

10/11/13  
10:47:00  
10/11/13

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE**  
**PUBLIC SERVICE COMMISSION OF KENTUCKY**

**IN THE MATTER OF:**

**APPLICATION OF KENTUCKY POWER COMPANY )**  
**FOR ADJUSTMENT OF ELECTRIC RATES ) CASE NO. 2013-00197**

**KENTUCKY POWER COMPANY RESPONSE TO**  
**KIUC FIRST SET OF DATA REQUESTS**

**September 11, 2013**

VERIFICATION

Dr. William E. Avera being duly sworn deposes and says he is the President of FINCAP, Inc., and that he has personal knowledge of the matters set forth in the forgoing data requests and the information contained therein is true and correct to the best of his information, knowledge, and belief.

*William E. Avera*

Dr. William E. Avera

STATE OF TEXAS

)

) CASE NO. 2013-00197

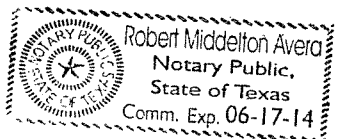
COUNTY OF HAYS

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by, Dr. William E. Avera this 10 day of September 2013.

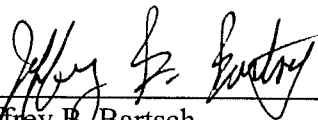
Notary Public

My Commission Expires: \_\_\_\_\_



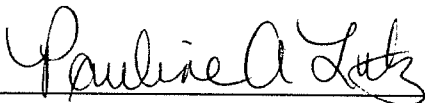
VERIFICATION

The undersigned, Jeffrey B. Bartsch, being duly sworn, deposes and says he is the Director, Tax Accounting and Regulatory Services for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses for which he is identified as the witness and the information contained therein is true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
Jeffrey B. Bartsch

STATE OF OHIO )  
 ) Case No. 2013-00197  
County of FRANKLIN )

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jeffrey B. Bartsch, this the 3rd day of September, 2013.

  
\_\_\_\_\_  
Notary Public

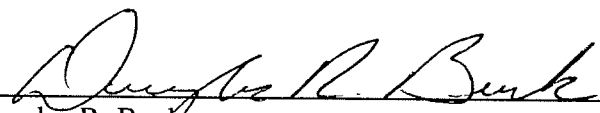
My Commission Expires: \_\_\_\_\_



PAULINE A LUTZ  
NOTARY PUBLIC - OHIO  
MY COMM. EXP. 9-12-16

**VERIFICATION**

The undersigned, Douglas R. Buck, being duly sworn, deposes and says he is Senior Regulatory Consultant for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.

  
 \_\_\_\_\_  
 Douglas R. Buck

STATE OF OHIO )  
 ) Case No. 2013-00197  
 County of FRANKLIN )

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Douglas R. Buck, this the 29<sup>th</sup> day of August, 2013.

  
 \_\_\_\_\_  
 Notary Public

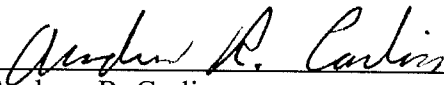
My Commission Expires May 11<sup>th</sup>, 2016



ELLEN A. MCANINCH  
 NOTARY PUBLIC  
 STATE OF OHIO  
 Recorded in  
 Franklin County  
 My Comm. Exp. 5/11/16

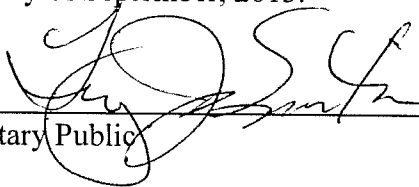
**VERIFICATION**

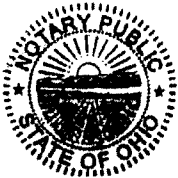
The undersigned, Andrew R. Carlin, being duly sworn, deposes and says he is the Director, Compensation and Executive Benefits for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses for which he is identified as the witness and the information contained therein is true and correct to the best of his information, knowledge and belief.

  
 \_\_\_\_\_  
 Andrew R. Carlin

STATE OF OHIO )  
 ) Case No. 2013-00197  
 County of FRANKLIN )

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Andrew R. Carlin, this the 4th day of September, 2013.

  
 \_\_\_\_\_  
 Notary Public



Terry Jo Smith  
 Notary Public-State of Ohio  
 My Commission Expires  
 February 27, 2017

My Commission Expires: 2-27-17

**VERIFICATION**

The undersigned, David A. Davis, being duly sworn, deposes and says he is the Manager, Property Accounting Policy and Research that he has personal knowledge of the matters set forth in the forgoing responses for which he is identified as the witness contained therein is true and correct to the best of his information, knowledge and belief.

*David A. Davis*

\_\_\_\_\_  
David A. Davis

STATE OF OHIO

)

) Case No. 2013-00197

County of FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by David A. Davis, this the 6<sup>th</sup> day of September, 2013.

*Kathy L Messer*

\_\_\_\_\_  
Notary Public

My Commission Expires: Aug 18, 2017

**VERIFICATION**

The undersigned, Thomas E. Mitchell, being duly sworn, deposes and says he is Managing Director, Regulatory Accounting Services for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
Thomas E. Mitchell

STATE OF OHIO

)

) Case No. 2013-00197

County of FRANKLIN

)

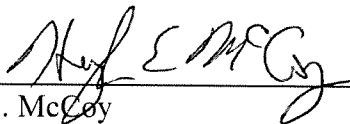
Subscribed and sworn to before me, a Notary Public in and before said County and State, by Thomas E. Mitchell, this the 6<sup>th</sup> day of September, 2013.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: Aug 18, 2017

**VERIFICATION**

The undersigned, Hugh E. McCoy, being duly sworn, deposes and says he is the Director, Accounting Policy and Research for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth set forth in the forgoing responses for which he is identified as the witness and information contained therein is true and correct to the best of his information, knowledge and belief.



\_\_\_\_\_  
Hugh E. McCoy

STATE OF OHIO

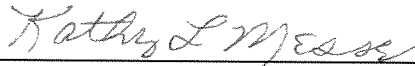
)

) Case No. 2013-00197

County of FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Hugh E. McCoy, this the 6<sup>th</sup> day of September, 2013.



\_\_\_\_\_  
Notary Public

My Commission Expires: Aug 18, 2017



**VERIFICATION**

The undersigned, Lila P. Munsey, being duly sworn, deposes and says she is the Manager, Regulatory Services for Kentucky Power, that she has personal knowledge of the matters set forth in the forgoing responses for which she is the identified witness and that 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. 2013-00197  
COUNTY OF FRANKLIN )

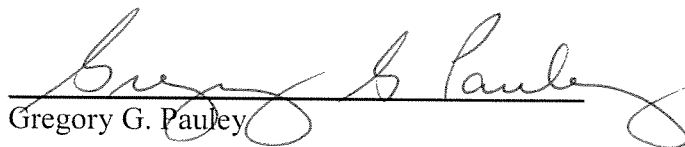
Subscribed and sworn to before me, a Notary Public in and before said County and State, by Lila P. Munsey, this 9th day of September 2013.

Judy K. Pasquini 481393  
Notary Public

My Commission Expires: January 23, 2017

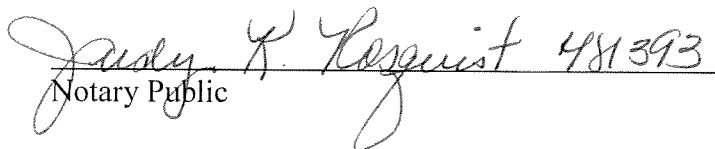
**VERIFICATION**

The undersigned, Gregory G. Pauley, being duly sworn, deposes and says he is the President and Chief Operating Officer for Kentucky Power Company, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief

  
Gregory G. Pauley

COMMONWEALTH OF KENTUCKY )  
 ) Case No. 2013-00197  
COUNTY OF FRANKLIN )


Subscribed and sworn to before me, a Notary Public in and before said County and State, by Gregory G. Pauley, this the 9th day of September 2013.

  
Judy K. Rozquist 481393  
Notary Public

My Commission Expires: January 23, 2017

**VERIFICATION**

The undersigned, Marc D. Reitter, being duly sworn, deposes and says he is the Director, Corporate Finance for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
Marc D. Reitter

STATE OF OHIO )  
County of FRANKLIN ) Case No. 2013-00197  
)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Marc D. Reitter, this the 4<sup>th</sup> day of September, 2013.



JOSEPHINE CONER  
Notary Public, State of Ohio  
My Commission Expires 09-20-16

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 09/20/2016

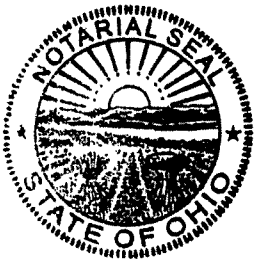
**VERIFICATION**

The undersigned, Jason M. Stegall, being duly sworn, deposes and says he is the a Regulatory Consultant for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing response and the information contained therein is true and correct to the best of his information, knowledge and belief.

Jason M. Stegall  
Jason M. Stegall

STATE OF OHIO )  
 ) Case No. 2013-00197  
County of FRANKLIN )

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jason M. Stegall, this the 4<sup>th</sup> day of September, 2013.



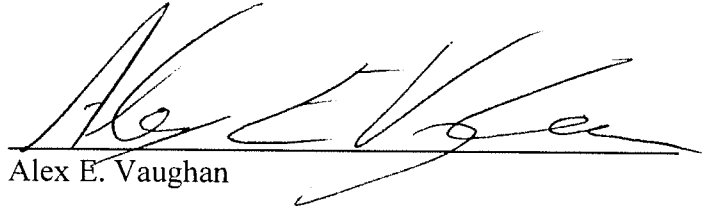
**Cheryl L. Strawser**  
Notary Public, State of Ohio  
My Commission Expires 10-01-2016

Cheryl L. Strawser  
Notary Public

My Commission Expires: October 1, 2016

VERIFICATION

The undersigned, Alex E. Vaughan, being duly sworn, deposes and says he is the Manager, Regulatory Pricing and Analysis that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.

  
Alex E. Vaughan

STATE OF OHIO )  
County of FRANKLIN ) Case No. 2013-00197

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Alex E. Vaughan, this the 10<sup>th</sup> day of September, 2013.

  
Notary Public


My Commission Expires May 11<sup>th</sup>, 2016



ELLEN A. MCANINCH  
NOTARY PUBLIC  
STATE OF OHIO  
Recorded in  
Franklin County  
My Comm. Exp. 5/11/16

**VERIFICATION**

The undersigned, Ranie K. Wohnhas, being duly sworn, deposes and says he is the Managing Director Regulatory and Finance for Kentucky Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge, and belief

  
 \_\_\_\_\_  
 Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY     )  
    ) Case No. 2013-00144  
 COUNTY OF FRANKLIN                     )

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 9<sup>th</sup> day of September 2013.

  
 \_\_\_\_\_  
 Notary Public

My Commission Expires: January 23, 2017

**Kentucky Power Company**

**REQUEST**

Please provide a copy of all workpapers and schedules used in the preparation of the Company's filing in electronic format with all cell formulas intact and no pasted in values. In addition, please provide all supporting documents and workpapers used to develop input amounts on the primary workpapers and schedules.

**RESPONSE**

Please see enclosed CD.

**WITNESS:** Jeffrey B. Bartsch / Douglas R. Buck / Andrew R. Carlin / David A. Davis / Thomas E. Mitchell / Hugh E. McCoy / Lila P. Munsey / Marc D. Reitter / Jason M. Stegall / Alex E. Vaughn / Ranie K. Wohnhas





**Kentucky Power Company**

**REQUEST**

Please quantify the Mitchell revenue requirement as a separate component of the Company's request. Provide all assumptions, computations and workpapers, including electronic spreadsheets with formulas intact.

**RESPONSE**

See KIUC 1-2 Attachment 1 on the enclosed CD for the test year Mitchell expenses and return requirement. These figures are calculated based on 50% of Mitchell plant and are exclusive of other rate making adjustments.

**WITNESS:** Ranie K Wohnhas



## Kentucky Power Company

### REQUEST

Refer to pages 9-11 of Mr. Bartsch's Direct Testimony wherein he describes the accounting for the post-retirement prescription drug benefits and the federal tax treatment of those benefits.

- a. Please provide the monthly accounting journal entries (accounts and amounts) for the PRB drug benefit expense, current tax expense, deferred tax expense, amortization expense, deferred tax asset, contra-liability, and regulatory asset accounts starting with the month prior to the date at which the Company "created a contraliability account to record the expected subsidy related to the accrued in the PRB account described above" and extending through the most recent month for which actual information is available.
- b. Please provide the dates and the amounts when "the increase in the contra liability account was included as a reduction to the PRB accruals included in cost of service." More specifically, for each base rate proceeding that was affected, please identify the Case number, the effective date of the rates that were set after a final order in that case, and the amount of the reduction to the PRB accruals included in cost of service on an annual basis starting on the effective date. Please provide a copy of the relevant pages of the Company's filing and/or the Commission order used to determine the amount of the reduction reflected in the Company's revenue requirement in each case.
- c. Please provide the monthly savings in PRB expense since the Company switched to the EGWP.
- d. Please indicate if the Company had a deferred gain or a reduction in the PRB liability from the switch to the EGWP and whether it is amortizing that gain.
- e. Please provide all accounting journal entries (by account and amount) the Company made to implement the switch to the EGWP, including the termination of the Medicare Part D plan.

RESPONSE

- a. The accounting for postretirement benefit (OPEB) cost under FAS 106 provides for the recording of the various components of postretirement benefit cost as one net amount each month. As such, there is no separate journal entry for the prescription drug portion of postretirement benefits cost. The only exception has been that the Medicare subsidy effect was recorded separately so that its different income tax effect could be tracked properly. The requested monthly amounts recorded for total postretirement benefits cost beginning shortly before the first recoding of the Medicare subsidy are included on the schedule on KIUC 1-3 Attachment 1. In addition, there is no separate tax journal entry for each individual postretirement benefit cost item. Tax journal entries are prepared monthly on a summary level based on pretax book income and related Schedule M activity. ADFIT balances are maintained in the tax provision system for each separate book/tax difference.
- b. The Company's net postretirement benefit cost (including the effect of the Medicare subsidy as a cost reduction) as shown in part a. above was included in the Company's base rate filings in Case No. 2005-00341 and Case No. 2009-00459. Although both cases were settled with no mention of postretirement benefits cost, the net postretirement benefit cost amount included in the Company's filing, which includes the effect of the Medicare subsidy, is shown on each case's filed OPEB cost adjustment workpaper included on KIUC 1-3 Attachment 2. For Case No. 2005-00341, Section V, Workpaper S-4, Page 4 shows on Lines 16 through 18 the total net OPEB cost of \$2,552,060 for the twelve months ended June 30, 2005 and \$2,204,016 for the calendar year 2005. For Case No. 2009-00459, Section V, Workpaper S-4, Page 25 shows on Lines 4 through 6 the total net OPEB cost of \$2,816,329 for the twelve months ended September 30, 2009 and \$3,232,186 for the calendar year 2009. These amounts agree (with only minor rounding differences) with the combined net total for each time period of the regular postretirement benefits recorded in Account 9260021 and the Medicare subsidy recorded in Account 9260057 as shown in the first two columns of KIUC 1-3 Attachment 1 in part a. above.
- c. The switch to EGWP reduced the Company's postretirement benefits cost as shown in the answer to part a. above by approximately \$50 thousand per month.
- d. Yes, the switch to EGWP created a reduced benefit obligation that was treated as a deferred gain that is being amortized to reduce postretirement benefit cost over about 12 years. Witness McCoy addresses this on page 17 of his direct testimony, beginning at line 12.

- e. The accounting for postretirement benefit cost under FAS 106 provides for the recording of the various components of postretirement benefit cost as one net amount each month. The only exception has been that the Medicare subsidy effect was recorded separately so that its different income tax effect could be tracked properly. As such, the effects of the switch to EGWP did not create any separate journal entries but instead were included in the amounts already provided in part a. above. In addition, there is no separate tax journal entry for each individual postretirement benefit cost item. Tax journal entries are prepared monthly on a summary level based on pretax book income and related Schedule M activity. ADFIT balances are maintained in the tax provision system for each separate book/tax difference.

