

Kentucky Power Company
 Depreciation Expense Adjustments
 For the Test Year Ended 6/30/05

	Electric Plant In Service as of 6/30/2005	New Annual Rate Per KPCO Filing	Annualized Depreciation Per KPCO Filing	New Annual Rate With Adjustments Listed	KIUC Adjusted Annualized Depreciation	KIUC Depreciation Adjustment
Production Steam	459,150,369	0.0357	16,391,668	0.0321	14,738,727	(1,652,941)
Transmission	385,378,899	0.0271	10,443,768	0.0213	8,208,571	(2,235,198)
Distribution	445,002,421	0.0364	16,198,088	0.0328	14,596,079	(1,602,009)
General Plant	<u>29,575,208</u>	0.0531	<u>1,570,444</u>	0.0524	<u>1,549,741</u>	<u>(20,703)</u>
	1,319,106,897		44,603,968		39,093,118	(5,510,850)
			Allocation Factor - GP-TOT			<u>0.990</u>
			Total Depreciation Expense Reduction			<u>(5,455,742)</u>
			Total of Prior Depreciation Adjustments			<u>(5,319,374)</u>
			Total of Depreciation Adjustment 5			<u>(136,368)</u>

Adjustments Included:

- 1 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.
- 2 - Use full history of additions and retirements to determine interim retirement rate for Big Sandy Assets instead of last 30 years.
- 3 - Use of Net Salvage percentages on overall functional account basis instead of judgement percentages based on retirements.
- 4 - Use full history for all Net Salvage percentages instead of just the 15 year period of 1990-2004.
- 5 - Delay retirement of Big Sandy Unit I five years from 2015 until 2020.

KENTUCKY POWER COMPANY
ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

SCHEDULE I

ACCOUNT		ORIGINAL COST AT 12/31/04 (III)	AVERAGE LIFE AND CURVE TYPE (IV)	TERMINAL RETIREMENT DATE (V)	NET SALVAGE RATIO (VI)	TOTAL TO BE RECOVERED (VII)	CALCULATED DEPRECIATION REQUIREMENT (VIII)	ALLOCATED ACCUMULATED DEPRECIATION (IX)	REMAINING TO BE RECOVERED (X)	AVERAGE REMAINING LIFE (XI)	RECOMMENDED	
NO. (I)	TITLE (II)										ANNUAL AMOUNT (XII)	ACCRUAL PERCENT (XIII)
STEAM PRODUCTION PLANT												
BIG SANDY PLANT				2015/2034								
311.0	Structures & Improvements	36,149,758	FCST.		1.08	39,041,739	19,558,366	17,003,960	22,037,779	25.98	848,259	2.35%
312.0	Boiler Plant Equipment	324,538,695	FCST.		1.19	386,201,047	120,063,125	105,248,658 (a)	280,952,389	22.10	12,712,778	3.92%
314.0	Turbogenerator Units	73,038,983	FCST.		1.16	84,725,220	40,553,738	35,257,246	49,467,974	22.71	2,178,246	2.98%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		1.10	15,116,861	8,374,746	7,280,968	7,835,893	25.81	303,599	2.21%
316.0	Misc. Power Plant Equip.	6,518,954	FCST.		1.11	7,236,039	3,408,827	2,963,620	4,272,419	24.79	172,344	2.64%
Total Steam Production Plant		453,988,991				532,320,906	191,958,802	167,754,452	364,566,454		16,215,226	3.57%
TRANSMISSION PLANT												
350.1	Land Rights	23,258,047	75 R4.0	N.A.	1.00	23,258,047	6,496,508	5,181,575	18,076,472	54.05	334,440	1.44%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	1.00	6,387,065	2,174,176	1,734,110	4,652,955	36.28	128,251	2.01%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	1.00	123,153,116	30,208,886	24,094,424	99,058,692	30.19	3,281,176	2.66%
354.0	Towers & Fixtures	92,364,356	55 R4.0	N.A.	1.35	124,691,881	44,490,496	35,485,349	89,206,532	35.38	2,521,383	2.73%
355.0	Poles & Fixtures	37,506,208	35 S6.0	N.A.	1.50	56,259,312	18,200,586	14,516,677	41,742,635	23.68	1,762,780	4.70%
356.0	OH Conductor & Devices	100,355,481	50 S6.0	N.A.	1.05	105,373,255	39,881,156	31,808,967	73,564,288	31.08	2,366,933	2.36%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	1.00	11,590	5,713	4,557	7,033	18.76	375	3.23%
358.0	Underground Conductor	106,066	44 R1.0	N.A.	1.00	106,066	37,616	30,002	76,064	28.40	2,678	2.53%
Total Transmission Plant		383,141,929				439,240,332	141,495,137	112,855,660	326,384,672		10,398,016	2.71%
DISTRIBUTION PLANT												
360.1	Land Rights	3,691,802	75 R4.0	N.A.	1.00	3,691,802	1,464,290	1,521,740	2,170,062	45.25	47,957	1.30%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	1.00	4,231,065	801,496	832,942	3,398,123	56.74	59,889	1.42%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	1.00	42,017,840	11,888,206	12,354,632	29,663,208	21.51	1,379,043	3.28%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	1.40	174,541,140	48,873,736	50,791,264	123,749,876	20.16	6,138,387	4.92%
365.0	Overhead Conductor & Devices	99,426,561	30 R0.5	N.A.	0.80	79,541,249	19,903,904	20,684,820	58,856,429	22.49	2,617,004	2.63%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	1.00	2,959,899	483,560	502,532	2,457,367	41.83	58,747	1.98%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	0.85	4,659,758	603,991	627,688	4,032,070	46.13	87,407	1.59%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	0.75	63,139,067	18,278,290	18,995,426	44,143,640	20.60	2,142,895	2.55%
369.0	Services	31,239,944	22 R0.5	N.A.	0.85	26,553,952	6,927,939	7,199,752	19,354,200	16.26	1,190,295	3.81%
370.0	Meters	21,071,793	20 R3.0	N.A.	0.75	15,803,845	7,761,512	8,066,030	7,737,815	10.18	760,100	3.61%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	1.00	15,598,882	3,614,093	3,755,890	11,842,992	9.22	1,284,489	8.23%
373.0	Street Lighting & Signal Sys.	2,741,234	20 L0.0	N.A.	1.05	2,878,296	844,368	877,496	2,000,799	14.13	141,599	5.17%
Total Distribution Plant		437,318,753				435,616,794	121,445,385	126,210,213	309,406,581		15,907,812	3.64%
GENERAL PLANT												
389.2	Land Rights	84,011	75 R4.0	N.A.	1.00	84,011	10,301	5,029	78,982	65.80	1,200	1.43%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	0.90	17,366,397	8,266,103	4,035,838	13,330,560	13.10	1,017,600	5.27%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	1.00	1,737,579	386,452	188,681	1,548,898	27.22	56,903	3.27%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	1.00	5,819	3,136	1,531	4,288	13.83	310	5.33%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	1.00	189,262	47,037	22,965	166,297	22.54	7,378	3.90%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	1.00	1,711,318	262,618	128,220	1,583,098	27.09	58,438	3.41%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	1.00	394,394	258,983	126,446	267,948	10.99	24,381	6.18%
396.0	Power Operated Equipment	5,931	8 SQ	N.A.	1.00	5,931	1,853	905	5,026	5.50	914	15.41%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	0.90	4,200,092	1,960,549	957,217	3,242,875	10.13	320,126	6.86%
398.0	Miscellaneous Equipment	584,684	19 L2.0	N.A.	1.00	584,684	134,604	65,719	518,965	14.63	35,473	6.07%
Total General Plant		28,675,764				26,279,487	11,331,636	5,532,552	20,746,935		1,522,723	5.31%
Total Depreciable Plant		1,303,125,437				1,433,457,519	466,230,960	412,352,877 (a)	1,021,104,642		44,043,777	3.38%

(a) Includes allocated reserve of \$105,161,967 plus \$866,291 of accumulated amortization applicable to SCR Catalysts.

KENTUCKY POWER COMPANY
ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Adjustments 1

SCHEDULE I

ACCOUNT	ORIGINAL COST AT 12/31/04 (III)	AVERAGE LIFE AND CURVE TYPE (IV)	TERMINAL RETIREMENT DATE (V)	NET SALVAGE RATIO (VI)	TOTAL TO BE RECOVERED (VII)	CALCULATED DEPRECIATION REQUIREMENT (VIII)	ALLOCATED ACCUMULATED DEPRECIATION (IX)	REMAINING TO BE RECOVERED (X)	AVERAGE REMAINING LIFE (XI)	RECOMMENDED ANNUAL AMOUNT (XII)	ACCRAUAL PERCENT (XIII)	
NO. (I)	TITLE (II)											
STEAM PRODUCTION PLANT												
BIG SANDY PLANT												
2015/2034												
311.0	Structures & Improvements	36,149,758	FCST.		1.08	39,041,739	19,558,366	17,003,960	22,037,779	25.98	848,259	2.35%
312.0	Boiler Plant Equipment	324,538,695	FCST.		1.19	386,201,047	120,063,125	105,248,658 (a)	280,952,389	22.63	12,415,041	3.83%
314.0	Turbogenerator Units	73,038,983	FCST.		1.16	84,725,220	40,553,738	35,257,246	49,467,974	22.71	2,178,246	2.98%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		1.10	15,116,861	8,374,746	7,280,968	7,835,893	25.81	303,599	2.21%
316.0	Misc. Power Plant Equip.	6,518,954	FCST.		1.11	7,236,039	3,408,827	2,963,620	4,272,419	24.79	172,344	2.64%
Total Steam Production Plant		453,988,991				532,320,906	191,958,802	167,754,452	364,566,454		15,917,490	3.51%
TRANSMISSION PLANT												
350.1	Land Rights	23,258,047	75 R4.0	N.A.	1.00	23,258,047	6,496,508	5,181,575	18,076,472	54.05	334,440	1.44%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	1.00	6,387,065	2,174,176	1,734,110	4,652,955	36.28	128,251	2.01%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	1.00	123,153,116	30,208,886	24,094,424	99,058,692	30.19	3,281,176	2.66%
354.0	Towers & Fixtures	92,364,356	55 R4.0	N.A.	1.35	124,691,881	44,490,496	35,485,349	89,206,532	35.38	2,521,383	2.73%
355.0	Poles & Fixtures	37,506,208	35 S6.0	N.A.	1.50	56,259,312	18,200,586	14,516,677	41,742,635	23.68	1,762,780	4.70%
356.0	OH Conductor & Devices	100,355,481	50 S6.0	N.A.	1.05	105,373,255	39,881,156	31,808,967	73,564,288	31.08	2,366,933	2.36%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	1.00	11,590	5,713	4,557	7,033	18.76	375	3.23%
358.0	Underground Conductor	106,066	44 R1.0	N.A.	1.00	106,066	37,616	30,002	76,064	28.40	2,678	2.53%
Total Transmission Plant		383,141,929				439,240,332	141,495,137	112,855,660	326,384,672		10,398,016	2.71%
DISTRIBUTION PLANT												
360.1	Land Rights	3,691,802	75 R4.0	N.A.	1.00	3,691,802	1,464,290	1,521,740	2,170,062	45.25	47,957	1.30%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	1.00	4,231,065	801,496	832,942	3,398,123	56.74	59,889	1.42%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	1.00	42,017,840	11,888,206	12,354,632	29,663,208	21.51	1,379,043	3.28%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	1.40	174,541,140	48,873,736	50,791,264	123,749,876	20.16	6,138,387	4.92%
365.0	Overhead Conductor & Devices	99,426,561	30 R0.5	N.A.	0.80	79,541,249	19,903,904	20,684,820	58,856,429	22.49	2,617,004	2.63%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	1.00	2,959,899	483,560	502,532	2,457,367	41.83	58,747	1.98%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	0.85	4,659,758	603,991	627,688	4,032,070	46.13	87,407	1.59%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	0.75	63,139,067	18,278,290	18,995,426	44,143,640	20.60	2,142,895	2.55%
369.0	Services	31,239,944	22 R0.5	N.A.	0.85	26,553,952	6,927,939	7,199,752	19,354,200	16.26	1,190,295	3.81%
370.0	Meters	21,071,793	20 R3.0	N.A.	0.75	15,803,845	7,761,512	8,066,030	7,737,815	10.18	760,100	3.61%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	1.00	15,598,882	3,614,093	3,755,890	11,842,992	9.22	1,284,489	8.23%
373.0	Street Lighting & Signal Sys.	2,741,234	20 L0.0	N.A.	1.05	2,878,296	844,368	877,496	2,000,799	14.13	141,599	5.17%
Total Distribution Plant		437,318,753				435,616,794	121,445,385	126,210,213	309,406,581		15,907,812	3.64%
GENERAL PLANT												
389.2	Land Rights	84,011	75 R4.0	N.A.	1.00	84,011	10,301	5,029	78,982	65.80	1,200	1.43%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	0.90	17,366,397	8,266,103	4,035,838	13,330,560	13.10	1,017,600	5.27%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	1.00	1,737,579	386,452	188,681	1,548,898	27.22	56,903	3.27%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	1.00	5,819	3,136	1,531	4,288	13.83	310	5.33%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	1.00	189,262	47,037	22,965	166,297	22.54	7,378	3.90%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	1.00	1,711,318	262,618	128,220	1,583,098	27.09	58,438	3.41%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	1.00	394,394	258,983	126,446	267,948	10.99	24,381	6.18%
396.0	Power Operated Equipment	5,931	8 SQ	N.A.	1.00	5,931	1,853	905	5,026	5.50	914	15.41%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	0.90	4,200,092	1,960,549	957,217	3,242,875	10.13	320,126	6.86%
398.0	Miscellaneous Equipment	584,684	19 L2.0	N.A.	1.00	584,684	134,604	65,719	518,965	14.63	35,473	6.07%
Total General Plant		28,675,764				26,279,487	11,331,636	5,532,552	20,746,935		1,522,723	5.31%
Total Depreciable Plant		1,303,125,437				1,433,457,519	466,230,960	412,352,877 (a)	1,021,104,642		43,746,041	3.36%

(a) Includes allocated reserve of \$105,161,967 plus \$866,291 of accumulated amortization applicable to SCR Catalysts.

