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AUG 23 2012

PUBLIC SERVICE
COMMISSION

August 23, 2012

Mark R. Overstreet
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HAND DELIVERED

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

RE: *Kentucky Power Company Environmental Surcharge Two-Year Review – Case No. 2012-00273*

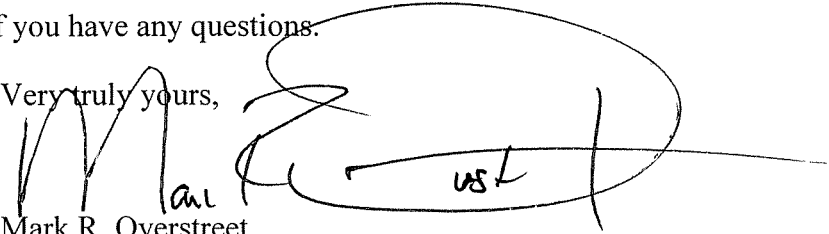
Dear Mr. Derouen:

Enclosed please find and accept for filing the original and ten copies of Kentucky Power Company's responses to the Staff's August 16, 2012 Informal Conference data requests.

Copies of these filings are being served on counsel for Kentucky Industrial Utility Customers, Inc. and the Attorney General.

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

Very truly yours,


Mark R. Overstreet

MRO

cc: Dennis G. Howard II
Michael L. Kurtz

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

AUG 23 2012

**PUBLIC SERVICE
COMMISSION**

IN THE MATTER OF:

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY) CASE NO. 2012-00273
POWER COMPANY FOR THE TWO YEAR)
BILLING PERIOD ENDING JUNE 30, 2011)**

KENTUCKY POWER COMPANY

**RESPONSES TO COMMISSION STAFF AUGUST 16, 2012
INFORMAL CONFERENCE DATA REQUESTS**

August 23, 2012

Kentucky Power Company

REQUEST

Refer to the Company's response to Item No. 1 of the Commission Staff's First Set of Data Requests.

- a. Please reconcile the "Originally Filed" values reported on pages 2 & 3 with the corresponding monthly reports filed with the Commission. If the "Originally Filed" values differ from those filed by the Company in its monthly reports., please identify the filing in which the adjustments were made and approved. If any of the "Originally Filed" values were not previously filed and approved, please explain the basis for the adjustment or provide a corrected page 2 & 3.
- b. Please provide a summary sheet in a form similar to page 2 of the original data request response that identifies separately the pool capacity charge paid through the Interconnection Agreement on ES Form 3.14 and the polymer, lime hydrate and steam expense.

RESPONSE

- a. Please see Attachment 1 for documentation supporting the values listed as "Originally Filed" on pages 2 & 3 of the first set of data requests Item No. 1.
- b. Please see Attachment 2 for a summary sheet which identifies separately the pool capacity charge paid through the Interconnection Agreement and the polymer, lime hydrate and steam expense.

Please see Attachment 3 for an updated page 2 & 3 and LPM1 an adjustment had to be made to the July 2010 proration. The balance was counted twice and had to be backed out of both files.

WITNESS: Lila P Munsey

KPSC Case No. 2010-00318
Commission Staff's Data Requests
October 14, 2010 Informal Conference
Item No. 1
Page 1 of 56

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

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On September 7, 2010, the Commission initiated a six-month review of Kentucky Power Company's ("Kentucky Power") environmental surcharge¹ as billed to customers for the six-month period January 1, 2010 to June 30, 2010.² Pursuant to KRS 278.183(3), the Commission must review, at six-month intervals, the past operations of the environmental surcharge. The Commission may, by temporary adjustment in the surcharge, disallow any surcharge amounts found not to be just and reasonable and reconcile past surcharge collections with actual costs recoverable pursuant to KRS 278.183(1).

¹ Kentucky Power was authorized to implement an environmental surcharge in Case No. 1996-00489, The Application of Kentucky Power Company d/b/a American Electric Power to Assess a Surcharge Under KRS 278.183 to Recover Costs of Compliance with the Clean Air Act and Those Environmental Requirements Which Apply to Coal Combustion Waste and By-Products (Ky. PSC May 27, 1997).

² Kentucky Power's surcharge is billed on a two-month lag. Thus, surcharge billings for January 2010 recover costs incurred in November 2009, and every subsequent monthly surcharge billing under review recovers costs incurred two months prior to billing.

The Commission issued a procedural schedule on September 7, 2010, that provided for discovery, the filing of prepared testimony, and an informal conference. Kentucky Power filed its response to requests for information and appeared at an informal conference on October 14, 2010. There were no parties requesting intervenor status to this proceeding. In its response to the Commission's Order of December 10, 2010, Kentucky Power stated that there were no material issues of fact that warranted a hearing in this case. The matter now stands submitted for a decision based on the evidentiary record.

SURCHARGE ADJUSTMENT

The September 7, 2010 Order initiating this case indicated that, since the period under review in this proceeding may have resulted in over- or under-recoveries, the Commission would entertain proposals to adopt one adjustment factor to net all over- or under-recoveries. Kentucky Power determined that it had a net over-recovery of its environmental costs in the amount of \$49,885.³ Kentucky Power proposed that the net over-recovery be refunded by decreasing the total jurisdictional environmental surcharge amount by a one time adjustment of \$49,885 in its first monthly surcharge filing following the Commission's decision in this proceeding.⁴

³ In the preparation of its response in the instant case, Kentucky Power determined it also had an under-recovery of \$44,633 from the prior six-month review period that it has proposed to net with the over-recovery amount of \$94,518 for the current period under review for a net over-recovery amount of \$49,885. See, Kentucky Power's Response to Commission Staff's October 14, 2010 Informal Conference Data Request dated October 28, 2010, Item 1.

⁴ Munsey Direct Testimony dated September 30, 2010 at 9.

Having reviewed the record, the Commission finds Kentucky Power's calculation of a net over-recovery of \$49,885 to be reasonable. The Commission also finds reasonable Kentucky Power's proposal to refund the over-recovery amount by a one time adjustment of \$49,885 in its first monthly surcharge filing following the date of this Order.

RATE OF RETURN

In Case No. 1996-00489, the Commission found that Kentucky Power's debt portion of its weighted average cost of capital should be reviewed and reestablished during each six-month review case and that the rate of return on common equity would remain fixed and subject to review during the two-year environmental surcharge reviews. The weighted average cost of capital constitutes the rate of return applicable to Kentucky Power's environmental compliance rate base.⁵

Kentucky Power provided the outstanding balances for its long-term debt, short-term debt, accounts receivable financing, and common equity as of April 30, 2010, the last expense month of the review period. It also provided the blended interest rates for the long-term debt, short-term debt, and accounts receivable financing as of April 30, 2010.⁶ Using this information, Kentucky Power calculated a weighted average cost of capital, before income tax gross-up, of 8.03 percent.⁷ Kentucky Power also provided its

⁵ This weighted average cost of capital is applied only to the environmental compliance rate base associated with plant installed at Kentucky Power's Big Sandy generating units.

