

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

**IN THE MATTER OF**

**AN EXAMINATION BY THE PUBLIC SERVICE )**  
**COMMISSION ON THE ENVIRONMENTAL )**  
**SURCHARGE MECHANISM OF KENTUCKY ) CASE NO. 2013-00141**  
**POWER COMPANY FOR THE SIX-MONTH )**  
**BILLING PERIOD ENDING DECEMBER 31, 2012 )**

**KENTUCKY POWER COMPANY RESPONSES  
TO COMMISSION STAFF'S FIRST SET OF DATA REQUESTS**

**June 6, 2013**



## **Kentucky Power Company**

### **REQUEST**

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

### **RESPONSE**

A copy of the summary schedule showing the calculation of the E(m) and the surcharge factor for the expense months covered by the billing period is attached to this response as pages 1 through 26 of Attachment 1.

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

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

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

Because of its size, the revision for the Pool percentage of Rockport plant had no effect on the amount collected. The correction of the omission of the Indiana Emission Fee increased the working capital cash resulting in an under-collection of \$1,758. The understatement of working capital cash related to the Big Sandy Plant produced an under-collection of \$59,255. The net effect of these adjustments was an under recovery of \$61,013. A more detailed description of the revisions may be found in the testimony of Lila P. Munsey filed with this case.

**WITNESS:** Lila P Munsey



Revised - September 24, 2012

ES FORM 1.00

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

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$2,391,424	\$2,377,211	(\$14,213)
LINE 2	Brr from ES FORM 1.10	3,922,590	3,922,590	0 <sup>1/</sup>
LINE 3	E(m) (LINE 1 - LINE 2)	(\$1,531,166)	(\$1,545,379)	(\$14,213)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	86.0%	86.0%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$1,316,803)	(\$1,329,026)	(\$12,223)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$224,683)	(\$224,683)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$1,541,486)	(\$1,553,709)	(\$12,223)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$1,541,486)	(\$1,553,709)	(\$12,223)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$34,553,138	\$34,553,138	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-4.4612%	-4.4966%	-0.0354%

Effective Date for Billing: June 28, 2012

Submitted By : \_\_\_\_\_

Title : Manager Regulatory Services

Date Submitted : June 18, 2012

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

Revised - September 24, 2012

ES FORM 3.00

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,346,333		\$2,332,120
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$45,091		\$45,091
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO2 - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO2 Allowances	\$0		\$0	
	1) NOx - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NOx - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NOx Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,391,424		\$2,377,211

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of May 2012

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,452,443		\$191,452,443	
2	Less Accumulated Depreciation	(\$71,602,792)		(\$71,602,792)	
3	Less Accum. Def. Income Taxes	(\$31,263,666)		(\$31,263,666)	
4	Net Utility Plant		\$88,585,985		\$88,585,985
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,951,984		\$10,951,984
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$71,180		\$71,180
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,629,356		\$50,233
8	Total Rate Base		\$101,238,505		\$99,659,382
9	Weighted Average Cost of Capital - ES FORM 3.15	10.85%		10.85%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%		0.90%
11	Monthly Return of Rate Base (8) * (10)		\$911,147		\$896,934
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,322		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$10,527		\$10,527
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$479,940		\$479,940
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$91,871		\$91,871
18	Monthly SO2 Emission Allowance Consumption		\$216,244		\$216,244
19	Total Operating Expenses [Line 12 thru Line 18]		\$1,435,186		\$1,435,186
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,346,333		\$2,332,120

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of May 2012

		Revised Amount		As Filed	
	<b>1997 Plan :</b>				
1	Monthly Kentucky Air Emissions Fee	\$10,527		\$10,527	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$83,220		\$83,220	
3	Monthly SO2 Allowance Consumption	\$216,244		\$216,244	
4	Total 1997 Plan O&M Expenses		\$309,991		\$309,991
	<b>2003 Plan :</b>				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$79,463		\$79,463	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,355		\$3,355	
9	Equipment - Associated Operating Expenses	\$128		\$128	
10	Equipment - Associated Maintenance Expenses	\$8,925		\$8,925	
11	Total 2003 Plan O&M Expenses		\$91,871		\$91,871
12	<b>KPCO's Rockport Unit Power O&amp;M:</b>				
13	E.S. Form 3.20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		\$404,205		\$401,862
15	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$50,526		\$50,293
16	Cash Working Capital Allowance ( April 2012 ES Form 3.13 )		\$128,462		
17	Cash Working Capital Allowance ( March 2012 ES Form 3.13 )		\$103,761		
18	Cash Working Capital Allowance ( February 2012 ES Form 3.13 )		\$131,408		
19	Cash Working Capital Allowance ( January 2012 ES Form 3.13 )		\$130,956		
20	Cash Working Capital Allowance ( December 2011 ES Form 3.13 )		\$238,235		
21	Cash Working Capital Allowance ( November 2011 ES Form 3.13 )		\$105,378		
22	Cash Working Capital Allowance ( October 2011 ES Form 3.13 )		\$125,673		
23	Cash Working Capital Allowance ( September 2011 ES Form 3.13 )		\$83,681		
24	Cash Working Capital Allowance ( August 2011 ES Form 3.13 )		\$114,073		
25	Cash Working Capital Allowance ( July 2011 ES Form 3.13 )		\$137,469		
26	Cash Working Capital Allowance ( June 2011 ES Form 3.13 )		\$279,734		
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,629,358		

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



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

For the Expense Month of May 2012

LINE NO.	COST	Revised Amount					As Filed				
		Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,785,548	\$10,544,876	\$16,709,416	\$2,627,841		\$1,785,548	\$10,544,876	\$16,709,416	\$2,627,841	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%		1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,462	\$144,462	\$228,919	\$34,625		\$24,462	\$144,462	\$228,919	\$34,625	
4	Operations :	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$15,625	\$0	\$0	\$0		\$15,625	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$40,087	\$144,462	\$228,919	\$34,625		\$40,087	\$144,462	\$228,919	\$34,625	
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	85.00%	85.00%	50.00%		50%	85.00%	85.00%	50.00%	
15	Total Rockport Plant Common and Units 1 & 2	\$20,044	\$122,793	\$194,551	\$17,313		\$20,044	\$122,793	\$148,960	\$17,313	
16	Indiana Michigan Power Company Steam Capacity (kw)										\$309,130
17	Rockport Plant: \$(/kw) (14) / (15)										5,412,000
18	Portion of Weighted Average Capacity Rate										\$0.06
19	Attributed to Rockport Plant \$(/kw) (17) X (18)										0.00%
20	Rockport Plant Portion \$(/kw) (13)										\$0.00
21	Kentucky Power Capacity Deficit (kw)										\$0.00
22	Rockport Units 1 & 2 Environmental to Kentucky Power (19) + (20)										114,000
23	(ES FORM 3.14, Page 1 of 10, Line 6)										\$0

Revised - September 24, 2012

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$2,882,566	\$2,870,417	(\$12,149)
LINE 2	Brr from ES FORM 1.10	3,627,274	3,627,274	0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$744,708)	(\$756,857)	(\$12,149)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	81.8%	81.8%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$609,171)	(\$619,109)	(\$9,938)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$42,619	\$42,619	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$566,552)	(\$576,490)	(\$9,938)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$566,552)	(\$576,490)	(\$9,938)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$38,175,818	\$38,175,818	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-1.4841%	-1.5101%	-0.0260%

Effective Date for Billing: July 30, 2012

Submitted By : \_\_\_\_\_

Title : Manager Regulatory Services

Date Submitted : July 20, 2012

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

Revised - September 24, 2012

ES FORM 3.00

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	<b>First Component:</b> Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,837,422		\$2,825,273
2	<b>Second Component:</b> Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$45,144		\$45,144
	<b>Third Component:</b> Net Proceeds from Emission Allowances Sales AS				
	1) SO <sub>2</sub> - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO <sub>2</sub> - Net Gain or (Loss) from Allowance Sales, In compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO <sub>2</sub> Allowances	\$0		\$0	
	1) NO <sub>x</sub> - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NO <sub>x</sub> - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NO <sub>x</sub> - Net Gain or Loss from NO <sub>x</sub> Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NO <sub>x</sub> Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,882,566		\$2,870,417

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of June 2012

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,452,443		\$191,452,443	
2	Less Accumulated Depreciation	(\$72,226,466)		(\$72,226,466)	
3	Less Accum. Def. Income Taxes	(\$31,139,319)		(\$31,139,319)	
4	Net Utility Plant		\$88,086,658		\$88,086,658
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,392,835		\$10,392,835
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$64,496		\$64,496
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,462,920		\$113,005
8	Total Rate Base		\$100,006,909		\$98,656,994
9	Weighted Average Cost of Capital - ES FORM 3.15	10.85%		10.85%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%		0.90%
11	Monthly Return of Rate Base (8) * (10)		\$900,062		\$887,913
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,322		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$10,527		\$10,527
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$471,960		\$471,960
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$259,120		\$259,120
18	Monthly SO2 Emission Allowance Consumption		\$559,149		\$559,149
19	Total Operating Expenses [Line 12 thru Line 18]		\$1,937,360		\$1,937,360
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,837,422		\$2,825,273

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of June 2012

		Revised Amount		As Filed	
	<b>1997 Plan :</b>				
1	Monthly Kentucky Air Emissions Fee	\$10,527		\$10,527	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$75,240		\$75,240	
3	Monthly SO2 Allowance Consumption	<u>\$559,149</u>		<u>\$559,149</u>	
4	Total 1997 Plan O&M Expenses		\$644,916		\$644,916
	<b>2003 Plan :</b>				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$243,093		\$243,093	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$6,684		\$6,684	
9	Equipment - Associated Operating Expenses	\$1,433		\$1,433	
10	Equipment - Associated Maintenance Expenses	<u>\$7,910</u>		<u>\$7,910</u>	
11	Total 2003 Plan O&M Expenses		<u>\$259,120</u>		<u>\$259,120</u>
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		<u>\$906,300</u>		<u>\$904,036</u>
15	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$113,298		\$113,005
16	Cash Working Capital Allowance ( May 2012 ES Form 3.13 )		\$50,526		
17	Cash Working Capital Allowance ( April 2012 ES Form 3.13 )		\$126,462		
18	Cash Working Capital Allowance ( March 2012 ES Form 3.13 )		\$103,761		
19	Cash Working Capital Allowance ( February 2012 ES Form 3.13 )		\$131,408		
20	Cash Working Capital Allowance ( January 2012 ES Form 3.13 )		\$130,956		
21	Cash Working Capital Allowance ( December 2011 ES Form 3.13 )		\$238,235		
22	Cash Working Capital Allowance ( November 2011 ES Form 3.13 )		\$105,378		
23	Cash Working Capital Allowance ( October 2011 ES Form 3.13 )		\$125,673		
24	Cash Working Capital Allowance ( September 2011 ES Form 3.13 )		\$83,681		
25	Cash Working Capital Allowance ( August 2011 ES Form 3.13 )		\$114,073		
26	Cash Working Capital Allowance ( July 2011 ES Form 3.13 )		<u>\$137,469</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$1,482,920</u>		

Total Cost at Line 13 is to be recorded on ES FORM 3.10, Line 7.

Revised - September 24, 2012

ES FORM 1.00

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

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,327,923	\$3,315,991	(\$11,932)
LINE 2	Brr from ES FORM 1.10	3,805,325	3,805,325	0 <sup>1/</sup>
LINE 3	E(m) (LINE 1 - LINE 2)	(\$477,402)	(\$489,334)	(\$11,932)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	72.7%	72.7%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$347,072)	(\$355,746)	(\$8,674)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$240,902	\$240,902	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$106,170)	(\$114,844)	(\$8,674)
SURCHARGE FACTOR				
LINE 8	Net KY Retail E(m) (Line 7)	(\$106,170)	(\$114,844)	(\$8,674)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$42,364,193	\$42,364,193	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-0.2506%	-0.2711%	-0.0205%

Effective Date for Billing: August 28, 2012

Submitted By : \_\_\_\_\_

Title : Manager Regulatory Services

Date Submitted : August 17, 2012

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

Revised - September 24, 2012

ES FORM 3.00

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	<b>First Component:</b> Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$3,288,074		\$3,276,142
2	<b>Second Component:</b> Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$39,849		\$39,849
	<b>Third Component:</b> Net Proceeds from Emission Allowances Sales AS				
	1) SO <sub>2</sub> - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO <sub>2</sub> - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO <sub>2</sub> Allowances	\$0		\$0	
	1) NO <sub>x</sub> - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NO <sub>x</sub> - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NO <sub>x</sub> - Net Gain or Loss from NO <sub>x</sub> Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NO <sub>x</sub> Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,327,923		\$3,315,991

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of July 2012

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,452,443		\$191,452,443	
2	Less Accumulated Depreciation	(\$72,850,140)		(\$72,850,140)	
3	Less Accum. Def. Income Taxes	(\$31,014,966)		(\$31,014,966)	
4	Net Utility Plant		\$87,587,337		\$87,587,337
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$9,655,612		\$9,655,612
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$54,484		\$54,484
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,496,445		\$170,701
8	Total Rate Base		\$98,793,878		\$97,468,134
9	Weighted Average Cost of Capital - ES FORM 3.15	10.85%		10.85%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%		0.90%
11	Monthly Return of Rate Base (8) * (10)		\$889,145		\$877,213
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,322		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$21,113		\$21,113
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$481,080		\$481,080
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$522,909		\$522,909
18	Monthly SO2 Emission Allowance Consumption		\$737,223		\$737,223
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,398,929		\$2,398,929
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,288,074		\$3,276,142



Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 2012

		Revised Amount		As Filed	
	<b>1997 Plan :</b>				
1	Monthly Kentucky Air Emissions Fee	\$21,113		\$21,113	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$84,360		\$84,360	
3	Monthly SO2 Allowance Consumption	<u>\$737,223</u>		<u>\$737,223</u>	
4	Total 1997 Plan O&M Expenses		\$842,696		\$842,696
	<b>2003 Plan :</b>				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$496,816		\$496,816	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$10,012		\$10,012	
9	Equipment - Associated Operating Expenses	\$404		\$404	
10	Equipment - Associated Maintenance Expenses	<u>\$15,676</u>		<u>\$15,676</u>	
11	Total 2003 Plan O&M Expenses		<u>\$522,909</u>		<u>\$522,909</u>
12	<b>KPCO's Rockport Unit Power O&amp;M:</b>				
13	E.S. Form 3.20, Line 11 X 15%		<u>\$2,344</u>		
14	Total Monthly O&M Expenses		<u>\$1,367,948</u>		<u>\$1,365,605</u>
15	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$170,994		\$170,701
16	Cash Working Capital Allowance ( June 2012 ES Form 3.13 )		\$113,298		
17	Cash Working Capital Allowance ( May 2012 ES Form 3.13 )		\$50,526		
18	Cash Working Capital Allowance ( April 2012 ES Form 3.13 )		\$128,462		
19	Cash Working Capital Allowance ( March 2012 ES Form 3.13 )		\$103,761		
20	Cash Working Capital Allowance ( February 2012 ES Form 3.13 )		\$131,408		
21	Cash Working Capital Allowance ( January 2012 ES Form 3.13 )		\$130,956		
22	Cash Working Capital Allowance ( December 2011 ES Form 3.13 )		\$238,235		
23	Cash Working Capital Allowance ( November 2011 ES Form 3.13 )		\$105,378		
24	Cash Working Capital Allowance ( October 2011 ES Form 3.13 )		\$125,673		
25	Cash Working Capital Allowance ( September 2011 ES Form 3.13 )		\$83,681		
26	Cash Working Capital Allowance ( August 2011 ES Form 3.13 )		<u>\$114,073</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$1,496,445</u>		

Total Cost at Line 13 is to be recorded on ES FORM 3.10, Line 7.

Revised - September 24, 2012

ES FORM 1.00

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

CALCULATION OF E(m)		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$3,236,799	\$3,224,355	(\$12,444)
LINE 2	Brr from ES FORM 1.10	4,088,830	4,088,830	0 1/
LINE 3	E(m) (LINE 1 - LINE 2)	(\$852,031)	(\$864,475)	(\$12,444)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	76.0%	76.0%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$647,544)	(\$657,001)	(\$9,457)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$169,488	\$169,488	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$478,056)	(\$487,513)	(\$9,457)
SURCHARGE FACTOR				
LINE 8	Net KY Retail E(m) (Line 7)	(\$478,056)	(\$487,513)	(\$9,457)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$41,135,196	\$41,135,196	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-1.1622%	-1.1851%	-0.0229%

Effective Date for Billing: September 27, 2012

Submitted By : \_\_\_\_\_

Title : Manager Regulatory Services

Date Submitted : September 17, 2012

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

Revised - September 24, 2012

ES FORM 3.00

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	<b>First Component:</b> Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$3,196,231		\$3,183,787
2	<b>Second Component:</b> Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$40,568		\$40,568
	<b>Third Component:</b> Net Proceeds from Emission Allowances Sales AS				
	1) SO2 - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO2 Allowances		\$0		\$0
	1) NOx - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NOx - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NOx Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,236,799		\$3,224,355

Revised - September 24, 2012

ES FORM 3.10

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

For the Expense Month of August 2012

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,452,443		\$191,452,443	
2	Less Accumulated Depreciation	(\$73,476,814)		(\$73,476,814)	
3	Less Accum. Def. Income Taxes	(\$30,890,623)		(\$30,890,623)	
4	Net Utility Plant		\$87,085,006		\$87,085,006
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$9,047,076		\$9,047,076
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$46,474		\$46,474
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,526,303		\$143,638
8	Total Rate Base		\$97,704,859		\$96,322,194
9	Weighted Average Cost of Capital - ES FORM 3.15	10.85%		10.85%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%		0.90%
11	Monthly Return of Rate Base (8) * (10)		\$879,344		\$866,900
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,322		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$21,113		\$21,113
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$672,724		\$672,724
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$377,910		\$377,910
18	Monthly SO2 Emission Allowance Consumption		\$608,536		\$608,536
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,316,887		\$2,316,887
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,196,231		\$3,183,767

Revised - September 24, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of August 2012

		Revised Amount		As Filed	
	<b>1997 Plan :</b>				
1	Monthly Kentucky Air Emissions Fee	\$21,113		\$21,113	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$141,546		\$141,546	
3	Monthly SO2 Allowance Consumption	<u>\$608,536</u>		<u>\$608,536</u>	
4	Total 1997 Plan O&M Expenses		\$771,195		\$771,195
	<b>2003 Plan :</b>				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$349,185		\$349,185	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$8,010		\$8,010	
9	Equipment - Associated Operating Expenses	\$359		\$359	
10	Equipment - Associated Maintenance Expenses	<u>\$20,355</u>		<u>\$20,355</u>	
11	Total 2003 Plan O&M Expenses		<u>\$377,910</u>		<u>\$377,910</u>
12	<b>KPCO's Rockport Unit Power O&amp;M:</b>				
13	E.S. Form 3.20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		<u>\$1,151,449</u>		<u>\$1,149,105</u>
15	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$143,931		\$143,931
16	Cash Working Capital Allowance ( July 2012 ES Form 3.13 )		\$170,994		
17	Cash Working Capital Allowance ( June 2012 ES Form 3.13 )		\$113,298		
18	Cash Working Capital Allowance ( May 2012 ES Form 3.13 )		\$50,526		
19	Cash Working Capital Allowance ( April 2012 ES Form 3.13 )		\$128,462		
20	Cash Working Capital Allowance ( March 2012 ES Form 3.13 )		\$103,761		
21	Cash Working Capital Allowance ( February 2012 ES Form 3.13 )		\$131,408		
22	Cash Working Capital Allowance ( January 2012 ES Form 3.13 )		\$130,956		
23	Cash Working Capital Allowance ( December 2011 ES Form 3.13 )		\$238,235		
24	Cash Working Capital Allowance ( November 2011 ES Form 3.13 )		\$105,378		
25	Cash Working Capital Allowance ( October 2011 ES Form 3.13 )		\$125,673		
26	Cash Working Capital Allowance ( September 2011 ES Form 3.13 )		<u>\$83,681</u>		
27	Total Twelve Month Total Cash Working Capital Allowance		<u>\$1,526,303</u>		

Total Cost at Line 13 is to be recorded on ES FORM 3.10, Line 7.

Revised - October 18, 2012

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$2,324,588	\$2,311,602	(\$12,986)
LINE 2	Brr from ES FORM 1.10	3,740,010	3,740,010	=H16-G16 1/
LINE 3	E(m) (LINE 1 - LINE 2)	(\$1,415,422)	(\$1,428,408)	(\$12,986)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	83.6%	83.6%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$1,183,293)	(\$1,194,149)	(\$10,856)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$75,457	\$75,457	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$1,107,836)	(\$1,118,692)	(\$10,856)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$1,107,836)	(\$1,118,692)	(\$10,856)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,601,205	\$40,601,205	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-2.7286%	-2.7553%	-0.0267%

Effective Date for Billing: October 26, 2012

Submitted By : \_\_\_\_\_

Title : Manager Regulatory Services

Date Submitted : October 16, 2012

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

Revised - October 18, 2012

ES FORM 3.00

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,283,993		\$2,271,007
2	Second Component: Associated with Rockport Plant ((RB IM(C)) (ROR IM(C)/12)) + OE IM(C) ES FORM 3.20, Line 16		\$40,595		\$40,595
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO <sub>2</sub> - EPA Auction Proceeds received during Expense Month		\$0		\$0
	2) SO <sub>2</sub> - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0
	Total Net Proceeds from SO <sub>2</sub> Allowances		\$0		\$0
	1) NO <sub>x</sub> - ERC Sales Proceeds, received during Expense Month		\$0		\$0
	2) NO <sub>x</sub> - EPA Auction Proceeds, received during Expense Month		\$0		\$0
	3) NO <sub>x</sub> - Net Gain or Loss from NO <sub>x</sub> Allowances Sales, received during Expense Month		\$0		\$0
	Total Net Proceeds from NO <sub>x</sub> Allowances		\$0		\$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,324,588		\$2,311,602

Revised - October 18, 2012

ES FORM 3.10

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

For the Expense Month of September 2012

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,452,443		\$191,452,443	
2	Less Accumulated Depreciation	(\$74,097,488)		(\$74,097,488)	
3	Less Accum. Def. Income Taxes	(\$30,766,275)		(\$30,766,275)	
4	Net Utility Plant		\$86,588,680		\$86,588,680
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$8,919,168		\$8,919,168
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$42,347		\$42,347
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,473,480		\$30,565
8	Total Rate Base		\$97,023,675		\$95,580,760
9	Weighted Average Cost of Capital - ES FORM 3.15	10.85%		10.85%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%		0.90%
11	Monthly Return of Rate Base (8) * (10)		\$873,213		\$860,227
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,322		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$21,113		\$21,113
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$619,454		\$619,454
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$5,701		\$5,701
18	Monthly SO2 Emission Allowance Consumption		\$127,908		\$127,908
19	Total Operating Expenses [Line 12 thru Line 18]		\$1,410,780		\$1,410,780
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,283,893		\$2,271,007



Revised - October 18, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of September 2012

		Revised Amount		As Filed	
	<b>1997 Plan :</b>				
1	Monthly Kentucky Air Emissions Fee	\$21,113		\$21,113	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$89,798		\$89,798	
3	Monthly SO2 Allowance Consumption	<u>\$127,908</u>		<u>\$127,908</u>	
4	Total 1997 Plan O&M Expenses		\$238,819		\$238,819
	<b>2003 Plan :</b>				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	(\$933)		(\$933)	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$4,127		\$4,127	
9	Equipment - Associated Operating Expenses	\$49		\$49	
10	Equipment - Associated Maintenance Expenses	<u>\$2,458</u>		<u>\$2,458</u>	
11	Total 2003 Plan O&M Expenses		\$5,701		\$5,701
12	<b>KPCO's Rockport Unit Power O&amp;M:</b>				
13	E.S. Form 3.20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		\$246,864		\$244,520
15	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$30,858		\$30,565
16	Cash Working Capital Allowance ( August 2012 ES Form 3.13 )		\$143,931		
17	Cash Working Capital Allowance ( July 2012 ES Form 3.13 )		\$170,994		
18	Cash Working Capital Allowance ( June 2012 ES Form 3.13 )		\$113,298		
19	Cash Working Capital Allowance ( May 2012 ES Form 3.13 )		\$50,526		
20	Cash Working Capital Allowance ( April 2012 ES Form 3.13 )		\$128,462		
21	Cash Working Capital Allowance ( March 2012 ES Form 3.13 )		\$103,761		
22	Cash Working Capital Allowance ( February 2012 ES Form 3.13 )		\$131,408		
23	Cash Working Capital Allowance ( January 2012 ES Form 3.13 )		\$130,956		
24	Cash Working Capital Allowance ( December 2011 ES Form 3.13 )		\$238,235		
25	Cash Working Capital Allowance ( November 2011 ES Form 3.13 )		\$105,378		
26	Cash Working Capital Allowance ( October 2011 ES Form 3.13 )		\$125,673		
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,473,480		

Total Cost at Line 13 is to be recorded on ES FORM 3.10, Line 7.