KENTUCKY POWER COMPANY
ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Adjustments 1 and 2

SCHEDULE I

ACCOUNT		ORIGINAL COST AT 12/31/04 (III)	AVERAGE LIFE AND CURVE TYPE (IV)	TERMINAL RETIREMENT DATE (V)	NET SALVAGE RATIO (VI)	TOTAL TO BE RECOVERED (VII)	CALCULATED DEPRECIATION REQUIREMENT (VIII)	ALLOCATED ACCUMULATED DEPRECIATION (IX)	REMAINING TO BE RECOVERED (X)	AVERAGE REMAINING LIFE (XI)	RECOMMENDED	
NO. (I)	TITLE (II)										ANNUAL AMOUNT (XII)	ACCRUAL PERCENT (XIII)
STEAM PRODUCTION PLANT												
BIG SANDY PLANT												
2015/2034												
311.0	Structures & Improvements	36,149,758	FCST.		1.08	39,041,739	19,558,366	17,844,675	21,197,063	25.98	815,899	2.26%
312.0	Boiler Plant Equipment	324,538,695	FCST.		1.19	386,201,047	112,453,984	103,467,133 (a)	282,733,914	24.27	11,649,523	3.59%
314.0	Turbogenerator Units	73,038,983	FCST.		1.16	84,725,220	39,221,155	35,784,624	48,940,596	24.19	2,023,175	2.77%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		1.10	15,116,861	8,308,702	7,580,699	7,536,162	26.27	286,873	2.09%
316.0	Misc. Power Plant Equip.	6,518,954	FCST.		1.11	7,236,039	3,372,847	3,077,320	4,158,719	25.29	164,441	2.52%
Total Steam Production Plant		<u>453,988,991</u>				<u>532,320,906</u>	<u>182,915,054</u>	<u>167,754,452</u>	<u>364,566,454</u>		<u>14,939,910</u>	3.29%
TRANSMISSION PLANT												
350.1	Land Rights	23,258,047	75 R4.0	N.A.	1.00	23,258,047	6,496,508	5,181,575	18,076,472	54.05	334,440	1.44%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	1.00	6,387,065	2,174,176	1,734,110	4,652,955	36.28	128,251	2.01%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	1.00	123,153,116	30,208,886	24,094,424	99,058,692	30.19	3,281,176	2.66%
354.0	Towers & Fixtures	92,364,356	55 R4.0	N.A.	1.35	124,691,881	44,490,496	35,485,349	89,206,532	35.38	2,521,383	2.73%
355.0	Poles & Fixtures	37,506,208	35 S6.0	N.A.	1.50	56,259,312	18,200,586	14,516,677	41,742,635	23.68	1,762,780	4.70%
356.0	OH Conductor & Devices	100,355,481	50 S6.0	N.A.	1.05	105,373,255	39,881,156	31,808,967	73,564,288	31.08	2,366,933	2.36%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	1.00	11,590	5,713	4,557	7,033	18.76	975	3.23%
358.0	Underground Conductor	<u>106,066</u>	44 R1.0	N.A.	1.00	<u>106,066</u>	<u>37,616</u>	30,002	<u>76,064</u>	28.40	2,678	2.53%
Total Transmission Plant		<u>383,141,929</u>				<u>439,240,332</u>	<u>141,495,137</u>	<u>112,855,660</u>	<u>326,384,672</u>		<u>10,398,016</u>	2.71%
DISTRIBUTION PLANT												
360.1	Land Rights	3,691,802	75 R4.0	N.A.	1.00	3,691,802	1,464,290	1,521,740	2,170,062	45.25	47,957	1.30%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	1.00	4,231,065	801,496	832,942	3,398,123	56.74	59,889	1.42%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	1.00	42,017,840	11,888,206	12,354,632	29,663,208	21.51	1,379,043	3.28%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	1.40	174,541,140	48,873,736	50,791,264	123,749,876	20.16	6,138,387	4.92%
365.0	Overhead Conductor & Devices	99,426,561	30 R0.5	N.A.	0.80	79,541,249	19,903,904	20,684,820	58,856,429	22.49	2,617,004	2.63%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	1.00	2,959,899	483,560	502,532	2,457,367	41.83	58,747	1.98%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	0.85	4,659,758	603,991	627,688	4,032,070	46.13	87,407	1.59%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	0.75	63,139,067	18,278,290	18,995,426	44,143,640	20.60	2,142,895	2.55%
369.0	Services	31,239,944	22 R0.5	N.A.	0.85	26,553,952	6,927,939	7,199,752	19,354,200	16.26	1,190,295	3.81%
370.0	Meters	21,071,793	20 R3.0	N.A.	0.75	15,803,845	7,761,512	8,066,030	7,737,815	10.18	760,100	3.61%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	1.00	15,598,882	3,614,093	3,755,890	11,842,992	9.22	1,284,489	8.23%
373.0	Street Lighting & Signal Sys.	<u>2,741,234</u>	20 L0.0	N.A.	1.05	<u>2,878,296</u>	<u>844,368</u>	<u>877,496</u>	<u>2,000,799</u>	14.13	<u>141,599</u>	5.17%
Total Distribution Plant		<u>437,318,753</u>				<u>435,616,794</u>	<u>121,445,385</u>	<u>126,210,213</u>	<u>309,406,581</u>		<u>15,907,812</u>	3.64%
GENERAL PLANT												
389.2	Land Rights	84,011	75 R4.0	N.A.	1.00	84,011	10,301	5,029	78,982	65.80	1,200	1.43%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	0.90	17,366,397	8,266,103	4,035,838	13,330,560	13.10	1,017,600	5.27%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	1.00	1,737,579	386,452	188,681	1,548,898	27.22	56,903	3.27%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	1.00	5,819	3,136	1,531	4,288	13.83	310	5.33%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	1.00	189,262	47,037	22,965	166,297	22.54	7,378	3.90%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	1.00	1,711,318	262,618	128,220	1,583,098	27.09	58,438	3.41%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	1.00	394,394	258,983	126,446	267,948	10.99	24,381	6.18%
396.0	Power Operated Equipment	5,931	8 SQ	N.A.	1.00	5,931	1,853	905	5,026	5.50	914	15.41%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	0.90	4,200,092	1,960,549	957,217	3,242,875	10.13	320,126	6.86%
398.0	Miscellaneous Equipment	<u>584,684</u>	19 L2.0	N.A.	1.00	<u>584,684</u>	<u>134,604</u>	<u>65,719</u>	<u>518,965</u>	14.63	<u>35,473</u>	6.07%
Total General Plant		<u>28,675,764</u>				<u>26,279,487</u>	<u>11,331,636</u>	<u>5,532,552</u>	<u>20,746,935</u>		<u>1,522,723</u>	5.31%
Total Depreciable Plant		<u>1,303,125,437</u>				<u>1,433,457,519</u>	<u>457,187,212</u>	<u>412,352,877 (a)</u>	<u>1,021,104,642</u>		<u>42,768,461</u>	3.28%

(a) Includes allocated reserve of \$105,161,967 plus \$866,291 of accumulated amortization applicable to SCR Catalysts.

KENTUCKY POWER COMPANY
ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Adjustments 1,2 and 3

SCHEDULE I

ACCOUNT		ORIGINAL COST AT 12/31/04 (III)	AVERAGE LIFE AND CURVE TYPE (IV)	TERMINAL RETIREMENT DATE (V)	NET SALVAGE RATIO (VI)	TOTAL TO BE RECOVERED (VII)	CALCULATED DEPRECIATION REQUIREMENT (VIII)	ALLOCATED ACCUMULATED DEPRECIATION (IX)	REMAINING TO BE RECOVERED (X)	AVERAGE REMAINING LIFE (XI)	RECOMMENDED	
NO. (I)	TITLE (II)										ANNUAL AMOUNT (XII)	ACCRUAL PERCENT (XIII)
STEAM PRODUCTION PLANT												
BIG SANDY PLANT												
				2015/2034								
311.0	Structures & Improvements	36,149,758	FCST.		1.17	42,295,217	19,558,366	17,844,675	24,450,541	25.98	941,129	2.60%
312.0	Boiler Plant Equipment	324,538,695	FCST.		1.17	379,710,273	112,453,984	103,467,133 (a)	276,243,140	24.27	11,382,082	3.51%
314.0	Turbogenerator Units	73,038,983	FCST.		1.17	85,455,610	39,221,155	35,784,624	49,670,986	24.19	2,053,369	2.81%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		1.17	16,078,843	8,308,702	7,580,699	8,498,144	26.27	323,492	2.35%
316.0	Misc. Power Plant Equip.	6,518,954	FCST.		1.17	7,627,176	3,372,847	3,077,320	4,549,856	25.29	179,907	2.76%
Total Steam Production Plant		453,988,991				531,167,119	182,915,054	167,754,452	363,412,667		14,879,979	3.28%
TRANSMISSION PLANT												
350.1	Land Rights	23,258,047	75 R4.0	N.A.	1.12	26,049,013	6,496,508	5,181,575	20,867,437	54.05	386,077	1.66%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	1.12	7,153,513	2,174,176	1,734,110	5,419,403	36.28	149,377	2.34%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	1.12	137,931,490	30,208,886	24,094,424	113,837,066	30.19	3,770,688	3.06%
354.0	Towers & Fixtures	92,364,356	55 R4.0	N.A.	1.12	103,448,079	44,490,496	35,485,349	67,962,730	35.38	1,920,936	2.08%
355.0	Poles & Fixtures	37,506,208	35 S6.0	N.A.	1.12	42,006,953	18,200,586	14,516,677	27,490,276	23.68	1,160,907	3.10%
356.0	OH Conductor & Devices	100,355,481	50 S6.0	N.A.	1.12	112,398,139	39,881,156	31,808,967	80,589,171	31.08	2,592,959	2.58%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	1.12	12,981	5,713	4,557	8,424	18.76	449	3.87%
358.0	Underground Conductor	106,066	44 R1.0	N.A.	1.12	118,794	37,616	30,002	88,792	28.40	3,126	2.95%
Total Transmission Plant		383,141,929				429,118,960	141,495,137	112,855,660	316,263,300		9,984,520	2.61%
DISTRIBUTION PLANT												
360.1	Land Rights	3,691,802	75 R4.0	N.A.	0.95	3,507,212	1,464,290	1,521,740	1,985,471	45.25	43,878	1.19%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	0.95	4,019,512	801,496	832,942	3,186,570	56.74	56,161	1.33%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	0.95	39,916,948	11,888,206	12,354,632	27,562,316	21.51	1,281,372	3.05%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	0.95	118,438,631	48,873,736	50,791,264	67,647,367	20.16	3,355,524	2.69%
365.0	Overhead Conductor & Devices	99,426,561	30 R0.5	N.A.	0.95	94,455,233	19,903,904	20,684,820	73,770,413	22.49	3,280,143	3.30%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	0.95	2,811,904	483,560	502,532	2,309,372	41.83	55,209	1.87%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	0.95	5,207,965	603,991	627,688	4,580,276	46.13	99,291	1.81%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	0.95	79,976,151	18,278,290	18,995,426	60,980,724	20.60	2,960,229	3.52%
369.0	Services	31,239,944	22 R0.5	N.A.	0.95	29,677,947	6,927,939	7,199,752	22,478,195	16.26	1,382,423	4.43%
370.0	Meters	21,071,793	20 R3.0	N.A.	0.95	20,018,203	7,761,512	8,066,030	11,952,174	10.18	1,174,084	5.57%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	0.95	14,818,938	3,614,093	3,755,890	11,063,048	9.22	1,199,897	7.69%
373.0	Street Lighting & Signal Sys.	2,741,234	20 L0.0	N.A.	0.95	2,604,172	844,368	877,496	1,726,676	14.13	122,199	4.46%
Total Distribution Plant		437,318,753				415,452,815	121,445,385	126,210,213	289,242,602		15,010,409	3.43%
GENERAL PLANT												
389.2	Land Rights	84,011	75 R4.0	N.A.	0.91	76,450	10,301	5,029	71,421	65.80	1,085	1.29%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	0.91	17,559,357	8,266,103	4,035,838	13,523,519	13.10	1,032,330	5.35%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	0.91	1,581,197	386,452	188,681	1,392,516	27.22	51,158	2.94%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	0.91	5,295	3,136	1,531	3,764	13.83	272	4.68%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	0.91	172,228	47,037	22,965	149,263	22.54	6,622	3.50%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	0.91	1,557,299	262,618	128,220	1,429,079	27.09	52,753	3.08%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	0.91	358,899	258,983	126,446	232,453	10.99	21,151	5.36%
396.0	Power Operated Equipment	5,931	8 SQ	N.A.	0.91	5,397	1,853	905	4,493	5.50	817	13.77%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	0.91	4,246,760	1,960,549	957,217	3,289,542	10.13	324,733	6.96%
398.0	Miscellaneous Equipment	584,684	19 L2.0	N.A.	0.91	532,062	134,604	65,719	466,343	14.63	31,876	5.45%
Total General Plant		28,675,764				26,094,945	11,331,636	5,532,552	20,562,393		1,522,797	5.31%
Total Depreciable Plant		1,303,125,437				1,401,833,841	457,187,212	412,352,877 (a)	989,480,964		41,397,704	3.18%

(a) Includes allocated reserve of \$105,161,967 plus \$866,291 of accumulated amortization applicable to SCR Catalysts.

