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December 28, 2012

HAND DELIVERED

Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
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DEC 28 2012

**PUBLIC SERVICE
COMMISSION**

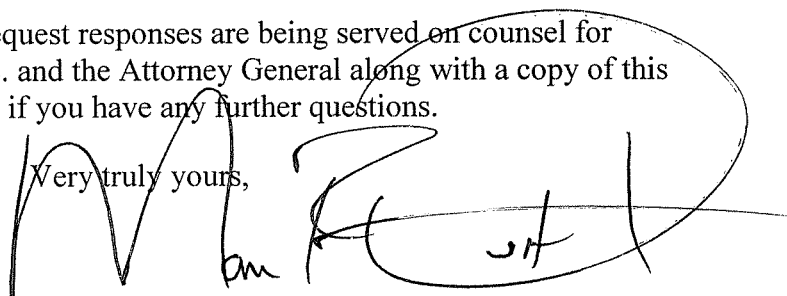
RE: Case No. 2012-00504

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and seven copies of the testimony of Lila P. Munsey and Kentucky Power Company's responses to Staff's First Data Requests in the above proceeding.

Copies of the testimony and data request responses are being served on counsel for Kentucky Industrial Utility Customers, Inc. and the Attorney General along with a copy of this letter. Please do not hesitate to contact me if you have any further questions.

Very truly yours,



Mark R. Overstreet

MRO

cc: Jennifer B. Hans
Michael L. Kurtz

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DEC 28 2012

**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION ON THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY) CASE NO. 2012-00504
POWER COMPANY FOR THE SIX-MONTH)
BILLING PERIODS ENDING DECEMBER 31, 2011)
AND JUNE 30, 2012**

**DIRECT TESTIMONY OF LILA P. MUNSEY
ON BEHALF OF
KENTUCKY POWER COMPANY**

December 28, 2012

Kentucky Power Company

REQUEST

Prepare a summary schedule showing the calculation of $E(m)$ and the surcharge factor for the expense months covered by the billing periods under review. Use ES Form 1.00 as a model for this summary. Include the two expense months subsequent to the billing periods in order to show the over- and under-recovery adjustments for the months included in the billing periods under review. Include a calculation of any additional over- or under-recovery amount Kentucky Power believes needs to be recognized for the six-month review. Include all supporting calculations and documentation for any such additional over- or under-recovery.

RESPONSE

In the previous two reviews of the Environmental Surcharge, Case No. 2011-00031 and Case No. 2012-00273, the Company discovered that it had over-collected the expenses related to the pool capacity charge paid through the Interconnection Agreement on ES Form 3.14 as well as the polymer, lime hydrate, and steam expenses. Refunds were made with respect to the periods being considered in those reviews (billing months July 1, 2010 through December 31, 2010 and the last six-months of the two year review billing months January 1, 2011 through June 30, 2011). It was further agreed that similar revisions would be required for the period billed July 1, 2011 through June 30, 2012 during the next two-year review. The Company calculates the amount to be refunded with respect to these two items for the period July 1, 2011 through June 30, 2012 totals \$913,674.

Also during Kentucky Power's previous review of the Environmental Surcharge, Case No. 2012-00273, the Company discovered the following:

- the working capital cash component was understated for the Big Sandy Plant (ES FORM 3.10);
- Kentucky Power's portion of the Indiana Emission Fee at the Rockport Plant (ES FORM 3.13) was omitted from the working capital cash calculation; and
- the pool percentage of Rockport plant (ES FORM 3.14 page 10) was understated by failing to recognize that the Indiana and Michigan Power Company unit power agreement ended December 31, 2009.

These items also affect the current period under review, expense months of May 2011 through April 2012, and result in an under-collection.

The revision for the Pool percentage of Rockport plant had no effect on the amount collected. However, the working capital cash was increased by including the Indiana Emission Fee in the working capital cash calculation that caused an under-collection of \$3,516. The working capital cash component adjustment related to the Big Sandy Plant causes an under-collection of \$205,866 thus creating a \$209,382 total adjustment for the working capital cash. The sum of the over-collection of \$913,674 and the under-collection of \$209,382 is a net \$704,292 over-collection to be refunded to customers. A more detailed description of the revisions may be found in the testimony of Lila P. Munsey filed with this case.

A copy of the summary schedule showing the calculation of the E(m) and the surcharge factor for the expense months covered by the billing period is attached to this response as pages 1 and 2 of Attachment 1. The remaining pages of this attachment contain the supporting calculations.

WITNESS: Lila P Munsey

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 2011	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012	Total Over / Under Recovery
LINE 1	CRR from ES FORM 3.00	\$5,705,345	\$5,500,300	\$4,372,798	\$4,236,640	\$4,019,669	\$3,805,605	\$3,632,110	\$4,760,967	\$3,263,016	\$3,426,012	\$3,205,826	\$3,010,289	
LINE 2	Brr from ES FORM 1.10	\$3,922,590	\$3,627,274	\$3,005,325	\$4,088,030	\$3,740,010	\$3,260,302	\$2,786,040	\$4,074,321	\$3,891,163	\$3,590,810	\$3,651,374	\$3,647,040	
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,782,755	\$1,891,114	\$567,473	\$147,816	\$279,659	\$546,303	\$846,070	\$714,646	(\$727,347)	(\$164,798)	(\$445,546)	(\$636,741)	
LINE 4	Kentucky Retail Jurisdictional Allocation Factor from ES FORM 3.30, Schedule of Revenues, LINE 1	77.6%	72.7%	68.3%	76.2%	79.7%	78.0%	83.3%	83.0%	88.6%	88.9%	90.6%	80.4%	
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$1,383,410	\$1,367,570	\$387,584	\$112,638	\$222,869	\$426,116	\$704,776	\$593,156	(\$644,429)	(\$146,505)	(\$403,664)	(\$511,940)	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2011-00031, dated April 16, 2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$629,557)	\$0	
LINE 6	Over/(Under) Recovery Adjustment from ES FORM 3.30	\$179,377	\$7,110	(\$235,309)	(\$197,884)	\$5,290	(\$27,561)	\$15,676	(\$122,928)	(\$105,459)	(\$74,511)	(\$211,240)	(\$17,621)	
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,562,795	\$1,374,680	\$152,275	(\$85,248)	\$228,179	\$398,555	\$720,452	\$470,228	(\$749,888)	(\$221,016)	(\$1,244,461)	(\$529,561)	
SURCHARGE FACTOR														
LINE 8	Net KY Retail E(m) (Line 7)	\$1,562,795	\$1,374,680	\$152,275	(\$85,248)	\$228,179	\$398,555	\$720,452	\$470,228	(\$749,888)	(\$221,016)	(\$1,244,461)	(\$529,561)	
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,424,987	\$46,853,714	\$46,534,433	\$47,519,210	\$44,097,032	\$38,287,502	\$42,852,396	\$50,620,415	\$55,804,283	\$48,360,835	\$44,915,695	\$35,695,838	
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.8659%	2.9277%	0.3272%	-0.1784%	0.5174%	1.0410%	1.6812%	0.9289%	-1.3419%	-0.4570%	-2.7707%	-1.4835%	

As Revised

CALCULATION OF E(m) E(m) = CRR - BRR		May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012	Total Over / Under Recovery	
LINE 11	CRR from ES FORM 3.00	\$5,653,443	\$5,467,944	\$4,319,397	\$3,871,782	\$3,485,386	\$3,914,158	\$3,654,543	\$4,809,453	\$3,284,764	\$3,444,998	\$3,223,592	\$3,020,068		
LINE 12	Brr from ES FORM 1.10	\$3,922,590	\$3,627,274	\$3,005,325	\$4,088,030	\$3,740,010	\$3,260,302	\$2,786,040	\$4,074,321	\$3,891,163	\$3,590,810	\$3,651,374	\$3,647,040		
LINE 13	E(m) (LINE 11 - LINE 12)	\$1,730,853	\$1,840,670	\$514,072	(\$217,048)	(\$254,624)	\$653,856	\$868,503	\$735,132	(\$706,399)	(\$145,812)	(\$427,872)	(\$520,972)		
LINE 14	Kentucky Retail Jurisdictional Allocation Factor from ES FORM 3.30, Schedule of Revenues, LINE 1	77.6%	72.7%	68.3%	76.2%	79.7%	78.0%	83.3%	83.0%	88.6%	88.9%	90.6%	80.4%		
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	\$1,343,142	\$1,338,167	\$351,111	(\$165,390)	(\$202,935)	\$432,008	\$723,463	\$610,160	(\$625,889)	(\$129,627)	(\$387,652)	(\$499,261)		
LINE 15B	Environmental Surcharge Clause Adjustment Case No. 2011-00031, dated April 19, 2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$629,557)	\$0		
LINE 16	Over/(Under) Recovery Adjustment from ES FORM 3.30	\$179,377	\$7,110	(\$235,309)	(\$197,884)	\$5,290	(\$27,561)	\$15,676	(\$122,928)	(\$105,459)	(\$74,511)	(\$211,240)	(\$17,621)		
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	\$1,522,519	\$1,345,277	\$115,802	(\$363,274)	(\$197,645)	\$404,447	\$739,139	\$487,232	(\$731,320)	(\$204,138)	(\$1,228,449)	(\$516,882)		
SURCHARGE FACTOR															
LINE 18	Net KY Retail E(m) (Line 17)	\$1,522,519	\$1,345,277	\$115,802	(\$363,274)	(\$197,645)	\$404,447	\$739,139	\$487,232	(\$731,320)	(\$204,138)	(\$1,228,449)	(\$516,882)		
LINE 19	KY Retail R(m) from ES FORM 3.30	\$40,424,987	\$46,853,714	\$46,534,433	\$47,519,210	\$44,097,032	\$38,287,502	\$42,852,396	\$50,620,415	\$55,804,283	\$48,360,835	\$44,915,695	\$35,695,838		
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	3.7603%	2.8651%	0.2489%	-0.7645%	-0.4482%	1.0563%	1.7248%	0.9625%	-1.3086%	-0.4221%	-2.7350%	-1.4480%		
LINE 21	Difference (Line 18 - Line 8)	(\$40,276)	(\$29,403)	(\$36,473)	(\$278,028)	(\$425,824)	\$5,892	\$18,667	\$17,004	\$10,560	\$16,670	\$16,012	\$12,679	(\$704,292)	
														Total Over Collection	(\$704,292)

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 117
	As Originally Filed	As Approved or Proposed for Capacity & Removal of Expenses *	As Proposed for Working Capital Cash				
(1)	(2)	(3)	(4)	(5)=(3)-(2)	(6)=(4)-(3)	(7)=(5)+(6)	(8)
May-11	1,562,795	1,503,986	1,522,519	(58,809)	18,533	(40,276)	Page 4 of 117
June-11	1,374,680	1,326,989	1,345,277	(47,691)	18,288	(29,403)	Page 19 of 117
July-11	152,275	97,981	115,802	(54,294)	17,821	(36,473)	Page 34 of 117
August-11	(85,246)	(381,533)	(363,274)	(296,287)	18,259	(278,028)	Page 49 of 117
September-11	228,179	(216,469)	(197,645)	(444,648)	18,824	(425,824)	Page 64 of 117
October-11	398,555	386,610	404,447	(11,945)	17,837	5,892	Page 79 of 117
November-11	720,452	-	739,139	-	18,687	18,687	Page 94 of 117
December-11	470,228	-	487,232	-	17,004	17,004	Page 98 of 117
January-12	(749,888)	-	(731,328)	-	18,560	18,560	Page 102 of 117
February-12	(221,016)	-	(204,138)	-	16,878	16,878	Page 106 of 117
March-12	(1,244,461)	-	(1,228,449)	-	16,012	16,012	Page 110 of 117
April-12	(529,561)	-	(516,882)	-	12,679	12,679	Page 114 of 117
Total Over Collection				\$ (913,674)	\$ 209,382	\$ (704,292)	

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

Revised - September 24, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of May 2011

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$5,653,443	\$5,705,345	\$51,902
LINE 2	Brr from ES FORM 1.10	3,922,590	3,922,590	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,730,853	\$1,782,755	\$51,902
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.6%	77.6%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,343,142	\$1,383,418	\$40,276
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$179,377	\$179,377	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,522,519	\$1,562,795	\$40,276
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,522,519	\$1,562,795	\$40,276
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,424,987	\$40,424,987	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.7663%	3.8659%	0.0996%

Effective Date for Billing: June 29, 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : June 17, 2011

1/ Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 3 00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of May 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20	\$5,604,859		\$5,656,761	
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16	\$48,584		\$48,584	
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0	
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NO _x Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$5,653,443		\$5,705,345

Revised - September 24, 2012

ES FORM 3-10

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

For the Expense Month of May 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$64,121,840)		(\$64,121,840)	
3	Less Accum. Def. Income Taxes	(\$40,447,142)		(\$40,447,142)	
4	Net Utility Plant		\$86,758,570		\$86,758,570
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,671,775		\$7,671,775
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$108,236		\$108,236
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,984,729		\$303,314
8	Total Rate Base		\$97,523,310		\$94,841,895
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (8) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$867,957		\$844,093
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,017		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
	Monthly Environmental AEP Pool Capacity Costs				
16	from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,930,159		\$2,005,925
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$364,962		\$364,962
18	Monthly SO2 Emission Allowance Consumption		\$1,772,783		\$1,772,783
19	Total Operating Expenses [Line 12 thru Line 18]		\$4,736,902		\$4,812,668
20	Total Revenue Requirement - Big Sandy				
	Record on ES FORM 3.00, Line 1		\$5,604,859		\$5,656,761

Revised - September 24, 2012

ES FORM 3 13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of May 2011

		Revised Amount		As Filed	
1	1997 Plan :				
	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$239,927		\$257,070	
3	Monthly SO2 Allowance Consumption	\$1,772,783		\$1,772,783	
4	Total 1997 Plan O&M Expenses		\$2,044,409		\$2,061,552
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$335,186		\$335,186	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$19,751		\$19,751	
9	Equipment - Associated Operating Expenses	\$288		\$288	
10	Equipment - Associated Maintenance Expenses	\$9,737		\$9,737	
11	Total 2003 Plan O&M Expenses		\$364,962		\$364,962
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3 20, Line 10 X 15%		\$2,344		
14	Total Monthly O&M Expenses		\$2,411,715		\$2,426,514
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$301,464		\$303,314
16	Cash Working Capital Allowance (April 2011 ES Form 3.13)		\$315,341		
17	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
18	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
19	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
20	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
21	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445		
22	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
23	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494		
24	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,885		
25	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478		
26	Cash Working Capital Allowance (June 2010 ES Form 3.13)		\$168,496		
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,984,729		

Total Cost at Line 11 is to be recorded on ES FORM 3 10, Line 7.

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

Line No. (1)	Cost Component (2)	For the Expense Month of May 2011 Revised Amount			Total (5)	As Filed		
		Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	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)	\$329,452				\$338,865		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$222,022				\$233,700		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$651,742				\$681,625		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,162				\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$626,675				\$642,675		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$68,039				\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,743				\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,581				\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$10,743				\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,915,835	\$14,324	\$1,930,159		\$1,986,450	\$19,475	\$2,005,925

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

Line No. (1)	Cost Component (2)	For the Expense Month of May 2011			As Filed		Total (5)
		Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Revised Amount Indiana	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$472,888			\$472,899		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$416,338			\$481,277		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$4,072,297			\$4,365,525		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690			\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 15)	\$992,870			\$993,264		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$318,655			\$318,655		
7	Spom Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207			\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625			\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0			\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625			\$15,625	
11	Subtotal	\$6,301,945	\$31,250		\$6,660,517	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,440,000	5,414,000		8,468,000	5,416,000	
13	Environmental Base (\$/kw)	\$0.75	\$0.01		\$0.79	\$0.01	
14	Company Surplus Weighting	89.00%	11.00%		84.00%	15.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.67	\$0.00		\$0.66	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	388,100	388,100		389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$239,927	\$0	\$239,927	\$257,070	\$0	\$257,070

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

Revised - September 24, 2012

ES FORM 3.14
 Page 3 of 11

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

For the Expense Month of May 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$8,225,948	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948	\$8,225,948
	Operations :		
6	Disposal (5010000)	\$5,182	\$5,182
7	Urea (5020002)	\$227,767	\$227,767
8	Trona (5020003)	\$119,193	\$119,193
9	Lime Stone (5020004)	\$209,268	\$209,268
10	Steam Exp (5020025)	\$0	\$16
11	Air Emission Fee	\$10,292	\$10,292
12	Total Operations (Lines 6 thru 10)	\$571,702	\$571,718
	Maintenance :		
13	SCR Maintenance (5120000)	\$21,147	\$21,147
14	Scrubber (FGD) Maintenance (5120000)	\$254,042	\$254,042
15	Total Maintenance (12) + (13)	\$275,189	\$275,189
16	1/2 of Maintenance (14) * 50%	\$137,595	\$137,595
17	Fixed O&M (11) + (15)	\$709,297	\$709,313
18	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%	66.67%
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$472,888	\$472,899
	Total Revenue Requirement,		
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,698,836	\$8,698,847
21	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.03	\$1.03
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.92	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :		
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.92	\$0.87
26	Kentucky Power Capacity Deficit (kw)	358,100	369,500
27	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 1)	\$329,452	\$338,865

Revised - September 24, 2012

ES FORM 3.14
 Page 4 of 11

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

For the Expense Month of May 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$5,493,181	\$5,493,181
	Operations :		
4	Disposal (5010000)	(\$175,679)	(\$175,679)
5	Urea (5020002)	\$199,680	\$199,680
6	Trona (5020003)	\$74,220	\$74,220
7	Lime Stone (5020004)	\$224,616	\$224,616
8	Polymer (5020005)	\$0	\$4,240
9	Lime Hydrate (5020007)	\$0	\$0
10	Steam Exp (5020025)	\$0	\$60,699
11	Air Emission Fee	\$8,622	\$8,622
12	Total Operations (Line 4 thru 8)	\$331,459	\$396,398
	Maintenance :		
13	SCR Maintenance (5120000)	\$3,826	\$3,826
14	Scrubber (FGD) Maintenance (5120000)	\$165,931	\$165,931
15	Total Maintenance (13) + (14)	\$169,757	\$169,757
16	1/2 Maintenance (15) * 50%	\$84,879	\$84,879
17	Fixed O&M (12) + (16)	\$416,338	\$481,277
	Total Revenue Requirement,		
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$5,909,519	\$5,974,458
19	Ohio Power Company's Percentage Ownership	100.00%	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$5,909,519	\$5,974,458
21	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.70	\$0.71
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.62	\$0.60
	Cardinal Unit No. 1 Costs to Kentucky Power :		
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.62	\$0.60
26	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)		
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$222,022	\$233,700

Revised - September 24, 2012

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 May 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$13,208,837	\$13,208,837
	Operations :		
4	Sludge Disposal (5010000)	\$799,911	\$799,911
5	Lime (5020001)	\$1,819,574	\$1,819,574
6	Urea (5020002)	\$503,998	\$503,998
7	Trona (5020003)	\$293,505	\$293,505
8	Lime Stone (5020004)	\$213	\$213
9	Polymer (5020005)	\$0	\$293,228
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$34,947	\$34,947
12	Lease (5070005)	\$0	\$0
13	Total Operations (Lines 4 thru 10)	\$3,452,148	\$3,745,376
	Maintenance :		
14	SCR Maintenance (5120000)	\$127,564	\$127,564
15	Scrubber Maintenance (5120000)	\$1,112,733	\$1,112,733
16	Total Maintenance (12) + (13)	\$1,240,297	\$1,240,297
17	1/2 of Maintenance (13) * 50%	\$620,149	\$620,149
18	Fixed O&M (11) + (15)	\$4,072,297	\$4,365,525
	Total Revenue Requirement,		
19	Cost Associated with Gavin Plant (3) + (17)	\$17,281,134	\$17,574,362
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$17,281,134	\$17,574,362
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Gavin Plant (\$/kw)	\$2.05	\$2.08
24	Ohio Power Surplus Weighing	89.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.82	\$1.75
	Gavin Plant Costs to Kentucky Power :		
26	Gavin Plant Portion (\$/kw) (23)	\$1.82	\$1.75
27	Kentucky Power Capacity Deficit (kw)	<u>358,100</u>	<u>389,500</u>
28	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$651,742	\$681,625

Revised - September 24, 2012

ES FORM 3.14
 Page 6 of 11

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 May 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$115,787	\$115,787
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	<u>\$15,690</u>	<u>\$15,690</u>
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,690</u>	<u>\$15,690</u>
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$131,477</u>	<u>\$131,477</u>
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.02	\$0.02
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02	\$0.02
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.02	\$0.02
19	Kentucky Power Capacity Deficit (kw)	<u>358,100</u>	<u>389,500</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,162	\$7,790

Revised - September 24, 2012

ES FORM 3.14
Page 7 of 11

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

For the Expense Month of May 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$15,660,375	\$15,660,375
	Operations :		
4	Disposal (5010000)	\$37,772	\$37,772
5	Urea (5020002)	\$278,570	\$278,570
6	Trona (5020003)	\$59,435	\$59,435
7	Lime Stone (5020004)	\$361,973	\$361,973
8	Polymer (5020005)	\$0	\$394
9	Lime Hydrate (5020007)	\$0	\$0
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$12,128	\$12,128
12	Total Operations (Lines 4 thru 8)	\$749,878	\$750,272
	Maintenance :		
13	SCR Maintenance (5120000)	\$1,397	\$1,397
14	FDG (5120000)	\$484,587	\$484,587
15	1/2 of Maintenance (10 + 11) * 50%	\$242,992	\$242,992
16	Fixed O&M (9) + (12)	\$992,870	\$993,264
	Total Revenue Requirement,		
17	Cost Associated with Mitchell Plant (3) + (13)	\$16,653,245	\$16,653,639
18	Ohio Power Company's Percentage Ownership	100.00%	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,653,245	\$16,653,639
20	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
21	Mitchell Plant (\$/kw)	\$1.97	\$1.97
22	Ohio Power Surplus Weighing	89.00%	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.75	\$1.65
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.75	\$1.65
25	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)		
26	(ES FORM 3.14, Page 1 of 10, Line 5)	\$626,675	\$642,675

