

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. 2014-00052
POWER COMPANY FOR THE SIX-MONTH)
BILLING PERIODS ENDING DECEMBER 31, 2013)

DIRECT TESTIMONY OF
AMY J ELLIOTT
ON BEHALF OF KENTUCKY POWER COMPANY

March 28, 2014

**DIRECT TESTIMONY OF
AMY J. ELLIOTT, ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

I. INTRODUCTION

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

2 A. My name is Amy J. Elliott. I am a Regulatory Consultant for Kentucky Power Company
3 ("Kentucky Power, KPCo or Company") and my business address is 101 A Enterprise
4 Drive, Frankfort, Kentucky 40601.

II. BACKGROUND

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

7 A. In 2000, I received a Bachelor of Arts degree in Economics from Transylvania
8 University in Lexington, Kentucky. I worked for the Tennessee Department of
9 Commerce and Insurance as an Insurance Examiner from early 2002 through late 2005
10 before moving back to Kentucky and consulting with insurance companies in
11 connection with field audits. I accepted my present position with Kentucky Power in
12 2008. In 2012, I received a Master of Business Administration degree from the
13 University of Massachusetts at Amherst.

14 **Q. WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH**
15 **KPCO?**

16 A. In addition to general regulatory duties, I am responsible for compiling the monthly
17 Environmental Surcharge and Fuel Adjustment Clause ("FAC") reports.

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

3 Yes, I testified in front of the Kentucky Public Service Commission in a six-month
4 review of the Company's FAC in Case No. 2013-00261.

5 **III. PURPOSE OF YOUR TESTIMONY**

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

7 **A.** First, my testimony will address outstanding items from the previous review of the
8 Environmental Surcharge in Case No. 2013-00325. Next, I support the Company's
9 request to credit to the customers the amount of \$14,326 for adjustments to the
10 environmental surcharge arising during the expense months of May 2013 through
11 October 2013. Finally, my testimony supports the Company's monthly environmental
12 surcharge filings during the review period, and demonstrates the reasonableness of the
13 application of the Company's monthly environmental surcharge during the current six-
14 month review period.

15 **Q. PLEASE DESCRIBE THE OUTSTANDING ISSUES FROM THE PREVIOUS**
16 **REVIEW OF THE ENVIRONMENTAL SURCHARGE.**

17 **A.** Among the issues addressed in the most recent two-year review of the Company's
18 Environmental Surcharge May 2011 to April 2013 was the omission of allowance
19 adjustments, gains on allowances, as well as the misallocation of certain PJM charges.
20 As part of the review, the Company requested an Order allowing it to recover from its
21 customers an additional \$3,518,900 that should have been recovered through the
22 environmental surcharge during the two-year period. That request is still pending
23 before the Commission.

1 **Q. DID ANY OF MATTERS GIVING RISE TO THE ADJUSTMENTS AT ISSUE**
2 **DURING THE TWO-YEAR PERIOD CARRY OVER TO THE CURRENT**
3 **REVIEW PERIOD?**

4 **A.** Yes. The misallocation of certain PJM ancillary charges as addressed in Company
5 Witness Munsey's testimony in Case No. 2013-00325 continued into the first two
6 months of this review period. Consistent with the Commission's November 22, 2013
7 Order in Case No. 2013-00261, which denied the Company's request to address a
8 misallocation occurring beyond the review period in the period being reviewed, the
9 Company is requesting to include the correction for the PJM misallocation during the
10 months of May and June within this review period.

11 **Q. HAS THE COMPANY MADE AN ACCOUNTING ENTRY TO CORRECT THE**
12 **PJM ANCILLARY SERVICES MISALLOCATION?**

13 **A.** Yes. The Company made the entries to correct the PJM ancillary services
14 misallocation in September 2013.

15 **Q. IS THERE ANY FURTHER REVISIONS REQUIRED BECAUSE OF THE**
16 **ACCOUNTING ENTRY TO CORRECT THE PJM ANCILLARY SERVICES**
17 **MISALLOCATION?**

18 **A.** Yes. Assuming the Commission approves the adjustments proposed in Case No. 2013-
19 00325 to correct the misallocation (other than the adjustments for May and June which
20 fall within this review period), a revision is necessary to the September 2013
21 environmental surcharge to remove the PJM OSS/LSE reclassification journal entries
22 that were made in September. Removing the correcting journal entries from the

1 September non-associated utilities revenues has the effect of reducing the percentage of
2 revenues from retail customers by 2%.

3 **Q. PLEASE EXPLAIN ANY OTHER ERRORS OR OMISSIONS IN THE**
4 **MONTHLY ENVIRONMENTAL SURCHARGE FILINGS THAT ARE BEING**
5 **REVISED IN THE CURRENT SIX-MONTH REVIEW.**

6 A. The Company is proposing two other revisions: (a) to correct the inadvertent omission
7 of NO_x gains on sales of allowances received during the month of August 2013; and
8 (b) revisions to the working cash capital amounts for certain months.

9 **Q. PLEASE EXPLAIN THE REVISIONS TO THE WORKING CASH CAPITAL**
10 **AMOUNTS.**

11 For purposes of this testimony, the Company is assuming that the Commission
12 approves in Case No. 2013-00325 the SO₂ and NO_x, allowance adjustments the
13 Company will need to update the working cash capital amounts for the months of
14 January, February, and March that were included in the May, June, July, August, and
15 September monthly filings in connection with the computation of the total twelve-
16 month cash working capital allowance.

17 An additional minor revision is needed to the May 2013 ES filing regarding working
18 cash capital. The May 2013 filing omitted the update for the inclusion of the April
19 2013 working cash capital and removal of the May 2012 working cash capital to obtain
20 the total twelve-month working capital allowance.

21 **Q. PLEASE EXPLAIN THE GAIN OF EMISSION ALLOWANCE SALES**
22 **ADJUSTMENT.**

23 A. AEP, at times, sells emission allowances to third parties. When sold, the inventory in

1 FERC account 158 is reduced by the cost of allowances sold based on the inventory's
2 average cost per unit of the vintage year sold. The sales proceeds and cost of
3 allowances sold then are netted with any brokerage fees to calculate the gain or loss.
4 The compliance allowance activity is recorded in FERC accounts 411.8 or 411.9, Gain
5 (Loss) on Disposition of Allowances. The gains for August 2013 in the amount of
6 \$46,783 were omitted from the monthly filing.

7 **Q. WHAT IS THE NET IMPACT OF THE REVISIONS AND WHEN DOES**
8 **KENTUCKY POWER PROPOSE TO INCLUDE THE ADJUSTMENT IN ITS**
9 **ENVIRONMENTAL SURCHARGE FILING?**

10 A. The net impact of the revisions needed during the review period is a credit due to the
11 customers in the amount of \$14,326 that KPCo is proposing to include as a one-time
12 adjustment to the Company's first monthly environmental surcharge filing following
13 the Commission's Order in the next base rate case.

V. CONCLUSION

14 **Q. AS ADJUSTED, WERE THE RATES CHARGED THROUGH THE**
15 **ENVIRONMENTAL SURCHARGE DURING THE REVIEW PERIOD FAIR,**
16 **JUST AND REASONABLE?**

17 A. Yes. With the proposed revisions, the Company's customers will have paid through the
18 six-month review period ended October 31, 2013, the full costs that are recoverable
19 through the environmental surcharge, but no more.

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

21 A. Yes.

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SURCHARGE MECHANISM OF KENTUCKY) CASE NO. 2014-00052
POWER COMPANY FOR THE SIX-MONTH)
BILLING PERIODS ENDING DECEMBER 31, 2013)

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

March 28, 2014

VERIFICATION

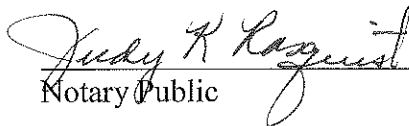
The undersigned, Amy J. Elliott, being duly sworn, deposes and says she is a Regulatory Consultant I in Regulatory Services for Kentucky Power, that she has personal knowledge of the matters set forth in the forgoing testimony and data requests and that the information contained therein is true and correct to the best of her information, knowledge, and belief



Amy J. Elliott

COMMONWEALTH OF KENTUCKY)
) Case No. 2014-00052
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Amy J. Elliott, this 28th day of March 2014.

 48393

Notary Public

My Commission Expires: January 23, 2017

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

Please see Attachment 1 to this response.

