

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 04 2012

PUBLIC SERVICE
COMMISSION

In The Matter Of:

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

CASE NO. 2011-00401

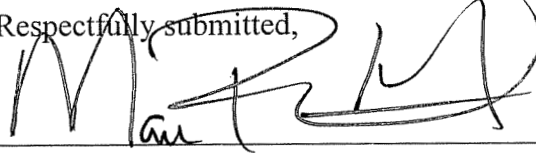
**Notice of Filing Of Supplemental Response
To Identified Data Requests**

Kentucky Power Company files its May 4, 2012 Supplemental Response to the following

Data Requests:

- (a) Sierra Club 1-1; and
- (b) KIUC 1-41.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', written over a horizontal line.

Mark R. Overstreet

R. Benjamin Crittenden

STITES & HARBISON, PLLC

421 West Main Street

P.O. Box 634

Frankfort, KY 40602-0634

Telephone: (502) 223-3477

COUNSEL FOR KENTUCKY POWER
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by first class mail upon the following parties of record, this the 4th day of May, 2012.

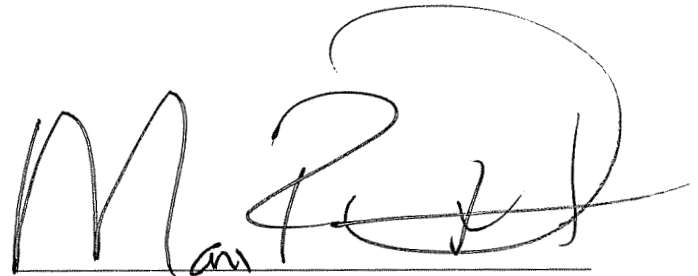
Michael L. Kurtz
Kurt J. Boehm
Boehm, Kurtz & Lowry
Suite 1510
36 East Seventh Street
Cincinnati, OH 45202

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

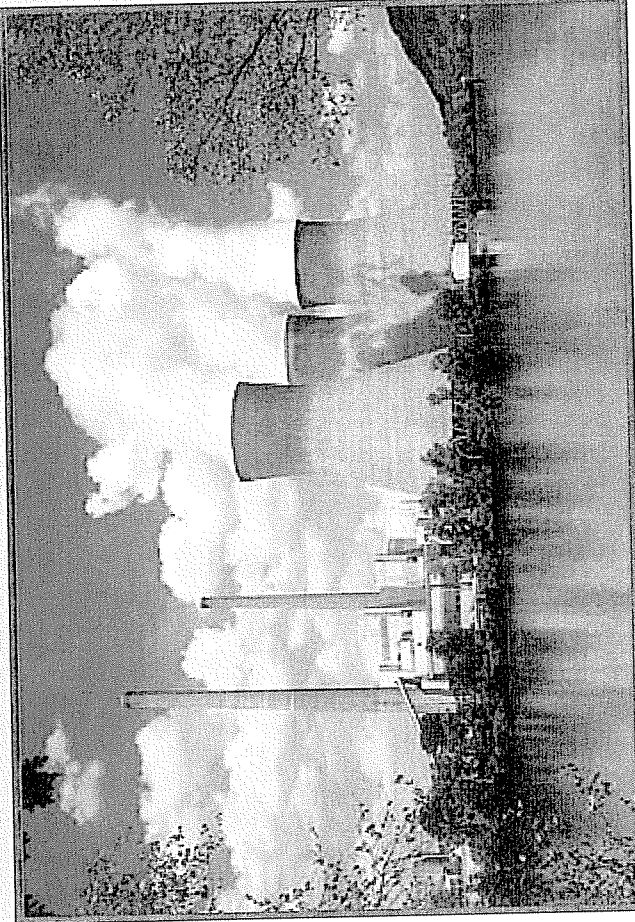
Jennifer Black Hans
Dennis G. Howard II
Lawrence W. Cook
Assistant Attorney General
Office for Rate Intervention
P.O. Box 2000
Frankfort, KY 40602-2000

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

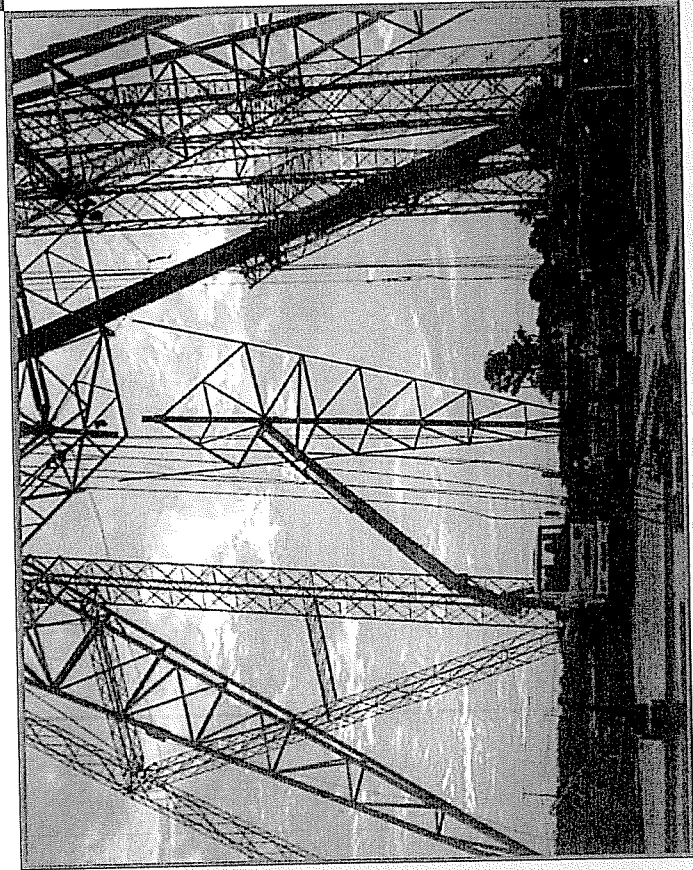
Shannon Fisk
745 N. 24th St.
Philadelphia, PA 19130

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', written over a horizontal line.