WITNESS: Jeffrey B Bartsch & Hugh E McCoy

Kentucky Power Company  
 FAS 106 Postretirement Benefit Cost Entries - Debit / (Credit)  
 Since January 2004, Shortly Before First Medicare Subsidy Entry

	Book Expense Entries			PRB Regulatory Asset Entries		Tax Journal Entries					
	Regular Accrual	Medicare Subsidy	Accrued Liability	Amortization	PRB Reg. Asset	Current FIT Expense	Accrued Taxes	Deferred FIT Expense	Accum DFIT	SFAS 109 Reg Asset	SFAS 109 Accum DFIT
	9260021	9260057	2285003	9260060	1823299	4091001	2361001	4101001/4102001	1901001/2831001	1823001	1903001/2833001
Jan-04	318,914	0	(318,914)	0	0	(120,479)	120,479	8,859	(8,859)	0	0
Feb-04	318,914	0	(318,914)	0	0	(120,479)	120,479	8,859	(8,859)	0	0
Mar-04	304,278	(120,554)	(183,724)	0	0	(120,479)	120,479	13,982	(13,982)	0	0
Apr-04	304,278	0	(304,278)	0	0	(101,836)	101,836	(4,661)	4,661	0	0
May-04	275,006	0	(275,006)	0	0	(101,836)	101,836	5,584	(5,584)	0	0
Jun-04	304,278	(120,555)	(183,723)	0	0	(101,837)	101,837	(4,661)	4,661	0	0
Jul-04	304,278	(74,807)	(229,471)	0	0	(101,836)	101,836	(4,661)	4,661	0	0
Aug-04	304,278	(74,807)	(229,471)	0	0	(56,240)	56,240	(50,258)	50,258	0	0
Sep-04	304,278	(74,807)	(229,471)	0	0	(56,240)	56,240	(50,258)	50,258	0	0
Oct-04	304,278	(74,807)	(229,471)	0	0	(56,239)	56,239	(50,258)	50,258	0	0
Nov-04	304,278	(74,807)	(229,471)	0	0	(56,239)	56,239	(50,258)	50,258	0	0
Dec-04	304,278	(74,813)	(229,465)	0	0	(62,294)	62,294	(44,203)	44,203	0	0
	<u>3,651,336</u>	<u>(689,958)</u>	<u>(2,961,378)</u>	<u>0</u>	<u>0</u>	<u>(1,056,034)</u>	<u>1,056,034</u>	<u>(221,934)</u>	<u>221,934</u>	<u>0</u>	<u>0</u>
Jan-05	294,490	(53,897)	(240,593)	0	0	(103,072)	103,072	0	0	0	0
Feb-05	294,490	(53,897)	(240,593)	0	0	(103,072)	103,072	0	0	0	0
Mar-05	195,898	(74,837)	(121,061)	0	0	(68,564)	68,564	0	0	0	0
Apr-05	261,627	(60,852)	(200,775)	0	0	(91,569)	91,569	0	0	0	0
May-05	261,627	(60,871)	(200,756)	0	0	(91,569)	91,569	0	0	0	0
Jun-05	261,627	(90,165)	(171,462)	0	0	(91,569)	91,569	0	0	0	0
Jul-05	261,627	(90,165)	(171,462)	0	0	(91,569)	91,569	0	0	0	0
Aug-05	261,627	(90,165)	(171,462)	0	0	(91,569)	91,569	0	0	0	0
Sep-05	261,627	(90,165)	(171,462)	0	0	(91,569)	91,569	0	0	0	0
Oct-05	261,627	(90,165)	(171,462)	0	0	(232,467)	232,467	140,898	(140,898)	0	0
Nov-05	261,627	(90,165)	(171,462)	0	0	(92,066)	92,066	496	(496)	0	0
Dec-05	261,627	(90,165)	(171,462)	0	0	344,684	(344,684)	(358,273)	358,273	0	0
	<u>3,139,521</u>	<u>(935,509)</u>	<u>(2,204,012)</u>	<u>0</u>	<u>0</u>	<u>(803,971)</u>	<u>803,971</u>	<u>(216,879)</u>	<u>216,879</u>	<u>0</u>	<u>0</u>
Jan-06	241,537	(76,276)	(165,262)	0	0	(59,485)	59,485	(25,054)	25,054	0	0
Feb-06	241,537	(76,276)	(165,262)	0	0	(59,485)	59,485	(25,054)	25,054	0	0
Mar-06	265,481	(83,466)	(182,014)	0	0	(59,484)	59,484	(33,434)	33,434	0	0
Apr-06	249,518	(78,672)	(170,846)	0	0	(58,224)	58,224	(29,107)	29,107	0	0
May-06	249,518	(78,672)	(170,846)	0	0	(60,110)	60,110	(27,222)	27,222	0	0
Jun-06	249,518	(78,672)	(170,846)	0	0	(60,110)	60,110	(27,222)	27,222	0	0
Jul-06	249,518	(78,672)	(170,846)	0	0	(60,110)	60,110	(27,222)	27,222	0	0
Aug-06	249,518	(78,672)	(170,846)	0	0	(60,110)	60,110	(27,222)	27,222	0	0
Sep-06	249,518	(78,672)	(170,846)	0	0	(60,110)	60,110	(27,222)	27,222	0	0
Oct-06	249,518	(78,672)	(170,846)	0	0	(60,110)	60,110	(27,222)	27,222	0	0
Nov-06	249,518	(78,672)	(170,846)	0	0	603,350	(603,350)	(690,682)	690,682	0	0
Dec-06	249,518	(78,672)	(170,846)	0	0	(60,110)	60,110	(1,490)	1,490	0	0
	<u>2,994,221</u>	<u>(944,069)</u>	<u>(2,050,152)</u>	<u>0</u>	<u>0</u>	<u>(54,098)</u>	<u>54,098</u>	<u>(968,153)</u>	<u>968,153</u>	<u>0</u>	<u>0</u>
Jan-07	207,250	(78,083)	(129,167)	0	0	(57,165)	57,165	(13,246)	13,246	0	0
Feb-07	227,667	(80,917)	(146,750)	0	0	(57,644)	57,644	(19,836)	19,836	0	0
Mar-07	227,833	(77,250)	(150,583)	0	0	(57,741)	57,741	(19,899)	19,899	0	0
Apr-07	220,917	(78,750)	(142,167)	0	0	(46,581)	46,581	(28,596)	28,596	0	0
May-07	220,917	(78,750)	(142,167)	0	0	(46,581)	46,581	(28,596)	28,596	0	0
Jun-07	220,747	(79,049)	(141,698)	0	0	(46,572)	46,572	(28,541)	28,541	0	0
Jul-07	220,917	(78,750)	(142,167)	0	0	(44,225)	44,225	(30,952)	30,952	0	0
Aug-07	220,917	(78,750)	(142,167)	0	0	(75,584)	75,584	407	(407)	0	0
Sep-07	220,917	(78,750)	(142,167)	0	0	(54,778)	54,778	(20,399)	20,399	0	0
Oct-07	220,917	(78,750)	(142,167)	0	0	(46,825)	46,825	(28,352)	28,352	0	0
Nov-07	220,917	(78,750)	(142,167)	0	0	(46,729)	46,729	(33,713)	33,713	0	0
Dec-07	220,917	(78,750)	(142,167)	0	0	(46,521)	46,521	(29,135)	29,135	0	0
	<u>2,650,830</u>	<u>(945,299)</u>	<u>(1,705,531)</u>	<u>0</u>	<u>0</u>	<u>(626,946)</u>	<u>626,946</u>	<u>(280,858)</u>	<u>280,858</u>	<u>0</u>	<u>0</u>

Kentucky Power Company  
 FAS 106 Postretirement Benefit Cost Entries - Debit / (Credit)  
 Since January 2004, Shortly Before First Medicare Subsidy Entry

	Book Expense Entries			PRB Regulatory Asset Entries		Tax Journal Entries					
	Regular Accrual	Medicare Subsidy	Accrued Liability	Amortization	PRB Reg. Asset	Current FIT Expense	Accrued Taxes	Deferred FIT Expense	Accum DFIT	SFAS 109 Reg Asset	SFAS 109 Accum DFIT
	9260021	9260057	2283003	9260060	1823299	4091001	2361001	4101001/4102001	1901001/2831001	1823001	1903001/2833001
Jan-08	208,083	(83,500)	(124,583)	0	0	(43,629)	43,629	(27,436)	27,436	0	0
Feb-08	208,083	(83,500)	(124,583)	0	0	(43,629)	43,629	(27,436)	27,436	0	0
Mar-08	225,574	(74,104)	(151,470)	0	0	(44,208)	44,208	(33,173)	33,173	0	0
Apr-08	213,913	(80,368)	(133,546)	0	0	(47,714)	47,714	(25,457)	25,457	0	0
May-08	213,913	(80,368)	(133,546)	0	0	(47,714)	47,714	(25,457)	25,457	0	0
Jun-08	213,913	(80,368)	(133,546)	0	0	(48,459)	48,459	(24,711)	24,711	0	0
Jul-08	225,214	(78,799)	(146,416)	0	0	(83,780)	83,780	5,571	(5,571)	0	0
Aug-08	213,913	(80,368)	(133,546)	0	0	(48,459)	48,459	(24,711)	24,711	0	0
Sep-08	213,913	(80,368)	(133,546)	0	0	(48,459)	48,459	(24,711)	24,711	0	0
Oct-08	213,913	(80,368)	(133,546)	0	0	(48,459)	48,459	(24,711)	24,711	0	0
Nov-08	213,913	(80,368)	(133,546)	0	0	(633,953)	633,953	560,783	(560,783)	0	0
Dec-08	213,913	(80,368)	(133,546)	0	0	(48,701)	48,701	(26,655)	26,655	0	0
	<u>2,581,262</u>	<u>(962,846)</u>	<u>(1,618,416)</u>	<u>0</u>	<u>0</u>	<u>(1,187,164)</u>	<u>1,187,164</u>	<u>301,896</u>	<u>(301,896)</u>	<u>0</u>	<u>0</u>
Jan-09	365,585	(77,643)	(287,942)	0	0	(91,639)	91,639	(34,851)	34,851	0	0
Feb-09	365,585	(77,643)	(287,942)	0	0	(91,639)	91,639	(34,851)	34,851	0	0
Mar-09	293,722	(61,560)	(232,162)	0	0	(90,588)	90,588	(11,054)	11,054	0	0
Apr-09	341,631	(80,729)	(260,902)	0	0	(95,107)	95,107	(22,941)	22,941	0	0
May-09	341,631	(72,282)	(269,349)	0	0	(95,266)	95,266	(22,941)	22,941	0	0
Jun-09	341,631	(72,282)	(269,349)	0	0	(95,266)	95,266	(22,941)	22,941	0	0
Jul-09	341,631	(72,282)	(269,349)	0	0	(95,266)	95,266	(22,941)	22,941	0	0
Aug-09	341,631	(72,282)	(269,349)	0	0	(171,860)	171,860	53,652	(53,652)	0	0
Sep-09	341,631	(72,282)	(269,349)	0	0	(95,266)	95,266	(22,941)	22,941	0	0
Oct-09	341,631	(72,282)	(269,349)	0	0	(95,266)	95,266	(22,941)	22,941	0	0
Nov-09	341,631	(63,835)	(277,796)	0	0	(95,426)	95,426	(22,941)	22,941	0	0
Dec-09	341,631	(72,282)	(269,349)	0	0	(92,950)	92,950	(16,581)	16,581	0	0
	<u>4,099,566</u>	<u>(867,381)</u>	<u>(3,232,185)</u>	<u>0</u>	<u>0</u>	<u>(1,205,539)</u>	<u>1,205,539</u>	<u>(204,272)</u>	<u>204,272</u>	<u>0</u>	<u>0</u>
Jan-10	281,361	(81,355)	(200,007)	0	0	(79,044)	79,044	(17,085)	17,085	0	0
Feb-10	281,361	(81,355)	(200,007)	0	0	(79,044)	79,044	(17,085)	17,085	0	0
Mar-10	273,987	(76,020)	(197,966)	0	0	(113,424)	113,424	19,721	(19,721)	2,184,028	(2,184,028)
Apr-10	278,903	(79,577)	(199,327)	0	0	(145,759)	145,759	50,438	(50,438)	39,317	(39,317)
May-10	278,903	(79,577)	(199,327)	0	0	(66,677)	66,677	(28,644)	28,644	39,317	(39,317)
Jun-10	278,903	(79,577)	(199,327)	0	0	(66,677)	66,677	(28,644)	28,644	39,317	(39,317)
Jul-10	278,903	(79,577)	(199,327)	0	0	(66,677)	66,677	(28,644)	28,644	39,317	(39,317)
Aug-10	278,903	(79,577)	(199,327)	0	0	(66,677)	66,677	(28,644)	28,644	39,317	(39,317)
Sep-10	278,903	(79,577)	(199,327)	0	0	(66,677)	66,677	(28,644)	28,644	39,317	(39,317)
Oct-10	278,903	(79,577)	(199,327)	0	0	(66,677)	66,677	(28,644)	28,644	39,317	(39,317)
Nov-10	278,903	(79,577)	(199,327)	0	0	(58,410)	58,410	(5,309)	5,309	39,317	(39,317)
Dec-10	278,903	(79,577)	(199,327)	0	0	(66,677)	66,677	(28,644)	28,644	39,317	(39,317)
	<u>3,346,838</u>	<u>(954,919)</u>	<u>(2,391,919)</u>	<u>0</u>	<u>0</u>	<u>(942,420)</u>	<u>942,420</u>	<u>(169,828)</u>	<u>169,828</u>	<u>2,537,881</u>	<u>(2,537,881)</u>
Jan-11	215,366	(79,577)	(135,789)	0	0	(59,948)	59,948	(13,135)	13,135	39,317	(39,317)
Feb-11	182,995	(85,481)	(97,514)	0	0	(52,693)	52,693	(493)	493	29,318	(29,318)
Mar-11	134,969	(82,529)	(52,440)	0	0	(49,999)	49,999	9,339	(9,339)	34,318	(34,318)
Apr-11	198,956	(35,159)	(163,797)	0	0	(135,543)	135,543	68,243	(68,243)	15,339	(15,339)
May-11	198,956	(70,686)	(128,269)	0	0	(13,355)	13,355	(50,762)	50,762	29,573	(29,573)
Jun-11	262,493	(70,686)	(191,806)	0	0	(46,007)	46,007	(40,347)	40,347	29,573	(29,573)
Jul-11	198,956	(70,686)	(128,269)	0	0	(68,371)	68,371	4,254	(4,254)	29,573	(29,573)
Aug-11	198,956	(70,686)	(128,269)	0	0	(13,355)	13,355	(50,762)	50,762	29,573	(29,573)
Sep-11	198,956	(70,686)	(128,269)	0	0	(40,863)	40,863	(23,254)	23,254	29,573	(29,573)
Oct-11	198,956	(70,686)	(128,269)	0	0	(68,371)	68,371	4,254	(4,254)	29,573	(29,573)
Nov-11	198,956	(70,686)	(128,269)	0	0	(22,957)	22,957	7,524	(7,524)	(26,600)	26,600
Dec-11	198,956	(70,686)	(128,269)	0	0	(13,355)	13,355	(50,762)	50,762	29,573	(29,573)
	<u>2,387,468</u>	<u>(848,237)</u>	<u>(1,539,231)</u>	<u>0</u>	<u>0</u>	<u>(584,817)</u>	<u>584,817</u>	<u>(135,901)</u>	<u>135,901</u>	<u>298,703</u>	<u>(298,703)</u>

Kentucky Power Company  
Monthly FAS 106 Postretirement Benefit Cost Entries - Debit / (Credit)  
Since January 2004, Shortly Before First Medicare Subsidy Entry

	Book Expense Entries			PRB Regulatory Asset Entries		Tax Journal Entries						
	Regular	Accrual	Medicare Subsidy	Accrued Liability	Amortization	PRB Reg. Asset	Current FIT Expense	Accrued Taxes	Deferred FIT Expense	Accum DFIT	SFAS 109 Reg Asset	SFAS 109 Accum DFIT
	9260021		9260057	2283003	9260060	1823299	4091001	2361001	4101001/4102001	1901001/2831001	1823001	1903001/2833001
Jan-12	134,580		43,336	(177,917)	0	0	(83,141)	83,141	32,683	(32,683)	(18,174)	18,174
Feb-12	134,580		43,336	(177,917)	0	0	(81,486)	81,486	30,102	(30,102)	(16,749)	16,749
Mar-12	91,464		51,454	(142,898)	0	0	(143,240)	143,240	106,777	(106,777)	(20,848)	20,848
Apr-12	120,208		46,036	(166,244)	0	0	(50,484)	50,484	4,383	(4,383)	(18,590)	18,590
May-12	120,208		46,036	(166,244)	0	0	(50,484)	50,484	4,383	(4,383)	(18,590)	18,590
Jun-12	120,208		46,036	(166,244)	0	0	(50,484)	50,484	4,383	(4,383)	(18,590)	18,590
Jul-12	120,208		46,036	(166,244)	0	0	(50,484)	50,484	4,383	(4,383)	(18,590)	18,590
Aug-12	120,208		46,036	(166,244)	0	0	(50,484)	50,484	4,383	(4,383)	(18,590)	18,590
Sep-12	120,208		46,036	(166,244)	0	0	(50,484)	50,484	4,383	(4,383)	(18,590)	18,590
Oct-12	120,208		46,036	(166,244)	0	0	(50,484)	50,484	4,383	(4,383)	(18,590)	18,590
Nov-12	120,208		46,036	(166,244)	0	0	(47,878)	47,878	10,920	(10,920)	(32,653)	32,653
Dec-12	120,208		46,036	(166,244)	0	0	(50,484)	50,484	4,383	(4,383)	(18,590)	18,590
	1,442,501		552,426	(1,994,927)	0	0	(759,617)	759,617	215,546	(215,546)	(237,144)	237,144
Jan-13	120,208		46,036	(166,244)	0	0	(15,125)	15,125	(30,977)	30,977	(18,590)	18,590
Feb-13	(353,272)		41,199	312,074	0	0	29,443	(29,443)	90,684	(90,684)	(16,772)	16,772
Mar-13	(142,010)		36,033	105,977	0	2,599,440	(22,852)	22,852	36,959	(2,636,399)	(2,564,078)	2,564,078
Apr-13	(125,025)		41,089	83,935	0	0	(9,384)	9,384	38,761	(38,761)	0	0
May-13	(125,025)		41,089	83,935	0	0	(2,844)	2,844	32,222	(32,222)	0	0
Jun-13	(125,025)		41,089	83,935	108,310	(108,310)	(2,844)	2,844	(5,687)	5,687	0	0
Jul-13	(125,025)		41,089	83,935	18,052	(18,052)	(2,844)	2,844	25,904	(25,904)	0	0
Aug-13	(125,025)		41,089	83,935	18,052	(18,052)	(2,844)	2,844	25,904	(25,904)	0	0
	(1,000,196)		328,713	671,483	144,413	2,455,027	(29,294)	29,294	213,770	(2,813,210)	(2,599,440)	2,599,440
Summary	25,293,348		(6,267,079)	(19,026,269)	144,413	2,455,027	(7,249,900)	7,249,900	(1,466,613)	(1,132,827)	0	0