Revised - December 14, 2012

ES FORM 1.00

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

<u>CALCULATION OF E(m)</u>		Revised Amount		Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$2,316,161	\$2,304,028	(\$12,133)
LINE 2	Brr from ES FORM 1.10	3,260,302	3,260,302	0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$944,141)	(\$956,274)	(\$12,133)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	81.3%	81.3%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$767,587)	(\$777,451)	(\$9,864)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$103,039)	(\$103,039)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$870,626)	(\$880,490)	(\$9,864)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$870,626)	(\$880,490)	(\$9,864)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$37,297,076	\$37,297,076	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-2.3343%	-2.3607%	-0.0264%

Effective Date for Billing: November 28, 2012

Submitted By : \_\_\_\_\_

Title : Manager Regulatory Services

Date Submitted : November 16, 2012

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

Revised - December 14, 2012

ES FORM 3.00

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

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	Revised Amount		As Filed	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,274,129		\$2,261,996
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$42,032		\$42,032
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO <sub>2</sub> - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO <sub>2</sub> - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO <sub>2</sub> Allowances	\$0		\$0	
	1) NO <sub>x</sub> - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NO <sub>x</sub> - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NO <sub>x</sub> - Net Gain or Loss from NO <sub>x</sub> Allowances Sales, received during Expense Month	\$0		\$0	
	Total Net Proceeds from NO <sub>x</sub> Allowances	\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,316,161		\$2,304,028

Revised - December 14, 2012

ES FORM 3.10

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

For the Expense Month of October 2012

LINE NO.	COST COMPONENT	Revised Amount		As Filed	
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$191,452,443		\$191,452,443	
2	Less Accumulated Depreciation	(\$74,721,162)		(\$74,721,162)	
3	Less Accum. Def. Income Taxes	(\$30,641,924)		(\$30,641,924)	
4	Net Utility Plant		\$86,089,357		\$86,089,357
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$8,808,865		\$8,808,865
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$38,663		\$38,663
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,378,359		\$30,259
8	Total Rate Base		\$86,315,244		\$94,967,144
9	Weighted Average Cost of Capital - ES FORM 3.15	10.85%		10.85%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%		0.90%
11	Monthly Return of Rate Base (8) * (10)		\$866,837		\$854,704
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030		\$46,030
14	Monthly Property Taxes		\$13,322		\$13,322
15	Monthly Kentucky Air Emissions Fee		\$21,113		\$21,113
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$637,980		\$637,980
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$1,292		\$1,292
18	Monthly SO2 Emission Allowance Consumption		\$110,303		\$110,303
19	Total Operating Expenses [Line 12 thru Line 18]		\$1,407,292		\$1,407,292
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,274,129		\$2,261,996

Revised - December 14, 2012

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of October 2012

		Revised Amount		As Filed	
	<b>1997 Plan :</b>				
1	Monthly Kentucky Air Emissions Fee	\$21,113		\$21,113	
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$109,368		\$109,368	
3	Monthly SO2 Allowance Consumption	\$110,303		\$110,303	
4	Total 1997 Plan O&M Expenses		\$240,784		\$240,784
	<b>2003 Plan :</b>				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$454		\$454	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,684		\$3,684	
9	Equipment - Associated Operating Expenses	\$0		\$0	
10	Equipment - Associated Maintenance Expenses	(\$2,846)		(\$2,846)	
11	Total 2003 Plan O&M Expenses		\$1,292		\$1,292
12	<b>KPCO's Rockport Unit Power O&amp;M:</b>				
13	E.S. Form 3.20, Line 11 X 15%		\$2,344		
14	Total Monthly O&M Expenses		\$244,420		\$242,076
15	Cash Working Capital Allowance ( Line 12 X 1/8 )		\$30,552		\$30,259
16	Cash Working Capital Allowance ( September 2012 ES Form 3.13 )		\$30,858		
17	Cash Working Capital Allowance ( August 2012 ES Form 3.13 )		\$143,931		
18	Cash Working Capital Allowance ( July 2012 ES Form 3.13 )		\$170,994		
19	Cash Working Capital Allowance ( June 2012 ES Form 3.13 )		\$113,298		
20	Cash Working Capital Allowance ( May 2012 ES Form 3.13 )		\$50,526		
21	Cash Working Capital Allowance ( April 2012 ES Form 3.13 )		\$128,462		
22	Cash Working Capital Allowance ( March 2012 ES Form 3.13 )		\$103,761		
23	Cash Working Capital Allowance ( February 2012 ES Form 3.13 )		\$131,408		
24	Cash Working Capital Allowance ( January 2012 ES Form 3.13 )		\$130,956		
25	Cash Working Capital Allowance ( December 2011 ES Form 3.13 )		\$238,235		
26	Cash Working Capital Allowance ( November 2011 ES Form 3.13 )		\$105,378		
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,378,359		

Total Cost at Line 27 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company**

**REQUEST**

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

**RESPONSE**

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

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

Any reported gain or loss is a result of selling SO<sub>2</sub> or NO<sub>x</sub> allowances from the compliance inventory to external counter-parties.

**WITNESS:** Lila P Munsey

## **Kentucky Power Company**

### **REQUEST**

Provide the following information as of October 31, 2012. In addition to the electronic filing, provide the information in Excel spreadsheet format with the formulas intact and unprotected.

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

### **RESPONSE**

- a. Please refer to Attachment 1 Page 1 of 19 of the attached exhibit for the balances for long- term debt, short-term debt, accounts receivable financing and common equity as of October 31, 2012. Pages 2 through 19 demonstrate the supporting calculations.
- b. Please refer to Page 1 of 19 of the attached exhibit for the blended interest rates for long-term debt, short-term debt, and accounts receivable financing as of October 31, 2012.
- c. Kentucky Power's October 31, 2012 calculated weighted average cost of capital for environmental surcharge purposes is 8.05%. Please refer to Page 1 of 19 of the attached exhibit for support of the calculation.

- d. Please see Page 17 of 19 for the weighted cost of capital reflecting the application of the income tax gross-up factor.

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

**WITNESS:** Lila P Munsey



**Kentucky Power Company  
 Cost of Capital  
 As of October 31, 2012**

<u>Ln</u> <u>No</u> (1)	<u>Description</u> (2)	<u>Capital</u> (3)		<u>Percent</u> <u>of</u> <u>Total</u> (4)	<u>Cost</u> <u>Percentage</u> <u>Rate</u> (5)	<u>Weighted</u> <u>Average</u> <u>Cost</u> <u>Percent</u> (6)=(4)x(5)
1	Long Term Debt	\$550,000,000	a	51.043%	6.48%	3.31%
2	Short Term Debt	\$0	a	0.000%	0.00% b	0.00%
3	Accts Receivable Financing	\$46,627,938		4.327%	1.16%	0.05%
4	Common Equity	<u>\$480,884,806</u>	a	<u>44.629%</u>	10.50%	<u>4.69%</u>
5	Total	\$1,077,512,744		100.000%		8.05%

a Book balance as of 10/31/2012

b Average borrowing costs for the 12 Months Ended October 31, 2012



Kentucky Power Company  
Schedule of Short Term Debt  
Twelve Months Ended October 31, 2012

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

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended October 31, 2012**

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

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended October 31, 2012**

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

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended October 31, 2012**

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

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended October 31, 2012**

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

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended October 31, 2012**

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



**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended October 31, 2012**

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

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended October 31, 2012**

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

**Kentucky Power Company**  
**Short Term Debt Balance and Cost Calculation**  
**Twelve Months Ended October 31, 2012**

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	10/16/2012		0.00%	0.000000%
	10/17/2012		0.00%	0.000000%
	10/18/2012		0.00%	0.000000%
	10/19/2012		0.00%	0.000000%
	10/20/2012		0.00%	0.000000%
	10/21/2012		0.00%	0.000000%
	10/22/2012		0.00%	0.000000%
	10/23/2012		0.00%	0.000000%
	10/24/2012		0.00%	0.000000%
	10/25/2012		0.00%	0.000000%
	10/26/2012		0.00%	0.000000%
	10/27/2012		0.00%	0.000000%
	10/28/2012		0.00%	0.000000%
	10/29/2012		0.00%	0.000000%
	10/30/2012		0.00%	0.000000%
<b>Wednesday</b>	10/31/2012		0.00%	0.000000%
	<b>Sum Total All Daily Balances</b>	<b>\$0.00</b>		<b>0.0000%</b>
				<b>Sum Total Weighted Average Borrowed Interest Rate</b>
	<b>Divided By Number of Days in Year</b>	<b>365</b>		
	<b>Average Daily Balance</b>	<b>\$0.00</b>		

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 2012

AEP Credit - Internal Cost Incurred				KP - Actual Carrying Cost Incurred						
Date	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)	
10/01/2011	44,672,069.92	0.000031	1,384.83	0.00	0.000031	29.04	0.000000	0.00	0.000000	
10/02/2011	44,672,069.92	0.000031	1,384.83	0.00	0.000031	29.04	0.000000	0.00	0.000000	
10/03/2011	45,263,137.43	0.000031	1,403.16	2,629,505.99	0.000031	29.04	0.000900	2,866.56	0.000052	
10/04/2011	50,485,580.35	0.000032	1,615.54	7,654,485.97	0.000032	29.04	0.000929	7,111.02	0.000141	
10/05/2011	51,395,567.13	0.000032	1,644.66	2,098,495.93	0.000032	29.04	0.000929	1,949.50	0.000038	
10/06/2011	52,318,152.16	0.000032	1,674.18	2,702,417.49	0.000032	29.04	0.000929	2,510.55	0.000048	
10/07/2011	51,757,028.80	0.000032	1,666.22	1,767,914.13	0.000032	33.91	0.001085	1,818.19	0.000037	
10/08/2011	51,757,028.80	0.000032	1,666.22	0.00	0.000032	33.91	0.000000	0.00	0.000000	
10/09/2011	51,757,028.80	0.000032	1,666.22	0.00	0.000032	33.91	0.000000	0.00	0.000000	
10/10/2011	51,562,568.12	0.000032	1,650.00	1,613,685.41	0.000032	33.91	0.001085	1,750.85	0.000034	
10/11/2011	51,348,713.82	0.000032	1,643.16	1,338,011.49	0.000032	33.91	0.001085	1,451.74	0.000028	
10/12/2011	50,872,730.27	0.000032	1,627.93	1,749,499.36	0.000032	33.91	0.001085	1,898.21	0.000037	
10/13/2011	51,305,094.02	0.000032	1,641.76	1,752,502.48	0.000032	33.91	0.001085	1,901.57	0.000037	
10/14/2011	47,186,755.77	0.000032	1,509.98	1,318,187.83	0.000032	33.91	0.001085	1,430.23	0.000030	
10/15/2011	47,186,755.77	0.000032	1,509.98	0.00	0.000032	33.91	0.000000	0.00	0.000000	
10/16/2011	47,186,755.77	0.000032	1,509.98	0.00	0.000032	33.91	0.000000	0.00	0.000000	
10/17/2011	45,562,572.58	0.000032	1,458.00	1,702,344.00	0.000032	33.91	0.001085	1,847.04	0.000041	
10/18/2011	44,066,764.00	0.000032	1,409.82	1,704,332.06	0.000032	33.91	0.001085	1,849.20	0.000042	
10/19/2011	43,720,124.60	0.000032	1,399.04	1,275,707.80	0.000032	33.91	0.001085	1,384.14	0.000032	
10/20/2011	42,560,905.45	0.000032	1,361.63	1,297,083.03	0.000032	33.91	0.001085	1,407.34	0.000033	
10/21/2011	41,822,893.84	0.000032	1,338.33	1,063,783.00	0.000032	33.91	0.001085	1,154.20	0.000028	
10/22/2011	41,822,893.84	0.000032	1,338.33	0.00	0.000032	33.91	0.000000	0.00	0.000000	
10/23/2011	41,822,893.84	0.000032	1,338.33	0.00	0.000032	33.91	0.000000	0.00	0.000000	
10/24/2011	40,378,411.31	0.000032	1,292.11	939,037.50	0.000032	33.91	0.001085	1,018.86	0.000025	
10/25/2011	38,574,779.26	0.000032	1,234.39	1,161,611.71	0.000032	33.91	0.001085	1,260.35	0.000033	
10/26/2011	40,828,692.96	0.000032	1,306.52	3,624,172.18	0.000032	33.91	0.001085	3,932.23	0.000096	
10/27/2011	41,271,456.99	0.000032	1,320.69	1,759,488.16	0.000032	33.91	0.001085	1,909.04	0.000046	
10/28/2011	44,332,195.89	0.000032	1,418.63	4,350,676.92	0.000032	33.91	0.001085	4,720.48	0.000106	
10/29/2011	44,332,195.89	0.000032	1,418.63	0.00	0.000032	33.91	0.000000	0.00	0.000000	
10/30/2011	44,332,195.89	0.000032	1,418.63	0.00	0.000032	33.91	0.000000	0.00	0.000000	
10/31/2011	44,597,504.66	0.000032	1,427.12	1,959,767.66	0.000032	33.91	0.001085	2,126.35	0.000048	
11/01/2011	44,687,403.82	0.000032	1,430.00	1,446,340.95	0.000032	33.91	0.001085	1,569.28	0.000035	
11/02/2011	45,626,370.61	0.000032	1,460.04	2,493,264.70	0.000032	33.91	0.001085	2,705.19	0.000059	
11/03/2011	50,695,859.04	0.000032	1,622.27	6,235,246.20	0.000032	33.91	0.001085	6,765.24	0.000133	
11/04/2011	50,500,365.15	0.000032	1,616.01	1,687,812.05	0.000032	33.91	0.001085	1,831.28	0.000036	
11/05/2011	50,500,365.15	0.000032	1,616.01	0.00	0.000032	33.91	0.000000	0.00	0.000000	
11/06/2011	50,500,365.15	0.000032	1,616.01	0.00	0.000032	33.91	0.000000	0.00	0.000000	
11/07/2011	50,892,411.61	0.000032	1,628.56	2,318,446.30	0.000032	31.47	0.001007	2,334.68	0.000046	
11/08/2011	50,525,720.43	0.000032	1,616.82	1,923,191.78	0.000032	31.47	0.001007	1,936.65	0.000038	
11/09/2011	49,885,543.85	0.000032	1,598.34	1,612,636.61	0.000032	31.47	0.001007	1,623.93	0.000033	
11/10/2011	49,770,950.96	0.000032	1,592.67	2,075,284.26	0.000032	31.47	0.001007	2,089.81	0.000042	
11/11/2011	50,498,789.37	0.000032	1,615.96	2,439,212.96	0.000032	31.47	0.001007	2,456.29	0.000049	
11/12/2011	50,498,789.37	0.000032	1,615.96	0.00	0.000032	31.47	0.000000	0.00	0.000000	
11/13/2011	50,498,789.37	0.000032	1,615.96	0.00	0.000032	31.47	0.000000	0.00	0.000000	
11/14/2011	51,397,028.76	0.000032	1,644.70	1,825,243.12	0.000032	31.47	0.001007	1,838.02	0.000036	
11/15/2011	46,284,367.74	0.000032	1,481.10	1,877,497.99	0.000032	31.47	0.001007	1,890.64	0.000041	
11/16/2011	45,814,366.33	0.000032	1,466.06	1,772,169.35	0.000032	31.47	0.001007	1,784.57	0.000039	
11/17/2011	45,773,593.89	0.000032	1,464.75	1,675,177.92	0.000032	31.47	0.001007	1,686.90	0.000037	
11/18/2011	44,459,846.99	0.000032	1,422.72	1,664,739.11	0.000032	31.47	0.001007	1,575.69	0.000035	
11/19/2011	44,459,846.99	0.000032	1,422.72	0.00	0.000032	31.47	0.000000	0.00	0.000000	
11/20/2011	44,459,846.99	0.000032	1,422.72	0.00	0.000032	31.47	0.000000	0.00	0.000000	
11/21/2011	44,632,375.48	0.000032	1,428.24	1,595,826.22	0.000032	31.47	0.001007	1,607.00	0.000036	
11/22/2011	44,104,341.71	0.000032	1,411.34	2,075,578.61	0.000032	31.47	0.001007	2,090.11	0.000047	
11/23/2011	43,430,705.21	0.000032	1,389.78	2,369,626.79	0.000032	31.47	0.001007	2,386.21	0.000055	
11/24/2011	43,430,705.21	0.000032	1,389.78	0.00	0.000032	31.47	0.000000	0.00	0.000000	
11/25/2011	43,430,705.21	0.000032	1,389.78	0.00	0.000032	31.47	0.000000	0.00	0.000000	
11/26/2011	43,430,705.21	0.000032	1,389.78	0.00	0.000032	31.47	0.000000	0.00	0.000000	
11/27/2011	43,430,705.21	0.000032	1,389.78	0.00	0.000032	31.47	0.000000	0.00	0.000000	
11/28/2011	45,493,961.38	0.000032	1,455.81	3,163,703.77	0.000032	31.47	0.001007	3,185.85	0.000070	
11/29/2011	47,031,270.95	0.000032	1,505.00	3,915,542.57	0.000032	31.47	0.001007	3,942.95	0.000084	
11/30/2011	47,786,981.48	0.000032	1,529.18	2,873,203.39	0.000032	31.47	0.001007	2,893.32	0.000061	
12/01/2011	48,551,484.16	0.000032	1,553.65	2,244,074.81	0.000032	31.47	0.001007	2,259.78	0.000047	
12/02/2011	55,065,104.17	0.000032	1,762.08	7,501,844.34	0.000032	31.47	0.001007	7,554.36	0.000137	
12/03/2011	55,065,104.17	0.000032	1,762.08	0.00	0.000032	31.47	0.000000	0.00	0.000000	
12/04/2011	55,065,104.17	0.000032	1,762.08	0.00	0.000032	31.47	0.000000	0.00	0.000000	
12/05/2011	55,601,221.62	0.000032	1,779.24	2,173,431.49	0.000032	31.47	0.001007	2,188.65	0.000039	
12/06/2011	55,811,891.33	0.000032	1,785.98	2,739,478.16	0.000032	31.47	0.001007	2,758.65	0.000049	
12/07/2011	56,060,359.83	0.000033	1,849.99	2,605,881.15	0.000033	30.12	0.000994	2,590.25	0.000046	
12/08/2011	55,829,770.71	0.000033	1,842.38	1,814,144.70	0.000033	30.12	0.000994	1,604.46	0.000029	
12/09/2011	55,646,278.18	0.000033	1,836.33	2,054,372.94	0.000033	30.12	0.000994	2,042.05	0.000037	
12/10/2011	55,646,278.18	0.000033	1,836.33	0.00	0.000033	30.12	0.000000	0.00	0.000000	
12/11/2011	55,646,278.18	0.000033	1,836.33	0.00	0.000033	30.12	0.000000	0.00	0.000000	
12/12/2011	55,911,997.96	0.000033	1,845.10	1,710,625.12	0.000033	30.12	0.000994	1,700.36	0.000030	
12/13/2011	50,900,144.87	0.000033	1,679.70	2,237,145.04	0.000033	30.12	0.000994	2,223.72	0.000044	
12/14/2011	50,581,711.35	0.000032	1,618.61	2,510,969.46	0.000032	30.12	0.000964	2,420.57	0.000048	
12/15/2011	51,385,938.89	0.000032	1,644.35	2,227,288.31	0.000032	30.12	0.000964	2,147.11	0.000042	
12/16/2011	51,557,484.92	0.000032	1,649.84	1,852,809.43	0.000032	30.12	0.000964	1,786.11	0.000035	
12/17/2011	51,557,484.92	0.000032	1,649.84	0.00	0.000032	30.12	0.000000	0.00	0.000000	
12/18/2011	51,557,484.92	0.000032	1,649.84	0.00	0.000032	30.12	0.000000	0.00	0.000000	
12/19/2011	51,983,589.86	0.000032	1,663.47	1,853,135.16	0.000032	30.12	0.000964	1,786.42	0.000034	
12/20/2011	50,792,881.55	0.000032	1,625.37	1,995,977.62	0.000032	30.12	0.000964	1,924.12	0.000038	
12/21/2011	49,159,004.17	0.000032	1,573.09	1,605,511.93	0.000032	30.12	0.000964	1,547.71	0.000031	
12/22/2011	49,554,669.92	0.000032	1,585.75	1,481,071.03	0.000032	30.12	0.000964	1,427.75	0.000029	
12/23/2011	49,554,669.92	0.000032	1,585.75	0.00	0.000032	30.12	0.000000	0.00	0.000000	
12/24/2011	49,554,669.92	0.000032	1,585.75	0.00	0.000032	30.12	0.000000	0.00	0.000000	
12/25/2011	49,554,669.92	0.000032	1,585.75	0.00	0.000032	30.12	0.000000	0.00	0.000000	
12/										