Revised - September 24, 2012

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 May 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,488,818	\$1,488,818
	Operations :		
4	Urea (5020002)	\$282,970	\$282,970
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$34,561	\$34,561
7	Total Operations (4) + (5) + (6)	\$317,531	\$317,531
	Maintenance :		
8	SCR Maintenance (5120000)	\$2,247	\$2,247
9	1/2 of Maintenance (8) * 50%	\$1,124	\$1,124
10	Fixed O&M (7) + (9)	\$318,655	\$318,655
	Total Revenue Requirement,		
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,807,473	\$1,807,473
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,807,473	\$1,807,473
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21	\$0.21
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.19	\$0.18
	Muskingum Plant Costs to Kentucky Power :		
18	Muskingum Plant Portion (\$/kw) (17)	\$0.19	\$0.18
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$68,039	\$70,110

Revised - September 24, 2012

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 May 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$278,251	\$278,251
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$13,207	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207	\$13,207
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$13,207	\$13,207
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.03	\$0.03
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03	\$0.03
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$10,743	\$11,685

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 May 2011

LINE NO.	COST	REVISED AMOUNT				AS FILED					
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020		\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>		<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168		\$24,496	\$144,462	\$228,919	\$30,168	
	Operations :										
4	Urea (5020002)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
5	Trona (5020003)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
6	Air Emission Fee	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
7	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
	Maintenance :										
8	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
10	Fixed O&M (7) + (9)	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
	Total Revenue Requirement,										
11	Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168		\$40,121	\$144,462	\$228,919	\$30,168	
12	Indiana Michigan Power Company's Percentage Ownership	<u>50%</u>	<u>85.00%</u>	<u>85.00%</u>	<u>50.00%</u>		<u>50%</u>	<u>85.00%</u>	<u>85.00%</u>	<u>50.00%</u>	
13	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$194,581	\$15,084		\$20,061	\$122,793	\$148,980	\$15,084	
14	Total Rockport Plant Common and Units 1 & 2					\$352,519					\$306,918
15	Indiana Michigan Power Company Steam Capacity (kw)					5,414,000					5,416,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.07					\$0.06
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					11.00%					16.00%
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (16)					\$0.01					\$0.01
	Rockport Plant Costs to Kentucky Power :										
19	Rockport Plant Portion (\$/kw) (18)					\$0.01					\$0.01
20	Kentucky Power Capacity Deficit (kw)					389,100					389,600
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					\$3,591					\$3,695

Revised - September 24, 2012

ES FORM 3.14
 Page 11 of 11

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 May 2011

LINE NO.	COST	REVISED AMOUNTS	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,348,869	\$1,348,869
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,625	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,625	\$15,625
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	11.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.03	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :		
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03	\$0.04
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$10,743	\$15,580

Revised - September 24, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of June 2011

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$5,467,944	\$5,508,388	\$40,444
LINE 2	Brr from ES FORM 1.10	3,627,274	3,627,274	\$0 ^{1/}
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,840,670	\$1,881,114	\$40,444
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	72.7%	72.7%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,338,167	\$1,367,570	\$29,403
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$7,110	\$7,110	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,345,277	\$1,374,680	\$29,403
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$1,345,277	\$1,374,680	\$29,403
LINE 9	KY Retail R(m) from ES FORM 3.30	\$46,953,714	\$46,953,714	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.8651%	2.9277%	0.0626%

Effective Date for Billing: July 29, 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : July 19, 2011

^{1/} Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of June 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20		\$5,419,842		\$5,460,286
2	Second Component: Associated with Rockport Plant $(((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C))$ ES FORM 3.20, Line 16		\$48,102		\$48,102
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO ₂ Allowances		\$0		\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NO _x Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$5,467,944		\$5,508,388

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of June 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$64,745,122)		(\$64,745,122)	
3	Less Accum. Def. Income Taxes	(\$40,228,991)		(\$40,228,991)	
4	Net Utility Plant		\$86,353,439		\$86,353,439
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$6,322,016		\$6,322,016
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$84,138		\$84,138
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$3,105,967		\$281,245
8	Total Rate Base		\$95,866,560		\$93,040,838
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$853,203		\$828,063
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,017		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,080,561		\$2,146,145
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$467,322		\$467,322
18	Monthly SO2 Emission Allowance Consumption		\$1,349,758		\$1,349,758
19	Total Operating Expenses (Line 12 thru Line 18)		\$4,566,639		\$4,632,223
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$5,419,842		\$5,460,286

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of June 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$386,748		\$401,185	
3	Monthly SO2 Allowance Consumption	<u>\$1,349,758</u>		<u>\$1,349,758</u>	
4	Total 1997 Plan O&M Expenses		\$1,768,205		\$1,782,642
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$422,964		\$422,964	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$24,098		\$24,098	
9	Equipment - Associated Operating Expenses	\$1,077		\$1,077	
10	Equipment - Associated Maintenance Expenses	<u>\$19,182</u>		<u>\$19,182</u>	
11	Total 2003 Plan O&M Expenses		<u>\$467,322</u>		<u>\$467,322</u>
12	KPCO's Rackpart Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		2,344		
14	Total Monthly O&M Expenses		<u>\$2,237,870</u>		<u>\$2,249,964</u>
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$279,734		\$281,245
16	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
17	Cash Working Capital Allowance (April 2011 ES Form 3.13)		\$315,341		
18	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
19	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
20	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
21	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
22	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445		
23	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
24	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494		
25	Cash Working Capital Allowance (August 2010 ES Form 3.13)		\$376,885		
26	Cash Working Capital Allowance (July 2010 ES Form 3.13)		\$174,478		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$3,105,967</u>		

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

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

Line No. (1)	Cost Component (2)	For the Expense Month of June 2011		Total (5)	Ohio Power Company's Environmental Cost to KPCCo (3)	As Filed Indiana Michigan Power Company's Environmental Cost to KPCCo (4)	Total (5)
		Ohio Power Company's Environmental Cost to KPCCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCCo (4)				
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$340,195			\$350,550		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$272,156			\$276,545		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$723,362			\$747,840		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,162			\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$644,580			\$662,150		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$68,039			\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,743			\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,581			\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$10,743			\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,066,237	\$14,324	\$2,080,561	\$2,126,670	\$19,475	\$2,146,145

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

Line No. (1)	Cost Component (2)	For the Expense Month of June 2011			As Filed		Total (5)
		Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Revised Amount Indiana	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$832,006			\$831,876		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,659,515			\$1,735,241		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$5,941,594			\$6,113,570		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690			\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,405,725			\$1,411,720		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$317,065			\$317,065		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207			\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625			\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0			\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$0			\$15,625	
11	Subtotal	\$10,184,802	\$15,625		\$10,438,469	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,440,000	5,414,000		8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.21	\$0.00		\$1.23	\$0.01	
14	Company Surplus Weighting	89.00%	11.00%		84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.08	\$0.00		\$1.03	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	358,100	358,100		389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$386,748	\$0	\$386,748	\$401,185	\$0	\$401,185

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

Revised - September 24, 2012

ES FORM 3.14
 Page 3 of 11

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

For the Expense Month of June 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$8,225,948	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948	\$8,225,948
	Operations :		
6	Disposal (5010000)	\$307,752	\$307,752
7	Urea (5020002)	\$262,602	\$262,602
8	Trona (5020003)	\$159,928	\$159,928
9	Lime Stone (5020004)	\$377,596	\$377,596
10	Steam Exp (5020025)	\$0	(\$45)
11	Air Emission Fee	\$10,292	\$10,292
12	Total Operations (Lines 6 thru 10)	\$1,118,170	\$1,118,125
	Maintenance :		
13	SCR Maintenance (5120000)	\$28,716	\$28,716
14	Scrubber (FGD) Maintenance (5120000)	\$230,837	\$230,837
15	Total Maintenance (12) + (13)	\$259,553	\$259,553
16	1/2 of Maintenance (14) * 50%	\$129,777	\$129,777
17	Fixed O&M (11) + (15)	\$1,247,947	\$1,247,902
18	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%	66.67%
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$832,006	\$831,976
	Total Revenue Requirement,		
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,057,954	\$9,057,924
21	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.07	\$1.07
23	Ohio Power Surplus Weighing	89.00%	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.95	\$0.90
	Amos Unit No. 3 Costs to Kentucky Power :		
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.95	\$0.90
26	Kentucky Power Capacity Deficit (kw)	358,100	389,500
27	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 1)	\$340,195	\$350,550

Revised - September 24, 2012

ES FORM 3.14
 Page 4 of 11

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

For the Expense Month of June 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$5,493,181	\$5,493,181
	Operations :		
4	Disposal (5010000)	\$63,820	\$63,820
5	Lime (5020001)	\$0	\$0
6	Urea (5020002)	\$387,335	\$387,335
7	Trona (5020003)	\$198,244	\$198,244
8	Lime Stone (5020004)	\$931,572	\$931,572
9	Polymer (5020005)	\$0	\$5,453
10	Lime Hydrate (5020007)	\$0	\$0
11	Steam Exp (5020025)	\$0	\$70,273
12	Air Emission Fee	\$8,622	\$8,622
13	Total Operations (Line 4 thru 8)	\$1,589,593	\$1,665,319
	Maintenance :		
14	SCR Maintenance (5120000)	\$13,769	\$13,769
15	Scrubber (FGD) Maintenance (5120000)	\$126,074	\$126,074
16	Total Maintenance (13) + (14)	\$139,843	\$139,843
17	1/2 Maintenance (15) * 50%	\$69,922	\$69,922
18	Fixed O&M (12) + (16)	\$1,659,515	\$1,735,241
	Total Revenue Requirement,		
19	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$7,152,696	\$7,228,422
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$7,152,696	\$7,228,422
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Cardinal Unit No. 1 (\$/kw)	\$0.85	\$0.85
24	Ohio Power Surplus Weighing	89.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.76	\$0.71
	Cardinal Unit No. 1 Costs to Kentucky Power :		
26	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.76	\$0.71
27	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)		
28	(ES FORM 3.14, Page 1 of 10, Line 2)	\$272,156	\$276,545

Revised - September 24, 2012

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 June 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$13,208,837	\$13,208,837
	Operations :		
4	Sludge Disposal (5010000)	\$759,648	\$759,648
5	Lime (5020001)	\$3,408,039	\$3,408,039
6	Urea (5020002)	\$841,323	\$841,323
7	Trona (5020003)	\$384,709	\$384,709
8	Lime Stone (5020004)	\$456	\$456
9	Polymer (5020005)	\$0	\$160,279
10	Steam Exp (5020025)	\$0	\$11,697
11	Air Emission Fee	\$34,947	\$34,947
12	Lease (5070005)	\$0	\$0
13	Total Operations (Lines 4 thru 10)	\$5,429,122	\$5,601,098
	Maintenance :		
14	SCR Maintenance (5120000)	\$135,777	\$135,777
15	Scrubber Maintenance (5120000)	\$889,166	\$889,166
16	Total Maintenance (12) + (13)	\$1,024,943	\$1,024,943
17	1/2 of Maintenance (13) * 50%	<u>\$512,472</u>	<u>\$512,472</u>
18	Fixed O&M (11) + (15)	<u>\$5,941,594</u>	<u>\$6,113,570</u>
	Total Revenue Requirement,		
19	Cost Associated with Gavin Plant (3) + (17)	\$19,150,431	\$19,322,407
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,150,431	\$19,322,407
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Gavin Plant (\$/kw)	\$2.27	\$2.28
24	Ohio Power Surplus Weighing	89.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.02	\$1.92
	Gavin Plant Costs to Kentucky Power :		
26	Gavin Plant Portion (\$/kw) (23)	\$2.02	\$1.92
27	Kentucky Power Capacity Deficit (kw)	<u>358,100</u>	<u>389,500</u>
28	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$723,362	\$747,840

Revised - September 24, 2012

ES FORM 3.14
 Page 6 of 11

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 June 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$115,787	\$115,787
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,690	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,690	\$15,690
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.02	\$0.02
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02	\$0.02
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.02	\$0.02
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,162	\$7,790

Revised - September 24, 2012

ES FORM 3.14
 Page 7 of 11

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

For the Expense Month of June 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$15,660,375	\$15,660,375
	Operations :		
4	Disposal (5010000)	\$78,042	\$78,042
5	Urea (5020002)	\$497,952	\$497,952
6	Trona (5020003)	\$102,868	\$102,868
7	Lime Stone (5020004)	\$663,842	\$663,842
8	Polymer (5020005)	\$0	\$1,157
9	Lime Hydrate (5020007)	\$0	\$4,838
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$12,128	\$12,128
12	Total Operations (Lines 4 thru 8)	\$1,354,832	\$1,360,827
	Maintenance :		
13	SCR Maintenance (5120000)	\$1,342	\$1,342
14	FDG (5120000)	\$100,444	\$100,444
15	1/2 of Maintenance (10 + 11) * 50%	\$50,893	\$50,893
16	Fixed O&M (9) + (12)	\$1,405,725	\$1,411,720
	Total Revenue Requirement,		
17	Cost Associated with Mitchell Plant (3) + (13)	\$17,066,100	\$17,072,095
18	Ohio Power Company's Percentage Ownership	100.00%	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,066,100	\$17,072,095
20	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
21	Mitchell Plant (\$/kw)	\$2.02	\$2.02
22	Ohio Power Surplus Weighing	89.00%	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.80	\$1.70
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.80	\$1.70
25	Kentucky Power Capacity Deficit (kw)	358,100	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$644,580	\$662,150

Revised - September 24, 2012

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 June 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,488,818	\$1,488,818
	Operations :		
4	Urea (5020002)	\$273,129	\$273,129
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$34,561	\$34,561
7	Total Operations (4) + (5) + (6)	\$307,690	\$307,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$18,750	\$18,750
9	1/2 of Maintenance (8) * 50%	\$9,375	\$9,375
10	Fixed O&M (7) + (9)	\$317,065	\$317,065
	Total Revenue Requirement,		
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,805,883	\$1,805,883
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,805,883	\$1,805,883
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21	\$0.21
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.19	\$0.18
	Muskingum Plant Costs to Kentucky Power :		
18	Muskingum Plant Portion (\$/kw) (17)	\$0.19	\$0.18
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$68,039	\$70,110

Revised - September 24, 2012

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 June 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$278,251	\$278,251
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$13,207	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207	\$13,207
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$13,207	\$13,207
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.03	\$0.03
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03	\$0.03
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$10,743	\$11,685

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 June 2011

LINE NO.	COST	REVISED AMOUNT				AS FILED					
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020		\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>		<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168		\$24,496	\$144,462	\$228,919	\$30,168	
	Operations :										
4	Urea (5020002)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
5	Trona (5020003)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
6	Air Emission Fee	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
7	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
	Maintenance :										
8	SCR Maintenance (\$120000)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
10	Fixed O&M (7) + (9)	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
	Total Revenue Requirement,										
11	Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168		\$40,121	\$144,462	\$228,919	\$30,168	
12	Indiana Michigan Power Company's Percentage Ownership	<u>50%</u>	<u>85.00%</u>	<u>85.00%</u>	<u>50.00%</u>		<u>50%</u>	<u>85.00%</u>	<u>85.00%</u>	<u>50.00%</u>	
13	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$194,581	\$15,084		\$20,061	\$122,793	\$148,980	\$15,084	
14	Total Rockport Plant Common and Units 1 & 2					\$352,519					\$306,918
15	Indiana Michigan Power Company Steam Capacity (kw)					5,414,000					5,416,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.07					\$0.06
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					11.00%					16.00%
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (16)					\$0.01					\$0.01
19	Rockport Plant Costs to Kentucky Power :										
	Rockport Plant Portion (\$/kw) (18)					\$0.01					\$0.01
20	Kentucky Power Capacity Deficit (kw)					<u>388,100</u>					<u>389,500</u>
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 6)					\$3,581					\$3,895

Revised - September 24, 2012

ES FORM 3.14
 Page 11 of 11

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

For the Expense Month of June 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,348,869	\$1,348,869
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,625	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,625	\$15,625
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	11.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.03	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :		
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03	\$0.04
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$10,743	\$15,580

Revised - September 24, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of July 2011

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,319,397	\$4,372,798	\$53,401
LINE 2	Brr from ES FORM 1.10	3,805,325	3,805,325	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	\$514,072	\$567,473	\$53,401
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	68.3%	68.3%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$351,111	\$387,584	\$36,473
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$235,309)	(\$235,309)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$115,802	\$152,275	\$36,473
SURCHARGE FACTOR				
LINE 8	Net KY Retail E(m) (Line 7)	\$115,802	\$152,275	\$36,473
LINE 9	KY Retail R(m) from ES FORM 3.30	\$46,534,433	\$46,534,433	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	0.2489%	0.3272%	0.0783%

Effective Date for Billing: August 29, 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : August 19, 2011

1/ Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$4,275,699		\$4,329,100
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$43,698		\$43,698
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO2 - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO2 Allowances		\$0		\$0
	1) NOx - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NOx - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NOx Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,319,397		\$4,372,798

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of July 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$65,368,404)		(\$65,368,404)	
3	Less Accum. Def Income Taxes	(\$40,010,845)		(\$40,010,845)	
4	Net Utility Plant		\$85,948,303		\$85,948,303
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$6,114,901		\$6,114,901
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$56,247		\$56,247
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$3,068,958		\$140,229
8	Total Rate Base		\$95,188,409		\$92,259,580
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$847,177		\$821,111
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,017		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 6, Line 10		\$2,105,628		\$2,185,095
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$446,781		\$446,781
18	Monthly SO2 Emission Allowance Consumption		\$207,115		\$207,115
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,428,522		\$3,507,989
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,275,699		\$4,329,100

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$411,815		\$436,240	
3	Monthly SO2 Allowance Consumption	<u>\$207,115</u>		<u>\$207,115</u>	
4	Total 1997 Plan O&M Expenses		\$650,629		\$675,054
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$401,099		\$401,099	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$27,891		\$27,891	
9	Equipment - Associated Operating Expenses	\$3,762		\$3,762	
10	Equipment - Associated Maintenance Expenses	<u>\$14,029</u>		<u>\$14,029</u>	
11	Total 2003 Plan O&M Expenses		\$446,781		\$446,781
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 10 X 15%		\$2,344		
14	Total Monthly O&M Expenses		<u>\$1,099,754</u>		<u>\$1,121,835</u>
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$137,469		\$140,229
16	Cash Working Capital Allowance (June 2011 ES Form 3.13)		\$279,734		
17	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
18	Cash Working Capital Allowance (April 2011 ES Form 3.13)		\$315,341		
19	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
20	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
21	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
22	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
23	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445		
24	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
25	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,494		
26	Cash Working Capital Allowance (August 2010 ES Form 3.13)		<u>\$376,885</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$3,068,958</u>		

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

Revised - September 24, 2012

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

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)	Ohio Power Company's Environmental Cost to KPCo (3)	As Filed 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)	\$343,776			\$354,445		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$261,413			\$272,650		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$752,010			\$782,895		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,162			\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$648,161			\$666,045		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$68,039			\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,743			\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,581			\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$10,743			\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,091,304	\$14,324	\$2,105,628	\$2,165,620	\$19,475	\$2,185,095

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

Line No. (1)	Cost Component (2)	For the Expense Month of July 2011 Revised Amount			As Filed		Total (5)
		Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$915,923			\$915,890		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,437,191			\$1,499,609		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,732,564			\$7,007,337		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690			\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,466,668			\$1,469,857		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$322,161			\$322,161		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207			\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 5, Line 10)		\$15,625			\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0			\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625			\$15,625	
11	Subtotal	\$10,903,424	\$31,250		\$11,243,771	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	0,440,000	5,414,000		0,458,000	5,415,000	
13	Environmental Base (\$/kw)	\$1.29	\$0.01		\$1.33	\$0.01	
14	Company Surplus Weighting	89.00%	11.00%		84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.15	\$0.00		\$1.12	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	388,100	358,100		389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$411,815	\$0	\$411,815	\$436,240	\$0	\$436,240

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

Revised - September 24, 2012

ES FORM 3.14
 Page 3 of 11

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

For the Expense Month of July 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$8,225,948	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948	\$8,225,948
	Operations :		
6	Disposal (5010000)	\$78,781	\$78,781
7	Urea (5020002)	\$499,772	\$499,772
8	Trona (5020003)	\$232,454	\$232,454
9	Lime Stone (5020004)	\$343,369	\$343,369
10	Lime Hydrate (5020007)	\$3,249	\$3,249
11	Steam Exp (5020025)	\$0	(\$49)
12	Air Emission Fee	\$10,292	\$10,292
13	Total Operations (Lines 6 thru 10)	\$1,167,917	\$1,167,868
	Maintenance :		
14	SCR Maintenance (5120000)	\$22,148	\$22,148
15	Scrubber (FGD) Maintenance (5120000)	\$389,649	\$389,649
16	Total Maintenance (12) + (13)	\$411,797	\$411,797
17	1/2 of Maintenance (14) * 50%	\$205,899	\$205,899
18	Fixed O&M (11) + (15)	\$1,373,816	\$1,373,767
19	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%	66.67%
20	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$915,923	\$915,890
	Total Revenue Requirement,		
21	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,141,871	\$9,141,838
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.08	\$1.08
24	Ohio Power Surplus Weighing	89.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.96	\$0.91
	Amos Unit No. 3 Costs to Kentucky Power :		
26	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.96	\$0.91
27	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)		
28	(ES FORM 3.14, Page 1 of 10, Line 1)	\$343,776	\$354,445

Revised - September 24, 2012

ES FORM 3.14
 Page 4 of 11

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

For the Expense Month of July 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$5,493,181	\$5,493,181
	Operations :		
4	Disposal (5010000)	\$94,988	\$94,988
5	Lime (5020001)	\$0	\$0
6	Urea (5020002)	\$402,486	\$402,486
7	Trona (5020003)	\$233,037	\$233,037
8	Lime Stone (5020004)	\$654,052	\$654,052
9	Polymer (5020005)	\$0	\$2,689
10	Lime Hydrate (5020007)	\$0	\$2,862
11	Steam Exp (5020025)	\$0	\$56,867
12	Air Emission Fee	\$8,622	\$8,622
13	Total Operations (Line 4 thru 8)	\$1,393,185	\$1,455,603
	Maintenance :		
14	SCR Maintenance (5120000)	\$3,532	\$3,532
15	Scrubber (FGD) Maintenance (5120000)	\$84,479	\$84,479
16	Total Maintenance (13) + (14)	\$88,011	\$88,011
17	1/2 Maintenance (15) * 50%	\$44,006	\$44,006
18	Fixed O&M (12) + (16)	\$1,437,191	\$1,499,609
	Total Revenue Requirement,		
19	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$6,930,372	\$6,992,790
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,930,372	\$6,992,790
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Cardinal Unit No. 1 (\$/kw)	\$0.82	\$0.83
24	Ohio Power Surplus Weighing	89.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.73	\$0.70
	Cardinal Unit No. 1 Costs to Kentucky Power :		
26	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.73	\$0.70
27	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)		
28	(ES FORM 3.14, Page 1 of 10, Line 2)	\$261,413	\$272,650