KENTUCKY POWER COMPANY
ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Adjustments 1,2,3 and 4

SCHEDULE I

ACCOUNT	ORIGINAL COST AT 12/31/04	AVERAGE LIFE AND CURVE TYPE	TERMINAL RETIREMENT DATE	NET SALVAGE RATIO	TOTAL TO BE RECOVERED	CALCULATED DEPRECIATION REQUIREMENT	ALLOCATED ACCUMULATED DEPRECIATION	REMAINING TO BE RECOVERED	AVERAGE REMAINING LIFE	RECOMMENDED ANNUAL AMOUNT	ACCRAUAL PERCENT	
NO. (I)	TITLE (II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)
STEAM PRODUCTION PLANT												
BIG SANDY PLANT												
			2015/2034									
311.0	Structures & Improvements	36,149,758	FCST.		1.16	41,933,719	19,558,366	17,844,675	24,089,044	25.98	927,215	2.56%
312.0	Boiler Plant Equipment	324,538,695	FCST.		1.16	376,464,886	112,453,984	103,467,133 (a)	272,997,753	24.27	11,248,362	3.47%
314.0	Turbogenerator Units	73,038,983	FCST.		1.16	84,725,220	39,221,155	35,784,624	48,940,596	24.19	2,023,175	2.77%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		1.16	15,941,417	8,308,702	7,580,699	8,360,718	26.27	318,261	2.32%
316.0	Misc. Power Plant Equip.	6,518,954	FCST.		1.16	7,561,987	3,372,847	3,077,320	4,484,667	25.29	177,330	2.72%
	Total Steam Production Plant	<u>453,988,991</u>				<u>526,627,230</u>	<u>182,915,054</u>	<u>167,754,452</u>	<u>358,872,778</u>		<u>14,694,342</u>	3.24%
TRANSMISSION PLANT												
350.1	Land Rights	23,258,047	75 R4.0	N.A.	0.97	22,560,306	6,496,508	5,181,575	17,378,730	54.05	321,531	1.38%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	0.97	6,195,453	2,174,176	1,734,110	4,461,344	36.28	122,970	1.93%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	0.97	119,458,523	30,208,886	24,094,424	95,364,099	30.19	3,158,798	2.56%
354.0	Towers & Fixtures	92,364,356	55 R4.0	N.A.	0.97	89,593,425	44,490,496	35,485,349	54,108,077	35.38	1,529,341	1.66%
355.0	Poles & Fixtures	37,506,208	35 S6.0	N.A.	0.97	36,381,022	18,200,586	14,516,677	21,864,345	23.68	923,325	2.46%
356.0	OH Conductor & Devices	100,355,481	50 S6.0	N.A.	0.97	97,344,817	39,881,156	31,808,967	65,535,849	31.08	2,108,618	2.10%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	0.97	11,242	5,713	4,557	6,686	18.76	356	3.07%
358.0	Underground Conductor	<u>106,066</u>	44 R1.0	N.A.	0.97	<u>102,884</u>	<u>37,616</u>	<u>30,002</u>	<u>72,882</u>	28.40	2,566	2.42%
	Total Transmission Plant	<u>383,141,929</u>				<u>371,647,671</u>	<u>141,495,137</u>	<u>112,855,660</u>	<u>258,792,011</u>		<u>8,167,505</u>	2.13%
DISTRIBUTION PLANT												
360.1	Land Rights	3,691,802	75 R4.0	N.A.	0.92	3,396,458	1,464,290	1,521,740	1,874,717	45.25	41,430	1.12%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	0.92	3,892,580	801,496	832,942	3,059,638	56.74	53,924	1.27%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	0.92	38,656,413	11,888,206	12,354,632	26,301,781	21.51	1,222,770	2.91%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	0.92	114,698,464	48,873,736	50,791,264	63,907,199	20.16	3,170,000	2.54%
365.0	Overhead Conductor & Devices	99,426,561	30 R0.5	N.A.	0.92	91,472,436	19,903,904	20,684,820	70,787,616	22.49	3,147,515	3.17%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	0.92	2,723,107	483,560	502,532	2,220,575	41.83	53,086	1.79%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	0.92	5,043,503	603,991	627,688	4,415,814	46.13	95,725	1.75%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	0.92	77,450,588	18,278,290	18,995,426	58,455,162	20.60	2,837,629	3.37%
369.0	Services	31,239,944	22 R0.5	N.A.	0.92	28,740,748	6,927,939	7,199,752	21,540,996	16.26	1,324,785	4.24%
370.0	Meters	21,071,793	20 R3.0	N.A.	0.92	19,386,050	7,761,512	8,066,030	11,320,020	10.18	1,111,986	5.28%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	0.92	14,350,971	3,614,093	3,755,890	10,595,082	9.22	1,149,141	7.37%
373.0	Street Lighting & Signal Sys.	<u>2,741,234</u>	20 L0.0	N.A.	0.92	<u>2,521,935</u>	<u>844,368</u>	<u>877,496</u>	<u>1,644,439</u>	14.13	<u>116,379</u>	4.25%
	Total Distribution Plant	<u>437,318,753</u>				<u>402,333,253</u>	<u>121,445,385</u>	<u>126,210,213</u>	<u>276,123,040</u>		<u>14,324,371</u>	3.28%
GENERAL PLANT												
389.2	Land Rights	84,011	75 R4.0	N.A.	0.90	75,610	10,301	5,029	70,581	65.80	1,073	1.28%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	0.90	17,366,397	8,266,103	4,035,838	13,330,560	13.10	1,017,600	5.27%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	0.90	1,563,821	386,452	188,681	1,375,140	27.22	50,519	2.91%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	0.90	5,237	3,136	1,531	3,706	13.83	268	4.61%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	0.90	170,336	47,037	22,965	147,370	22.54	6,538	3.45%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	0.90	1,540,186	262,618	128,220	1,411,966	27.09	52,121	3.05%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	0.90	354,955	258,983	126,446	228,509	10.99	20,792	5.27%
396.0	Power Operated Equipment	5,931	8 SQ	N.A.	0.90	5,338	1,853	905	4,433	5.50	806	13.59%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	0.90	4,200,092	1,960,549	957,217	3,242,875	10.13	320,126	6.86%
398.0	Miscellaneous Equipment	<u>584,684</u>	19 L2.0	N.A.	0.90	<u>526,216</u>	<u>134,604</u>	<u>65,719</u>	<u>460,497</u>	14.63	<u>31,476</u>	5.38%
	Total General Plant	<u>28,675,764</u>				<u>25,808,188</u>	<u>11,331,636</u>	<u>5,532,552</u>	<u>20,275,636</u>		<u>1,501,320</u>	5.24%
	Total Depreciable Plant	<u>1,303,125,437</u>				<u>1,326,416,341</u>	<u>457,187,212</u>	<u>412,352,877 (a)</u>	<u>914,063,464</u>		<u>38,687,536</u>	2.97%

(a) Includes allocated reserve of \$105,161,967 plus \$866,291 of accumulated amortization applicable to SCR Catalysts.

KENTUCKY POWER COMPANY
ANNUAL DEPRECIATION RATES AND ACCRUALS BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2004
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Adjustments 1,2,3,4 and 5

SCHEDULE I

ACCOUNT	ORIGINAL COST AT 12/31/04 (III)	AVERAGE LIFE AND CURVE TYPE (IV)	TERMINAL RETIREMENT DATE (V)	NET SALVAGE RATIO (VI)	TOTAL TO BE RECOVERED (VII)	CALCULATED DEPRECIATION REQUIREMENT (VIII)	ALLOCATED ACCUMULATED DEPRECIATION (IX)	REMAINING TO BE RECOVERED (X)	AVERAGE REMAINING LIFE (XI)	RECOMMENDED ANNUAL AMOUNT (XII)	ACCRAUAL PERCENT (XIII)
NO. (I)	TITLE (II)										
STEAM PRODUCTION PLANT											
BIG SANDY PLANT											
			2015/2034								
311.0	Structures & Improvements	36,149,758	FCST.		41,933,719	19,262,364	17,665,862	24,267,858	26.78	906,193	2.51%
312.0	Boiler Plant Equipment	324,538,695	FCST.		376,464,886	112,191,854	103,759,466 (a)	272,705,420	24.35	11,199,401	3.45%
314.0	Turbogenerator Units	73,038,983	FCST.		84,725,220	38,944,463	35,716,670	49,008,550	24.51	1,999,533	2.74%
315.0	Accessory Electrical Equipment	13,742,601	FCST.		15,941,417	8,238,085	7,555,297	8,386,120	26.77	313,266	2.28%
316.0	Misc. Power Plant Equip.	6,518,954	FCST.		7,561,987	3,333,439	3,057,157	4,504,829	25.85	174,268	2.67%
	Total Steam Production Plant	<u>453,988,991</u>			<u>526,627,230</u>	<u>181,970,205</u>	<u>167,754,452</u>	<u>358,872,778</u>		<u>14,592,660</u>	3.21%
TRANSMISSION PLANT											
350.1	Land Rights	23,258,047	75 R4.0	N.A.	22,560,306	6,496,508	5,181,575	17,378,730	54.05	321,531	1.38%
352.0	Structures & Improvements	6,387,065	55 S3.0	N.A.	6,195,453	2,174,176	1,734,110	4,461,344	36.28	122,970	1.93%
353.0	Station Equipment	123,153,116	40 R1.5	N.A.	119,458,523	30,208,886	24,094,424	95,364,099	30.19	3,158,798	2.56%
354.0	Towers & Fixtures	92,364,356	55 R4.0	N.A.	89,593,425	44,490,496	35,485,349	54,108,077	35.38	1,529,341	1.66%
355.0	Poles & Fixtures	37,506,208	35 S6.0	N.A.	36,381,022	18,200,586	14,516,677	21,864,345	23.68	923,325	2.46%
356.0	OH Conductor & Devices	100,355,481	50 S6.0	N.A.	97,344,817	39,881,156	31,808,967	65,535,849	31.08	2,108,618	2.10%
356.0	Underground Conduit	11,590	37 R2.0	N.A.	11,242	5,713	4,557	6,686	18.76	356	3.07%
358.0	Underground Conductor	<u>106,066</u>	44 R1.0	N.A.	<u>102,884</u>	<u>37,616</u>	<u>30,002</u>	<u>72,882</u>	28.40	2,566	2.42%
	Total Transmission Plant	<u>383,141,929</u>			<u>371,647,671</u>	<u>141,495,137</u>	<u>112,855,660</u>	<u>258,792,011</u>		<u>8,167,505</u>	2.13%
DISTRIBUTION PLANT											
360.1	Land Rights	3,691,802	75 R4.0	N.A.	3,396,458	1,464,290	1,521,740	1,874,717	45.25	41,430	1.12%
361.0	Structures & Improvements	4,231,065	70 L1.5	N.A.	3,892,580	801,496	832,942	3,059,638	56.74	53,924	1.27%
362.0	Station Equipment	42,017,840	30 R0.5	N.A.	38,656,413	11,888,206	12,354,632	26,301,781	21.51	1,222,770	2.91%
364.0	Poles, Towers, & Fixtures	124,672,243	28 R0.5	N.A.	114,698,464	48,873,736	50,791,264	63,907,199	20.16	3,170,000	2.54%
365.0	Overhead Conductor & Devices	99,426,561	30 R0.5	N.A.	91,472,436	19,903,904	20,684,820	70,787,616	22.49	3,147,515	3.17%
366.0	Underground Conduit	2,959,899	50 R1.0	N.A.	2,723,107	483,560	502,532	2,220,575	41.83	53,086	1.79%
367.0	Underground Conductor	5,482,068	53 R0.5	N.A.	5,043,503	603,991	627,688	4,415,814	46.13	95,725	1.75%
368.0	Line Transformers	84,185,422	29 R0.5	N.A.	77,450,588	18,278,290	18,995,426	58,455,162	20.60	2,837,629	3.37%
369.0	Services	31,239,944	22 R0.5	N.A.	28,740,748	6,927,939	7,199,752	21,540,996	16.26	1,324,785	4.24%
370.0	Meters	21,071,793	20 R3.0	N.A.	19,386,050	7,761,512	8,066,030	11,320,020	10.18	1,111,986	5.28%
371.0	Installations on Custs. Prem.	15,598,882	12 L0.0	N.A.	14,350,971	3,614,093	3,755,890	10,595,082	9.22	1,149,141	7.37%
373.0	Street Lighting & Signal Sys.	<u>2,741,234</u>	20 L0.0	N.A.	<u>2,521,935</u>	<u>844,368</u>	<u>877,496</u>	<u>1,644,439</u>	14.13	<u>116,379</u>	4.25%
	Total Distribution Plant	<u>437,318,753</u>			<u>402,333,253</u>	<u>121,445,385</u>	<u>126,210,213</u>	<u>276,123,040</u>		<u>14,324,371</u>	3.28%
GENERAL PLANT											
389.2	Land Rights	84,011	75 R4.0	N.A.	75,610	10,301	5,029	70,581	65.80	1,073	1.28%
390.0	Structures & Improvements	19,295,997	25 L2.0	N.A.	17,366,397	8,266,103	4,035,838	13,330,560	13.10	1,017,600	5.27%
391.0	Office Furniture & Equipment	1,737,579	35 R0.5	N.A.	1,563,821	386,452	188,681	1,375,140	27.22	50,519	2.91%
392.0	Transportation Equipment	5,819	30 R3.0	N.A.	5,237	3,136	1,531	3,706	13.83	268	4.61%
393.0	Stores Equipment	189,262	30 L0.0	N.A.	170,336	47,037	22,965	147,370	22.54	6,538	3.45%
394.0	Tools Shop & Garage Equipment	1,711,318	32 L0.0	N.A.	1,540,186	262,618	128,220	1,411,966	27.09	52,121	3.05%
395.0	Laboratory Equipment	394,394	32 S5.0	N.A.	354,955	258,983	126,446	228,509	10.99	20,792	5.27%
396.0	Power Operated Equipment	5,931	8 SQ	N.A.	5,338	1,853	905	4,433	5.50	806	13.59%
397.0	Communication Equipment	4,666,769	19 S6.0	N.A.	4,200,092	1,960,549	957,217	3,242,875	10.13	320,126	6.86%
398.0	Miscellaneous Equipment	<u>584,684</u>	19 L2.0	N.A.	<u>526,216</u>	<u>134,604</u>	<u>65,719</u>	<u>460,497</u>	14.63	<u>31,476</u>	5.38%
	Total General Plant	<u>28,675,764</u>			<u>25,808,188</u>	<u>11,331,636</u>	<u>5,532,552</u>	<u>20,275,636</u>		<u>1,501,320</u>	5.24%
	Total Depreciable Plant	<u>1,303,125,437</u>			<u>1,326,416,341</u>	<u>456,242,363</u>	<u>412,352,877 (a)</u>	<u>914,063,464</u>		<u>38,585,855</u>	2.96%