WITNESS: Amy J Elliott

REVISED - March 2014

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of May 2013

<u>CALCULATION OF E(m)</u>				
E(m) = CRR - BRR				
		As Filed	As Revised	Difference
LINE 1	CRR from ES FORM 3.00	\$2,597,314	\$2,599,146	\$1,832
LINE 2	Brr from ES FORM 1.10 1/	\$ 3,922,590	\$ 3,922,590	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$1,325,276)	(\$1,323,444)	\$1,832
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	88.5%	88.6%	0.1%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$1,172,869)	(\$1,172,571)	\$298
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$25,673	\$25,673	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$1,147,196)	(\$1,146,898)	\$298
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$1,147,196)	(\$1,146,898)	\$298
LINE 9	KY Retail R(m) from ES FORM 3.30	\$37,535,151	\$37,535,151	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-3.0563%	-3.0555%	0.00080%

Effective Date for Billing: June 28, 2013

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : June 18, 2013

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

REVISED - March 2014

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of May 2013

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	As Filed		As Revised		Difference
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,556,838		\$2,558,670	\$1,832
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$40,476		\$40,476	\$0
	Third Component: Net Proceeds from Emission Allowances Sales AS					
	1) SO ₂ - EPA Auction Proceeds received during Expense Month		\$0		\$0	
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month		\$0		\$0	
	Total Net Proceeds from SO ₂ Allowances		\$0		\$0	
	1) NO _x - ERC Sales Proceeds, received during Expense Month		\$0		\$0	
	2) NO _x - EPA Auction Proceeds, received during Expense Month		\$0		\$0	
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month		\$0		\$0	
	Total Net Proceeds from NO _x Allowances		\$0		\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,597,314		\$2,599,146	\$1,832

REVISED - March 2014

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 2013

LINE NO.	COST COMPONENT		As Filed	As Revised	Difference
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$193,120,620			
2	Less Accumulated Depreciation	(\$79,095,268)			
3	Less Accum. Def. Income Taxes	(\$30,073,179)			
4	Net Utility Plant		\$83,952,173	\$83,952,173	\$0
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,669,531	\$10,669,531	\$0
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$20,046	\$20,046	\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,231,539	\$1,435,180	\$203,641
8	Total Rate Base		\$95,873,289	\$96,076,930	\$203,641
9	Weighted Average Cost of Capital - ES FORM 3.15	10.82%			
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%	0.90%	0%
11	Monthly Return of Rate Base (8) * (10)		\$862,860	\$864,692	\$1,832
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252	\$577,252	\$0
13	Monthly Catalyst Amortization Expense		\$46,030	\$46,030	\$0
14	Monthly Property Taxes		\$12,771	\$12,771	\$0
15	Monthly Kentucky Air Emissions Fee		\$39,266	\$39,266	\$0
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$760,448	\$760,448	\$0
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$37,159	\$37,159	\$0
18	Monthly SO2 Emission Allowance Consumption		\$221,052	\$221,052	\$0
19	Total Operating Expenses [Line 12 thru Line 18]		\$1,693,978	\$1,693,978	\$0
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,556,838	\$2,558,670	\$1,832

REVISED - March 2014

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of May 2013

			As Filed	As Revised	Difference
	1997 Plan :				
1	Monthly Kentucky Air Emissions Fee	\$39,266			
	Total Monthly AEP Pool				
2	Environmental Capacity Costs	\$111,508			
3	Monthly SO2 Allowance Consumption	<u>\$221,052</u>			
4	Total 1997 Plan O&M Expenses		\$371,826	\$371,826	\$0
	2003 Plan :				
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0			
6	Monthly Urea Consumption at Big Sandy Unit 2	\$20,003			
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0			
8	Monthly ERC & NOx Allowance Consumption	\$1,357			
9	Equipment - Associated Operating Expenses	\$1,799			
10	Equipment - Associated Maintenance Expenses	<u>\$14,000</u>			
11	Total 2003 Plan O&M Expenses		<u>\$37,159</u>	<u>\$37,159</u>	\$0
12	KPCO's Rockport Unit Power O&M:				
13	E.S. Form 3.20, Line 11 X 15%		<u>\$2,344</u>	<u>\$2,344</u>	\$0
14	Total Monthly O&M Expenses		<u>\$411,329</u>	<u>\$411,329</u>	\$0
15	Cash Working Capital Allowance (Line 14 X 1/8)		\$51,416	\$51,416	\$0
	Cash Working Capital Allowance (April 2013 ES Form 3.13)		\$0	\$171,818	\$171,818
16	Cash Working Capital Allowance (March 2013 ES Form 3.13)		\$206,437	\$205,874	(\$563)
17	Cash Working Capital Allowance (February 2013 ES Form 3.13)		\$167,596	\$167,717	\$121
18	Cash Working Capital Allowance (January 2013 ES Form 3.13)		\$130,748	\$213,539	\$82,791
19	Cash Working Capital Allowance (December 2012 ES Form 3.13)		\$100,045	\$100,045	\$0
20	Cash Working Capital Allowance (November 2012 ES Form 3.13)		\$35,138	\$35,138	\$0
21	Cash Working Capital Allowance (October 2012 ES Form 3.13)		\$30,552	\$30,552	\$0
22	Cash Working Capital Allowance (September 2012 ES Form 3.13)		\$30,858	\$30,858	\$0
23	Cash Working Capital Allowance (August 2012 ES Form 3.13)		\$143,931	\$143,931	\$0
24	Cash Working Capital Allowance (July 2012 ES Form 3.13)		\$170,994	\$170,994	\$0
25	Cash Working Capital Allowance (June 2012 ES Form 3.13)		\$113,298	\$113,298	\$0
26	Cash Working Capital Allowance (May 2012 ES Form 3.13)		<u>\$50,526</u>	\$0	(\$50,526)
27	Total Twelve Month Total Cash Working Capital Allowance		\$1,231,539	\$1,435,180	\$203,641

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

REVISED - March 2014

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of June 2013

<u>CALCULATION OF E(m)</u>				
E(m) = CRR - BRR				
		As Filed	As Revised	Difference
LINE 1	CRR from ES FORM 3.00	\$2,524,222	\$2,524,962	\$741
LINE 2	Brr from ES FORM 1.10	\$ 3,627,274	\$ 3,627,274	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$1,103,052)	(\$1,102,312)	\$741
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	82.8%	82.9%	0.1%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$913,327)	(\$913,816)	(\$489)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$150,032)	(\$150,032)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$1,063,359)	(\$1,063,848)	(\$489)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$1,063,359)	(\$1,063,848)	(\$489)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,850,149	\$40,850,149	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-2.6031%	-2.6043%	-0.0012%

Effective Date for Billing: July 30, 2013

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : July 19, 2013

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

REVISED - March 2014

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of June 2013

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	As Filed		As Revised		Difference
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,484,235		\$2,484,975	\$741
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 18		\$39,987		\$39,987	\$0
	Third Component: Net Proceeds from Emission Allowances Sales AS					
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0		
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0		
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0		
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0		
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0		
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$0		
	Total Net Proceeds from NO _x Allowances	\$0		\$0		
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,524,222		\$2,524,962	\$741

REVISED - March 2014

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 2013

LINE NO.	COST COMPONENT		As Filed	As Revised	Difference
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$193,120,620			
2	Less Accumulated Depreciation	(\$79,721,039)			
3	Less Accum. Def. Income Taxes	(\$29,948,602)			
4	Net Utility Plant		\$83,450,979	\$83,450,979	\$0
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,501,991	\$10,501,991	\$0
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$19,206	\$19,206	\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,282,798	\$1,365,147	\$82,349
8	Total Rate Base		\$95,254,974	\$95,337,323	\$82,349
9	Weighted Average Cost of Capital - ES FORM 3.15	10.82%			
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.90%	0.90%	0.0%
11	Monthly Return of Rate Base (8) * (10)		\$857,295	\$858,036	\$741
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252	\$577,252	\$0
13	Monthly Catalyst Amortization Expense		\$46,030	\$46,030	\$0
14	Monthly Property Taxes		\$12,771	\$12,771	\$0
15	Monthly Kentucky Air Emissions Fee		\$39,266	\$39,266	\$0
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$767,760	\$767,760	\$0
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$16,321	\$16,321	\$0
18	Monthly SO2 Emission Allowance Consumption		\$167,540	\$167,540	\$0
19	Total Operating Expenses [Line 12 thru Line 18]		\$1,626,940	\$1,626,940	\$0
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,484,235	\$2,484,975	\$741

REVISED - March 2014

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of June 2013

		As Filed	As Revised	Difference
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$39,266		
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$120,648		
3	Monthly SO2 Allowance Consumption	\$167,540		
4	Total 1997 Plan O&M Expenses	\$327,454	\$327,454	
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		
6	Monthly Urea Consumption at Big Sandy Unit 2	\$394		
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		
8	Monthly ERC & NOx Allowance Consumption	\$840		
9	Equipment - Associated Operating Expenses	\$379		
10	Equipment - Associated Maintenance Expenses	\$14,708		
11	Total 2003 Plan O&M Expenses	\$16,321	\$16,321	\$0
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 11 X 15%	\$2,344	\$2,344	\$0
14	Total Monthly O&M Expenses	\$346,118	\$346,118	\$0
15	Cash Working Capital Allowance (Line 14 X 1/8)	\$43,265	\$43,265	\$0
16	Cash Working Capital Allowance (May 2013 ES Form 3.13)	\$51,416	\$51,416	\$0
17	Cash Working Capital Allowance (April 2013 ES Form 3.13)	\$171,818	\$171,818	\$0
18	Cash Working Capital Allowance (March 2013 ES Form 3.13)	\$206,437	\$205,874	(\$563)
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21	Cash Working Capital Allowance (December 2012 ES Form 3.13)	\$100,045	\$100,045	\$0
22	Cash Working Capital Allowance (November 2012 ES Form 3.13)	\$35,138	\$35,138	\$0
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26	Cash Working Capital Allowance (July 2012 ES Form 3.13)	\$170,994	\$170,994	\$0
27	Total Twelve Month Total Cash Working Capital Allowance	\$1,282,798	\$1,365,147	\$82,349