Kentucky Power Company  
 Annualization of Employee Benefit Plan Costs  
 Test Year Twelve Months Ended 6/30/2005

Section V  
 Workpaper S-4  
 Page 4

Ln No (1)	Description (2)	Amount (3)	Adjustment (4)
1	Annualization of June 2005 Monthly Medical Plan Costs (\$279,891 x 12)	\$3,358,692	
2	Medical Plan Costs for Twelve Months Ended 6/30/2005	<u>\$3,118,484</u>	
3	Adjustment to Test Year Medical Plan Cost		\$240,208
4	Annualization of June 2005 Life Insurance Cost (\$9,893 x 12)	\$118,716	
5	Life Insurance Cost for Twelve Months Ended 6/30/2005	<u>\$93,378</u>	
6	Adjustment to Test Year Life Insurance Costs		\$25,338
7	Annualization of June 2005 Dental Plan Costs (\$16,831 x 12)	\$201,972	
8	Dental Plan Costs for Twelve Months ended 6/30/2005	<u>\$184,881</u>	
9	Adjustment to Test Year Dental Plan Costs		\$17,091
10	Annualization of June 2005 Retirement Plan Costs (\$125,499 x 12)	\$1,505,988	
11	Retirement Plan Costs for Twelve Months Ended 6/30/2005	<u>\$1,038,398</u>	
12	Adjustment to Test Year Retirement Plan Costs		\$467,590
13	Annualization of June 2005 Long Term Disability Ins Cost (\$16,390 X 12)	\$196,680	
14	LTD Ins Prem Costs for Twelve Months Ended 6/30/2005	<u>\$118,480</u>	
15	Adjustment to Test Year LTD Ins Prem Cost		\$78,200
16	Annualization of June 2005 OPEB Costs (\$183,668 x 12)	\$2,204,016	
17	OPEB Costs for the Twelve Months Ended 6/30/2005	<u>\$2,552,060</u>	
18	Adjustment to Test Year OPEB Cost		<u>(\$348,044)</u>
19	Total Employee Benefit Plan Cost Adjustments (Ln 3 + Ln 6 + Ln 9 + Ln 12 + Ln 15 + Ln 18)		<u>\$480,383</u>
20	Employee Benefit Plan Applicable to O&M ( Ln 19 x 67.65%)		\$324,979
21	Allocation Factor - OML		<u>0.991</u>
22	KPSC Jurisdictional Amount (Ln 20 x Ln 21)		<u>\$322,054</u>

Witness: R. K. Wohnhas

**Kentucky Power Company  
 Pension and OPEB Expense Adjustment  
 Test Year Twelve Months Ended 9/30/2009**

**Section V  
 Workpaper S-4  
 Page 25**

<u>Ln No</u> (1)	<u>Description</u> (2)	<u>Amount</u> (3)
1	Pension Costs per Calendar Year 2009 Actuarial Report	\$2,218,216
2	Pension Costs for the Twelve Months Ended 9/30/09	<u>\$1,912,510</u>
3	Adjustment to Test Year Pension Costs (Ln 1 - LN 2)	<u>\$305,706</u>
4	OPEB Costs per Calendar Year 2009 Actuarial Report	\$3,232,186
5	OPEB Costs for the Twelve Months Ended 9/30/09	<u>\$2,816,329</u>
6	Adjustment to Test Year OPEB Costs (Ln 4 - Ln 5)	<u>\$415,857</u>
7	Total Pension and OPEB Cost Increase (Ln 3 + Ln 6)	<u>\$721,563</u>
8	Pension and OPEB Funding Applicable to O&M (Ln 7 X 65.56%)	\$473,057
9	Allocation Factor - OML	<u>0.994</u>
10	KPSC Jurisdiction	<u>\$470,219</u>
11	Deferred Tax (Ln 10 X .35)	<u>(\$164,577)</u>
12	Adjustment to Prepayments in Rate Base	<u>\$15,390,035</u>
13	Accumulated Deferred Income Taxes Associated with the Prepayment Amount	<u>\$5,386,512</u>

Witness: H. McCoy



**Kentucky Power Company**

**REQUEST**

Please provide the tax depreciation deduction for the test year assuming that no bonus depreciation was available.

**RESPONSE**

The tax depreciation for the test year would be approximately \$50,000,000 assuming that no bonus depreciation had been available.

**WITNESS:** Jeffrey B Bartsch



**Kentucky Power Company**

**REQUEST**

Please provide the long-term incentive plan compensation expense included in the Company's revenue requirement.

**RESPONSE**

See response to KPSC 2-11 a. (2). The Company has included \$802,913 of LTIP expense in the revenue requirement for the test year ended March 31, 2013.

**WITNESS:** Ranie K Wohnhas



**Kentucky Power Company**

**REQUEST**

Please provide the actual daily balances of short-term debt by type of debt (revolver, Money Pool, etc.), the daily interest rates by type of debt, and the daily interest expense in electronic spreadsheet format for the test year.

**RESPONSE**

See KIUC 1-6 Attachment 1 on the enclosed CD.

**WITNESS:** Marc D Reitter





## Kentucky Power Company

### REQUEST

Please identify and describe each source of short-term debt available to the Company during the test year, the terms of such short-term borrowings, including, but not limited to, the basis for the interest rates and the fees related to any revolvers.

### RESPONSE

Kentucky Power's short term borrowing from the AEP Utility Money Pool is the only form of short term debt available.

The AEP Utility Money Pool is a portion of the Corporate Borrowing Program that is the short-term funding mechanism for the regulated utilities, including Kentucky Power. It is structured to meet the combined short-term cash management needs of those companies. The Utility Money Pool meets the short-term cash needs of its participants by providing for short-term borrowings from the Utility Money Pool by its participants and short-term investment of surplus funds by its participants. The AEP Utility Money Pool is governed by the AEP System Amended and Restated Utility Money Pool Agreement dated as of December 9, 2004, a copy of which has been filed with FERC and attached as KIUC 1-7 Attachment 1.

The basis for interest rate determination is set out in Section 1.6 of the attached AEP Utility Money Pool Agreement. AEP allocates to all participants other costs associated with its Corporate Borrowing Program (including the cost of the credit facilities that are required to support AEP's commercial paper program, rating agency fees related to rating the commercial paper program and fees charged by the issuing and paying agent) based on their level of borrowing.

WITNESS: Marc D Reitter

**AEP SYSTEM AMENDED AND RESTATED  
UTILITY MONEY POOL AGREEMENT**

This AMENDED AND RESTATED UTILITY MONEY POOL AGREEMENT ("Agreement") is made and entered into this 9<sup>th</sup> day of December, 2004 by and among American Electric Power Company, Inc., a New York corporation ("AEP"), AEP Utilities Inc., a Delaware corporation ("AEP Utilities"), both registered holding companies under the Public Utility Holding Company Act of 1935, as amended (the "Act"), American Electric Power Service Corporation ("AEPSC"), a New York corporation and a nonutility subsidiary of AEP (in its role as administrative agent and as a participant in the Utility Money Pool), AEP Utility Funding LLC, a Delaware limited liability company ("AEPUF"), and certain of the direct or indirect subsidiaries of AEP, each of which are signatories hereto and participants in the AEP Utility Money Pool ("Participants"), or which subsequently become signatories hereto and agree to abide by the terms herein. (All of the above are referred to as a Party or Parties to this Agreement).

WHEREAS, the following entities are each a direct or indirect subsidiary of AEP, and a Participant in the AEP Utility Money Pool (collectively referred to herein as "Operating Companies"):

AEP Generating Company  
AEP Texas Central Company  
AEP Texas North Company  
Appalachian Power Company  
Columbus Southern Power Company  
Indiana Michigan Power Company  
Kentucky Power Company  
Kingsport Power Company  
Ohio Power Company  
Public Service Company Of Oklahoma  
Southwestern Electric Power Company  
Wheeling Power Company

And

WHEREAS, in addition to the Operating Companies, the following are Participants in the AEP Utility Money Pool:

American Electric Power Service Corporation  
Blackhawk Coal Company  
Cedar Coal Company  
Central Appalachian Coal Company  
Central Coal Company  
Colomet, Inc.  
Conesville Coal Preparation Company  
Dolet Hills Lignite Company, LLC

Franklin Real Estate Company  
Indiana Franklin Reality, Inc.  
Simco, Inc.  
Southern Appalachian Coal Company

WHEREAS, the Participants from time to time have need to borrow funds on a short-term basis; and

WHEREAS, some of the Parties from time to time are expected to have funds available to loan on a short-term basis; and

WHEREAS, AEP and the Parties have established a pool (the "Utility Money Pool") to coordinate and provide for certain of the Participants' short-term cash requirements;

WHEREAS, AEPUF has been formed to fund the Utility Money Pool; and

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the Parties hereto agree as follows:

## ARTICLE I CONTRIBUTIONS AND BORROWINGS

### Section 1.1. Contributions to the Utility Money Pool.

American Electric Power Service Corporation ("AEPSC") shall act as administrative agent of the Utility Money Pool. Each Participant, AEP, AEP Utilities, and AEPUF will determine on a daily basis, the amount of funds it has available for contribution to the Utility Money Pool. The determination of whether a Party at any time has surplus funds, or shall lend such funds to the Utility Money Pool, will be made by such Party's treasurer, any assistant treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion. Each Party may withdraw any of its funds at any time upon notice to AEPSC.

### Section 1.2 Rights to Borrow.

(a) Subject to the provisions of Section 1.4(b) of this Agreement, all short-term borrowing needs of the Participants may be met by funds in the Utility Money Pool to the extent such funds are available. Each Participant shall have the right to borrow from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in the applicable orders of the Securities and Exchange Commission ("SEC") and other regulatory authorities. Each Participant may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; provided, however, that the aggregate amount of all loans requested by any Participant hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the SEC and other regulatory authorities, resolutions of such Board of

Directors, such Party's governing corporate documents, and agreements binding upon such Party. No Participant shall be obligated to borrow from the Utility Money Pool if lower cost funds can be obtained from its own external borrowing.

(b) Neither AEP, AEP Utilities nor AEPUF will borrow funds from the Utility Money Pool or any Participant. Participants in the Utility Money Pool will not engage in lending and borrowing transactions with participants in the Nonutility Money Pool. The Utility Money Pool will not borrow from the Nonutility Money Pool.

Section 1.3 Source of Funds.

- (a) AEPSC administers the Utility Money Pool by matching up, to the extent possible, short-term cash surpluses and loan requirements of the various Participants. Participants' requests for short-term loans are met first from surplus funds of other Participants which are available to the Utility Money Pool. To the extent the Participant contributions of surplus funds to the Utility Money Pool are insufficient to meet Participant requests for short-term loans, AEP or AEP Utilities may contribute corporate funds to the extent available or borrowings may be made from external sources. Funds will be made available from such sources in such other order as AEPSC, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the Parties providing funds to the Utility Money Pool.
- (b) External borrowings may be made by AEP, AEP Utilities, Inc., or AEPUF, each individually, a Lending Party, collectively Lending Parties, from the sale of commercial paper notes and/or other instruments authorized by the SEC, and/or bank borrowings ("External Funds"), the proceeds of which would be added to the Utility Money Pool, in each case to the extent permitted by applicable laws and regulatory orders. All debt issued in connection with the Utility Money Pool will be unsecured. External borrowings by AEP, AEP Utilities, or AEPUF will not be made unless there are no surplus funds in the treasuries of the Participants sufficient to meet borrowing needs. If it is determined that AEP can borrow money at a cheaper rate than AEPUF can, then AEP will fund the Utility Money Pool directly.
- (c) Each borrowing Participant will borrow pro rata from each fund source in the same proportion that the amount of funds provided from that fund source bears to the total amount of short-term funds available to the Utility Money Pool. On any day, when more than one fund source (e.g., surplus treasury funds of AEP, AEP Utilities or other Utility Money Pool participants ("Internal Funds") and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.4 Authorization.

(a) The determination of whether a Participant or a Lending Party has at any time surplus funds to lend to the Utility Money Pool will be made by its treasurer, any assistant treasurer, or by a designee thereof.

(b) Any loan from the Utility Money Pool to a Participant shall be authorized by the borrowing Participant's treasurer, any assistant treasurer, or by a designee thereof. No Party shall be required to effect a borrowing through the Utility Money Pool if such Participant determines that it can (and is authorized to) effect such borrowing at lower cost through the sale of its own commercial paper or other instruments, or borrowing directly from banks.

Section 1.5 Investment of Investment Pool Funds.

Funds which are loaned from Participants into the Utility Money Pool which are not required to satisfy borrowing needs of other Participants ("Investment Pool") will be invested on the behalf of the Lending Parties in one or more short-term instruments ("External Investments"), including (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than "A" by a nationally recognized rating agency; (iv) commercial paper rated not less than "A-1" or "P-1" or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar funds; (viii) short-term debt securities rated AA or above by Standard & Poor's, Aa or above by Moody's Investors Service, or AA or above by Fitch Ratings; (ix) short-term debt securities issued or guaranteed by an entity rated AA or above by Standard & Poor's, Aa or above by Moody's Investors Service, or AA or above by Fitch Ratings; and (x) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

No funds from the Utility Money Pool will be invested in EWG's or FUCO's.

Section 1.6 Utility Money Pool Interest.

The interest rate applicable on any day to then outstanding loans through the Utility Money Pool, whether or not evidenced by a promissory demand note, will be the composite weighted average daily effective cost incurred by the Lending Parties for External Funds outstanding on that date. If there are no External Funds outstanding on that date, then the rate would be the certificate of deposit yield equivalent of the 30-day Federal Reserve "A2/P2" Non-Financial Commercial Paper Composite Rate (the "Composite"), or if no Composite is established for that day, then the applicable rate will be the Composite for the next preceding day for which a composite is established.

If the Composite shall cease to exist, then the rate would be the composite which then most closely resembles the Composite and/or most closely mirrors the pricing the Lending Parties would expect if it had External Funds.

Section 1.7 Investment Pool Interest.

Interest income related to External Investments will be calculated daily and allocated back to Participants on the basis of their relative contribution to the Investment Pool funds on that date.

Section 1.8 Repayment.

Each Participant receiving a loan hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event not later than the expiration date of SEC authorization for the operation of the Utility Money Pool. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.9 Form of Loans to Participants.

Loans to the Participants through the Utility Money Pool will be made pursuant to open-account advances, although any AEPUF or Participant would at all times be entitled to receive upon request a promissory note evidencing the transaction. Any such note shall: (a) be substantially in the form attached herewith as Exhibit A; (b) be dated as of the date of the initial borrowing; (c) mature on demand or on a date mutually agreed to by the Parties to the transaction, but in any event not later than the expiration date of the SEC authorization for the operation of the Utility Money Pool; and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II  
OPERATION OF THE UTILITY MONEY POOL

Section 2.1 Operation.

Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by AEPSC under the authority of the treasurer or any assistant treasurer of AEP and/or AEPSC. AEPSC shall be responsible for the determination of all applicable interest rates and charges to be applied to any loans from the Utility Money Pool and earnings to be applied to any loans to the Utility Money Pool and/or Investment Pool outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties. Services rendered by AEPSC will be "at cost" in accordance with rules of the SEC.

Section 2.2 Certain Costs.

The cost of fees and/or compensating balances paid to banks to maintain credit lines will be allocated to the Participants on the basis of relative maximum non-coincidental borrowings of the Participants.

Section 2.3 Event of Default.

If any Participant shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Participant seeking to adjudicate it a bankrupt or insolvent, then AEPSC, on behalf of the Utility Money Pool, may, by notice to the Participant, terminate the Utility Money Pool's commitment to the Participant and/or declare the unpaid principal amount of any loans to such Participant, and all interest thereon, to be forthwith due and payable and all such amounts shall forthwith become due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Participant.

**ARTICLE III**  
**AEP UTILITIES FUNDING LLC**

Section 3.1 AEPUF.