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 2012

AEP Credit - Internal Cost Incurred				KP - Actual Carrying Cost Incurred						
Date	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)	
12/31/2011	51,455,310.75	0.000032	1,646.57	0.00	0.000032	30.12	0.000000	0.00	0.000000	
01/01/2012	51,455,310.75	0.000032	1,646.57	0.00	0.000032	30.12	0.000000	0.00	0.000000	
01/02/2012	51,455,310.75	0.000032	1,646.57	0.00	0.000032	30.12	0.000000	0.00	0.000000	
01/03/2012	53,080,294.12	0.000032	1,698.57	3,276,760.96	0.000032	30.12	0.000964	3,158.80	0.000080	
01/04/2012	58,921,889.58	0.000032	1,885.50	8,469,307.50	0.000032	30.12	0.000964	8,164.41	0.000139	
01/05/2012	57,919,664.86	0.000032	1,853.43	2,096,679.33	0.000032	30.12	0.000964	2,021.20	0.000035	
01/06/2012	58,404,871.71	0.000032	1,868.96	2,242,366.91	0.000032	30.12	0.000964	2,161.64	0.000037	
01/07/2012	58,404,871.71	0.000032	1,868.96	0.00	0.000032	30.12	0.000000	0.00	0.000000	
01/08/2012	58,404,871.71	0.000032	1,868.96	0.00	0.000032	30.12	0.000000	0.00	0.000000	
01/09/2012	58,336,146.25	0.000032	1,866.76	2,881,873.15	0.000032	32.61	0.001044	3,008.68	0.000052	
01/10/2012	57,965,600.45	0.000032	1,854.90	3,163,428.13	0.000032	32.61	0.001044	3,302.62	0.000057	
01/11/2012	58,605,857.94	0.000032	1,875.39	1,935,454.19	0.000032	32.61	0.001044	2,020.81	0.000034	
01/12/2012	58,981,838.42	0.000032	1,887.42	2,513,371.55	0.000032	32.61	0.001044	2,623.96	0.000044	
01/13/2012	54,831,430.56	0.000032	1,754.61	1,970,728.36	0.000032	32.61	0.001044	2,057.44	0.000038	
01/14/2012	54,831,430.56	0.000032	1,754.61	0.00	0.000032	32.61	0.000000	0.00	0.000000	
01/15/2012	54,831,430.56	0.000032	1,754.61	0.00	0.000032	32.61	0.000000	0.00	0.000000	
01/16/2012	53,166,027.84	0.000032	1,701.31	2,518,050.04	0.000032	32.61	0.001044	2,628.84	0.000049	
01/17/2012	54,132,247.87	0.000032	1,732.23	2,948,974.85	0.000032	32.61	0.001044	3,078.73	0.000057	
01/18/2012	54,069,367.12	0.000032	1,729.90	2,285,916.88	0.000032	32.61	0.001044	2,386.50	0.000044	
01/19/2012	54,817,579.83	0.000032	1,754.16	1,852,033.29	0.000032	32.61	0.001044	1,933.52	0.000035	
01/20/2012	55,472,855.43	0.000032	1,775.13	2,288,369.26	0.000032	32.61	0.001044	2,389.06	0.000043	
01/21/2012	55,472,855.43	0.000032	1,775.13	0.00	0.000032	32.61	0.000000	0.00	0.000000	
01/22/2012	55,472,855.43	0.000032	1,775.13	0.00	0.000032	32.61	0.000000	0.00	0.000000	
01/23/2012	55,191,521.50	0.000032	1,768.13	2,171,933.88	0.000032	32.61	0.001044	2,267.50	0.000041	
01/24/2012	53,141,696.80	0.000032	1,700.53	1,902,629.46	0.000032	32.61	0.001044	1,986.35	0.000037	
01/25/2012	53,033,950.02	0.000032	1,697.09	1,785,252.67	0.000032	32.61	0.001044	1,832.48	0.000035	
01/26/2012	52,526,823.22	0.000032	1,680.66	1,912,257.76	0.000032	32.61	0.001044	1,996.40	0.000038	
01/27/2012	53,456,125.71	0.000032	1,710.60	2,556,199.29	0.000032	32.61	0.001044	2,668.67	0.000050	
01/28/2012	53,456,125.71	0.000032	1,710.60	0.00	0.000032	32.61	0.000000	0.00	0.000000	
01/29/2012	53,456,125.71	0.000032	1,710.60	0.00	0.000032	32.61	0.000000	0.00	0.000000	
01/30/2012	54,764,261.07	0.000032	1,752.46	3,149,060.98	0.000032	32.61	0.001044	3,287.62	0.000060	
01/31/2012	55,881,270.33	0.000032	1,788.20	3,799,130.99	0.000032	32.61	0.001044	3,966.29	0.000071	
02/01/2012	55,909,791.62	0.000032	1,789.11	2,845,108.36	0.000032	32.61	0.001044	2,970.29	0.000053	
02/02/2012	56,118,619.70	0.000032	1,795.80	2,015,039.75	0.000032	32.61	0.001044	2,103.70	0.000037	
02/03/2012	62,593,441.51	0.000032	2,002.99	8,184,436.85	0.000032	32.61	0.001044	8,544.55	0.000137	
02/04/2012	62,593,441.51	0.000032	2,002.99	0.00	0.000032	32.61	0.000000	0.00	0.000000	
02/05/2012	62,593,441.51	0.000032	2,002.99	0.00	0.000032	32.61	0.000000	0.00	0.000000	
02/06/2012	62,117,737.05	0.000032	1,987.77	2,088,818.99	0.000032	32.61	0.001044	2,180.73	0.000035	
02/07/2012	61,334,608.62	0.000032	1,962.71	2,131,473.23	0.000032	29.71	0.000951	2,027.03	0.000033	
02/08/2012	61,381,367.57	0.000032	1,964.20	2,520,258.17	0.000032	29.71	0.000951	2,396.77	0.000039	
02/09/2012	60,697,844.84	0.000032	1,942.33	1,714,776.67	0.000032	29.71	0.000951	1,630.75	0.000027	
02/10/2012	60,565,605.62	0.000032	1,938.10	2,177,292.34	0.000032	29.71	0.000951	2,070.61	0.000034	
02/11/2012	60,565,605.62	0.000032	1,938.10	0.00	0.000032	29.71	0.000000	0.00	0.000000	
02/12/2012	60,565,605.62	0.000032	1,938.10	0.00	0.000032	29.71	0.000000	0.00	0.000000	
02/13/2012	54,235,582.94	0.000032	1,735.54	1,816,031.82	0.000032	29.71	0.000951	1,727.05	0.000032	
02/14/2012	53,021,746.12	0.000032	1,696.70	2,180,115.69	0.000032	29.71	0.000951	2,073.29	0.000039	
02/15/2012	53,481,835.77	0.000032	1,711.42	2,485,429.91	0.000032	29.71	0.000951	2,373.15	0.000044	
02/16/2012	53,428,544.44	0.000032	1,709.71	2,058,924.04	0.000032	29.71	0.000951	1,958.04	0.000037	
02/17/2012	53,270,504.50	0.000032	1,704.66	1,386,478.23	0.000032	29.71	0.000951	1,318.54	0.000025	
02/18/2012	53,270,504.50	0.000032	1,704.66	0.00	0.000032	29.71	0.000000	0.00	0.000000	
02/19/2012	53,270,504.50	0.000032	1,704.66	0.00	0.000032	29.71	0.000000	0.00	0.000000	
02/20/2012	53,928,332.07	0.000032	1,725.71	2,062,740.16	0.000032	29.71	0.000951	1,961.67	0.000036	
02/21/2012	53,099,634.06	0.000032	1,698.19	1,605,659.09	0.000032	29.71	0.000951	1,526.98	0.000029	
02/22/2012	51,814,916.51	0.000032	1,656.08	1,137,383.22	0.000032	29.71	0.000951	1,061.65	0.000021	
02/23/2012	50,426,709.94	0.000032	1,613.65	730,071.12	0.000032	29.71	0.000951	694.30	0.000014	
02/24/2012	48,619,742.57	0.000032	1,555.83	995,760.73	0.000032	29.71	0.000951	946.97	0.000019	
02/25/2012	48,619,742.57	0.000032	1,555.83	0.00	0.000032	29.71	0.000000	0.00	0.000000	
02/26/2012	48,619,742.57	0.000032	1,555.83	0.00	0.000032	29.71	0.000000	0.00	0.000000	
02/27/2012	49,624,567.90	0.000032	1,587.99	2,473,792.97	0.000032	29.71	0.000951	2,352.58	0.000047	
02/28/2012	51,394,595.09	0.000032	1,644.63	4,328,676.40	0.000032	29.71	0.000951	4,116.57	0.000080	
02/29/2012	52,317,644.83	0.000031	1,621.85	3,139,342.24	0.000031	29.71	0.000921	2,891.33	0.000055	
03/01/2012	52,876,058.08	0.000031	1,639.16	2,336,395.85	0.000031	29.71	0.000921	2,151.82	0.000041	
03/02/2012	58,437,972.67	0.000031	1,811.58	7,071,203.88	0.000031	29.71	0.000921	6,512.58	0.000111	
03/03/2012	58,437,972.67	0.000031	1,811.58	0.00	0.000031	29.71	0.000000	0.00	0.000000	
03/04/2012	58,437,972.67	0.000031	1,811.58	0.00	0.000031	29.71	0.000000	0.00	0.000000	
03/05/2012	58,283,063.80	0.000031	1,806.77	2,466,334.28	0.000031	29.71	0.000921	2,271.49	0.000039	
03/06/2012	56,930,152.19	0.000031	1,764.83	1,419,063.07	0.000031	29.71	0.000921	1,306.96	0.000023	
03/07/2012	57,065,606.31	0.000031	1,769.03	1,943,780.84	0.000031	32.13	0.000996	1,936.01	0.000034	
03/08/2012	57,510,539.53	0.000031	1,782.83	2,702,348.64	0.000031	32.13	0.000996	2,691.54	0.000047	
03/09/2012	53,971,855.15	0.000031	1,673.13	2,244,911.25	0.000031	32.13	0.000996	2,235.93	0.000041	
03/10/2012	53,971,855.15	0.000031	1,673.13	0.00	0.000031	32.13	0.000000	0.00	0.000000	
03/11/2012	53,971,855.15	0.000031	1,673.13	0.00	0.000031	32.13	0.000000	0.00	0.000000	
03/12/2012	53,695,184.92	0.000031	1,664.55	2,242,547.76	0.000031	32.13	0.000996	2,233.58	0.000042	
03/13/2012	51,847,376.29	0.000031	1,607.27	1,529,986.81	0.000031	32.13	0.000996	1,523.87	0.000029	
03/14/2012	51,651,916.27	0.000031	1,601.21	1,762,228.46	0.000031	32.13	0.000996	1,775.10	0.000034	
03/15/2012	52,110,180.32	0.000031	1,615.42	2,351,568.20	0.000031	32.13	0.000996	2,342.16	0.000045	
03/16/2012	52,388,574.39	0.000031	1,624.05	1,927,591.15	0.000031	32.13	0.000996	1,919.88	0.000037	
03/17/2012	52,388,574.39	0.000031	1,624.05	0.00	0.000031	32.13	0.000000	0.00	0.000000	
03/18/2012	52,388,574.39	0.000031	1,624.05	0.00	0.000031	32.13	0.000000	0.00	0.000000	
03/19/2012	51,577,805.25	0.000031	1,598.91	1,558,628.52	0.000031	32.13	0.000996	1,552.39	0.000030	
03/20/2012	50,303,929.87	0.000031	1,559.42	1,431,170.75	0.000031	32.13	0.000996	1,425.45	0.000028	
03/21/2012	49,918,127.79	0.000031	1,547.46	1,185,097.19	0.000031	32.13	0.000996	1,180.36	0.000024	
03/22/2012	48,733,995.50	0.000031	1,510.75	1,602,254.59	0.000031	32.13	0.000996	1,595.65	0.000033	
03/23/2012	48,928,171.78	0.000031	1,516.77	1,526,913.83	0.000031	32.13	0.000996	1,520.81	0.000031	
03/24/2012	48,928,171.78	0.000031	1,516.77	0.00	0.000031	32.13	0.000000	0.00	0.000000	
03/25/2012	48,928,171.78	0.000031	1,516.77	0.00	0.000031	32.13	0.0000			