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

REVISED - March 2014

ES FORM 1.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of July 2013

<u>CALCULATION OF E(m)</u>				
E(m) = CRR - BRR				
		As Filed	As Revised	Difference
LINE 1	CRR from ES FORM 3.00	\$2,679,644	\$2,680,376	\$732
LINE 2	Brr from ES FORM 1.10 /1	\$ 3,805,325	\$ 3,805,325	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$1,125,681)	(\$1,124,949)	\$732
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	76.5%	76.5%	\$0
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$861,146)	(\$860,586)	\$560
LINE 5A	Environmental Surcharge Clause Adjustment per Order in Case No. 2013 - 00141 dated August 19, 2013	\$61,013	\$61,013	\$0
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$333,583	\$333,583	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$466,550)	(\$465,990)	\$560
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$466,550)	(\$465,990)	\$560
LINE 9	KY Retail R(m) from ES FORM 3.30	\$44,230,778	\$44,230,778	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-1.0548%	-1.0535%	0.0013%

Effective Date for Billing: August 28, 2013

Submitted By : _____

Title : Manager Regulatory Services

Date Submitted : August 19, 2013

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

REVISED - March 2014

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2013

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	As Filed		As Revised	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,643,313		\$2,644,045
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$36,331		\$36,331
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0	\$0
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	\$0
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0	\$0
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0	\$0
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0	\$0
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	\$0	\$0	\$0
	Total Net Proceeds from NO _x Allowances	\$0	\$0	\$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.		\$2,679,644		\$2,680,376

REVISED - March 2014

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 2013

LINE NO.	COST COMPONENT		As Filed	As Revised	Difference
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$193,120,620			
2	Less Accumulated Depreciation	(\$80,346,810)			
3	Less Accum. Def. Income Taxes	(\$29,824,031)			
4	Net Utility Plant		\$82,949,779	\$82,949,779	\$0
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,183,971	\$10,183,971	\$0
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$17,050	\$17,050	\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,173,977	\$1,256,326	\$82,349
8	Total Rate Base		\$94,324,777	\$94,407,126	\$82,349
9	Weighted Average Cost of Capital - ES FORM 3.15	10.62%			
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%	0.89%	0.00%
11	Monthly Return of Rate Base (8) * (10)		\$839,491	\$840,223	\$732
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252	\$577,252	\$0
13	Monthly Catalyst Amortization Expense		\$46,030	\$46,030	\$0
14	Monthly Property Taxes		\$12,771	\$12,771	\$0
15	Monthly Kentucky Air Emissions Fee		\$39,266	\$39,266	\$0
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$797,795	\$797,795	\$0
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$12,688	\$12,688	\$0
18	Monthly SO2 Emission Allowance Consumption		\$318,020	\$318,020	\$0
19	Total Operating Expenses [Line 12 thru Line 18]		\$1,803,822	\$1,803,822	\$0
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,643,313	\$2,644,045	\$732

REVISED - March 2014

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 2013

		As Filed	As Revised	Difference
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$39,266		
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$125,070		
3	Monthly SO2 Allowance Consumption	\$318,020		
4	Total 1997 Plan O&M Expenses	\$482,356	\$482,356	\$0
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		
6	Monthly Urea Consumption at Big Sandy Unit 2	\$370		
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		
8	Monthly ERC & NOx Allowance Consumption	\$2,156		
9	Equipment - Associated Operating Expenses	\$3,001		
10	Equipment - Associated Maintenance Expenses	\$7,161		
11	Total 2003 Plan O&M Expenses	\$12,688	\$12,688	\$0
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 11 X 15%	\$2,344	2,344	\$0
14	Total Monthly O&M Expenses	\$497,387	\$497,387	\$0
15	Cash Working Capital Allowance (Line 14 X 1/8)	\$62,173	\$62,173	\$0
16	Cash Working Capital Allowance (June 2013 ES Form 3.13)	\$43,265	\$43,265	\$0
17	Cash Working Capital Allowance (May 2013 ES Form 3.13)	\$51,416	\$51,416	\$0
18	Cash Working Capital Allowance (April 2013 ES Form 3.13)	\$171,818	\$171,818	\$0
19	Cash Working Capital Allowance (March 2013 ES Form 3.13)	\$206,437	\$205,874	(\$563)
20	Cash Working Capital Allowance (February 2013 ES Form 3.13)	\$167,596	\$167,717	\$121
21	Cash Working Capital Allowance (January 2013 ES Form 3.13)	\$130,748	\$213,539	\$82,791
22	Cash Working Capital Allowance (December 2012 ES Form 3.13)	\$100,045	\$100,045	\$0
23	Cash Working Capital Allowance (November 2012 ES Form 3.13)	\$35,138	\$35,138	\$0
24	Cash Working Capital Allowance (October 2012 ES Form 3.13)	\$30,552	\$30,552	\$0
25	Cash Working Capital Allowance (September 2012 ES Form 3.13)	\$30,858	\$30,858	\$0
26	Cash Working Capital Allowance (August 2012 ES Form 3.13)	\$143,931	\$143,931	\$0
27	Total Twelve Month Total Cash Working Capital Allowance	\$1,173,977	\$1,256,326	\$82,349

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

REVISED - March 2014

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of August 2013

<u>CALCULATION OF E(m)</u>				
E(m) = CRR - BRR				
		As Filed	As Revised	Difference
LINE 1	CRR from ES FORM 3.00	\$2,780,519	\$2,734,469	(\$46,050)
LINE 2	Brr from ES FORM 1.10	\$ 4,088,830	\$ 4,088,830	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$1,308,311)	(\$1,354,361)	(\$46,050)
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	76.3%	76.3%	0.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$998,241)	(\$1,033,377)	(\$35,136)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$58,786	\$58,786	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$939,455)	(\$974,591)	(\$35,136)
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$939,455)	(\$974,591)	(\$35,136)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$41,501,715	\$41,501,715	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-2.2637%	-2.3483%	-0.0846%

Effective Date for Billing: September 27, 2013

Submitted By : _____

Title : Manager, Regulatory Services

Date Submitted : September 17, 2013

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

REVISED - March 2014

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of August 2013

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	As Filed		As Revised	
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,743,658		\$2,744,391
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$36,861		\$36,861
	Third Component: Net Proceeds from Emission Allowances Sales AS				
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0	
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0	
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0	
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0	
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0	
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$46,783	
	Total Net Proceeds from NO _x Allowances	\$0		\$46,783	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$46,783
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,780,519		\$2,734,469

REVISED - March 2014

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 2013

LINE NO.	COST COMPONENT		As Filed	As Revised	Difference
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$193,120,620			
2	Less Accumulated Depreciation	(\$80,972,581)			
3	Less Accum. Def. Income Taxes	(\$29,699,460)			
4	Net Utility Plant		\$82,448,679	\$82,448,679	\$0
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$9,875,648	\$9,875,648	\$0
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$11,441	\$11,441	\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,095,603	\$1,177,952	\$82,349
8	Total Rate Base		\$93,431,271	\$93,513,620	\$82,349
9	Weighted Average Cost of Capital - ES FORM 3.15	10.62%			
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%	0.89%	0%
11	Monthly Return of Rate Base (8) * (10)		\$831,538	\$832,271	\$733
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252	\$577,252	\$0
13	Monthly Catalyst Amortization Expense		\$46,030	\$46,030	\$0
14	Monthly Property Taxes		\$12,771	\$12,771	\$0
15	Monthly Kentucky Air Emissions Fee		\$39,266	\$39,266	\$0
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$915,354	\$915,354	\$0
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$13,124	\$13,124	\$0
18	Monthly SO2 Emission Allowance Consumption		\$308,323	\$308,323	\$0
19	Total Operating Expenses [Line 12 thru Line 18]		\$1,912,120	\$1,912,120	\$0
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,743,658	\$2,744,391	\$733