Revised - September 24, 2012

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 July 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$13,208,837	\$13,208,837
	Operations :		
4	Sludge Disposal (5010000)	\$947,838	\$947,838
5	Lime (5020001)	\$3,831,612	\$3,831,612
6	Urea (5020002)	\$1,032,739	\$1,032,739
7	Trona (5020003)	\$489,424	\$489,424
8	Lime Stone (5020004)	\$479	\$479
9	Polymer (5020005)	\$0	\$274,773
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$34,947	\$34,947
12	Lease (5070005)	\$0	\$0
13	Total Operations (Lines 4 thru 10)	\$6,337,039	\$6,611,812
	Maintenance :		
14	SCR Maintenance (5120000)	\$63,686	\$63,686
15	Scrubber Maintenance (5120000)	\$727,363	\$727,363
16	Total Maintenance (12) + (13)	\$791,049	\$791,049
17	1/2 of Maintenance (13) * 50%	\$395,525	\$395,525
18	Fixed O&M (11) + (15)	\$6,732,564	\$7,007,337
	Total Revenue Requirement,		
19	Cost Associated with Gavin Plant (3) + (17)	\$19,941,401	\$20,216,174
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,941,401	\$20,216,174
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Gavin Plant (\$/kw)	\$2.36	\$2.39
24	Ohio Power Surplus Weighing	89.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.10	\$2.01
	Gavin Plant Costs to Kentucky Power :		
26	Gavin Plant Portion (\$/kw) (23)	\$2.10	\$2.01
27	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)		
28	(ES FORM 3.14, Page 1 of 10, Line 3)	\$752,010	\$782,895

Revised - September 24, 2012

ES FORM 3.14
 Page 6 of 11

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 July 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$115,787	\$115,787
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,690	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,690	\$15,690
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.02	\$0.02
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02	\$0.02
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.02	\$0.02
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,162	\$7,790

Revised - September 24, 2012

ES FORM 3 14
 Page 7 of 11

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

For the Expense Month of July 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$15,660,375	\$15,660,375
	Operations :		
4	Disposal (5010000)	\$77,757	\$77,757
5	Urea (5020002)	\$455,838	\$455,838
6	Trona (5020003)	\$122,056	\$122,056
7	Lime Stone (5020004)	\$766,304	\$766,304
8	Polymer (5020005)	\$0	\$3,189
9	Lime Hydrate (5020007)	\$0	\$0
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$12,128	\$12,128
12	Total Operations (Lines 4 thru 8)	\$1,434,083	\$1,437,272
	Maintenance :		
13	SCR Maintenance (5120000)	\$5,247	\$5,247
14	FDG (5120000)	\$59,922	\$59,922
15	1/2 of Maintenance (10 + 11) * 50%	\$32,585	\$32,585
16	Fixed O&M (9) + (12)	\$1,466,668	\$1,469,857
	Total Revenue Requirement,		
17	Cost Associated with Mitchell Plant (3) + (13)	\$17,127,043	\$17,130,232
18	Ohio Power Company's Percentage Ownership	100.00%	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,127,043	\$17,130,232
20	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
21	Mitchell Plant (\$/kw)	\$2.03	\$2.03
22	Ohio Power Surplus Weighing	89.00%	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.81	\$1.71
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.81	\$1.71
25	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)		
26	(ES FORM 3.14, Page 1 of 10, Line 5)	\$648,161	\$666,045

Revised - September 24, 2012

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 July 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,488,818	\$1,488,818
	Operations :		
4	Urea (5020002)	\$286,398	\$286,398
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$34,561	\$34,561
7	Total Operations (4) + (5) + (6)	\$320,959	\$320,959
	Maintenance :		
8	SCR Maintenance (5120000)	\$2,444	\$2,444
9	1/2 of Maintenance (8) * 50%	\$1,222	\$1,222
10	Fixed O&M (7) + (9)	\$322,181	\$322,181
	Total Revenue Requirement,		
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,810,999	\$1,810,999
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,810,999	\$1,810,999
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21	\$0.21
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.19	\$0.18
	Muskingum Plant Costs to Kentucky Power :		
18	Muskingum Plant Portion (\$/kw) (17)	\$0.19	\$0.18
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$68,039	\$70,110

Revised - September 24, 2012

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 July 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$278,251	\$278,251
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$13,207	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207	\$13,207
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$13,207	\$13,207
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.03	\$0.03
16	Ohio Power Surplus Weighing	89.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03	\$0.03
19	Kentucky Power Capacity Deficit (kw)	358,100	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$10,743	\$11,685

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 July 2011

LINE NO.	COST	REVISED AMOUNT					AS FILED				
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020		\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%		1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168		\$24,496	\$144,462	\$228,919	\$30,168	
	Operations :										
4	Urea (5020002)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
5	Trona (5020003)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
6	Air Emission Fee	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
7	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
	Maintenance :										
8	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
9	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
10	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
	Total Revenue Requirement,										
11	Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168		\$40,121	\$144,462	\$228,919	\$30,168	
12	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	85.00%	50.00%		50%	85.00%	85.00%	50.00%	
13	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$194,591	\$15,084		\$20,061	\$122,793	\$148,980	\$15,084	
14	Total Rockport Plant Common and Units 1 & 2					\$362,519					\$306,918
15	Indiana Michigan Power Company Steam Capacity (kw)					5,414,000					5,416,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.07					\$0.06
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					11.00%					16.00%
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (16)					\$0.01					\$0.01
	Rockport Plant Costs to Kentucky Power :										
19	Rockport Plant Portion (\$/kw) (18)					\$0.01					\$0.01
20	Kentucky Power Capacity Deficit (kw)					388,100					389,500
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					\$3,581					\$3,895

Revised - September 24, 2012

ES FORM 3.14
 Page 11 of 11

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 July 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,348,869	\$1,348,869
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,625	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,625	\$15,625
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	11.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16) Tanners Creek Plant Costs to Kentucky Power :	\$0.03	\$0.04
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03	\$0.04
19	Kentucky Power Capacity Deficit (kw) Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)	358,100	389,500
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$10,743	\$15,580

Revised - September 24, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of August 2011

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,871,782	\$4,236,648	\$364,866
LINE 2	Brr from ES FORM 1.10	4,088,830	4,088,830	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$217,048)	\$147,818	\$364,866
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	76.2%	76.2%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$165,390)	\$112,638	\$278,028
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$197,884)	(\$197,884)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$363,274)	(\$85,246)	\$278,028
SURCHARGE FACTOR				
LINE 8	Net KY Retail E(m) (Line 7)	(\$363,274)	(\$85,246)	\$278,028
LINE 9	KY Retail R(m) from ES FORM 3.30	\$47,519,210	\$47,519,210	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-0.7645%	-0.1794%	0.5851%

Effective Date for Billing: September 28, 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : September 16, 2011

1/ Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of August 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$3,826,465	\$4,191,331
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$45,317	\$45,317
	Third Component: Net Proceeds from Emission Allowances Sales AS			
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$0
	Total Net Proceeds from NO _x Allowances	\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,871,782	\$4,236,648

Revised - September 24, 2012

ES FORM 3 10

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

For the Expense Month of August 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$65,991,686)		(\$65,991,686)	
3	Less Accum. Def. Income Taxes	(\$39,792,694)		(\$39,792,694)	
4	Net Utility Plant		\$85,543,172		\$85,543,172
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$5,949,084		\$5,949,084
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$33,083		\$33,083
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,806,146		\$124,174
8	Total Rate Base		\$94,331,485		\$91,649,513
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$839,550		\$815,681
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,017		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,788,570		\$2,177,305
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$363,530		\$363,530
18	Monthly SO2 Emission Allowance Consumption		\$165,817		\$165,817
19	Total Operating Expenses (Line 12 thru Line 18)		\$2,986,915		\$3,375,650
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3 00, Line 1		\$3,826,465		\$4,191,331

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of August 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$349,197		\$432,345	
3	Monthly SO2 Allowance Consumption	\$165,817		\$165,817	
4	Total 1997 Plan O&M Expenses		\$546,713		\$629,861
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$327,425		\$327,425	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$23,164		\$23,164	
9	Equipment - Associated Operating Expenses	\$7,686		\$7,686	
10	Equipment - Associated Maintenance Expenses	\$5,255		\$5,255	
11	Total 2003 Plan O&M Expenses		\$363,530		\$363,530
12	KPCO's Rockport Unit Power O&M:				
13	E S. Form 3.20, Line 11 X 15%		2,344		
14	Total Monthly O&M Expenses		\$912,587		\$993,391
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$114,073		\$124,174
16	Cash Working Capital Allowance (July 2011 ES Form 3.13)		\$137,469		
17	Cash Working Capital Allowance (June 2011 ES Form 3.13)		\$279,734		
18	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
19	Cash Working Capital Allowance (April 2011 ES Form 3.13)		\$315,341		
20	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
21	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
22	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
23	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
24	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445		
25	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
26	Cash Working Capital Allowance (September 2010 ES Form 3.13)		\$152,404		
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,606,146		

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

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

Line No. (1)	Cost Component (2)	For the Expense Month of August 2011			As Filed		
		Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)	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)	\$295,256			\$354,445		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$215,764			\$260,965		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$647,292			\$786,790		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$5,678			\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$553,605			\$666,045		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$59,619			\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$8,517			\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$0			\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$2,839			\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,785,731	\$2,839	\$1,788,570	\$2,157,830	\$19,475	\$2,177,305

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

Line No. (1)	Cost Component (2)	For the Expense Month of August 2011			Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	As Filed Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
		Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)			
1	Ames Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$877,477			\$877,455		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,182,286			\$1,247,353		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,853,945			\$7,152,845		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690			\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,500,244			\$1,501,562		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$355,074			\$355,074		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207			\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625			\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0			\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625			\$15,625	
11	Subtotal	\$10,797,923	\$31,250		\$11,163,220	\$31,250	
12	Steam Capacity By Company - OPco (Column 3) / I&M (Column 4) (kw)	8,440,000	5,414,000		8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.28	\$0.01		\$1.32	\$0.01	
14	Company Surplus Weighting	96.00%	4.00%		84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.23	\$0.00		\$1.11	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	283,900	283,900		389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$349,197	\$0	\$349,197	\$432,345	\$0	\$432,345

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

Revised - September 24, 2012

ES FORM 3.14
 Page 3 of 11

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

For the Expense Month of August 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$8,225,948	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948	\$8,225,948
	Operations :		
6	Disposal (5010000)	\$60,510	\$60,510
7	Urea (5020002)	\$507,005	\$507,005
8	Trona (5020003)	\$195,962	\$195,962
9	Lime Stone (5020004)	\$351,645	\$351,645
10	Lime Hydrate (5020007)	\$0	\$0
11	Steam Exp (5020025)	\$0	(\$33)
12	Air Emission Fee	\$10,292	\$10,292
13	Total Operations (Lines 6 thru 10)	\$1,125,414	\$1,125,381
	Maintenance :		
14	SCR Maintenance (5120000)	\$31,840	\$31,840
15	Scrubber (FGD) Maintenance (5120000)	\$349,631	\$349,631
16	Total Maintenance (12) + (13)	\$381,471	\$381,471
17	1/2 of Maintenance (14) * 50%	\$190,736	\$190,736
18	Fixed O&M (11) + (15)	\$1,316,150	\$1,316,117
19	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%	66.67%
20	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$877,477	\$877,455
	Total Revenue Requirement,		
21	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,103,425	\$9,103,403
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.08	\$1.08
24	Ohio Power Surplus Weighing	96.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$1.04	\$0.91
	Amos Unit No. 3 Costs to Kentucky Power :		
26	Amos Unit No. 3 Portion (\$/kw) (23)	\$1.04	\$0.91
27	Kentucky Power Capacity Deficit (kw)	283,900	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)		
28	(ES FORM 3.14, Page 1 of 10, Line 1)	\$295,256	\$354,445

Revised - September 24, 2012

ES FORM 3.14
 Page 4 of 11

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

For the Expense Month of August 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$5,493,181	\$5,493,181
	Operations :		
4	Disposal (5010000)	\$29,227	\$29,227
5	Lime (5020001)	\$0	\$0
6	Urea (5020002)	\$344,285	\$344,285
7	Trona (5020003)	\$198,050	\$198,050
8	Lime Stone (5020004)	\$510,552	\$510,552
9	Polymer (5020005)	\$0	\$2,052
10	Lime Hydrate (5020007)	\$0	\$1,085
11	Steam Exp (5020025)	\$0	\$61,970
12	Air Emission Fee	\$8,622	\$8,622
13	Total Operations (Line 4 thru 8)	\$1,090,736	\$1,155,843
	Maintenance :		
14	SCR Maintenance (5120000)	\$7,440	\$7,440
15	Scrubber (FGD) Maintenance (5120000)	\$175,659	\$175,659
16	Total Maintenance (13) + (14)	\$183,099	\$183,099
17	1/2 Maintenance (15) * 50%	\$91,550	\$91,550
18	Fixed O&M (12) + (16)	\$1,182,286	\$1,247,393
	Total Revenue Requirement,		
19	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$6,675,467	\$6,740,574
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,675,467	\$6,740,574
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Cardinal Unit No. 1 (\$/kw)	\$0.79	\$0.80
24	Ohio Power Surplus Weighing	96.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.76	\$0.67
	Cardinal Unit No. 1 Costs to Kentucky Power :		
26	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.76	\$0.67
27	Kentucky Power Capacity Deficit (kw)	283,900	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)		
28	(ES FORM 3.14, Page 1 of 10, Line 2)	\$215,764	\$260,965

Revised - September 24, 2012

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 August 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$13,208,837	\$13,208,837
	Operations :		
4	Sludge Disposal (5010000)	\$993,380	\$993,380
5	Lime (5020001)	\$4,024,187	\$4,024,187
6	Urea (5020002)	\$957,409	\$957,409
7	Trona (5020003)	\$603,376	\$603,376
8	Lime Stone (5020004)	\$235	\$235
9	Polymer (5020005)	\$0	\$335,172
10	Steam Exp (5020025)	\$0	(\$36,272)
11	Air Emission Fee	\$34,947	\$34,947
12	Lease (5070005)	\$0	\$0
13	Total Operations (Lines 4 thru 10)	\$6,613,534	\$6,912,434
	Maintenance :		
14	SCR Maintenance (5120000)	\$69,604	\$69,604
15	Scrubber Maintenance (5120000)	\$411,217	\$411,217
16	Total Maintenance (12) + (13)	\$480,821	\$480,821
17	1/2 of Maintenance (13) * 50%	\$240,411	\$240,411
18	Fixed O&M (11) + (15)	\$6,853,945	\$7,152,845
	Total Revenue Requirement,		
19	Cost Associated with Gavin Plant (3) + (17)	\$20,062,782	\$20,361,682
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$20,062,782	\$20,361,682
22	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
23	Gavin Plant (\$/kw)	\$2.38	\$2.41
24	Ohio Power Surplus Weighing	96.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.28	\$2.02
	Gavin Plant Costs to Kentucky Power :		
26	Gavin Plant Portion (\$/kw) (23)	\$2.28	\$2.02
27	Kentucky Power Capacity Deficit (kw)	283,900	389,500
28	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$647,292	\$786,790

Revised - September 24, 2012

ES FORM 3.14
 Page 6 of 11

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 August 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$115,787	\$115,787
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,690	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,690	\$15,690
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.02	\$0.02
16	Ohio Power Surplus Weighing	96.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02	\$0.02
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.02	\$0.02
19	Kentucky Power Capacity Deficit (kw)	283,900	369,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$5,678	\$7,790

Revised - September 24, 2012

ES FORM 3.14
Page 7 of 11

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

For the Expense Month of August 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$15,660,375	\$15,660,375
	Operations :		
4	Disposal (5010000)	\$45,452	\$45,452
5	Urea (5020002)	\$537,383	\$537,383
6	Trona (5020003)	\$112,775	\$112,775
7	Lime Stone (5020004)	\$694,811	\$694,811
8	Polymer (5020005)	\$0	\$1,318
9	Lime Hydrate (5020007)	\$0	\$0
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	<u>\$12,128</u>	<u>\$12,128</u>
12	Total Operations (Lines 4 thru 8)	\$1,402,549	\$1,403,867
	Maintenance :		
13	SCR Maintenance (5120000)	\$1,816	\$1,816
14	FDG (5120000)	<u>\$193,574</u>	<u>\$193,574</u>
15	1/2 of Maintenance (10 + 11) * 50%	<u>\$97,695</u>	<u>\$97,695</u>
16	Fixed O&M (9) + (12)	<u>\$1,500,244</u>	<u>\$1,501,562</u>
	Total Revenue Requirement,		
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$17,160,619</u>	<u>\$17,161,937</u>
18	Ohio Power Company's Percentage Ownership	100.00%	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,160,619	\$17,161,937
20	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
21	Mitchell Plant (\$/kw)	\$2.03	\$2.03
22	Ohio Power Surplus Weighing	96.00%	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.95	\$1.71
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.95	\$1.71
25	Kentucky Power Capacity Deficit (kw)	<u>283,900</u>	<u>389,500</u>
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$553,605	\$666,045

Revised - September 24, 2012

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 August 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$1,488,818	\$1,488,818
	Operations :		
4	Urea (5020002)	\$310,686	\$310,686
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$34,561	\$34,561
7	Total Operations (4) + (5) + (6)	\$345,247	\$345,247
	Maintenance :		
8	SCR Maintenance (5120000)	\$19,653	\$19,653
9	1/2 of Maintenance (8) * 50%	\$9,827	\$9,827
10	Fixed O&M (7) + (9)	\$355,074	\$355,074
	Total Revenue Requirement,		
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,843,892	\$1,843,892
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,843,892	\$1,843,892
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Muskingum Plant (\$/kw)	\$0.22	\$0.22
16	Ohio Power Surplus Weighing	96.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.21	\$0.18
	Muskingum Plant Costs to Kentucky Power :		
18	Muskingum Plant Portion (\$/kw) (17)	\$0.21	\$0.18
19	Kentucky Power Capacity Deficit (kw)	283,900	389,500
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$59,619	\$70,110

Revised - September 24, 2012

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 August 2011

LINE NO	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$278,251	\$278,251
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$13,207	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207	\$13,207
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$13,207	\$13,207
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,440,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.03	\$0.03
16	Ohio Power Surplus Weighing	96.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03	\$0.03
19	Kentucky Power Capacity Deficit (kw)	283,900	389,500
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$8,517	\$11,685

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 August 2011

LINE NO.	COST	REVISED AMOUNT				AS FILED					
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,896	\$10,544,676	\$16,709,416	\$2,202,020		\$1,787,896	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%		1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168		\$24,496	\$144,462	\$228,919	\$30,168	
4	Operations :	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168		\$40,121	\$144,462	\$228,919	\$30,168	
14	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	85.00%	50.00%		50%	85.00%	85.00%	50.00%	
15	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$194,581	\$15,084		\$20,061	\$122,793	\$148,880	\$15,084	
16	Total Rockport Plant Common and Units 1 & 2					\$352,519					\$308,918
17	Indiana Michigan Power Company Steam Capacity (kw)					5,414,000					5,416,000
18	Rockport Plant (\$/kw) (14) / (15)					\$0.07					\$0.06
19	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					4.00%					16.00%
20	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.00					\$0.01
21	Rockport Plant Costs to Kentucky Power :					\$0.00					\$0.01
22	Rockport Plant Portion (\$/kw) (18)					283,900					389,500
23	Kentucky Power Capacity Deficit (kw)										\$3,895
24	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)					\$0					
25	(ES FORM 3.14, Page 1 of 10, Line 8)										

Revised - September 24, 2012

ES FORM 3.14
 Page 11 of 11

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 August 2011

LINE NO	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,348,869	\$1,348,869
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,625	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,625	\$15,625
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	4.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.01	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :		
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.01	\$0.04
19	Kentucky Power Capacity Deficit (kw)	283,900	389,500
	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$2,839	\$15,580

Revised - September 24, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of September 2011

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,485,386	\$4,019,669	\$534,283
LINE 2	Brr from ES FORM 1.10	3,740,010	3,740,010	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$254,624)	\$279,659	\$534,283
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	79.7%	79.7%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$202,935)	\$222,889	\$425,824
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$5,290	\$5,290	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$197,645)	\$228,179	\$425,824
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$197,645)	\$228,179	\$425,824
LINE 9	KY Retail R(m) from ES FORM 3.30	\$44,097,032	\$44,097,032	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-0.4482%	0.5174%	0.9656%

Effective Date for Billing: October 27, 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : October 17, 2011

1/ Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 300

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of September 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20		\$3,436,412		\$3,970,695
2	Second Component: Associated with Rockport Plant $(((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C))$ ES FORM 3.20, Line 16		\$48,974		\$48,974
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO ₂ Allowances		\$0		\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NO _x Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,485,386		\$4,019,669

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of September 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$66,614,968)		(\$66,614,968)	
3	Less Accum. Def. Income Taxes	(\$39,574,544)		(\$39,574,544)	
4	Net Utility Plant		\$85,138,040		\$85,138,040
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$5,826,903		\$5,826,903
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$11,932		\$11,932
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,737,333		\$97,721
8	Total Rate Base		\$93,714,208		\$91,074,596
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$834,056		\$810,564
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,262		\$577,262
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,017		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,603,950		\$2,161,725
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$207,227		\$207,227
18	Monthly SO2 Emission Allowance Consumption		\$122,181		\$122,181
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,602,356		\$3,160,131
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,436,412		\$3,970,695