Mark R. Overstreet



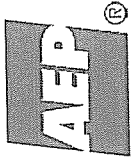
AEP
AMERICAN[®]
ELECTRIC
POWER



**1Q12 Earnings Release
Presentation**

April 20, 2012

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995



This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: the economic climate and growth in, or contraction within, our service territory and changes in market demand and demographic patterns, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impairing our ability to finance new capital projects and refinance existing debt at attractive rates, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, electric load, customer growth and the impact of retail competition, particularly in Ohio due to the February 2012 PUCO rehearing order, weather conditions, including storms, and our ability to recover significant storm restoration costs through applicable rate mechanisms, available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters, availability of necessary generating capacity and the performance of our generating plants, our ability to recover regulatory assets in connection with Plant Unit 1 restoration and outage-related issues through warranty, insurance and the regulatory process, our ability to build or acquire generating capacity, and transmission line facilities (including our ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs (including the costs of projects that are cancelled) through applicable rate cases or competitive rates, new legislation, litigation and government regulation including oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances or additional regulation of fly ash and similar combustion products that could impact the continued operation and cost recovery of our plants, a reduction in the federal statutory tax rate, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, our ability to constrain operation and maintenance costs, our ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas and other energy-related commodities, changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, volatility and changes in markets for electricity, natural gas, coal, nuclear fuel and other energy-related commodities, changes in utility regulation, including the implementation of ESPs and the expected legal separation and transition to market for generation in Ohio and the allocation of costs within regional transmission organizations, including PJM and SPP, accounting pronouncements periodically issued by accounting standard-setting bodies, the impact of volatility in the capital markets on the value of the investments held by our pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact on future funding requirements, prices and demand for power that we generate and sell at wholesale, changes in technology, particularly with respect to new, developing or alternative sources of generation, our ability to recover through rates or prices any remaining unrecovered investment in generating units that may be retired before the end of their previously projected useful lives, our ability to successfully manage negotiations with stakeholders and obtain regulatory approval to terminate or amend the Interconnection Agreement and break up or modify the AEP Power Pool, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including nuclear fuel and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

Investor Relations Contacts

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First Quarter 2012 Highlights



- **Financial Performance**
 - Delivered GAAP and on-going earnings of \$0.80 per share
 - 2012 Earnings guidance not reaffirmed
 - Remain committed to long-term strategy outlined on February 10th
- **Progress in the 1st Quarter – Moving forward with Repositioning AEP**
 - FINANCE – Issued \$800M TCC Securitization bonds (March 14)
 - RETAIL – Acquired BlueStar Energy which establishes a platform for retail growth (March 7)
 - TRANSMISSION – Transco and ETT investments on-track; Transource JV with Great Plains Energy announced (April 4)
- **Ohio Regulatory Update**
 - Capacity filing hearing underway
 - ESP procedural schedule established

Dividend payout and growth rate supported by Regulated Operations

1Q12 Performance



First Quarter Reconciliation

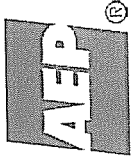
	EPS	Ongoing Earnings (\$ in millions)
1Q11	\$ 0.82	\$392
Weather	\$ (0.12)	
Customer Switching	\$ (0.06)	
Ohio POLR	\$ (0.05)	
Transmission Operations	\$ 0.01	
Other	\$ 0.01	
Rate Changes	\$ 0.08	
Operations & Maintenance	\$ 0.11	
1Q12	\$ 0.80	\$389