REVISED - March 2014

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of August 2013

		As Filed	As Revised	Difference
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$39,266		
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$161,403		
3	Monthly SO2 Allowance Consumption	\$308,323		
4	Total 1997 Plan O&M Expenses	\$508,992	\$508,992	\$0
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		
6	Monthly Urea Consumption at Big Sandy Unit 2	\$302		
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		
8	Monthly ERC & NOx Allowance Consumption	\$1,892		
9	Equipment - Associated Operating Expenses	\$105		
10	Equipment - Associated Maintenance Expenses	\$10,825		
11	Total 2003 Plan O&M Expenses	\$13,124	\$13,124	\$0
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 11 X 15%	\$2,344	\$2,344	\$0
14	Total Monthly O&M Expenses	\$524,460	\$524,460	\$0
15	Cash Working Capital Allowance (Line 14 X 1/8)	\$65,557	\$65,557	\$0
16	Cash Working Capital Allowance (July 2013 ES Form 3.13)	\$62,173	\$62,173	\$0
17	Cash Working Capital Allowance (June 2013 ES Form 3.13)	\$43,265	\$43,265	\$0
18	Cash Working Capital Allowance (May 2013 ES Form 3.13)	\$51,416	\$51,416	\$0
19	Cash Working Capital Allowance (April 2013 ES Form 3.13)	\$171,818	\$171,818	\$0
20	Cash Working Capital Allowance (March 2013 ES Form 3.13)	\$206,437	\$205,874	(\$563)
21	Cash Working Capital Allowance (February 2013 ES Form 3.13)	\$167,596	\$167,717	\$121
22	Cash Working Capital Allowance (January 2013 ES Form 3.13)	\$130,748	\$213,539	\$82,791
23	Cash Working Capital Allowance (December 2012 ES Form 3.13)	\$100,045	\$100,045	\$0
24	Cash Working Capital Allowance (November 2012 ES Form 3.13)	\$35,138	\$35,138	\$0
25	Cash Working Capital Allowance (October 2012 ES Form 3.13)	\$30,552	\$30,552	\$0
26	Cash Working Capital Allowance (September 2012 ES Form 3.13)	\$30,858	\$30,858	\$0
27	Total Twelve Month Total Cash Working Capital Allowance	\$1,095,603	\$1,177,952	\$82,349

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

REVISED - March 2014

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of September 2013

<u>CALCULATION OF E(m)</u>		As Filed	As Revised	Difference
E(m) = CRR - BRR				
LINE 1	CRR from ES FORM 3.00	\$2,746,327	\$2,747,061	\$733 \$0
LINE 2	Brr from ES FORM 1.10	3,740,010	3,740,010	\$0
LINE 3	E(m) (LINE 1 - LINE 2)	(\$993,683)	(\$992,949)	\$733
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	79.4%	77.4%	-2.00%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	(\$788,984)	(\$768,543)	\$20,441
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$52,787)	(\$52,787)	\$0
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$841,771)	(\$821,330)	\$20,441
<u>SURCHARGE FACTOR</u>				
LINE 8	Net KY Retail E(m) (Line 7)	(\$841,771)	(\$821,330)	\$20,441
LINE 9	KY Retail R(m) from ES FORM 3.30	\$38,203,533	\$38,203,533	\$0
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-2.2034%	-2.1499%	0.0535%

Effective Date for Billing: October 28, 2013

Submitted By : _____

Title : Manager, Regulatory Services

Date Submitted : October 18, 2013

REVISED - March 2014

ES FORM 3.00

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of September 2013

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	As Filed		As Revised		Difference
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,708,277		\$2,709,011	\$733
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$38,050		\$38,050	0
	Third Component: Net Proceeds from Emission Allowances Sales AS					
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0		\$0		
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$0		\$0		
	Total Net Proceeds from SO ₂ Allowances	\$0		\$0		
	1) NO _x - ERC Sales Proceeds, received during Expense Month	\$0		\$0		
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0		\$0		
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0		\$0		
	Total Net Proceeds from NO _x Allowances	\$0		\$0		
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0		\$0	
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$2,746,327		\$2,747,061	\$733

REVISED - March 2014

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 2013

LINE NO.	COST COMPONENT		As Filed	As Revised	Difference
	Return on Rate Base :				
1	Utility Plant at Original Cost	\$193,120,620			
2	Less Accumulated Depreciation	(\$81,598,352)			
3	Less Accum. Def. Income Taxes	(\$29,574,887)			
4	Net Utility Plant		\$81,947,381	\$81,947,381	\$0
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$9,605,573	\$9,605,573	\$0
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$9,824	\$9,824	\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$1,126,705	\$1,209,054	\$82,349
8	Total Rate Base		\$92,689,483	\$92,771,832	\$82,349
9	Weighted Average Cost of Capital - ES FORM 3.15	10.62%			
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%	0.89%	\$0
11	Monthly Return of Rate Base (8) * (10)		\$824,936	\$825,669	\$733
	Operating Expenses :				
12	Monthly Depreciation Expense		\$577,252	\$577,252	\$0
13	Monthly Catalyst Amortization Expense		\$46,030	\$46,030	\$0
14	Monthly Property Taxes		\$12,771	\$12,771	\$0
15	Monthly Kentucky Air Emissions Fee		\$39,266	\$39,266	\$0
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$906,510	\$906,510	\$0
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$31,437	\$31,437	\$0
18	Monthly SO2 Emission Allowance Consumption		\$270,075	\$270,075	\$0
19	Total Operating Expenses [Line 12 thru Line 18]		\$1,883,341	\$1,883,341	\$0
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,708,277	\$2,709,011	\$733

REVISED - March 2014

ES FORM 3.13

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of September 2013

		As Filed	As Revised	Difference
	1997 Plan :			
1	Monthly Kentucky Air Emissions Fee	\$39,266		
	Total Monthly AEP Pool			
2	Environmental Capacity Costs	\$152,559		
3	Monthly SO2 Allowance Consumption	\$270,075		
4	Total 1997 Plan O&M Expenses	\$461,900	\$461,900	\$0
	2003 Plan :			
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0		
6	Monthly Urea Consumption at Big Sandy Unit 2	\$251		
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0		
8	Monthly ERC & NOx Allowance Consumption	\$1,617		
9	Equipment - Associated Operating Expenses	\$210		
10	Equipment - Associated Maintenance Expenses	\$29,359		
11	Total 2003 Plan O&M Expenses	\$31,437	\$31,437	\$0
12	KPCO's Rockport Unit Power O&M:			
13	E.S. Form 3.20, Line 11 X 15%	\$2,344	\$2,344	\$0
14	Total Monthly O&M Expenses	\$495,681	\$495,681	\$0
15	Cash Working Capital Allowance (Line 14 X 1/8)	\$61,960	\$61,960	\$0
	Cash Working Capital Allowance (August 2013 ES Form 3.13)	\$65,557	\$65,557	\$0
16	Cash Working Capital Allowance (July 2013 ES Form 3.13)	\$62,173	\$62,173	\$0
17	Cash Working Capital Allowance (June 2013 ES Form 3.13)	\$43,265	\$43,265	\$0
18	Cash Working Capital Allowance (May 2013 ES Form 3.13)	\$51,416	\$51,416	\$0
19	Cash Working Capital Allowance (April 2013 ES Form 3.13)	\$171,818	\$171,818	\$0
20	Cash Working Capital Allowance (March 2013 ES Form 3.13)	\$206,437	\$205,874	(\$563)
21	Cash Working Capital Allowance (February 2013 ES Form 3.13)	\$167,596	\$167,717	\$121
22	Cash Working Capital Allowance (January 2013 ES Form 3.13)	\$130,748	\$213,539	\$82,791
23	Cash Working Capital Allowance (December 2012 ES Form 3.13)	\$100,045	\$100,045	\$0
24	Cash Working Capital Allowance (November 2012 ES Form 3.13)	\$35,138	\$35,138	\$0
25	Cash Working Capital Allowance (October 2012 ES Form 3.13)	\$30,552	\$30,552	\$0
###	Total Twelve Month Total Cash Working Capital Allowance	\$1,126,705	\$1,209,054	\$82,349

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

Please see Attachment 1 to this response. The allowances were sold in the normal course of business.

Because of an omission in the August Environmental Surcharge filing, the gains on allowances for August were not initially included. However, a revision is proposed within the context of this six-month review case to include August's gains on the sale of allowances.

WITNESS: Amy J Elliott

Kentucky Power Company
 Emission Allowance Sales
 05/01/2013-10/31/2013

<u>Transaction Date</u>	<u>Allowance Type</u>	<u>Quantity</u>	<u>Serial Block Sold</u>	<u>Sales Proceeds</u>	<u>Broker Fee</u>	<u>Book Value</u>	<u>Gain</u>
8/23/2013	Annual NOx	500	454580 - 455079	\$ 21,500.00	\$ 1,000.00	\$ 1,858.34	\$ 18,641.66
8/28/2013	Annual NOx	432	454148 - 454579	\$ 18,144.00	\$ 864.00	\$ 1,605.60	\$ 15,674.40
8/28/2013	Annual NOx	68	459362 - 459429	\$ 2,856.00	\$ 136.00	\$ 252.73	\$ 2,467.27
8/6/2013	Seasonal NOx	500	176580 - 177079	\$ 10,500.00	\$ 500.00	-	\$ 10,000.00
10/9/2013	Seasonal NOx	118	176462 - 176579	\$ 2,714.00	\$ 118.00	-	\$ 2,596.00
10/9/2013	Seasonal NOx	31	176431 - 176461	\$ 713.00	\$ 31.00	-	\$ 682.00
10/9/2013	Seasonal NOx	95	119072 - 119166	\$ 2,185.00	\$ 95.00	-	\$ 2,090.00
10/9/2013	Seasonal NOx	109	118963 - 119071	\$ 2,507.00	\$ 109.00	-	\$ 2,398.00

Note: Gains are calculated by subtracting book value of allowance sold (avg unit cost X qty) and broker fee from sales proceeds (sales price per allowance X qty)

Kentucky Power Company

REQUEST

Provide the following information as of October 31, 2013. 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 the income tax gross-up factor. Include all calculations and assumptions used in determining the information.