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 2012

AEP Credit - Internal Cost Incurred				KP - Actual Carrying Cost Incurred						
Date	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)	
03/31/2012	49,611,238.79	0.000031	1,537.95	0.00	0.000031	32.13	0.000000	0.00	0.000000	
04/01/2012	49,611,238.79	0.000031	1,537.95	0.00	0.000031	32.13	0.000000	0.00	0.000000	
04/02/2012	49,961,889.68	0.000031	1,548.82	1,701,889.00	0.000031	32.13	0.000996	1,695.08	0.000034	
04/03/2012	49,986,246.14	0.000031	1,549.57	2,695,539.70	0.000031	32.13	0.000996	2,684.76	0.000054	
04/04/2012	53,890,082.91	0.000031	1,670.59	6,064,251.96	0.000031	32.13	0.000996	6,039.99	0.000112	
04/05/2012	53,229,866.41	0.000031	1,650.13	1,521,878.84	0.000031	32.13	0.000996	1,515.79	0.000028	
04/06/2012	53,229,866.41	0.000031	1,650.13	0.00	0.000031	32.13	0.000000	0.00	0.000000	
04/07/2012	53,229,866.41	0.000031	1,650.13	0.00	0.000031	32.13	0.000000	0.00	0.000000	
04/08/2012	53,229,866.41	0.000031	1,650.13	0.00	0.000031	32.13	0.000000	0.00	0.000000	
04/09/2012	53,494,863.29	0.000031	1,658.34	2,249,312.51	0.000031	34.17	0.001059	2,382.02	0.000045	
04/10/2012	51,354,236.85	0.000031	1,591.98	1,276,003.95	0.000031	34.17	0.001059	1,351.29	0.000026	
04/11/2012	50,474,082.50	0.000031	1,564.70	1,285,643.65	0.000031	34.17	0.001059	1,362.56	0.000027	
04/12/2012	49,800,448.45	0.000031	1,543.81	1,292,061.03	0.000031	34.17	0.001059	1,368.29	0.000027	
04/13/2012	49,016,083.55	0.000031	1,519.50	1,258,562.64	0.000031	34.17	0.001059	1,332.82	0.000027	
04/14/2012	49,016,083.55	0.000031	1,519.50	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/15/2012	49,016,083.55	0.000031	1,519.50	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/16/2012	47,979,667.37	0.000031	1,487.37	1,549,384.40	0.000031	34.17	0.001059	1,640.80	0.000034	
04/17/2012	42,816,140.48	0.000031	1,327.30	1,565,841.36	0.000031	34.17	0.001059	1,658.23	0.000039	
04/18/2012	42,202,080.61	0.000031	1,308.26	719,425.84	0.000031	34.17	0.001059	761.87	0.000018	
04/19/2012	41,230,606.61	0.000031	1,278.15	856,454.59	0.000031	34.17	0.001059	906.99	0.000022	
04/20/2012	40,367,773.88	0.000031	1,251.40	1,416,514.74	0.000031	34.17	0.001059	1,500.09	0.000037	
04/21/2012	40,367,773.88	0.000031	1,251.40	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/22/2012	40,367,773.88	0.000031	1,251.40	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/23/2012	39,970,355.21	0.000031	1,239.08	805,240.23	0.000031	34.17	0.001059	852.75	0.000021	
04/24/2012	39,607,786.78	0.000031	1,227.84	1,157,588.16	0.000031	34.17	0.001059	1,225.89	0.000031	
04/25/2012	38,082,175.14	0.000031	1,190.55	981,033.57	0.000031	34.17	0.001059	1,038.91	0.000027	
04/26/2012	38,276,100.76	0.000031	1,186.56	1,526,570.41	0.000031	34.17	0.001059	1,616.64	0.000042	
04/27/2012	39,504,790.32	0.000031	1,224.65	2,174,294.48	0.000031	34.17	0.001059	2,302.58	0.000058	
04/28/2012	39,504,790.32	0.000031	1,224.65	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/29/2012	39,504,790.32	0.000031	1,224.65	0.00	0.000031	34.17	0.000000	0.00	0.000000	
04/30/2012	40,318,755.11	0.000031	1,249.88	2,315,104.85	0.000031	34.17	0.001059	2,451.70	0.000051	
05/01/2012	41,237,097.96	0.000031	1,278.35	2,442,388.93	0.000031	34.17	0.001059	2,586.49	0.000063	
05/02/2012	40,764,758.10	0.000032	1,304.47	1,041,456.33	0.000032	34.17	0.001093	1,138.31	0.000028	
05/03/2012	46,150,941.41	0.000032	1,476.83	7,021,866.94	0.000032	34.17	0.001093	7,674.90	0.000166	
05/04/2012	46,183,655.55	0.000032	1,477.88	1,539,568.71	0.000032	34.17	0.001093	1,682.75	0.000036	
05/05/2012	46,183,655.55	0.000032	1,477.88	0.00	0.000032	34.17	0.000000	0.00	0.000000	
05/06/2012	46,183,655.55	0.000032	1,477.88	0.00	0.000032	34.17	0.000000	0.00	0.000000	
05/07/2012	45,728,905.55	0.000032	1,463.26	1,332,612.29	0.000032	40.06	0.001282	1,708.41	0.000037	
05/08/2012	45,971,806.03	0.000032	1,471.10	2,274,598.34	0.000032	40.06	0.001282	2,916.04	0.000063	
05/09/2012	45,485,295.92	0.000031	1,410.04	1,249,421.03	0.000031	40.06	0.001242	1,551.78	0.000034	
05/10/2012	45,388,368.22	0.000031	1,406.98	1,606,437.39	0.000031	40.06	0.001242	1,995.20	0.000044	
05/11/2012	45,060,078.10	0.000031	1,396.86	1,113,768.51	0.000031	40.06	0.001242	1,383.30	0.000031	
05/12/2012	45,060,078.10	0.000031	1,396.86	0.00	0.000031	40.06	0.000000	0.00	0.000000	
05/13/2012	45,060,078.10	0.000031	1,396.86	0.00	0.000031	40.06	0.000000	0.00	0.000000	
05/14/2012	43,736,341.58	0.000031	1,355.83	1,524,409.97	0.000031	40.06	0.001242	1,893.32	0.000043	
05/15/2012	43,847,144.91	0.000031	1,359.26	1,749,839.69	0.000031	40.06	0.001242	2,173.30	0.000050	
05/16/2012	39,022,055.46	0.000031	1,209.68	1,363,453.42	0.000031	40.06	0.001242	1,693.41	0.000043	
05/17/2012	38,682,898.52	0.000031	1,199.17	1,089,929.20	0.000031	40.06	0.001242	1,353.69	0.000035	
05/18/2012	38,728,025.97	0.000031	1,200.57	1,534,767.08	0.000031	40.06	0.001242	1,906.18	0.000049	
05/19/2012	38,728,025.97	0.000031	1,200.57	0.00	0.000031	40.06	0.000000	0.00	0.000000	
05/20/2012	38,728,025.97	0.000031	1,200.57	0.00	0.000031	40.06	0.000000	0.00	0.000000	
05/21/2012	37,734,860.62	0.000031	1,169.78	1,041,688.02	0.000031	40.06	0.001242	1,293.78	0.000034	
05/22/2012	36,018,044.77	0.000031	1,116.56	1,138,903.95	0.000031	40.06	0.001242	1,414.52	0.000039	
05/23/2012	35,748,148.45	0.000031	1,108.19	1,048,700.91	0.000031	40.06	0.001242	1,302.49	0.000036	
05/24/2012	35,299,850.25	0.000031	1,094.30	1,381,093.90	0.000031	40.06	0.001242	1,715.32	0.000049	
05/25/2012	35,698,953.31	0.000031	1,106.67	1,474,221.17	0.000031	40.06	0.001242	1,830.98	0.000051	
05/26/2012	35,698,953.31	0.000031	1,106.67	0.00	0.000031	40.06	0.000000	0.00	0.000000	
05/27/2012	35,698,953.31	0.000031	1,106.67	0.00	0.000031	40.06	0.000000	0.00	0.000000	
05/28/2012	35,698,953.31	0.000031	1,106.67	0.00	0.000031	40.06	0.000000	0.00	0.000000	
05/29/2012	37,316,078.11	0.000031	1,156.80	2,746,288.08	0.000031	40.06	0.001242	3,410.89	0.000091	
05/30/2012	37,532,415.11	0.000031	1,163.50	1,729,947.68	0.000031	40.06	0.001242	2,148.50	0.000057	
05/31/2012	38,350,185.37	0.000031	1,188.86	2,067,419.53	0.000031	40.06	0.001242	2,567.74	0.000067	
06/01/2012	39,946,824.29	0.000031	1,238.35	3,115,694.44	0.000031	40.06	0.001242	3,869.69	0.000097	
06/02/2012	39,946,824.29	0.000031	1,238.35	0.00	0.000031	40.06	0.000000	0.00	0.000000	
06/03/2012	39,946,824.29	0.000031	1,238.35	0.00	0.000031	40.06	0.000000	0.00	0.000000	
06/04/2012	44,591,559.30	0.000031	1,382.34	6,113,167.77	0.000031	40.06	0.001242	7,592.55	0.000170	
06/05/2012	44,531,186.60	0.000031	1,380.47	2,112,115.52	0.000031	40.06	0.001242	2,623.25	0.000059	
06/06/2012	44,776,093.91	0.000031	1,388.06	1,370,143.54	0.000031	40.06	0.001242	1,701.72	0.000038	
06/07/2012	44,499,936.64	0.000031	1,379.50	1,545,911.08	0.000031	32.06	0.000994	1,536.64	0.000035	
06/08/2012	44,146,147.81	0.000031	1,368.53	1,047,269.64	0.000031	32.06	0.000994	1,040.99	0.000024	
06/09/2012	44,146,147.81	0.000031	1,368.53	0.00	0.000031	32.06	0.000000	0.00	0.000000	
06/10/2012	44,146,147.81	0.000031	1,368.53	0.00	0.000031	32.06	0.000000	0.00	0.000000	
06/11/2012	43,782,967.20	0.000031	1,357.27	2,604,248.01	0.000031	32.06	0.000994	2,588.62	0.000059	
06/12/2012	39,767,455.47	0.000031	1,232.79	1,364,826.05	0.000031	32.06	0.000994	1,358.64	0.000034	
06/13/2012	40,478,508.53	0.000031	1,254.83	1,846,974.25	0.000031	32.06	0.000994	1,835.89	0.000045	
06/14/2012	40,677,044.31	0.000031	1,260.99	1,955,880.07	0.000031	32.06	0.000994	1,944.14	0.000048	
06/15/2012	40,978,136.80	0.000031	1,270.32	1,425,410.84	0.000031	32.06	0.000994	1,416.86	0.000035	
06/16/2012	40,978,136.80	0.000031	1,270.32	0.00	0.000031	32.06	0.000000	0.00	0.000000	
06/17/2012	40,978,136.80	0.000031	1,270.32	0.00	0.000031	32.06	0.000000	0.00	0.000000	
06/18/2012	40,945,291.65	0.000031	1,269.30	1,244,484.73	0.000031	32.06	0.000994	1,237.02	0.000030	
06/19/2012	39,636,389.77	0.000031	1,228.73	1,664,836.18	0.000031	32.06	0.000994	1,654.85	0.000042	
06/20/2012	38,875,480.48	0.000031	1,205.14	1,277,246.57	0.000031	32.06	0.000994	1,269.58	0.000033	
06/21/2012	37,736,536.54	0.000031	1,169.83	1,316,054.35	0.000031	32.06	0.000994	1,308.16	0.000035	
06/22/2012	37,270,505.17	0.000031	1,155.39	928,234.33	0.000031	32.06	0.000994	922.66	0.000025	
06/23/2012	37,270,505.17	0.000031	1,155.39	0.00	0.000031	32.06	0.000000	0.00	0.000000	
06/24/2012	37,270,505.17	0.000031	1,155.39	0.00	0.000031	32.06	0.000000	0.00	0.0000	