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of September 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$306,000		\$420,660	
3	Monthly SO2 Allowance Consumption	\$122,181		\$122,181	
4	Total 1997 Plan O&M Expenses		\$459,880		\$574,540
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$178,837		\$178,837	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$21,151		\$21,151	
9	Equipment - Associated Operating Expenses	\$5		\$5	
10	Equipment - Associated Maintenance Expenses	\$7,234		\$7,234	
11	Total 2003 Plan O&M Expenses		\$207,227		\$207,227
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		2,344		
14	Total Monthly O&M Expenses		\$669,451		\$781,767
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$83,661		\$97,721
16	Cash Working Capital Allowance (August 2011 ES Form 3.13)		\$114,073		
17	Cash Working Capital Allowance (July 2011 ES Form 3.13)		\$137,469		
18	Cash Working Capital Allowance (June 2011 ES Form 3.13)		\$279,734		
19	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
20	Cash Working Capital Allowance (April 2011 ES Form 3.13)		\$315,341		
21	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
22	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
23	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
24	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
25	Cash Working Capital Allowance (November 2010 ES Form 3.13)		\$174,445		
26	Cash Working Capital Allowance (October 2010 ES Form 3.13)		\$168,238		
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,737,333		

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

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

Line No. (1)	Cost Component (2)	For the Expense Month of September 2011			As Filed		Total (5)
		Ohio Power Company's Environmental Cost to KPCo (3)	Revised Amount Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$260,100			\$346,655		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$173,400			\$233,700		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$596,700			\$806,265		
4	Kammer Plant Environmental Cost to Kentucky Power FORM 3.14, Page 6 of 11, Line 20) (ES	\$5,100			\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$504,900			\$673,835		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$45,900			\$62,320		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,200			\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$2,550			\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$5,100			\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,596,300	\$7,650	\$1,603,950	\$2,142,250	\$19,475	\$2,161,725

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

Revised - September 24, 2012

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

Line No. (1)	Cost Component (2)	For the Expense Month of September 2011			Total (5)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	As Filed Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
		Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Revised Amount 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)	\$738,704				\$738,560		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$516,607				\$563,268		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$7,372,539				\$7,692,100		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,680				\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,767,732				\$1,773,803		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$134,414				\$134,414		
7	Spom Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207				\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625				\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0				\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625				\$15,625	
11	Subtotal	\$10,556,893	\$31,250			\$10,931,042	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,003,000	5,414,000			8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.32	\$0.01			\$1.29	\$0.01	
14	Company Surplus Weighting	91.00%	9.00%			84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.20	\$0.00			\$1.08	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	255,000	255,000			389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$306,000	\$0	\$306,000		\$420,660	\$0	\$420,660

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

Revised - September 24, 2012

ES FORM 3.14
 Page 3 of 11

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

For the Expense Month of September 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$8,225,948	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948	\$8,225,948
	Operations :		
6	Disposal (5010000)	\$73,723	\$73,723
7	Urea (5020002)	\$454,501	\$454,501
8	Trona (5020003)	\$152,761	\$152,761
9	Lime Stone (5020004)	\$284,020	\$284,020
10	Lime Hydrate (5020007)	\$0	(\$201)
11	Steam Exp (5020025)	\$0	(\$16)
12	Air Emission Fee	\$10,292	\$10,292
13	Total Operations (Lines 6 thru 10)	\$975,297	\$975,080
	Maintenance :		
14	SCR Maintenance (5120000)	\$47,995	\$47,995
15	Scrubber (FGD) Maintenance (5120000)	\$217,413	\$217,413
16	Total Maintenance (12) + (13)	<u>\$265,408</u>	<u>\$265,408</u>
17	1/2 of Maintenance (14) * 50%	<u>\$132,704</u>	<u>\$132,704</u>
18	Fixed O&M (11) + (15)	\$1,108,001	\$1,107,784
19	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>	<u>66.67%</u>
20	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$738,704</u>	<u>\$738,560</u>
	Total Revenue Requirement,		
21	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,964,652	\$8,964,508
22	Ohio Power Company Steam Capacity (kw)	8,003,000	8,458,000
23	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.12	\$1.06
24	Ohio Power Surplus Weighing	91.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$1.02	\$0.89
	Amos Unit No. 3 Costs to Kentucky Power :		
26	Amos Unit No. 3 Portion (\$/kw) (23)	\$1.02	\$0.89
27	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)		
28	(ES FORM 3.14, Page 1 of 10, Line 1)	\$260,100	\$346,655

Revised - September 24, 2012

ES FORM 3.14
 Page 4 of 11

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

For the Expense Month of September 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$5,493,181	\$5,493,181
	Operations :		
4	Disposal (5010000)	\$49,849	\$49,849
5	Lime (5020001)	\$0	\$0
6	Urea (5020002)	\$125,657	\$125,657
7	Trona (5020003)	\$57,436	\$57,436
8	Lime Stone (5020004)	\$212,750	\$212,750
9	Polymer (5020005)	\$0	\$184
10	Lime Hydrate (5020007)	\$0	\$754
11	Steam Exp (5020025)	\$0	\$45,723
12	Air Emission Fee	<u>\$8,622</u>	<u>\$8,622</u>
13	Total Operations (Line 4 thru 8)	\$454,314	\$500,975
	Maintenance :		
14	SCR Maintenance (5120000)	\$10,872	\$10,872
15	Scrubber (FGD) Maintenance (5120000)	<u>\$113,713</u>	<u>\$113,713</u>
16	Total Maintenance (13) + (14)	\$124,585	\$124,585
17	1/2 Maintenance (15) * 50%	<u>\$62,293</u>	<u>\$62,293</u>
18	Fixed O&M (12) + (16)	<u>\$516,607</u>	<u>\$563,268</u>
	Total Revenue Requirement,		
19	Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$6,009,788</u>	<u>\$6,056,449</u>
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,009,788	\$6,056,449
22	Ohio Power Company Steam Capacity (kw)	8,003,000	8,458,000
23	Cardinal Unit No. 1 (\$/kw)	\$0.75	\$0.72
24	Ohio Power Surplus Weighing	91.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.68	\$0.60
	Cardinal Unit No. 1 Costs to Kentucky Power :		
26	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.68	\$0.60
27	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>	<u>389,500</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)		
28	(ES FORM 3.14, Page 1 of 10, Line 2)	\$173,400	\$233,700

Revised - September 24, 2012

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 September 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$13,208,837	\$13,208,837
	Operations :		
4	Sludge Disposal (5010000)	\$863,037	\$863,037
5	Lime (5020001)	\$4,329,963	\$4,329,963
6	Urea (5020002)	\$1,116,226	\$1,116,226
7	Trona (5020003)	\$624,589	\$624,589
8	Lime Stone (5020004)	\$410	\$410
9	Polymer (5020005)	\$0	\$319,561
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$34,947	\$34,947
12	Lease (5070005)	\$0	\$0
13	Total Operations (Lines 4 thru 10)	\$6,969,172	\$7,288,733
	Maintenance :		
14	SCR Maintenance (5120000)	\$93,341	\$93,341
15	Scrubber Maintenance (5120000)	\$713,393	\$713,393
16	Total Maintenance (12) + (13)	\$806,734	\$806,734
17	1/2 of Maintenance (13) * 50%	\$403,367	\$403,367
18	Fixed O&M (11) + (15)	\$7,372,539	\$7,692,100
	Total Revenue Requirement,		
19	Cost Associated with Gavin Plant (3) + (17)	\$20,581,376	\$20,900,937
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$20,581,376	\$20,900,937
22	Ohio Power Company Steam Capacity (kw)	8,003,000	8,458,000
23	Gavin Plant (\$/kw)	\$2.57	\$2.47
24	Ohio Power Surplus Weighing	91.00%	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.34	\$2.07
	Gavin Plant Costs to Kentucky Power :		
26	Gavin Plant Portion (\$/kw) (23)	\$2.34	\$2.07
27	Kentucky Power Capacity Deficit (kw)	255,000	389,500
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)		
28	(ES FORM 3.14, Page 1 of 10, Line 3)	\$596,700	\$806,265

Revised - September 24, 2012

ES FORM 3.14
 Page 6 of 11

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 September 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$115,787	\$115,787
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,690	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690	\$15,690
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,690	\$15,690
	Total Revenue Requirement,		
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,003,000	8,458,000
15	Kammer Plant (\$/kw)	\$0.02	\$0.02
16	Ohio Power Surplus Weighing	91.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02	\$0.02
	Kammer Plant Costs to Kentucky Power :		
18	Kammer Plant Portion (\$/kw) (17)	\$0.02	\$0.02
19	Kentucky Power Capacity Deficit (kw)	255,000	389,500
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$5,100	\$7,790

Revised - September 24, 2012

ES FORM 3.14
 Page 7 of 11

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

For the Expense Month of September 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$15,660,375	\$15,660,375
	Operations :		
4	Disposal (5010000)	\$26,051	\$26,051
5	Urea (5020002)	\$667,963	\$667,963
6	Trona (5020003)	\$56,503	\$56,503
7	Lime Stone (5020004)	\$933,479	\$933,479
8	Polymer (5020005)	\$0	\$1,498
9	Lime Hydrate (5020007)	\$0	\$4,573
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$12,128	\$12,128
12	Total Operations (Lines 4 thru 8)	\$1,696,124	\$1,702,195
	Maintenance :		
13	SCR Maintenance (5120000)	\$5,358	\$5,358
14	FDG (5120000)	\$137,858	\$137,858
15	1/2 of Maintenance (10 + 11) * 50%	\$71,608	\$71,608
16	Fixed O&M (9) + (12)	\$1,767,732	\$1,773,803
	Total Revenue Requirement,		
17	Cost Associated with Mitchell Plant (3) + (13)	\$17,428,107	\$17,434,178
18	Ohio Power Company's Percentage Ownership	100.00%	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,428,107	\$17,434,178
20	Ohio Power Company Steam Capacity (kw)	8,003,000	8,458,000
21	Mitchell Plant (\$/kw)	\$2.18	\$2.06
22	Ohio Power Surplus Weighing	91.00%	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.98	\$1.73
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.98	\$1.73
25	Kentucky Power Capacity Deficit (kw)	255,000	389,500
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)		
26	(ES FORM 3.14, Page 1 of 10, Line 5)	\$504,900	\$673,835

Revised - September 24, 2012

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 September 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,488,818	\$1,488,818
	Operations :		
4	Urea (5020002)	\$50,562	\$50,562
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$34,561	\$34,561
7	Total Operations (4) + (5) + (6)	\$85,123	\$85,123
	Maintenance :		
8	SCR Maintenance (5120000)	\$98,581	\$98,581
9	1/2 of Maintenance (8) * 50%	\$49,291	\$49,291
10	Fixed O&M (7) + (9)	\$134,414	\$134,414
	Total Revenue Requirement,		
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,623,232	\$1,623,232
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,623,232	\$1,623,232
14	Ohio Power Company Steam Capacity (kw)	8,003,000	8,458,000
15	Muskingum Plant (\$/kw)	\$0.20	\$0.19
16	Ohio Power Surplus Weighing	91.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18	\$0.16
	Muskingum Plant Costs to Kentucky Power :		
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18	\$0.16
19	Kentucky Power Capacity Deficit (kw)	255,000	389,500
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$45,900	\$62,320

Revised - September 24, 2012

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 September 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$278,251	\$278,251
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$13,207	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207	\$13,207
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$13,207	\$13,207
	Total Revenue Requirement,		
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,003,000	8,458,000
15	Sporn Plant (\$/kw)	\$0.04	\$0.03
16	Ohio Power Surplus Weighing	91.00%	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.04	\$0.03
	Sporn Plant Costs to Kentucky Power :		
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.04	\$0.03
19	Kentucky Power Capacity Deficit (kw)	255,000	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$10,200	\$11,685

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 September 2011

LINE NO.	COST	REVISED AMOUNT				AS FILED					
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020		\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%		1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168		\$24,496	\$144,462	\$228,919	\$30,168	
	Operations :										
4	Urea (5020002)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
5	Trona (5020003)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
6	Air Emission Fee	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
7	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
	Maintenance :										
8	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
9	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
10	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
	Total Revenue Requirement,										
11	Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168		\$40,121	\$144,462	\$228,919	\$30,168	
12	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	85.00%	50.00%		50%	85.00%	85.00%	50.00%	
13	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$194,581	\$15,084		\$20,061	\$122,793	\$148,980	\$15,084	
14	Total Rockport Plant Common and Units 1 & 2					\$352,519					\$306,918
15	Indiana Michigan Power Company Steam Capacity (kw)					5,414,000					5,416,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.07					\$0.06
	Kentucky Power Portion of Rockport Plant /										
17	Indiana Michigan Power Surplus Weighing					9.00%					16.00%
18	Portion of Weighted Average Capacity Rate										
	Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01					\$0.01
	Rockport Plant Costs to Kentucky Power :										
19	Rockport Plant Portion (\$/kw) (16)					\$0.01					\$0.01
20	Kentucky Power Capacity Deficit (kw)					255,000					389,500
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					\$2,550					\$3,895

Revised - September 24, 2012

ES FORM 3.14
 Page 11 of 11

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

For the Expense Month of September 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$1,348,869	\$1,348,869
	Operations :		
4	Urea (5020002)	\$0	\$0
5	Trona (5020003)	\$0	\$0
6	Air Emission Fee	\$15,625	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625	\$15,625
	Maintenance :		
8	SCR Maintenance (5120000)	\$0	\$0
9	1/2 of Maintenance (8) * 50%	\$0	\$0
10	Fixed O&M (7) + (9)	\$15,625	\$15,625
	Total Revenue Requirement,		
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25	\$0.25
16	Indiana Michigan Power Surplus Weighing	9.00%	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.02	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :		
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.02	\$0.04
19	Kentucky Power Capacity Deficit (kw)	255,000	389,500
	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)		
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$5,100	\$15,580

Revised - September 24, 2012

ES FORM 1 00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of October 2011

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,814,158	\$3,806,605	(\$7,553)
LINE 2	Brr from ES FORM 1.10	3,260,302	3,260,302	\$0 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$553,856	\$546,303	(\$7,553)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	78.0%	78.0%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$432,008	\$426,116	(\$5,892)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$27,561)	(\$27,561)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$404,447	\$398,555	(\$5,892)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$404,447	\$398,555	(\$5,892)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$38,287,502	\$38,287,502	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.0563%	1.0410%	-0.0153%

Effective Date for Billing: November 29, 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : November 18, 2011

1/ Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of October 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$3,772,617		\$3,765,064
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$41,541		\$41,541
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0	
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NO _x Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,814,158		\$3,806,605

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of October 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$67,238,250)		(\$67,238,250)	
3	Less Accum. Def. Income Taxes	(\$39,356,398)		(\$39,356,398)	
4	Net Utility Plant		\$84,732,904		\$84,732,904
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$5,680,294		\$5,680,294
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$636,332		\$636,332
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,694,768		\$126,974
8	Total Rate Base		\$93,744,298		\$91,176,504
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$834,324		\$811,471
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,017		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,527,450		\$1,542,750
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$595,236		\$595,236
18	Monthly SO2 Emission Allowance Consumption		\$146,609		\$146,609
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,938,293		\$2,953,593
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,772,617		\$3,765,064

Revised - September 24, 2012

ES FORM 3-13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of October 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$229,500		\$242,250	
3	Monthly SO2 Allowance Consumption	<u>\$146,609</u>		<u>\$146,609</u>	
4	Total 1997 Plan O&M Expenses		\$407,808		\$420,558
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$251,855		\$251,855	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$315,700		\$315,700	
9	Equipment - Associated Operating Expenses	\$24		\$24	
10	Equipment - Associated Maintenance Expenses	<u>\$27,657</u>		<u>\$27,657</u>	
11	Total 2003 Plan O&M Expenses		\$595,236		\$595,236
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		2,344		
14	Total Monthly O&M Expenses		<u>\$1,005,388</u>		<u>\$1,015,794</u>
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$125,673		\$126,974
16	Cash Working Capital Allowance (September 2011 ES Form 3.13)		\$83,681		
17	Cash Working Capital Allowance (August 2011 ES Form 3.13)		\$114,073		
18	Cash Working Capital Allowance (July 2011 ES Form 3.13)		\$137,469		
19	Cash Working Capital Allowance (June 2011 ES Form 3.13)		\$279,734		
20	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
21	Cash Working Capital Allowance (April 2011 ES Form 3.13)		\$315,341		
22	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
23	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
24	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
25	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
26	Cash Working Capital Allowance (November 2010 ES Form 3.13)		<u>\$174,445</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,694,768		

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

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

For the Expense Month of October 2011

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)	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)	\$244,800			\$244,800		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$158,100			\$160,650		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$568,650			\$581,400		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$5,100			\$5,100		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$487,050			\$487,050		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$45,900			\$45,900		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,200			\$10,200		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$2,550			\$2,550	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$5,100			\$5,100	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,519,800	\$7,650	\$1,527,450	\$1,535,100	\$7,650	\$1,542,750

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

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

For the Expense Month of October 2011

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)	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)	\$195,525			\$196,284		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	(\$39,352)			\$30,386		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,437,369			\$6,794,923		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690			\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 19)	\$1,163,463			\$1,168,945		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$105,639			\$105,639		
7	Sport Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207			\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625			\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0			\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625			\$15,625	
11	Subtotal	\$7,891,541	\$31,250		\$8,325,074	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,003,000	4,414,000		8,003,000	4,414,000	
13	Environmental Base (\$/kw)	\$0.99	\$0.01		\$1.04	\$0.01	
14	Company Surplus Weighting	91.00%	9.00%		91.00%	9.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.90	\$0.00		\$0.95	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	255,000	255,000		255,000	255,000	
17	Fixed O&M Environmental Cost to Kentucky Power	\$229,500	\$0	\$229,500	\$242,250	\$0	\$242,250

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

Revised - September 24, 2012

ES FORM 3.14
 Page 3 of 11

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

For the Expense Month of October 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$8,225,948	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948	\$8,225,948
	Operations :		
6	Disposal (5010000)	\$45,707	\$45,707
7	Urea (5020002)	\$0	\$0
8	Trona (5020003)	\$0	\$0
9	Lime Stone (5020004)	\$10,394	\$10,394
10	Lime Hydrate (5020007)	\$0	\$1,123
11	Steam Exp (5020025)	\$0	\$15
12	Air Emission Fee	\$10,292	\$10,292
13	Total Operations (Lines 6 thru 10)	\$66,393	\$67,531
	Maintenance :		
14	SCR Maintenance (5120000)	\$112,995	\$112,995
15	Scrubber (FGD) Maintenance (5120000)	\$340,765	\$340,765
16	Total Maintenance (12) + (13)	\$453,760	\$453,760
17	1/2 of Maintenance (14) * 50%	\$226,880	\$226,880
18	Fixed O&M (11) + (15)	\$293,273	\$294,411
19	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%	66.67%
20	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$195,525	\$196,284
	Total Revenue Requirement,		
21	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,421,473	\$8,422,232
22	Ohio Power Company Steam Capacity (kw)	8,003,000	8,003,000
23	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05	\$1.05
24	Ohio Power Surplus Weighing	91.00%	91.00%
25	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.96	\$0.96
	Amos Unit No. 3 Costs to Kentucky Power :		
26	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.96	\$0.96
27	Kentucky Power Capacity Deficit (kw)	255,000	255,000
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)		
28	(ES FORM 3.14, Page 1 of 10, Line 1)	\$244,800	\$244,800

Revised - September 24, 2012

ES FORM 3.14
 Page 4 of 11

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

For the Expense Month of October 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$5,493,181	\$5,493,181
	Operations :		
4	Disposal (5010000)	(\$16,739)	(\$16,739)
5	Lime (5020001)	\$0	\$0
6	Urea (5020002)	(\$26,195)	(\$26,195)
7	Trona (5020003)	(\$15,311)	(\$15,311)
8	Lime Stone (5020004)	(\$27,989)	(\$27,989)
9	Polymer (5020005)	\$0	(\$361)
10	Lime Hydrate (5020007)	\$0	\$4
11	Steam Exp (5020025)	\$0	\$70,095
12	Air Emission Fee	\$8,622	\$8,622
13	Total Operations (Line 4 thru 8)	(\$77,612)	(\$7,874)
	Maintenance :		
14	SCR Maintenance (5120000)	\$8,705	\$8,705
15	Scrubber (FGD) Maintenance (5120000)	\$67,814	\$67,814
16	Total Maintenance (13) + (14)	\$76,519	\$76,519
17	1/2 Maintenance (15) * 50%	\$38,260	\$38,260
18	Fixed O&M (12) + (16)	(\$39,352)	\$30,386
	Total Revenue Requirement,		
19	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$5,453,829	\$5,523,567
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$5,453,829	\$5,523,567
22	Ohio Power Company Steam Capacity (kw)	8,003,000	8,003,000
23	Cardinal Unit No. 1 (\$/kw)	\$0.68	\$0.69
24	Ohio Power Surplus Weighing	91.00%	91.00%
25	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.62	\$0.63
	Cardinal Unit No. 1 Costs to Kentucky Power :		
26	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.62	\$0.63
27	Kentucky Power Capacity Deficit (kw)	255,000	255,000
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)		
28	(ES FORM 3 14, Page 1 of 10, Line 2)	\$158,100	\$160,650

Revised - September 24, 2012

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 October 2011

LINE NO.	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%
3	Total Rate Base	\$13,208,837	\$13,208,837
	Operations :		
4	Sludge Disposal (5010000)	\$947,653	\$947,653
5	Lime (5020001)	\$2,992,283	\$2,992,283
6	Urea (5020002)	\$1,267,790	\$1,267,790
7	Trona (5020003)	\$684,201	\$684,201
8	Lime Stone (5020004)	\$552	\$552
9	Polymer (5020005)	\$0	\$357,554
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	\$34,947	\$34,947
12	Lease (5070005)	\$0	\$0
13	Total Operations (Lines 4 thru 10)	\$5,927,426	\$6,284,980
	Maintenance :		
14	SCR Maintenance (5120000)	\$81,226	\$81,226
15	Scrubber Maintenance (5120000)	\$938,659	\$938,659
16	Total Maintenance (12) + (13)	\$1,019,885	\$1,019,885
17	1/2 of Maintenance (13) * 50%	\$509,943	\$509,943
18	Fixed O&M (11) + (15)	\$6,437,369	\$6,794,923
	Total Revenue Requirement,		
19	Cost Associated with Gavin Plant (3) + (17)	\$19,646,206	\$20,003,760
20	Ohio Power Company's Percentage Ownership	100.00%	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,646,206	\$20,003,760
22	Ohio Power Company Steam Capacity (kw)	8,003,000	8,003,000
23	Gavin Plant (\$/kw)	\$2.45	\$2.50
24	Ohio Power Surplus Weighing	91.00%	91.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.23	\$2.28
	Gavin Plant Costs to Kentucky Power :		
26	Gavin Plant Portion (\$/kw) (23)	\$2.23	\$2.28
27	Kentucky Power Capacity Deficit (kw)	255,000	255,000
28	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$568,650	\$581,400