AEPUF is a special purpose financing conduit, formed to fund the Utility Money Pool. AEPUF may obtain funds from external sources or from AEP or AEP Utilities. AEP, AEP Utilities and the Operating Companies are also authorized to fund the Utility Money Pool through the issuance of short-term debt. AEPUF will have a separate bank account for all Utility Money Pool funds. AEPUF may issue commercial paper or other short-term debt for the benefit of the Utility Money Pool participants and will lend cash proceeds of the issuance of commercial paper to each Participant as said Participant's needs are identified. When AEPUF directly issues commercial paper to dealers to fund the Utility Money Pool, each Operating Company that borrows from AEPUF must maintain comparable debt ratings equal to or greater than AEPUF and maintain requisite backup facilities with one or more financial institutions.

Section 3.2 Loans.

AEPUF shall provide the cash proceeds of each issuance of commercial paper or other short-term debt to the Utility Money Pool. The proceeds of borrowings by AEPUF will not be loaned to AEP or AEP Utilities. The proceeds of the borrowings of AEPUF will be used to repay AEPUF's borrowings or be invested to continue funding the Utility Money Pool.

Section 3.3 Several Liability.

It is expressly agreed that the obligations of each Participant to AEPUF are several and not joint and, subject to paragraph 3.4 below, that each Participant shall not be responsible to AEPUF or any assignee or creditor of AEPUF for any payment in excess of payments due under any Participant's outstanding note and its pro rata share of other expenses and administrative costs of AEPUF in connection with its funding of the Utility Money Pool. No Participant will be liable for the borrowings of any other affiliate under the Utility Money Pool.



Section 3.4 Placement Agents.

(a) As a condition precedent to each commercial paper dealer and placement agent (each, a "Placement Agent") entering into a dealer or placement agreement with AEPUF (each such agreement, a "Placement Agreement"), each Participant agrees: (i) to pay all costs, expenses, liabilities, losses and damages, including liabilities in respect of the AEPUF's indemnification obligations under the Placement Agreements (collectively, the "Liabilities") which it may incur relating to the offer and sale of AEPUF's commercial paper, the proceeds of which were used to make any loan to such Participant under this agreement, and (ii) to pay its Pro Rata Share of all other Liabilities which AEPUF may incur other than any such Liability which relates to the offer and sale of AEPUF's commercial paper the proceeds of which were used to make any loan to any other participant in the Utility Money Pool in respect of which such other affiliate is obligated to pay the full amount of such Liability. As used herein the term "Pro Rata Share" of any Liability shall mean an amount equal to the product of such Liability and a fraction expressed as a percentage (x) the numerator of which is the average outstanding loans made to the Participant during the period from the date which is three years prior to the date such Liability is due and payable to the date such Liability is due and payable (the "Determination Period"), and (y) the denominator of which is the average aggregate outstanding loans made during the Determination Period to the Participant and all other Participants which received loans from AEPUF and which are obligated to pay such Liability in accordance with this provision.

(b) Each Participant and AEPUF hereby acknowledge and agree that each Placement Agent is a third-party beneficiary of this Article III and is entitled to the benefits of the obligations of each separate Participant contained in this Article III and is entitled to bring any action to enforce such obligations directly against the separate Participant. In the case of any specific Liability arising out of or in connection with the Placement Agreement, each Participant shall pay the amount of such Participant's Liability directly to such Placement Agent or as the Placement Agent directs.

(c) This Article III shall not be amended or modified without the prior written consent of each Placement Agent. The agreements and obligations of each of the Participants set forth in this Article III shall survive the termination of this Agreement.

ARTICLE IV  
MISCELLANEOUS

Section 4.1 Amendments.

No amendment to this Agreement shall be effective unless the same be in writing and signed by all Parties thereto.

Section 4.2 Legal Responsibility.

Nothing herein contained shall render AEP or any Party liable for the obligations of any other Party(ies) hereunder and the rights, obligations and liabilities of AEP and the Parties are several in accordance with their respective obligations, and not joint.

Section 4.3 Governing Law.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned Parties have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

AMERICAN ELECTRIC POWER COMPANY, INC.  
and  
AEP UTILITIES, INC.  
AEP UTILITY FUNDING LLC  
AMERICAN ELECTRIC POWER SERVICE CORPORATION, as  
Agent and Participant

Participants:

AEP GENERATING COMPANY  
AEP TEXAS CENTRAL COMPANY  
AEP TEXAS NORTH COMPANY  
APPALACHIAN POWER COMPANY  
COLUMBUS SOUTHERN POWER COMPANY  
INDIANA MICHIGAN POWER COMPANY  
KENTUCKY POWER COMPANY  
KINGSPORT POWER COMPANY  
OHIO POWER COMPANY  
PUBLIC SERVICE COMPANY OF OKLAHOMA  
SOUTHWESTERN ELECTRIC POWER COMPANY  
WHEELING POWER COMPANY

BLACKHAWK COAL COMPANY  
CEDAR COAL COMPANY  
CENTRAL APPALACHIAN COAL COMPANY  
CENTRAL COAL COMPANY  
COLOMET, INC.  
CONESVILLE COAL PREPARATION COMPANY  
DOLET HILLS LIGNITE COMPANY, LLC  
FRANKLIN REAL ESTATE COMPANY  
INDIANA FRANKLIN REALTY, INC.  
SIMCO, INC.  
SOUTHERN APPALACHIAN COAL COMPANY

By: Wandy D. Hargis  
Assistant Treasurer of each  
of the above-listed companies.

EXHIBIT A

FORM OF UTILITY MONEY POOL NOTE  
TO BE EXECUTED BY BORROWING PARTIES  
TO AEP OR OTHER PARTIES

\_\_\_\_\_, 20\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ (the "Borrower"), hereby promises to pay to the order of \_\_\_\_\_ (the "Lender") at its principal office in \_\_\_\_\_, on demand or on \_\_\_\_\_, 20\_\_, or at the option of the Borrower, whichever first occurs, but in any event not later than the expiration date of the SEC authorization for the operation of the Utility Money Pool, the principal sum set forth on the attachment hereto as "Principal Amount Outstanding." This note may be paid in full at any time or in part from time to time without premium or penalty. The Principal Amount Outstanding shall bear interest at the composite weighted average daily effective cost incurred by the Lending Parties for External Funds outstanding on that date. If there are no External Funds outstanding on that date, then the rate would be the CD yield equivalent of the 30-day Federal Reserve "A2/P2" Non-Financial Commercial Paper Composite Rate (the "Composite"), or if no Composite is established for that day, then the applicable rate will be the Composite for the next preceding day for which a Composite is established.

This Note shall be governed by, and construed and interpreted in accordance with, the Laws of the State of New York.

IN WITNESS WHEREOF, the undersigned, pursuant to due authorization, has caused this Note to be executed in its name and on its behalf by its duly authorized officer.

\_\_\_\_\_  
(Name of Borrower)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

<u>Date</u>	<u>Loan (Repayment)</u>	<u>Principal Amount Outstanding</u>	<u>Rate</u>	<u>Interest</u>

AMENDMENT NO. 1  
TO  
AEP SYSTEM AMENDED AND RESTATED  
UTILITY MONEY POOL AGREEMENT

This Amendment No. 1 to the AMENDED AND RESTATED UTILITY MONEY POOL AGREEMENT ("Agreement") is made and entered into this 6<sup>th</sup> day of May, 2011 by and among American Electric Power Company, Inc., a New York corporation ("AEP"), AEP Utilities Inc., a Delaware corporation ("AEP Utilities"), both registered holding companies, American Electric Power Service Corporation ("AEPSC"), a New York corporation and a nonutility subsidiary of AEP (in its role as administrative agent and as a participant in the Utility Money Pool), AEP Utility Funding LLC, a Delaware limited liability company ("AEPUF"), and certain of the direct or indirect subsidiaries of AEP, each of which are signatories hereto and participants in the AEP Utility Money Pool ("Participants"), or which subsequently become signatories hereto and agree to abide by the terms herein. (All of the above are referred to as a Party or Parties to this Agreement).

WHEREAS, the following entities are each a direct or indirect subsidiary of AEP, and a Participant in the AEP Utility Money Pool (collectively referred to herein as "Operating Companies"):

AEP Generating Company  
AEP Texas Central Company  
AEP Texas North Company  
Appalachian Power Company  
Columbus Southern Power Company  
Indiana Michigan Power Company  
Kentucky Power Company  
Kingsport Power Company  
Ohio Power Company  
Public Service Company of Oklahoma  
Southwestern Electric Power Company  
Wheeling Power Company

And

WHEREAS, in addition to the Operating Companies, the following are Participants in the AEP Utility Money Pool:

American Electric Power Service Corporation  
Blackhawk Coal Company  
Cedar Coal Company  
Central Appalachian Coal Company  
Central Coal Company  
Conesville Coal Preparation Company  
Dolet Hills Lignite Company, LLC  
Franklin Real Estate Company

Indiana Franklin Reality, Inc.  
Southern Appalachian Coal Company

WHEREAS, AEP and the Parties have established a pool (the "Utility Money Pool") to coordinate and provide for certain of the Participants' short-term cash requirements;

WHEREAS, AEPUF has been formed to fund the Utility Money Pool;

WHEREAS, the following entities are indirect subsidiaries of AEP and will own, operate, manage and control facilities in their respective states for the transmission of electricity at wholesale to its customers (collectively, the "Transcos"):

AEP Ohio Transmission Company, Inc., an Ohio corporation, and  
AEP Oklahoma Transmission Company, Inc., an Oklahoma corporation;

WHEREAS, each of the Transcos, has been deemed a "public utility" for FERC purposes and will be regulated by the state utility commissions in the states where they operate and therefore are deemed "public utilities" for purposes of inclusion in the Agreement;

WHEREAS, each of the Transcos desires to become a party to the Agreement; and

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the Parties hereto agree as follows:

1. The Agreement is hereby amended to provide that each of the Transcos listed below is hereby accepted as a Participant in the Agreement.

2. Each of the following Transcos hereby elects to become a Participant in the AEP System Utility Money Pool and hereby agrees to be bound by the terms and conditions of the Agreement:

AEP Ohio Transmission Company, Inc.  
AEP Oklahoma Transmission Company, Inc.

IN WITNESS WHEREOF, the undersigned Parties have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

AMERICAN ELECTRIC POWER COMPANY, INC.  
and  
AEP UTILITIES, INC.  
AEP UTILITY FUNDING LLC  
AMERICAN ELECTRIC POWER SERVICE CORPORATION, as  
Agent and Participant

Current Participants:

AEP GENERATING COMPANY  
AEP TEXAS CENTRAL COMPANY  
AEP TEXAS NORTH COMPANY  
APPALACHIAN POWER COMPANY  
COLUMBUS SOUTHERN POWER COMPANY  
INDIANA MICHIGAN POWER COMPANY  
KENTUCKY POWER COMPANY  
KINGSPORT POWER COMPANY  
OHIO POWER COMPANY  
PUBLIC SERVICE COMPANY OF OKLAHOMA  
SOUTHWESTERN ELECTRIC POWER COMPANY  
WHEELING POWER COMPANY

BLACKHAWK COAL COMPANY  
CEDAR COAL COMPANY  
CENTRAL APPALACHIAN COAL COMPANY  
CENTRAL COAL COMPANY  
CONESVILLE COAL PREPARATION COMPANY  
DOLET HILLS LIGNITE COMPANY, LLC  
FRANKLIN REAL ESTATE COMPANY  
INDIANA FRANKLIN REALTY, INC.  
SOUTHERN APPALACHIAN COAL COMPANY

By: Charles E. Zebulka  
Treasurer of each  
of the above-listed companies.



Newly Added Participants:

AEP OHIO TRANSMISSION COMPANY, INC.  
AEP OKLAHOMA TRANSMISSION COMPANY, INC.

By: Charles Zibule  
Treasurer of each  
of the above-listed companies.

AMENDMENT NO. 2  
TO  
AEP SYSTEM AMENDED AND RESTATED  
UTILITY MONEY POOL AGREEMENT

This Amendment No. 2 to the AMENDED AND RESTATED UTILITY MONEY POOL AGREEMENT ("Agreement") is made and entered into this 14<sup>th</sup> day of November, 2011 by and among American Electric Power Company, Inc., a New York corporation ("AEP"), AEP Utilities Inc., a Delaware corporation ("AEP Utilities"), American Electric Power Service Corporation ("AEPSC"), a New York corporation and a nonutility subsidiary of AEP (in its role as administrative agent and as a participant in the Utility Money Pool), AEP Utility Funding LLC, a Delaware limited liability company ("AEPUF"), and certain of the direct or indirect subsidiaries of AEP, each of which are signatories hereto and participants in the AEP Utility Money Pool ("Participants"), or which subsequently become signatories hereto and agree to abide by the terms herein. (All of the above are referred to as a Party or Parties to this Agreement).

WHEREAS, the following entities are each a direct or indirect subsidiary of AEP, and a Participant in the AEP Utility Money Pool (collectively referred to herein as "Operating Companies"):

AEP Generating Company  
AEP Texas Central Company  
AEP Texas North Company  
Appalachian Power Company  
Columbus Southern Power Company  
Indiana Michigan Power Company  
Kentucky Power Company  
Kingsport Power Company  
Ohio Power Company  
Public Service Company of Oklahoma  
Southwestern Electric Power Company  
Wheeling Power Company

And

WHEREAS, in addition to the Operating Companies, the following are Participants in the AEP Utility Money Pool:

AEP Ohio Transmission Company, Inc.  
AEP Oklahoma Transmission Company, Inc.  
American Electric Power Service Corporation  
Blackhawk Coal Company  
Cedar Coal Company  
Central Appalachian Coal Company  
Central Coal Company  
Conesville Coal Preparation Company

Dolet Hills Lignite Company, LLC  
Franklin Real Estate Company  
Indiana Franklin Realty, Inc.  
Southern Appalachian Coal Company

WHEREAS, AEP and the Parties have established a pool (the "Utility Money Pool") to coordinate and provide for certain of the Participants' short-term cash requirements;

WHEREAS, AEPUF has been formed to fund the Utility Money Pool;

WHEREAS, the following entity is an indirect subsidiary of AEP and will own, operate, manage and control facilities in its respective state for the transmission of electricity at wholesale to its customers (the "Transco"):

AEP Indiana Michigan Transmission Company, Inc., an Indiana corporation;

WHEREAS, the Transco has been deemed a "public utility" for FERC purposes and will be regulated by the state utility commission in the state where it operates and therefore is deemed a "public utility" for purposes of inclusion in the Agreement;

WHEREAS, the Transco desires to become a party to the Agreement; and

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the Parties hereto agree as follows:

1. The Agreement is hereby amended to provide that the Transco listed below is hereby accepted as a Participant in the Agreement.

2. The following Transco hereby elects to become a Participant in the AEP System Utility Money Pool and hereby agrees to be bound by the terms and conditions of the Agreement:

AEP Indiana Michigan Transmission Company, Inc.

IN WITNESS WHEREOF, the undersigned Parties have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

AMERICAN ELECTRIC POWER COMPANY, INC.

and

AEP UTILITIES, INC.

AEP UTILITY FUNDING LLC

AMERICAN ELECTRIC POWER SERVICE CORPORATION, as  
Agent and Participant

**Current Participants:**

AEP GENERATING COMPANY  
AEP TEXAS CENTRAL COMPANY  
AEP TEXAS NORTH COMPANY  
APPALACHIAN POWER COMPANY  
COLUMBUS SOUTHERN POWER COMPANY  
INDIANA MICHIGAN POWER COMPANY  
KENTUCKY POWER COMPANY  
KINGSPORT POWER COMPANY  
OHIO POWER COMPANY  
PUBLIC SERVICE COMPANY OF OKLAHOMA  
SOUTHWESTERN ELECTRIC POWER COMPANY  
WHEELING POWER COMPANY

AEP OHIO TRANSMISSION COMPANY, INC.  
AEP OKLAHOMA TRANSMISSION COMPANY, INC.  
BLACKHAWK COAL COMPANY  
CEDAR COAL COMPANY  
CENTRAL APPALACHIAN COAL COMPANY  
CENTRAL COAL COMPANY  
CONESVILLE COAL PREPARATION COMPANY  
DOLET HILLS LIGNITE COMPANY, LLC  
FRANKLIN REAL ESTATE COMPANY  
INDIANA FRANKLIN REALTY, INC.  
SOUTHERN APPALACHIAN COAL COMPANY

By: Charles E Zebala  
Treasurer of each  
of the above-listed companies.

**Newly Added Participant:**

AEP Indiana Michigan Transmission Company, Inc.

By: Charles E Zebala  
Treasurer of the above-listed company

AMENDMENT NO. 3  
TO  
AEP SYSTEM AMENDED AND RESTATED  
UTILITY MONEY POOL AGREEMENT

This Amendment No. 3 to the AMENDED AND RESTATED UTILITY MONEY POOL AGREEMENT ("Agreement") is made and entered into this 20<sup>th</sup> day of March, 2013 by and among American Electric Power Company, Inc., a New York corporation ("AEP"), AEP Utilities Inc., a Delaware corporation ("AEP Utilities"), American Electric Power Service Corporation ("AEPSC"), a New York corporation and a nonutility subsidiary of AEP (in its role as administrative agent and as a participant in the Utility Money Pool), AEP Utility Funding LLC, a Delaware limited liability company ("AEPUF"), and certain of the direct or indirect subsidiaries of AEP, each of which are signatories hereto and participants in the AEP Utility Money Pool ("Participants"), or which subsequently become signatories hereto and agree to abide by the terms herein. (All of the above are referred to as a Party or Parties to this Agreement).