RESPONSE

a-d. Please see Attachment 1 to this response and the electronic file named KPSC 1-3 Attachment 1 - Cost of Capital.xlsx.

WITNESS: Amy J Elliott

Kentucky Power Company
 Cost of Capital
 As of October 31, 2013

<u>Ln</u> <u>No</u> <u>(1)</u>	<u>Description</u> <u>(2)</u>	<u>Capital</u> <u>(3)</u>		<u>Percent</u> <u>of</u> <u>Total</u> <u>(4)</u>	<u>Cost</u> <u>Percentage</u> <u>Rate</u> <u>(5)</u>	<u>Weighted</u> <u>Average</u> <u>Cost</u> <u>Percent</u> <u>(6)=(4)x(5)</u>
1	Long Term Debt	\$550,000,000	a	51.527%	6.48%	3.34%
2	Short Term Debt	\$0	a	0.000%	0.38% b	0.00%
3	Accts Receivable Financing	\$45,678,561	c	4.279%	1.12%	0.05%
4	Common Equity	\$471,717,305	a	44.193%	10.50%	4.64%
5	Total	\$1,067,395,866		100.000%		8.03%

a Book balance as of 10/31/2013

b Average borrowing costs for the 12 Months Ended October 31, 2013

c 13 Month Average Accounts Receivable Balance and 13 Month Average Annual Cost of Carry

Kentucky Power Company
 Effective Cost of Long Term Debt
 As of October 31, 2013

Line No.	Series	Issue Date	Due Date	Average Term in Years	Principal Amount Issued	Premium or (Discount) at Issuance	Company Issuance Expense	Net Proceeds	Net Proceeds Ratio	Effective Cost Rate	Current Amount Outstanding	Annualized Cost	Weighted Cost Rate
					\$	\$	\$	\$	%	%	\$	\$	%
Affiliated Note													
1	5.25%	2/5/2004	6/1/2015	11.3	20,000,000	-	-	20,000,000	100.00	5.249	20,000,000	1,049,816	
2	Subtotal				<u>20,000,000</u>						<u>20,000,000</u>	<u>1,049,816</u>	
Senior Notes													
3	5.625%	6/13/2003	12/1/2032	29.45	75,000,000	(656,250)	736,575	73,607,175	98.14	5.756	75,000,000	4,317,337	
4	6.000%	9/11/2007	9/15/2017	10.01	325,000,000	(1,667,250)	2,271,750	321,061,000	98.79	6.164	325,000,000	20,032,678	
5	7.250%	6/18/2009	6/18/2021	11.99	40,000,000	-	217,919	39,782,081	99.46	7.319	40,000,000	2,927,597	
6	8.030%	6/18/2009	6/18/2029	19.99	30,000,000	-	163,439	29,836,561	99.46	8.065	30,000,000	2,425,620	
7	8.130%	6/18/2009	6/18/2039	29.98	60,000,000	-	326,879	59,673,121	99.46	8.179	60,000,000	4,907,388	
8	Subtotal				<u>530,000,000</u>						<u>530,000,000</u>	<u>34,610,621</u>	
9	Total				<u>550,000,000</u>								
10	FMV of mark to market 133 hedge												-
11	Total Long Term Debt										<u>550,000,000</u>	<u>35,660,437</u>	<u>6.484</u>

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

Kentucky Power Company
Schedule of Short Term Debt
Twelve Months Ended October 31, 2013

Line No.	Month	Year	Notes Payable Outstanding at the End of the Month
(1)	(2)	(3)	(4)
1	November	2012	0
2	December	2012	13,358,856
3	January	2013	16,278,255
4	February	2013	7,643,550
5	March	2013	11,039,250
6	April	2013	0
7	May	2013	0
8	June	2013	0
9	July	2013	0
10	August	2013	0
11	September	2013	0
12	October	2013	0

Kentucky Power Company
 Short Term Debt Balance and Cost Calculation
 Twelve Months Ended October 31, 2013

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	11/1/2012		0.00%	0.000000%
	11/2/2012		0.00%	0.000000%
	11/3/2012		0.00%	0.000000%
	11/4/2012		0.00%	0.000000%
	11/5/2012		0.00%	0.000000%
	11/6/2012		0.00%	0.000000%
	11/7/2012		0.00%	0.000000%
	11/8/2012		0.00%	0.000000%
	11/9/2012		0.00%	0.000000%
	11/10/2012		0.00%	0.000000%
	11/11/2012		0.00%	0.000000%
	11/12/2012		0.00%	0.000000%
	11/13/2012		0.00%	0.000000%
	11/14/2012		0.00%	0.000000%
	11/15/2012		0.00%	0.000000%
	11/16/2012		0.00%	0.000000%
	11/17/2012		0.00%	0.000000%
	11/18/2012		0.00%	0.000000%
	11/19/2012		0.00%	0.000000%
	11/20/2012		0.00%	0.000000%
	11/21/2012		0.00%	0.000000%
	11/22/2012		0.00%	0.000000%
	11/23/2012		0.00%	0.000000%
	11/24/2012		0.00%	0.000000%
	11/25/2012		0.00%	0.000000%
	11/26/2012		0.00%	0.000000%
	11/27/2012		0.00%	0.000000%
	11/28/2012		0.00%	0.000000%
	11/29/2012		0.00%	0.000000%
	11/30/2012		0.00%	0.000000%
Thursday	12/1/2012		0.00%	0.000000%
	12/2/2012		0.00%	0.000000%
	12/3/2012		0.00%	0.000000%
	12/4/2012		0.00%	0.000000%
	12/5/2012		0.00%	0.000000%
	12/6/2012		0.00%	0.000000%
	12/7/2012		0.00%	0.000000%
	12/8/2012		0.00%	0.000000%
	12/9/2012		0.00%	0.000000%
	12/10/2012		0.00%	0.000000%
	12/11/2012		0.00%	0.000000%
	12/12/2012		0.00%	0.000000%
	12/13/2012		0.00%	0.000000%
	12/14/2012		0.00%	0.000000%
	12/15/2012		0.00%	0.000000%
	12/16/2012		0.00%	0.000000%
	12/17/2012		0.00%	0.000000%
	12/18/2012		0.00%	0.000000%
	12/19/2012		0.00%	0.000000%
	12/20/2012	(1,501,775.59)	0.4211%	0.000511%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended October 31, 2013

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	12/21/2012	(7,820,711.44)	0.4211%	0.002661%
	12/22/2012	(7,820,802.92)	0.4211%	0.002661%
	12/23/2012	(7,820,894.40)	0.4211%	0.002661%
	12/24/2012	(8,788,690.79)	0.4211%	0.002991%
	12/25/2012	(8,788,793.59)	0.4211%	0.002991%
	12/26/2012	(6,876,878.23)	0.4211%	0.002340%
	12/27/2012	(11,254,876.91)	0.4211%	0.003830%
	12/28/2012	(12,123,669.68)	0.4194%	0.004109%
	12/29/2012	(12,123,810.93)	0.4194%	0.004109%
Friday	12/30/2012	(12,123,952.19)	0.4194%	0.004109%
	12/31/2012	(13,358,855.63)	0.4162%	0.004493%
	1/1/2013	(13,359,010.08)	0.4162%	0.004493%
	1/2/2013	(12,163,799.90)	0.4249%	0.004177%
	1/3/2013	(10,494,022.37)	0.4249%	0.003603%
	1/4/2013	(15,747,462.76)	0.4180%	0.005320%
	1/5/2013	(15,747,645.63)	0.4180%	0.005320%
	1/6/2013	(15,747,828.49)	0.4180%	0.005320%
	1/7/2013	(16,093,723.15)	0.4137%	0.005380%
	1/8/2013	(32,649,484.34)	0.4206%	0.011098%
	1/9/2013	(28,274,159.37)	0.4267%	0.009749%
	1/10/2013	(24,181,394.25)	0.4255%	0.008314%
	1/11/2013	(24,589,984.48)	0.4057%	0.008061%
	1/12/2013	(24,590,261.58)	0.4057%	0.008061%
	1/13/2013	(24,590,538.68)	0.4057%	0.008061%
	1/14/2013	(24,136,559.22)	0.4046%	0.007892%
	1/15/2013	(21,006,362.19)	0.4046%	0.006869%
	1/16/2013	(19,582,020.88)	0.4046%	0.006403%
	1/17/2013	(12,498,147.33)	0.4043%	0.004084%
	1/18/2013	(13,047,174.72)	0.3877%	0.004087%
	1/19/2013	(13,047,315.22)	0.3877%	0.004087%
	1/20/2013	(13,047,455.72)	0.3877%	0.004087%
	1/21/2013	(13,047,596.22)	0.3877%	0.004087%
	1/22/2013	(20,145,650.44)	0.3805%	0.006195%
	1/23/2013	(16,988,980.34)	0.3738%	0.005132%
	1/24/2013	(21,371,252.22)	0.3750%	0.006476%
	1/25/2013	(21,713,950.08)	0.3750%	0.006580%
	1/26/2013	(21,714,176.26)	0.3750%	0.006580%
	1/27/2013	(21,714,402.45)	0.3750%	0.006580%
	1/28/2013	(20,772,759.62)	0.3728%	0.006258%
	1/29/2013	(18,922,651.74)	0.3748%	0.005731%
	1/30/2013	(19,160,452.72)	0.3743%	0.005796%
Tuesday	1/31/2013	(16,278,255.16)	0.3705%	0.004874%
	2/1/2013	(15,736,437.31)	0.3601%	0.004580%
	2/2/2013	(15,736,594.74)	0.3601%	0.004580%
	2/3/2013	(15,736,752.17)	0.3601%	0.004580%
	2/4/2013	(19,706,169.30)	0.3593%	0.005722%
	2/5/2013	(15,956,346.37)	0.3593%	0.004633%
	2/6/2013	(14,428,134.23)	0.3595%	0.004192%
	2/7/2013	(7,854,653.09)	0.3597%	0.002283%
	2/8/2013	(17,398,472.14)	0.3546%	0.004986%