ES FORM 3.14
 Page 6 of 11

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 October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,003,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	91.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	255,000
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$5,100

Revised - September 24, 2012

ES FORM 3.14
 Page 7 of 11

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

For the Expense Month of October 2011

LINE NO	COST	REVISED AMOUNT	AS FILED AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>
3	Total Rate Base	\$15,660,375	\$15,660,375
	Operations :		
4	Disposal (5010000)	(\$80,518)	(\$80,518)
5	Urea (5020002)	\$504,654	\$504,654
6	Trona (5020003)	\$77,002	\$77,002
7	Lime Stone (5020004)	\$555,015	\$555,015
8	Polymer (5020005)	\$0	\$780
9	Lime Hydrate (5020007)	\$0	\$4,702
10	Steam Exp (5020025)	\$0	\$0
11	Air Emission Fee	<u>\$12,128</u>	<u>\$12,128</u>
12	Total Operations (Lines 4 thru 8)	\$1,068,281	\$1,073,763
	Maintenance :		
13	SCR Maintenance (5120000)	\$800	\$800
14	FDG (5120000)	<u>\$189,563</u>	<u>\$189,563</u>
15	1/2 of Maintenance (10 + 11) * 50%	<u>\$95,182</u>	<u>\$95,182</u>
16	Fixed O&M (9) + (12)	<u>\$1,163,463</u>	<u>\$1,168,945</u>
	Total Revenue Requirement,		
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,823,838</u>	<u>\$16,829,320</u>
18	Ohio Power Company's Percentage Ownership	100.00%	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,823,838	\$16,829,320
20	Ohio Power Company Steam Capacity (kw)	8,003,000	8,003,000
21	Mitchell Plant (\$/kw)	\$2.10	\$2.10
22	Ohio Power Surplus Weighing	91.00%	91.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.91	\$1.91
	Mitchell Plant Costs to Kentucky Power :		
24	Mitchell Plant Portion (\$/kw) (20)	\$1.91	\$1.91
25	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>	<u>255,000</u>
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$487,050	\$487,050

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 October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$1,338
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$35,899
	Maintenance :	
8	SCR Maintenance (5120000)	\$139,480
9	1/2 of Maintenance (8) * 50%	\$69,740
10	Fixed O&M (7) + (9)	\$105,639
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,594,457
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,594,457
14	Ohio Power Company Steam Capacity (kw)	8,003,000
15	Muskingum Plant (\$/kw)	\$0.20
16	Ohio Power Surplus Weighing	91.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	255,000
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$45,900

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 October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$13,207</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,458</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,003,000
15	Sporn Plant (\$/kw)	\$0.04
16	Ohio Power Surplus Weighing	91.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.04
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$10,200

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 October 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020		\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>		<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168		\$24,496	\$144,462	\$228,919	\$30,168	
4	Operations :										
5	Urea (5020002)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
7	Air Emission Fee	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
9	Maintenance :										
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
12	Fixed O&M (7) + (9)	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168		\$40,121	\$144,462	\$228,919	\$30,168	
14	Indiana Michigan Power Company's Percentage Ownership	<u>50%</u>	<u>85.00%</u>	<u>85.00%</u>	<u>50.00%</u>		<u>50%</u>	<u>85.00%</u>	<u>85.08%</u>	<u>50.00%</u>	
15	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$194,581	\$15,084		\$20,061	\$122,793	\$146,980	\$15,084	
16	Total Rockport Plant Common and Units 1 & 2					\$352,519					\$306,916
17	Indiana Michigan Power Company Steam Capacity (kw)					5,414,000					5,414,000
18	Rockport Plant (\$/kw) (14) / (15)					\$0.07					\$0.06
19	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					9.00%					9.00%
20	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01					\$0.01
21	Rockport Plant Costs to Kentucky Power :										
22	Rockport Plant Portion (\$/kw) (18)					\$0.01					\$0.01
23	Kentucky Power Capacity Deficit (kw)					255,000					255,000
24	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					\$2,550					\$2,550

ES FORM 3.14
 Page 11 of 11

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 October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494
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)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	9.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.02
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	255,000
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$5,100

Revised - September 24, 2012

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of November 2011

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,654,543	\$3,632,110	(\$22,433)
LINE 2	Brr from ES FORM 1.10	2,786,040	2,786,040	\$0 ^{1/}
LINE 3	E(m) (LINE 1 - LINE 2)	\$868,503	\$846,070	(\$22,433)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	83.3%	83.3%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$723,463	\$704,776	(\$18,687)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$15,676	\$15,676	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$739,139	\$720,452	(\$18,687)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	\$739,139	\$720,452	(\$18,687)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$42,852,396	\$42,852,396	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.7248%	1.6812%	-0.0436%

Effective Date for Billing: December 30, 2011

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : December 19, 2011

^{1/} Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of November 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$3,605,423		\$3,582,990
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$49,120		\$49,120
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO2 - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO2 Allowances	\$0		\$0	
	1) NOx - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NOx - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NOx Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,654,543		\$3,632,110

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of November 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$67,861,532)		(\$67,861,532)	
3	Less Accum. Def. Income Taxes	(\$39,138,251)		(\$39,138,251)	
4	Net Utility Plant		\$84,327,769		\$84,327,769
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$5,541,321		\$5,541,321
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$420,614		\$420,614
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,625,701		\$105,085
8	Total Rate Base		\$92,915,405		\$90,394,789
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$826,947		\$804,514
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$14,017		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699		\$31,699
	Monthly Environmental AEP Pool Capacity Costs				
16	from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,530,000		\$1,530,000
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$440,505		\$440,505
18	Monthly SO2 Emission Allowance Consumption		\$138,973		\$138,973
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,778,476		\$2,778,476
20	Total Revenue Requirement - Big Sandy				
	Record on ES FORM 3.00, Line 1		\$3,605,423		\$3,582,980

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of November 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,699		\$31,699	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$229,500		\$229,500	
3	Monthly SO2 Allowance Consumption	\$138,973		\$138,973	
4	Total 1997 Plan O&M Expenses		\$400,172		\$400,172
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$186,028		\$186,028	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$238,718		\$238,718	
9	Equipment - Associated Operating Expenses	\$1,630		\$1,630	
10	Equipment - Associated Maintenance Expenses	\$14,129		\$14,129	
11	Total 2003 Plan O&M Expenses		\$440,505		\$440,505
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		\$843,021		\$840,677
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$105,378		\$105,085
16	Cash Working Capital Allowance (October 2011 ES Form 3.13)		\$125,673		
17	Cash Working Capital Allowance (September 2011 ES Form 3.13)		\$83,681		
18	Cash Working Capital Allowance (August 2011 ES Form 3.13)		\$114,073		
19	Cash Working Capital Allowance (July 2011 ES Form 3.13)		\$137,469		
20	Cash Working Capital Allowance (June 2011 ES Form 3.13)		\$279,734		
21	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
22	Cash Working Capital Allowance (April 2011 ES Form 3.13)		\$315,341		
23	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
24	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
25	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
26	Cash Working Capital Allowance (December 2010 ES Form 3.13)		\$324,222		
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,625,701		

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

Revised - September 24, 2012

ES FORM 100

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of December 2011

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$4,809,453	\$4,788,967	(\$20,486)
LINE 2	Brr from ES FORM 1.10	4,074,321	4,074,321	0 ^{1/}
LINE 3	E(m) (LINE 1 - LINE 2)	\$735,132	\$714,646	(\$20,486)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	83.0%	83.0%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$610,160	\$593,156	(\$17,004)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$122,928)	(\$122,928)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$487,232	\$470,228	(\$17,004)
SURCHARGE FACTOR				
LINE 8	Net KY Retail E(m) (Line 7)	\$487,232	\$470,228	(\$17,004)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$50,620,415	\$50,620,415	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	0.9625%	0.9289%	-0.0336%

Effective Date for Billing: January 31, 2012

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : January 20, 2012

^{1/} Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of December 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20	\$4,760,559		\$4,740,073	
2	Second Component: Associated with Rockport Plant $((RB\ IM(C)) (ROR\ IM(C)/12)) + OE\ IM(C)$ ES FORM 3.20, Line 16	\$48,894		\$48,894	
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO2 - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO2 Allowances	\$0		\$0	
	1) NOx - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NOx - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NOx Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1 00.		\$4,809,453		\$4,788,967

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of December 2011

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,327,552		\$191,327,552	
2	Less Accumulated Depreciation	(\$68,484,814)		(\$68,484,814)	
3	Less Accum. Def. Income Taxes	(\$38,920,099)		(\$38,920,099)	
4	Net Utility Plant		\$83,922,639		\$83,922,639
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$17,044,601		\$17,044,601
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$158,405		\$158,405
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,539,714		\$237,942
8	Total Rate Base		\$103,665,359		\$101,363,587
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$922,622		\$902,136
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,169		\$13,169
15	Monthly Kentucky Air Emissions Fee		\$31,701		\$31,701
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,573,350		\$1,573,350
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$758,145		\$758,145
18	Monthly SO2 Emission Allowance Consumption		\$838,290		\$838,290
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,837,937		\$3,837,937
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,760,559		\$4,740,073

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of December 2011

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$31,701		\$31,701	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$275,400		\$275,400	
3	Monthly SO2 Allowance Consumption	\$838,290		\$838,290	
4	Total 1997 Plan O&M Expenses		\$1,145,391		\$1,145,391
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$485,032		\$485,032	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$262,209		\$262,209	
9	Equipment - Associated Operating Expenses	\$2,167		\$2,167	
10	Equipment - Associated Maintenance Expenses	\$8,737		\$8,737	
11	Total 2003 Plan O&M Expenses		\$758,145		\$758,145
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		\$1,905,880		\$1,903,536
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$238,235		\$237,942
16	Cash Working Capital Allowance (November 2011 ES Form 3.13)		\$105,378		
17	Cash Working Capital Allowance (October 2011 ES Form 3.13)		\$125,673		
18	Cash Working Capital Allowance (September 2011 ES Form 3.13)		\$83,681		
19	Cash Working Capital Allowance (August 2011 ES Form 3.13)		\$114,073		
20	Cash Working Capital Allowance (July 2011 ES Form 3.13)		\$137,469		
21	Cash Working Capital Allowance (June 2011 ES Form 3.13)		\$279,734		
22	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
23	Cash Working Capital Allowance (April 2011 ES Form 3.13)		\$315,341		
24	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
25	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
26	Cash Working Capital Allowance (January 2011 ES Form 3.13)		\$186,343		
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,539,714		

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

Revised - September 24, 2012

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,284,764	\$3,263,816	(\$20,948)
LINE 2	Brr from ES FORM 1.10	3,991,163	3,991,163	0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$706,399)	(\$727,347)	(\$20,948)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	88.6%	88.6%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$625,869)	(\$644,429)	(\$18,560)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$105,459)	(\$105,459)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$731,328)	(\$749,888)	(\$18,560)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$731,328)	(\$749,888)	(\$18,560)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$55,884,283	\$55,884,283	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-1.3086%	-1.3419%	-0.0333%

Effective Date for Billing: February 29, 2012

Submitted By: _____

Title: Manager Regulatory Services

Date Submitted: February 20, 2012

1/ Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 3.00

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$3,240,039		\$3,219,091
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$44,725		\$44,725
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO ₂ Allowances		\$0		\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NO _x Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,284,764		\$3,263,816

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of January 2012

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,452,443		\$191,452,443	
2	Less Accumulated Depreciation	(\$69,108,096)		(\$69,108,096)	
3	Less Accum. Def. Income Taxes	(\$38,700,903)		(\$38,700,903)	
4	Net Utility Plant		\$83,643,444		\$83,643,444
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,948,207		\$12,948,207
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$176,685		\$176,685
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,484,327		\$130,663
8	Total Rate Base		\$99,252,663		\$96,898,999
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$883,349		\$862,401
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,322		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$10,527		\$10,527
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$806,043		\$806,043
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$210,120		\$210,120
18	Monthly SO2 Emission Allowance Consumption		\$693,396		\$693,396
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,356,690		\$2,356,690
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,240,039		\$3,219,091

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of January 2012

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$10,527		\$10,527	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$131,264		\$131,264	
3	Monthly SO2 Allowance Consumption	\$693,396		\$693,396	
4	Total 1997 Plan O&M Expenses		\$835,187		\$835,187
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$151,952		\$151,952	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$13,565		\$13,565	
9	Equipment - Associated Operating Expenses	\$2,745		\$2,745	
10	Equipment - Associated Maintenance Expenses	\$41,858		\$41,858	
11	Total 2003 Plan O&M Expenses		\$210,120		\$210,120
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		\$1,047,651		\$1,045,307
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$130,956		\$130,663
16	Cash Working Capital Allowance (December 2011 ES Form 3.13)		\$236,235		
17	Cash Working Capital Allowance (November 2011 ES Form 3.13)		\$105,378		
18	Cash Working Capital Allowance (October 2011 ES Form 3.13)		\$125,673		
19	Cash Working Capital Allowance (September 2011 ES Form 3.13)		\$83,681		
20	Cash Working Capital Allowance (August 2011 ES Form 3.13)		\$114,073		
21	Cash Working Capital Allowance (July 2011 ES Form 3.13)		\$137,469		
22	Cash Working Capital Allowance (June 2011 ES Form 3.13)		\$279,734		
23	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
24	Cash Working Capital Allowance (April 2011 ES Form 3.13)		\$315,341		
25	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
26	Cash Working Capital Allowance (February 2011 ES Form 3.13)		\$351,365		
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,484,327		

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

Revised - September 24, 2012

ES FORM 1.00

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

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,444,998	\$3,426,012	(\$18,986)
LINE 2	Brr from ES FORM 1.10	3,590,810	3,590,810	0 1/
LINE 3	E(m) (LINE 1 - LINE 2)	(\$145,812)	(\$164,798)	(\$18,986)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	88.9%	88.9%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$129,627)	(\$146,505)	(\$16,878)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$74,511)	(\$74,511)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$204,138)	(\$221,016)	(\$16,878)
SURCHARGE FACTOR				
LINE 8	Net KY Retail E(m) (Line 7)	(\$204,138)	(\$221,016)	(\$16,878)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$48,360,835	\$48,360,835	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-0.4221%	-0.4570%	-0.0349%

Effective Date for Billing: March 29, 2012

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : March 19, 2012

1/ Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 3.00

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$3,398,989		\$3,380,003
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$46,009		\$46,009
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO2 - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO2 Allowances		\$0		\$0
	1) NOx - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NOx - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NOx Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00		\$3,444,998		\$3,426,012

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of February 2012

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,452,443		\$191,452,443	
2	Less Accumulated Depreciation	(\$69,731,770)		(\$69,731,770)	
3	Less Accum. Def. Income Taxes	(\$38,522,976)		(\$38,522,976)	
4	Net Utility Plant		\$83,197,697		\$83,197,697
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,160,358		\$12,160,358
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$83,231		\$83,231
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,264,370		\$131,115
8	Total Rate Base		\$97,705,656		\$95,572,401
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%		10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$869,580		\$850,594
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,322		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$10,527		\$10,527
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$991,380		\$991,380
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$105,868		\$105,868
18	Monthly SO2 Emission Allowance Consumption		\$785,030		\$785,030
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,529,409		\$2,529,409
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,398,989		\$3,380,003

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of February 2012

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$10,527		\$10,527	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$147,498		\$147,498	
3	Monthly SO2 Allowance Consumption	\$785,030		\$785,030	
4	Total 1997 Plan O&M Expenses		\$943,055		\$943,055
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$261		\$261	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$6,271		\$6,271	
9	Equipment - Associated Operating Expenses	\$5,611		\$5,611	
10	Equipment - Associated Maintenance Expenses	\$93,725		\$93,725	
11	Total 2003 Plan O&M Expenses		\$105,868		\$105,868
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3 20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		\$1,051,267		\$1,048,923
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$131,408		\$131,115
16	Cash Working Capital Allowance (January 2012 ES Form 3.13)		\$130,956		
17	Cash Working Capital Allowance (December 2011 ES Form 3.13)		\$238,235		
18	Cash Working Capital Allowance (November 2011 ES Form 3.13)		\$105,378		
19	Cash Working Capital Allowance (October 2011 ES Form 3.13)		\$126,673		
20	Cash Working Capital Allowance (September 2011 ES Form 3.13)		\$83,681		
21	Cash Working Capital Allowance (August 2011 ES Form 3.13)		\$114,073		
22	Cash Working Capital Allowance (July 2011 ES Form 3.13)		\$137,469		
23	Cash Working Capital Allowance (June 2011 ES Form 3.13)		\$279,734		
24	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
25	Cash Working Capital Allowance (April 2011 ES Form 3.13)		\$315,341		
26	Cash Working Capital Allowance (March 2011 ES Form 3.13)		\$300,958		
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,264,370		

Total Cost at Line 11 is to be recorded on ES FORM 3 10, Line 7.

Revised - September 24, 2012

ES FORM 1.00

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

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,223,502	\$3,205,828	(\$17,674)
LINE 2	Brr from ES FORM 1.10	3,651,374	3,651,374	0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$427,872)	(\$445,546)	(\$17,674)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	90.6%	90.6%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$387,652)	(\$403,664)	(\$16,012)
LINE 5A	Environmental Surcharge Clause Adjustment per Order in Case No. 2011 - 00031 dated April 16, 2012	(\$629,557)	(\$629,557)	\$0
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$211,240)	(\$211,240)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$1,228,449)	(\$1,244,461)	(\$16,012)
SURCHARGE FACTOR				
LINE 8	Net KY Retail E(m) (Line 7)	(\$1,228,449)	(\$1,244,461)	(\$16,012)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$44,915,695	\$44,915,695	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-2.7350%	-2.7707%	-0.0357%

Effective Date for Billing: April 30, 2012

Submitted By: _____

Title: Manager Regulatory Services

Date Submitted: April 20, 2012

1/ Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

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	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant $((RB\ KP(C)) (ROR\ KP(C)/12)) + OE\ KP(C)$ ES FORM 3.10, Line 20	\$3,175,982		\$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		\$47,520	
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0	
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NO _x Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	\$0		\$0	
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	\$3,223,502		\$3,205,828	

Revised - September 24, 2012

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	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,452,443		\$191,452,443	
2	Less Accumulated Depreciation	(\$70,355,453)		(\$70,355,453)	
3	Less Accum. Def. Income Taxes	(\$38,304,693)		(\$38,304,693)	
4	Net Utility Plant		\$82,792,297		\$82,792,297
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$11,747,007		\$11,747,007
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$78,726		\$78,726
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$2,067,173		\$103,468
8	Total Rate Base		\$96,685,203		\$94,721,498
9	Weighted Average Cost of Capital - ES FORM 3.15	10.85%		10.85%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%		0.90%
11	Monthly Return of Rate Base (8) * (10)		\$870,167		\$852,493
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,322		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$10,527		\$10,527
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$986,544		\$986,544
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$258,789		\$258,789
18	Monthly SO2 Emission Allowance Consumption		\$413,351		\$413,351
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,305,815		\$2,305,815
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,175,982		\$3,158,308

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of March 2012

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$10,527		\$10,527	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$145,080		\$145,080	
3	Monthly SO2 Allowance Consumption	<u>\$413,351</u>		<u>\$413,351</u>	
4	Total 1997 Plan O&M Expenses		\$568,958		\$568,958
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$176,281		\$176,281	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$4,505		\$4,505	
9	Equipment - Associated Operating Expenses	\$839		\$839	
10	Equipment - Associated Maintenance Expenses	<u>\$77,165</u>		<u>\$77,165</u>	
11	Total 2003 Plan O&M Expenses		\$258,789		\$258,789
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		<u>\$830,091</u>		<u>\$827,747</u>
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$103,761		\$103,468
16	Cash Working Capital Allowance (February 2012 ES Form 3.13)		\$131,408		
17	Cash Working Capital Allowance (January 2012 ES Form 3.13)		\$130,956		
18	Cash Working Capital Allowance (December 2011 ES Form 3.13)		\$238,235		
19	Cash Working Capital Allowance (November 2011 ES Form 3.13)		\$105,378		
20	Cash Working Capital Allowance (October 2011 ES Form 3.13)		\$125,673		
21	Cash Working Capital Allowance (September 2011 ES Form 3.13)		\$83,681		
22	Cash Working Capital Allowance (August 2011 ES Form 3.13)		\$114,073		
23	Cash Working Capital Allowance (July 2011 ES Form 3.13)		\$137,469		
24	Cash Working Capital Allowance (June 2011 ES Form 3.13)		\$279,734		
25	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
26	Cash Working Capital Allowance (April 2011 ES Form 3.13)		<u>\$315,341</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		\$2,067,173		

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

Revised - September 24, 2012

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,026,068	\$3,010,299	(\$15,769)
LINE 2	Brr from ES FORM 1.10	3,647,040	3,647,040	0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$620,972)	(\$636,741)	(\$15,769)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	80.4%	80.4%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$499,261)	(\$511,940)	(\$12,679)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$17,621)	(\$17,621)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$516,882)	(\$529,561)	(\$12,679)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$516,882)	(\$529,561)	(\$12,679)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$35,695,838	\$35,695,838	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-1.4480%	-1.4835%	-0.0355%

Effective Date for Billing: May 30, 2012

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : May 18, 2012

1/ Case No. 2009-00459, dated June 28, 2010

Revised - September 24, 2012

ES FORM 3.00

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,978,550		\$2,962,781
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$47,518		\$47,518
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO2 - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO2 Allowances		\$0		\$0
	1) NOx - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NOx - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NOx Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,026,068		\$3,010,299

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of April 2012

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,452,443		\$191,452,443	
2	Less Accumulated Depreciation	(\$70,979,118)		(\$70,979,118)	
3	Less Accum. Def. Income Taxes	(\$31,388,015)		(\$31,388,015)	
4	Net Utility Plant		\$89,085,310		\$89,085,310
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$11,168,228		\$11,168,228
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$74,535		\$74,535
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,880,294		\$128,169
8	Total Rate Base		\$102,208,367		\$100,456,242
9	Weighted Average Cost of Capital - ES FORM 3.15	10.85%		10.85%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%		0.90%
11	Monthly Return of Rate Base (8) * (10)		\$919,875		\$904,106
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,322		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$10,527		\$10,527
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$470,820		\$470,820
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$361,945		\$361,945
18	Monthly SO2 Emission Allowance Consumption		\$578,779		\$578,779
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,058,675		\$2,058,675
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,978,550		\$2,962,781

Revised - September 24, 2012

ES FORM 3 13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of April 2012

		Revised Amount		As Filed	
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$10,527		\$10,527	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$74,100		\$74,100	
3	Monthly SO2 Allowance Consumption	\$578,779		\$578,779	
4	Total 1997 Plan O&M Expenses		\$663,406		\$663,406
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$352,211		\$352,211	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$6,413		\$6,413	
9	Equipment - Associated Operating Expenses	\$692		\$692	
10	Equipment - Associated Maintenance Expenses	\$2,629		\$2,629	
11	Total 2003 Plan O&M Expenses		\$361,945		\$361,945
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3 20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		\$1,027,695		\$1,025,351
15	Cash Working Capital Allowance (Line 12 X 1/8)		\$128,462		\$128,169
16	Cash Working Capital Allowance (March 2012 ES Form 3.13)		\$103,761		
17	Cash Working Capital Allowance (February 2012 ES Form 3.13)		\$131,408		
18	Cash Working Capital Allowance (January 2012 ES Form 3.13)		\$130,956		
19	Cash Working Capital Allowance (December 2011 ES Form 3.13)		\$238,235		
20	Cash Working Capital Allowance (November 2011 ES Form 3.13)		\$105,378		
21	Cash Working Capital Allowance (October 2011 ES Form 3.13)		\$125,673		
22	Cash Working Capital Allowance (September 2011 ES Form 3.13)		\$83,681		
23	Cash Working Capital Allowance (August 2011 ES Form 3.13)		\$114,073		
24	Cash Working Capital Allowance (July 2011 ES Form 3.13)		\$137,469		
25	Cash Working Capital Allowance (June 2011 ES Form 3.13)		\$279,734		
26	Cash Working Capital Allowance (May 2011 ES Form 3.13)		\$301,464		
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,880,294		

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

Kentucky Power Company

REQUEST

The net gain or loss from sulfur dioxide and nitrogen oxide emission allowance sales are reported on ES Form 3.00, Calculation of Current Period Revenue Requirement, Third Component. For each expense month covered by the billing periods under review, provide an explanation of how the gain or loss reported in the expense month was calculated and describe the transaction(s) that was the source of the gain or loss.

