R. Overstreet

MRO

cc: Dennis Howard II
Michael L. Kurtz

RECEIVED

OCT 28 2010

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

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

KENTUCKY POWER COMPANY RESPONSES TO COMMISSION STAFF'S
OCTOBER 14, 2010 INFORMAL TECHNICAL CONFERENCE
DATA REQUESTS

October 28, 2010

VERIFICATION

Lila P. Munsey, upon being first duly sworn, hereby makes oath that if the foregoing questions was propounded to her at a hearing before the Public Service Commission of Kentucky, she would give the answers recorded of said questions and that said answers is true.

Lila P. Munsey
Lila P. Munsey

Commonwealth of Kentucky)
County of Franklin) Case No. 2010-00318

26th Sworn to before me and subscribed in my presence by Lila P. Munsey, this the day of October, 2010.

Judy K Rosquist
Notary Public

My Commission Expires January 23, 2013

Kentucky Power Company

REQUEST

Refer to your Response to Data Request No. 1. Please provide the various schedules affected by the Over/(Under) recovery of the Cardinal Scrubber (FGD) Maintenance for May 2009 through October 2009.

RESPONSE

Attached are revised copies of ES FORM 1.00, 3.00, 3.10, 3.11, 3.12B, 3.13, and 3.14 pages 1, 2, and 4 of 11 for May 2009 through October 2009 as requested.

Please note on the table below that the As Filed Amount on ES FORM 1.00, Line 7 and the Revised Amount on ES FORM 1.00, Line 7 for May 2009 and June 2009 have been updated subsequent to the original data request filing. It was discovered while compiling the data for May and June for this request that a preliminary file was referenced instead of the final report file that was submitted to the Commission. This has been corrected and as a consequence the under-recovery for the six month period May, 2009 through October, 2009 increased from \$24,658 to \$44,633. This in turn reduced the amount of the original over-recovery from \$69,860 to \$49,885.

Month/Year	As Filed Amount on ES FORM 1.00, Line 7	Revised Amount on ES FORM 1.00, Line 7	(Over) Under Recovery	Attachment Reference Page
May-09	1,980,413	2,000,050	19,637	Page 3 of 56
June-09	1,267,367	1,267,370	3	Page 12 of 56
July-09	678,646	678,649	3	Page 21 of 56
August-09	939,165	948,166	9,001	Page 30 of 56
September-09	847,505	856,982	9,477	Page 39 of 56
October-09	450,443	456,955	6,512	Page 48 of 56
6-month total	6,163,539	6,208,172	44,633	
November-09	1,021,249	1,031,205	9,956	
December-09	2,491,341	2,491,341	-	
January-10	1,148,441	1,071,532	(76,909)	
February-10	699,695	672,134	(27,561)	
March-10	1,060,013	1,060,009	(4)	
April-10	1,789,088	1,789,088	-	
6-month total	8,209,827	8,115,309	(94,518)	
Annual Total			(49,885)	

Please see attachment.

WITNESS: Lila P Munsey

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

As Originally Filed

LINE	Description	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	Total Over / Under Recovery
LINE 1	CRR from ES FORM 3.00	3,907,864	3,612,899	3,748,647	4,032,114	3,705,347	2,572,434	3,818,491	4,894,937	4,719,203	4,311,383	4,250,672	4,038,044	
LINE 2	Brr from ES FORM 1.10	1,514,859	1,913,578	2,818,212	2,342,883	2,852,305	2,181,975	2,598,522	1,407,969	2,531,784	3,003,995	2,845,066	2,095,535	
LINE 3	E(m) (LINE 1 - LINE 2)	2,393,005	1,699,321	930,435	1,689,231	854,042	390,459	1,219,969	3,486,968	2,187,419	1,307,388	1,405,606	1,942,509	
LINE 4	Kentucky Retail Jurisdictional Allocation Factor from ES FORM 3.30, Schedule of Revenues, LINE 1	75.0%	75.0%	83.5%	75.2%	78.8%	76.0%	77.5%	73.7%	77.2%	81.3%	85.4%	80.7%	
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	1,794,754	1,274,491	776,913	1,270,302	672,986	296,750	945,476	2,569,895	1,666,688	1,062,907	1,200,388	1,567,605	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	-	-	-	-	-	-	-	-	(85,082)	-	-	-	
LINE 6	Over/(Under) Recovery Adjustment from ES FORM 3.30	185,659	(7,124)	(69,287)	(331,137)	174,519	153,693	75,773	(78,554)	(455,165)	(363,212)	(140,375)	221,463	
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	1,980,413	1,267,367	707,626	939,165	847,505	450,443	1,021,249	2,491,341	1,148,441	699,695	1,060,013	1,789,088	
LINE 8	Net KY Retail E(m) (Line 7)	1,980,413	1,267,367	707,626	939,165	847,505	450,443	1,021,249	2,491,341	1,148,441	699,695	1,060,013	1,789,088	
LINE 9	KY Retail R(m) from ES FORM 3.30	35,497,815	38,199,156	44,799,009	40,667,275	36,435,255	33,633,296	33,871,736	39,523,245	50,334,032	52,396,461	45,622,014	36,160,423	
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	5.5790%	3.3170%	1.5149%	2.3094%	2.3261%	1.3393%	3.0150%	6.3035%	2.2816%	1.3354%	2.3235%	4.9476%	