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 2012

AEP Credit - Internal Cost Incurred				KP - Actual Carrying Cost Incurred						
Date	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)	
06/30/2012	41,512,269.61	0.000031	1,286.88	0.00	0.000031	32.06	0.000000	0.00	0.000000	
07/01/2012	41,512,269.61	0.000031	1,286.88	0.00	0.000031	32.06	0.000000	0.00	0.000000	
07/02/2012	41,367,440.71	0.000031	1,282.39	1,221,061.11	0.000031	32.06	0.000994	1,213.73	0.000029	
07/03/2012	45,825,400.38	0.000031	1,420.59	6,272,773.39	0.000031	32.06	0.000994	6,235.14	0.000136	
07/04/2012	45,825,400.38	0.000031	1,420.59	0.00	0.000031	32.06	0.000000	0.00	0.000000	
07/05/2012	44,866,244.79	0.000032	1,435.72	500,993.81	0.000032	32.06	0.001026	514.02	0.000011	
07/06/2012	44,664,878.06	0.000032	1,429.28	2,519,336.12	0.000032	32.06	0.001026	2,584.84	0.000058	
07/07/2012	44,664,878.06	0.000032	1,429.28	0.00	0.000032	32.06	0.000000	0.00	0.000000	
07/08/2012	44,664,878.06	0.000032	1,429.28	0.00	0.000032	32.06	0.000000	0.00	0.000000	
07/09/2012	45,114,911.98	0.000032	1,443.68	1,603,369.93	0.000032	28.63	0.000916	1,468.69	0.000033	
07/10/2012	45,393,864.73	0.000032	1,452.60	3,220,393.67	0.000032	28.63	0.000916	2,949.88	0.000065	
07/11/2012	45,898,515.97	0.000032	1,468.75	1,925,667.21	0.000032	28.63	0.000916	1,763.91	0.000038	
07/12/2012	42,198,127.63	0.000032	1,350.34	2,129,104.85	0.000032	28.63	0.000916	1,950.26	0.000046	
07/13/2012	42,984,424.34	0.000032	1,375.50	2,303,157.27	0.000032	28.63	0.000916	2,109.69	0.000049	
07/14/2012	42,984,424.34	0.000032	1,375.50	0.00	0.000032	28.63	0.000000	0.00	0.000000	
07/15/2012	42,984,424.34	0.000032	1,375.50	0.00	0.000032	28.63	0.000000	0.00	0.000000	
07/16/2012	43,123,987.24	0.000032	1,379.97	1,926,150.52	0.000032	28.63	0.000916	1,764.35	0.000041	
07/17/2012	43,637,047.91	0.000032	1,396.39	2,327,462.51	0.000032	28.63	0.000916	2,131.96	0.000049	
07/18/2012	42,930,141.61	0.000032	1,373.76	1,372,385.36	0.000032	28.63	0.000916	1,257.09	0.000029	
07/19/2012	42,862,293.28	0.000032	1,371.59	1,626,866.54	0.000032	28.63	0.000916	1,490.32	0.000035	
07/20/2012	42,215,926.64	0.000032	1,350.91	1,249,164.73	0.000032	28.63	0.000916	1,144.23	0.000027	
07/21/2012	42,215,926.64	0.000032	1,350.91	0.00	0.000032	28.63	0.000000	0.00	0.000000	
07/22/2012	42,215,926.64	0.000032	1,350.91	0.00	0.000032	28.63	0.000000	0.00	0.000000	
07/23/2012	42,085,245.26	0.000032	1,346.73	1,331,302.42	0.000032	28.63	0.000916	1,219.47	0.000029	
07/24/2012	41,689,784.61	0.000032	1,334.07	1,501,796.84	0.000032	28.63	0.000916	1,375.55	0.000033	
07/25/2012	40,860,176.62	0.000031	1,266.67	1,200,593.36	0.000031	28.63	0.000888	1,066.13	0.000026	
07/26/2012	40,460,251.09	0.000031	1,254.27	2,061,565.36	0.000031	28.63	0.000888	1,830.67	0.000045	
07/27/2012	40,660,811.89	0.000031	1,260.49	1,457,016.28	0.000031	28.63	0.000888	1,293.83	0.000032	
07/28/2012	40,660,811.89	0.000031	1,260.49	0.00	0.000031	28.63	0.000000	0.00	0.000000	
07/29/2012	40,660,811.89	0.000031	1,260.49	0.00	0.000031	28.63	0.000000	0.00	0.000000	
07/30/2012	41,727,058.89	0.000031	1,293.54	2,711,597.38	0.000031	28.63	0.000888	2,407.90	0.000058	
07/31/2012	43,270,193.84	0.000031	1,341.38	3,370,131.94	0.000031	28.63	0.000888	2,992.68	0.000069	
08/01/2012	43,765,936.64	0.000032	1,400.51	1,748,427.55	0.000032	28.63	0.000918	1,601.56	0.000037	
08/02/2012	44,961,533.18	0.000032	1,438.77	3,497,659.70	0.000032	28.63	0.000916	3,203.86	0.000071	
08/03/2012	45,746,875.83	0.000032	1,463.90	2,075,291.25	0.000032	28.63	0.000916	1,900.97	0.000042	
08/04/2012	45,746,875.83	0.000032	1,463.90	0.00	0.000032	28.63	0.000000	0.00	0.000000	
08/05/2012	45,746,875.83	0.000032	1,463.90	0.00	0.000032	28.63	0.000000	0.00	0.000000	
08/06/2012	46,226,269.00	0.000032	1,479.24	2,001,959.48	0.000032	28.63	0.000916	1,833.79	0.000040	
08/07/2012	45,434,253.15	0.000032	1,453.90	2,264,657.17	0.000032	30.39	0.000972	2,201.25	0.000048	
08/08/2012	45,237,048.39	0.000031	1,402.35	1,571,296.79	0.000031	30.39	0.000942	1,480.16	0.000033	
08/09/2012	45,078,879.73	0.000031	1,397.45	1,841,274.26	0.000031	30.39	0.000942	1,734.48	0.000038	
08/10/2012	49,665,381.79	0.000031	1,539.63	6,095,483.81	0.000031	30.39	0.000942	5,741.95	0.000116	
08/11/2012	49,665,381.79	0.000031	1,539.63	0.00	0.000031	30.39	0.000000	0.00	0.000000	
08/12/2012	49,665,381.79	0.000031	1,539.63	0.00	0.000031	30.39	0.000000	0.00	0.000000	
08/13/2012	48,389,947.45	0.000031	1,500.09	808,019.76	0.000031	30.39	0.000942	761.15	0.000016	
08/14/2012	48,214,219.04	0.000031	1,494.64	1,956,220.78	0.000031	30.39	0.000942	1,842.76	0.000038	
08/15/2012	47,583,295.80	0.000032	1,522.67	1,641,994.61	0.000032	30.39	0.000972	1,596.02	0.000034	
08/16/2012	47,512,440.75	0.000032	1,520.40	1,860,312.27	0.000032	30.39	0.000972	1,827.66	0.000038	
08/17/2012	47,836,702.42	0.000032	1,530.77	1,643,819.87	0.000032	30.39	0.000972	1,597.79	0.000033	
08/18/2012	47,836,702.42	0.000032	1,530.77	0.00	0.000032	30.39	0.000000	0.00	0.000000	
08/19/2012	47,836,702.42	0.000032	1,530.77	0.00	0.000032	30.39	0.000000	0.00	0.000000	
08/20/2012	46,798,023.81	0.000032	1,497.54	1,328,467.82	0.000032	30.39	0.000972	1,291.27	0.000028	
08/21/2012	46,512,270.54	0.000032	1,488.39	1,413,829.90	0.000032	30.39	0.000972	1,374.24	0.000030	
08/22/2012	46,361,479.09	0.000031	1,437.21	1,520,295.86	0.000031	30.39	0.000942	1,432.12	0.000031	
08/23/2012	44,944,871.02	0.000031	1,393.29	1,099,048.38	0.000031	30.39	0.000942	1,035.30	0.000023	
08/24/2012	45,247,674.49	0.000031	1,402.68	1,545,867.61	0.000031	30.39	0.000942	1,456.21	0.000032	
08/25/2012	45,247,674.49	0.000031	1,402.68	0.00	0.000031	30.39	0.000000	0.00	0.000000	
08/26/2012	45,247,674.49	0.000031	1,402.68	0.00	0.000031	30.39	0.000000	0.00	0.000000	
08/27/2012	45,681,895.81	0.000031	1,416.14	2,079,145.61	0.000031	30.39	0.000942	1,958.56	0.000043	
08/28/2012	41,120,863.20	0.000031	1,274.75	1,695,330.24	0.000031	30.39	0.000942	1,597.00	0.000039	
08/29/2012	41,416,428.63	0.000032	1,325.33	1,778,485.90	0.000032	30.39	0.000972	1,728.69	0.000042	
08/30/2012	42,630,791.23	0.000032	1,364.19	2,266,105.75	0.000032	30.39	0.000972	2,222.09	0.000052	
08/31/2012	42,778,484.43	0.000032	1,368.91	1,539,087.64	0.000032	30.39	0.000972	1,495.99	0.000035	
09/01/2012	42,778,484.43	0.000032	1,368.91	0.00	0.000032	30.39	0.000000	0.00	0.000000	
09/02/2012	42,778,484.43	0.000032	1,368.91	0.00	0.000032	30.39	0.000000	0.00	0.000000	
09/03/2012	42,778,484.43	0.000032	1,368.91	0.00	0.000032	30.39	0.000000	0.00	0.000000	
09/04/2012	43,964,092.24	0.000032	1,406.85	2,393,494.57	0.000032	30.39	0.000972	2,326.48	0.000053	
09/05/2012	43,784,449.17	0.000031	1,357.32	2,279,087.08	0.000031	30.39	0.000942	2,146.90	0.000049	
09/06/2012	44,077,781.01	0.000031	1,366.41	2,590,451.40	0.000031	30.39	0.000942	2,440.21	0.000055	
09/07/2012	42,681,627.55	0.000031	1,323.13	1,294,424.23	0.000031	30.39	0.000942	1,219.35	0.000029	
09/08/2012	42,681,627.55	0.000031	1,323.13	0.00	0.000031	30.39	0.000000	0.00	0.000000	
09/09/2012	42,681,627.55	0.000031	1,323.13	0.00	0.000031	30.39	0.000000	0.00	0.000000	
09/10/2012	46,767,835.29	0.000031	1,449.80	6,597,950.45	0.000031	31.47	0.000976	6,439.60	0.000138	
09/11/2012	47,292,146.51	0.000031	1,466.06	1,790,490.45	0.000031	31.47	0.000976	1,747.52	0.000037	
09/12/2012	46,902,464.22	0.000031	1,453.98	2,204,870.17	0.000031	31.47	0.000976	2,151.95	0.000046	
09/13/2012	46,080,578.78	0.000031	1,426.50	1,835,764.30	0.000031	31.47	0.000976	1,791.71	0.000039	
09/14/2012	45,844,927.58	0.000031	1,421.19	1,236,513.68	0.000031	31.47	0.000976	1,206.84	0.000026	
09/15/2012	45,844,927.58	0.000031	1,421.19	0.00	0.000031	31.47	0.000000	0.00	0.000000	
09/16/2012	45,844,927.58	0.000031	1,421.19	0.00	0.000031	31.47	0.000000	0.00	0.000000	
09/17/2012	44,692,068.79	0.000031	1,385.45	728,259.47	0.000031	31.47	0.000976	710.78	0.000016	
09/18/2012	44,249,835.94	0.000031	1,371.74	1,475,837.26	0.000031	31.47	0.000976	1,440.42	0.000033	
09/19/2012	42,487,346.03	0.000031	1,317.11	897,110.20	0.000031	31.47	0.000976	875.58	0.000021	
09/20/2012	42,223,272.64	0.000031	1,308.92	1,264,624.55	0.000031	31.47	0.000976	1,234.27	0.000029	
09/21/2012	41,607,744.82	0.000031	1,289.84	1,045,855.22	0.000031	31.47	0.000976	1,020.75	0.000025	
09/22/2012	41,607,744.82	0.000031	1,289.84	0.00	0.000031	31.47	0.000000	0.00	0.000000	
09/23/2012	41,607,744.82	0.000031	1,289.84	0.00	0.000031	31.47	0.000000	0.00	0.000000	
09/2										