(a) Includes allocated reserve of \$105,161,967 plus \$866,291 of accumulated amortization applicable to SCR Catalysts.

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 312
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0150

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	4,868,080	0.5	2,434,040	
2006	4,868,080	1.5	7,302,121	
2007	4,868,080	2.5	12,170,201	
2008	4,868,080	3.5	17,038,281	
2009	4,868,080	4.5	21,906,362	
2010	4,868,080	5.5	26,774,442	
2011	4,868,080	6.5	31,642,523	
2012	4,868,080	7.5	36,510,603	
2013	4,868,080	8.5	41,378,684	
2014	4,868,080	9.5	46,246,764	
2015	11,763,314	10.5	123,514,801	
2016	4,764,652	11.5	54,793,497	
2017	4,764,652	12.5	59,558,149	
2018	4,764,652	13.5	64,322,801	
2019	4,764,652	14.5	69,087,453	
2020	4,764,652	15.5	73,852,105	
2021	4,764,652	16.5	78,616,757	
2022	4,764,652	17.5	83,381,409	
2023	4,764,652	18.5	88,146,060	
2024	4,764,652	19.5	92,910,712	
2025	4,764,652	20.5	97,675,364	
2026	4,764,652	21.5	102,440,016	
2027	4,764,652	22.5	107,204,668	
2028	4,764,652	23.5	111,969,320	
2029	4,764,652	24.5	116,733,972	
2030	4,764,652	25.5	121,498,624	
2031	4,764,652	26.5	126,263,276	
2032	4,764,652	27.5	131,027,928	
2033	4,764,652	28.5	135,792,580	
2034	178,330,842	29.5	5,260,759,835	
TOTALS	324,538,695		7,342,953,347	22.63

INTERIM RETIREMENTS:

Total Plant at 12/31/04	324,538,695
Less Retirement of Unit 1 in 2015	-6,895,234
Less Final Retirement in year 2034	<u>-178,330,842</u>
Total Interim Retirements	<u>139,312,619</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATED DEPRECIATION RESERVE
STEAM PRODUCTION PLANT

ACCOUNT	PLANT BALANCE AT 12-31-04	AVERAGE AGE	AVERAGE REM. LIFE	AVERAGE LIFE	NET SALVAGE	% REM. LIFE TO AVG. LIFE	CALCULATED RESERVE %	CALCULATED RESERVE W/O NET SALVAGE	CALCULATED RESERVE WITH NET SALVAGE
BIG SANDY									
311	36,149,758	26.08	25.98	52.06	#REF!	49.90%	50.10%	18,109,598	#REF!
312	324,538,694	9.97	22.63	32.60	#REF!	69.42%	30.58%	99,253,091	#REF!
314	73,038,983	20.85	22.71	43.56	#REF!	52.13%	47.87%	34,960,119	#REF!
315	13,742,601	32.06	25.81	57.87	#REF!	44.60%	55.40%	7,613,406	#REF!
316	<u>6,518,954</u>	22.08	24.79	46.87	#REF!	52.89%	47.11%	<u>3,071,016</u>	#REF!
Total	<u>453,988,990</u>							<u>163,007,230</u>	#REF!

KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 311.0 STRUCTURES & IMPROVEMENTS

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	6,127,706	0	6,127,706	N. A.	N. A.
1964	13,194	0	6,140,900	6,134,303	0.0000
1965	18,607	255	6,159,252	6,150,076	0.0000
1966	4,255	7,338	6,156,169	6,157,711	0.0012
1967	575	69,333	6,087,411	6,121,790	0.0113
1968	21,282	0	6,108,693	6,098,052	0.0000
1969	15,770,374	0	21,879,067	13,993,880	0.0000
1970	803,526	7,182	22,675,411	22,277,239	0.0003
1971	163,043	37,002	22,801,452	22,738,432	0.0016
1972	56,860	0	22,858,312	22,829,882	0.0000
1973	2,605	0	22,860,917	22,859,615	0.0000
1974	66,090	1,665	22,925,342	22,893,130	0.0001
1975	29,219	0	22,954,561	22,939,952	0.0000
1976	65,662	0	23,020,223	22,987,392	0.0000
1977	87,499	0	23,107,722	23,063,973	0.0000
1978	297,729	24,379	23,381,072	23,244,397	0.0010
1979	214,311	5,000	23,590,383	23,485,728	0.0002
1980	27,547	6,618	23,611,312	23,600,848	0.0003
1981	212,801	358	23,823,755	23,717,534	0.0000
1982	716,535	44,396	24,495,894	24,159,825	0.0018
1983	389,851	307,808	24,577,937	24,536,916	0.0125
1984	81,115	469	24,658,583	24,618,260	0.0000
1985	64,741	1,605	24,721,719	24,690,151	0.0001
1986	0	0	24,721,719	24,721,719	0.0000
1987	34,955	966	24,755,708	24,738,714	0.0000
1988	171,684	718	24,926,674	24,841,191	0.0000
1989	28,362	2,856	24,952,180	24,939,427	0.0001
1990	484,041	3,690	25,432,531	25,192,356	0.0001
1991	18,357	35,387	25,415,501	25,424,016	0.0014
1992	22,217	13,640	25,424,078	25,419,790	0.0005
1993	168,711	56,800	25,535,989	25,480,034	0.0022
1994	1,254,912	4,050	26,786,851	26,161,420	0.0002
1995	45,725	9,070	26,823,506	26,805,179	0.0003
1996	113,294	94,931	26,841,869	26,832,688	0.0035
1997	0	101,804	26,740,065	26,790,967	0.0038
1998	2,448,051	54,548	29,133,568	27,936,817	0.0020
1999	220,173	4,000	29,349,741	29,241,655	0.0001
2000	46,629	17,282	29,379,088	29,364,415	0.0006
2001	20,444	8,355	29,391,177	29,385,133	0.0003
2002	431	1,168	29,390,440	29,390,809	0.0000
2003	6,265,695	5,061	35,651,074	32,520,757	0.0002
2004	630,676	74,097	36,207,653	35,929,364	0.0021
TOTAL 1975-2004	14,161,367	879,056	788,802,573	782,161,418	0.0336

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE	0.0336				
	-----		0.0011		
	30				
KIUC Adjustment					
Total All Years	37,209,484	1,001,831	961,583,205	940,415,526	0.0481

AVERAGE INTERIM RATE 0.0481

0.0011 No Change

KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 315.0 ACCESSORY ELECTRICAL EQUIPMENT

YEAR	ADDITIONS	RETIREMENTS	BALANCE	AVERAGE BALANCE	RETIREMENT RATIO
1963	2,090,616	0	2,090,616	N. A.	N. A.
1964	9,817	2,835	2,097,598	2,094,107	0.0014
1965	2,265	0	2,099,863	2,098,731	0.0000
1966	20,284	0	2,120,147	2,110,005	0.0000
1967	4,595	0	2,124,742	2,122,445	0.0000
1968	947	0	2,125,689	2,125,216	0.0000
1969	6,451,294	0	8,576,983	5,351,336	0.0000
1970	555,696	0	9,132,679	8,854,831	0.0000
1971	356,319	0	9,488,998	9,310,839	0.0000
1972	13,318	2,910	9,499,406	9,494,202	0.0003
1973	114,131	12,654	9,600,883	9,550,145	0.0013
1974	1,489	4,680	9,597,692	9,599,288	0.0005
1975	0	0	9,597,692	9,597,692	0.0000
1976	425,620	0	10,023,312	9,810,502	0.0000
1977	113,934	0	10,137,246	10,080,279	0.0000
1978	226,909	0	10,364,155	10,250,701	0.0000
1979	40,978	0	10,405,133	10,384,644	0.0000
1980	81,148	0	10,486,281	10,445,707	0.0000
1981	607,835	49,582	11,044,534	10,765,408	0.0046
1982	369,121	120,858	11,292,797	11,168,666	0.0108
1983	92,707	10,516	11,374,988	11,333,893	0.0009
1984	88,302	5,454	11,457,836	11,416,412	0.0005
1985	108,963	11,203	11,555,596	11,506,716	0.0010
1986	38,938	19,802	11,574,732	11,565,164	0.0017
1987	119,792	27,283	11,667,241	11,620,987	0.0023
1988	187,376	71,442	11,783,175	11,725,208	0.0061
1989	100,224	0	11,883,399	11,833,287	0.0000
1990	286,615	24,236	12,145,778	12,014,589	0.0020
1991	106,173	12,852	12,239,099	12,192,439	0.0011
1992	38,842	10,027	12,267,914	12,253,507	0.0008
1993	115,632	9,068	12,374,478	12,321,196	0.0007
1994	79,021	1,052	12,452,447	12,413,463	0.0001
1995	35,386	91,239	12,396,594	12,424,521	0.0073
1996	12,996	0	12,409,590	12,403,092	0.0000
1997	1,139,691	324,810	13,224,471	12,817,031	0.0253
1998	363,986	24,960	13,563,497	13,393,984	0.0019
1999	8,929	1,372	13,571,054	13,567,276	0.0001
2000	368,049	80,920	13,858,183	13,714,619	0.0059
2001	46,339	32,876	13,871,646	13,864,915	0.0024
2002	7,426	2,009	13,877,063	13,874,355	0.0001
2003	244,780	587,860	13,533,983	13,705,523	0.0429
2004	4,907	4,041	13,534,849	13,534,416	0.0003
TOTAL 1975-2004	5,460,619	1,523,462	359,968,763	358,000,185	0.1189

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE 0.1189

0.0040
30

KIUC Adjustment
 Total All Years 15,081,390 1,546,541 428,524,059 420,711,327 0.1224

AVERAGE INTERIM RATE 0.1224

0.0029
42

KENTUCKY POWER COMPANY
 CALCULATION OF INTERIM RETIREMENT RATIOS
 STEAM PRODUCTION PLANT
 ACCOUNT 316.0 MISCELLANEOUS POWER PLANT EQUIPMENT