As Revised

LINE	Description	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	Total Over / Under Recovery
LINE 11	CRR from ES FORM 3.00	3,934,046	3,612,803	3,748,651	4,044,004	3,716,375	2,581,004	3,831,338	4,894,937	4,619,581	4,277,493	4,250,668	4,038,044	
LINE 12	Brr from ES FORM 1.10	1,514,859	1,913,578	2,818,212	2,342,883	2,852,305	2,181,975	2,598,522	1,407,969	2,531,784	3,003,995	2,845,066	2,095,535	
LINE 13	E(m) (LINE 11 - LINE 12)	2,419,187	1,699,225	930,439	1,701,201	866,070	399,029	1,232,816	3,486,968	2,087,797	1,273,498	1,405,602	1,942,509	
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	75.0%	75.0%	83.5%	75.2%	78.8%	76.0%	77.5%	73.7%	77.2%	81.3%	85.4%	80.7%	
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	1,814,391	1,274,494	776,916	1,279,303	682,463	303,262	955,432	2,569,895	1,611,779	1,035,346	1,200,384	1,567,605	
LINE 15B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	-	-	-	-	-	-	-	-	-	-	-	-	
LINE 16	Over/(Under) Recovery Adjustment from ES FORM 3.30	185,659	(7,124)	(69,287)	(331,137)	174,519	153,693	75,773	(78,554)	(450,247)	(363,212)	(140,375)	221,463	
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	2,000,050	1,267,370	707,629	948,166	856,982	456,955	1,031,205	2,491,341	1,071,532	672,134	1,060,009	1,789,088	
LINE 18	Net KY Retail E(m) (Line 17)	2,000,050	1,267,370	707,629	948,166	856,982	456,955	1,031,205	2,491,341	1,071,532	672,134	1,060,009	1,789,088	
LINE 19	KY Retail R(m) from ES FORM 3.30	35,497,815	38,199,156	44,799,009	40,667,275	36,435,255	33,633,296	33,871,736	39,523,245	50,334,032	52,396,461	45,622,014	36,160,423	
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	5.6343%	3.3178%	1.5149%	2.3315%	2.3521%	1.3566%	3.0444%	6.3035%	2.1288%	1.2828%	2.3235%	4.9476%	
LINE 21	Difference (Line 18 - Line 8)	\$ 10,637,25	\$ 3,25	\$ 3,00	\$ 9,001,00	\$ 9,477,00	\$ 6,512,00	\$ 9,956,43	\$ 0.42	\$ (76,698,72)	\$ (27,561,26)	\$ (3,89)	\$ (0.24)	\$ (49,883,75)

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$3,934,046
LINE 2	Brr from ES FORM 1.10	\$1,514,859
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,419,187
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	75.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,814,391
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$185,659
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,000,050
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$2,000,050
LINE 9	KY Retail R(m) from ES FORM 3.30	\$35,497,815
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	5.6343%

Effective Date for Billing: July 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : June 19, 2009

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of May 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 21		\$3,883,641
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$50,492
	Third Component: Net Proceeds from Emission Allowances Sales AS <ul style="list-style-type: none"> 1) SO₂ - EPA Auction Proceeds received during Expense Month 2) SO₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO₂ Allowances 1) NO_x - ERC Sales Proceeds, received during Expense Month 2) NO_x - EPA Auction Proceeds, received during Expense Month 3) NO_x - Net Gain or Loss from NO_x Allowances Sales, received during Expense Month Total Net Proceeds from NO_x Allowances 	\$0 \$87 \$87 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	-----	\$87
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,934,046

ES FORM 3.10

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

For the Expense Month of May 2009

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,230,568	
2	Less Accumulated Depreciation	(\$49,165,207)	
3	Less Accum. Def. Income Taxes	(\$40,290,708)	
4	Net Utility Plant		\$101,774,653
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,951,468
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$162,805
8	Total Rate Base		\$109,888,926
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$945,045
	Operating Expenses :		
12	Monthly Depreciation Expense		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,715,758
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$464,327
18	Monthly SO2 Emission Allowance Consumption		\$89,220
19	Monthly ERC & NOx Emission Allowance Consumption		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		<u>\$2,938,596</u>
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,883,641