EPS Based on 484MM shares in 1Q12

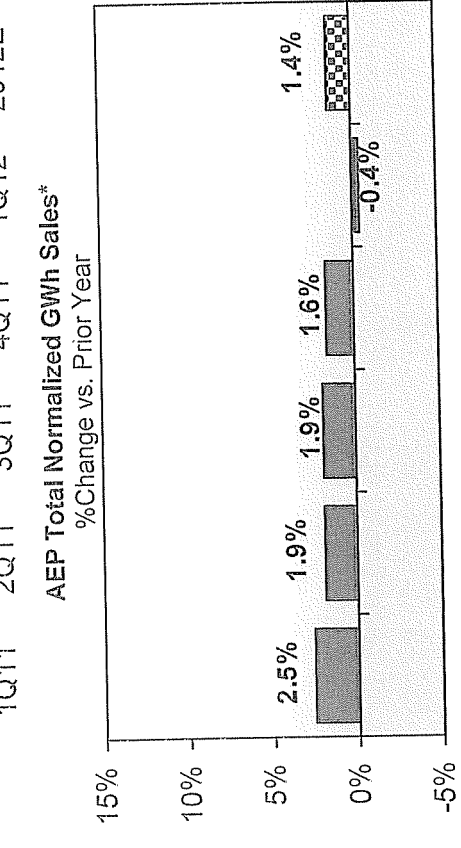
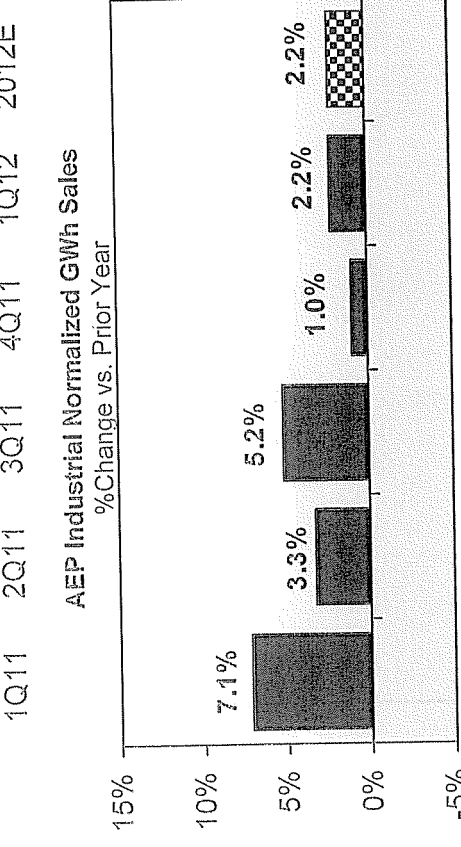
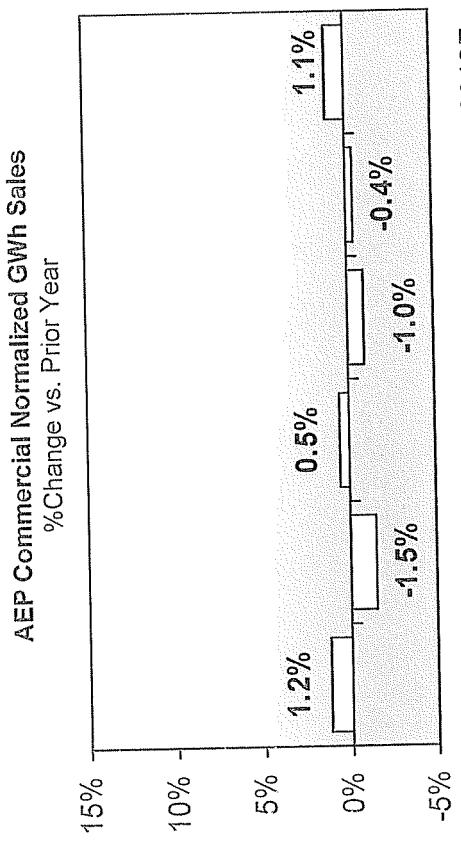
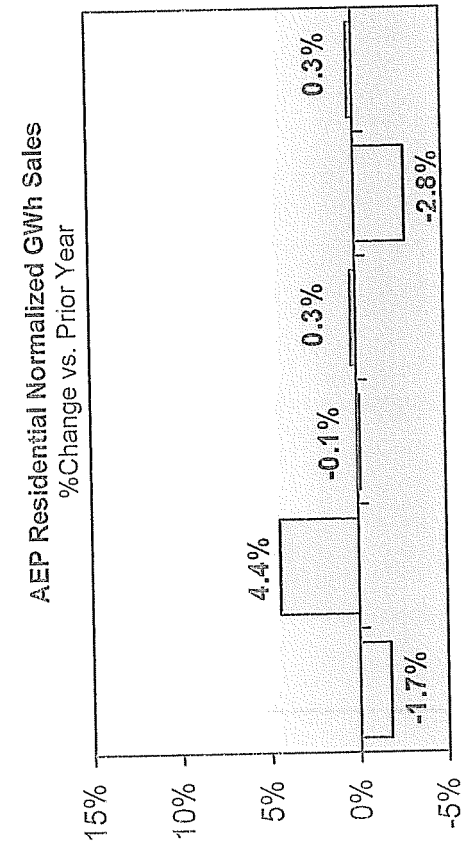
1Q12 Performance Drivers

- Weather was unfavorable by \$87M vs. prior year, unfavorable \$68M vs. normal
- Gross Customer Switching up \$42M from prior year. Total 1Q12 retail generation margin lost \$57M. As of March 2012, 28% of total AEP Ohio load lost
- Loss of POLR revenues \$39M
- Transmission Operations up \$5M
- Rate Changes net of offsets of \$63M from multiple operating jurisdictions
- O&M expense net of offsets decreased \$80M primarily due to spending discipline and reversal of a previously recorded regulatory obligation