<u>YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u>	<u>AVERAGE BALANCE</u>	<u>RETIREMENT RATIO</u>
1963	1,013,821	0	1,013,821	N. A.	N. A.
1964	5,839	1,922	1,017,738	1,015,780	0.0019
1965	5,676	0	1,023,414	1,020,576	0.0000
1966	15,702	292	1,038,824	1,031,119	0.0003
1967	2,344	394	1,040,774	1,039,799	0.0004
1968	8,129	150	1,048,753	1,044,764	0.0001
1969	1,686,335	1,226	2,733,862	1,891,308	0.0006
1970	204,242	8,507	2,929,597	2,831,730	0.0030
1971	88,954	1,728	3,016,823	2,973,210	0.0006
1972	58,425	83	3,075,165	3,045,994	0.0000
1973	93,582	1,700	3,167,047	3,121,106	0.0005
1974	555	37,702	3,129,900	3,148,474	0.0120
1975	132,129	1,473	3,260,556	3,195,228	0.0005
1976	20,739	6,251	3,275,044	3,267,800	0.0019
1977	66,965	13,849	3,328,160	3,301,602	0.0042
1978	37,660	27,895	3,337,925	3,333,043	0.0084
1979	25,265	5,173	3,358,017	3,347,971	0.0015
1980	17,868	15,971	3,359,914	3,358,966	0.0048
1981	117,316	3,482	3,473,748	3,416,831	0.0010
1982	122,076	54,567	3,541,257	3,507,503	0.0156
1983	6,160	14,806	3,532,611	3,536,934	0.0042
1984	78,342	5,857	3,605,096	3,568,854	0.0016
1985	101,194	2,086	3,704,204	3,654,650	0.0006
1986	108,695	11,296	3,801,603	3,752,904	0.0030
1987	32,012	12,552	3,821,063	3,811,333	0.0033
1988	29,324	12,736	3,837,651	3,829,357	0.0033
1989	169,870	5,926	4,001,595	3,919,623	0.0015
1990	34,137	10,400	4,025,332	4,013,464	0.0026
1991	41,416	3,814	4,062,934	4,044,133	0.0009
1992	127,431	70,529	4,119,836	4,091,385	0.0172
1993	21,290	623	4,140,503	4,130,170	0.0002
1994	803,660	136,159	4,808,004	4,474,254	0.0304
1995	91,614	104,801	4,794,817	4,801,411	0.0218
1996	39,964	9,510	4,825,271	4,810,044	0.0020
1997	865,744	31,903	5,659,112	5,242,192	0.0061
1998	6,545	51,000	5,614,657	5,636,885	0.0090
1999	31,382	805	5,645,234	5,629,946	0.0001
2000	64,253	0	5,709,487	5,677,361	0.0000
2001	59,062	4,330	5,764,219	5,736,853	0.0008
2002	67,283	38,540	5,792,962	5,778,591	0.0067
2003	442,131	62,105	6,172,988	5,982,975	0.0104
2004	698,136	64,449	6,806,675	6,489,832	0.0099
TOTAL 1975-2004	4,459,663	782,888	131,180,475	129,342,088	0.1735

Used 1975 through 2004 interim retirements. Based on retirements five years after in-service date of Unit 2.

AVERAGE INTERIM RATE	0.1735	
	-----	0.0058
	30	

KIUC Adjustment					
Total All Years	7,643,267	836,592	155,416,193	151,505,945	0.1930

AVERAGE INTERIM RATE	0.1930	
	-----	0.0046
	42	

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 311
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0011 **No Change**

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	39,765	0.5	19,882	
2006	39,765	1.5	59,647	
2007	39,765	2.5	99,412	
2008	39,765	3.5	139,177	
2009	39,765	4.5	178,941	
2010	39,765	5.5	218,706	
2011	39,765	6.5	258,471	
2012	39,765	7.5	298,236	
2013	39,765	8.5	338,000	
2014	39,765	9.5	377,765	
2015	5,875,352	10.5	61,691,193	
2016	33,346	11.5	383,474	
2017	33,346	12.5	416,820	
2018	33,346	13.5	450,165	
2019	33,346	14.5	483,511	
2020	33,346	15.5	516,857	
2021	33,346	16.5	550,202	
2022	33,346	17.5	583,548	
2023	33,346	18.5	616,893	
2024	33,346	19.5	650,239	
2025	33,346	20.5	683,585	
2026	33,346	21.5	716,930	
2027	33,346	22.5	750,276	
2028	33,346	23.5	783,621	
2029	33,346	24.5	816,967	
2030	33,346	25.5	850,312	
2031	33,346	26.5	883,658	
2032	33,346	27.5	917,004	
2033	33,346	28.5	950,349	
2034	29,276,538	29.5	863,657,881	

TOTALS 36,149,758 939,341,723 25.98 **No change**

INTERIM RETIREMENTS:

Total Plant at 12/31/04	36,149,758
Less Retirement of Unit 1 in 2015	-5,835,587
Less Final Retirement in year 2034	<u>-29,276,538</u>
Total Interim Retirements	<u>1,037,633</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 312
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0112

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	3,634,833	0.5	1,817,417	
2006	3,634,833	1.5	5,452,250	
2007	3,634,833	2.5	9,087,083	
2008	3,634,833	3.5	12,721,917	
2009	3,634,833	4.5	16,356,750	
2010	3,634,833	5.5	19,991,584	
2011	3,634,833	6.5	23,626,417	
2012	3,634,833	7.5	27,261,250	
2013	3,634,833	8.5	30,896,084	
2014	3,634,833	9.5	34,530,917	
2015	10,530,067	10.5	110,565,708	
2016	3,557,607	11.5	40,912,478	
2017	3,557,607	12.5	44,470,085	
2018	3,557,607	13.5	48,027,691	
2019	3,557,607	14.5	51,585,298	
2020	3,557,607	15.5	55,142,905	
2021	3,557,607	16.5	58,700,512	
2022	3,557,607	17.5	62,258,118	
2023	3,557,607	18.5	65,815,725	
2024	3,557,607	19.5	69,373,332	
2025	3,557,607	20.5	72,930,939	
2026	3,557,607	21.5	76,488,545	
2027	3,557,607	22.5	80,046,152	
2028	3,557,607	23.5	83,603,759	
2029	3,557,607	24.5	87,161,366	
2030	3,557,607	25.5	90,718,972	
2031	3,557,607	26.5	94,276,579	
2032	3,557,607	27.5	97,834,186	
2033	3,557,607	28.5	101,391,793	
2034	213,623,372	29.5	6,301,889,475	
TOTALS	324,538,695		7,874,935,287	24.27

INTERIM RETIREMENTS:

Total Plant at 12/31/04	324,538,695
Less Retirement of Unit 1 in 2015	-6,895,234
Less Final Retirement in year 2034	<u>-213,623,372</u>
Total Interim Retirements	<u>104,020,089</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 314
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0092

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	671,959	0.5	335,979	
2006	671,959	1.5	1,007,938	
2007	671,959	2.5	1,679,897	
2008	671,959	3.5	2,351,855	
2009	671,959	4.5	3,023,814	
2010	671,959	5.5	3,695,773	
2011	671,959	6.5	4,367,731	
2012	671,959	7.5	5,039,690	
2013	671,959	8.5	5,711,648	
2014	671,959	9.5	6,383,607	
2015	6,146,815	10.5	64,541,554	
2016	621,590	11.5	7,148,285	
2017	621,590	12.5	7,769,875	
2018	621,590	13.5	8,391,465	
2019	621,590	14.5	9,013,055	
2020	621,590	15.5	9,634,645	
2021	621,590	16.5	10,256,234	
2022	621,590	17.5	10,877,824	
2023	621,590	18.5	11,499,414	
2024	621,590	19.5	12,121,004	
2025	621,590	20.5	12,742,594	
2026	621,590	21.5	13,364,184	
2027	621,590	22.5	13,985,774	
2028	621,590	23.5	14,607,364	
2029	621,590	24.5	15,228,954	
2030	621,590	25.5	15,850,544	
2031	621,590	26.5	16,472,134	
2032	621,590	27.5	17,093,724	
2033	621,590	28.5	17,715,314	
2034	48,983,962	29.5	1,445,026,893	
TOTALS	73,038,983		1,766,938,768	24.19

INTERIM RETIREMENTS:

Total Plant at 12/31/04	73,038,983
Less Retirement of Unit 1 in 2015	-5,474,856
Less Final Retirement in year 2034	<u>-48,983,962</u>
Total Interim Retirements	<u>18,580,165</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 315
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0029

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	39,854	0.5	19,927	
2006	39,854	1.5	59,780	
2007	39,854	2.5	99,634	
2008	39,854	3.5	139,487	
2009	39,854	4.5	179,341	
2010	39,854	5.5	219,194	
2011	39,854	6.5	259,048	
2012	39,854	7.5	298,902	
2013	39,854	8.5	338,755	
2014	39,854	9.5	378,609	
2015	1,505,064	10.5	15,803,167	
2016	35,604	11.5	409,451	
2017	35,604	12.5	445,055	
2018	35,604	13.5	480,660	
2019	35,604	14.5	516,264	
2020	35,604	15.5	551,869	
2021	35,604	16.5	587,473	
2022	35,604	17.5	623,078	
2023	35,604	18.5	658,682	
2024	35,604	19.5	694,286	
2025	35,604	20.5	729,891	
2026	35,604	21.5	765,495	
2027	35,604	22.5	801,100	
2028	35,604	23.5	836,704	
2029	35,604	24.5	872,309	
2030	35,604	25.5	907,913	
2031	35,604	26.5	943,517	
2032	35,604	27.5	979,122	
2033	35,604	28.5	1,014,726	
2034	11,198,122	29.5	330,344,605	
TOTALS	13,742,601		360,958,046	26.27

INTERIM RETIREMENTS:

Total Plant at 12/31/04	13,742,601
Less Retirement of Unit 1 in 2015	-1,465,210
Less Final Retirement in year 2034	<u>-11,198,122</u>
Total Interim Retirements	<u>1,079,269</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 316
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0046

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	29,987	0.5	14,994	
2006	29,987	1.5	44,981	
2007	29,987	2.5	74,968	
2008	29,987	3.5	104,955	
2009	29,987	4.5	134,942	
2010	29,987	5.5	164,930	
2011	29,987	6.5	194,917	
2012	29,987	7.5	224,904	
2013	29,987	8.5	254,891	
2014	29,987	9.5	284,878	
2015	821,158	10.5	8,622,161	
2016	26,348	11.5	303,000	
2017	26,348	12.5	329,348	
2018	26,348	13.5	355,695	
2019	26,348	14.5	382,043	
2020	26,348	15.5	408,391	
2021	26,348	16.5	434,739	
2022	26,348	17.5	461,087	
2023	26,348	18.5	487,434	
2024	26,348	19.5	513,782	
2025	26,348	20.5	540,130	
2026	26,348	21.5	566,478	
2027	26,348	22.5	592,826	
2028	26,348	23.5	619,173	
2029	26,348	24.5	645,521	
2030	26,348	25.5	671,869	
2031	26,348	26.5	698,217	
2032	26,348	27.5	724,565	
2033	26,348	28.5	750,912	
2034	4,923,663	29.5	145,248,073	

TOTALS 6,518,954 164,854,802 25.29

INTERIM RETIREMENTS:

Total Plant at 12/31/04	6,518,954
Less Retirement of Unit 1 in 2015	-791,171
Less Final Retirement in year 2034	<u>-4,923,663</u>
Total Interim Retirements	<u>804,120</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATED DEPRECIATION RESERVE
STEAM PRODUCTION PLANT

ACCOUNT	PLANT BALANCE AT 12-31-04	AVERAGE AGE	AVERAGE REM. LIFE	AVERAGE LIFE	NET SALVAGE	% REM. LIFE TO AVG. LIFE	CALCULATED RESERVE %	CALCULATED RESERVE W/O NET SALVAGE	CALCULATED RESERVE WITH NET SALVAGE
BIG SANDY									
311	36,149,758	26.08	25.98	52.06	-8%	49.90%	50.10%	18,109,598	19,558,366
312	324,538,694	9.97	24.27	34.24	-19%	70.88%	29.12%	94,499,147	112,453,984
314	73,038,983	20.85	24.19	45.04	-16%	53.71%	46.29%	33,811,341	39,221,155
315	13,742,601	32.06	26.27	58.33	-10%	45.04%	54.96%	7,553,365	8,308,702
316	<u>6,518,954</u>	22.08	25.29	47.37	-11%	53.39%	46.61%	<u>3,038,600</u>	<u>3,372,847</u>
Total	<u>453,988,990</u>							<u>157,012,051</u>	<u>182,915,054</u>

KENTUCKY POWER COMPANY
Depreciation Study as of December 31, 2004
Production Plant

This investment consists of two generating units located on the Big Sandy River near Louisa, Kentucky. Unit 1 is rated at 260 MW and was placed in service in 1963. Unit 2 is rated at 800MW and was placed in service in 1969. The estimated final retirement dates for the units were provided by the Asset and Outage Planning Section of AEP's Generating Division.

AEP recently announced plans to install flue gas desulfurization (FGD) equipment to reduce sulfur dioxide emissions on Unit 2 at Big Sandy Plant. This additional investment in pollution control equipment is expected to result in operating Unit 2 to year 2034. There are currently no plans to install FGD equipment on Unit 1. Due to environmental constraints, the current plans are to retire Unit 1 in year 2015.