ES FORM 3.11

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

For the Expense Month of May 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	368,315	\$0	\$0	\$0.000
Gavin Reallocation	0	84,162	\$0	\$0	\$0.000
P & E Transfers In	0	325,869	\$0	\$4,725,223	\$14.500
Intercompany Purchases	0	20,739	\$0	\$3,247,347	\$156.582
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance					
Adjustment	0	4	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance					
Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances					
Consumed By Kentucky Power	3,434	526,608	\$89,220	\$36,485,171	\$69.283
ENDING INVENTORY - Record					
Balance in Column (4) on					
ES FORM 3.10, Line 5		1,093,173		\$7,951,468	\$7.274
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06943

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

ES FORM 3.12

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

For the Expense Month of May 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	0.000
Additions -					
EPA Allowances	0	36,907	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	0.000
Other (List)	0	0	\$0	\$0	0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	0.000
Intercompany Sales	0	0	\$0	\$0	0.000
Off - System Sales	0	2,425	\$0	\$0	0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	0.000
NOx Consumed By Kentucky Power	696	13,838	\$0	\$0	0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		19,714		\$0	0.000

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

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

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

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of May 2009

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$32,461	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$716,430	
3	Monthly SO2 Allowance Consumption	<u>\$89,220</u>	
4	Total 1997 Plan O&M Expenses		\$838,111
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$197,898	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$0	
9	Equipment - Associated Operating Expenses	\$3,380	
10	Equipment - Associated Maintenance Expenses	<u>\$263,049</u>	
11	Total 2003 Plan O&M Expenses		<u>\$464,327</u>
12	Total Monthly O&M Expenses		<u>\$1,302,438</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$162,805

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

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

For the Expense Month of May 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$55,110		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$227,788		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$778,888		
4	Kammer Plant Environmental Cost to Kentucky Power FORM 3.14, Page 6 of 11, Line 20)	(ES \$3,674		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$565,796		
6	Muskingum Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$55,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$7,348		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,674	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$18,370	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,693,714	\$22,044	\$1,715,758

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

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

For the Expense Month of May 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$278,923		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$972,488		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$18,237,155		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,534		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$535,424		
6	Muskingum Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$43,223		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	(\$5,461)		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 3, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	<i>Subtotal</i>	\$20,080,286	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,425,000	5,107,000	
13	Environmental Base (\$/kw)	\$2.38	\$0.01	
14	Company Surplus Weighting	82.00%	17.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.95	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	367,400	367,400	
17	Fixed O&M Environmental Cost to Kentucky Power	\$716,430	\$0	\$716,430

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

ES FORM 3.14
 Page 4 of 11

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

For the Expense Month of May 2009

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$389,022,136
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,329,603
	Operations :	
4	Disposal (5010000)	\$0
5	Urea (5020002)	\$109,134
6	Trona (5020003)	\$31,331
7	Lime Stone (5020004)	\$147,486
8	Air Emission Fee	<u>\$10,214</u>
9	Total Operations (Line 4 thru 8)	\$298,165
	Maintenance :	
10	SCR Maintenance (5120000)	\$2,761
11	Scrubber (FGD) Maintenance (5120000)	<u>\$1,345,884</u>
12	Total Maintenance (11) + (12)	\$1,348,645
13	1/2 Maintenance (12) * 50%	<u>\$674,323</u>
14	Fixed O&M (9) + (11)	<u>\$972,488</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,302,091</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,302,091
18	Ohio Power Company Steam Capacity (kw)	8,425,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.75
20	Ohio Power Surplus Weighing	82.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.62
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.62
23	Kentucky Power Capacity Deficit (kw)	<u>367,400</u>
24	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23) (ES FORM 3.14, Page 1 of 10, Line 2)	\$227,788

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$3,612,903
LINE 2	Brr from ES FORM 1.10	\$1,913,578
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,699,325
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	75.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,274,494
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$7,124)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,267,370
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,267,370
LINE 9	KY Retail R(m) from ES FORM 3.30	\$38,199,156
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.3178%

Effective Date for Billing: August 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : July 20, 2009

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of June 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 21		\$3,561,015
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$51,784
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO₂ - EPA Auction Proceeds received during Expense Month 2) SO₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO_x - ERC Sales Proceeds, received during Expense Month 2) NO_x - EPA Auction Proceeds, received during Expense Month 3) NO_x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 (\$104) (\$104) \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	-----	(\$104)
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		----- \$3,612,903