⁶ Response to the Commission Staff's First Information Request dated September 30, 2010, Item 13.

⁷ Id.

updated income tax gross-up factor reflecting the methodology⁸ approved in Case No. 2005-00068.⁹

The Commission has reviewed Kentucky Power's determination of its weighted average cost of capital and finds the 8.03 percent calculation to be reasonable. The Commission has also reviewed the determination of the tax gross-up factor and finds that it is consistent with the approach approved in Case No. 2005-00068. Therefore, the Commission finds that the weighted average cost of capital of 8.03 percent and the income tax gross-up factor of 1.5785 should be used in all monthly environmental surcharge filings subsequent to the date of this Order.

IT IS THEREFORE ORDERED that:

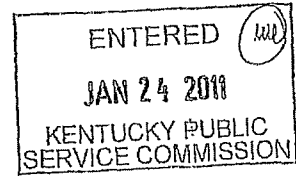
1. Kentucky Power shall reduce its jurisdictional environmental revenue requirement determined in the first billing month following the date of this Order by \$49,885 as discussed herein.

2. Kentucky Power shall use a weighted average cost of capital of 8.03 percent and a tax gross-up factor of 1.5785 in all monthly environmental surcharge filings subsequent to the date of this Order.

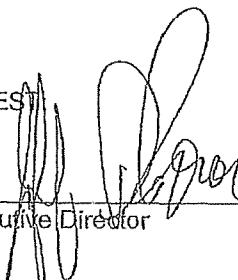
⁸ Response to the Commission Staff's October 14, 2010 Informal Conference Data Request dated October 28, 2010, Item 5, page 2 of 3. In the response, Kentucky Power determined that its updated income tax gross-up factor was 1.5785.

⁹ Case No. 2005-00068, Application of Kentucky Power Company for Approval of an Amended Compliance Plan for Purposes of Recovering Additional Costs of Pollution Control Facilities and to Amend Its Environmental Cost Recovery Surcharge Tariff (Ky. PSC October 17, 2005).

By the Commission



ATTEST



Executive Director

Honorable Mark R Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KY 40602-0634

Ranie Wohnhas
Managing Director, Reg & Finance
American Electric Power
101 A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602

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

LINE	As Originally Filed	March 2010	April 2010	May 2010	June 2010	July 2010	July * 2010	August ** 2010	September 2010	October 2010	Total Over / Under Recovery
LINE 1	CRR from ES FORM 3.00	\$4,250,672	\$4,038,044	\$4,164,795	\$4,572,877	\$4,700,817	\$4,700,817	\$9,337,170	\$4,543,622	\$4,683,697	
LINE 2	Brr from ES FORM 1.10	\$2,845,066	\$2,095,535	\$1,514,859	\$1,913,578	\$2,818,212	\$3,805,325	\$4,088,630	\$3,740,010	\$3,260,302	
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,405,606	\$1,942,509	\$2,650,936	\$2,659,299	\$1,882,605	\$885,492	\$2,248,540	\$803,612	\$1,423,395	
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	85.4%	80.7%	83.9%	73.5%	67.3%	67.3%	73.9%	77.2%	77.4%	
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$1,200,368	\$1,567,605	\$2,240,076	\$1,954,437	\$1,266,993	\$582,666	\$1,681,623	\$620,389	\$1,101,708	
LINE 5B	Environmental Surcharge Clause Adjustment from ES FORM 3.30, Schedule of Revenues, LINE 1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$140,375)	\$221,483	\$408,155	(\$124,576)	(\$484,794)	(\$494,794)	(\$513,163)	(\$116,332)	\$332,708	
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,060,013	\$1,789,088	\$2,648,231	\$1,829,861	\$772,199	\$107,872	\$1,048,360	\$504,058	\$1,434,416	
LINE 8	Net KY Retail E(m) (Line 7)	\$1,060,013	\$1,789,088	\$2,648,231	\$1,829,861	\$772,199	\$107,872	\$1,048,360	\$504,058	\$1,434,416	
LINE 9	KY Retail R(m) from ES FORM 3.30	\$46,622,014	\$35,160,423	\$33,662,428	\$38,129,249	\$40,039,659	\$46,039,659	\$49,802,297	\$40,903,323	\$39,106,652	
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.3235%	4.9476%	7.8511%	4.7991%	1.8074%	0.2245%	2.1050%	1.2323%	3.6579%	
LINE 11	CRR from ES FORM 3.00	4,250,668	4,039,044	4,100,611	4,672,977	4,700,817	4,700,817	9,077,344	4,267,047	4,390,225	
LINE 12	Brr from ES FORM 1.10	2,845,066	2,095,535	1,514,659	1,913,578	2,818,212	3,805,325	4,088,630	3,740,010	3,260,302	
LINE 13	E(m) (LINE 11 - LINE 12)	1,405,602	1,942,509	2,673,662	2,659,099	1,882,605	895,492	1,388,514	\$527,037	\$1,129,923	
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	85.4%	80.7%	83.0%	73.5%	67.3%	67.3%	73.9%	77.2%	77.4%	
LINE 16	KY Retail E(m) (LINE 13 * LINE 14)	1,200,384	1,567,605	\$2,243,184	\$1,954,437	\$1,266,993	\$602,666	\$1,489,512	\$408,873	\$874,560	
LINE 15B	Environmental Surcharge Clause Adjustment from ES FORM 3.30, Schedule of Revenues, LINE 1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 16	(Over)/Under Recovery Adjustment from ES FORM 3.30	(140,375)	221,483	408,155	(124,579)	(484,794)	(494,794)	(513,163)	(116,332)	332,708	
LINE 17	Net KY Retail E(m) (LINE 16 + LINE 16)	1,060,009	1,789,088	2,643,340	1,829,859	772,199	107,872	885,349	\$290,542	\$1,207,266	
LINE 19	Net KY Retail E(m) (Line 17)	1,060,009	1,789,088	2,643,340	1,829,859	772,199	107,872	885,349	\$290,542	\$1,207,266	
LINE 19	KY Retail R(m) from ES FORM 3.30	45,622,014	35,160,423	33,662,428	38,129,249	40,039,659	46,039,659	49,802,297	\$40,903,323	\$39,106,652	
LINE 20	Environmental Surcharge Factor for Expense Month (Line 19 / LINE 19)	2.3235%	4.9476%	7.8703%	4.7991%	1.8074%	0.2245%	1.705%	0.7105%	3.0571%	
LINE 21	Difference (Line 10 - Line 6)	\$ (3,691)	\$ (0.24)	\$ 3,118.00	\$ -	\$ -	\$ -	\$ (192,011.00)	\$ (213,510.00)	\$ (227,148.00)	\$ (629,557.00)
											\$ (629,557.00)

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

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On February 28, 2011, the Commission initiated a six-month review of Kentucky Power Company's ("Kentucky Power") environmental surcharge¹ as billed to customers for the six-month period July 1, 2010 to December 31, 2010.² Pursuant to KRS 278.183(3), the Commission must review, at six-month intervals, the past operations of the environmental surcharge. The Commission may, by temporary adjustment in the surcharge, disallow any surcharge amounts found not to be just and reasonable and reconcile past surcharge collections with actual costs recoverable pursuant to KRS 278.183(1).