Kentucky Power Company  
 Accounts Receivable Financing  
 Thirteen Months Ending October 31, 2012

Date	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					
	A/R Balance (a)	Daily Cost of Capital (b)	AEP Credit - Internal Cost (c) = (a) x (b)	A/R Factored (d)	Daily Cost of Capital (e)	Previous Month's Average Days Outstanding (f)	Total Discount Factor (g) = (e) x (f)	KPCo Actual Carrying Cost Incurred (h) = (d) x (g)	Actual Cost of Capital as a % of Total A/R Balance (i) = (h) / (a)
09/29/2012	36,623,182.89	0.000031	1,135.32	0.00	0.000031	31.47	0.000000	0.00	0.000000
09/30/2012	36,623,182.89	0.000031	1,135.32	0.00	0.000031	31.47	0.000000	0.00	0.000000
10/01/2012	37,332,164.53	0.000031	1,157.39	2,007,957.43	0.000031	31.47	0.000976	1,959.77	0.000052
10/02/2012	37,301,871.91	0.000031	1,156.36	1,619,618.79	0.000031	31.47	0.000976	1,580.75	0.000042
10/03/2012	37,823,832.18	0.000031	1,172.54	2,584,394.93	0.000031	31.47	0.000976	2,522.37	0.000067
10/04/2012	38,627,504.04	0.000031	1,197.45	2,434,571.89	0.000031	31.47	0.000976	2,376.14	0.000062
10/05/2012	38,490,539.07	0.000031	1,193.21	2,247,673.11	0.000031	35.68	0.001106	2,485.93	0.000065
10/06/2012	38,490,539.07	0.000031	1,193.21	0.00	0.000031	35.68	0.000000	0.00	0.000000
10/07/2012	38,490,539.07	0.000031	1,193.21	0.00	0.000031	35.68	0.000000	0.00	0.000000
10/08/2012	42,441,584.44	0.000031	1,315.69	5,536,936.08	0.000031	35.68	0.001106	6,123.85	0.000144
10/09/2012	42,685,814.98	0.000031	1,323.26	2,196,291.88	0.000031	35.68	0.001106	2,429.10	0.000057
10/10/2012	42,560,245.69	0.000031	1,319.37	1,376,017.89	0.000031	35.68	0.001106	1,521.88	0.000036
10/11/2012	42,176,379.65	0.000031	1,307.47	1,454,327.90	0.000031	35.68	0.001106	1,608.49	0.000038
10/12/2012	42,441,144.69	0.000031	1,315.68	1,878,908.11	0.000031	35.68	0.001106	2,078.07	0.000049
10/13/2012	42,441,144.69	0.000031	1,315.68	0.00	0.000031	35.68	0.000000	0.00	0.000000
10/14/2012	42,441,144.69	0.000031	1,315.68	0.00	0.000031	35.68	0.000000	0.00	0.000000
10/15/2012	41,426,829.35	0.000031	1,284.23	1,420,458.31	0.000031	35.68	0.001106	1,571.03	0.000038
10/16/2012	40,876,347.49	0.000031	1,267.17	1,372,650.47	0.000031	35.68	0.001106	1,518.15	0.000037
10/17/2012	40,651,829.40	0.000031	1,260.21	1,268,486.78	0.000031	35.68	0.001106	1,402.95	0.000035
10/18/2012	39,525,401.27	0.000031	1,225.29	1,655,583.43	0.000031	35.68	0.001106	1,831.08	0.000046
10/19/2012	39,452,588.55	0.000031	1,223.03	1,298,193.20	0.000031	35.68	0.001106	1,435.80	0.000036
10/20/2012	39,452,588.55	0.000031	1,223.03	0.00	0.000031	35.68	0.000000	0.00	0.000000
10/21/2012	39,452,588.55	0.000031	1,223.03	0.00	0.000031	35.68	0.000000	0.00	0.000000
10/22/2012	38,856,754.03	0.000031	1,204.56	1,424,370.95	0.000031	35.68	0.001106	1,575.35	0.000041
10/23/2012	37,756,241.01	0.000031	1,170.44	1,251,990.91	0.000031	35.68	0.001106	1,384.70	0.000037
10/24/2012	32,908,672.53	0.000031	1,020.17	1,746,288.26	0.000031	35.68	0.001106	1,931.39	0.000059
10/25/2012	34,714,347.78	0.000031	1,076.14	2,983,635.20	0.000031	35.68	0.001106	3,299.90	0.000095
10/26/2012	35,533,882.26	0.000031	1,101.55	1,843,750.13	0.000031	35.68	0.001106	2,059.19	0.000057
10/27/2012	35,533,882.26	0.000031	1,101.55	0.00	0.000031	35.68	0.000000	0.00	0.000000
10/28/2012	35,533,882.26	0.000031	1,101.55	0.00	0.000031	35.68	0.000000	0.00	0.000000
10/29/2012	36,446,271.29	0.000031	1,129.83	2,112,158.48	0.000031	35.68	0.001106	2,336.05	0.000064
10/30/2012	37,012,169.00	0.000031	1,147.38	2,273,750.84	0.000031	35.68	0.001106	2,514.77	0.000068
10/31/2012	37,932,700.35	0.000031	1,175.91	2,163,438.23	0.000031	35.68	0.001106	2,392.76	0.000063

583,969.52

594,793.86

0.000032

Average Daily  
 Cost of Capital  
 as a % of  
 Total A/R Balance

Annualized  
 Cost of Capital  
 as a % of  
 Total A/R Balance  
 1.1572%

Average A/R Balance 10/01/11 - 10/31/12

46,627,938.06

AEP Credit - Internal Cost of Capital 10/01/11 - 10/31/12

1.1385%

Internal Cost Incurred / Average A/R Balance / 396 x 360

KP - Actual Cost of Capital 10/01/11 - 10/31/12

1.1597%

Actual Carrying Cost Incurred / Average A/R Balance / 396 x 360



ES FORM 3.15

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

For the Expense month of XXXXXXXX XX, 2013

LINE NO.	Component	Balances As of 10/31/2012	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF	WACC (PRE-TAX)	
1	L/T DEBT	\$550,000,000	51.043%	6.48%		3.31%		3.31%	
2	S/T DEBT	\$0	0.000%	0.00%		0.00%		0.00%	
3	ACCTS REC FINANCING	\$46,627,938	4.327%	1.16%		0.05%		0.05%	
4	C EQUITY	\$480,884,806	44.629%	10.50%	1/	4.69%	1.5492	7.260%	
5	TOTAL	\$1,077,512,744	100.000%			8.05%		10.62%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2013 - 00141 dated - XXXXX XX, 2013								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2013 - 00141 dated - XXXXX XX, 2013								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.4682		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						94.1418		
7	199 DEDUCTION PHASE-IN						8.4728		
8	FEDERAL TAXABLE PRODUCTION INCOME						85.6690		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						29.9841		
10	AFTER-TAX PRODUCTION INCOME						55.6849		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						55.6849		
13	199 DEDUCTION PHASE-IN						8.4728		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						64.5477		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						29.9841		
19	STATE (LINE 4)						5.4682		
20	BLENDED TAX RATE						35.4523		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5492		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	LESS: STATE 199 DEDUCTION						8.4728		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						91.1372		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.4682		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.  
 Weighted Average Cost of Capital Balances As of 10/31/2012 based on Case No. 2013-00141, dated XXXXX XX, 2013.

**Kentucky Power Company**

<b>State Tax Expense - Kentucky</b>		<b><u>2012</u></b>
1	Pre-tax production income	Input 100.0000
2	Uncollectible Accounts Expense (0.24%)	Input 0.2400
3	Kentucky Public Service Commission Assessment (0.15%)	Input <u>0.1500</u>
4	Income after Uncollectible accounts	Ln 1-2-3 99.6100
5	KY - State Income Tax Rate	Input <u>0.0600</u>
6	State income tax deduction	Ln 4 x 5 5.9766
7	Income after Uncollectible accounts and State income tax	Ln 4 - 6 93.6334
8	Section 199 Rate for Year 2012	Input <u>0.0900</u>
9	Section 199 deduction	Ln 7 x 8 8.4270
10	Income after Uncollectible accounts and Section 199 Deduction	Ln 4 - 9 91.1830
11	KY - State Income Tax Rate	Ln 5 <u>0.0600</u>
12	State income tax deduction	Ln 10 x 11 5.4710
13	Income after Uncollectible accounts and State income tax	Ln 4 - 12 94.1390
14	Section 199 Rate for Year 2012	Ln 8 <u>0.0900</u>
15	Section 199 deduction	Ln 13 x 14 8.4725
16	Income after Uncollectible accounts and Section 199 Deduction	Ln 4 - 15 91.1375
17	KY - State Income Tax Rate	Ln 5 <u>0.0600</u>
18	State income tax deduction	Ln 16 x 17 5.4683
19	Income after Uncollectible accounts and State income tax	Ln 4 - 18 94.1417
20	Section 199 Rate for Year 2012	Ln 8 <u>0.0900</u>
21	Section 199 deduction	Ln 19 x 20 8.4728
22	Income after Uncollectible accounts and Section 199 Deduction	Ln 4 - 21 91.1372
23	KY - State Income Tax Rate	Ln 5 <u>0.0600</u>
24	<b>State income tax deduction/rate</b>	Ln 22 x 23 <u>5.4682</u>
25	Income after Uncollectible accounts and State income tax	Ln 4 - 24 94.1418
26	Section 199 Rate for Year 2012	Ln 8 <u>0.0900</u>
27	<b>Section 199 deduction</b>	Ln 25 x 26 <u>8.4728</u>

Kentucky Power Company  
 Uncollected Accounts

Line No. (1)	Description (2)	Electric Revenues (3)	Accounts - Net Charged Off (4)	Percent of Electric Revenues (5)
1	12 Months ended 10/31/2010	\$512,399,443	\$916,940	0.18%
2	12 Months ended 10/31/2011	\$573,672,332	\$1,755,523	0.31%
3	12 Months ended 10/31/2012	\$509,958,763	\$1,192,529	0.23%
4	Total	\$1,596,030,538	\$3,864,992	0.72%
5	Three Year Average	\$532,010,179	\$1,288,331	0.24%

## **Kentucky Power Company**

### **REQUEST**

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

### **RESPONSE**

Months that experienced a month to month change of greater than plus or minus 10 percent in the expense levels were August 2012, September 2012, and October 2012. A number of the units experienced extended outages. Specifically,

- Amos Units 1, 2, and 3 experienced routine maintenance and forced outages. Unit 1 had two forced outages as a result of a leak on the extreme high-pressure control system. Unit 2 had a scheduled outage from September 2012 through December 2012 to inspect and repair the boiler. Unit 3 experienced several forced outages from August 2012 through October 2012 to repair the turbine.
- Cardinal routine maintenance outage to inspect and repair the boiler.
- Gavin replenished the Urea tanks in August, resulting in 34 additional truckloads of Urea being delivered to the plant. This represented a significant increase to consumables expense. Maintenance and repairs were also performed on the absorber duct and radial stacker.
- Mitchell experienced a scheduled outage to inspect and repair the FGD.
- Muskingum River had higher consumables expense during the summer months.