ES FORM 3.10

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

For the Expense Month of June 2009

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,230,568	
2	Less Accumulated Depreciation	(\$49,788,184)	
3	Less Accum. Def. Income Taxes	(\$40,565,074)	
4	Net Utility Plant		\$100,877,310
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,844,970
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$124,974
8	Total Rate Base		\$108,847,254
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$936,086
	Operating Expenses :		
12	Monthly Depreciation Expense		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,649,626
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$199,514
18	Monthly SO2 Emission Allowance Consumption		\$106,498
19	Monthly ERC & NOx Emission Allowance Consumption		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		<u>\$2,624,929</u>
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,561,015

ES FORM 3.11

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

For the Expense Month of June 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	34,945	403,260	\$0	\$0	\$0.000
Gavin Reallocation	0	84,162	\$0	\$0	\$0.000
P & E Transfers In	0	325,869	\$0	\$4,725,223	\$14.500
Intercompany Purchases	0	20,739	\$0	\$3,247,347	\$156.582
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance					
Adjustment	0	4	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance					
Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances					
Consumed By Kentucky Power	4,099	530,707	\$106,498	\$36,591,669	\$68.949
ENDING INVENTORY - Record					
Balance in Column (4) on ES FORM 3.10, Line 5		1,124,019		\$7,844,970	\$6.979
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06943

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

ES FORM 3.12

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

For the Expense Month of June 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	0.000
Additions -					
EPA Allowances	0	36,907	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	0.000
Other (List)	0	0	\$0	\$0	0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	0.000
Intercompany Sales	0	0	\$0	\$0	0.000
Off - System Sales	0	2,425	\$0	\$0	0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	0.000
NOx Consumed By Kentucky Power	617	14,455	\$0	\$0	0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		19,097		\$0	0.000

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

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

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

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of June 2009

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$32,461	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$661,320	
3	Monthly SO2 Allowance Consumption	<u>\$106,498</u>	
4	Total 1997 Plan O&M Expenses		\$800,279
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$273,224	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$0	
9	Equipment - Associated Operating Expenses	\$2,927	
10	Equipment - Associated Maintenance Expenses	<u>(\$76,637)</u>	
11	Total 2003 Plan O&M Expenses		<u>\$199,514</u>
12	Total Monthly O&M Expenses		<u>\$999,793</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$124,974

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

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

For the Expense Month of June 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$58,784		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$220,440		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$694,386		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,674		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$584,166		
6	Muskingum Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$58,784		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$7,348		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,674	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$18,370	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,627,582	\$22,044	\$1,649,626

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

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

For the Expense Month of June 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$416,435		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$795,222		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$15,951,043		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,512		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,068,305		
6	Muskingum Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$168,256		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	(\$4,832)		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 3, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$18,412,941	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,425,000	5,107,000	
13	Environmental Base (\$/kw)	\$2.19	\$0.01	
14	Company Surplus Weighting	82.00%	17.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.80	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	367,400	367,400	
17	Fixed O&M Environmental Cost to Kentucky Power	\$661,320	\$0	\$661,320

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

ES FORM 3.14
 Page 4 of 11

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

For the Expense Month of June 2009

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$389,022,136
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,329,603
	Operations :	
4	Disposal (5010000)	\$0
5	Urea (5020002)	\$225,341
6	Trona (5020003)	\$109,105
7	Lime Stone (5020004)	\$450,562
8	Air Emission Fee	<u>\$10,214</u>
9	Total Operations (Line 4 thru 8)	\$795,222
	Maintenance :	
10	SCR Maintenance (5120000)	\$0
11	Scrubber (FGD) Maintenance (5120000)	<u>\$0</u>
12	Total Maintenance (11) + (12)	\$0
13	1/2 Maintenance (12) * 50%	<u>\$0</u>
14	Fixed O&M (9) + (11)	<u>\$795,222</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,124,825</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,124,825
18	Ohio Power Company Steam Capacity (kw)	8,425,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.73
20	Ohio Power Surplus Weighing	82.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.60
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.60
23	Kentucky Power Capacity Deficit (kw)	<u>367,400</u>
24	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23) (ES FORM 3.14, Page 1 of 10, Line 2)	\$220,440

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$3,748,651
LINE 2	Brr from ES FORM 1.10	\$2,818,212
LINE 3	E(m) (LINE 1 - LINE 2)	\$930,439
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	83.5%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$776,916
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$98,267)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$678,649
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$678,649
LINE 9	KY Retail R(m) from ES FORM 3.30	\$44,798,009
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.5149%

Effective Date for Billing: September 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : August 18, 2009

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 21		\$3,701,306
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 16		\$47,345
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO ₂ - EPA Auction Proceeds received during Expense Month 2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO _x - ERC Sales Proceeds, received during Expense Month 2) NO _x - EPA Auction Proceeds, received during Expense Month 3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,748,651