RESPONSE

The Company calculates the gain or loss on all allowances sales using this standard formula:

Sales Proceeds - Weighted Average Costs of Allowances Sold - Broker Fees + or - Option Premiums = Net Gain or Loss.

Any reported gain or loss is a result of selling SO₂ or NOx allowances from the compliance inventory to external counter-parties.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Provide the following information as of April 30, 2012. Provide the information in hard copy and in electronic format with the formulas intact and unprotected.

- a. The outstanding balances for long-term debt, short-term debt, accounts receivable financing, and common equity.
- b. The blended interest rates for long-term debt, short-term debt, and accounts receivable financing. Include all supporting calculations showing how these blended interest rates were determined.
- c. Kentucky Power's calculation of its weighted average cost of capital for environmental surcharge purposes.
- d. Determine the weighted average cost of capital reflecting the application of the income tax gross-up factor. Include all calculations and assumptions used in the determination.

RESPONSE

- a. Please refer to Page 2 of 19 of the attached exhibit for the balances for long-term debt, short-term debt, accounts receivable financing and common equity as of April 30, 2012. Pages 3 through 19 demonstrate the supporting calculations.
- b. Please refer to Page 2 of 19 of the attached exhibit for the blended interest rates for long-term debt, short-term debt, and accounts receivable financing as of April 30, 2012.
- c. Kentucky Power's April 30, 2012 calculated weighted average cost of capital for environmental surcharge purposes is 8.12%. Please refer to Page 2 of 19 of the attached exhibit for support of the calculation.
- d. Please see Page 18 of 19 for the weighted cost of capital reflecting the application of the income tax gross-up factor.

Please see enclosed CD for the file in electronic format with formulas intact and unprotected.

WITNESS: Lila P Munsey

**Kentucky Power Company
 Cost of Capital
 As of April 30, 2012**

<u>Ln No</u> (1)	<u>Description</u> (2)	<u>Capital</u> (3)		<u>Percent of Total</u> (4)	<u>Cost Percentage Rate</u> (5)	<u>Weighted Average Cost Percent</u> (6)=(4)x(5)
1	Long Term Debt	\$550,000,000	a	48.592%	6.48%	3.15%
2	Short Term Debt	\$0	a	0.000%	0.00% b	0.00%
3	Accts Receivable Financing	\$51,682,642		4.566%	1.13%	0.05%
4	Common Equity	<u>\$530,200,734</u>	a	<u>46.842%</u>	10.50%	<u>4.92%</u>
5	Total	\$1,131,883,376		100.000%		8.12%

a Book balance as of 4/30/2012

b Average borrowing costs for the 12 Months Ended April 30, 2012

KENTUCKY POWER COMPANY
EFFECTIVE COST OF LONG-TERM DEBT
AS OF APRIL 30, 2012

<u>SERIES</u>	<u>ISSUE DATE</u>	<u>DUE DATE</u>	<u>AVERAGE TERM IN YEARS</u>	<u>PRINCIPAL AMOUNT ISSUED</u>	<u>PREMIUM OR (DISCOUNT) AT ISSUANCE</u>	<u>COMPANY ISSUANCE EXPENSE</u>	<u>NET PROCEEDS</u>	<u>NET PROCEEDS RATIO</u>	<u>EFFECTIVE COST RATE</u>	<u>CURRENT AMOUNT OUTSTANDING</u>	<u>ANNUALIZED COST</u>	<u>WEIGHTED COST RATE</u>	
				\$	\$	\$	\$	%	%	\$	\$	%	
Global Note													
5.25%	2/5/2004	6/1/2015	11.3	20,000,000	-	-	20,000,000	100.00	5.249	20,000,000	1,049,816		
<u>Subtotal</u>				<u>20,000,000</u>						<u>20,000,000</u>	<u>1,049,816</u>		
Senior Notes													
5.625%	6/13/2003	12/1/2032	29.45	75,000,000	(656,250)	736,575	73,607,175	98.14	5.756	75,000,000	4,317,337		
6.000%	9/11/2007	9/15/2017	10.01	325,000,000	(1,667,250)	2,277,883	321,054,867	98.79	6.164	325,000,000	20,033,514		
7.250%	6/18/2009	6/18/2021	11.99	40,000,000	-	217,919	39,782,081	99.46	7.319	40,000,000	2,927,597		
8.030%	6/18/2009	6/18/2029	19.99	30,000,000	-	163,439	29,836,561	99.46	8.085	30,000,000	2,425,620		
8.130%	6/18/2009	6/18/2039	29.98	60,000,000	-	326,879	59,673,121	99.46	8.179	60,000,000	4,907,388		
<u>Subtotal</u>				<u>530,000,000</u>						<u>530,000,000</u>	<u>34,611,457</u>		
<u>Total</u>				<u>550,000,000</u>									
FMV of mark to market 133 hedge											-	a	
TOTAL LONG-TERM DEBT											<u>550,000,000</u>	<u>35,661,273</u>	<u>6.484</u>

a Book balance as of 04/30/2012

Effective Cost Rate = Annualized Cost divided by the Current Amount Outstanding.

Kentucky Power Company
Schedule of Short Term Debt
Twelve Months Ended April 30, 2012

Line No. (1)	Month (2)	Year (3)	Notes Payable Outstanding at the End of the Month (4)
1	May	2011	0
2	June	2011	0
3	July	2011	0
4	August	2011	0
5	September	2011	0
6	October	2011	0
7	November	2011	0
8	December	2011	0
9	January	2012	0
10	February	2012	0
11	March	2012	0
12	April	2012	0

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2012

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	5/1/2011		0.00%	0.000000%
	5/2/2011		0.00%	0.000000%
	5/3/2011		0.00%	0.000000%
	5/4/2011		0.00%	0.000000%
	5/5/2011		0.00%	0.000000%
	5/6/2011		0.00%	0.000000%
	5/7/2011		0.00%	0.000000%
	5/8/2011		0.00%	0.000000%
	5/9/2011		0.00%	0.000000%
	5/10/2011		0.00%	0.000000%
	5/11/2011		0.00%	0.000000%
	5/12/2011		0.00%	0.000000%
	5/13/2011		0.00%	0.000000%
	5/14/2011		0.00%	0.000000%
	5/15/2011		0.00%	0.000000%
	5/16/2011		0.00%	0.000000%
	5/17/2011		0.00%	0.000000%
	5/18/2011		0.00%	0.000000%
	5/19/2011		0.00%	0.000000%
	5/20/2011		0.00%	0.000000%
	5/21/2011		0.00%	0.000000%
	5/22/2011		0.00%	0.000000%
	5/23/2011		0.00%	0.000000%
	5/24/2011		0.00%	0.000000%
	5/25/2011		0.00%	0.000000%
	5/26/2011		0.00%	0.000000%
	5/27/2011		0.00%	0.000000%
	5/28/2011		0.00%	0.000000%
	5/29/2011		0.00%	0.000000%
	5/30/2011		0.00%	0.000000%
Tuesday	5/31/2011		0.00%	0.000000%
	6/1/2011		0.00%	0.000000%
	6/2/2011		0.00%	0.000000%
	6/3/2011		0.00%	0.000000%
	6/4/2011		0.00%	0.000000%
	6/5/2011		0.00%	0.000000%
	6/6/2011		0.00%	0.000000%
	6/7/2011		0.00%	0.000000%
	6/8/2011		0.00%	0.000000%
	6/9/2011		0.00%	0.000000%
	6/10/2011		0.00%	0.000000%
	6/11/2011		0.00%	0.000000%
	6/12/2011		0.00%	0.000000%
	6/13/2011		0.00%	0.000000%
	6/14/2011		0.00%	0.000000%
	6/15/2011		0.00%	0.000000%
	6/16/2011		0.00%	0.000000%
	6/17/2011		0.00%	0.000000%
	6/18/2011		0.00%	0.000000%
	6/19/2011		0.00%	0.000000%
	6/20/2011		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2012

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	6/21/2011		0.00%	0.000000%
	6/22/2011		0.00%	0.000000%
	6/23/2011		0.00%	0.000000%
	6/24/2011		0.00%	0.000000%
	6/25/2011		0.00%	0.000000%
	6/26/2011		0.00%	0.000000%
	6/27/2011		0.00%	0.000000%
	6/28/2011		0.00%	0.000000%
	6/29/2011		0.00%	0.000000%
Thursday	6/30/2011		0.00%	0.000000%
	7/1/2011		0.00%	0.000000%
	7/2/2011		0.00%	0.000000%
	7/3/2011		0.00%	0.000000%
	7/4/2011		0.00%	0.000000%
	7/5/2011		0.00%	0.000000%
	7/6/2011		0.00%	0.000000%
	7/7/2011		0.00%	0.000000%
	7/8/2011		0.00%	0.000000%
	7/9/2011		0.00%	0.000000%
	7/10/2011		0.00%	0.000000%
	7/11/2011		0.00%	0.000000%
	7/12/2011		0.00%	0.000000%
	7/13/2011		0.00%	0.000000%
	7/14/2011		0.00%	0.000000%
	7/15/2011		0.00%	0.000000%
	7/16/2011		0.00%	0.000000%
	7/17/2011		0.00%	0.000000%
	7/18/2011		0.00%	0.000000%
	7/19/2011		0.00%	0.000000%
	7/20/2011		0.00%	0.000000%
	7/21/2011		0.00%	0.000000%
	7/22/2011		0.00%	0.000000%
	7/23/2011		0.00%	0.000000%
	7/24/2011		0.00%	0.000000%
	7/25/2011		0.00%	0.000000%
	7/26/2011		0.00%	0.000000%
	7/27/2011		0.00%	0.000000%
	7/28/2011		0.00%	0.000000%
Friday	7/29/2011		0.00%	0.000000%
	7/30/2011		0.00%	0.000000%
	7/31/2011		0.00%	0.000000%
	8/1/2011		0.00%	0.000000%
	8/2/2011		0.00%	0.000000%
	8/3/2011		0.00%	0.000000%
	8/4/2011		0.00%	0.000000%
	8/5/2011		0.00%	0.000000%
	8/6/2011		0.00%	0.000000%
	8/7/2011		0.00%	0.000000%
	8/8/2011		0.00%	0.000000%
	8/9/2011		0.00%	0.000000%
	8/10/2011		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2012

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	8/11/2011		0.00%	0.000000%
	8/12/2011		0.00%	0.000000%
	8/13/2011		0.00%	0.000000%
	8/14/2011		0.00%	0.000000%
	8/15/2011		0.00%	0.000000%
	8/16/2011		0.00%	0.000000%
	8/17/2011		0.00%	0.000000%
	8/18/2011		0.00%	0.000000%
	8/19/2011		0.00%	0.000000%
	8/20/2011		0.00%	0.000000%
	8/21/2011		0.00%	0.000000%
	8/22/2011		0.00%	0.000000%
	8/23/2011		0.00%	0.000000%
	8/24/2011		0.00%	0.000000%
	8/25/2011		0.00%	0.000000%
	8/26/2011		0.00%	0.000000%
	8/27/2011		0.00%	0.000000%
	8/28/2011		0.00%	0.000000%
	8/29/2011		0.00%	0.000000%
	8/30/2011		0.00%	0.000000%
Wednesday	8/31/2011		0.00%	0.000000%
	9/1/2011		0.00%	0.000000%
	9/2/2011		0.00%	0.000000%
	9/3/2011		0.00%	0.000000%
	9/4/2011		0.00%	0.000000%
	9/5/2011		0.00%	0.000000%
	9/6/2011		0.00%	0.000000%
	9/7/2011		0.00%	0.000000%
	9/8/2011		0.00%	0.000000%
	9/9/2011		0.00%	0.000000%
	9/10/2011		0.00%	0.000000%
	9/11/2011		0.00%	0.000000%
	9/12/2011		0.00%	0.000000%
	9/13/2011		0.00%	0.000000%
	9/14/2011		0.00%	0.000000%
	9/15/2011		0.00%	0.000000%
	9/16/2011		0.00%	0.000000%
	9/17/2011		0.00%	0.000000%
	9/18/2011		0.00%	0.000000%
	9/19/2011		0.00%	0.000000%
	9/20/2011		0.00%	0.000000%
	9/21/2011		0.00%	0.000000%
	9/22/2011		0.00%	0.000000%
	9/23/2011		0.00%	0.000000%
	9/24/2011		0.00%	0.000000%
	9/25/2011		0.00%	0.000000%
	9/26/2011		0.00%	0.000000%
	9/27/2011		0.00%	0.000000%
	9/28/2011		0.00%	0.000000%
	9/29/2011		0.00%	0.000000%
Friday	9/30/2011		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2012

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	10/1/2011		0.00%	0.000000%
	10/2/2011		0.00%	0.000000%
	10/3/2011		0.00%	0.000000%
	10/4/2011		0.00%	0.000000%
	10/5/2011		0.00%	0.000000%
	10/6/2011		0.00%	0.000000%
	10/7/2011		0.00%	0.000000%
	10/8/2011		0.00%	0.000000%
	10/9/2011		0.00%	0.000000%
	10/10/2011		0.00%	0.000000%
	10/11/2011		0.00%	0.000000%
	10/12/2011		0.00%	0.000000%
	10/13/2011		0.00%	0.000000%
	10/14/2011		0.00%	0.000000%
	10/15/2011		0.00%	0.000000%
	10/16/2011		0.00%	0.000000%
	10/17/2011		0.00%	0.000000%
	10/18/2011		0.00%	0.000000%
	10/19/2011		0.00%	0.000000%
	10/20/2011		0.00%	0.000000%
	10/21/2011		0.00%	0.000000%
	10/22/2011		0.00%	0.000000%
	10/23/2011		0.00%	0.000000%
	10/24/2011		0.00%	0.000000%
	10/25/2011		0.00%	0.000000%
	10/26/2011		0.00%	0.000000%
	10/27/2011		0.00%	0.000000%
	10/28/2011		0.00%	0.000000%
	10/29/2011		0.00%	0.000000%
	10/30/2011		0.00%	0.000000%
Monday	10/31/2011		0.00%	0.000000%
	11/1/2011		0.00%	0.000000%
	11/2/2011		0.00%	0.000000%
	11/3/2011		0.00%	0.000000%
	11/4/2011		0.00%	0.000000%
	11/5/2011		0.00%	0.000000%
	11/6/2011		0.00%	0.000000%
	11/7/2011		0.00%	0.000000%
	11/8/2011		0.00%	0.000000%
	11/9/2011		0.00%	0.000000%
	11/10/2011		0.00%	0.000000%
	11/11/2011		0.00%	0.000000%
	11/12/2011		0.00%	0.000000%
	11/13/2011		0.00%	0.000000%
	11/14/2011		0.00%	0.000000%
	11/15/2011		0.00%	0.000000%
	11/16/2011		0.00%	0.000000%
	11/17/2011		0.00%	0.000000%
	11/18/2011		0.00%	0.000000%
	11/19/2011		0.00%	0.000000%
	11/20/2011		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2012

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	11/21/2011		0.00%	0.000000%
	11/22/2011		0.00%	0.000000%
	11/23/2011		0.00%	0.000000%
	11/24/2011		0.00%	0.000000%
	11/25/2011		0.00%	0.000000%
	11/26/2011		0.00%	0.000000%
	11/27/2011		0.00%	0.000000%
	11/28/2011		0.00%	0.000000%
	11/29/2011		0.00%	0.000000%
Wednesday	11/30/2011		0.00%	0.000000%
	12/1/2011		0.00%	0.000000%
	12/2/2011		0.00%	0.000000%
	12/3/2011		0.00%	0.000000%
	12/4/2011		0.00%	0.000000%
	12/5/2011		0.00%	0.000000%
	12/6/2011		0.00%	0.000000%
	12/7/2011		0.00%	0.000000%
	12/8/2011		0.00%	0.000000%
	12/9/2011		0.00%	0.000000%
	12/10/2011		0.00%	0.000000%
	12/11/2011		0.00%	0.000000%
	12/12/2011		0.00%	0.000000%
	12/13/2011		0.00%	0.000000%
	12/14/2011		0.00%	0.000000%
	12/15/2011		0.00%	0.000000%
	12/16/2011		0.00%	0.000000%
	12/17/2011		0.00%	0.000000%
	12/18/2011		0.00%	0.000000%
	12/19/2011		0.00%	0.000000%
	12/20/2011		0.00%	0.000000%
	12/21/2011		0.00%	0.000000%
	12/22/2011		0.00%	0.000000%
	12/23/2011		0.00%	0.000000%
	12/24/2011		0.00%	0.000000%
	12/25/2011		0.00%	0.000000%
	12/26/2011		0.00%	0.000000%
	12/27/2011		0.00%	0.000000%
	12/28/2011		0.00%	0.000000%
	12/29/2011		0.00%	0.000000%
Friday	12/30/2011		0.00%	0.000000%
	12/31/2011		0.00%	0.000000%
	1/1/2012		0.00%	0.000000%
	1/2/2012		0.00%	0.000000%
	1/3/2012		0.00%	0.000000%
	1/4/2012		0.00%	0.000000%
	1/5/2012		0.00%	0.000000%
	1/6/2012		0.00%	0.000000%
	1/7/2012		0.00%	0.000000%
	1/8/2012		0.00%	0.000000%
	1/9/2012		0.00%	0.000000%
	1/10/2012		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2012

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	1/11/2012		0.00%	0.000000%
	1/12/2012		0.00%	0.000000%
	1/13/2012		0.00%	0.000000%
	1/14/2012		0.00%	0.000000%
	1/15/2012		0.00%	0.000000%
	1/16/2012		0.00%	0.000000%
	1/17/2012		0.00%	0.000000%
	1/18/2012		0.00%	0.000000%
	1/19/2012		0.00%	0.000000%
	1/20/2012		0.00%	0.000000%
	1/21/2012		0.00%	0.000000%
	1/22/2012		0.00%	0.000000%
	1/23/2012		0.00%	0.000000%
	1/24/2012		0.00%	0.000000%
	1/25/2012		0.00%	0.000000%
	1/26/2012		0.00%	0.000000%
	1/27/2012		0.00%	0.000000%
	1/28/2012		0.00%	0.000000%
	1/29/2012		0.00%	0.000000%
	1/30/2012		0.00%	0.000000%
Tuesday	1/31/2012		0.00%	0.000000%
	2/1/2012		0.00%	0.000000%
	2/2/2012		0.00%	0.000000%
	2/3/2012		0.00%	0.000000%
	2/4/2012		0.00%	0.000000%
	2/5/2012		0.00%	0.000000%
	2/6/2012		0.00%	0.000000%
	2/7/2012		0.00%	0.000000%
	2/8/2012		0.00%	0.000000%
	2/9/2012		0.00%	0.000000%
	2/10/2012		0.00%	0.000000%
	2/11/2012		0.00%	0.000000%
	2/12/2012		0.00%	0.000000%
	2/13/2012		0.00%	0.000000%
	2/14/2012		0.00%	0.000000%
	2/15/2012		0.00%	0.000000%
	2/16/2012		0.00%	0.000000%
	2/17/2012		0.00%	0.000000%
	2/18/2012		0.00%	0.000000%
	2/19/2012		0.00%	0.000000%
	2/20/2012		0.00%	0.000000%
	2/21/2012		0.00%	0.000000%
	2/22/2012		0.00%	0.000000%
	2/23/2012		0.00%	0.000000%
	2/24/2012		0.00%	0.000000%
	2/25/2012		0.00%	0.000000%
	2/26/2012		0.00%	0.000000%
	2/27/2012		0.00%	0.000000%
	2/28/2012		0.00%	0.000000%
Wednesday	2/29/2012		0.00%	0.000000%
	3/1/2012		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2012