Life Analysis

Interim retirements for the Big Sandy Plant were determined by analyzing past history for each of the accounts in the production plant function. Interim retirement ratios were developed based on the period 1975 through 2004. Interim retirements are not usually considered representative of the future until the generating units have experienced a few years of actual operation. Since Unit 2 was placed in-service in 1969, the period beginning in 1975 provided for five years of operational experience.

In addition to the interim retirements experienced to date, the Selective Catalytic Reduction (SCR) system that is installed at Big Sandy Plant will have the SCR Catalysts replaced at future intervals. The AEP Engineering group provided the following details for replacement of the SCR Catalysts:

Layers 1 and 2 will be replaced in year 2009.
Layer 3 will be replaced in 2007.

The original cost of the catalysts are as follows:

Layer 1	\$3,259,048
Layer 2	\$3,259,049
Layer 3	\$1,629,524

After determining the interim retirements and the retirement of the SCR catalysts, a remaining life was calculated for each of the primary production plant accounts. The surviving plant balances by primary plant account at 12/31/04 were also aged. The age of the surviving balances plus the remaining life were summed to determine the total life of the investments.

Salvage and Cost of Removal

Kentucky Power Company engaged the firm of Brandenburg Industrial Service Company to perform a conceptual demolition cost estimate for the Big Sandy Plant. The demolition cost is estimated to be \$32,000,000 in current (2004) dollars. It is appropriate to include the final retirement costs for the Big Sandy plant in depreciation rates in order to ensure that the generation of customers that are receiving service from the plant also share in the final removal costs of the plant.

There are also gross salvage and removal costs associated with the removal/replacement of equipment during the operating life of the plant. An analysis of interim retirements was made for the production plant function and the fifteen year period of 1990-2004 was used as the basis to determine a gross salvage percentage and a gross removal percentage. The estimates of salvage and removal for both the final plant retirement and the interim retirements were combined to calculate a net salvage for each plant account. That calculation is as follows:

KENTUCKY POWER COMPANY
 Depreciation Study as of December 31, 2004
 Production Plant

Calculation of Removal and Salvage:

Interim Retirements:

Account	Interim Retirements (From Remaining Life Workpaper)	Gross Removal Percent	Gross Salvage Percent	Interim Retirement Net Salvage Percent
311	1,037,633	35.3%	8.8%	-27%
312	144,478,211	35.3%	8.8%	-27%
314	25,648,705	35.3%	8.8%	-27%
315	1,488,647	35.3%	8.8%	-27%
316	1,013,890	35.3%	8.8%	-27%
Total	173,667,086			

Account	Plant In-Service at 12/31/04	Net Salvage on Interim Retirement	Final Demolition Cost (a)	Total Net Salvage Costs	Net Salvage as Percent of Plant
311	36,149,758	-275,088	-2,548,062	-2,823,151	-8%
312	324,538,695	-38,302,841	-22,875,529	-61,178,370	-19%
314	73,038,983	-6,799,768	-5,148,247	-11,948,015	-16%
315	13,742,601	-394,657	-968,665	-1,363,322	-10%
316	6,518,954	-268,794	-459,497	-728,291	-11%
Total	453,988,991	-46,041,149	-32,000,000	-78,041,149	-17%

Notes: (a) Costs allocated to plant accounts based on Plant-In-Service Balances at 12/31/04

Calculation of Theoretical Reserve and Depreciation Rates

A theoretical reserve was determined based on the above calculations of average age, remaining life and net salvage. The theoretical reserve was used to allocate the actual book reserve to the individual plant accounts.

Based on plant balances at 12/31/04 and the allocated book reserve, remaining life depreciation rates were calculated for each primary plant account.

KENTUCKY POWER COMPANY
Transmission Plant Net Salvage Test

25-Jan-06

Retirements

Year	<u>352</u>	<u>353</u>	<u>354.0</u>	<u>355.0</u>	<u>356.0</u>	<u>357</u>	<u>358</u>	<u>Total</u>	<u>Removal</u> %	<u>Weighted</u> (000)
1990	1,248	143,432	68,846	12,894	0	0	0	226,420	-51%	-115
1991	4,839	703,871	1,436	64,021	54,844	0	0	829,011	-31%	-258
1992	982	1,446,425	2,344	161,031	72,454	0	0	1,683,236	40%	666
1993	8,738	540,897	5,820	286,574	134,392	0	0	976,421	-63%	-619
1994	522	807,484	0	51,836	12,669	0	0	872,511	11%	97
1995	2,589	143,408	0	50,733	0	0	0	196,730	-49%	-97
1996	11,283	32,475	894	58,862	40,165	0	0	143,679	-2%	-3
1997	6,190	1,056,611	9,923	205,721	85,900	0	0	1,364,345	1%	17
1998	373	165,269	0	126,426	170,083	0	0	462,151	26%	119
1999	852	357,124	0	459,086	315,114	0	0	1,132,176	18%	198
2000	0	308,529	0	307,215	112,148	0	0	727,892	-4%	-30
2001	0	104,157	406	129,175	8,636	0	0	242,374	-297%	-720
2002	352	167,185	4,473	169,000	107,845	0	0	448,855	5%	24
2003	0	462,374	2,124	23,422	102,595	0	0	590,515	-130%	-769
2004	<u>0</u>	<u>699,507</u>	<u>0</u>	<u>358,451</u>	<u>55,179</u>	<u>0</u>	<u>0</u>	<u>1,113,137</u>	15%	<u>162</u>
TOTAL	<u>37,968</u>	<u>7,138,748</u>	<u>96,266</u>	<u>2,464,447</u>	<u>1,272,024</u>	<u>0</u>	<u>0</u>	<u>11,009,453</u>	-12%	<u>-1,328</u>

EVALUATION BASED ON 1990-2004 ACTUAL

	352	353	354.1	355.1	356.1	357	358	Total
Total Retmts	37,968	7,138,748	96,266	2,464,447	1,272,024	0	0	11,009,453
Gross Removal %	0	0	-35	-50	-5	0	0	-12
Gross Removal \$	0	0	-33,693	-1,232,224	-63,601	0	0	-1,329,518

KENTUCKY POWER COMPANY
Distribution Plant Net Salvage Test

25-Jan-06

Retirements

Year	<u>361</u>	<u>362</u>	<u>364</u>	<u>365</u>	<u>366</u>	<u>367</u>	<u>368</u>	<u>369</u>	<u>370</u>	<u>371</u>	<u>373</u>	<u>Total</u>	<u>Removal</u> %	<u>Weighted</u> (000)
1990	2,108	289,306	2,752,129	1,114,551	7,201	11,675	959,910	396,795	363,340	261,542	73,803	6,232,360	2%	128
1991	4,188	308,865	1,480,558	1,060,633	1,608	19,317	1,219,271	456,573	293,127	317,371	48,604	5,210,115	-18%	-940
1992	0	107,270	1,465,072	909,965	0	69,723	1,618,101	415,580	381,788	292,580	21,277	5,281,356	-20%	-1,064
1993	972	176,465	1,304,149	758,447	0	9,042	1,105,636	696,650	502,234	349,338	27,095	4,930,028	-8%	-374
1994	19,675	267,934	144,412	1,379,552	199	18,365	1,164,053	562,102	576,545	354,006	37,451	4,524,294	3%	155
1995	2,757	287,579	1,671,011	2,549,129	5,842	19,071	1,313,309	497,449	631,063	350,093	30,017	7,357,320	1%	39
1996	5,030	454,597	1,128,837	1,662,236	1,248	37,421	1,578,917	475,561	517,207	246,115	18,665	6,125,834	2%	95
1997	6,522	734,060	1,542,829	1,666,505	4,035	46,345	2,186,374	522,610	836,156	529,850	26,937	8,102,223	6%	446
1998	57,059	430,669	1,082,705	867,054	1,777	16,729	1,560,837	431,172	723,727	553,968	20,374	5,746,071	9%	520
1999	462	133,384	779,722	767,232	2,608	11,656	1,278,242	344,602	979,544	465,115	15,450	4,778,017	4%	179
2000	0	430,936	1,459,576	1,553,565	6,479	36,661	1,443,110	569,287	1,709,961	637,697	26,217	7,873,489	16%	1,286
2001	0	543,501	1,402,184	1,323,285	9,421	11,194	1,029,459	390,080	639,511	563,686	22,268	5,934,589	-12%	-728
2002	0	163,287	1,100,199	2,020,300	16,953	71,261	1,055,795	508,684	970,185	370,170	27,698	6,304,532	54%	3,401
2003	0	448,926	770,546	1,665,159	2,929	23,089	1,073,924	630,850	624,632	155,458	19,163	5,414,676	7%	367
2004	<u>370</u>	<u>325,880</u>	<u>3,264,700</u>	<u>1,048,651</u>	<u>2,052</u>	<u>37,052</u>	<u>1,076,234</u>	<u>511,999</u>	<u>832,607</u>	<u>115,921</u>	<u>33,892</u>	<u>7,249,358</u>	13%	<u>966</u>
TOTAL	<u>99,143</u>	<u>5,102,659</u>	<u>21,348,629</u>	<u>20,346,264</u>	<u>62,352</u>	<u>438,601</u>	<u>19,663,172</u>	<u>7,409,994</u>	<u>10,581,627</u>	<u>5,562,910</u>	<u>448,911</u>	<u>91,064,262</u>	5%	<u>4,477</u>

EVALUATION BASED ON 1990-2004 ACTUAL

	361	362	364	365	366	367	368	369	370	371	373	Total
Total Retmts	99,143	5,102,659	21,348,629	20,346,264	62,352	438,601	19,663,172	7,409,994	10,581,627	5,562,910	448,911	91,064,262
Gross Removal %	0	0	-40	20	0	15	25	15	25	0	-5	5
Gross Removal \$	0	0	-8,539,452	4,069,253	0	65,790	4,915,793	1,111,499	2,645,407	0	-22,446	4,245,845

KENTUCKY POWER COMPANY
General Plant Salvage Test

25-Jan-06

Retirements

Year	<u>390</u>	<u>391</u>	<u>392</u>	<u>393</u>	<u>394</u>	<u>395</u>	<u>396</u>	<u>397</u>	<u>398</u>	Total	Salvage %	Weighted (000)
1990	102,966	60,961	0	0	13,247	0	0	18,191	50,179	245,544	9%	21
1991	54,531	24,275	55,930	524	188	0	0	27,394	2,396	165,238	-27%	-44
1992	87,473	17,127	0	48,111	57,500	0	0	135,867	4,563	350,641	8%	26
1993	1,500	3,279	0	0	7,269	971	0	69,700	176,925	259,644	-26%	-67
1994	8,581	1,147	0	3,479	0	0	0	18,899	2,416	34,522	11%	4
1995	0	6,412	0	0	1,329	0	0	523	0	8,264	-35%	-3
1996	290,552	4,438	0	0	734	7,565	0	157,954	63,224	524,467	16%	86
1997	0	1,923	0	0	1,113	0	0	219,173	14,210	236,419	14%	33
1998	3,693	81,954	11,241	1,690	25,510	29,020	0	982,587	34,504	1,170,199	0%	0
1999	26,757	0	0	0	0	0	0	0	0	26,757	-36%	-10
2000	0	15,335	0	0	2,272	5,215	0	0	0	22,822	16%	4
2001	182,029	0	0	0	0	0	0	47,157	0	229,186	-32%	-74
2002	160,071	0	0	0	0	0	0	51,409	0	211,480	0%	0
2003	1,426,227	5,790	38,129	7,347	5,105	2,558	0	244,213	0	1,729,369	-14%	-245
2004	<u>10,330,436</u>	<u>3,747</u>	<u>0</u>	<u>779</u>	<u>3,477</u>	<u>3,405</u>	<u>0</u>	<u>874,410</u>	<u>0</u>	<u>11,216,254</u>	16%	<u>1,741</u>
TOTAL	<u>12,674,816</u>	<u>226,388</u>	<u>105,300</u>	<u>61,930</u>	<u>117,744</u>	<u>48,734</u>	<u>0</u>	<u>2,847,477</u>	<u>348,417</u>	<u>16,430,806</u>	9%	<u>1,472</u>

EVALUATION BASED ON 1990-2004 ACTUAL

	<u>390</u>	<u>391</u>	<u>392</u>	<u>393</u>	<u>394</u>	<u>395</u>	<u>396</u>	<u>397</u>	<u>398</u>	Total
Total Retmts	12,674,816	226,388	105,300	61,930	117,744	48,734	0	2,847,477	348,417	16,082,389
Gross Salvage, %	10	0	0	0	0	0	0	10	0	10
Gross Salvage \$	1,267,482	0	0	0	0	0	0	284,748	0	1,552,229