ES FORM 3.10

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

For the Expense Month of July 2009

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,230,568	
2	Less Accumulated Depreciation	(\$50,411,161)	
3	Less Accum. Def. Income Taxes	(\$40,839,438)	
4	Net Utility Plant		\$99,979,969
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,768,689
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$136,527
8	Total Rate Base		\$107,885,185
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$927,813
	Operating Expenses :		
12	Monthly Depreciation Expense		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,788,858
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$239,063
18	Monthly SO2 Emission Allowance Consumption		\$76,281
19	Monthly ERC & NOx Emission Allowance Consumption		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		<u>\$2,773,493</u>
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,701,306

ES FORM 3.11

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

For the Expense Month of July 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	403,260	\$0	\$0	\$0.000
Gavin Reallocation	0	84,162	\$0	\$0	\$0.000
P & E Transfers In	0	325,869	\$0	\$4,725,223	\$14.500
Intercompany Purchases	0	20,739	\$0	\$3,247,347	\$156.582
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power	2,936	533,643	\$76,281	\$36,667,950	\$68.713
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,121,083		\$7,768,689	\$6.930
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06990

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

ES FORM 3.12

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

For the Expense Month of July 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	0.000
Additions -					
EPA Allowances	0	36,907	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	0.000
Other (List)	0	0	\$0	\$0	0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	0.000
Intercompany Sales	0	0	\$0	\$0	0.000
Off - System Sales	0	2,425	\$0	\$0	0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	0.000
NOx Consumed By Kentucky Power	545	15,000	\$0	\$0	0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		18,552		\$0	0.000

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

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

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

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 2009

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$32,461	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$744,408	
3	Monthly SO2 Allowance Consumption	<u>\$76,281</u>	
4	Total 1997 Plan O&M Expenses		\$853,150
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$201,148	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$0	
9	Equipment - Associated Operating Expenses	\$6,991	
10	Equipment - Associated Maintenance Expenses	<u>\$30,923</u>	
11	Total 2003 Plan O&M Expenses		<u>\$239,063</u>
12	Total Monthly O&M Expenses		<u>\$1,092,213</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$136,527

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

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

For the Expense Month of July 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$68,364		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$250,668		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$748,206		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,798		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$626,670		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$60,768		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,394		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,798	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,192	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,769,868	\$18,990	\$1,788,858

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

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

For the Expense Month of July 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$579,928		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,333,928		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$16,248,662		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,558		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,264,661		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$167,550		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$18,381		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 3, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$19,631,668	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,425,000	5,107,000	
13	Environmental Base (\$/kw)	\$2.33	\$0.01	
14	Company Surplus Weighting	84.00%	15.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.96	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	379,800	379,800	
17	Fixed O&M Environmental Cost to Kentucky Power	\$744,408	\$0	\$744,408

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

ES FORM 3.14
 Page 4 of 11

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

For the Expense Month of July 2009

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$389,022,136
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,329,603
	Operations :	
4	Disposal (5010000)	\$0
5	Urea (5020002)	\$308,134
6	Trona (5020003)	\$350,005
7	Lime Stone (5020004)	\$606,152
8	Air Emission Fee	<u>\$10,214</u>
9	Total Operations (Line 4 thru 8)	\$1,274,505
	Maintenance :	
10	SCR Maintenance (5120000)	\$6,007
11	Scrubber (FGD) Maintenance (5120000)	<u>\$112,839</u>
12	Total Maintenance (10) + (11)	\$118,846
13	1/2 Maintenance (12) * 50%	<u>\$59,423</u>
14	Fixed O&M (9) + (11)	<u>\$1,333,928</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,663,531</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,663,531
18	Ohio Power Company Steam Capacity (kw)	8,425,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.79
20	Ohio Power Surplus Weighing	84.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.66
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.66
23	Kentucky Power Capacity Deficit (kw)	<u>379,800</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$250,668

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3 00	\$4,044,084
LINE 2	Brr from ES FORM 1.10	\$2,342,883
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,701,201
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	75.2%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,279,303
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$331,137)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$948,166
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$948,166
LINE 9	KY Retail R(m) from ES FORM 3 30	\$40,667,275
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.3315%

Effective Date for Billing: October 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : September 18, 2009

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of August 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 21		\$3,995,901
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 16		\$48,183
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO ₂ - EPA Auction Proceeds received during Expense Month 2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO _x - ERC Sales Proceeds, received during Expense Month 2) NO _x - EPA Auction Proceeds, received during Expense Month 3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,044,084