¹ Kentucky Power was authorized to implement an environmental surcharge in Case No. 1996-00489, The Application of Kentucky Power Company d/b/a American Electric Power to Assess a Surcharge Under KRS 278.183 to Recover Costs of Compliance with the Clean Air Act and Those Environmental Requirements Which Apply to Coal Combustion Wastes and By-Products (Ky. PSC May 27, 1997).

² Kentucky Power's surcharge is billed on a two-month lag. Thus, surcharge billings for July 2010 recover costs incurred in May 2010, and every subsequent monthly surcharge billing under review recovers costs incurred two months prior to billing.

The Commission issued a procedural schedule on February 28, 2011 that provided for discovery, the filing of prepared testimony, and an informal conference. Kentucky Power filed its response to requests for information and appeared at an informal conference on April 18, 2011. The February 28, 2011 procedural schedule also anticipated, but did not schedule, a public hearing and the filing of briefs. Additional informal conferences not included in the procedural schedule were held on November 21 and December 12, 2011 to attempt to resolve the issues in this case. There were no parties requesting intervenor status to this proceeding.

On January 11, 2012, an order was issued requiring Kentucky Power to file supplemental testimony addressing the issues discussed and resolved at these informal conferences. Kentucky Power filed the supplemental testimony on January 31, 2012. On March 20, 2012, Kentucky Power stated that there were no material issues of fact that warranted a hearing in this case. The matter now stands submitted for a decision based on the evidentiary record.

SURCHARGE ADJUSTMENT

The February 28, 2011 Order initiating this case indicated that, since the period under review in this proceeding may have resulted in over- or under-recoveries, the Commission would entertain proposals to adopt one adjustment factor to net all over- or under-recoveries. Kentucky Power determined that it had a net over-recovery of its environmental costs in the amount of \$629,557.³ It proposed that the net over-recovery be refunded by decreasing the total jurisdictional environmental surcharge amount by a

³ Munsey Supplemental Direct Testimony dated January 31, 2012 at 3 through 6.

one-time adjustment of \$629,557 in its first monthly surcharge filing following the Commission's decision in this proceeding.⁴

Having reviewed the record, the Commission finds reasonable Kentucky Power's calculation of a net over-recovery of \$629,557 for the billing period covered in this proceeding. The Commission also finds reasonable Kentucky Power's proposal to refund the over-recovery amount by a one-time adjustment of \$629,557 in its first monthly surcharge filing following the date of this Order.

RATE OF RETURN

In Case No. 1996-00489, the Commission found that the debt portion of Kentucky Power's weighted average cost of capital should be reviewed and reestablished during each six-month review case and that the rate of return on common equity would remain fixed and subject to review during the two-year environmental surcharge reviews. The weighted average cost of capital constitutes the rate of return applicable to Kentucky Power's environmental compliance rate base.⁵

Kentucky Power provided the outstanding balances for its long-term debt, short-term debt, accounts receivable financing, and common equity as of October 31, 2010, the last expense month of the review period. It also provided the blended interest rates for the long-term debt, short-term debt, and accounts receivable financing as of October

⁴ Id., at 6.

⁵ This weighted average cost of capital is applied only to the environmental compliance rate base associated with plant installed at Kentucky Power's Big Sandy generating units.

31, 2010.⁶ Using this information, Kentucky Power calculated a weighted average cost of capital, before income tax gross-up, of 8.11 percent.⁷ Kentucky Power also provided its updated income tax gross-up factor reflecting the methodology⁸ approved in Case No. 2005-00068.⁹

The Commission has reviewed Kentucky Power's determination of its weighted average cost of capital and finds the 8.11 percent calculation to be reasonable. The Commission has also reviewed the determination of the tax gross-up factor and finds that it is consistent with the approach approved in Case No. 2005-00068. Therefore, the Commission finds that the weighted average cost of capital of 8.11 percent and the income tax gross-up factor of 1.5764 should be used in all monthly environmental surcharge filings subsequent to the date of this Order.

IT IS THEREFORE ORDERED that:

1. Kentucky Power shall reduce its jurisdictional environmental revenue requirement determined in the first billing month following the date of this Order by \$629,557 as discussed herein.

⁶ Response to Commission Staff's First Information Request dated March 25, 2011, Item 16.

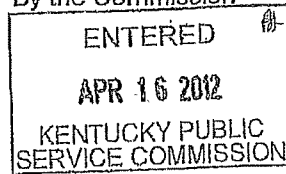
⁷ *Id.*

⁸ Response to the Commission Staff's April 18, 2011 Informal Conference Information Request dated May 6, 2011, Item 5. In the response, Kentucky Power determined that its updated income tax gross-up factor was 1.5764.

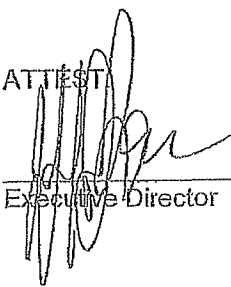
⁹ Case No. 2005-00068, Application of Kentucky Power Company for Approval of an Amended Compliance Plan for Purposes of Recovering Additional Costs of Pollution Control Facilities and to Amend Its Environmental Cost Recovery Surcharge Tariff (Ky. PSC Oct. 17, 2005).

2. Kentucky Power shall use a weighted average cost of capital of 8.11 percent and a tax gross-up factor of 1.5764 in all monthly environmental surcharge filings subsequent to the date of this Order.