1Q12 earnings in-line with 1Q11 earnings



Normalized Load Trends



Note: Chart represents connected load

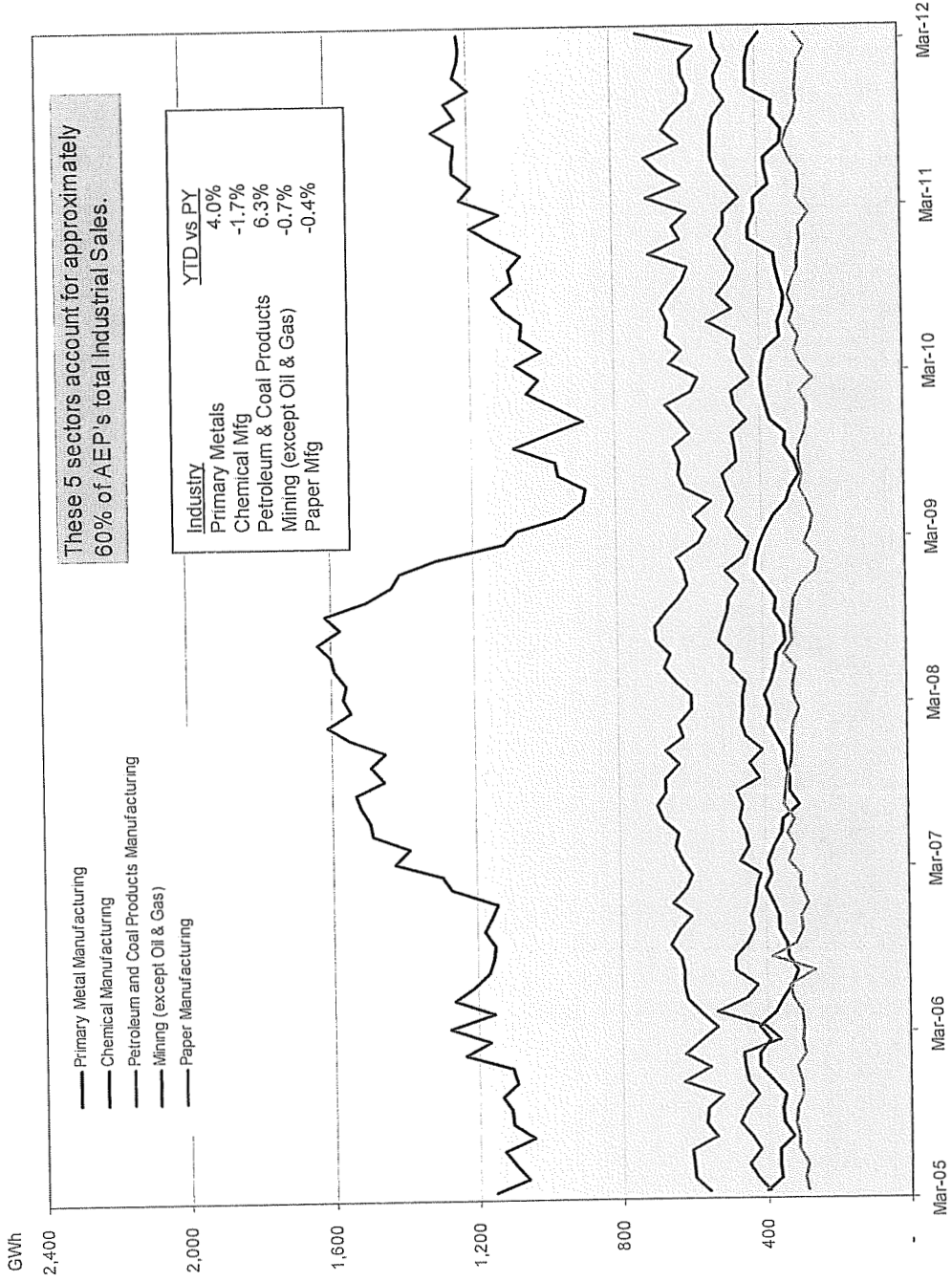
*includes firm wholesale load

Residential/Commercial sales down; Industrial sales up



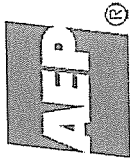
Industrial Sales Volumes

AEP Industrial GWh by Sector



Industrial sales continue to improve

Coal to Gas Switching



	Net Capacity Factor	
	1Q12	1Q11
AEP East	Coal	61.2%
	Gas	21.7%
AEP SPP	Coal	78.8%
	Gas	17.2%

	Net Capacity Factor	
	1Q12	1Q11
AEP East Combined Cycle	77.9%	38.2%

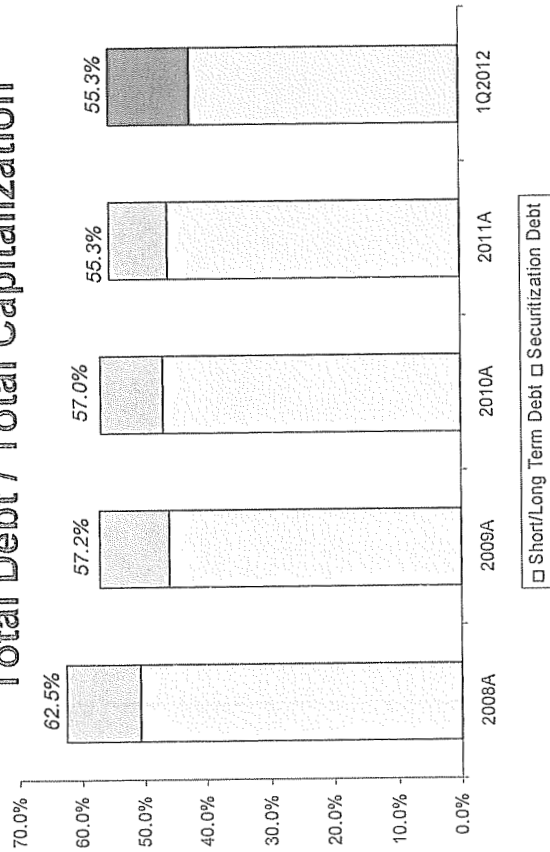
- Natural gas consumption increased 62% 1Q12 compared to 1Q11
- Excluding Dresden, east combined cycle average capacity factor for 1Q12 was approximately 85%
- 45 days system average coal inventory at March 31, 2012
- Coal fully hedged for 2012, approximately 80% hedged for 2013

Gas switching in AEP East complete; managing coal inventories



Capitalization & Liquidity

Total Debt / Total Capitalization



Pension Funding

At the end of the first quarter AEP's pension funded status was 90%

Credit Statistics

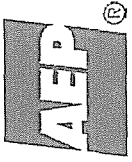
	Actual	Target
FFO Interest Coverage	4.7	>3.6x
FFO To Total Debt	20.0%	15%- 20%

Note: Credit statistics represent the trailing 12 months as of 03/31/2012

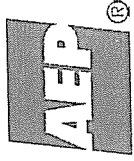
Liquidity Summary (03/31/2012)