ES FORM 3.10

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

For the Expense Month of August 2009

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,230,568	
2	Less Accumulated Depreciation	(\$51,034,138)	
3	Less Accum. Def. Income Taxes	(\$41,113,803)	
4	Net Utility Plant		\$99,082,627
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,656,241
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$163,923
8	Total Rate Base		\$106,902,791
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$919,364
	Operating Expenses :		
12	Monthly Depreciation Expense		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461
	Monthly Environmental AEP Pool Capacity Costs		
16	from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,997,487
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$297,311
18	Monthly SO2 Emission Allowance Consumption		\$112,448
19	Monthly ERC & NOx Emission Allowance Consumption		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		<u>\$3,076,537</u>
21	Total Revenue Requirement - Big Sandy		
	Record on ES FORM 3.00, Line 1		\$3,995,901

ES FORM 3.11

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

For the Expense Month of August 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	403,260	\$0	\$0	\$0.000
Gavin Reallocation	0	84,162	\$0	\$0	\$0.000
P & E Transfers In	0	325,869	\$0	\$4,725,223	\$14.500
Intercompany Purchases	0	20,739	\$0	\$3,247,347	\$156.582
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power	4,328	537,971	\$112,448	\$36,780,398	\$68.369
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,116,755		\$7,656,241	\$6.856
Expense Month Member Load Ratio for AEP/Kentucky Power					0.07062

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

ES FORM 3.12

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

For the Expense Month of August 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	0.000
Additions -					
EPA Allowances	0	36,907	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	0.000
Other (List)	0	0	\$0	\$0	0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	0.000
Intercompany Sales	0	0	\$0	\$0	0.000
Off - System Sales	0	2,425	\$0	\$0	0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	0.000
NOx Consumed By Kentucky Power	647	15,647	\$0	\$0	0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		17,905		\$0	0.000

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

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

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

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of August 2009

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$32,461	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$869,166	
3	Monthly SO2 Allowance Consumption	<u>\$112,448</u>	
4	Total 1997 Plan O&M Expenses		\$1,014,075
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$247,273	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$0	
9	Equipment - Associated Operating Expenses	\$2,894	
10	Equipment - Associated Maintenance Expenses	<u>\$47,144</u>	
11	Total 2003 Plan O&M Expenses		<u>\$297,311</u>
12	Total Monthly O&M Expenses		<u>\$1,311,386</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$163,923

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

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

For the Expense Month of August 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$87,714		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$295,038		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$825,309		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,987		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$685,764		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$67,779		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,961		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,987	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,948	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,977,552	\$19,935	\$1,997,487

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

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

For the Expense Month of August 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$892,677		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,952,572		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$16,773,822		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,540		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,545,982		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$213,245		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$24,243		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 3, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$21,421,081	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,425,000	5,107,000	
13	Environmental Base (\$/kw)	\$2.54	\$0.01	
14	Company Surplus Weighting	86.00%	14.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$2.18	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	398,700	398,700	
17	Fixed O&M Environmental Cost to Kentucky Power	\$869,166	\$0	\$869,166

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

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

For the Expense Month of August 2009

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$389,022,136
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,329,603
	Operations :	
4	Disposal (5010000)	\$0
5	Urea (5020002)	\$246,435
6	Trona (5020003)	\$995,992
7	Lime Stone (5020004)	\$411,012
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	\$1,664,045
	Maintenance :	
10	SCR Maintenance (5120000)	\$9,428
11	Scrubber (FGD) Maintenance (5120000)	<u>\$567,626</u>
12	Total Maintenance (11) + (12)	\$577,054
13	1/2 Maintenance (12) * 50%	<u>\$288,527</u>
14	Fixed O&M (9) + (11)	<u>\$1,952,572</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$7,282,175</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$7,282,175
18	Ohio Power Company Steam Capacity (kw)	8,425,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.86
20	Ohio Power Surplus Weighing	86.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.74
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.74
23	Kentucky Power Capacity Deficit (kw)	<u>398,700</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$295,038

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$3,718,375
LINE 2	Brr from ES FORM 1.10	\$2,852,305
LINE 3	E(m) (LINE 1 - LINE 2)	\$866,070
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	78.8%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$682,463
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$174,519
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$856,982
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$856,982
LINE 9	KY Retail R(m) from ES FORM 3.30	\$36,435,255
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.3521%

Effective Date for Billing: November 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : October 16, 2009

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of September 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 21		\$3,670,216
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 16		\$48,159
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO ₂ - EPA Auction Proceeds received during Expense Month 2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO _x - ERC Sales Proceeds, received during Expense Month 2) NO _x - EPA Auction Proceeds, received during Expense Month 3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00		\$3,718,375