WHEREAS, the following entities are each a direct or indirect subsidiary of AEP, and a Participant in the AEP Utility Money Pool (collectively referred to herein as "Operating Companies"):

AEP Generating Company  
AEP Texas Central Company  
AEP Texas North Company  
Appalachian Power Company  
Indiana Michigan Power Company  
Kentucky Power Company  
Kingsport Power Company  
Ohio Power Company  
Public Service Company of Oklahoma  
Southwestern Electric Power Company  
Wheeling Power Company

And

WHEREAS, in addition to the Operating Companies, the following are Participants in the AEP Utility Money Pool:

AEP Indiana Michigan Transmission Company, Inc.  
AEP Ohio Transmission Company, Inc.  
AEP Oklahoma Transmission Company, Inc.  
American Electric Power Service Corporation  
Blackhawk Coal Company  
Cedar Coal Company  
Central Appalachian Coal Company  
Central Coal Company  
Conesville Coal Preparation Company

Dolet Hills Lignite Company, LLC  
Franklin Real Estate Company  
Indiana Franklin Reality, Inc.  
Southern Appalachian Coal Company

WHEREAS, AEP and the Parties have established a pool (the "Utility Money Pool") to coordinate and provide for certain of the Participants' short-term cash requirements;

WHEREAS, AEPUF has been formed to fund the Utility Money Pool;

WHEREAS, the following entities are indirect subsidiaries of AEP and will own, operate, manage and control facilities in their respective states for the transmission of electricity at wholesale to their customers (collectively, the "Transcos"):

AEP Appalachian Transmission Company, Inc., a Virginia corporation;  
AEP West Virginia Transmission Company, Inc., a West Virginia corporation;

WHEREAS, each of the Transcos has been deemed a "public utility" for FERC purposes and will be regulated by the state utility commission in the state where each operates and therefore is deemed a "public utility" for purposes of inclusion in the Agreement; and

WHEREAS, the Transcos desire to become a party to the Agreement;

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the Parties hereto agree as follows:

1. The Agreement is hereby amended to provide that each of the Transcos listed below is hereby accepted as a Participant in the Agreement.

2. Each of the following Transcos hereby elects to become a Participant in the AEP System Utility Money Pool and hereby agrees to be bound by the terms and conditions of the Agreement:

AEP Appalachian Transmission Company, Inc.<sup>1</sup>  
AEP West Virginia Transmission Company, Inc.

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<sup>1</sup> The participation of AEP Appalachian Transmission Company, Inc. in the Utility Money Pool is subject to the terms of the orders of the Virginia State Corporation Commission entered February 27, 2012, and May 3, 2012, in Case No. PUE-2011-00125.

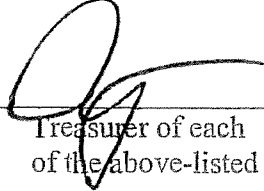
IN WITNESS WHEREOF, the undersigned Parties have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

**AMERICAN ELECTRIC POWER COMPANY, INC.**  
**and**  
**AEP UTILITIES, INC.**  
**AEP UTILITY FUNDING LLC**  
**AMERICAN ELECTRIC POWER SERVICE CORPORATION, as**  
**Agent and Participant**

**Current Participants:**

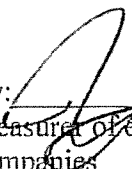
**AEP GENERATING COMPANY**  
**AEP TEXAS CENTRAL COMPANY**  
**AEP TEXAS NORTH COMPANY**  
**APPALACHIAN POWER COMPANY**  
**INDIANA MICHIGAN POWER COMPANY**  
**KENTUCKY POWER COMPANY**  
**KINGSPORT POWER COMPANY**  
**OHIO POWER COMPANY**  
**PUBLIC SERVICE COMPANY OF OKLAHOMA**  
**SOUTHWESTERN ELECTRIC POWER COMPANY**  
**WHEELING POWER COMPANY**

**AEP INDIANA MICHIGAN TRANSMISSION COMPANY, INC.**  
**AEP OHIO TRANSMISSION COMPANY, INC.**  
**AEP OKLAHOMA TRANSMISSION COMPANY, INC.**  
**BLACKHAWK COAL COMPANY**  
**CEDAR COAL COMPANY**  
**CENTRAL APPALACHIAN COAL COMPANY**  
**CENTRAL COAL COMPANY**  
**CONESVILLE COAL PREPARATION COMPANY**  
**DOLET HILLS LIGNITE COMPANY, LLC**  
**FRANKLIN REAL ESTATE COMPANY**  
**INDIANA FRANKLIN REALTY, INC.**  
**SOUTHERN APPALACHIAN COAL COMPANY**

By:   
Treasurer of each  
of the above-listed companies.

**Newly Added Participants:**

**AEP Appalachian Transmission Company, Inc.  
AEP West Virginia Transmission Company, Inc.**

By:   
Treasurer of each of the above-listed  
companies





**Kentucky Power Company**

**REQUEST**

Please provide all evidence that the Company's coal inventory is financed with short-term debt.

**RESPONSE**

The source of funds spent on coal inventory can not be specifically tracked. In Case Numbers 8429, 8734, 91-066, 2005-00341 and 2009-00459 KPCo has consistently reflected adjustments (increase or decrease) in the value of fuel inventory by making an adjustment to the short term debt value at the end of the test year.

**WITNESS:** Ranie K Wohnhas



**Kentucky Power Company**

**REQUEST**

Refer to page 6 lines 12-17 of Mr. Vaughn's Direct Testimony wherein he states that PJM charges and credits can have a material impact on the Company. Please provide a monthly history of all PJM charges and credits incurred by the Company since January 2010 through the most recent month for which actual information is available. Provide this with the same level of detail as on Exhibit AEV-2.

**RESPONSE**

See KIUC 1-9 Attachment 1 for the requested information at the same level of detail as provided in Company witness Vaughan's Exhibit AEV-2.

**WITNESS:** Alex E Vaughan

Kentucky Power Company total company PJM charges and credits

Account	Year Period												2010 Total	
	2010	1	2	3	4	5	6	7	8	9	10	11		12
4470093	\$3,510,562	\$727,755	\$156,085	\$230,754	\$212,001	\$651,973	\$1,238,869	\$553,887	\$509,387	\$189,628	\$207,519	\$2,762,703	\$10,951,725	
4470101	(\$3,480,685)	(\$695,687)	(\$265,371)	(\$203,899)	(\$200,758)	(\$482,524)	(\$808,714)	(\$553,917)	(\$603,056)	(\$274,662)	(\$301,191)	(\$2,646,581)	(\$10,517,044)	
4470116	\$1,813	(\$490)	(\$42)	(\$501)	(\$1,416)	(\$12,711)	(\$17,699)	\$5,530	\$2,397	\$17,843	(\$3,893)	\$6,222	(\$2,949)	
4470202	(\$105,468)	(\$58,862)	(\$154,609)	(\$103,885)	(\$107,894)	(\$14,737)	(\$35,245)	(\$103,369)	(\$76,872)	(\$56,383)	(\$126,928)	(\$104,441)	(\$1,048,691)	
4470203	\$321,381	\$306,805	\$260,988	\$224,312	\$248,878	\$199,326	\$264,226	\$197,275	\$351,065	\$363,593	\$281,965	\$485,788	\$3,505,606	
4561002	(\$900)	(\$1,148)	(\$1,315)	(\$1,239)	(\$1,303)	(\$1,267)	(\$1,319)	(\$1,315)	(\$1,498)	(\$1,891)	\$878	(\$13,645)	(\$13,645)	
4561003	(\$6,165)	(\$7,131)	(\$5,395)	(\$6,649)	(\$6,054)	(\$6,953)	(\$6,053)	(\$6,466)	(\$6,697)	(\$6,403)	(\$7,374)	(\$5,527)	(\$76,867)	
4561005	(\$69,529)	(\$89,464)	(\$80,823)	(\$93,001)	(\$59,230)	(\$62,641)	(\$110,669)	(\$148,399)	(\$66,758)	(\$23,727)	(\$8,660)	(\$55,267)	(\$898,160)	
4561035	\$3,432,310	\$2,965,229	\$3,314,969	\$3,182,845	\$3,283,472	\$3,082,439	\$2,954,475	\$2,833,463	\$2,735,827	\$2,816,703	\$2,640,852	\$1,505,688	\$34,754,272	
4561036	\$61,898	\$53,252	\$50,381	\$42,971	\$46,845	\$51,957	\$82,130	\$77,942	\$62,682	\$63,793	\$60,501	\$75,892	\$730,243	
4561050												\$48,892	\$48,892	
5550036	\$20,888	\$6,609	(\$0)								\$0	\$3	\$27,501	
5550040	(\$16,075)	(\$11,520)	(\$14,127)	(\$6,228)	(\$7,057)	(\$23,126)	(\$18,542)	(\$18,901)	(\$16,636)	\$7,861	(\$8,896)	(\$15,969)	(\$149,217)	
5550041	\$1,894	\$646	(\$56)	\$1,913	\$1,279	\$1,946	\$25	\$849	\$261	(\$212)	\$53	\$957	\$9,555	
5550074	\$214,244	\$186,314	\$206,014	\$185,784	\$205,076	\$186,995	\$186,419	\$161,257	\$177,647	\$215,293	\$32,981	\$359,828	\$2,317,851	
5550075	(\$196,906)	(\$190,619)	(\$189,219)	(\$192,625)	(\$190,098)	(\$190,098)	(\$191,992)	(\$184,306)	(\$184,306)	(\$184,306)	(\$177,935)	(\$190,676)	(\$2,263,084)	
5550076	\$4,401	\$3,943	\$4,278	\$3,861	\$4,263	\$3,888	\$3,796	\$1,611	\$2,354	\$499	\$3,127	\$5,785	\$41,008	
5550077	(\$1,990)	(\$1,927)	(\$1,934)	(\$1,924)	(\$1,921)	(\$1,864)	(\$1,997)	(\$2,276)	(\$2,167)	(\$2,232)	(\$2,162)	(\$2,153)	(\$24,400)	
5550078	\$347,777	\$257,071	\$170,466	\$138,794	\$178,145	\$227,592	\$376,343	\$308,906	\$253,576	\$127,341	\$152,272	\$293,560	\$2,831,843	
5550079	(\$107,811)	(\$41,261)	(\$77,640)	(\$103,397)	(\$93,353)	(\$131,429)	(\$116,407)	(\$88,470)	(\$38,085)	(\$39,371)	(\$68,353)	(\$96,606)	(\$966,606)	
5550083	\$32,753	\$8,978	\$437	\$19,842	\$8,204	\$19,906	\$8,524	\$18,514	\$10,658	\$7,507	\$10,453	\$32,322	\$178,099	
5550084	(\$3,875)	(\$4)	(\$21)	(\$1,437)	(\$2,163)	(\$18,182)	(\$4,814)	\$40	\$262	(\$2,163)	(\$1,112)	(\$41,390)	(\$41,390)	
5550090	\$18	\$17	\$2,871	\$1,389	\$504	\$1,850	\$9,087	\$38,798	\$18,555	\$2,488	\$380	\$1,492	\$77,448	
5614001	\$122,573	\$123,052	\$93,088	\$85,897	\$93,687	\$90,431	\$116,131	\$104,215	\$108,173	\$98,978	\$70,413	\$96,145	\$1,202,793	
5614007							(\$65,470)	(\$10,426)					(\$75,896)	
5618001	\$44,512	\$24,102	\$22,219	\$20,340	\$19,000	\$19,943	\$23,148	\$23,259	\$23,211	\$19,773	\$16,324	\$19,369	\$275,200	
5650012	\$130,279	\$131,148	\$129,040	\$127,512	\$133,306	\$119,002	\$251,099	\$237,450	\$263,467	\$228,951	\$222,822	\$172,300	\$2,146,467	
5650015											\$2,741	\$10,306	\$13,047	
5650016								\$22,059	\$21,150	\$20,427	\$21,026	\$17,199	\$20,879	\$122,741
5650019														
5757001	\$131,686	\$118,161	\$110,421	\$99,179	\$94,682	\$97,117	\$114,035	\$121,076	\$116,822	\$100,668	\$77,951	\$91,660	\$1,273,257	
Grand Total	\$4,389,588	\$3,814,979	\$3,747,915	\$3,669,882	\$3,853,779	\$3,862,930	\$4,243,055	\$3,554,572	\$3,581,077	\$3,694,700	\$3,117,235	\$2,900,679	\$44,430,390	

Account	2011												2,011 Total
	1	2	3	4	5	6	7	8	9	10	11	12	
4470093	\$2,072,258	\$567,214	\$233,086	\$398,570	\$740,275	\$1,518,824	\$1,640,825	\$377,669	\$790,567	\$439,651	\$559,596	\$880,792	\$10,219,326
4470101	(\$1,378,877)	(\$561,421)	(\$323,566)	(\$141,156)	(\$313,624)	(\$1,005,739)	(\$964,898)	(\$304,984)	(\$626,017)	(\$295,593)	(\$370,858)	(\$544,089)	(\$7,630,823)
4470116	\$5,197	(\$559)	\$657	(\$146,838)	(\$605)	(\$226)	(\$34,217)	\$31,094	(\$57,585)	\$25,047	\$155	(\$24,928)	(\$202,806)
4470202	(\$18,599)	(\$67,184)	(\$85,319)	\$12,008	(\$161,975)	(\$143,985)	(\$848)	\$52,229	(\$424,475)	(\$70,539)	(\$84,187)	(\$34,519)	(\$1,027,393)
4470203	\$535,304	\$315,241	\$488,188	\$140,246	\$248,331	\$638,456	\$276,791	\$255,278	\$189,109	\$130,161	\$255,978	\$175,533	\$3,648,614
4561002	(\$1,243)	\$405	(\$210)	(\$308)	(\$906)	(\$429)	(\$888)	(\$594)	\$2,785	(\$167)	(\$109)	(\$744)	(\$2,406)
4561003	(\$7,152)	(\$6,243)	(\$6,499)	(\$6,613)	(\$6,966)	(\$6,690)	(\$6,957)	(\$6,777)	(\$4,668)	(\$6,511)	(\$6,483)	(\$6,869)	(\$78,428)
4561005	(\$129,841)	(\$5,277)	(\$56,324)	(\$94,334)	(\$43,617)	(\$58,809)	(\$66,463)	(\$65,213)	(\$16,185)	(\$95,873)	(\$53,577)	(\$50,586)	(\$736,101)
4561035	\$2,803,668	\$2,548,488	\$2,797,826	\$2,697,834	\$2,769,985	\$3,851,190	\$2,019,181	\$3,191,899	\$3,464,241	\$3,254,968	\$3,149,869	\$3,254,968	\$35,803,218
4561036	\$75,561	\$63,162	\$64,533	\$55,277	\$58,031	\$60,715	\$59,911	\$114,977	(\$8,399)	\$51,747	\$54,793	\$61,730	\$712,037
4561060	\$23,694	\$23,425	\$23,462	\$23,249	\$23,091	\$22,998	\$21,076	\$21,057	\$30,536	\$22,438	\$22,312	\$22,312	\$279,651
5550036	(\$4)					\$799			\$316		\$1,111		\$1,111
5550040	\$35,415	\$21,185	\$33,993	\$493	\$47,911	\$19,853	\$37,901	\$42,391	\$10,165	\$2,487	\$6,735	\$6,811	\$265,340
5550041	\$1,597	\$33	\$591	\$33	(\$97)	\$590	\$59	\$9	(\$255)	\$590	(\$2)	(\$1)	\$7,945
5550074	\$207,217	\$192,358	\$212,146	\$198,642	\$196,314	\$197,190	(\$842)	\$188,885	\$1,093	\$694	(\$188,105)	\$636	\$1,206,227
5550075	(\$188,698)	(\$181,710)	(\$201,957)	(\$188,777)	(\$188,780)	(\$188,780)	(\$6,964)	(\$181,121)	\$6,681	\$6,681	\$194,464	\$6,681	(\$1,098,332)
5550076	\$3,314	\$3,066	\$3,390	\$3,164	\$3,140	\$3,052	\$3,199	\$2,995	\$2,990	\$2,990	\$2,937	\$2,905	\$37,135
5550077	(\$2,133)	(\$2,133)	(\$2,201)	(\$2,134)	(\$2,134)	(\$2,087)	(\$2,257)	(\$2,095)	(\$2,072)	(\$2,084)	(\$2,084)	(\$2,084)	(\$25,498)
5550078	\$281,638	\$177,352	\$158,159	\$173,127	\$179,356	\$386,490	\$326,045	\$290,086	\$167,633	\$105,827	\$152,120	\$127,692	\$2,525,524
5550079	(\$63,701)	(\$41,492)	(\$62,745)	(\$66,760)	(\$56,298)	(\$136,592)	(\$128,745)	(\$96,856)	(\$64,039)	(\$51,259)	(\$78,221)	(\$51,745)	(\$900,456)
5550083	\$16,363	\$3,102	\$20,421	\$10,652	\$14,216	\$17,804	\$11,071	\$8,894	\$9,033	\$210	\$6	\$103	\$111,876
5550084	(\$372)	\$27	(\$1,551)		(\$710)	(\$1,078)	(\$483)	(\$685)	(\$1,430)	(\$171)		\$9	(\$6,442)
5550090	\$1,556	\$828	\$493	\$402	\$188	\$100,087	\$198,864	\$44,594	\$2,972	(\$260)	\$8	\$50	\$349,784
5614001	\$86,104	\$96,894	\$71,725	\$69,212	\$107,157	\$138,290	\$116,477	\$110,641	\$87,623	\$63,622	\$65,912	\$78,021	\$1,091,677
5618001	\$31,922	\$24,781	\$19,085	\$19,307	\$17,720	\$22,635	\$23,436	\$0	\$0	\$0	\$0	\$0	\$0
5650012	\$239,483	\$225,376	\$236,448	\$214,301	\$222,473	\$227,078	\$170,029	\$226,279	\$260,060	\$167,727	\$204,744	\$225,442	\$2,619,439