Liquidity Summary (unaudited)	Actual Amount	Maturity
Revolving Credit Facility	\$ 1,750	Jul-16
Revolving Credit Facility	1,500	Jun-15
Total Credit Facilities	3,250	
Plus		
Cash & Cash Equivalents	286	
Less		
Commercial Paper Outstanding	(385)	
Letters of credit issued	(189)	
Net available Liquidity	\$ 2,962	

Strong balance sheet, solid credit metrics and adequate liquidity

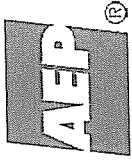


Questions



1Q12 Earnings

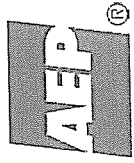
	\$ millions		Earnings Per Share	
	1st Qtr 2011	1st Qtr 2012	1st Qtr 2011	1st Qtr 2012
Utility Operations	\$ 389	\$ 383	\$ 0.81	\$ 0.79
Transmission Operations	4	9	0.01	0.02
Non-Utility Operations	8	8	0.02	0.02
Parent & Other	(9)	(11)	(0.02)	(0.03)
AEP On-Going Earnings	392	389	0.82	0.80
Cost Reduction Initiative	9	-	0.02	-
Carbon Capture & Storage	(26)	-	(0.06)	-
Litigation Settlement - Enron Bankruptcy	(22)	-	(0.05)	-
Special Items Total	(39)	39	(0.09)	0.09
Reported Earnings (GAAP)	\$ 353	\$ 389	\$ 0.73	\$ 0.80
				\$ 0.07



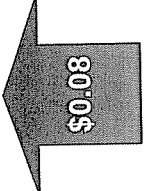
Quarterly Performance Comparison

American Electric Power
 Financial Results for 1st Quarter 2012 Actual vs 1st Quarter 2011 Actual

	2011 Actual		2012 Actual	
	(\$ millions)		(\$ millions)	
	Performance Driver	EPS	Performance Driver	EPS
UTILITY OPERATIONS:				
Gross Margin:				
1	East Regulated Integrated Utilities	18,152 GWh @ \$ 41.7 /MWhr =	17,018 GWh @ \$ 44.9 /MWhr =	764
2	Ohio Companies	13,305 GWh @ \$ 53.7 /MWhr =	12,863 GWh @ \$ 48.0 /MWhr =	618
3	West Regulated Integrated Utilities	9,903 GWh @ \$ 29.6 /MWhr =	9,657 GWh @ \$ 29.9 /MWhr =	289
4	Texas Wires	6,314 GWh @ \$ 23.5 /MWhr =	6,157 GWh @ \$ 23.5 /MWhr =	145
5	Off-System Sales	86	84	84
6	Transmission Revenue - 3rd Party	102	115	115
7	Other Operating Revenue	125	101	101
8	Utility Gross Margin	2,227	2,116	2,116
9	Operations & Maintenance	(835)	(757)	(757)
10	Depreciation & Amortization	(393)	(412)	(412)
11	Taxes Other than Income Taxes	(209)	(211)	(211)
12	Interest Exp & Preferred Dividend	(233)	(217)	(217)
13	Other Income & Deductions	48	43	43
14	Income Taxes	(216)	(179)	(179)
15	Utility Operations On-Going Earnings	389	383	383
		0.81	0.79	0.79
16	Transmission Operations On-Going Earnings	4	9	9
		0.01	0.02	0.02
NON-UTILITY OPERATIONS:				
17	AEP River Operations	7	9	9
18	Generation & Marketing	1	(1)	(1)
PARENT & OTHER:				
19	Parent Company On-Going Earnings	(11)	(12)	(12)
20	Other Investments	2	1	1
21	Parent & Other On-Going Earnings	(9)	(11)	(11)
		(0.02)	(0.03)	(0.03)
22	ON-GOING EARNINGS	392	389	389
		0.82	0.80	0.80

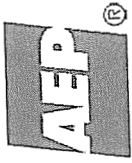


Retail Rate Performance


	Rate Changes, net of trackers (in millions)
	1Q12 vs. 1Q11
East Regulated Integrated Utilities	\$27
Ohio Companies	\$37
West Regulated Integrated Utilities	\$0
Texas Wires	\$0
AEP System Total	\$63
Impact on EPS	

May not foot due to rounding

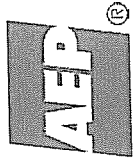
1Q12 Retail Performance



	Retail Load* (weather normalized)
	1Q12 vs. 1Q11
East Regulated Integrated Utilities	(2.0%)
Ohio Companies	(0.8%)
West Regulated Integrated Utilities	0.3%
Texas Wires	3.6%
Impact on EPS	\$0.00

	Weather Impact (in millions)
	1Q12 vs. 1Q11
East Regulated Integrated Utilities	(\$45)
Ohio Companies	(\$24)
West Regulated Integrated Utilities	(\$9)
Texas Wires	(\$9)
Impact on EPS	\$0.12 

* Excludes firm wholesale load



Off System Sales Gross Margin Detail

	1Q11 (\$millions)	1Q12 (\$millions)
OSS Physical Sales	\$ 90	\$ 78
Marketing/Trading	\$ 32	\$ 22
Pre-Sharing Gross Margin	\$ 122	\$ 100
Margin Shared	\$ (36)	\$ (16)
Net OSS	\$ 86	\$ 84

- Physical off-system sales margins decreased from last year by \$12M
- AEP/Dayton Hub pricing: 22% decrease in liquidation prices
- Lower Trading & Marketing results by \$10M



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

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PUBLIC SERVICE
COMMISSION

April 20, 2012

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

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of March 2012. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after April 30, 2012.