**WITNESS:** Lila P Munsey

**Kentucky Power Company**

**REQUEST**

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

**RESPONSE**

The fluctuations in the O&M expenses for the expense review period May 2012 through October 2012 were a result of regular maintenance and a number of repairs due to wear on plant equipment. Those repairs include:

- Dual outages in May and June for maintenance on the CEMS equipment and opacity monitors.
- Valves and gaskets replaced on the Unit 2 hydrolyzer.
- Routine maintenance on the Ammonia Injection System to help keep the Opacity Monitors at the correct levels.
- Repaired a bad CEMS monitor and returned the repaired Ammonia Injection System parts to stock thereby increasing the inventory/equipment on hand.
- Journal entry to re-class the Ammonia on Demand (AOD) Charges to a different work order.

**WITNESS:** Lila P Munsey

**Kentucky Power Company**

**REQUEST**

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

**RESPONSE**

Please see Attachment 1 to this response.

**WITNESS:** Lila P Munsey

Kentucky Power Company  
 SO2 & Annual NOx Consumption Expense Variance Analysis  
 05/01/12 - 10/31/2012

SO2

Month	Allowances	Dollars	Change from		Explanation *
			Prior Mo. - Dollars	Prior Mo. - Percentage	
May	2,776	\$ 216,244	\$ (362,535)	-63%	Emitted tons decreased From 3,715 in April to 1,388 in May
June	7,178	\$ 559,149	\$ 342,905	159%	Emitted tons increased from 1,388 in May to 3,589 in June
July	9,464	\$ 737,223	\$ 178,074	32%	Emitted tons increased from 3,589 in June to 4,732 in July
August	7,812	\$ 608,536	\$ (128,687)	-17%	Emitted tons decreased From 4,732 in July to 3,906 in August
September	1,642	\$ 127,908	\$ (480,628)	-79%	Emitted tons decreased From 3,906 in August to 821 in September
October	1,416	\$ 110,303	\$ (17,605)	-14%	Emitted tons decreased From 821 in September to 708 in October

Annual NOx

Month	Allowances	Dollars	Change from		Explanation *
			Prior Mo. - Dollars	Prior Mo. - Percentage	
May	248	\$ 3,355	\$ (3,058)	-48%	Emitted tons decreased From 474 in April to 248 in May
June	494	\$ 6,684	\$ 3,329	99%	Emitted tons increased from 248 in May to 494 in June
July	740	\$ 10,012	\$ 3,328	50%	Emitted tons increased from 494 in June to 740 in July
August	592	\$ 8,010	\$ (2,002)	-20%	Emitted tons decreased From 740 in July to 592 in August
September	305	\$ 4,127	\$ (3,883)	-48%	Emitted tons decreased From 592 in August to 305 in September
October	280	\$ 3,684	\$ (443)	-11%	Emitted tons decreased From 305 in September to 280 in October

\* Note: Variance is primarily due to volume changes.  
 The fluctuations in emission volumes were due primarily to forced and planned outages and other variations in load and generation.  
 No change in the ave. unit cost of SO2 allowances occurred during the period.  
 The ave. unit cost of Annual NOx allowances changed from \$13.53 to \$13.16 in October due to the receipt of EPA awarded allowances.

**Kentucky Power Company**

**REQUEST**

Reference ES Form 3.1 1 for the months in this review period.

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

**RESPONSE**

- a. Please see Attachment 1 to this response for the calculation that supports the total cost of allowances consumed for each month in the six-month review period.
- b. KPCo maintains its emission allowance inventory in account 158 as required by FERC. Consumption expense is recorded in account 509. Currently, KPCo maintains SO<sub>2</sub> inventory for use in consumption in two buckets. Allowances with vintage year of 2009 or prior are maintained in one bucket (currently KPCo has no 2009 or prior allowances), and allowances for 2010 thru the current vintage year in another bucket. Inventory is maintained at an average unit cost for each bucket. All issuances and consumption expenses are priced at the applicable average unit cost. The average cost of inventory changes with purchases, consumption adjustments, and EPA awarded allowances. No purchases occurred during the period; however, the Company received an EPA issuance of 89 Annual NO<sub>x</sub> allowances in October, which are valued at \$0.

**WITNESS:** Lila P Munsey



**Kentucky Power Company**  
**SO2 Inventory**  
**05/01/2012 - 10/31/2012**

	<i>SO2 (2009 &amp; prior vintage)</i>			<i>SO2 (2010 / 2011/ 2012 vintage)</i>			Narratives
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost	
<b>May-12</b>							
Beginning Balance	-	\$ -	\$ -	98,107	\$ 7,642,299	\$ 77.90	
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -	
Subtotal	-	-	\$ -	98,107	\$ 7,642,299	\$ 77.90	
Issuances	-	\$ -	\$ -	-	\$ -	\$ -	
Consumption	-	\$ -	\$ -	(2,776)	\$ (216,244)	\$ 77.90	
Ending Balance	-	-	\$ -	95,331	7,426,056	\$ 77.90	
<b>Jun-12</b>							
Beginning Balance	-	\$ -	\$ -	95,331	\$ 7,426,056	\$ 77.90	
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -	
Subtotal	-	-	\$ -	95,331	\$ 7,426,056	\$ 77.90	
Issuances	-	\$ -	\$ -	-	\$ -	\$ -	
Consumption	-	\$ -	\$ -	(7,178)	\$ (559,149)	\$ 77.90	
Ending Balance	-	-	\$ -	88,153	6,866,907	\$ 77.90	
<b>Jul-12</b>							
Beginning Balance	-	\$ -	\$ -	88,153	\$ 6,866,907	\$ 77.90	
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -	
Subtotal	-	-	\$ -	88,153	\$ 6,866,907	\$ 77.90	
Issuances	-	\$ -	\$ -	-	\$ -	\$ -	
Consumption	-	\$ -	\$ -	(9,464)	\$ (737,223)	\$ 77.90	
Ending Balance	-	-	\$ -	78,689	6,129,684	\$ 77.90	

	SO2 (2009 & prior vintage)			SO2 (2010 / 2011/ 2012 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	-	\$ -	\$ -	78,689	\$ 6,129,684	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	78,689	\$ 6,129,684	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(7,812)	\$ (608,536)	\$ 77.90
Ending Balance	-	-	\$ -	70,877	5,521,148	\$ 77.90

	SO2 (2009 & prior vintage)			SO2 (2010 / 2011/ 2012 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	-	\$ -	\$ -	70,877	\$ 5,521,148	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	70,877	\$ 5,521,148	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(1,642)	\$ (127,908)	\$ 77.90
Ending Balance	-	-	\$ -	69,235	5,393,240	\$ 77.90

	SO2 (2009 & prior vintage)			SO2 (2010 / 2011/ 2012 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
Beginning Balance	-	\$ -	\$ -	69,235	\$ 5,393,240	\$ 77.90
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	-	\$ -	69,235	\$ 5,393,240	\$ 77.90
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(1,416)	\$ (110,303)	\$ 77.90
Ending Balance	-	-	\$ -	67,819	5,282,937	\$ 77.90

**Kentucky Power Company  
 Annual NOx Inventory  
 05/01/2012 - 10/31/2012**

	<i>AN (2012 &amp; prior vintage)</i>			Naratives
	Quantity	Amount	Unit Cost	
<b>May-12</b>				
Beginning Balance	5,509	\$ 74,534	\$ 13.53	
Acquisitions	-	\$ -	\$ -	
Subtotal	5,509	74,534	\$ 13.53	
Issuances	-	\$ -	\$ -	
Consumption	(248)	\$ (3,355)	\$ 13.53	
Ending Balance	5,261	71,179	\$ 13.53	
<b>Jun-12</b>				
Beginning Balance	5,261	\$ 71,179	\$ 13.53	
Acquisitions	-	\$ -	\$ -	
Subtotal	5,261	71,179	\$ 13.53	
Issuances	-	\$ -	\$ -	
Consumption	(494)	\$ (6,684)	\$ 13.53	
Ending Balance	4,767	64,495	\$ 13.53	
<b>Jul-12</b>				
Beginning Balance	4,767	\$ 64,495	\$ 13.53	
Acquisitions	-	\$ -	\$ -	
Subtotal	4,767	64,495	\$ 13.53	
Issuances	-	\$ -	\$ -	
Consumption	(740)	\$ (10,012)	\$ 13.53	
Ending Balance	4,027	54,484	\$ 13.53	
<b>Aug-12</b>				
Beginning Balance	4,027	\$ 54,484	\$ 13.53	
Acquisitions	-	\$ -	\$ -	
Subtotal	4,027	54,484	\$ 13.53	
Issuances	-	\$ -	\$ -	
Consumption	(592)	\$ (8,010)	\$ 13.53	
Ending Balance	3,435	46,474	\$ 13.53	

<b>Sep-12</b>		<i>AN (2011 &amp; prior vintage)</i>		
	<b>Quantity</b>	<b>Amount</b>	<b>Unit Cost</b>	
Beginning Balance	3,435	\$ 46,474	\$ 13.53	
Acquisitions	-	\$ -	\$ -	
Subtotal	3,435	46,474	\$ 13.53	
Issuances	-	\$ -	\$ -	
Consumption	(305)	\$ (4,127)	\$ 13.53	
Ending Balance	3,130	42,348	\$ 13.53	
<b>Oct-12</b>		<i>AN (2011 &amp; prior vintage)</i>		
	<b>Quantity</b>	<b>Amount</b>	<b>Unit Cost</b>	
Beginning Balance	3,130	\$ 42,348	\$ 13.53	
Acquisitions	89	\$ -	\$ -	EPA Issued
Subtotal	3,219	42,348	\$ 13.16	
Issuances	-	\$ -	\$ -	
Consumption	(280)	\$ (3,684)	\$ 13.16	
Ending Balance	2,939	38,664	\$ 13.16	

**Kentucky Power Company**

**REQUEST**

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

**RESPONSE**

The average residential customer's monthly usage for 2012 was 1,325 kWh. Based on this usage, the impact of the under-recovery, if the difference had been incorporated into the June 2013 bill, would have been to increase the average usage residential bill by approximately \$0.17.

**WITNESS:** Lila P Munsey

**Kentucky Power Company**

**REQUEST**

In Case No. 2011-00031,<sup>4</sup> Kentucky Power proposed to recover costs incurred at several Ohio Power Company plants for polymer, lime hydrate and steam expense through the environmental surcharge. After further review, Kentucky Power withdrew its proposal. In cases 2012-00273 and 2012-00504 these same expenses continued to be recovered through the environmental surcharge mechanism.

- a. For the period under review in this case, were these same expenses also included in Kentucky Power's monthly filings for the billing months of July 2012 through December 2012?
- b. For the periods in this review, provide an analysis by month of the dollar amount of any over-recovery of environmental costs due to including lime hydrate, polymer and steam expense in the monthly environmental surcharge filings.

**RESPONSE**

- a. No, these expenses were not included in the Kentucky Power monthly filings for the billing months of July 2012 through December 2012.
- b. N/A

**WITNESS:** Lila P Munsey

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<sup>4</sup> Case No. 2011-00031, An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Power Company for the Six-Month Billing Period Ending December 31, 2010 (Ky. PSC Apr. 16, 2012).

<sup>5</sup> Case No. 2012-00273, An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Power Company for the Two-Year Billing Period Ending June 30, 2011 (KY PSC Dec 12, 2012)

<sup>6</sup> Case No. 2012-00504, An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Power Company for the Six-Month Billing Period Ending December 31, 2012.

## **Kentucky Power Company**

### **REQUEST**

In Case No. 2011-00031, Kentucky Power determined that it had not revised the capacity deficit amount and the company surplus weighting amounts each month on Form 3.14, which resulted in an over-recovery of the environmental surcharge. In cases 2012-00273 and 2012-00504, the same amounts were also not revised during the review periods.

- a. Did Kentucky Power revise the capacity deficit amount and the company surplus weighting amounts for the billing months of July 2012 through December 2012?
- b. For the period in this review, provide an analysis by month of the effect on the environmental surcharge recovered if the capacity deficit amount and the company surplus weighting amounts are revised to the correct amounts.

### **RESPONSE**

- a. No, a revision was not required because the capacity deficit amount and/or the company surplus weighting amounts for the billing months of July 2012 through December 2012 were properly calculated as originally filed.
- b. N/A

**WITNESS:** Lila P Munsey

**Kentucky Power Company**

**REQUEST**

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

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

**RESPONSE**

- a. Yes, Kentucky Power proposes making the same revision for this review period.
- b. Please see Exhibit LPM-1 to Witness Munsey's Testimony for an analysis by month.

**WITNESS:** Lila P Munsey



**Kentucky Power Company**

**REQUEST**

During the review period in which Kentucky Power had customers taking service under the Experimental Real-Time Pricing Tariff ("RTP"):

- a. Were the RTP customers billed the monthly environmental surcharge?
- b. Did the fact that Kentucky Power had customers taking service under RTP have any impact on the level of environmental costs recovered from the non-RTP customers?

**RESPONSE**

- a. No. During the six months the ten customers took service under Tariff RTP, the Company calculated its environmental surcharge in the same manner as it would have if no customers had been taking service under Tariff RTP.
- b. No there was no effect. Kentucky Power calculated the environmental surcharge in the same manner that it would have if no customers had been taking service under Tariff RTP, the environmental surcharge rate for non-RTP customers during the six months was the same as if no customers had been taking service under Tariff RTP. As a result, the non-Tariff RTP customers were no better or worse off than they would have been had the ten customers not chosen to take service under Tariff RTP.

**WITNESS:** Lila P Munsey