ES FORM 3.10

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

For the Expense Month of September 2009

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,230,568	
2	Less Accumulated Depreciation	(\$51,657,115)	
3	Less Accum. Def. Income Taxes	(\$41,388,171)	
4	Net Utility Plant		\$98,185,282
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,581,596
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$55,010
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$121,545
8	Total Rate Base		\$105,943,433
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$911,114
	Operating Expenses :		
12	Monthly Depreciation Expense		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461
	Monthly Environmental AEP Pool Capacity Costs		
16	from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,806,255
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$192,417
18	Monthly SO2 Emission Allowance Consumption		\$74,645
19	Monthly ECR & NOx Emission Allowance Consumption		\$16,494
20	Total Operating Expenses [Line 12 thru Line 18]		\$2,759,102
21	Total Revenue Requirement - Big Sandy		\$3,670,216
	Record on ES FORM 3.00, Line 1		

ES FORM 3.11

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

For the Expense Month of September 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6 209
Additions -					
EPA Allowances	0	403,260	\$0	\$0	\$0 000
Gavin Reallocation	0	84,162	\$0	\$0	\$0 000
P & E Transfers In	0	325,869	\$0	\$4,725,223	\$14 500
Intercompany Purchases	0	20,739	\$0	\$3,247,347	\$156 582
Other (List)	0	433,206	\$0	\$67,152,857	\$155 014
SO2 Emissions Allowance Adjustment	0	4	\$0	\$0	\$0 000
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73 459
Intercompany Sales	0	52,690	\$0	\$4,758,135	\$90 304
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98 269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0 000
SO2 Emissions Allowances Consumed By Kentucky Power	2,873	540,844	\$74,645	\$36,855,043	\$68 144
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,113,882		\$7,581,596	\$6 806
Expense Month Member Load Ratio for AEP/Kentucky Power					0.07069

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

ES FORM 3.12 B

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

For the Expense Month of September 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,514	\$0	\$0	\$0.000
P&E Transfers In	0	0		\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	100	\$0	\$124,271	\$1,242.710
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	564	5,638	\$16,494	\$69,261	\$12.285
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		38,976		\$55,010	\$1.411

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of September 2009

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$32,461	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$672,840	
3	Monthly SO2 Allowance Consumption	<u>\$74,645</u>	
4	Total 1997 Plan O&M Expenses		\$779,946
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$160,102	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$16,494	
9	Equipment - Associated Operating Expenses	\$2,524	
10	Equipment - Associated Maintenance Expenses	<u>\$13,297</u>	
11	Total 2003 Plan O&M Expenses		<u>\$192,417</u>
12	Total Monthly O&M Expenses		<u>\$972,363</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$121,545

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

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

For the Expense Month of September 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$56,070		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$252,315		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$740,925		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$4,005		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$652,815		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$68,085		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$12,015		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$4,005	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$16,020	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,786,230	\$20,025	\$1,806,255

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

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

For the Expense Month of September 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$124,153		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$822,529		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$14,566,038		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$640,464		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$210,032		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 3, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$16,396,924	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,425,000	5,107,000	
13	Environmental Base (\$/kw)	\$1.95	\$0.01	
14	Company Surplus Weighting	86.00%	14.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.68	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	400,500	400,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$672,840	\$0	\$672,840

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

ES FORM 3.14
 Page 4 of 11

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

For the Expense Month of September 2009

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$389,022,136
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,329,603
	Operations :	
4	Disposal (5010000)	(\$32,680)
5	Urea (5020002)	\$224,994
6	Trona (5020003)	\$136,615
7	Lime Stone (5020004)	\$259,850
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	\$599,385
	Maintenance :	
10	SCR Maintenance (5120000)	\$10,188
11	Scrubber (FGD) Maintenance (5120000)	<u>\$436,100</u>
12	Total Maintenance (11) + (12)	\$446,288
13	1/2 Maintenance (12) * 50%	<u>\$223,144</u>
14	Fixed O&M (9) + (11)	<u>\$822,529</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,152,132</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,152,132
18	Ohio Power Company Steam Capacity (kw)	8,425,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.73
20	Ohio Power Surplus Weighing	86.00%
21	Portion of Weighted Average Capacity Rate	
	Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.63
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.63
23	Kentucky Power Capacity Deficit (kw)	<u>400,500</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$252,315

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3 00	\$2,581,004
LINE 2	Brr from ES FORM 1.10	\$2,181,975
LINE 3	E(m) (LINE 1 - LINE 2)	\$399,029
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	76.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$303,262
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$153,693
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$456,955
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$456,955
LINE 9	KY Retail R(m) from ES FORM 3.30	\$33,633,296
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.3586%

Effective Date for Billing: December 2009

Submitted By : _____

Title : Director Regulatory Services

Date Submitted : November 16, 2009

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of October 2009

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 21		\$2,533,208
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 16		\$47,796
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO ₂ - EPA Auction Proceeds received during Expense Month 2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO _x - ERC Sales Proceeds, received during Expense Month 2) NO _x - EPA Auction Proceeds, received during Expense Month 3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,581,004