5650015	\$5,913	\$2,234	\$4,643	(\$3,714)	\$0							\$1,034	\$10,110
5650016	\$14,933	\$15,230	\$17,053	\$16,395	\$16,860	(\$118,069)	\$93,746	\$52,849	\$53,957	\$52,380	\$50,699	\$52,380	\$318,412
5650019													
5757001	\$101,007	\$96,990	\$86,962	\$89,556	\$98,784	\$119,266	\$111,204	\$114,415	\$94,099	\$76,120	\$72,977	\$60,606	\$1,141,984
Grand Total	\$4,751,526	\$3,513,138	\$3,731,931	\$3,472,390	\$3,967,121	\$4,862,033	\$3,914,090	\$4,487,744	\$3,967,626	\$3,896,786	\$4,026,434	\$4,280,893	\$48,891,711

	2012												2,012 Total
Account	1	2	3	4	5	6	7	8	9	10	11	12	
4470093	\$532,499	\$505,969	\$344,568	\$262,141	\$332,213	\$600,166	\$437,979	\$415,748	\$337,794	\$308,694	\$303,408	\$260,982	\$4,642,161
4470101	(\$243,117)	(\$295,423)	(\$261,566)	(\$103,680)	(\$141,090)	(\$353,944)	(\$421,975)	(\$343,216)	(\$219,455)	(\$233,204)	(\$249,801)	(\$235,185)	(\$3,101,654)
4470116	\$4,813	\$395	\$153	\$8,328	\$393	\$846	\$741	\$2,443	\$1,644	\$4,312	\$4,936	(\$7,331)	\$21,673
4470202	(\$37,533)	(\$174,469)	(\$105,241)	(\$128,560)	(\$106,404)	(\$105,641)	(\$73,245)	(\$76,749)	(\$299,105)	(\$254,323)	(\$244,574)	(\$337,406)	(\$1,943,250)
4470203	\$243,068	\$348,740	\$207,812	\$231,920	\$282,116	\$253,057	\$278,180	\$298,666	\$264,806	\$183,145	\$180,636	\$263,210	\$3,035,355
4561002	(\$933)	(\$450)	(\$669)	(\$664)	(\$711)	(\$1,076)	(\$733)	(\$382)	(\$757)	(\$461)	(\$1,239)	(\$2,400)	(\$5,014)
4561003	(\$7,314)	(\$6,673)	(\$6,922)	(\$6,980)	(\$6,964)	(\$7,238)	(\$6,970)	(\$6,779)	(\$7,038)	(\$6,813)	(\$7,332)	(\$7,992)	(\$85,014)
4561005	(\$63,321)	(\$58,615)	(\$44,147)	(\$46,128)	(\$73,091)	(\$46,388)	(\$57,259)	(\$60,180)	(\$59,674)	(\$54,385)	(\$56,342)	(\$67,147)	(\$696,676)
4561035	\$3,220,407	\$3,102,671	\$3,266,923	\$3,161,539	\$3,266,923	\$3,161,539	\$3,053,181	\$3,053,182	\$2,954,692	\$3,053,182	\$2,954,692	\$3,053,182	\$37,302,112
4561036	\$64,232	\$56,740	\$51,479	\$47,981	\$51,220	\$51,189	\$38,749	\$58,961	\$11,682	\$34,488	\$39,326	\$42,085	\$548,131
4561060	\$21,099	\$21,706	\$21,401	\$21,401	\$21,399	\$21,398	\$19,457	\$19,449	\$19,453	\$19,453	\$19,453	\$19,453	\$245,122
5550036													
5550040	\$19,066	\$18,938	\$11,516	\$6,735	(\$3,304)	\$575	\$2,485	\$979	(\$1,017)	\$725	\$3,653	\$2,039	\$62,389
5550041	\$150	\$0	\$173	(\$0)	(\$1)	(\$0)	\$54	(\$54)	\$124	\$313	\$1,517	\$299	\$2,573
5550074	\$667	\$670	\$626	\$621	\$617	\$634	\$624	\$640	\$641	\$642	\$645	\$645	\$7,673
5550075	\$6,488	\$6,492	\$6,006	\$6,006	\$6,006	\$6,006	\$11,680	\$9,056	\$9,056	\$9,056	\$9,055	\$9,070	\$93,975
5550076	\$2,802	\$2,823	\$2,643	\$2,558	\$2,574	\$2,539	\$5,571	\$4,101	\$4,105	\$4,006	\$3,707	\$3,893	\$41,322
5550077	(\$2,024)	(\$2,025)	(\$1,873)	(\$1,883)	(\$1,883)	(\$1,883)	(\$4,062)	(\$3,031)	(\$3,051)	(\$3,061)	(\$3,044)	(\$3,049)	(\$30,868)
5550078	\$124,690	\$98,116	\$74,720	\$31,525	\$111,692	\$90,506	\$193,257	\$101,788	\$97,490	\$121,539	\$204,936	\$118,656	\$1,368,924
5550079	(\$62,977)	(\$47,051)	(\$57,157)	(\$20,201)	(\$79,126)	(\$53,210)	(\$119,513)	(\$62,695)	(\$65,568)	(\$32,282)	(\$105,464)	(\$59,029)	(\$764,273)
5550083	\$347	\$34	\$524	\$5,582	(\$403)	\$401	\$34	\$341	\$61	\$7,762	(\$3,367)	\$823	\$7,901
5550084	(\$187)	(\$137)	\$37	(\$9)	(\$149)	\$7	(\$152)	(\$174)	\$10	\$487	(\$545)	(\$729)	(\$1,540)
5550090	\$5	\$904	\$1,847	(\$107)	\$1,981	\$63,786	\$156,862	\$15,255	\$8,419	(\$625)	\$368	\$40	\$248,736
5614001	\$113,479	\$102,102	\$88,839	\$77,948	\$95,103	\$77,296	\$95,469	\$91,986	\$79,645	\$78,917	\$69,594	\$83,112	\$1,053,490
5614007	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,603	\$24,603	\$24,603	\$24,603	\$24,603	\$24,603
5618001	\$32,105	\$20,561	\$17,577	\$15,731	\$17,794	\$17,176	\$19,730	\$19,116	\$16,215	\$16,233	\$15,933	\$17,247	\$225,417
5650012	\$227,106	\$231,571	\$228,688	\$228,494	\$225,750	\$285,185	\$272,573	\$282,521	\$303,272	\$257,619	\$267,969	\$277,194	\$3,087,973
5650015	\$2,282	\$2,269	\$99										\$4,649
5650016	\$51,814	\$49,915	\$52,562	\$50,875	\$51,112	\$49,463	\$126,474	\$126,474	\$122,394	\$126,474	\$122,394	\$126,474	\$1,056,426
5650019							\$5,499	\$5,499	\$5,499	\$5,499	\$5,499	\$5,499	\$32,995
5757001	\$106,030	\$108,048	\$91,726	\$79,445	\$92,263	\$82,631	\$95,110	\$100,309	\$90,290	\$89,507	\$79,030	\$82,050	\$1,096,439
Grand Total	\$4,355,744	\$4,093,820	\$3,992,345	\$3,930,607	\$4,146,033	\$4,195,018	\$4,125,564	\$4,077,866	\$3,671,628	\$3,726,907	\$3,615,072	\$3,645,683	\$47,576,289

	2013						2013 Total
Account	1	2	3	4	5	6	
4470093	\$772,054	\$529,386	\$297,886	\$115,963	\$366,378	\$453,833	\$2,535,503
4470101	(\$458,969)	(\$368,679)	(\$321,304)	(\$77,884)	(\$288,571)	(\$28,203)	(\$1,543,610)
4470116	(\$52,986)	(\$1,397)	(\$1,432)	\$1,359	\$12,266	(\$12,471)	(\$54,661)
4470202	(\$364,888)	(\$328,589)	(\$317,551)	(\$409,343)	(\$450,425)	(\$331,115)	(\$2,201,911)
4470203	\$160,822	\$96,127	\$81,051	\$139,008	\$179,237	\$208,284	\$862,528
4561002	\$120	(\$313)	(\$2,230)	(\$393)	(\$806)	\$1,158	(\$2,464)
4561003	(\$6,613)	(\$6,987)	(\$8,016)	(\$6,987)	(\$7,102)	(\$6,028)	(\$41,813)
4561005	(\$55,688)	(\$53,285)	(\$41,988)	(\$42,498)	(\$45,553)	(\$54,547)	(\$293,560)
4561005	\$2,874,460	\$2,634,850	\$2,894,722	\$2,801,344	\$2,894,722	\$2,801,344	\$16,901,441
4561035	\$44,995	\$40,326	\$41,777	\$33,514	\$33,436	\$35,396	\$229,444
4561036	\$19,186	\$19,457	\$19,322	\$19,322	\$19,322	\$19,322	\$115,930
4561060							
5550036	\$1,380	(\$474)	(\$1,915)	(\$3,926)	(\$1,402)	(\$3,634)	(\$9,971)
5550040	\$12	\$0	(\$5)			\$7	\$14
5550041	\$537	\$558	\$561	\$558	\$556	\$550	\$3,320
5550074	\$9,070	\$9,265	\$9,278	\$9,278	\$9,278	\$9,278	\$55,448
5550075	\$356,983	\$636,788	\$253,774	\$431,533	\$356,169	\$285,506	\$2,320,753
5550076	(\$3,049)	\$1,211	(\$930)	(\$909)	(\$919)	(\$1,029)	(\$5,625)
5550077	\$141,409	\$121,665	\$133,351	\$91,425	\$95,786	\$112,925	\$696,560
5550078	(\$61,829)	(\$41,533)	(\$31,468)	(\$16,078)	(\$18,184)	(\$27,932)	(\$197,025)
5550079	\$441	\$756	\$8,138	\$1,524	\$2,205	\$1,231	\$14,296
5550083	(\$610)	\$117	(\$756)	(\$260)	(\$185)	(\$682)	(\$2,375)
5550084	\$354	\$151	\$605	\$62	\$520	\$8,286	\$9,987
5550090	\$97,955	\$98,394	(\$10,521)	\$63,953	\$63,964	\$57,114	\$370,860
5614001							(\$8,058)
5614007	\$37,527	\$19,254	\$809	\$12,738	\$12,936	\$11,138	\$94,401
5618001	\$270,241	\$122,858	\$452,177	\$285,833	\$286,136	\$365,152	\$1,782,399

5650012	\$754	\$109					\$863
5650015	\$119,071	\$109,145	\$119,910	\$116,042	\$119,910	\$116,042	\$700,121
5650016	\$5,413	\$5,489	\$5,451	\$5,451	\$5,451	\$5,451	\$32,705
5650019	\$88,143	\$97,168	\$4,979	\$60,782	\$61,318	\$53,142	\$365,543
5757001	\$3,996,303	\$3,741,819	\$3,585,673	\$3,631,420	\$3,705,393	\$4,070,433	\$22,731,040
Grand Total							





**Kentucky Power Company**

**REQUEST**

Refer to Exhibit AEV-2. Provide a copy of all computations, including all electronic spreadsheets with formulas intact.

**RESPONSE**

See KIUC 1-10 Attachment 1 on the enclosed CD.

**WITNESS:** Alex E Vaughan



**Kentucky Power Company**

**REQUEST**

Refer to page 7 line 20 through page 8 line 3 of Mr. Vaughn's Direct Testimony. Does the Company plan to account for the proposed PJM rider in the same manner as it accounts for the FAC, i.e., it will defer the difference between the PJM revenues and the net charges and credits each month in excess of the amount in base rates? If so, how does the Company plan to address changes in sales compared to the test year that will impact the amount of recoveries each month through base rates?

**RESPONSE**

No, the Company does not plan to account for the PJM rider in the same manner as it accounts for the FAC.

**WITNESS:** Ranie K Wohnhas



**Kentucky Power Company**

**REQUEST**

Refer to page 8 lines 4-14 of Mr. Vaughn's Direct Testimony. Please provide the Company's rationale for its proposal to develop a \$/kWh rate for all tariffs within each customer class.

**RESPONSE**

The only amounts being recovered or refunded through the PJM tracker would be the net over or under recovery for the review period as allocated to the classes on the appropriate demand or energy allocation factor as shown on lines 6-9 of page 8 of Company witness Vaughan's testimony. The majority of the PJM charges and credits would be recovered under the Company's base rates.

**WITNESS:** Ranie K Wohnhas



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**Kentucky Power Company**

**REQUEST**

Refer to Workpaper S-2 page 1 of 3. Please provide the computations in support of the 2.99% interest rate for accounts receivable financing.

**RESPONSE**

The accounts receivable financing rate of 2.99% was a typographical error. The amount should have been 1.1147%. See KIUC 1-1 Attachment 13, which are the work papers supporting the Company's proposed weighted average cost of capital.

Section V is also being updated to include the rate of 1.1147%. This response will be supplemented upon completion.

WITNESS: Marc D Reitter





**Kentucky Power Company**

**REQUEST**

Refer to pages 9-10 of Mr. Wohnhas' Direct Testimony.

- a. Please provide a detailed description of the Franklin Realty Company (FRECO) investment, the Carrs Site investment, and the non-utility investment.
- b. Please provide all reasons why the Company believes that these investments should be removed from all non-receivables capitalization rather than solely from common equity.

**RESPONSE**

- a. Please see KIUC 1-14, Attachment 1 for FRECO and non-utility asset descriptions. The Carrs Site asset is land intended for use with KPCo's next generation facility.
- b. None of the Company's assets are purchased strictly with common equity. The Company finances its assets at the weighted cost of capital and thus should be removed proportionately.

**WITNESS:** Ranie K Wohnhas

company	gl_account	major_location	asset_location	utility_account	Balance @ 03/2013
Kentucky Power - Distr	1210001 Nonutility Property	Communications - KY, KEP	Mud Creek Microwave Repeater Station Site : KEP : 4096	38900 - Land	\$ 2,051.00
Kentucky Power - Distr	1210001 Nonutility Property	Distribution Substations-KY, KEP	Martin 46KV Substation : KEP : 4074	36000 - Land	\$ 6,920.00
Kentucky Power - Distr	1210001 Nonutility Property	Distribution Substations-KY, KEP	Old Betsy Layne Substation Site : KEP : 4053	36000 - Land	\$ 12,616.00
Kentucky Power - Distr	1210001 Nonutility Property	Office/Service Bldg-KY, KEP	Ashland 25th Street Station Building : KEP : 1004	39000 - Structures and Improvements	\$ 42,820.00
Kentucky Power - Distr	1210001 Nonutility Property	Office/Service Bldg-KY, KEP	Pikeville (Former) Service Building : KEP : 4049	38900 - Land	\$ 25,773.00
Kentucky Power - Distr	1210001 Nonutility Property	Office/Service Bldg-KY, KEP	Pikeville (Former) Service Building : KEP : 4049	39000 - Structures and Improvements	\$ 109,391.00
Kentucky Power - Transm	1210001 Nonutility Property	Transmission Lines-138KV-KY, KEP	Bellefonte - Big Sandy 138KV Line Right-of-Way (Future Use) : KEP : 1054	35000 - Land	\$ 15,143.00
Kentucky Power - Transm	1210001 Nonutility Property	Transmission Lines-138KV-KY, KEP	Savage Branch Tower No.49 138KV Right-of-Way (Future Use) : KEP : 1077	35010 - Land Rights	\$ 2,225.00
Kentucky Power - Transm	1210001 Nonutility Property	Transmission Lines-345KV-KY, KEP	Western Kentucky 345KV Corridor Right of Way : KEP : 1163	35000 - Land	\$ 416,807.00
Kentucky Power - Transm	1210001 Nonutility Property	Transmission Lines-345KV-KY, KEP	Western Kentucky 345KV Corridor Right of Way : KEP : 1163	35010 - Land Rights	\$ 330,782.00
	<b>1210001 Nonutility Property Total</b>				<b>\$ 964,528.00</b>
Kentucky Power - Gen	1240029 Land and Land Rts - CPR	Big Sandy Generating Plant	Big Sandy Generating Plant Unit Nos. 1&2 : KEP : 7300	31000 - Land - Coal Fired	\$ 312,103.00
Kentucky Power - Gen	1240029 Land and Land Rts - CPR	Misc Nonutility Assets-KY, KEP	St Paul Site : KEP : 8000	39900 - Other Property - Land	\$ 2,952,483.00
Kentucky Power - Transm	1240029 Land and Land Rts - CPR	Other Investments-IN, KEP	Dumont UHV Test Facility-Kentucky Portion : 03:9002	35000 - Land	\$ 12,998.00
Kentucky Power - Gen	1240029 Land and Land Rts - CPR	Other Investments-IN, KEP	Posey County Coal Lands-Kentucky Portion : 03:9001	39900 - Other Property - Land	\$ 1,058,960.00
Kentucky Power - Gen	1240029 Land and Land Rts - CPR	Other Investments-LA	Catahoula National Wildlife Refuge Project : LA000001	31000 - Land - Coal Fired	\$ 36,499.90
Kentucky Power - Transm	1240029 Land and Land Rts - CPR	Transmission Lines-=<69KV-KY, KEP	Sub-Transmission Lines =<69KV - Kentucky : KEP : 9069	35000 - Land	\$ 201,405.73
Kentucky Power - Transm	1240029 Land and Land Rts - CPR	Transmission Lines-138KV-KY, KEP	Bellefonte - Hanging Rock 138KV Right-of-Way : KEP : 1159	35000 - Land	\$ 28,085.00
Kentucky Power - Transm	1240029 Land and Land Rts - CPR	Transmission Lines-138KV-KY, KEP	Chadwick Street - Coalfon Street 138KV Line : KEP : 0115	35000 - Land	\$ 48,980.00
Kentucky Power - Transm	1240029 Land and Land Rts - CPR	Transmission Lines-765KV-KY, KEP	Hanging Rock - Jefferson 765KV Line : KEP : 0703	35000 - Land	\$ 73,461.00
	<b>1240029 Land and Land Rts - CPR Total</b>				<b>\$ 4,734,975.63</b>
	<b>Grand Total</b>				<b>\$ 5,699,503.63</b>



**Kentucky Power Company**

**REQUEST**

Refer to page 19 line 18 through page 20 line 4 of Mr. Wohnhas' Direct Testimony wherein he describes the Company's proposal to temporarily modify the SSC.