By the Commission



ATTEST



Executive Director

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

As Originally Filed

CALCULATION OF E(m)
 E(m) = CRR - BRR

	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
LINE 1	\$3,934,046	\$3,612,803	\$3,748,051	\$4,044,084	\$3,718,375	\$2,581,004	\$3,831,338	\$4,894,937	\$4,619,581	\$4,277,483	\$4,250,668	\$4,038,044	\$4,188,511	\$4,572,677
LINE 2	\$1,514,859	\$1,913,578	\$2,810,212	\$2,342,883	\$2,852,305	\$2,191,975	\$2,590,522	\$1,407,869	\$2,531,784	\$3,003,995	\$2,845,066	\$2,095,535	\$1,514,859	\$1,913,578
LINE 3	\$2,419,187	\$1,699,225	\$930,439	\$1,701,201	\$866,070	\$399,029	\$1,232,816	\$3,486,868	\$2,087,797	\$1,273,488	\$1,405,602	\$1,942,509	\$2,673,652	\$2,659,089
LINE 4	75.0%	75.0%	63.5%	75.2%	78.8%	76.0%	77.5%	73.7%	77.2%	81.3%	85.4%	80.7%	83.9%	73.5%
LINE 5A	\$1,814,381	\$1,274,494	\$776,916	\$1,279,303	\$892,463	\$303,262	\$995,432	\$2,589,895	\$1,611,779	\$1,035,346	\$1,200,384	\$1,567,605	\$2,243,184	\$1,954,437
LINE 5B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINE 5B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINE 6	\$185,659	(\$7,124)	(\$80,267)	(\$331,137)	\$174,519	\$153,693	\$75,773	(\$78,554)	(\$485,165)	(\$363,212)	(\$140,375)	\$221,483	\$406,155	(\$124,579)
LINE 7	\$2,000,050	\$1,267,370	\$678,640	\$948,166	\$956,862	\$466,955	\$1,031,205	\$2,481,341	\$1,071,532	\$672,134	\$1,060,009	\$1,789,088	\$2,649,349	\$1,828,858
LINE 8	\$2,000,050	\$1,267,370	\$678,640	\$948,166	\$956,862	\$466,955	\$1,031,205	\$2,481,341	\$1,071,532	\$672,134	\$1,060,009	\$1,789,088	\$2,649,349	\$1,828,858
LINE 9	\$35,487,815	\$38,169,155	\$44,798,009	\$40,667,275	\$36,435,255	\$33,633,296	\$33,871,736	\$39,523,245	\$50,334,032	\$52,386,461	\$45,622,014	\$36,160,423	\$33,662,428	\$38,129,249
LINE 10	5.6343%	3.3170%	1.5148%	2.3915%	2.3521%	1.3569%	3.0444%	6.3035%	2.1289%	1.2828%	2.3235%	4.8476%	7.8703%	4.7951%

SURCHARGE FACTOR

As Revised

CALCULATION OF E(m)
 E(m) = CRR - BRR

	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
LINE 11	\$3,847,727	\$3,626,594	\$3,761,741	\$4,056,841	\$3,730,856	\$2,593,829	\$3,843,323	\$4,906,455	\$4,631,035	\$4,288,141	\$4,263,348	\$4,051,011	\$4,200,828	\$4,584,653
LINE 12	\$1,514,859	\$1,913,578	\$2,818,212	\$2,342,883	\$2,852,305	\$2,181,975	\$2,590,522	\$1,407,869	\$2,531,784	\$3,003,995	\$2,845,066	\$2,095,535	\$1,514,859	\$1,913,578
LINE 13	\$2,432,868	\$1,713,016	\$943,529	\$1,714,058	\$878,551	\$411,854	\$1,244,801	\$3,486,486	\$2,089,251	\$1,285,146	\$1,417,282	\$1,955,476	\$2,685,970	\$2,671,275
LINE 14	75.0%	75.0%	63.5%	75.2%	78.8%	76.0%	77.5%	73.7%	77.2%	81.3%	85.4%	80.7%	85.0%	73.5%
LINE 15	\$1,824,651	\$1,284,762	\$787,846	\$1,288,972	\$892,288	\$313,009	\$864,721	\$2,578,384	\$1,620,622	\$1,044,824	\$1,210,359	\$1,576,089	\$2,253,529	\$1,963,387
LINE 15B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINE 15B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINE 16	\$185,659	(\$7,124)	(\$80,267)	(\$331,137)	\$174,519	\$153,693	\$75,773	(\$78,554)	(\$485,165)	(\$363,212)	(\$140,375)	\$221,483	\$406,155	(\$124,579)
LINE 17	\$2,010,310	\$1,277,638	\$689,579	\$957,835	\$866,817	\$466,702	\$1,040,494	\$2,489,830	\$1,080,375	\$681,612	\$1,069,984	\$1,799,552	\$2,659,684	\$1,838,009
LINE 18	\$2,010,310	\$1,277,638	\$689,579	\$957,835	\$866,817	\$466,702	\$1,040,494	\$2,489,830	\$1,080,375	\$681,612	\$1,069,984	\$1,799,552	\$2,659,684	\$1,838,009
LINE 19	\$35,487,815	\$38,169,155	\$44,798,009	\$40,667,275	\$36,435,255	\$33,633,296	\$33,871,736	\$39,523,245	\$50,334,032	\$52,386,461	\$45,622,014	\$36,160,423	\$33,662,428	\$38,129,249
LINE 20	5.6632%	3.3447%	1.5393%	2.3553%	2.3791%	1.3676%	3.0719%	6.3250%	2.1464%	1.3009%	2.3453%	4.9766%	7.9010%	4.8226%
LINE 21	\$10,260	\$10,268	\$10,830	\$9,659	\$9,835	\$9,747	\$9,289	\$8,489	\$9,843	\$9,478	\$9,975	\$10,464	\$10,335	\$8,950

* July 2010 was prorated due to Rate Case filing. Case No. 2009-00459 dated June 28, 2010.