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

Lila P. Munsey
Manager, Regulatory Services
Enclosures

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$3,205,828
LINE 2	Brr from ES FORM 1.10	3,651,374 1/
LINE 3	E(m) (LINE 1 - LINE 2)	(\$445,546)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	90.6%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$403,664)
LINE 5A	Environmental Surcharge Clause Adjustment per Order in Case No. 2011 - 00031 dated April 16, 2012	(\$629,557)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$211,240)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$1,244,461)
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	(\$1,244,461)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$44,915,695
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-2.7707%

Effective Date for Billing: April 30, 2012

Submitted By : Lila P. Murney

Title : Manager Regulatory Services

Date Submitted : April 20, 2012

ES FORM 1.10

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

MONTHLY BASE PERIOD REVENUE REQUIREMENT

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

ES FORM 3.00

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

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 20		\$3,158,308
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 16		\$47,520
	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.		\$3,205,828

ES FORM 3.10

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

For the Expense Month of March 2012

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,452,443	
2	Less Accumulated Depreciation	(\$70,355,453)	
3	Less Accum. Def. Income Taxes	(\$38,304,693)	
4	Net Utility Plant		\$82,792,297
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$11,747,007
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$78,726
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$103,468
8	Total Rate Base		\$94,721,498
9	Weighted Average Cost of Capital - ES FORM 3.15	10.85%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%
11	Monthly Return of Rate Base (8) * (10)		\$852,493
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$10,527
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$986,544
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$258,789
18	Monthly SO2 Emission Allowance Consumption		\$413,351
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,305,815
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,158,308

ES FORM 3.11

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

For the Expense Month of March 2012

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	474,169	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	109,405	\$0	\$33,456,375	\$305.803
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	13,642	(\$2,819)	(\$5,106,799)	(\$374.344)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	215		\$119,365		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	3,774	700,934	\$293,986	\$57,824,518	\$82.496
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,131,622		\$11,747,007	\$10.381
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06409

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

ES FORM 3.12 A

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

For the Expense Month of March 2012

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,048	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	23,693	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		10,000		\$0	\$0.000

Columns 1 and 2 -

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

Columns 3 and 4 -

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

Column 5 -

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

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

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

ES FORM 3.12 B

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

For the Expense Month of March 2012

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,830	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	3,264	(\$86,548)	\$1,970,892	\$603.827
Other (List)	0	0	\$0	\$0	\$0.000
NOx Emissions Allowance Adjustment	0	(8)	(\$635)	(\$2,540)	\$317.500
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	342	27,272	\$4,505	\$1,889,626	\$69.288
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		20,814		\$78,726	\$3.782

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 March 2012

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$10,527	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$145,080	
3	Monthly SO2 Allowance Consumption	<u>\$413,351</u>	
4	Total 1997 Plan O&M Expenses		\$568,958
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$176,281	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$4,505	
9	Equipment - Associated Operating Expenses	\$839	
10	Equipment - Associated Maintenance Expenses	<u>\$77,165</u>	
11	Total 2003 Plan O&M Expenses		<u>\$258,789</u>
12	Total Monthly O&M Expenses		<u>\$827,747</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$103,468

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

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

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	(\$312.25)	\$0.00	\$0.00	(\$312.25)
Hydrolyzer Unit 1 (AOD)	\$2,929.83	\$1,926.56	\$0.00	\$4,856.39
Urea Recycle Storage Tank	(\$34,969.91)	\$19,896.55	\$0.00	(\$15,073.36)
SCR Boiler Outlet Ductwork	\$63,172.86	\$14,962.13	\$0.00	\$78,134.99
SCR Booster Fan	(\$640.14)	\$5,367.37	\$0.00	\$4,727.23
SCR NOX Monitoring	\$1,480.84	\$0.00	\$0.00	\$1,480.84
Total SCR March 2012 O & M Expense	\$31,661.23	\$42,152.61	\$0.00	\$73,813.84
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$338.54
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$3,350.83	\$0.00	\$0.00	\$3,350.83
March 2012 O & M Expenses Filed				\$78,003.21

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

For the Expense Month of March 2012

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$164,424		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$103,974		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$369,954		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$2,418		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$311,922		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$29,016		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$4,836		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$0	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$0	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$986,544	\$0	\$986,544

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 March 2012

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$330,615		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	(\$9,808)		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,493,713		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$19,398		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$765,248		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$35,926		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$16,272		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$7,651,364	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	12,851,000	5,412,000	
13	Environmental Base (\$/kw)	\$0.60	\$0.01	
14	Company Surplus Weighting	100.00%	0.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.60	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	241,800	241,800	
17	Fixed O&M Environmental Cost to Kentucky Power	\$145,080	\$0	\$145,080

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

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

For the Expense Month of March 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$611,422,571
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$8,376,489
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,376,489
	Operations :	
6	Disposal (5010000)	\$45,755
7	Urea (5020002)	\$124,107
8	Trona (5020003)	\$30,811
9	Lime Stone (5020004)	\$150,496
10	Air Emission Fee	\$11,770
11	Total Operations (Lines 6 thru 10)	\$362,939
	Maintenance :	
12	SCR Maintenance (5120000)	\$64,851
13	Scrubber (FGD) Maintenance (5120000)	\$201,066
14	Total Maintenance (12) + (13)	\$265,917
15	1/2 of Maintenance (14) * 50%	\$132,959
16	Fixed O&M (11) + (15)	\$495,898
17	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$330,615
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,707,104
20	Ohio Power Company Steam Capacity (kw)	12,851,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$0.68
22	Ohio Power Surplus Weighing	100.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.68
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.68
25	Kentucky Power Capacity Deficit (kw)	241,800
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 1)	\$164,424