Kentucky Power Company
Short Term Debt Balance and Cost Calculation
Twelve Months Ended October 31, 2013

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	2/9/2013	(17,398,643.53)	0.3546%	0.004986%
	2/10/2013	(17,398,814.92)	0.3546%	0.004986%
	2/11/2013	(15,695,827.54)	0.3542%	0.004493%
	2/12/2013	(12,225,254.48)	0.3577%	0.003534%
	2/13/2013	(6,544,977.29)	0.3515%	0.001859%
	2/14/2013	(5,534,557.95)	0.3600%	0.001610%
	2/15/2013	(4,900,754.34)	0.3562%	0.001411%
	2/16/2013	(4,900,802.83)	0.3562%	0.001411%
	2/17/2013	(4,900,851.32)	0.3562%	0.001411%
	2/18/2013	(4,900,899.81)	0.3562%	0.001411%
	2/19/2013	(3,157,825.58)	0.3583%	0.000914%
	2/20/2013	(2,474,601.85)	0.3588%	0.000717%
	2/21/2013	(4,333,310.92)	0.3588%	0.001256%
	2/22/2013	(2,758,572.37)	0.3599%	0.000802%
	2/23/2013	(2,758,599.94)	0.3599%	0.000802%
	2/24/2013	(2,758,627.51)	0.3599%	0.000802%
	2/25/2013	(2,056,514.23)	0.3599%	0.000598%
	2/26/2013		0.00%	0.000000%
	2/27/2013	(5,689,386.56)	0.3589%	0.001650%
	2/28/2013	(7,643,550.21)	0.3638%	0.002247%
	3/1/2013	(7,410,125.61)	0.3483%	0.002086%
	3/2/2013	(7,410,197.30)	0.3483%	0.002086%
Friday	3/3/2013	(7,410,268.99)	0.3483%	0.002086%
	3/4/2013	(8,919,654.96)	0.3590%	0.002588%
	3/5/2013	(4,881,424.84)	0.3590%	0.001416%
	3/6/2013	(3,228,969.82)	0.3589%	0.000937%
	3/7/2013		0.00%	0.000000%
	3/8/2013	(2,968,268.01)	0.3560%	0.000854%
	3/9/2013	(2,968,297.37)	0.3560%	0.000854%
	3/10/2013	(2,968,326.73)	0.3560%	0.000854%
	3/11/2013	(2,394,051.49)	0.3557%	0.000688%
	3/12/2013	(336,116.02)	0.3556%	0.000097%
	3/13/2013		0.00%	0.000000%
	3/14/2013		0.00%	0.000000%
	3/15/2013	(6,968,501.50)	0.3500%	0.001971%
	3/16/2013	(6,968,569.24)	0.3500%	0.001971%
	3/17/2013	(6,968,636.99)	0.3500%	0.001971%
	3/18/2013	(6,244,569.38)	0.3558%	0.001795%
	3/19/2013	(5,500,479.69)	0.3558%	0.001581%
	3/20/2013	(2,917,260.94)	0.3562%	0.000840%
	3/21/2013	(13,710,430.41)	0.3566%	0.003950%
	3/22/2013	(13,107,932.46)	0.3573%	0.003784%
	3/23/2013	(13,108,062.55)	0.3573%	0.003784%
	3/24/2013	(13,108,192.64)	0.3573%	0.003785%
	3/25/2013	(12,454,867.61)	0.3567%	0.003590%
	3/26/2013	(10,559,475.10)	0.3578%	0.003053%
	3/27/2013	(9,284,304.24)	0.3575%	0.002682%
	3/28/2013	(11,350,595.85)	0.3589%	0.003292%
	3/29/2013	(11,039,249.93)	0.3589%	0.003202%
	3/30/2013	(11,039,359.99)	0.3589%	0.003202%

Kentucky Power Company
 Short Term Debt Balance and Cost Calculation
 Twelve Months Ended October 31, 2013

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
Friday	3/31/2013	(11,039,470.05)	0.3589%	0.003202%
	4/1/2013	(10,881,389.65)	0.3589%	0.003156%
	4/2/2013	(11,010,076.72)	0.3589%	0.003193%
	4/3/2013	(8,847,974.68)	0.3589%	0.002566%
	4/4/2013	(2,954,909.08)	0.3579%	0.000855%
	4/5/2013	(3,362,532.65)	0.3581%	0.000973%
	4/6/2013	(3,362,566.10)	0.3581%	0.000973%
	4/7/2013	(3,362,599.55)	0.3581%	0.000973%
	4/8/2013	(11,690,274.30)	0.3573%	0.003375%
	4/9/2013	(9,916,730.94)	0.3582%	0.002870%
	4/10/2013	(7,016,713.52)	0.3577%	0.002028%
	4/11/2013	(778,067.54)	0.3572%	0.000225%
	4/12/2013	(210,446.34)	0.3560%	0.000061%
	4/13/2013	(210,448.42)	0.3560%	0.000061%
	4/14/2013	(210,450.50)	0.3560%	0.000061%
	4/15/2013		0.00%	0.000000%
	4/16/2013		0.00%	0.000000%
	4/17/2013		0.00%	0.000000%
	4/18/2013		0.00%	0.000000%
	4/19/2013		0.00%	0.000000%
	4/20/2013		0.00%	0.000000%
	4/21/2013		0.00%	0.000000%
	4/22/2013		0.00%	0.000000%
	4/23/2013		0.00%	0.000000%
	4/24/2013		0.00%	0.000000%
	4/25/2013		0.00%	0.000000%
	4/26/2013		0.00%	0.000000%
	4/27/2013		0.00%	0.000000%
	4/28/2013		0.00%	0.000000%
	4/29/2013		0.00%	0.000000%
4/30/2013		0.00%	0.000000%	
5/1/2013		0.00%	0.000000%	
5/2/2013		0.00%	0.000000%	
Wednesday	5/3/2013		0.00%	0.000000%
	5/4/2013		0.00%	0.000000%
	5/5/2013		0.00%	0.000000%
	5/6/2013		0.00%	0.000000%
	5/7/2013		0.00%	0.000000%
	5/8/2013		0.00%	0.000000%
	5/9/2013		0.00%	0.000000%
	5/10/2013		0.00%	0.000000%
	5/11/2013		0.00%	0.000000%
	5/12/2013		0.00%	0.000000%
	5/13/2013		0.00%	0.000000%
	5/14/2013		0.00%	0.000000%
	5/15/2013		0.00%	0.000000%
	5/16/2013		0.00%	0.000000%
	5/17/2013		0.00%	0.000000%
	5/18/2013		0.00%	0.000000%
	5/19/2013		0.00%	0.000000%

Kentucky Power Company
 Short Term Debt Balance and Cost Calculation
 Twelve Months Ended October 31, 2013