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

As Originally Filed

LINE	DESCRIPTION	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	Total Over / Under Recovery
LINE 1	CRR from ES FORM 3.00	\$4,700,817	\$6,077,344	\$4,267,047	\$4,390,225	\$4,688,698	\$5,974,087	\$4,890,732	\$5,169,875	\$5,748,092	\$5,830,053	
LINE 2	Birr from ES FORM 1.10	\$2,818,212	\$4,088,830	\$3,740,010	\$3,260,302	\$2,786,040	\$4,074,321	\$3,991,163	\$3,690,810	\$3,651,374	\$3,647,040	
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,882,605	\$1,988,514	\$527,037	\$1,129,923	\$1,902,658	\$1,899,766	\$899,569	\$2,679,065	\$2,096,718	\$2,183,013	
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.3%	73.9%	77.2%	77.4%	81.9%	86.5%	84.7%	85.1%	79.3%	78.7%	
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$1,266,893	\$1,469,512	\$406,873	\$874,560	\$1,558,277	\$1,643,298	\$753,465	\$2,194,784	\$1,662,697	\$1,718,031	
LINE 6	Environmental Surcharge Clause Adjustment Case No. 2010-00318, dated January 24, 2011	\$0	\$0	\$0	\$0	\$0	\$0	(\$49,885)	\$0	\$0	\$0	
LINE 6B	Environmental Surcharge Clause Adjustment Case No. 2009-00316, dated January 20, 2010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 6C	Over/(Under) Recovery Adjustment from ES FORM 3.30	(\$494,794)	(\$613,163)	(\$116,332)	\$332,708	(\$30,426)	(\$404,652)	(\$977,185)	(\$167,756)	(\$174,939)	\$759,603	
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$772,199	\$856,349	\$290,541	\$1,207,268	\$1,527,851	\$1,238,646	(\$173,605)	\$2,027,028	\$1,487,758	\$2,477,634	
LINE 8	Net KY Retail E(m) (Line 7)	\$772,199	\$856,349	\$290,541	\$1,207,268	\$1,527,851	\$1,238,646	(\$173,605)	\$2,027,028	\$1,487,758	\$2,477,634	
LINE 9	KY Retail R(m) from ES FORM 3.30	\$48,039,569	\$49,802,297	\$40,903,323	\$39,106,852	\$40,488,923	\$56,106,329	\$66,952,346	\$68,755,458	\$44,307,469	\$42,540,201	
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.6074%	1.7195%	0.7103%	3.0871%	3.7735%	2.2077%	-0.2632%	3.4989%	3.3578%	5.8242%	
LINE 11	CRR from ES FORM 3.00	\$4,713,184	\$6,089,801	\$4,281,746	\$4,405,473	\$4,435,048	\$5,710,297	\$4,830,344	\$6,113,032	\$5,663,433	\$5,763,411	
LINE 12	Birr from ES FORM 1.10	\$2,818,212	\$4,088,830	\$3,740,010	\$3,260,302	\$2,706,040	\$4,074,321	\$3,991,163	\$3,690,810	\$3,651,374	\$3,647,040	
LINE 13	E(m) (LINE 11 - LINE 12)	\$1,894,972	\$907,859	\$541,736	\$1,146,171	\$1,649,008	\$1,635,976	\$839,181	\$2,522,222	\$2,012,059	\$2,116,371	
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.3%	73.9%	77.2%	77.4%	81.9%	86.5%	84.7%	85.1%	79.3%	78.7%	
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	\$1,275,316	\$1,478,718	\$418,220	\$887,136	\$1,350,538	\$1,415,119	\$710,786	\$2,146,411	\$1,595,563	\$1,681,324	
LINE 15B	Environmental Surcharge Clause Adjustment Case No. 2010-00318, dated January 24, 2011	\$0	\$0	\$0	\$0	\$0	\$0	(\$49,885)	\$0	\$0	\$0	
LINE 15C	Environmental Surcharge Clause Adjustment Case No. 2009-00316, dated January 20, 2010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 16	Over/(Under) Recovery Adjustment from ES FORM 3.30	(\$494,794)	(\$613,163)	(\$116,332)	\$332,708	(\$30,426)	(\$404,652)	(\$877,185)	(\$167,756)	(\$174,939)	\$759,603	
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	\$780,522	\$865,555	\$301,888	\$1,219,844	\$1,320,112	\$1,010,467	(\$216,284)	\$1,978,655	\$1,420,624	\$2,440,927	
LINE 18	Net KY Retail E(m) (Line 17)	\$780,522	\$865,555	\$301,888	\$1,219,844	\$1,320,112	\$1,010,467	(\$216,284)	\$1,978,655	\$1,420,624	\$2,440,927	
LINE 19	KY Retail R(m) from ES FORM 3.30	\$48,039,569	\$49,802,297	\$40,903,323	\$39,106,852	\$40,488,923	\$56,106,329	\$66,952,346	\$68,755,458	\$44,307,469	\$42,540,201	
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	1.6247%	1.7300%	0.7381%	3.1193%	3.2604%	1.8010%	-0.3279%	3.3676%	3.2063%	5.7379%	
LINE 21	Difference (Line 18 - Line 8)	\$6,323	\$9,206	\$11,347	\$12,576	(\$207,799)	(\$228,179)	(\$42,679)	(\$48,373)	(\$67,134)	(\$36,707)	(\$444,504)
												(\$6,323)
												(\$52,827)

* July 2010 was prorated due to Rate Case filing. Case No. 2009-00459 dated June 28, 2010.

Removal of Duplicate July due to Proration

Exhibit LPM-1

KPSC Case No. 2012-00273
 Kentucky Power Company
 Final Results of Proposed Revisions
 for 2-year Review Period Ended June 2011

Expense Month-Year	ES Form 1.00 Line 7					Capacity Adjustments & Removal of Expenses Proposed Difference	Working Capital Cash Proposed Difference	Total Proposed Difference	KPCo's Response to Staff's Item No. 1 Reference Page No. of 180
	As Originally Filed	As Previously Approved in Cases 2010-00318 and 2011-00031 *	As Filed or Previously Approved	As Approved or Proposed for Capacity & Removal of Expenses *	As Proposed for Working Capital Cash				
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5)-(4)	(8)=(6)-(5)	(9)=(6)-(4)	(10)
May-09	1,980,413	2,000,050	2,000,050	2,000,050	2,010,310	-	10,260	10,260	Page 4 of 180
June-09	1,267,367	1,267,370	1,267,370	1,267,370	1,277,638	-	10,268	10,268	Page 8 of 180
July-09	678,646	678,649	678,649	678,649	689,579	-	10,930	10,930	Page 12 of 180
August-09	939,165	948,166	948,166	948,166	957,835	-	9,669	9,669	Page 16 of 180
September-09	847,505	856,982	856,982	856,982	866,817	-	9,835	9,835	Page 20 of 180
October-09	450,443	456,955	456,955	456,955	466,702	-	9,747	9,747	Page 24 of 180
November-09	1,021,249	1,031,205	1,031,205	1,031,205	1,040,494	-	9,289	9,289	Page 28 of 180
December-09	2,491,341	2,491,341	2,491,341	2,491,341	2,499,830	-	8,489	8,489	Page 32 of 180
January-10	1,148,441	1,071,532	1,071,532	1,071,532	1,080,375	-	8,843	8,843	Page 36 of 180
February-10	699,695	672,134	672,134	672,134	681,612	-	9,478	9,478	Page 41 of 180
March-10	1,060,013	1,060,009	1,060,009	1,060,009	1,069,984	-	9,975	9,975	Page 46 of 180
April-10	1,789,088	1,789,088	1,789,088	1,789,088	1,799,552	-	10,464	10,464	Page 51 of 180
May-10	4,184,795	2,649,349	2,649,349	2,649,349	2,659,684	-	10,335	10,335	Page 56 of 180
June-10	4,572,677	1,829,858	1,829,858	1,829,858	1,838,808	-	8,950	8,950	Page 61 of 180
July-10 **	4,700,817	772,199	772,199	772,199	780,522	-	8,323	8,323	Page 66 of 180
July-10 **	4,700,817	107,872	107,872	107,872	116,195	-	8,323	8,323	Page 71 of 180
August-10	6,337,170	856,349	856,349	856,349	865,555	-	9,206	9,206	Page 76 of 180
September-10	4,543,622	290,542	290,542	290,542	301,889	-	11,347	11,347	Page 81 of 180
October-10	4,683,697	1,207,268	1,207,268	1,207,268	1,219,844	-	12,576	12,576	Page 86 of 180
November-10	1,527,851	-	1,527,851	1,306,540	1,320,112	(221,311)	13,572	(207,739)	Page 91 of 180
December-10	1,238,646	-	1,238,646	996,768	1,010,467	(241,878)	13,699	(228,179)	Page 106 of 180
January-11	(173,605)	-	(173,605)	(231,213)	(216,284)	(57,608)	14,929	(42,679)	Page 121 of 180
February-11	2,027,028	-	2,027,028	1,963,249	1,978,655	(63,779)	15,406	(48,373)	Page 136 of 180
March-11	1,487,758	-	1,487,758	1,404,634	1,420,624	(83,124)	15,990	(67,134)	Page 151 of 180
April-11	2,477,634	-	2,477,634	2,423,578	2,440,927	(54,056)	17,349	(36,707)	Page 166 of 180
Total						\$ (721,756)	\$ 277,252	\$ (444,504)	
Removal of Duplicate July due to Proration							\$ (8,323)	\$ (8,323)	
Total Over Collection						\$ (721,756)	\$ 268,929	\$ (452,827)	

* Removed Expenses include Polymer, Lime Hydrate and Steam Expense.