- a. Please provide all support for the proposed \$30 million threshold.
- b. Please provide a copy of all internal analyses and communications regarding the proposed \$30 million threshold, including, but not limited to, estimated OSS margins for the temporary period and alternative sharing proposals.

**RESPONSE**

- a. The \$30 million threshold is not based upon a quantitative analysis. Although the \$30 million annual threshold is significantly in excess of the test year OSS margins, the Company's forecasts indicate the annual threshold should be achieved or surpassed during the 17-month period between January 1, 2014 and the expected retirement of Big Sandy Unit 2. The selection of \$30 million as the threshold amount reflects this likelihood while fairly balancing an effort to mitigate the rate impact of the Mitchell transfer prior to the retirement of Big Sandy Unit 2 and the possibility that Big Sandy Unit 2 might be retired prior to June 1, 2015 if significant unanticipated capital expenditures were required to maintain its operation. Please see KIUC 1-15 Confidential Attachment 1.
- b. In addition to part a above, please see KIUC 1-15 Confidential Attachment 2.

Confidential treatment is being sought for KIUC 1-15 Attachments 1 & 2 in entirety.

**WITNESS:** Ranie K Wohnhas

KIUC 1-15 Confidential Attachment 1

REDACTED IN ITS ENTIRETY

KIUC 1-15 Confidential Attachment 2

REDACTED IN ITS ENTIRETY

**Kentucky Power Company**

**REQUEST**

Refer to page 28 lines 16-23 of Mr. Wohnhas' Direct Testimony. Please describe the Company's proposal. It isn't clear from this description and it isn't clear why the Company is seeking: a) authority to recover expenses that are not included in the test year and b) such authority in a base rate proceeding when such costs are similar to emission allowances otherwise recovered through the environmental cost recovery rider.

**RESPONSE**

Please see the Company's response to KPSC 2-53.

**WITNESS:** Ranie K Wohnhas

## Kentucky Power Company

### REQUEST

Refer to page 30 line 16 through page 31 line 2 of Mr. Wohnhas' Direct Testimony wherein he addresses the costs incurred for a potential IGCC facility in Kentucky.

- a. Please provide a copy of all filings with the Commission seeking approval of such a facility.
- b. Please confirm that the Company never sought nor obtained a certificate of need for this facility from the Commission.
- c. Please explain why the Company incurred engineering and development costs for this facility when the Kentucky legislature had not adopted legislation that would support recovery of the facility's costs through rates.
- d. Please provide a description of how these engineering and development costs were incurred, e.g., they were incurred by AEPSC generically to assess the technology and in support of potential construction in one or more AEP jurisdictions.
- e. Please confirm that these costs were not incurred specifically by AEPSC or the Company for a specific location under consideration in Kentucky. If they were incurred specifically for a location under consideration in Kentucky, then provide a copy of all documentation in support of this claim.
- f. Please provide the actual journal entries to record the IGCC costs showing the dates of the entries, the accounts and amounts through the most recent month for which actual information is available.



**RESPONSE**

- a. KPCo has not sought approval of an IGCC facility in Kentucky.
- b. Confirmed.
- c. Please see the response to KPSC 2-55(b).
- d. The costs were incurred by AEPSC related to the engineering and development of an IGCC power plant. The IGCC technology was being studied for potential construction at multiple sites owned by AEP operating companies, one of which was the Carrs site near Vanceburg, Kentucky, which was owned by KPCo. Costs were assigned to KPCo based on the fact that Carrs was one of the sites under consideration for construction of an IGCC generating facility.
- e. An IGCC generating facility was being considered for construction primarily at three locations in AEP's footprint. One of these three sites was the Carrs site owned by KPCo. The other sites under consideration were in Ohio and West Virginia, where filings related to the construction of IGCC facilities were eventually made. See KIUC 1-17 Attachment 1 for AEP press releases that describe the consideration of IGCC technology at the Carrs site.
- f. Please see the Company's response to KIUC 1-17 Attachment 2.

**WITNESS:** Ranie K Wohnhas



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## AEP releases emissions assessment report of board subcommittee



COLUMBUS, Ohio, Aug. 31, 2004 - American Electric Power (NYSE: AEP) today released the report of an independent subcommittee of AEP's Board of Directors affirming that AEP is well-positioned to effectively manage future proposed emission constraints because of prudent actions the company has taken. A three-member, ad hoc subcommittee completed the assessment and report as part of a previously announced agreement with The Connecticut Retirement Plans and Trust Funds and other shareholders in response to a shareholder proposal filed for consideration at AEP's 2004 Annual Meeting. AEP also announced today that the company will build at least one commercial-scale, base-load Integrated Gasification Combustion (IGCC) clean-coal plant.

AEP Board members Robert W. Fri, visiting scholar, Resources for the Future; John P. DesBarres, investor and former chairman, president and chief executive officer of Transco Energy Co.; and Donald M. Carlton, retired president and chief executive officer of Radian International, LLC, completed the assessment and report. Fri chaired the subcommittee.

The report evaluates the impact of proposed federal legislation and regulations for reducing regulated emissions and carbon dioxide, including the Clean Air Interstate Rule, the Utility Mercury Reduction Rule, U.S. Sen. Thomas Carper's proposed Clear Air Act of 2003, and U.S. Senators John McCain and Joseph Lieberman's amended Climate Stewardship Act of 2003. The document also reviews the actions available to control those emissions, provides economic analysis of the various control scenarios, and recommends actions for AEP to take going forward.

"Based on our evaluation, during which we met with nearly 30 individuals with diverse views and expertise on the issues of air emissions, we concluded that the actions AEP has taken and is taking to address its emissions, in anticipation of possible control requirements, constitute a solid foundation and put the company in a position to effectively manage the potential economic impact," Fri said.

The report details, in Annex F, the actions that AEP has undertaken to address regulated emissions and emissions of greenhouse gases, including development of the Multi-Emission Compliance Optimization model to analyze investments; co-founding the Chicago Climate Exchange (CCX); investing in terrestrial carbon projects and geologic sequestration research; investing in renewables, such as wind generation and biomass (AEP is one of the largest wind generators in the U.S.); and planned investments of approximately \$5 billion in its current generation fleet by 2020 to reduce emissions of sulfur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and mercury.

"We are gratified that the analysis of the independent members of our board concluded that over the last decade, AEP has taken the right path in addressing our emissions while continuing to provide reliable, low-cost electricity to our customers," said Michael G. Morris, AEP's chairman, president and chief executive officer. "Continuing significant environmental investments in our current fleet and building a commercial-scale IGCC plant are the right steps going forward to ensure that we can continue to burn coal economically while reducing our emissions."

The report indicates that proposed legislation to cut greenhouse gases would not likely strand AEP's near-term planned investments of \$3.5 billion in emission control technologies by 2010 (part of an overall \$5 billion planned investment by 2020). Such proposed legislation could materially alter the amount and manner of the anticipated \$1.5 billion in additional investments after 2010.

AEP - News Releases - AEP releases emissions assessment report of board subcommittee

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As part of its future plans to mitigate the economic impacts of its emissions, AEP has committed to accelerating IGCC deployment by building one, or more, commercial-scale, base-load IGCC plants (up to 1,000 megawatts) as soon as 2010. IGCC technology converts coal into a gas and passes it through pollutant-removal equipment before the gas is burned. The process is more efficient and results in fewer emissions of NOx, SO2 and mercury, in addition to lower carbon dioxide emissions. Carbon capture is also expected to be easier from an IGCC plant than from pulverized coal plants. Electric Power Research Institute (EPRI) estimates engineering and constructing a large-scale IGCC plant are as low as \$1,300 per installed kilowatt. A construction timetable or location for the facility has not been determined.

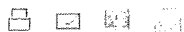
In addition to suggesting that AEP take a leadership role in advancing IGCC technology and carbon capture research, the advisory subcommittee recommends that going forward AEP advocate fair and cost-effective emission-control policies; maintain excellence in plant operations; continue using sophisticated analysis and decision-making tools, make its actions to address emissions transparent and understandable, and develop partnerships to leverage outside expertise.

"We're already making progress on the report's recommendations. We are actively engaged in the policy debate about air quality and emissions, and this report greatly contributes to transparency about how we are addressing the emissions from our facilities," Morris said. "AEP is taking significant steps to keep coal in the picture as a low-cost, low-emissions energy source. We are willing to engage and partner with any group who will work with us to make environmental improvements while maintaining coal as part of our nation's energy mix. We must be able to rely on our vast coal resources to generate electricity if America and the world are to continue to have growing economies."

Copies of AEP's emissions assessment report are available on AEP's website at [www.aep.com](http://www.aep.com).

American Electric Power owns more than 36,000 megawatts of generating capacity in the United States and is the nation's largest electricity generator. AEP is also one of the largest electric utilities in the United States, with more than 5 million customers linked to AEP's 11-state electricity transmission and distribution grid. The company is based in Columbus, Ohio.

*This report made by AEP and certain of its subsidiaries contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its registrant subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: electric load and customer growth; weather conditions; available sources and costs of fuels; availability of generating capacity and the performance of AEP's generating plants; the ability to recover regulatory assets and stranded costs in connection with deregulation; new legislation and government regulation including requirements for reduced emissions of sulfur, nitrogen, mercury, carbon and other substances; resolution of pending and future rate cases, negotiations and other regulatory decisions (including rate or other recovery for environmental compliance); oversight and/or investigation of the energy sector or its participants; resolution of litigation (including pending Clean Air Act enforcement actions and disputes arising from the bankruptcy of Enron Corp.); AEP's ability to reduce its operation and maintenance costs; the success of disposing of investments that no longer match AEP's business model; AEP's ability to sell assets at acceptable prices and on other acceptable terms; international and country-specific developments affecting foreign investments including the disposition of any foreign investments; the economic climate and growth in AEP's service territory and changes in market demand and demographic patterns; inflationary trends; AEP's ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas, and other energy-related commodities; changes in the creditworthiness and number of participants in the energy trading market; changes in the financial markets, particularly those affecting the availability of capital and AEP's ability to refinance existing debt at attractive rates; actions of rating agencies, including changes in the ratings of debt and preferred stock; volatility and changes in markets for electricity, natural gas, and other energy-related commodities; changes in utility regulation, including the establishment of a regional transmission structure; accounting pronouncements periodically issued by accounting standard-setting bodies; the performance of AEP's pension plan; prices for power that AEP generates and sells at wholesale; changes in technology and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes and other catastrophic events.*



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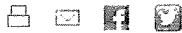
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AEP - News Releases - AEP seeks transmission review of potential IGCC plant sites



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## AEP seeks transmission review of potential IGCC plant sites



COLUMBUS, Ohio, Feb 10, 2005 - American Electric Power (NYSE:AEP) has asked PJM Interconnection, an independent electric transmission provider, to evaluate transmission interconnection feasibility for three potential sites being considered by AEP for a commercial-scale Integrated Gasification Combined Cycle (IGCC) clean-coal power plant, the first of its size in the country.

"We are moving forward to build advanced coal-based generation that offers enhanced environmental performance," said Mich G. Morris, chairman, president and chief executive officer of AEP. "This filing represents a significant step, but it doesn't rule out the possibility of filing for the review of additional potential sites as we determine the best location for the plant - a location that addresses both our operational and regulatory needs.

"Our success with this project will set a new industry standard for using coal - America's most abundant resource - while providing much-needed low-cost generation that will be as environmentally responsible as possible," Morris said.

The three potential sites included in the filings with PJM are on land currently owned by AEP and meet the criteria identified by the company as necessary for building and operating the plant, including acreage, contour, proximity to water source, accessibility, timely permitting and other environmental factors.

The three potential sites included in the filings are:

Mason County, W.Va., adjacent to AEP's Mountaineer Plant

Meigs County, Ohio, in the Great Bend area

Lewis County, Ky., in the Carrs area near Vanceburg

All are on the Ohio River.

Morris pointed out that the potential sites included in the filings meet operational criteria, but regulatory factors in each state will play a key role in final site selection. "We will not site a plant until we are comfortable about our ability to recover the costs of constructing and operating the plant," Morris said. "Over time, we expect to build several new plants, so cost recovery will be a critical part of our decision."

AEP announced in late August plans to build at least one commercial-scale, base-load IGCC plant by 2010. IGCC technology converts coal into a gas and moves it through pollutant-removal equipment before the gas is burned in gas turbines that drive electric generators. The heat produced by the gas turbines is recovered in boilers that produce steam to drive a steam turbine coupled to an electric generator. The integrated process results in fewer emissions of nitrogen oxide, sulfur dioxide, particulates and mercury, in addition to lower carbon dioxide emissions.

The filings with PJM begin transmission interconnection feasibility studies to determine the transmission network upgrades and estimated cost needed at each potential site to connect a new plant to the existing transmission grid.

AEP - News Releases - AEP seeks transmission review of potential IGCC plant sites

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American Electric Power owns more than 36,000 megawatts of generating capacity in the United States and is the nation's largest electricity generator. AEP is also one of the largest electric utilities in the United States, with more than 5 million customers linked to AEP's 11-state electricity transmission and distribution grid. The company is based in Columbus, Ohio.

*These reports made by AEP and its registrant subsidiaries contain forward-looking statements within the meaning of Section 27 of the Securities Exchange Act of 1934. Although AEP and its registrant subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: electric load and customer growth; weather conditions; available sources and costs of fuels; availability of generating capacity and the performance of AEP's generating plants; the ability to recover regulatory assets and stranded costs in connection with deregulation; new legislation and government regulation including requirements for reduced emissions of sulfur, nitrogen, carbon and other substances; resolution of pending and future rate cases, negotiations and other regulatory decisions (including rate or other recovery for environmental compliance); oversight and/or investigation of the energy sector or its participants; resolution of litigation (including pending Clean Air Act enforcement actions and disputes arising from bankruptcy of Enron Corp.); AEP's ability to reduce its operation and maintenance costs; the success of disposing of investments that no longer match AEP's corporate profile; AEP's ability to sell assets at attractive prices and on other attractive terms; international and country-specific developments affecting foreign investments including the disposition of any current foreign investments; the economic climate and growth in AEP's service territory and changes in market demand and demographic patterns; inflationary trends; AEP's ability to develop and execute on a point of view regarding prices of electricity, natural gas, and other energy-related commodities; changes in the creditworthiness and number of participants in the energy trading market; changes in the financial markets, particularly those affecting the availability of capital and AEP's ability to refinance existing debt at attractive rates; actions of rating agencies, including changes in the ratings of debt and preferred stock; volatility and changes in markets for electricity, natural gas, and other energy-related commodities; changes in utility regulation, including the establishment of a regional transmission structure; accounting pronouncements periodically issued by accounting standard-setting bodies; the performance of AEP's pension plan; prices for power that AEP generates and sells at wholesale; and changes in technology and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes and other catastrophic events.*



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## AEP Ohio seeks cost-recovery means for proposed clean-coal plant

### IGCC commitment representative of AEP's historic role as industry leader on technology development, implementation



COLUMBUS, Ohio, March 18, 2005 - Columbus Southern Power Company and Ohio Power Company, subsidiaries of America Electric Power (NYSE: AEP) doing business as AEP Ohio, filed an application today with the Public Utilities Commission of Ohio seeking authority to recover costs related to building and operating a new clean-coal technology power plant.

The filing follows a suggestion by the PUCO in its January Rate Stabilization Plan order for the companies that they proceed with this construction.