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	5/20/2013		0.00%	0.000000%
	5/21/2013		0.00%	0.000000%
	5/22/2013		0.00%	0.000000%
	5/23/2013		0.00%	0.000000%
	5/24/2013		0.00%	0.000000%
	5/25/2013		0.00%	0.000000%
	5/26/2013		0.00%	0.000000%
	5/27/2013		0.00%	0.000000%
	5/28/2013		0.00%	0.000000%
	5/29/2013		0.00%	0.000000%
	5/30/2013		0.00%	0.000000%
	5/31/2013		0.00%	0.000000%
Friday	6/1/2013		0.00%	0.000000%
	6/2/2013		0.00%	0.000000%
	6/3/2013		0.00%	0.000000%
	6/4/2013		0.00%	0.000000%
	6/5/2013		0.00%	0.000000%
	6/6/2013		0.00%	0.000000%
	6/7/2013		0.00%	0.000000%
	6/8/2013		0.00%	0.000000%
	6/9/2013		0.00%	0.000000%
	6/10/2013		0.00%	0.000000%
	6/11/2013		0.00%	0.000000%
	6/12/2013		0.00%	0.000000%
	6/13/2013		0.00%	0.000000%
	6/14/2013		0.00%	0.000000%
	6/15/2013		0.00%	0.000000%
	6/16/2013		0.00%	0.000000%
	6/17/2013		0.00%	0.000000%
	6/18/2013		0.00%	0.000000%
	6/19/2013		0.00%	0.000000%
	6/20/2013		0.00%	0.000000%
6/21/2013		0.00%	0.000000%	
6/22/2013		0.00%	0.000000%	
6/23/2013		0.00%	0.000000%	
6/24/2013		0.00%	0.000000%	
6/25/2013		0.00%	0.000000%	
6/26/2013		0.00%	0.000000%	
6/27/2013		0.00%	0.000000%	
6/28/2013		0.00%	0.000000%	
6/29/2013		0.00%	0.000000%	
6/30/2013		0.00%	0.000000%	
Monday	7/1/2013		0.00%	0.000000%
	7/2/2013		0.00%	0.000000%
	7/3/2013		0.00%	0.000000%
	7/4/2013		0.00%	0.000000%
	7/5/2013		0.00%	0.000000%
	7/6/2013		0.00%	0.000000%
	7/7/2013		0.00%	0.000000%
	7/8/2013		0.00%	0.000000%

Kentucky Power Company
 Short Term Debt Balance and Cost Calculation
 Twelve Months Ended October 31, 2013

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	7/9/2013		0.00%	0.000000%
	7/10/2013		0.00%	0.000000%
	7/11/2013		0.00%	0.000000%
	7/12/2013		0.00%	0.000000%
	7/13/2013		0.00%	0.000000%
	7/14/2013		0.00%	0.000000%
	7/15/2013		0.00%	0.000000%
	7/16/2013		0.00%	0.000000%
	7/17/2013		0.00%	0.000000%
	7/18/2013		0.00%	0.000000%
	7/19/2013		0.00%	0.000000%
	7/20/2013		0.00%	0.000000%
	7/21/2013		0.00%	0.000000%
	7/22/2013		0.00%	0.000000%
	7/23/2013		0.00%	0.000000%
	7/24/2013		0.00%	0.000000%
	7/25/2013		0.00%	0.000000%
	7/26/2013		0.00%	0.000000%
	7/27/2013		0.00%	0.000000%
	7/28/2013		0.00%	0.000000%
	7/29/2013		0.00%	0.000000%
	7/30/2013		0.00%	0.000000%
	7/31/2013		0.00%	0.000000%
	8/1/2013		0.00%	0.000000%
	8/2/2013		0.00%	0.000000%
Thursday	8/3/2013		0.00%	0.000000%
	8/4/2013		0.00%	0.000000%
	8/5/2013		0.00%	0.000000%
	8/6/2013		0.00%	0.000000%
	8/7/2013		0.00%	0.000000%
	8/8/2013		0.00%	0.000000%
	8/9/2013		0.00%	0.000000%
	8/10/2013		0.00%	0.000000%
	8/11/2013		0.00%	0.000000%
	8/12/2013		0.00%	0.000000%
	8/13/2013		0.00%	0.000000%
	8/14/2013		0.00%	0.000000%
	8/15/2013		0.00%	0.000000%
	8/16/2013		0.00%	0.000000%
	8/17/2013		0.00%	0.000000%
	8/18/2013		0.00%	0.000000%
	8/19/2013		0.00%	0.000000%
	8/20/2013		0.00%	0.000000%
	8/21/2013		0.00%	0.000000%
	8/22/2013		0.00%	0.000000%
	8/23/2013		0.00%	0.000000%
	8/24/2013		0.00%	0.000000%
	8/25/2013		0.00%	0.000000%
	8/26/2013		0.00%	0.000000%
	8/27/2013		0.00%	0.000000%

Kentucky Power Company
 Short Term Debt Balance and Cost Calculation
 Twelve Months Ended October 31, 2013

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	8/28/2013		0.00%	0.000000%
	8/29/2013		0.00%	0.000000%
	8/30/2013		0.00%	0.000000%
Thursday	8/31/2013		0.00%	0.000000%
	9/1/2013		0.00%	0.000000%
	9/2/2013		0.00%	0.000000%
	9/3/2013		0.00%	0.000000%
	9/4/2013		0.00%	0.000000%
	9/5/2013		0.00%	0.000000%
	9/6/2013		0.00%	0.000000%
	9/7/2013		0.00%	0.000000%
	9/8/2013		0.00%	0.000000%
	9/9/2013		0.00%	0.000000%
	9/10/2013		0.00%	0.000000%
	9/11/2013		0.00%	0.000000%
	9/12/2013		0.00%	0.000000%
	9/13/2013		0.00%	0.000000%
	9/14/2013		0.00%	0.000000%
	9/15/2013		0.00%	0.000000%
	9/16/2013		0.00%	0.000000%
	9/17/2013		0.00%	0.000000%
	9/18/2013		0.00%	0.000000%
	9/19/2013		0.00%	0.000000%
	9/20/2013		0.00%	0.000000%
	9/21/2013		0.00%	0.000000%
	9/22/2013		0.00%	0.000000%
	9/23/2013		0.00%	0.000000%
	9/24/2013		0.00%	0.000000%
	9/25/2013		0.00%	0.000000%
	9/26/2013		0.00%	0.000000%
	9/27/2013		0.00%	0.000000%
	9/28/2013		0.00%	0.000000%
Friday	9/29/2013		0.00%	0.000000%
	9/30/2013		0.00%	0.000000%
	10/1/2013		0.00%	0.000000%
	10/2/2013		0.00%	0.000000%
	10/3/2013		0.00%	0.000000%
	10/4/2013		0.00%	0.000000%
	10/5/2013		0.00%	0.000000%
	10/6/2013		0.00%	0.000000%
	10/7/2013		0.00%	0.000000%
	10/8/2013		0.00%	0.000000%
	10/9/2013		0.00%	0.000000%
	10/10/2013		0.00%	0.000000%
	10/11/2013		0.00%	0.000000%
	10/12/2013		0.00%	0.000000%
	10/13/2013		0.00%	0.000000%
	10/14/2013		0.00%	0.000000%
	10/15/2013		0.00%	0.000000%
	10/16/2013		0.00%	0.000000%

Kentucky Power Company
 Short Term Debt Balance and Cost Calculation
 Twelve Months Ended October 31, 2013

Day of Week	Date	S-T Borrowed Balance	Borrowed Interest Rate	Weighted Average Borrowed Interest Rate
	10/17/2013		0.00%	0.000000%
	10/18/2013		0.00%	0.000000%
	10/19/2013		0.00%	0.000000%
	10/20/2013		0.00%	0.000000%
	10/21/2013		0.00%	0.000000%
	10/22/2013		0.00%	0.000000%
	10/23/2013		0.00%	0.000000%
	10/24/2013		0.00%	0.000000%
	10/25/2013		0.00%	0.000000%
	10/26/2013		0.00%	0.000000%
	10/27/2013		0.00%	0.000000%
	10/28/2013		0.00%	0.000000%
	10/29/2013		0.00%	0.000000%
	10/30/2013		0.00%	0.000000%
Tuesday	10/31/2013		0.00%	0.000000%
		Sum Total All Daily Balances	(\$1,237,494,962.14)	0.3822%
		Divided By Number of Days in Year	365	
		Average Daily Balance	(\$3,390,397.16)	Sum Total Weighted Average Borrowed Interest Rate

Kentucky Power Company
 Accounts Receivable Financing
 Thirteen Months Ending October 31, 2013