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	3/2/2012		0.00%	0.000000%
	3/3/2012		0.00%	0.000000%
	3/4/2012		0.00%	0.000000%
	3/5/2012		0.00%	0.000000%
	3/6/2012		0.00%	0.000000%
	3/7/2012		0.00%	0.000000%
	3/8/2012		0.00%	0.000000%
	3/9/2012		0.00%	0.000000%
	3/10/2012		0.00%	0.000000%
	3/11/2012		0.00%	0.000000%
	3/12/2012		0.00%	0.000000%
	3/13/2012		0.00%	0.000000%
	3/14/2012		0.00%	0.000000%
	3/15/2012		0.00%	0.000000%
	3/16/2012		0.00%	0.000000%
	3/17/2012		0.00%	0.000000%
	3/18/2012		0.00%	0.000000%
	3/19/2012		0.00%	0.000000%
	3/20/2012		0.00%	0.000000%
	3/21/2012		0.00%	0.000000%
	3/22/2012		0.00%	0.000000%
	3/23/2012		0.00%	0.000000%
	3/24/2012		0.00%	0.000000%
	3/25/2012		0.00%	0.000000%
	3/26/2012		0.00%	0.000000%
	3/27/2012		0.00%	0.000000%
	3/28/2012		0.00%	0.000000%
	3/29/2012		0.00%	0.000000%
Friday	3/30/2012		0.00%	0.000000%
	3/31/2012		0.00%	0.000000%
	4/1/2012		0.00%	0.000000%
	4/2/2012		0.00%	0.000000%
	4/3/2012		0.00%	0.000000%
	4/4/2012		0.00%	0.000000%
	4/5/2012		0.00%	0.000000%
	4/6/2012		0.00%	0.000000%
	4/7/2012		0.00%	0.000000%
	4/8/2012		0.00%	0.000000%
	4/9/2012		0.00%	0.000000%
	4/10/2012		0.00%	0.000000%
	4/11/2012		0.00%	0.000000%
	4/12/2012		0.00%	0.000000%
	4/13/2012		0.00%	0.000000%
	4/14/2012		0.00%	0.000000%
	4/15/2012		0.00%	0.000000%
	4/16/2012		0.00%	0.000000%
	4/17/2012		0.00%	0.000000%
	4/18/2012		0.00%	0.000000%
	4/19/2012		0.00%	0.000000%
	4/20/2012		0.00%	0.000000%
	4/21/2012		0.00%	0.000000%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended April 30, 2012

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	4/22/2012		0.00%	0.000000%
	4/23/2012		0.00%	0.000000%
	4/24/2012		0.00%	0.000000%
	4/25/2012		0.00%	0.000000%
	4/26/2012		0.00%	0.000000%
	4/27/2012		0.00%	0.000000%
	4/28/2012		0.00%	0.000000%
	4/29/2012		0.00%	0.000000%
Monday	4/30/2012		0.00%	0.000000%

Sum Total All Daily Balances	\$0.00	<u>0.0000%</u>	Sum Total Weighted Average Borrowed Interest Rate
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Divided By Number of Days in Year	<u>365</u>
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Average Daily Balance	<u>\$0.00</u>
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Kentucky Power Company
 Accounts Receivable Financing
 Thirteen Months Ending April 30, 2012

Date	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred						
	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)	
03/22/2012	48,733,995.50	0.000031	1,510.75	1,602,254.59	0.000031	32.13	0.000996	1,595.85	0.000033	
03/23/2012	48,928,171.78	0.000031	1,516.77	1,526,913.53	0.000031	32.13	0.000996	1,520.81	0.000031	
03/24/2012	48,928,171.78	0.000031	1,516.77	0.00	0.000031	32.13	0.000000	0.00	0.000000	
03/25/2012	48,928,171.78	0.000031	1,516.77	0.00	0.000031	32.13	0.000000	0.00	0.000000	
03/26/2012	47,254,053.36	0.000031	1,464.88	908,631.20	0.000031	32.13	0.000996	905.00	0.000019	
03/27/2012	46,925,576.44	0.000031	1,454.69	2,454,503.69	0.000031	32.13	0.000996	2,444.69	0.000052	
03/28/2012	47,883,838.35	0.000031	1,484.40	2,369,985.77	0.000031	32.13	0.000996	2,360.51	0.000049	
03/29/2012	47,720,803.38	0.000031	1,479.34	1,364,252.86	0.000031	32.13	0.000996	1,358.80	0.000028	
03/30/2012	49,611,238.79	0.000031	1,537.95	3,065,256.38	0.000031	32.13	0.000996	3,053.00	0.000062	
03/31/2012	49,611,238.79	0.000031	1,537.95	0.00	0.000031	32.13	0.000000	0.00	0.000000	
04/01/2012	49,611,238.79	0.000031	1,537.95	0.00	0.000031	32.13	0.000000	0.00	0.000000	
04/02/2012	49,961,889.68	0.000031	1,548.82	1,701,889.00	0.000031	32.13	0.000996	1,695.08	0.000034	
04/03/2012	49,986,246.14	0.000031	1,549.57	2,695,539.70	0.000031	32.13	0.000996	2,684.76	0.000054	
04/04/2012	53,890,082.91	0.000031	1,670.59	6,064,251.96	0.000031	32.13	0.000996	6,039.99	0.000112	
04/05/2012	53,229,866.41	0.000031	1,650.13	1,521,878.84	0.000031	32.13	0.000996	1,515.79	0.000028	
04/06/2012	53,229,866.41	0.000031	1,650.13	0.00	0.000031	32.13	0.000000	0.00	0.000000	
04/07/2012	53,229,866.41	0.000031	1,650.13	0.00	0.000031	32.13	0.000000	0.00	0.000000	
04/08/2012	53,229,866.41	0.000031	1,650.13	0.00	0.000031	32.13	0.000000	0.00	0.000000	
04/09/2012	53,494,863.29	0.000031	1,658.34	2,249,312.51	0.000031	34.17	0.001059	2,382.02	0.000045	
04/10/2012	51,354,236.85	0.000031	1,591.98	1,276,003.95	0.000031	34.17	0.001059	1,351.29	0.000026	
04/11/2012	50,474,082.50	0.000031	1,564.70	1,286,643.65	0.000031	34.17	0.001059	1,362.56	0.000027	
04/12/2012	49,800,448.45	0.000031	1,543.81	1,292,061.03	0.000031	34.17	0.001059	1,368.29	0.000027	
04/13/2012	49,016,063.55	0.000031	1,519.50	1,258,562.64	0.000031	34.17	0.001059	1,332.82	0.000027	
04/14/2012	49,016,063.55	0.000031	1,519.50	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/15/2012	49,016,063.55	0.000031	1,519.50	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/16/2012	47,979,667.37	0.000031	1,487.37	1,549,384.40	0.000031	34.17	0.001059	1,640.80	0.000034	
04/17/2012	42,816,140.48	0.000031	1,327.30	1,565,841.36	0.000031	34.17	0.001059	1,658.23	0.000039	
04/18/2012	42,202,080.61	0.000031	1,308.26	719,425.84	0.000031	34.17	0.001059	761.87	0.000018	
04/19/2012	41,230,606.61	0.000031	1,278.15	858,454.59	0.000031	34.17	0.001059	906.99	0.000022	
04/20/2012	40,367,773.88	0.000031	1,251.40	1,416,514.74	0.000031	34.17	0.001059	1,500.09	0.000037	
04/21/2012	40,367,773.88	0.000031	1,251.40	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/22/2012	40,367,773.88	0.000031	1,251.40	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/23/2012	39,970,355.21	0.000031	1,239.08	805,240.23	0.000031	34.17	0.001059	852.75	0.000021	
04/24/2012	39,607,788.78	0.000031	1,227.84	1,157,588.16	0.000031	34.17	0.001059	1,225.89	0.000031	
04/25/2012	38,082,175.14	0.000031	1,180.55	981,033.57	0.000031	34.17	0.001059	1,038.91	0.000027	
04/26/2012	38,275,100.76	0.000031	1,186.56	1,528,570.41	0.000031	34.17	0.001059	1,616.64	0.000042	
04/27/2012	39,504,790.32	0.000031	1,224.65	2,174,294.48	0.000031	34.17	0.001059	2,302.58	0.000058	
04/28/2012	39,504,790.32	0.000031	1,224.65	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/29/2012	39,504,790.32	0.000031	1,224.65	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/30/2012	40,318,755.11	0.000031	1,249.88	2,315,104.85	0.000031	34.17	0.001059	2,451.70	0.000061	
			642,635.62					649,477.16	0.000032	
									1.1342%	
Average A/R Balance 4/01/11 - 4/30/12			51,682,641.89							
AEP Credit - Internal Cost of Capital 4/01/11 - 4/30/12			1.1304%	Internal Cost Incurred / Average A/R Balance / 396 x 360						
KP - Actual Cost of Capital 4/01/11 - 4/30/12			1.1424%	Actual Carrying Cost Incurred / Average A/R Balance / 396 x 360						

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, 2013

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 4/30/2012								
1	L/T DEBT	\$550,000,000	48.592%	6.48%		3.15%			3.15%	
2	S/T DEBT	\$0	0.000%	0.00%		0.00%			0.00%	
3	ACCTS REC									
3	FINANCING	\$51,682,642	4.566%	1.13%		0.05%			0.05%	
4	C EQUITY	\$530,200,734	46.842%	10.50%	1/	4.92%	1.5490	2/	7.619%	
5	TOTAL	\$1,131,883,376	100.000%			8.12%			10.82%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2012 - 00504 dated - XXXXX XX, 2013									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2012 - 00504 dated - XXXXX XX, 2013									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.4669			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						94.1231			
7	199 DEDUCTION PHASE-IN						8.4745			
8	FEDERAL TAXABLE PRODUCTION INCOME						85.6486			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						29.9770			
10	AFTER-TAX PRODUCTION INCOME						55.6716			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						55.6716			
13	199 DEDUCTION PHASE-IN						8.4745			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						64.5561			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						29.9770			
19	STATE (LINE 4)						5.4669			
20	BLENDED TAX RATE						35.4439			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5490			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	LESS: STATE 199 DEDUCTION						8.4745			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						91.1155			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.4669			

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 4/30/2012 based on Case No. 2012-00504, dated XXXXX XX, 2013.

Kentucky Power Company
 Uncollected Accounts

Line No. (1)	Description (2)	Electric Revenues (3)	Accounts - Net Charged Off (4)	Percent of Electric Revenues (5)
1	12 Months ended 04/30/2010	\$486,154,829	\$1,162,370	0.24%
2	12 Months ended 04/30/2011	\$562,817,539	\$1,080,425	0.19%
3	12 Months ended 04/30/2012	\$541,629,835	\$1,892,575	0.35%
4	Total	<u>\$1,590,602,203</u>	<u>\$4,135,370</u>	<u>0.78%</u>
5	Three Year Average	<u>\$530,200,734</u>	<u>\$1,378,457</u>	<u>0.26%</u>

Kentucky Power Company

REQUEST

Refer to ES Form 3.10, Costs Associated with Big Sandy, Line 16, Monthly Environmental AEP Pool Capacity Costs from ES Form 3.14, Page 1 of 11, Column 5, Line 10. For the May 2011 through April 2012 expense months, explain the reason(s) for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent.

RESPONSE

Months that experienced a month to month change of greater than plus or minus 10 percent in the expense levels were August 2011, September 2011, January 2012, February 2012 and April 2012. A number of the units experienced extended outages during the expense months May 2011 through April 2012 resulting in a reduction of more than 10 percent in the expense levels. Specifically,

- Amos Unit 3 was in an outage from the fall of 2011 through January 2012 for maintenance of the FGD system. There was also a small touch up outage at Amos in February 2012 and in late March 2012 through April 2012.
- Cardinal Unit 1 was in an outage from September 2011 through January 2012.
- Gavin Units 1 and 2 had short outages of six days or less for maintenance and repair work in August 2011 and September 2011. Unit 2 had a 14 day outage in April 2012 for turbine maintenance.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Refer to ES Form 3.10, Costs Associated with Big Sandy, Line 17, Monthly 2003 Plan Non-Fuel O&M Expenses, from ES Form 3.13. For the May 2011 through April 2012 expense months, explain the reason(s) for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent.

RESPONSE

The fluctuations in the O&M expenses for the review period May 2011 through April 2012 expense months were a result of routine maintenance and repairs. Months that experienced a month to month change of greater than plus or minus 10 percent were as follows:

Decrease of more than 10%	Increase of more than 10%
Aug-11	May-11
Sep-11	Jun-11
Nov-11	Oct-11
Jan-12	Dec-11
Feb-12	Mar-12
	Apr-12

Those maintenance and repairs include:

- Forced Outage to repair SCR Boiler Outlet Ductwork, Sulfur Tank and Casing Leaks.
- Repaired Duct Monitor, Dataloggers and Vacuum Pumps.
- Repaired CEMS Transducer Monitor.
- Routine Maintenance on Duct NO_x and SO₂ Monitors and Stack Air Dryer
- Repair and Calibration of Dilution Probe.
- Repairs to Sulfur System due to fire damage.
- Repair to Urea Belt and Rollers.
- Repair Blue Flume Ammonia Probe.
- Line on Hydrolyzer and Drain Line Clogged.
- Ammonia on Demand (AOD) Solution Feed Pump was replaced.
- Repaired Acoustic Horn.
- Maintenance on Booster Fan to correct vibration.
- Scheduled Outage to repair Casing Leaks and maintenance to the Boiler.
- Maintenance and repair work performed on the Recycle Storage Tank.

WITNESS: Lila P. Munsey

Kentucky Power Company

REQUEST

Refer to ES Form 3.10, Costs Associated with Big Sandy, Line 18, Monthly SO₂ Emission Allowance Consumption. For the May 2011 through April 2012 expense months, explain the reason(s) for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent.

RESPONSE

In the first half of 2011, allowances with a higher book cost were consumed. These banked allowances were consumed by mid-June, resulting in a lower consumption cost for the rest of the year (current inventory had lower costs). In December 2011, pursuant to the Interim Allowance Agreement, KPCo purchased both current and banked allowances. This year end true-up resulted in an increase to the average unit cost of KPCo's allowances. In January 2012, an adjustment was made to true up accrued consumption to the actual final submission to the EPA. Banked allowances were consumed in the first part of 2012, as was the case in 2011.

Kentucky Power Company
SO2 Expense
May 2011 through April 2012

Month	Year	Allowances	Expense	Average
May	2011	4,025	\$ 1,772,782.67	\$ 440.44
June	2011	6,750	\$ 1,349,758.09	\$ 199.96
July	2011	10,632	\$ 207,115.28	\$ 19.48
August	2011	8,512	\$ 165,816.74	\$ 19.48
September	2011	6,272	\$ 122,180.87	\$ 19.48
October	2011	7,526	\$ 146,609.26	\$ 19.48
November	2011	7,134	\$ 138,972.95	\$ 19.48
December	2011	8,326	\$ 838,290.82	\$ 100.68
January	2012	5,090	\$ 4,096,395.36	\$ 804.79
February	2012	1,414	\$ 787,849.41	\$ 557.18
March	2012	3,989	\$ 413,349.89	\$ 103.62
April	2012	7,430	\$ 578,779.07	\$ 77.90

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Reference ES Form 3.11 for the months in this review period

- a. For each month in the two six-month review periods provide the calculation that supports the total cost of allowances consumed that is then carried to ES Form 3.10.
- b. Provide an explanation and the reasons for the fluctuations in the monthly average cost of allowances determined in 7.a.

RESPONSE

- a. Please see pages 2 through 5 of this response.
- b. KPCo maintains its emission allowance inventory in account 158 as required by FERC. Consumption expense is recorded in account 509. Currently, KPCo maintains SO₂ inventory for use in consumption in two buckets. Allowances with vintage year of 2009 or prior are maintained in one bucket, and allowances for 2010 thru the current vintage year in another bucket. Inventory is maintained at an average unit cost for each bucket. All issuances and consumption expenses are priced at the applicable cost. The average cost of inventory changes with purchases, consumption adjustments, and EPA awarded allowances. In December of each year, transactions under the Interim Allowance Agreement are settled producing the change of the average unit cost. In January, consumption adjustments and the addition of the next vintage year of allowances produces a change in the average unit cost. No external purchases occurred during the period.

WITNESS: Lila P Munsey

Kentucky Power Company
 SO2 Allowance Cost
 May 2011 - April 2012

	<i>SO2 (2009 & prior vintage)</i>			<i>SO2 (2010 / 2011 vintage)</i>			Narratives
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost	
May-11							
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	
Jun-11							
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	
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	

	SO2 (2009 & prior vintage)			SO2 (2010 / 2011 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
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
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
						Interim Allowance Agreement Settlement
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	
						Rebucketing of yearly consumption for final submission
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

	SO2 (2009 & prior vintage)			SO2 (2010 / 2011/ 2012 vintage)		
	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						
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

	SO2 (2009 & prior vintage)			SO2 (2010 / 2011/ 2012 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Aug-12						
Beginning Balance	-	\$ -	\$ -	78,689	\$ 6,129,684	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	78,689	\$ 6,129,684	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(7,812)	\$ (608,536)	\$ 77.90
Ending Balance	-	-	\$ -	70,877	5,521,148	\$ 77.90
Sep-12						
Beginning Balance	-	\$ -	\$ -	70,877	\$ 5,521,148	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	70,877	\$ 5,521,148	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(1,642)	\$ (127,908)	\$ 77.90
Ending Balance	-	-	\$ -	69,235	5,393,240	\$ 77.90
Oct-12						
Beginning Balance	-	\$ -	\$ -	69,235	\$ 5,393,240	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	69,235	\$ 5,393,240	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(1,416)	\$ (110,303)	\$ 77.90
Ending Balance	-	-	\$ -	67,819	5,282,937	\$ 77.90
Nov-12						
Beginning Balance	-	\$ -	\$ -	67,819	\$ 5,282,937	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	67,819	\$ 5,282,937	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(1,608)	\$ (125,259)	\$ 77.90
Ending Balance	-	-	\$ -	66,211	5,157,678	\$ 77.90

Kentucky Power Company

REQUEST

Provide the actual average residential customer's monthly usage. Based on this usage amount, provide the dollar impact any over- or under-recovery will have on the average residential customer's bill for the requested recovery period.

RESPONSE

The average residential customer's monthly usage for the 12 months ended April 30, 2012 is 1,298 kWh per month. Based on this usage, the impact of the over-recovery, if the difference had been incorporated into the November 2012 bill, would reduce the average usage residential bill by approximately \$2.21.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

In Case No. 2011-00031³ Kentucky Power proposed to recover costs incurred at several Ohio Power Company plants for polymer, lime hydrate and steam expense through the environmental surcharge. After further review, Kentucky Power withdrew its proposal. In case No. 2012-00273⁴ these same expenses continued to be recovered through the environmental surcharge mechanism for the last six months of the period covered in that review. For the periods under review in this case, it appears these same expenses were also included in Kentucky Power's monthly filings for the billing months of July 2011 through November 2011.

- a. Confirm that Kentucky Power did continue to recover polymer, lime hydrate and steam expense for the billing months of July 2011 through November 2011.
- b. For the periods in this review, provide an analysis, by month, of the dollar amount of any over-recovery of environmental costs due to including lime hydrate, polymer and steam expense in the monthly environmental surcharge filings.

RESPONSE

- a. Confirmed. KPCo continued to recover polymer, lime hydrate and steam expense for the billing months of July 2011 through December 2011.
- b. Please see response and attachment to Item No. 1 of this set of data requests.

WITNESS: Lila P Munsey

³ Case No. 2011-00031 An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Power Company For the Six-Month Billing Period Ending December 31, 2010 (Ky PSC Apr. 16, 2012) Surcharge Mechanism of Kentucky Power Company for the Two-Year Billing Period Ending June 30, 2011, filed July 23, 2012

⁴ Case No 2012-00273 An Examination by the Public Service Commission of the Environmental

Kentucky Power Company

REQUEST

In Case No. 2011-00031, Kentucky Power determined that it had not revised the capacity deficit amount and the company surplus weighting amounts each month on Form 3.14, which resulted in an over-recovery of the environmental surcharge. In Case No. 2012-00273, the same amounts were also not revised during the last six months of that two-year review. During the periods under review in this case, it appears that the capacity deficit amount and the company surplus weighting amounts shown on Form 3.14 were also not revised for the billing months of July 2011 through November 2011.

- a. Confirm that Kentucky Power did not revise the capacity deficit amount and the company surplus weighting amounts for the billing months of July 2011 through November 2011.
- b. For the periods in this review, provide an analysis, by month, of the effect on the environmental surcharge recovered if the capacity deficit amount and the company surplus weighting amounts are revised to the correct amounts.

RESPONSE

- a. KPCo did not revise the capacity deficit amount or the company surplus weighting amounts for the billing months of July 2011 through November 2011; therefore, adjustments to reflect the corrected values for each month have been made.
- b. Please see response and attachment to Item No. 1 of this set of data requests.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

In Case No. 2012-00273, Kentucky Power proposed a revision to its methodology for calculating the cash working capital allowance component of its rate base.

- a. Does Kentucky Power propose to make the same revision for these two review periods?
- b. For the periods in this review, provide an analysis, by month, of the effect on the environmental surcharge recovered if the cash working capital allowance calculation is revised as proposed.

RESPONSE

- a. Yes, KPCo proposes to make the same revision to the cash working capital allowance component for these two review periods.
- b. Please see response and attachment to Item No. 1 of this set of data requests.