** July 2010 was prorated due to Rate Case final order (Case No. 2009-00459 dated June 28, 2010).

Kentucky Power Company

REQUEST

Refer to the Company's response to Item No. 4 of the Commission Staff's First Set of Data Requests. Please provide a corrected page 18 of 19 with the Section 199 Deduction revised to account for the change in the rate from 6% to 9%.

RESPONSE

Please see page 2 of this response for an updated ES Form 3.15.

WITNESS: Lila P Munsey

ES FORM 3.15

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

For the Expense month of XXXXXXXX XX, 2011

LINE NO.	Component	Balances	Cap Structure	Cost Rates		WACC (Net of Tax)	GRCF	WACC (PRE-TAX)	
		As of 4/30/2011							
1	L/T DEBT	\$550,000,000	49.301%	6.48%		3.20%		3.20%	
2	S/T DEBT	\$0	0.000%	0.44%		0.00%		0.00%	
	ACCTS REC								
3	FINANCING	\$48,792,123	4.374%	1.15%		0.05%		0.05%	
4	C EQUITY	\$516,801,652	46.325%	10.50%	1/	4.86%	1.5494	7.537%	
5	TOTAL	\$1,115,593,775	100.000%			8.11%		10.79%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2011 - 00031 dated - April 16, 2012								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2011 - 00031 dated - April 16, 2012								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.22%)						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)						5.4693		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						94.1607		
7	199 DEDUCTION PHASE-IN						8.4745		
8	FEDERAL TAXABLE PRODUCTION INCOME						85.6862		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						29.9902		
10	AFTER-TAX PRODUCTION INCOME						55.6960		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						55.6960		
13	199 DEDUCTION PHASE-IN						8.4745		
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)						64.5405		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						29.9902		
19	STATE (LINE 4)						5.4693		
20	BLENDED TAX RATE						35.4595		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5494		
	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						8.4745		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						91.1555		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.4693		

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

State Tax Expense - Kentucky		2010	2008-9
1	Pre-tax production income	Input 100.0000	100.0000
2	Uncollectible Accounts Expense (0.26%)	Input 0.2200	0.2200
3	Kentucky Public Service Commission Assessment (0.15%)	Input 0.1500	0.1500
4	Income after Uncollectible accounts	Ln 1-2-3 99.6300	99.6300
5	KY - State Income Tax Rate	Input 0.0600	0.0600
6	State income tax deduction	Ln 4 x 5 5.9778	5.9778
7	Income after Uncollectible accounts and State income tax	Ln 4 - 6 93.6522	93.6522
8	Section 199 Rate for Year 2008/2009/2010	Input 0.0900	0.0600
9	Section 199 deduction	Ln 7 x 8 8.4287	5.6191
10	Income after Uncollectible accounts and Section 199 Deduction	Ln 4 - 9 91.2013	94.0109
11	KY - State Income Tax Rate	Ln 5 0.0600	0.0600
12	State income tax deduction	Ln 10 x 11 5.4721	5.6407
13	Income after Uncollectible accounts and State income tax	Ln 4 - 12 94.1579	93.9893
14	Section 199 Rate for Year 2008/2009	Ln 8 0.0900	0.0600
15	Section 199 deduction	Ln 13 x 14 8.4742	5.6394
16	Income after Uncollectible accounts and Section 199 Deduction	Ln 4 - 15 91.1558	93.9906
17	KY - State Income Tax Rate	Ln 5 0.0600	0.0600
18	State income tax deduction	Ln 16 x 17 5.4693	5.6394
19	Income after Uncollectible accounts and State income tax	Ln 4 - 18 94.1607	93.9906
20	Section 199 Rate for Year 2008/2009/2010	Ln 8 0.0900	0.0600
21	Section 199 deduction	Ln 19 x 20 8.4745	5.6394
22	Income after Uncollectible accounts and Section 199 Deduction	Ln 4 - 21 91.1555	93.9906
23	KY - State Income Tax Rate	Ln 5 0.0600	0.0600
24	State income tax deduction/rate	Ln 22 x 23 5.4693	5.6394
25	Income after Uncollectible accounts and State income tax	Ln 4 - 24 94.1607	93.9906
26	Section 199 Rate for Year 2008/2009/2010	Ln 8 0.0900	0.0600
27	Section 199 deduction	Ln 25 x 26 8.4745	5.6394

Kentucky Power Company

REQUEST

Refer to the Company's response to Item No. 10 of the Commission Staff's First Set of Data Requests.

- a. Please provide the calculation that supports the total cost of allowances consumed for each expense month through July 2012.
- b. Are these allowances CAIR or CSAPR allowances?
- c. Please provide the Company's estimate of the financial effect if the CSAPR is not implemented as promulgated.

RESPONSE

- a. Please see Attachment 1 of this response for the total cost of allowances consumed for each expense month through July 2012.
- b. CAIR allowances.
- c. There will be no immediate financial effect on the Company given the August 21, 2012 decision of the U.S Circuit Court of Appeals for the District of Columbia vacating CSAPR and Federal Implementation Plans. The Proceeding was remanded to EPA for further proceedings. The mandate in the case was stayed pending any petition for rehearing or rehearing en banc.

The Company currently owns 1,000 CSAPR allowances at a cost of \$350,000. Until these proceedings are concluded the Company cannot estimate the final financial effect, if any, of CSAPR not being implemented as promulgated.