AEP has announced its intent to build up to 1,200 megawatts of new generation using Integrated Gasification Combined Cycle (IGCC) clean-coal technology, the first commercial-scale use of the technology for power generation and the largest IGCC plan announced to date, and has identified properties in Kentucky, Ohio and West Virginia as sites under consideration. IGCC technology represents an advanced form of coal-based generation that offers enhanced environmental performance. The integrated process results in reduced emissions of nitrogen oxide, sulfur dioxide, particulates, mercury and carbon dioxide.

"We are encouraged by the commission's urging in our Rate Stabilization Plan order to move forward with the construction of a IGCC facility in Ohio," said Kevin Walker, president and chief operating officer for AEP Ohio. "This filing provides a plan for recovering the costs for the plant and is the initial step in the final approval process. When ultimate recovery of costs is assured AEP Ohio will proceed to build this state-of-the-art facility in Ohio."

Once the plant is built in Ohio, Columbus Southern Power and Ohio Power will retain joint ownership. CSP owns more than 1,200 acres along the Ohio River in Meigs County that is a primary site under consideration.

"An IGCC facility will enhance the business climate in Ohio by creating valuable jobs, promoting economic development, and contributing income and property tax revenue to state and local tax authorities," Walker added.

AEP's decision to use IGCC for new generation is representative of the company's leadership position in technology development and implementation, according to Michael G. Morris, AEP's chairman, president and chief executive officer.

"We see IGCC as the logical next step for coal-fired generation," Morris said. "Our company has a long history as a technologic leader in our industry, dating to the completion of the nation's first major mine-mouth power plant in 1917, the first long-distance high-voltage transmission line, the first generating unit to operate with steam above the supercritical-pressure level, and the development of the largest coal-fired units in the world - our highly efficient 1,300-megawatt plants.

"We've worked for more than a decade with technology providers to push clean-coal generation from theory to commercial use and are extremely pleased to be the first to bring the technology into mainstream use," Morris said.

Clean-coal technologies like IGCC will keep coal - a plentiful, lower-priced fuel than other alternatives for use in electricity generation - in the nation's energy mix, which is important for both energy and economic security, Morris said.

AEP - News Releases - AEP Ohio seeks cost-recovery means for proposed clean-coal plant<br><br>IGC... Page 2 of 3

"While we are disappointed that the Bush administration's comprehensive Clear Skies environmental plan - which would have fit nicely with the environmental capabilities of an IGCC plant - did not clear Congress, we still have the long-term obligation to serve our customers in the lowest-cost, most environmentally responsible method possible," Morris said. "Building IGCC generation best fulfills that obligation.

"Ohio's environment will be improved by having this new, environmentally-friendly generating facility, one that will be capable of using competitively-priced Ohio high-sulfur coal to meet our customers' electricity demands," Morris said.

The Ohio filing requests cost recovery for a 600-megawatt plant.

"The largest IGCC units are 600 megawatts, and we plan to build them in series," Morris said. "A second unit could be built on the same site as the first and operate as one plant, or could be built on a second site.

"Either option will help satisfy our need for at least 1,200 megawatts of new capacity by 2010," Morris said.

In the filing, the companies seek to recover plant-related costs in three phases:

During phase one, that takes place during 2006, the companies would recover approximately \$18 million in initial costs such as site engineering and various other engineering services. The monthly surcharge to a residential customer using 1,000 kWh per month would be approximately 58 cents for CSP residential customers and 39 cents for OPCo residential customers. Collection of this surcharge will take place during 2006.

In phase two, anticipated to take place from 2007 through mid-2010 when the plant is placed in commercial operation, the companies would recover financing costs associated with the construction. The companies estimate the carrying costs associated with the construction of the plant to be \$237,488,000. The estimated average monthly surcharge to a residential customer using 1,000 kWh per month would be approximately \$2.00 for CSP residential customers and approximately \$1.40 for OPCo residential customers. The collection of these surcharges will end when the plant begins commercial operation.

Phase three begins when the plant enters commercial operation in mid-2010. The companies would recover the projected \$1.0 billion cost of the plant over its operating life. Since the levels of recovery will be tied, in part, to market prices for electric generation and other factors that will vary throughout the plant's life, per-kWh charges for this phase cannot be estimated at this time.

Because the surcharge will be added to the generation portion of a customer's electric bill, AEP Ohio's customers will have the option, as Ohio Senate Bill 3 provided by creating customer choice in Ohio, to choose an alternate supplier and avoid these costs.

"If we are going to invest in new base-load generating capacity which offers the best promise of meeting current and future environmental requirements, we must have a means for recovering the costs associated with that construction," Morris said. "The cost recovery process we have proposed is designed to allow us to start construction knowing what the rules of the road will be.

In the coming weeks, AEP Ohio will submit to the PUCO a more detailed discussion outlining the technological and economic benefits associated with an IGCC facility.

"We are convinced that an IGCC plant, over its expected 40-year lifespan, is the most cost-effective option for our customers," Morris said.

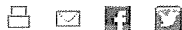
AEP Ohio provides electricity to 1.4 million customers of major AEP subsidiaries Columbus Southern Power, Ohio Power and Wheeling Power in Ohio and the northern panhandle of West Virginia. AEP Ohio is based in Gahanna, Ohio, and is a unit of American Electric Power.



American Electric Power owns more than 36,000 megawatts of generating capacity in the United States and is the nation's largest electricity generator. AEP is also one of the largest electric utilities in the United States, with more than 5 million customers linked to AEP's 11-state electricity transmission and distribution grid. The company is based in Columbus, Ohio.

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## AEP announces additional environmental investments at five plants in four states



COLUMBUS, Ohio, June 17, 2005 -- American Electric Power (NYSE: AEP) today announced five additional locations where it invest in advanced equipment to continue to improve the environmental performance of its coal-fired power plants. These projects are part of the company's previously announced plan to invest at least \$3.7 billion in environmental retrofits through 2010.

The next group of environmental control investments includes:

Flue gas desulfurization (FGD) system installations to reduce sulfur dioxide (SO<sub>2</sub>) emissions at John E. Amos Plant units 1, 2 and 3 – 2,900 megawatts (MW) located at Winfield, W.Va;

Muskingum River Unit 5 – 585 MW located near Beverly, Ohio;

Big Sandy Unit 2 – 800 MW located near Louisa, Ky.; and

Conesville Unit 4 – 780 MW located at Conesville, Ohio

Selective catalytic reduction (SCR) system installation to reduce nitrogen oxide (NO<sub>x</sub>) emissions at Conesville Unit 4; and

FGD system upgrade at H. W. Pirkey Plant – 675 MW located near Hallsville, Texas.

Construction will begin when all design and engineering work is complete and once any needed approvals, permits and certifications are received. The projects will be completed between 2007 and 2010.

"Our investments in improving the environmental performance of our coal-fired generating stations will allow us to extend the environmental life of these plants and continue to use coal -- our nation's most abundant fuel source and the backbone of the economies in many states where we operate," said Michael G. Morris, AEP chairman, president and chief executive officer. "Even with these significant investments, AEP will continue to provide some of the lowest-cost electricity available for our customers."

FGD systems, commonly called scrubbers, reduce SO<sub>2</sub> emissions, a contributor to acid rain, by up to 98 percent. FGD systems provide the additional benefit of removing oxidized mercury from the flue gas as well. SCR systems reduce NO<sub>x</sub> emissions, a contributor to the formation of urban ozone or smog, by up to 90 percent.

H. W. Pirkey Plant was equipped with an FGD system when it went into service in 1985. That system consistently removes nearly 80 percent of SO<sub>2</sub>. This original equipment will be upgraded to bring its removal rate into the 90-percent range.

Overall, these systems will meet the requirements of the U.S. Environmental Protection Agency's Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR). AEP plans to invest at least \$3.7 billion by 2010 in environmental control equipment on existing plants to meet these increasingly stringent air quality regulations. Included in this total are previously announced FGD

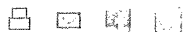
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system installations on the one generating unit at Mountaineer Plant in West Virginia and on units 1 and 2 of Cardinal Plant in C and both FGD and SCR system investments on units 1 and 2 at Mitchell Plant, also located in West Virginia. AEP anticipates that additional investments in the range of \$1.5 billion will be needed between 2010 and 2020 to meet the requirements of CAIR and CAMR.

AEP also has filed with the Public Utilities Commission of Ohio seeking cost recovery for a new 600-megawatt clean-coal power plant with enhanced emission performance using Integrated Gasification Combined Cycle (IGCC) technology. The plant, which will be the largest commercial-scale IGCC plant in the United States, will be built in southern Ohio, once cost-recovery approval is received from the Ohio commission. A second 600-megawatt IGCC plant is under consideration by AEP for West Virginia, Ohio, Kentucky, but no decision has been announced.

AEP's environmental construction investments will create a need for temporary labor, and positions will be filled through the contractors selected to install the equipment. Workers from all 14 building trades will be supplied through local union hiring halls. Additional full-time staff will be required at most of these locations once these projects are complete. The number of additional full-time staff will vary from location to location depending on the technology being installed.

American Electric Power owns more than 36,000 megawatts of generating capacity in the United States and is the nation's largest electricity generator. AEP is also one of the largest electric utilities in the United States, with more than 5 million customers linked to AEP's 11-state electricity transmission and distribution grid. The company is based in Columbus, Ohio.

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## AEP expands CO2 reduction commitment through 2010; extends participation in Chicago Climate Exchange



COLUMBUS, Ohio, Aug. 10, 2005 -- American Electric Power (NYSE: AEP) today announced the company will expand and extend its commitment to voluntarily reduce, avoid or sequester its greenhouse gas emissions through 2010 and will continue its membership in the Chicago Climate Exchange (CCX), the first voluntary, legally binding greenhouse gas emissions reduction trading program in North America.

As a founding member of CCX, AEP committed in 2003 to reduce or offset its greenhouse gas emissions by 1 percent in 2003, 2 percent in 2004, 3 percent in 2005 and 4 percent in 2006 below a baseline average of 1998 to 2001 emission levels. Today's commitment to Phase II of CCX extends AEP's greenhouse gas reduction commitment ultimately to 6 percent below the same baseline by 2010 (4.25 percent in 2007, 4.5 percent in 2008, 5 percent in 2009 and 6 percent in 2010).

With this new commitment, AEP expects to reduce or offset approximately 46 million metric tons of carbon dioxide (CO2) equivalent emissions between 2003 and the end of the decade.

"We've long believed that as the leader in our industry on the climate change issue, it is important for AEP to go beyond simply talking about what should be done and actually make real reductions in our greenhouse gas emissions," said Michael G. Morris, AEP chairman, president and chief executive officer. "The fact that AEP is projecting growth in demand for our generation in the range of 2 to 3 percent per year through the end of the decade makes this expanded reduction commitment more significant.

"Equally important, we believe that market-based approaches are the best and most cost-effective way to achieve emission reductions. Continuing participation in Phase II of CCX helps demonstrate that a well-designed, market-based approach is the way to successfully achieve global greenhouse gas reductions," Morris said.

Chicago Climate Exchange is the world's first and North America's only voluntary, legally binding greenhouse emissions reduction and trading program. The more than 100 current CCX members reflect a cross-section of major public and private sector North American entities.

"AEP and the members of CCX have achieved real and significant reductions in the greenhouse gas burden, while proving that emissions reduction and trading program works. Phase II is the consolidation and expansion of this success," said Dr. Richard Sandor, chairman and CEO of CCX and a member of AEP's Board of Directors.

"AEP's vision and leadership have been extraordinary throughout the evolution of CCX, and we applaud their decision to be the first entity to announce membership in Phase II of CCX," Sandor said.

"CCX is unique because it involves a legally binding commitment for tangible and verifiable reductions for all six greenhouse gases and provides an important policy model of a market-based system for effectively addressing the challenge of climate change," said Dennis Welch, AEP's senior vice president – environment and safety. "It also allows members, like AEP, to gain experience and skill in monitoring and managing emissions and challenges participants to develop creative ways to achieve economic emission reductions."

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AEP expects to continue achieving its reduction commitment cost-effectively through a broad portfolio of actions to reduce, avoid or sequester greenhouse gas emissions, including power plant efficiency improvements, renewable generation such as wind and biomass co-firing, off-system greenhouse gas reduction projects, reforestation projects and the direct purchase of emission credits through CCX.

AEP already has made efficiency improvements on its current generating fleet, retired inefficient gas-fired generation, enhanced the performance of its nuclear generation and expanded its use of renewable generation. The company also has invested nearly \$24 million in terrestrial sequestration projects designed to conserve and reforest sensitive areas and offset more than 20 million metric tons of CO2 over the next 40 years.

Going forward, AEP is focused on developing and deploying new technology that will reduce the greenhouse gas emissions of future coal-based power generation. The company has filed for regulatory approval in Ohio to build the first large, commercial-scale Integrated Gasification Combined Cycle (IGCC) clean-coal power plant by 2010, which will be designed to accommodate retrofit of technology to capture CO2 emissions. A second 600-megawatt IGCC plant is under consideration by AEP for West Virginia, Ohio or Kentucky.

AEP also is part of a consortium proposing to build "FutureGen," a \$1-billion research project in conjunction with the Department of Energy that will build the world's first nearly emission-free plant to produce electricity and hydrogen from coal while capturing and storing CO2 in geologic formations.

Additionally, AEP's Mountaineer Plant in New Haven, W.Va., is the site of a \$4.2-million carbon sequestration research project through which scientists from Battelle Memorial Institute are seeking to obtain the data required to better understand the capability of deep saline aquifers for storage of carbon dioxide emissions from power plants.

Beyond CO2, AEP has made significant reductions in its emissions of SF6, an extremely potent greenhouse gas used in transmission equipment. The company reduced leakage of SF6 from 19,778 pounds in 1999 (a leakage rate of 10 percent) to 1,962 pounds in 2004 (a leakage rate of 0.5 percent).

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## AEP Ohio receives approval to recover IGCC pre-construction costs



COLUMBUS, Ohio, April 10, 2006 -- An order issued today by the Public Utilities Commission of Ohio (PUCO) represents an important step toward construction of a clean-coal power generation plant in Ohio, according to American Electric Power (NYSE: AEP).

The commission's order allows AEP Ohio to recover the pre-construction costs, including the front-end engineering and design (FEED) study, for the Integrated Gasification Combined Cycle (IGCC) clean-coal plant from its Ohio customers. The order also ruled that the company will incur the costs of the IGCC plant in meeting its provider of last resort (POLR) obligation to all customers in its certified territory and that the existence of these costs makes it reasonable to recover them through a POLR recovery mechanism.

AEP Ohio will provide more definitive information, including more precise costs, when available to seek approval to recover the costs of building and operating the plant.

"We are pleased that the Ohio Commissioners have approved the pre-construction costs for the IGCC clean-coal plant and rule that it is reasonable to recover the costs of this facility through a provider of last resort (POLR) recovery mechanism that applies to all customers," said Michael G. Morris, AEP's chairman, president and chief executive officer. "When we return to the commission with additional information, it will be important that we receive a quick decision. We trust that the PUCO won't allow opponents of this plant to use another set of evidentiary hearings to delay or kill the project. We face an increasingly tight construction timeline as we are to have the plant on line in 2010 to meet our POLR obligation."

AEP Ohio, a unit of AEP, filed a cost-recovery plan for a 600-megawatt IGCC plant in Meigs County, Ohio, after the PUCO, in its January 2005 Rate Stabilization Plan order, suggested the company build an IGCC plant in the state.

AEP also has filed with the West Virginia Public Service Commission for approval of cost recovery for an IGCC plant adjacent to the Mountaineer Plant in New Haven, W.Va. The company has identified a third potential site for an IGCC plant in Lewis County, K

AEP will need at least two base-load power plants early in the next decade to meet the projected growth in demand for electricity in the company's seven-state eastern operating area. AEP has proposed IGCC generation as this base-load generation.

IGCC technology converts coal into a gas and moves it through pollutant-removal equipment before the gas is burned in gas turbines that drive electric generators. The heat produced by the gas turbines is recovered in boilers that produce steam to drive a steam turbine also coupled to an electric generator. The integrated process results in fewer emissions of nitrogen oxide, sulfur dioxide, particulates and mercury, in addition to lower carbon dioxide emissions.

AEP Ohio provides electricity to 1.4 million customers of major AEP subsidiaries Columbus Southern Power Company and Ohio Power Company in Ohio, and Wheeling Power Company in the northern panhandle of West Virginia. AEP Ohio is based in Gahanna, Ohio, and is a unit of American Electric Power.

American Electric Power is one of the largest electric utilities in the United States, delivering electricity to more than 5 million customers in 11 states. AEP is the nation's largest generator of electricity, owning more than 36,000 megawatts of generating capacity in the U.S. AEP also owns the nation's largest electricity transmission system, a nearly 39,000-mile network that includes

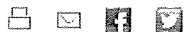


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more 765 kilovolt extra-high voltage transmission lines than all other U.S. transmission systems combined. AEP's utility units operate as AEP Ohio, AEP Texas, Appalachian Power (in Virginia, West Virginia and Tennessee), Indiana Michigan Power, Kentucky Power, Public Service Company of Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana and east Texas). American Electric Power, based in Columbus, Ohio, is celebrating its 100th anniversary in 2006.

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Journal ID	Account	Dept	Monetary Amount	Journal Line Description	Descr	Year	Period	Unit	Project	W/O	Cost Comp
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