WITNESS: Lila P Munsey

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION ON THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY) CASE NO. 2012-00504
POWER COMPANY FOR THE SIX-MONTH)
BILLING PERIODS ENDING DECEMBER 31, 2011)
AND JUNE 30, 2012**

**DIRECT TESTIMONY OF LILA P. MUNSEY
ON BEHALF OF
KENTUCKY POWER COMPANY**

December 28, 2012

VERIFICATION

The undersigned, Lila P. Munsey, being duly sworn, deposes and says she is the Manager, Regulatory Services for Kentucky Power Company, that she has personal knowledge of the matters set forth in the forgoing testimony and the information contained therein is true and correct to the best of her information, knowledge, and belief.

Lila P. Munsey
LILA P. MUNSEY

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2012-00504
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by, Lila P. Munsey, this the 21st day of December 2012.

Judy K. Rasquist
Notary Public

My Commission Expires: *January 23, 2013*

**DIRECT TESTIMONY OF
LILA P. MUNSEY, ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

CASE NO. 2012-00504

I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.**

2 A. My name is Lila P. Munsey. I am Manager of Regulatory Services for Kentucky Power
3 Company (“Kentucky Power, KPCo or Company”) and my business address is 101 A
4 Enterprise Drive, Frankfort, Kentucky 40601.

II. BACKGROUND

5 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
6 **BACKGROUND.**

7 A. I received a Bachelor of Science in Civil Engineering degree from Purdue University,
8 West Lafayette, Indiana, in May 1978 and began my career with Appalachian Power
9 Company (“APCo”) as a Civil Engineer in the Hydroelectric Department. In August
10 1983, I was promoted to the position of Cost Allocation Analyst for APCo where I
11 conducted numerous studies to support retail rate filings and regulatory interactions
12 with the West Virginia and Virginia regulatory commissions. In November 1985, I
13 transferred to the Rate Department of American Electric Power Service Corporation.
14 (“AEPSC”), in Columbus, Ohio, as an Associate Rate Analyst where I developed and
15 supported operating company retail rate filings within AEP’s seven eastern states. I
16 was promoted to Rate Analyst in November 1989, where I developed, supported, and
17 testified in retail filings concerning cost-of-service issues.

1 In January 1998, I moved to the newly-formed transmission pricing group as a
2 Transmission Contracts & Regulatory Specialist for AEP. In this capacity, I prepared
3 AEP's Federal Energy Regulatory Commission ("FERC") transmission rate filings,
4 including transmission cost-of-service studies, rate design, and tariff development in
5 support of the Regional Transmission Organization (RTO) developmental filings and
6 negotiations for the Alliance TransCo and ultimately AEP's entrance into PJM's RTO
7 on October 1, 2004. I also prepared long-term reservation contracts with other utilities,
8 developed a contract management tracking system, provided expertise on AEP's Open
9 Access Transmission Tariff and tariff revisions as necessary, and developed the merger-
10 related FERC filings required for AEP's merger of the operating companies in the
11 seven eastern states with those in the four western states previously known as Central &
12 Southwest (CSW). In June of 2000, I was promoted to Senior Regulatory Consultant in
13 the Transmission and Interconnections Department, which became part of the
14 Regulated Tariffs Department in 2005. In September 2010, I transferred from AEPSC
15 to Kentucky Power where I assumed my current responsibilities and position.

16 **Q. WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH**
17 **KPCO?**

18 A. I supervise and direct Regulatory Services, which has the responsibility for rate and
19 regulatory matters affecting Kentucky Power. This includes the preparation and
20 coordination of the Company's exhibits and testimony in rate cases and any other
21 formal filings before state and federal regulatory bodies. Another responsibility is
22 assuring the proper application of the Company's rates to all classifications of business.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**
2 **COMMISSIONS?**

3 A. Yes. Most recently, I provided written testimony and testified concerning certain
4 environmental surcharge matters in Case No. 2011-00401, which involved an
5 application by Kentucky Power to retrofit Big Sandy Unit 2 with a DFGD Scrubber.
6 Also since joining Kentucky Power, I have testified in connection with Commission
7 reviews of the Company's Fuel Adjustment Clause and Environmental Surcharge
8 filings. Prior to joining the Company I testified before this Commission in Case No.
9 91-066, a base rate case for KPCo. I have also presented testimony for Wheeling
10 Power Company before the West Virginia Public Service Commission, and for
11 Appalachian Power Company before the Commonwealth of Virginia State Corporation
12 Commission.

13 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

14 A. Yes. I am sponsoring Exhibit LPM-1.

III. PURPOSE OF YOUR TESTIMONY

15 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

16 A. The purpose of my testimony is to support the Company's request to refund a total net
17 over-collection of environmental costs during the expense months of May 2011 through
18 April 2012 in the amount of \$704,292. In addition, I testify concerning the
19 reasonableness of the application of the Company's monthly environmental surcharge,
20 as adjusted, during the one-year billing period ending June 30, 2012.

IV. PROPOSED ADJUSTMENTS TO THE

REVIEW PERIOD REVENUES.

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Q. IS THE COMPANY PROPOSING ANY ADJUSTMENTS TO THE REVIEW PERIOD SURCHARGE?

A. Yes. The Company is proposing five adjustments the Company’s environmental surcharge calculations for the review period. The adjustments are for the purpose of correcting:

- An over-collection of expenses related to the pool capacity charge;
- An over-collection of polymer, lime hydrate, and stream expenses;
- An under-collection of the return on Kentucky Power’s monthly cash working capital;
- An under-collection of expenses related to the Company’s portion of the Indiana Air Emission Fee for the Rockport plant; and
- An under-collection of Rockport-related costs as a result of the Company’s failure to recognize the expiration of the Carolina Light & Power unit power agreement.

Q. HOW DID THE COMPANY DISCOVER THE PROPOSED ADJUSTMENTS?

A. In a previous six-month review, Case No. 2011-00031, the Company discovered that it had over-collected the expenses related to the pool capacity charge paid through the Interconnection Agreement on ES Form 3.14, as well as polymer, lime hydrate, and steam expenses. Revisions were made to the six months being considered in that review and it was discussed that similar revisions would be required in subsequent review periods.

1 During Kentucky Power's review of its monthly environmental filings for the
2 two-year period under review in Case No. 2012-00273, the Company discovered the
3 following:

- 4 ▪ the working capital cash component was understated at the Big Sandy Plant (ES
5 FORM 3.10);
- 6 ▪ Kentucky Power's portion of the Indiana Emission Fee at the Rockport Plant (ES
7 FORM 3.13) was omitted from the working capital cash calculation; and
- 8 ▪ the pool percentage of Rockport plant (ES FORM 3.14 page 10) was understated by
9 failing to recognize that the Indiana and Michigan Company unit power sale ended
10 December 31, 2009.

11 The net impact of these revisions for the one-year period under review in this case
12 resulted an over-collection of \$704,292 to be refunded to customers.

13 A. Pool Capacity Charge.

14 **Q. PLEASE DESCRIBE THE OVER-STATEMENT OF THE POOL CAPACITY**
15 **CHARGE?**

16 A. The expenses related to the pool capacity charge are calculated using Kentucky Power's
17 capacity deficit under the Interconnection Agreement. This deficit, expressed as a
18 percentage, is incorporated into pages 3 through 11 of ES Form 3.14. The portion of
19 the pool costs that were used to serve Kentucky Power customers should be recovered
20 through the environmental surcharge, but no more. The capacity deficit numbers were
21 inadvertently not updated in the filings for expense months May 2011 through
22 September 2011. (The correct capacity deficit percentage was used for the final six
23 months of the review period.) As a result, the first five months should be revised in this

1 review. Adjusting the pool capacity deficit percentage yields an over-statement during
2 the first five months of this one-year review period of \$846,419. Copies of the revised
3 pages for the five months involved have been attached to the Company's response to
4 the Staff's First Set of Data Requests Item No. 1, pages 4 through 77.

5 B. Lime Hydrate, Polymer, And Steam Expense.

6 **Q: PLEASE EXPLAIN THE OVER-RECOVERY OF THE LIME HYDRATE,**
7 **POLYMER, AND STEAM EXPENSE.**

8 A: First, let me explain how the surcharge amount is calculated. The environmental
9 surcharge permits the recovery of those expenses incurred in connection with projects
10 that are part of the Company's approved environmental compliance plan *and* that are
11 above the Base Period Revenue Requirement ("BRR") established in the Company's
12 last base rate case. In Kentucky Power's most recent base rate case filing, Case No.
13 2009-00459, all of the appropriate environmental costs were included and the BRR was
14 adjusted to reflect the monthly amounts in the base rates. That is, the BRR represents
15 the amount of the approved environmental costs that are already included in Kentucky
16 Power's base rates.

17 In each Kentucky Power monthly environmental surcharge filing, the monthly
18 expenses are compared to the specific monthly BRR and if the expenses are greater than
19 the BRR for that specific month, the customers will be billed an additional
20 environmental surcharge amount. However, if the BRR is larger than the monthly
21 environmental expenses, the customers will see a credit to their bill. The monthly BRR
22 amounts, as set in Case No. 2009-00459 dated June 28, 2010, are contained in the
23 Company's Tariff Sheet No. 29-1.

1 **Q: DO THE COMPANY'S BASE RATES INCLUDE SOME LEVEL OF LIME**
2 **HYDRATE, POLYMER, AND STEAM EXPENSE?**

3 A: Yes. The 2009 rate case test year levels of lime hydrate, polymer, and steam expenses
4 currently are being recovered through the base rates.

5 **Q: IS THE COMPANY ENTITLED TO RECOVER LIME HYDRATE, POLYMER,**
6 **AND STEAM EXPENSE?**

7 A: Yes. But to do so, the amount of these expenses included in base rates would first have
8 to be determined.

9 **Q: DID THE COMPANY MAKE THIS CALCULATION BEFORE INCLUDING**
10 **THE FULL AMOUNT OF THESE ITEMS IN THE MAY 2011 THROUGH**
11 **APRIL 2012 EXPENSE MONTH FILINGS?**

12 A: No. As a result there was an over-recovery with respect to those filings. Because these
13 line items were not separately broken out during the review period and the data is not
14 readily available, the Company has elected for the purpose of this review not to make
15 that calculation. As a result, Kentucky Power is removing for purposes of this one-year
16 review the lime hydrate, polymer, and steam expense for the affected filings. This
17 decision is without prejudice to the Company subsequently making the calculation and
18 amending the BRR with respect to future review periods. Before doing so, the
19 Company will notify the Commission and provide it with the appropriate calculation.

20 **Q: BY WHAT AMOUNT WERE LIME HYDRATE, POLYMER AND STEAM**
21 **EXPENSES OVERSTATED DURING THE REVIEW PERIOD?**

22 A: The recalculation of the six months affected (expense months May 2011 through
23 October 2011) indicates an over-recovery of \$67,255.

C. Cash Working Capital

1 **Q. WOULD YOU PLEASE DESCRIBE THE UNDER-STATEMENT OF BIG**
2 **SANDY WORKING CAPITAL CASH?**

3 A. Yes. Under the Commission's orders, the Company is entitled to a 10.5% return on its
4 equity, including its monthly cash working capital. Because of a computational error
5 during the review period, the Company recovered only one-twelfth of that amount.

6 **Q. PLEASE DESCRIBE THE NATURE OF THE COMPUTATIONAL ERROR.**

7 A. The Cash Working Capital Allowance derived on line 13 of ES Form 3.13 is a monthly
8 amount which is then brought over to ES Form 3.10 line 7. This monthly amount was
9 then added to the amounts reported on lines 4 through 6 of ES Form 3.10, which are not
10 monthly amounts, and reported on line 8 of Form 3.10 as the Total Rate Base. The
11 Total Rate Base Amount reported on Line 8 of Form 3.10 is then multiplied by the
12 Monthly Weighted Average Cost Of Capital to calculate the Monthly Return On Rate
13 Base. (The Monthly Weighted Average Cost Of Capital is calculated on line 11 of
14 Form 3.10 by dividing the Weighted Average Cost Of Capital of 10.5% by 12.) Because
15 the Cash Working Capital Allowance derived on Line 13 of Form 3.13 is a *monthly*
16 amount, the effect of multiplying that portion of the Total Rate Base by the *monthly*
17 Weighted Average Cost Of Capital is to provide Kentucky Power with only one-twelfth
18 of its authorized return on Cash Working Capital Allowance.

19 **Q. HOW DOES KENTUCKY POWER PROPOSE TO ADDRESS THIS**
20 **COMPUTATIONAL ERROR?**

21 A. There are at least two ways to do so. The Company could multiply by 12 the monthly
22 Cash Working Capital Allowance derived on Line 13 of ES Form 3.13 before reporting

1 it on Line 7 of Form 3.10. This annualized monthly amount could then appropriately be
2 multiplied by the Monthly Weighted Average Cost Of Capital to yield the monthly
3 return on the Company's Big Sandy Cash Working Capital Allowance portion of the
4 rate base. Alternatively, the company could compute and report on Line 13 of Form
5 3.13 the sum of the current month's Big Sandy Cash Working Capital Allowance plus
6 the Cash Working Capital Allowance for the trailing eleven-month period. This
7 annualized amount would then be reported on Line 7 of ES Form 3.10 and, after being
8 added to the amounts reported on lines 4 through 6 of ES Form 3.10 to calculate the
9 Total Rate Base reported on Line 8 of Form ES 3.10, appropriately multiplied by the
10 Monthly Weighted Average Cost Of Capital reported on line 10 of ES Form 3.10.

11 **Q. DOES THE COMPANY HAVE A RECOMMENDATION OF WHICH**
12 **METHOD TO USE?**

13 A. Yes. Kentucky Power recommends that it use the second method described above. It is
14 both reasonable and was used in Case No. 2012-00273.

15 **Q. WHY IS THE RECOMMENDED METHOD REASONABLE?**

16 A. There are two reasons. Using the sum of the current month's Big Sandy Cash Working
17 Capital Allowance plus the Cash Working Capital Allowance for the trailing eleven
18 month period will smooth out monthly variations in the Big Sandy Cash Working
19 Capital Allowance. Second, the second alternative is used by at least three other
20 Kentucky jurisdictional utilities and thus would provide consistency in treatment across
21 the Commonwealth.

22 **Q. HAS THE COMPANY MADE THE SUGGESTED RE-CALCULATIONS?**

1 A. Yes. Please see the Company's response to the Staff's First Set of Data Requests Item
2 No. 1, pages 4 through 117, for the amended ES Form 3.13 and ES Forms 3.10 and
3 pages 2 and 3 for the monthly differences for the proposed revisions to the calculation
4 of the return on the Big Sandy Working Capital Cash for the review period.

5 **Q. WHAT WAS THE EFFECT OF THE COMPUTATIONAL ERROR WITH**
6 **RESPECT TO THE MONTHLY RETURN ON THE COMPANY'S BIG SANDY**
7 **CASH WORKING CAPITAL ALLOWANCE?**

8 A. It understated the Return on Rate Base by \$209,382 during the review period.

9 D. Indiana Air Permit Expense.

10 **Q. PLEASE DESCRIBE THE UNDER-STATEMENT OF KENTUCKY POWER'S**
11 **PORTION OF THE INDIANA AIR EMISSION FEE FOR ROCKPORT?**

12 A. ES Form 3.20, line 11, column 4, contains the monthly Indiana Air Emissions Fee
13 operating expense for Rockport Plant. Kentucky Power is responsible for 15% of the
14 operating costs of Rockport plant, and through its unit power agreement it receives 15%
15 of the Rockport generation. However, on ES Form 3.13, the 15% of the Indiana Air
16 Emission Fee for Rockport of \$2,344 is not included in the Total Monthly O&M
17 Expenses. An additional line, numbered 13, should be added and the amount included
18 in the calculation of the total monthly O&M Expenses on the new line 14, which is
19 divided by 8 to calculate the monthly working capital cash. Please see the Company's
20 response to the Staff's First Set of Data Requests Item No. 1, pages 4 through 117, for
21 the revised Forms ES 3-13. The summary of the monthly differences for the pool
22 Indiana Air Emissions Fee operating expense revision for Rockport Plant are equal to

1 1/8th of the monthly amount of \$2,344, or \$293 per month over the 12-month period for
2 a total of \$3,516.

3 E. Readjustment Of Rockport Costs To Reflect Expiration Of A Unit Power Agreement.

4 **Q. WOULD YOU PLEASE DESCRIBE THE UNDER-STATEMENT OF THE**
5 **ROCKPORT COSTS THAT RESULTED FROM THE COMPANY'S FAILURE**
6 **TO REFLECT THE EXPIRATION OF THE THE UNIT POWER**
7 **AGREEMENT THAT ENDED DECEMBER 31, 2009?**

8 A. Yes. On line 12 of ES Form 3.14, page 10, the Rockport Unit 2 costs are multiplied by
9 a percentage to derive the amount that is pool related and thus recoverable through the
10 environmental surcharge. In the past, 65.08% has been utilized as Indiana Michigan
11 Power Company's percentage ownership because 19.92% of the plant had been sold
12 through a unit power agreement with Carolina Power & Light Company. That
13 agreement expired December 31, 2009, and the corresponding percentage of Rockport
14 Unit 2 that was available to Indiana Michigan Power Company, and hence the pool,
15 became 85% at that time. Accordingly, line 12 of ES Form 3.14, page 10, should be
16 revised for the expense months of May 2011 through April 2012 to reflect the increase
17 in Indiana Michigan Power Company's ownership as a result of the expiration of the
18 unit power agreement. Please see the Company's response to the Staff's First Set of
19 Data Requests Item No. 1, pages 4 through 117, for the revised page 10 of Forms ES 3-
20 14. No difference was calculated as a result of the change in Indiana Michigan Power
21 Company's percentage ownership of Rockport Unit 2.

1 F. Calculation Of Net Adjustment.

2 **Q. HAS THE COMPANY RE-CALCULATED ITS ENVIRONMENTAL**
3 **SURCHARGE FILINGS TO REFLECT THESE ADJUSTMENTS?**

4 A. Yes. Please see the Company's response to Item No. 1 of the Commission Staff's First
5 Data Request, pages 2 through 117, for the revised environmental surcharge
6 calculations for the 12 expense months being reviewed, May 2011 through April 2012,
7 reflecting the above revisions.

8 **Q. WHAT IS THE FINAL RESULT?**

9 A. When ES Form 3.10 line 7, ES Form 3.13 line 12, ES Form 3.14 page 10 line 12, and
10 the capacity corrections on various lines of pages 3 through 11 of ES Form 3.14 are
11 revised and carried forward to the other affected forms, the monthly total results can be
12 found on Exhibit LPM-1. Also see the Company's response to Commission Staff's
13 First Set of Data Requests Item No. 1, pages 2 and 3, which is a summary showing each
14 of the two six-month periods. It also demonstrates that when the revisions are made to
15 expense months May 2011 through April 2012, the total net over-collection was
16 \$704,292 for the one-year review period ending April 2012.

17 **V. THE ADJUSTED SURCHARGE IS FAIR, JUST AND REASONABLE.**

18 **Q. HAS THE COMPANY RESPONDED TO THE COMMISSION STAFF'S**
19 **ELEVEN DATA REQUESTS, INCLUDING SUB-PARTS, PROPOUNDED IN**
20 **APPENDIX B OF THE NOVEMBER 30, 2012, ORDER IN THIS CASE?**

21 A. Yes, the responses are being filed in addition to my filed testimony.

22 **Q. DOES THE COMPANY HAVE ANY ADDITIONAL ADJUSTMENTS TO**
23 **PROPOSE?**

1 A. No.

2 **Q. AS ADJUSTED, WERE THE RATES CHARGED THROUGH THE**
3 **ENVIRONMENTAL SURCHARGE DURING THE REVIEW PERIOD FAIR,**
4 **JUST AND REASONABLE?**

5 A. Yes. With the proposed adjustment, the Company's customers will have paid through
6 the review period ended June 30, 2012, for the expense months ended April 30, 2012,
7 the full costs that are recoverable through the environmental surcharge, but no more.

VI. CONCLUSION

8 **Q. WHAT ACTION IS THE COMPANY REQUESTING THE COMMISSION**
9 **TAKE IN THIS PROCEEDING?**

10 A. Kentucky Power Company respectfully requests the Commission issue an Order
11 permitting the Company to refund the total over-collection of environmental costs in
12 the amount of \$704,292.

13 **Q. HOW DOES THE COMPANY PROPOSE TO REFUND THE TOTAL NET**
14 **OVER-COLLECTION?**

15 A. The Company proposes a one-time adjustment to the Company's first monthly
16 environmental surcharge filing following the Commission's Order in this proceeding.
17 The company suggests inserting a line between lines 5 and 6 on ES Form 1.00 in which
18 the \$704,292 over-collection amount would be subtracted from line 5.

19 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

20 A. Yes.

KPSC Case No. 2012-00504
Kentucky Power Company
Final Results of Proposed Revisions
for 1-year Review Period Ended June 2012

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 117
	As Originally Filed	As Approved or Proposed for Capacity & Removal of Expenses *	As Proposed for Working Capital Cash				
(1)	(2)	(3)	(4)	(5)=(3)-(2)	(6)=(4)-(2)-(5)	(7)=(5)+(6)	(8)
May-11	1,562,795	1,503,986	1,522,519	(58,809)	18,533	(40,276)	Page 4 of 117
June-11	1,374,680	1,326,989	1,345,277	(47,691)	18,288	(29,403)	Page 19 of 117
July-11	152,275	97,981	115,802	(54,294)	17,821	(36,473)	Page 34 of 117
August-11	(85,246)	(381,533)	(363,274)	(296,287)	18,259	(278,028)	Page 49 of 117
September-11	228,179	(216,469)	(197,645)	(444,648)	18,824	(425,824)	Page 64 of 117
October-11	398,555	386,610	404,447	(11,945)	17,837	5,892	Page 79 of 117
November-11	720,452	-	739,139	-	18,687	18,687	Page 94 of 117
December-11	470,228	-	487,232	-	17,004	17,004	Page 98 of 117
January-12	(749,888)	-	(731,328)	-	18,560	18,560	Page 102 of 117
February-12	(221,016)	-	(204,138)	-	16,878	16,878	Page 106 of 117
March-12	(1,244,461)	-	(1,228,449)	-	16,012	16,012	Page 110 of 117
April-12	(529,561)	-	(516,882)	-	12,679	12,679	Page 114 of 117
Total Under (Over) Collection				\$ (913,674)	\$ 209,382	\$ (704,292)	

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