KPCO
Production Detail

Reserve Account	Activity Year	Original Cost Retired	Salvage	Removal	Net Salvage
10810000	1960	-	450	3,141	#DIV/0!
10810000	1961	-	365	250	#DIV/0!
10810000	1962	-	-	-	#DIV/0!
10810000	1963	-	-	-	#DIV/0!
10810000	1964	12,972	2,350	559	14%
10810000	1965	8,393	63	1,353	-15%
10810000	1966	28,356	1,639	1,309	1%
10810000	1967	72,923	50,088	207	68%
10810000	1968	128,116	3,717	11,276	-6%
10810000	1969	6,226	-	-	0%
10810000	1970	765,565	38,983	20,261	2%
10810000	1971	126,096	2,831	42,474	-31%
10810000	1972	26,254	8,641	3,092	21%
10810000	1973	40,145	3,905	76,655	-181%
10810000	1974	172,218	661	756	0%
10810000	1975	123,712	8,539	28,002	-16%
10810000	1976	1,145,237	9,669	56,912	-4%
10810000	1977	753,812	78,585	111,093	-4%
10810000	1978	280,923	1,491	20,757	-7%
10810000	1979	1,978,089	83,069	278,953	-10%
10810000	1980	1,539,921	5,630	126,933	-8%
10810000	1981	1,729,730	3,569	573,164	-33%
10810000	1982	1,674,621	55,571	704,047	-39%
10810000	1983	1,127,403	12,461	49,042	-3%
10810000	1984	597,900	724	112,419	-19%
10810000	1985	101,983	69,625	537,959	-459%
10810000	1986	1,341,809	69,408	10,759	4%
10810000	1987	1,296,541	671,733	386,860	22%
10810000	1988	1,239,413	146,691	1,881,634	-140%
10810000	1989	3,675,101	1,495,274	264,645	33%
10810000	1990	1,974,433	435,816	814,536	-19%
10810000	1991	1,154,968	25,400	311,112	-25%
10810000	1992	2,617,525	866,774	427,952	17%
10810000	1993	3,236,184	(34,358)	1,578,355	-50%
10810000	1994	3,969,598	60,472	2,038,522	-50%
10810000	1995	6,338,609	1,919,772	2,724,820	-13%
10810000	1996	2,883,635	(108,297)	2,268,116	-82%
10810000	1997	8,213,501	1,622,235	1,652,784	0%
10810000	1998	1,885,004	(109,746)	2,094,579	-117%
10810000	1999	474,672	3,780	8,267	-1%
10810000	2000	855,616	1,711	203,653	-24%
10810000	2001	543,659	172,103	(80,513)	46%
10810000	2002	875,114	30,879	55,395	-3%
10810000	2003	17,253,619	(28,698)	1,578,174	-9%
10810000	2004	3,134,846	39,639	4,362,183	-138%
Total		75,404,442	7,723,214	25,342,447	-23%
1990-2004		55,410,983	4,897,482	20,037,935	-27%

KPCO
Transmission Detail

Reserve Account	Activity Year	Original Cost Retired	Salvage	Removal	Net Salvage
10850000	1954	34,583	15,298	7,180	23%
10850000	1955	47,135	23,025	7,889	32%
10850000	1956	22,861	5,024	5,258	-1%
10850000	1957	134,912	42,741	10,113	24%
10850000	1958	89,413	39,278	23,451	18%
10850000	1959	109,562	56,914	10,968	42%
10850000	1960	120,308	25,114	12,000	11%
10850000	1961	97,570	58,122	19,975	39%
10850000	1962	105,122	48,139	35,762	12%
10850000	1963	81,024	76,939	10,727	82%
10850000	1964	44,999	2,529	8,623	-14%
10850000	1965	456,939	129,041	138,735	-2%
10850000	1966	202,844	54,393	73,574	-9%
10850000	1967	378,070	64,988	112,497	-13%
10850000	1968	241,351	13,413	57,522	-18%
10850000	1969	600,025	103,002	103,107	0%
10850000	1970	52,004	17,779	12,589	10%
10850000	1971	153,003	55,726	28,344	18%
10850000	1972	166,793	56,538	36,030	12%
10850000	1973	238,120	192,316	49,235	60%
10850000	1974	230,313	339,163	45,869	127%
10850000	1975	137,446	129,176	69,379	44%
10850000	1976	789,389	143,997	32,216	14%
10850000	1977	250,212	225,156	1,431	89%
10850000	1978	422,125	(37,889)	(17,686)	-5%
10850000	1979	138,790	60,197	145,231	-61%
10850000	1980	740,426	303,867	118,565	25%
10850000	1981	1,235,156	137,039	72,785	5%
10850000	1982	348,126	306,936	146,727	46%
10850000	1983	133,764	137,997	79,939	43%
10850000	1984	248,203	51,497	68,152	-7%
10850000	1985	407,649	306,076	38,164	66%
10850000	1986	620,920	22,842	175,660	-25%
10850000	1987	205,446	197,229	69,955	62%
10850000	1988	325,128	276,527	110,394	51%
10850000	1989	950,539	370,387	122,039	26%
10850000	1990	455,000	64,159	296,114	-51%
10850000	1991	863,065	59,121	327,755	-31%
10850000	1992	1,871,867	1,163,291	422,506	40%
10850000	1993	748,707	(228,274)	245,842	-63%
10850000	1994	908,689	194,052	92,692	11%
10850000	1995	220,890	42,611	151,723	-49%
10850000	1996	(25,138)	(5,644)	(6,225)	-2%
10850000	1997	984,775	51,684	39,136	1%
10850000	1998	265,039	284,212	215,982	26%
10850000	1999	1,131,697	231,775	33,535	18%
10850000	2000	727,893	23,740	53,562	-4%
10850000	2001	243,225	101,608	823,970	-297%
10850000	2002	433,622	(31,282)	(54,593)	5%
10850000	2003	590,516	305,945	1,074,786	-130%
10850000	2004	1,107,137	365,788	204,960	15%
Total		21,087,254	6,673,302	5,964,144	3%
1990-2004		10,526,984	2,622,786	3,921,745	-12%

KPCO
Distribution Detail

Reserve Account	Activity Year	Original Cost Retired	Salvage	Removal	Net Salvage
10860000	1954	345,614	164,293	66,201	28%
10860000	1955	329,795	163,818	68,960	29%
10860000	1956	340,400	175,639	81,844	28%
10860000	1957	560,530	243,234	141,931	18%
10860000	1958	505,375	206,808	144,792	12%
10860000	1959	624,939	259,031	152,087	17%
10860000	1960	492,849	271,181	161,636	22%
10860000	1961	819,969	381,111	170,331	26%
10860000	1962	558,196	299,388	192,682	19%
10860000	1963	706,977	279,116	194,420	12%
10860000	1964	773,027	304,668	189,822	15%
10860000	1965	1,012,221	374,123	239,135	13%
10860000	1966	1,071,099	450,349	285,103	15%
10860000	1967	1,463,163	413,889	342,901	5%
10860000	1968	1,330,710	670,448	479,783	14%
10860000	1969	1,560,135	646,533	347,617	19%
10860000	1970	1,143,715	400,222	357,897	4%
10860000	1971	1,315,603	543,957	401,721	11%
10860000	1972	1,475,429	752,589	490,837	18%
10860000	1973	1,773,250	703,812	491,738	12%
10860000	1974	1,273,997	921,165	527,796	31%
10860000	1975	1,413,889	633,350	485,488	10%
10860000	1976	1,770,503	905,056	680,443	13%
10860000	1977	1,790,525	1,032,217	928,730	6%
10860000	1978	2,839,810	1,622,814	952,797	24%
10860000	1979	2,379,695	1,368,931	1,048,294	13%
10860000	1980	3,067,886	1,455,926	1,423,814	1%
10860000	1981	4,492,306	1,883,382	1,737,241	3%
10860000	1982	2,552,584	1,586,478	1,503,023	3%
10860000	1983	3,917,704	1,560,432	1,361,570	5%
10860000	1984	2,274,942	1,275,047	1,464,480	-8%
10860000	1985	3,390,814	1,033,246	1,315,547	-8%
10860000	1986	4,122,421	1,703,914	1,814,294	-3%
10860000	1987	5,062,869	2,341,368	1,686,747	13%
10860000	1988	5,092,695	2,009,198	1,881,879	3%
10860000	1989	7,285,672	5,727,263	1,888,999	53%
10860000	1990	6,337,485	2,563,490	2,433,166	2%
10860000	1991	5,330,583	1,639,592	2,601,095	-18%
10860000	1992	5,047,537	1,220,353	2,236,974	-20%
10860000	1993	4,862,356	1,829,402	2,197,784	-8%
10860000	1994	5,874,830	2,155,099	1,954,453	3%
10860000	1995	7,390,800	2,159,120	2,119,861	1%
10860000	1996	6,260,150	1,342,053	1,245,388	2%
10860000	1997	8,613,849	1,918,643	1,444,506	6%
10860000	1998	5,385,836	1,292,253	804,413	9%
10860000	1999	4,764,283	440,710	262,682	4%
10860000	2000	7,883,448	1,501,740	213,654	16%
10860000	2001	5,934,590	2,190,111	2,918,529	-12%
10860000	2002	6,806,995	5,075,585	1,403,071	54%
10860000	2003	5,434,672	1,560,605	1,192,686	7%
10860000	2004	7,250,554	2,946,107	1,979,653	13%
Total		164,109,276	64,598,859	50,710,495	8%
1990-2004		93,177,968	29,834,863	25,007,915	5%

KPCO
General Plant Detail

Activity Year	Original Cost Retired	Salvage	Removal	Net Salvage		
10872000	1954	6,604	1,932	857	16%	
10872000	1955	4,156	1,153	296	21%	
10872000	1956	11,547	1,175	56	10%	
10872000	1957	17,234	741	261	3%	
10872000	1958	15,852	631	1,442	-5%	
10872000	1959	7,961	315	238	1%	
10872000	1960	35,975	3,171	2,193	3%	
10872000	1961	32,219	1,414	949	1%	
10872000	1962	5,803	3,494	1,607	33%	
10872000	1963	29,313	2,469	3,333	-3%	
10872000	1964	66,108	570	4,221	-6%	
10872000	1965	162,447	888	3,091	-1%	
10872000	1966	2,451	342	9,583	-377%	
10872000	1967	12,153	3,237	(2,422)	47%	
10872000	1968	24,450	1,281	623	3%	
10872000	1969	97,196	(3,795)	2,768	-7%	
10872000	1970	11,186	2,888	103	25%	
10872000	1971	2,926	(2,089)	71	-74%	
10872000	1972	11,324	514	348	1%	
10872000	1973	16,756	1,921	255	10%	
10872000	1974	36,359	5,212	1,097	11%	
10872000	1975	16,603	747	162	4%	
10872000	1976	43,932	2,256	63	5%	
10872000	1977	20,375	848	206	3%	
10872000	1978	29,848	449	947	-2%	
10872000	1979	110,455	38,474	1,771	33%	
10872000	1980	(26,283)	379,792	(193)	-1446%	
10872000	1981	62,146	2,204	-	4%	
10872000	1982	114,845	37	(300)	0%	
10872000	1983	56,853	69	(624)	1%	
10872000	1984	28,929	1,152	624	2%	
10872000	1985	180,319	1,726	(635)	1%	
10872000	1986	61,942	603	3,785	-5%	
10872000	1987	65,632	4,797	2,604	3%	
10872000	1988	66,486	1,612	-	2%	
10872000	1989	80,142	51	11,628	-14%	
10872000	1990	1,063,124	141,149	50,399	9%	
10872000	1991	289,538	21,722	99,427	-27%	
10872000	1992	704,613	49,167	(3,992)	8%	
10872000	1993	437,544	2,090	114,740	-26%	
10872000	1994	347,501	37,443	804	11%	
10872000	1995	104,629	11,107	47,957	-35%	
10872000	1996	451,507	4,006	(70,222)	16%	
10872000	1997	295,506	68,506	27,111	14%	
10872000	1998	1,326,363	-	524	0%	
10872000	1999	26,757	(9,336)	393	-36%	
10872000	2000	224,558	-	(35,438)	16%	
10872000	2001	27,540	-	8,861	-32%	
10872000	2002	-	-	-	#DIV/0!	
10872000	2003	1,740,509	(100,160)	146,609	-14%	
10872000	2004	12,449,685	1,932,476	-	16%	
Total		21,011,618	2,620,451	438,181	10%	10%
1990-2004		19,489,374	2,158,170	387,173	9%	

KENTUCKY POWER COMPANY
Depreciation Study as of December 31, 2004
Production Plant

This investment consists of two generating units located on the Big Sandy River near Louisa, Kentucky. Unit 1 is rated at 260 MW and was placed in service in 1963. Unit 2 is rated at 800MW and was placed in service in 1969. The estimated final retirement dates for the units were provided by the Asset and Outage Planning Section of AEP's Generating Division.

AEP recently announced plans to install flue gas desulfurization (FGD) equipment to reduce sulfur dioxide emissions on Unit 2 at Big Sandy Plant. This additional investment in pollution control equipment is expected to result in operating Unit 2 to year 2034. There are currently no plans to install FGD equipment on Unit 1. Due to environmental constraints, the current plans are to retire Unit 1 in year 2015.

Life Analysis

Interim retirements for the Big Sandy Plant were determined by analyzing past history for each of the accounts in the production plant function. Interim retirement ratios were developed based on the period 1975 through 2004. Interim retirements are not usually considered representative of the future until the generating units have experienced a few years of actual operation. Since Unit 2 was placed in-service in 1969, the period beginning in 1975 provided for five years of operational experience.