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

For the Expense Month of March 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$403,006,219
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,521,185
	Operations :	
4	Disposal (5010000)	(\$37,666)
5	Lime (5020001)	\$0
6	Urea (5020002)	\$1,753
7	Trona (5020003)	\$960
8	Lime Stone (5020004)	\$2,992
9	Air Emission Fee	<u>\$8,663</u>
10	Total Operations (Line 4 thru 8)	(\$23,298)
	Maintenance :	
11	SCR Maintenance (5120000)	\$1,603
12	Scrubber (FGD) Maintenance (5120000)	<u>\$25,377</u>
13	Total Maintenance (13) + (14)	\$26,980
14	1/2 Maintenance (15) * 50%	<u>\$13,490</u>
15	Fixed O&M (12) ÷ (16)	(\$9,808)
	Total Revenue Requirement,	
16	Cost Associated with Cardinal Unit No. 3 (3) ÷ (17)	<u>\$5,511,377</u>
17	Ohio Power Company's Percentage Ownership	100.00%
18	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$5,511,377
19	Ohio Power Company Steam Capacity (kw)	12,851,000
20	Cardinal Unit No. 1 (\$/kw)	\$0.43
21	Ohio Power Surplus Weighing	100.00%
22	Portion of Weighted Average Capacity Rate	
	Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.43
	Cardinal Unit No. 1 Costs to Kentucky Power :	
23	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.43
24	Kentucky Power Capacity Deficit (kw)	<u>241,800</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
25	(ES FORM 3.14, Page 1 of 10, Line 2)	\$103,974

ES FORM 3.14
 Page 5 of 11

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

For the Expense Month of March 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,567,531
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,214,575
	Operations :	
4	Sludge Disposal (5010000)	\$778,068
5	Lime (5020001)	\$3,994,278
6	Urea (5020002)	\$960,742
7	Trona (5020003)	\$423,795
8	Lime Stone (5020004)	\$216
9	Air Emission Fee	\$35,828
10	Lease (5070005)	\$0
11	Total Operations (Lines 4 thru 10)	\$6,192,927
	Maintenance :	
12	SCR Maintenance (5120000)	\$117,932
13	Scrubber Maintenance (5120000)	\$483,640
14	Total Maintenance (12) + (13)	\$601,572
15	1/2 of Maintenance (13) * 50%	\$300,786
16	Fixed O&M (11) + (15)	\$6,493,713
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (17)	\$19,708,288
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,708,288
20	Ohio Power Company Steam Capacity (kw)	12,851,000
21	Gavin Plant (\$/kw)	\$1.53
22	Ohio Power Surplus Weighing	100.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.53
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.53
25	Kentucky Power Capacity Deficit (kw)	241,800
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 3)	\$369,954

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

For the Expense Month of March 2012

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

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

For the Expense Month of March 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,149,819,326
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,752,525
	Operations :	
4	Disposal (5010000)	(\$137,565)
5	Urea (5020002)	\$187,758
6	Trona (5020003)	\$48,654
7	Lime Stone (5020004)	\$397,138
8	Air Emission Fee	<u>\$18,559</u>
9	Total Operations (Lines 4 thru 8)	\$514,544
	Maintenance :	
10	SCR Maintenance (5120000)	\$0
11	FDG (5120000)	<u>\$501,407</u>
12	1/2 of Maintenance (10 + 11) * 50%	<u>\$250,704</u>
13	Fixed O&M (9) + (12)	<u>\$765,248</u>
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	\$16,517,773
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,517,773
17	Ohio Power Company Steam Capacity (kw)	12,851,000
18	Mitchell Plant (\$/kw)	\$1.29
19	Ohio Power Surplus Weighing	100.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.29
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.29
22	Kentucky Power Capacity Deficit (kw)	<u>241,800</u>
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
23	(ES FORM 3.14, Page 1 of 10, Line 5)	\$311,922

ES FORM 3.14
 Page 8 of 11

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

For the Expense Month of March 2012

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$114,236,110
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,565,035
	Operations :	
4	Urea (5020002)	\$578
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$34,853</u>
7	Total Operations (4) + (5) + (6)	\$35,431
	Maintenance :	
8	SCR Maintenance (5120000)	\$990
9	1/2 of Maintenance (8) * 50%	<u>\$495</u>
10	Fixed O&M (7) + (9)	<u>\$35,926</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,600,961</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,600,961
14	Ohio Power Company Steam Capacity (kw)	12,851,000
15	Muskingum Plant (\$/kw)	\$0.12
16	Ohio Power Surplus Weighing	100.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.12
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.12
19	Kentucky Power Capacity Deficit (kw)	<u>241,800</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$29,016

ES FORM 3.14
 Page 9 of 11

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

For the Expense Month of March 2012

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

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

For the Expense Month of March 2012

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,785,548	\$10,544,676	\$16,709,416	\$2,527,341	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,462	\$144,462	\$228,919	\$34,625	
4	Operations :	\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$15,625	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement	\$40,087	\$144,462	\$228,919	\$34,625	
14	Cost Associated with Rockport Plant (3) + (10)	50%	\$5,000	\$65,088	\$50,000	
15	Indiana Michigan Power Company's Percentage Ownership	\$20,044	\$122,793	\$148,980	\$17,313	
16	I&M's Share of Cost Associated with Rockport Plant (11) X (12)					
17	Total Rockport Plant Common and Units 1 & 2					\$309,130
18	Indiana Michigan Power Company Steam Capacity (kw)					5,412,000
19	Rockport Plant (\$/kw) (14) / (15)					\$0.06
20	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					0.00%
21	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.00
22	Rockport Plant Costs to Kentucky Power :					\$0.00
23	Rockport Plant Portion (\$/kw) (18)					\$0.00
24	Kentucky Power Capacity Deficit (kw)					241,800
25	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)					\$0
26	(ES FORM 3.14, Page 1 of 10, Line 8)					