WITNESS: Lila P Munsey

Kentucky Power
 SO2 Allowance Cost
 July 2009 - July 2012

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Jul-09						
Beginning Balance	44,110	\$ 1,146,041	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions		\$ -			\$ -	
Subtotal	44,110	\$ 1,146,041	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Issuances		\$ -		-	\$ -	\$ -
Consumption	(2,936)	\$ (76,281)	\$ 25.98	-	\$ -	\$ -
Ending Balance	41,174	1,069,760	\$ 25.98	40,684	701,880	\$ 17.25
Aug-09						
Beginning Balance	41,174	\$ 1,069,760	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	41,174	\$ 1,069,760	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,328)	\$ (112,448)	\$ 25.98	-	\$ -	\$ -
Ending Balance	36,846	\$ 957,312	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Sep-09						
Beginning Balance	36,846	\$ 957,312	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	36,846	\$ 957,312	\$ 25.98	40,684	701,880	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(2,873)	\$ (74,645)	\$ 25.98	-	\$ -	\$ -
Ending Balance	33,973	882,667	\$ 25.98	40,684	701,880	\$ 17.25
Oct-09						
Beginning Balance	33,973	\$ 882,667	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	33,973	882,667	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,175)	\$ (108,472)	\$ 25.98	-	\$ -	\$ -
Ending Balance	29,798	774,195	\$ 25.98	40,684	701,880	\$ 17.25

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Nov-09						
Beginning Balance	29,798	\$ 774,195	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	29,798	774,195	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,214)	\$ (109,486)	\$ 25.98	-	\$ -	\$ -
Ending Balance	25,584	664,709	\$ 25.98	40,684	701,880	\$ 17.25
Dec-09						
Beginning Balance	25,584	\$ 664,709	\$ 25.98	40,684	\$ 701,880	\$ 17.25
Acquisitions	25,105	\$ 6,338,684	\$ 252.49		\$ -	\$ -
Subtotal	50,689	\$ 7,003,393	\$ 138.16	40,684	\$ 701,880	\$ 17.25
Issuances		\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,763)	\$ (656,953)	\$ 137.93	-	\$ -	\$ -
Ending Balance	45,926	6,346,440	\$ 138.19	40,684	701,880	\$ 17.25
Jan-10						
Beginning Balance	45,926	\$ 6,346,440	\$ 138.19	40,684	\$ 701,880	\$ 17.25
Year End Consumption Adjustments	1	\$ 138		-	\$ -	\$ -
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	45,927	\$ 6,346,578	\$ 138.19	40,684	\$ 701,880	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(1,898)	\$ (262,282)	\$ 138.19	(7,140)	\$ (123,179)	\$ 17.25
Ending Balance	44,029	\$ 6,084,296	\$ 138.19	33,544	\$ 578,701	\$ 17.25
Feb-10						
Beginning Balance	44,029	\$ 6,084,296	\$ 138.19	33,544	\$ 578,701	\$ 17.25
Year End Consumption Adjustments	(5)	\$ (691)		-	\$ -	\$ -
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	44,024	\$ 6,083,605	\$ 138.19	33,544	\$ 578,701	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(1,293)	\$ (178,678)	\$ 138.19	(7,140)	\$ (123,179)	\$ 17.25
Ending Balance	42,731	\$ 5,904,928	\$ 138.19	26,404	\$ 455,522	\$ 17.25

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Mar-10						
Beginning Balance	42,731	\$ 5,904,928	\$ 138.19	26,404	\$ 455,522	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	42,731	5,904,928	\$ 138.19	26,404	\$ 455,522	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(189)	\$ (26,118)	\$ 138.19	(7,140)	\$ (123,179)	\$ 17.25
Ending Balance	42,542	5,878,810	\$ 138.19	19,264	332,342	\$ 17.25
Apr-10						
Beginning Balance	42,542	\$ 5,878,810	\$ 138.19	19,264	\$ 332,342	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	42,542	5,878,810	\$ 138.19	19,264	\$ 332,342	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(7,070)	\$ (121,972)	\$ 17.25
Ending Balance	42,542	5,878,810	\$ 138.19	12,194	210,371	\$ 17.25
May-10						
Beginning Balance	42,542	\$ 5,878,810	\$ 138.19	12,194	\$ 210,371	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	42,542	5,878,810	\$ 138.19	12,194	\$ 210,371	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(3,802)	\$ (65,592)	\$ 17.25
Ending Balance	42,542	5,878,810	\$ 138.19	8,392	144,779	\$ 17.25
Jun-10						
Beginning Balance	42,542	\$ 5,878,810	\$ 138.19	8,392	\$ 144,779	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	42,542	5,878,810	\$ 138.19	8,392	\$ 144,779	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(1,332)	\$ (184,067)	\$ 138.19	(6,790)	\$ (117,141)	\$ 17.25
Ending Balance	41,210	5,694,743	\$ 138.19	1,602	27,638	\$ 17.25

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Jul-10						
Beginning Balance	41,210	\$ 5,694,743	\$ 138.19	1,602	\$ 27,638	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	41,210	5,694,743	\$ 138.19	1,602	\$ 27,638	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(5,343)	\$ (738,341)	\$ 138.19	-	\$ -	\$ -
Ending Balance	35,867	4,956,403	\$ 138.19	1,602	27,638	\$ 17.25
Aug-10						
Beginning Balance	35,867	\$ 4,956,403	\$ 138.19	1,602	\$ 27,638	\$ 17.25
Original Issuance	1,019	\$ -	\$ -	-	\$ -	\$ -
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	36,886	4,956,403	\$ 134.37	1,602	\$ 27,638	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(21,212)	\$ (2,850,274)	\$ 134.37	31,942	\$ 551,063	\$ 17.25
Ending Balance	15,674	2,106,129	\$ 134.37	33,544	578,701	\$ 17.25
Sep-10						
Beginning Balance	15,674	\$ 2,106,129	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	15,674	2,106,129	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,088)	\$ (549,308)	\$ 134.37	-	\$ -	\$ -
Ending Balance	11,586	1,556,821	\$ 134.37	33,544	578,701	\$ 17.25
Oct-10						
Beginning Balance	11,586	\$ 1,556,821	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	11,586	1,556,821	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,139)	\$ (556,161)	\$ 134.37	-	\$ -	\$ -
Ending Balance	7,447	1,000,660	\$ 134.37	33,544	578,701	\$ 17.25

	SO2 (2009 & prior vintage)			SO2 (2010 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	7,447	\$ 1,000,660	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	7,447	1,000,660	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(3,922)	\$ (527,002)	\$ 134.37	-	\$ -	\$ -
Ending Balance	3,525	473,657	\$ 134.37	33,544	578,701	\$ 17.25

	SO2 (2009 & prior vintage)			SO2 (2010 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	3,525	\$ 473,657	\$ 134.37	33,544	\$ 578,701	\$ 17.25
Acquisitions	24,074	\$ 11,503,061	\$ 477.82	9,627	\$ -	\$ -
Subtotal	27,599	\$ 11,976,718	\$ 433.95	43,171	\$ 578,701	\$ 13.40
Issuances		\$ -	\$ -	(7,297)	\$ (97,815)	\$ 13.40
Consumption	(3,525)	\$ (1,529,691)	\$ 433.95	(1,088)	\$ (14,584)	\$ 13.40
2011 Vintage Additions				43,808	\$ 1,114,634	
Ending Balance	24,074	10,447,028	\$ 433.95	78,594	1,580,935	\$ 20.12

	SO2 (2009 & prior vintage)			SO2 (2010 / 2011 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	24,074	\$ 10,447,028	\$ 433.95	78,594	\$ 1,580,935	\$ 20.12
Year End Consumption Adjustments	(4,112)	\$ (1,811,089)		8,228	\$ 110,295	
Acquisitions	-	\$ 156,184	\$ -	-	\$ -	\$ -
Subtotal	19,962	\$ 8,792,123	\$ 440.44	86,822	\$ 1,691,230	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(797)	\$ (351,033)	\$ 440.44	(9,052)	\$ (176,326)	\$ 19.48
Ending Balance	19,165	\$ 8,441,090	\$ 440.44	77,770	\$ 1,514,904	\$ 19.48