ES FORM 3.10

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

For the Expense Month of October 2009

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,230,568	
2	Less Accumulated Depreciation	(\$52,280,092)	
3	Less Accum. Def. Income Taxes	(\$41,662,538)	
4	Net Utility Plant		\$97,287,938
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,473,124
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$37,463
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		(\$23,789)
8	Total Rate Base		\$104,774,736
9	Weighted Average Cost of Capital - ES FORM 3.15	10.30%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.86%
11	Monthly Return of Rate Base (8) * (10)		\$901,063
	Operating Expenses :		
12	Monthly Depreciation Expense		\$576,947
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$13,853
15	Monthly Kentucky Air Emissions Fee		\$32,461
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$568,974
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$301,902
18	Monthly SO2 Emission Allowance Consumption		\$108,472
19	Monthly ECR & NOx Emission Allowance Consumption		(\$16,494)
20	Total Operating Expenses [Line 12 thru Line 18]		\$1,632,145
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,533,208

ES FORM 3.11

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

For the Expense Month of October 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	403,260	\$0	\$0	\$0.000
Gavin Reallocation	0	84,162	\$0	\$0	\$0.000
P & E Transfers In	0	325,869	\$0	\$4,725,223	\$14.500
Intercompany Purchases	0	20,739	\$0	\$3,247,347	\$156.582
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power	4,175	545,019	\$108,472	\$36,963,515	\$67.821
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,109,707		\$7,473,124	\$6.734
Expense Month Member Load Ratio for AEP/Kentucky Power					0.07173

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

ES FORM 3.12 B

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

For the Expense Month of October 2009

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,514	\$0	\$0	\$0.000
P&E Transfers In	0	0		\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	100	\$0	\$124,271	\$1,242.710
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	600	6,238	\$17,547	\$86,808	\$13.916
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		38,376		\$37,463	\$0.976

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of October 2009

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$32,461	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	(\$633,144)	
3	Monthly SO2 Allowance Consumption	<u>\$108,472</u>	
4	Total 1997 Plan O&M Expenses		(\$492,211)
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$278,089	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$17,547	
9	Equipment - Associated Operating Expenses	\$2,325	
10	Equipment - Associated Maintenance Expenses	<u>\$3,941</u>	
11	Total 2003 Plan O&M Expenses		<u>\$301,902</u>
12	Total Monthly O&M Expenses		<u>(\$190,309)</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		(\$23,789)

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

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

For the Expense Month of October 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$94,116		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$256,680		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	(\$594,642)		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$4,278		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$705,870		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$72,726		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$12,834		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$4,278	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$12,834	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$551,862	\$17,112	\$568,974

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

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

For the Expense Month of October 2009

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$938,331		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$602,603		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	(\$17,212,561)		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$882,901		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$233,656		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 3, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	(\$14,521,363)	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,425,000	5,107,000	
13	Environmental Base (\$/kw)	(\$1.72)	\$0.01	
14	Company Surplus Weighting	86.00%	11.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	(\$1.48)	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	427,800	427,800	
17	Fixed O&M Environmental Cost to Kentucky Power	(\$633,144)	\$0	(\$633,144)

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

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

For the Expense Month of October 2009

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$389,022,136
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,329,603
	Operations :	
4	Disposal (5010000)	\$85,751
5	Urea (5020002)	\$45,813
6	Trona (5020003)	\$73,280
7	Lime Stone (5020004)	\$84,085
8	Air Emission Fee	\$10,606
9	Total Operations (Line 4 thru 8)	\$299,535
	Maintenance :	
10	SCR Maintenance (5120000)	\$17,824
11	Scrubber (FGD) Maintenance (5120000)	\$588,311
12	Total Maintenance (11) + (12)	\$606,135
13	1/2 Maintenance (12) * 50%	\$303,068
14	Fixed O&M (9) + (11)	\$602,603
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	\$5,932,206
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$5,932,206
18	Ohio Power Company Steam Capacity (kw)	8,425,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.70
20	Ohio Power Surplus Weighing	86.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.60
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.60
23	Kentucky Power Capacity Deficit (kw)	427,800
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$256,680

Kentucky Power Company

REQUEST

Refer to your Response to Data Request No. 2. Please provide any projections or other information on anticipated write-downs of the Company's NOx and SO2 allowances in light of proposed environmental legislation.

RESPONSE

Kentucky Power Company has no projections or other information on anticipated write-downs of the Company's NOx and SO2 allowances at this time..

Under the Proposed Transport Rule, EPA has proposed an entirely new allowance system that would eliminate the use of previously banked Title IV and CAIR SO2 allowances after the end of 2011. As a consequence, the price of SO2 allowances has dropped to nearly zero and the SO2 market has been effectively eviscerated.

WITNESS: Lila P Munsey