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

For the Expense Month of March 2012

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

ES FORM 3.15

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of March 2012

LINE NO.	Component	Balances As of 10/31/2010	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
1	L/T DEBT	\$550,000,000	50.859%	6.48%		3.30%			3.30%	
2	S/T DEBT	\$0	0.000%	0.01%		0.00%			0.00%	
3	ACCTS REC									
4	FINANCING	\$41,323,205	3.821%	1.18%		0.05%			0.05%	
5	C EQUITY	\$490,091,762	45.319%	10.50%	1/	4.76%	1.5764	2/	7.50%	
5	TOTAL	\$1,081,414,967	100.000%			8.11%			10.85%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2011 - 00031 dated - April 16, 2012									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2200			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6300			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6396			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9904			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3532			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9236			
10	AFTER-TAX PRODUCTION INCOME						57.4296			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4296			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2200			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4368			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9236			
19	STATE (LINE 4)						5.6396			
20	BLENDED TAX RATE						36.5632			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5764			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.22%)						0.2200			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6300			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9928			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6396			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2010 based on Case No. 2011-00031, dated April 16, 2012.

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

For the Expense Month of March 2012

LINE NO. (1)	COST COMPONENT (2)	(3)	Rockport Plant Common (4)	Unit No. 1 (5)	Unit No. 2 (6)	Total Units 1 & 2 (C5 + C6) (7)	Rockport Plant Common (8)	Total (9)
1	Return on Rate Base :							
2	Rockport Plant Continuous Environmental Monitoring System (CEMS)		\$1,774,756	\$5,272,657	\$8,353,084		\$2,510,613	
3	Utility Plant at Original Cost						(\$219,040)	
4	AEGCo Low NOx Burners (LNB) Installed Cost			(\$1,543,893)	(\$2,325,982)		\$23,361	
5	Flyash Landfill Installed Cost			(\$523,085)	(\$820,634)			
6	Less Accumulated Depreciation							
7	Less Accum. Def. Income Taxes							
8	Total Rate Base	11.0094%	\$694,313	\$3,205,679	\$5,206,466	\$8,412,147	\$2,314,834	
9	Weighted Average Cost of Capital - ES FORM 3.21		0.9175%			0.9175%	0.9175%	
10	Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$6,370			\$77,181	\$21,240	
11	Operating Expenses :							
12	Monthly Depreciation Expense			\$15,466	\$24,502	\$39,968	\$6,410	
13	Monthly Indiana Air Emissions Fee			\$0	\$0	\$0	\$0	
14	Total Operating Expenses (Line 10 + Line 11)		\$20,830	\$0	\$0	\$39,968	\$6,410	
15	Total Revenue Requirement, Cost Associated with Rockport Plant		\$27,200			\$117,149	\$27,650	
16	CEMS and LNB (Line 9 + Line 12)		\$4,080			\$35,145	\$8,295	
	Kentucky Powers Portion of Rockport's CEMS (Line 13 * 15%)							
	Kentucky Powers Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
	Kentucky Powers Portion of Rockport Plants'							
	Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
	Note: Cost in Column 8, Line 16 is to be Recorded on							
	ES FORM 3.00 Line 2							\$47,520

ES FORM 3.21

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

For the Expense Month of March 2012

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF	WACC (PRE - TAX)
		As of 3/31/2012						
1	L/T DEBT	66,487,612	38.4695%	5.4194%		2.0848%		2.0848%
2	S/T DEBT	31,630,910	18.3015%	0.4716%		0.0863%		0.0863%
3	CAPITALIZATION OFFSETS	0	0.0000%	3.8243%		0.0000%		0.0000%
4	DEBT							
5	C EQUITY	74,713,431	43.2290%	12.1600%	1/	5.2566%	1.681379	8.8383%
6	TOTAL	172,831,953	100.0000%			7.4277%		11.0094%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:								
1	OPERATING REVENUE						100.00	
2	LESS: INDIANA ADJUSTED GROSS INCOME							
3	(LINE 1 X .085)						8.500	
4	INCOME BEFORE FED INC TAX						91.500	
5	LESS: FEDERAL INCOME TAX							
6	(LINE 4 X .35)						32.025	
7	OPERATING INCOME PERCENTAGE						59.475	
8	GROSS REVENUE CONVERSION							
9	FACTOR (100% / LINE 7)						1.681379	

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

ES FORM 3.30

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

For the Expense Month of March 2012

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$44,915,695	90.6%
2	FERC Wholesale Revenues	\$471,485	1.0%
3	Associated Utilities Revenues	\$707,330	1.4%
4	Non-Assoc. Utilities Revenues	\$3,466,813	7.0%
5	Total Revenues for Surcharges Purposes	\$49,561,323	100.0%
6	Non-Physical Revenues for Month	\$64,412	
7	Total Revenues for Month	\$49,625,735	

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

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for <i>January</i> 2012	-1.3419%
2	Kentucky Retail Revenues for Current Expense Month	\$40,140,696
3	Surcharge Collected (1) * (2)	(\$538,648)
4	Surcharge Amount To Be Collected	(\$749,888)
5	Over / (Under) Recovery (3) - (4) = (5)	\$211,240

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

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