	SO2 (2009 & prior vintage)			SO2 (2010 / 2011 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	19,165	\$ 8,441,090	\$ 440.44	77,770	\$ 1,514,904	\$ 19.48
Acquisitions	-	\$ -	\$ -	(14)	\$ (188)	\$ 13.43
Subtotal	19,165	8,441,090	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,661)	\$ (2,052,905)	\$ 440.44	-	\$ -	\$ -
Ending Balance	14,504	6,388,185	\$ 440.44	77,756	1,514,716	\$ 19.48

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 / 2011 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	14,504	\$ 6,388,185	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	14,504	6,388,185	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(3,443)	\$ (1,516,445)	\$ 440.44	-	\$ -	\$ -
Ending Balance	11,061	4,871,740	\$ 440.44	77,756	1,514,716	\$ 19.48

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 / 2011 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	11,061	\$ 4,871,740	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	11,061	4,871,740	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,142)	\$ (1,824,315)	\$ 440.44	-	\$ -	\$ -
Ending Balance	6,919	3,047,425	\$ 440.44	77,756	1,514,716	\$ 19.48

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 / 2011 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	6,919	\$ 3,047,425	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	6,919	3,047,425	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(4,025)	\$ (1,772,783)	\$ 440.44	-	\$ -	\$ -
Ending Balance	2,894	1,274,642	\$ 440.44	77,756	1,514,716	\$ 19.48

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 / 2011 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	2,894	\$ 1,274,642	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	2,894	1,274,642	\$ 440.44	77,756	\$ 1,514,716	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(2,894)	\$ (1,274,642)	\$ 440.44	(3,856)	\$ (75,116)	\$ 19.48
Ending Balance	-	-	\$ -	73,900	1,439,599	\$ 19.48

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 / 2011 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Jul-11						
Beginning Balance	-	\$ -	\$ -	73,900	\$ 1,439,599	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	73,900	\$ 1,439,599	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption		\$ -	\$ -	(10,632)	\$ (207,115)	\$ 19.48
Ending Balance	-	-	\$ -	63,268	1,232,484	\$ 19.48
Aug-11						
Beginning Balance	-	\$ -	\$ -	63,268	\$ 1,232,484	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	63,268	\$ 1,232,484	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption		\$ -	\$ -	(8,512)	\$ (165,817)	\$ 19.48
Ending Balance	-	-	\$ -	54,756	1,066,667	\$ 19.48
Sep-11						
Beginning Balance	-	\$ -	\$ -	54,756	\$ 1,066,667	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	54,756	\$ 1,066,667	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption		\$ -	\$ -	(6,272)	\$ (122,181)	\$ 19.48
Ending Balance	-	-	\$ -	48,484	944,486	\$ 19.48
Oct-11						
Beginning Balance	-	\$ -	\$ -	48,484	\$ 944,486	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	48,484	\$ 944,486	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption		\$ -	\$ -	(7,526)	\$ (146,609)	\$ 19.48
Ending Balance	-	-	\$ -	40,958	797,877	\$ 19.48

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 / 2011 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Nov-11						
Beginning Balance	-	\$ -	\$ -	40,958	\$ 797,877	\$ 19.48
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	40,958	\$ 797,877	\$ 19.48
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption		\$ -	\$ -	(7,134)	\$ (138,973)	\$ 19.48
Ending Balance	-	-	\$ -	33,824	658,904	\$ 19.48
Dec-11						
Beginning Balance	-	\$ -	\$ -	33,824	\$ 658,904	\$ 19.48
Acquisitions	11,857	\$ 6,582,817	\$ 555.18	29,917	\$ 5,758,753	\$ 192.49
Subtotal	11,857	6,582,817	\$ 555.18	63,741	\$ 6,417,657	\$ 100.68
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(8,326)	\$ (838,290)	\$ 100.68
2012 Vintage Additions	-	\$ -		39,222	\$ 1,356,488	
Ending Balance	11,857	6,582,817	\$ 555.18	94,637	6,935,855	\$ 73.29
Jan-12						
Beginning Balance	11,857	\$ 6,582,817	\$ 555.18	94,637	\$ 6,935,855	\$ 73.29
Year End Consumption Adjustments	(9,606)	\$ (5,333,098)		19,170	\$ 1,930,100	
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	2,251	\$ 1,249,719	\$ 555.18	113,807	\$ 8,865,955	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(622)	\$ (345,324)	\$ 555.18	(4,468)	\$ (348,073)	\$ 77.90
Ending Balance	1,629	\$ 904,395	\$ 555.18	109,339	\$ 8,517,883	\$ 77.90
Feb-12						
Beginning Balance	1,629	\$ 904,395	\$ 555.18	109,339	\$ 8,517,883	\$ 77.90
Year End Consumption Adjustments	-	\$ -		(28)	\$ (2,819)	
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	1,629	904,395	\$ 555.18	109,311	\$ 8,515,064	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(1,414)	\$ (785,030)	\$ 555.18	-	\$ -	\$ -
Ending Balance	215	119,365	\$ 555.18	109,311	8,515,064	\$ 77.90

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 / 2011/ 2012 vintage)</i>		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Mar-12						
Beginning Balance	215	\$ 119,365	\$ 555.18	109,311	\$ 8,515,064	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	215	119,365	\$ 555.18	109,311	\$ 8,515,064	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	(215)	\$ (119,365)	\$ 555.18	(3,774)	\$ (293,986)	\$ 77.90
Ending Balance	-	-	\$ -	105,537	8,221,078	\$ 77.90
Apr-12						
Beginning Balance	-	\$ -	\$ -	105,537	\$ 8,221,078	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	105,537	\$ 8,221,078	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(7,430)	\$ (578,779)	\$ 77.90
Ending Balance	-	-	\$ -	98,107	7,642,299	\$ 77.90
May-12						
Beginning Balance	-	\$ -	\$ -	98,107	\$ 7,642,299	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	98,107	\$ 7,642,299	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(2,776)	\$ (216,244)	\$ 77.90
Ending Balance	-	-	\$ -	95,331	7,426,056	\$ 77.90
Jun-12						
Beginning Balance	-	\$ -	\$ -	95,331	\$ 7,426,056	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	95,331	\$ 7,426,056	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(7,178)	\$ (559,149)	\$ 77.90
Ending Balance	-	-	\$ -	88,153	6,866,907	\$ 77.90

Jul-12	SO2 (2009 & prior vintage)			SO2 (2010 / 2011/ 2012 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	-	\$ -	\$ -	88,153	\$ 6,866,907	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	88,153	\$ 6,866,907	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(9,464)	\$ (737,223)	\$ 77.90
Ending Balance	-	-	\$ -	78,689	6,129,684	\$ 77.90