In addition to the interim retirements experienced to date, the Selective Catalytic Reduction (SCR) system that is installed at Big Sandy Plant will have the SCR Catalysts replaced at future intervals. The AEP Engineering group provided the following details for replacement of the SCR Catalysts:

Layers 1 and 2 will be replaced in year 2009.
Layer 3 will be replaced in 2007.

The original cost of the catalysts are as follows:

Layer 1	\$3,259,048
Layer 2	\$3,259,049
Layer 3	\$1,629,524

After determining the interim retirements and the retirement of the SCR catalysts, a remaining life was calculated for each of the primary production plant accounts. The surviving plant balances by primary plant account at 12/31/04 were also aged. The age of the surviving balances plus the remaining life were summed to determine the total life of the investments.

Salvage and Cost of Removal

Kentucky Power Company engaged the firm of Brandenburg Industrial Service Company to perform a conceptual demolition cost estimate for the Big Sandy Plant. The demolition cost is estimated to be \$32,000,000 in current (2004) dollars. It is appropriate to include the final retirement costs for the Big Sandy plant in depreciation rates in order to ensure that the generation of customers that are receiving service from the plant also share in the final removal costs of the plant.

There are also gross salvage and removal costs associated with the removal/replacement of equipment during the operating life of the plant. An analysis of interim retirements was made for the production plant function and the fifteen year period of 1990-2004 was used as the basis to determine a gross salvage percentage and a gross removal percentage. The estimates of salvage and removal for both the final plant retirement and the interim retirements were combined to calculate a net salvage for each plant account. That calculation is as follows:

KENTUCKY POWER COMPANY
 Depreciation Study as of December 31, 2004
 Production Plant

Calculation of Removal and Salvage:

Interim Retirements:

Account	Interim Retirements (From Remaining Life Workpaper)	Gross Removal Percent	Gross Salvage Percent	Interim Retirement Net Salvage Percent
311	1,037,633	33.6%	10.2%	-23%
312	144,478,211	33.6%	10.2%	-23%
314	25,648,705	33.6%	10.2%	-23%
315	1,488,647	33.6%	10.2%	-23%
316	1,013,890	33.6%	10.2%	-23%
Total	173,667,086			

Account	Plant In-Service at 12/31/04	Net Salvage on Interim Retirement	Final Demolition Cost (a)	Total Net Salvage Costs	Net Salvage as Percent of Plant
311	36,149,758	-242,457	-2,548,062	-2,790,519	-8%
312	324,538,695	-33,759,222	-22,875,529	-56,634,750	-17%
314	73,038,983	-5,993,155	-5,148,247	-11,141,402	-15%
315	13,742,601	-347,842	-968,665	-1,316,507	-10%
316	6,518,954	-236,909	-459,497	-696,406	-11%
Total	453,988,991	-40,579,584	-32,000,000	-72,579,584	-16%

Notes: (a) Costs allocated to plant accounts based on Plant-In-Service Balances at 12/31/04

Calculation of Theoretical Reserve and Depreciation Rates

A theoretical reserve was determined based on the above calculations of average age, remaining life and net salvage. The theoretical reserve was used to allocate the actual book reserve to the individual plant accounts.

Based on plant balances at 12/31/04 and the allocated book reserve, remaining life depreciation rates were calculated for each primary plant account.

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 311
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0011 **No Change**

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	39,765	0.5	19,882	
2006	39,765	1.5	59,647	
2007	39,765	2.5	99,412	
2008	39,765	3.5	139,177	
2009	39,765	4.5	178,941	
2010	39,765	5.5	218,706	
2011	39,765	6.5	258,471	
2012	39,765	7.5	298,236	
2013	39,765	8.5	338,000	
2014	39,765	9.5	377,765	
2015	39,765	10.5	417,530	
2016	39,765	11.5	457,294	
2017	39,765	12.5	497,059	
2018	39,765	13.5	536,824	
2019	39,765	14.5	576,589	
2020	5,875,352	15.5	91,067,952	
2021	33,346	16.5	550,202	
2022	33,346	17.5	583,548	
2023	33,346	18.5	616,893	
2024	33,346	19.5	650,239	
2025	33,346	20.5	683,585	
2026	33,346	21.5	716,930	
2027	33,346	22.5	750,276	
2028	33,346	23.5	783,621	
2029	33,346	24.5	816,967	
2030	33,346	25.5	850,312	
2031	33,346	26.5	883,658	
2032	33,346	27.5	917,004	
2033	33,346	28.5	950,349	
2034	29,244,443	29.5	862,711,057	
TOTALS	36,149,758		968,006,126	26.78

INTERIM RETIREMENTS:

Total Plant at 12/31/04	36,149,758
Less Retirement of Unit 1 in 2015	-5,835,587
Less Final Retirement in year 2034	<u>-29,244,443</u>
Total Interim Retirements	<u>1,069,728</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 312
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0112

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	3,634,833	0.5	1,817,417	
2006	3,634,833	1.5	5,452,250	
2007	3,634,833	2.5	9,087,083	
2008	3,634,833	3.5	12,721,917	
2009	3,634,833	4.5	16,356,750	
2010	3,634,833	5.5	19,991,584	
2011	3,634,833	6.5	23,626,417	
2012	3,634,833	7.5	27,261,250	
2013	3,634,833	8.5	30,896,084	
2014	3,634,833	9.5	34,530,917	
2015	3,634,833	10.5	38,165,751	
2016	3,634,833	11.5	41,800,584	
2017	3,634,833	12.5	45,435,417	
2018	3,634,833	13.5	49,070,251	
2019	3,634,833	14.5	52,705,084	
2020	10,530,067	15.5	163,216,044	
2021	3,557,607	16.5	58,700,512	
2022	3,557,607	17.5	62,258,118	
2023	3,557,607	18.5	65,815,725	
2024	3,557,607	19.5	69,373,332	
2025	3,557,607	20.5	72,930,939	
2026	3,557,607	21.5	76,488,545	
2027	3,557,607	22.5	80,046,152	
2028	3,557,607	23.5	83,603,759	
2029	3,557,607	24.5	87,161,366	
2030	3,557,607	25.5	90,718,972	
2031	3,557,607	26.5	94,276,579	
2032	3,557,607	27.5	97,834,186	
2033	3,557,607	28.5	101,391,793	
2034	213,237,239	29.5	6,290,498,549	
TOTALS	324,538,695		7,903,233,327	24.35

INTERIM RETIREMENTS:

Total Plant at 12/31/04	324,538,695
Less Retirement of Unit 1 in 2015	-6,895,234
Less Final Retirement in year 2034	<u>-213,237,239</u>
Total Interim Retirements	<u>104,406,222</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 314
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0092

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	671,959	0.5	335,979	
2006	671,959	1.5	1,007,938	
2007	671,959	2.5	1,679,897	
2008	671,959	3.5	2,351,855	
2009	671,959	4.5	3,023,814	
2010	671,959	5.5	3,695,773	
2011	671,959	6.5	4,367,731	
2012	671,959	7.5	5,039,690	
2013	671,959	8.5	5,711,648	
2014	671,959	9.5	6,383,607	
2015	671,959	10.5	7,055,566	
2016	671,959	11.5	7,727,524	
2017	671,959	12.5	8,399,483	
2018	671,959	13.5	9,071,442	
2019	671,959	14.5	9,743,400	
2020	6,146,815	15.5	95,275,627	
2021	621,590	16.5	10,256,234	
2022	621,590	17.5	10,877,824	
2023	621,590	18.5	11,499,414	
2024	621,590	19.5	12,121,004	
2025	621,590	20.5	12,742,594	
2026	621,590	21.5	13,364,184	
2027	621,590	22.5	13,985,774	
2028	621,590	23.5	14,607,364	
2029	621,590	24.5	15,228,954	
2030	621,590	25.5	15,850,544	
2031	621,590	26.5	16,472,134	
2032	621,590	27.5	17,093,724	
2033	621,590	28.5	17,715,314	
2034	48,732,119	29.5	1,437,597,514	
TOTALS	73,038,983		1,790,283,554	24.51

INTERIM RETIREMENTS:	
Total Plant at 12/31/04	73,038,983
Less Retirement of Unit 1 in 2015	-5,474,856
Less Final Retirement in year 2034	<u>-48,732,119</u>
Total Interim Retirements	<u>18,832,008</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 315
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0029

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	39,854	0.5	19,927	
2006	39,854	1.5	59,780	
2007	39,854	2.5	99,634	
2008	39,854	3.5	139,487	
2009	39,854	4.5	179,341	
2010	39,854	5.5	219,194	
2011	39,854	6.5	259,048	
2012	39,854	7.5	298,902	
2013	39,854	8.5	338,755	
2014	39,854	9.5	378,609	
2015	39,854	10.5	418,462	
2016	39,854	11.5	458,316	
2017	39,854	12.5	498,169	
2018	39,854	13.5	538,023	
2019	39,854	14.5	577,876	
2020	1,505,064	15.5	23,328,485	
2021	35,604	16.5	587,473	
2022	35,604	17.5	623,078	
2023	35,604	18.5	658,682	
2024	35,604	19.5	694,286	
2025	35,604	20.5	729,891	
2026	35,604	21.5	765,495	
2027	35,604	22.5	801,100	
2028	35,604	23.5	836,704	
2029	35,604	24.5	872,309	
2030	35,604	25.5	907,913	
2031	35,604	26.5	943,517	
2032	35,604	27.5	979,122	
2033	35,604	28.5	1,014,726	
2034	11,176,877	29.5	329,717,862	
TOTALS	13,742,601		367,944,167	26.77

INTERIM RETIREMENTS:

Total Plant at 12/31/04	13,742,601
Less Retirement of Unit 1 in 2015	-1,465,210
Less Final Retirement in year 2034	<u>-11,176,877</u>
Total Interim Retirements	<u>1,100,514</u>

KENTUCKY POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2004
CALCULATION OF AVERAGE REMAINING LIFE
BIG SANDY PLANT ACCOUNT 316
RETIREMENT YEARS - UNIT 1 2015; UNIT 2 2034

ANNUAL INTERIM RETIREMENT RATE 0.0046

<u>YEAR</u>	<u>AMOUNT RETIRED</u>	<u>REM. LIFE (YEARS)</u>	<u>DOLLAR YEARS</u>	<u>AVERAGE REM. LIFE</u>
2005	29,987	0.5	14,994	
2006	29,987	1.5	44,981	
2007	29,987	2.5	74,968	
2008	29,987	3.5	104,955	
2009	29,987	4.5	134,942	
2010	29,987	5.5	164,930	
2011	29,987	6.5	194,917	
2012	29,987	7.5	224,904	
2013	29,987	8.5	254,891	
2014	29,987	9.5	284,878	
2015	29,987	10.5	314,865	
2016	29,987	11.5	344,853	
2017	29,987	12.5	374,840	
2018	29,987	13.5	404,827	
2019	29,987	14.5	434,814	
2020	821,158	15.5	12,727,952	
2021	26,348	16.5	434,739	
2022	26,348	17.5	461,087	
2023	26,348	18.5	487,434	
2024	26,348	19.5	513,782	
2025	26,348	20.5	540,130	
2026	26,348	21.5	566,478	
2027	26,348	22.5	592,826	
2028	26,348	23.5	619,173	
2029	26,348	24.5	645,521	
2030	26,348	25.5	671,869	
2031	26,348	26.5	698,217	
2032	26,348	27.5	724,565	
2033	26,348	28.5	750,912	
2034	4,905,467	29.5	144,711,264	
TOTALS	6,518,954		168,519,506	25.85

INTERIM RETIREMENTS:

Total Plant at 12/31/04	6,518,954
Less Retirement of Unit 1 in 2015	-791,171
Less Final Retirement in year 2034	<u>-4,905,467</u>
Total Interim Retirements	<u>822,316</u>

KENTUCKY POWER COMPANY
 DEPRECIATION STUDY AS OF DECEMBER 31, 2004
 CALCULATED DEPRECIATION RESERVE
 STEAM PRODUCTION PLANT

ACCOUNT	PLANT BALANCE AT 12-31-04	AVERAGE AGE	AVERAGE REM. LIFE	AVERAGE LIFE	NET SALVAGE	% REM. LIFE TO AVG. LIFE	CALCULATED RESERVE %	CALCULATED RESERVE W/O NET SALVAGE	CALCULATED RESERVE WITH NET SALVAGE
BIG SANDY									
311	36,149,758	26.08	26.78	52.86	-8%	50.66%	49.34%	17,835,522	19,262,364
312	324,538,694	9.97	24.35	34.32	-19%	70.95%	29.05%	94,278,869	112,191,854
314	73,038,983	20.85	24.51	45.36	-16%	54.03%	45.97%	33,572,813	38,944,463
315	13,742,601	32.06	26.77	58.83	-10%	45.50%	54.50%	7,489,169	8,238,085
316	<u>6,518,954</u>	22.08	25.85	47.93	-11%	53.93%	46.07%	<u>3,003,098</u>	<u>3,333,439</u>
Total	<u>453,988,990</u>							<u>156,179,471</u>	<u>181,970,205</u>