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)
09/30/2013	38,443,862.35	0.00003	1,153.32	1,705,419.47	0.00003	32.84	0.000985	1,679.84	0.000044
10/01/2013	37,472,018.31	0.00003	1,124.16	1,312,739.53	0.00003	32.84	0.000985	1,293.05	0.000035
10/02/2013	43,171,171.83	0.00003	1,295.14	7,088,802.43	0.00003	32.84	0.000985	6,982.47	0.000162
10/03/2013	43,335,838.55	0.00003	1,300.08	2,041,556.46	0.00003	32.84	0.000985	2,010.93	0.000046
10/04/2013	43,859,969.68	0.00003	1,315.80	1,955,059.64	0.00003	32.84	0.000985	1,925.73	0.000044
10/05/2013	43,859,969.68	0.00003	1,315.80	0.00	0.00003	32.84	0.000000	0.00	0.000000
10/06/2013	43,859,969.68	0.00003	1,315.80	0.00	0.00003	32.84	0.000000	0.00	0.000000
10/07/2013	43,491,538.85	0.00003	1,304.75	1,671,772.85	0.00003	33.56	0.001007	1,582.78	0.000036
10/08/2013	42,948,409.21	0.00003	1,288.45	1,204,904.27	0.00003	33.56	0.001007	1,213.34	0.000028
10/09/2013	42,026,066.67	0.00003	1,260.78	1,715,209.96	0.00003	33.56	0.001007	1,727.22	0.000041
10/10/2013	42,371,935.74	0.00003	1,271.16	1,599,444.52	0.00003	33.56	0.001007	1,610.64	0.000038
10/11/2013	42,272,440.46	0.00003	1,268.17	1,343,101.85	0.00003	33.56	0.001007	1,352.50	0.000032
10/12/2013	42,272,440.46	0.00003	1,268.17	0.00	0.00003	33.56	0.000000	0.00	0.000000
10/13/2013	42,272,440.46	0.00003	1,268.17	0.00	0.00003	33.56	0.000000	0.00	0.000000
10/14/2013	38,087,737.01	0.00003	1,142.63	1,825,303.60	0.00003	33.56	0.001007	1,838.08	0.000048
10/15/2013	38,063,089.00	0.00003	1,141.89	1,843,989.44	0.00003	33.56	0.001007	1,856.90	0.000049
10/16/2013	37,889,387.78	0.00003	1,136.68	2,082,136.09	0.00003	33.56	0.001007	2,096.71	0.000055
10/17/2013	37,935,972.21	0.00003	1,138.08	1,347,361.75	0.00003	33.56	0.001007	1,356.81	0.000036
10/18/2013	37,082,827.39	0.00003	1,112.48	1,168,648.22	0.00003	33.56	0.001007	1,176.83	0.000032
10/19/2013	37,082,827.39	0.00003	1,112.48	0.00	0.00003	33.56	0.000000	0.00	0.000000
10/20/2013	37,082,827.39	0.00003	1,112.48	0.00	0.00003	33.56	0.000000	0.00	0.000000
10/21/2013	36,953,050.88	0.00003	1,108.59	1,105,564.26	0.00003	33.56	0.001007	1,113.30	0.000030
10/22/2013	35,397,875.17	0.00003	1,061.93	1,283,690.70	0.00003	33.56	0.001007	1,292.66	0.000037
10/23/2013	34,783,721.17	0.00003	1,043.51	1,429,503.59	0.00003	33.56	0.001007	1,439.51	0.000041
10/24/2013	35,444,750.50	0.00003	1,063.34	2,037,407.63	0.00003	33.56	0.001007	2,051.67	0.000058
10/25/2013	36,142,126.42	0.00003	1,084.26	1,912,207.02	0.00003	33.56	0.001007	1,925.59	0.000053
10/26/2013	36,142,126.42	0.00003	1,084.26	0.00	0.00003	33.56	0.000000	0.00	0.000000
10/27/2013	36,142,126.42	0.00003	1,084.26	0.00	0.00003	33.56	0.000000	0.00	0.000000
10/28/2013	37,089,731.85	0.00003	1,112.69	2,025,145.10	0.00003	33.56	0.001007	2,039.32	0.000055
10/29/2013	37,542,267.53	0.00003	1,126.27	2,240,066.86	0.00003	33.56	0.001007	2,255.75	0.000060
10/30/2013	37,708,257.95	0.00003	1,131.25	1,464,429.70	0.00003	33.56	0.001007	1,474.68	0.000039
10/31/2013	38,407,547.74	0.00003	1,152.23	1,862,629.11	0.00003	33.56	0.001007	1,876.67	0.000049

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

547,988.12

564,787.43

0.000031

1.1189%

Average A/R Balance 10/01/12 - 10/31/13

45,678,560.76

AEP Credit - Internal Cost of Capital 10/01/12 - 10/31/13

1.0906% Internal Cost Incurred / Average A/R Balance / 396 x 360

KP - Actual Cost of Capital 10/01/12 - 10/31/13

1.1240% 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, 2014

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF	WACC (PRE-TAX)	
		As of 10/30/13							
1	L/T DEBT	\$550,000,000	51.527%	6.48%		3.34%		3.34%	
2	S/T DEBT	\$0	0.000%	0.38%		0.00%		0.00%	
	ACCTS REC								
3	FINANCING	\$45,678,561	4.279%	1.12%		0.05%		0.05%	
4	C EQUITY	\$471,717,305	44.193%	10.50%	1/	4.64%	1.5487	7.186%	
5	TOTAL	\$1,067,395,866	100.000%			8.03%		10.58%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2014-00052 dated - XXXXX XX, 2014								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2014 - 00052 dated - XXXXX XX, 2014								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.28%)						0.2800		
3	Kentucky Public Service Commission Assessment (0.1785%)						0.1785		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5415		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.4645		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						94.0770		
7	199 DEDUCTION PHASE-IN						8.4669		
8	FEDERAL TAXABLE PRODUCTION INCOME						85.6101		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						29.9635		
10	AFTER-TAX PRODUCTION INCOME						55.6466		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						55.6466		
13	199 DEDUCTION PHASE-IN						8.4669		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2800		
15	Kentucky Public Service Commission Assessment (0.1785%)						0.1785		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						64.5720		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						29.9635		
19	STATE (LINE 4)						5.4645		
20	BLENDED TAX RATE						35.4280		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5487		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.28%)						0.2800		
3	Kentucky Public Service Commission Assessment (0.1785%)						0.1785		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5415		
5	LESS: STATE 199 DEDUCTION						8.4669		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						91.0746		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.4645		

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 10/31/2013 based on Case No. 2014-00052, dated XXXXX XX, 2014.

Kentucky Power Company

State Tax Expense - Kentucky

2013

1	Pre-tax production income	Input	100.0000
2	Uncollectible Accounts Expense (0.28%)	Input	0.2800
3	Kentucky Public Service Commission Assessment (0.1785%)	Input	<u>0.1785</u>
4	Income after Uncollectible accounts	Ln 1-2-3	99.5415
5	KY - State Income Tax Rate	Input	<u>0.0600</u>
6	State income tax deduction	Ln 4 x 5	5.9725
7	Income after Uncollectible accounts and State income tax	Ln 4 - 6	93.5690
8	Section 199 Rate for Year 2013	Input	<u>0.0900</u>
9	Section 199 deduction	Ln 7 x 8	8.4212
10	Income after Uncollectible accounts and Section 199 Deduction	Ln 4 - 9	91.1203
11	KY - State Income Tax Rate	Ln 5	<u>0.0600</u>
12	State income tax deduction	Ln 10 x 11	5.4672
13	Income after Uncollectible accounts and State income tax	Ln 4 - 12	94.0743
14	Section 199 Rate for Year 2013	Ln 8	<u>0.0900</u>
15	Section 199 deduction	Ln 13 x 14	8.4667
16	Income after Uncollectible accounts and Section 199 Deduction	Ln 4 - 15	91.0748
17	KY - State Income Tax Rate	Ln 5	<u>0.0600</u>
18	State income tax deduction	Ln 16 x 17	5.4645
19	Income after Uncollectible accounts and State income tax	Ln 4 - 18	94.0770
20	Section 199 Rate for Year 2013	Ln 8	<u>0.0900</u>
21	Section 199 deduction	Ln 19 x 20	8.4669
22	Income after Uncollectible accounts and Section 199 Deduction	Ln 4 - 21	91.0746
23	KY - State Income Tax Rate	Ln 5	<u>0.0600</u>
24	State income tax deduction/rate	Ln 22 x 23	5.4645
25	Income after Uncollectible accounts and State income tax	Ln 4 - 24	94.0770
26	Section 199 Rate for Year 2013	Ln 8	<u>0.0900</u>
27	Section 199 deduction	Ln 25 x 26	8.4669

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 10/30/2011	\$573,672,332	\$1,755,523	0.31%
2	12 Months ended 10/30/2012	\$509,958,763	\$1,192,529	0.23%
3	12 Months ended 10/30/2013	\$506,685,019	\$1,468,338	0.29%
4	Total	<u>\$1,590,316,113</u>	<u>\$4,416,390</u>	<u>0.83%</u>
5	Three Year Average	<u>\$530,105,371</u>	<u>\$1,472,130</u>	<u>0.28%</u>

Kentucky Power Company

REQUEST

Refer to ES Form 3.10, Costs Associated with Big Sandy, Line 16, Monthly Environmental AEP Pool Capacity Costs from ES Form 3.14, Page 1 of 11, Column 5, Line 10. For the May 2013 through October 2013 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

August 2013 is the only month during the review period that experienced a change of plus or minus 10 percent in the expenses levels. As explained below in greater detail, the subject change was in sludge disposal and lime consumption at the Gavin Plant, and urea and limestone consumption at the Mitchell Plant.

Gavin Sludge disposal-- July expenses for sludge disposal were lower than August sludge disposal expenses because the Company had accrued amounts for June that were higher than the actual amounts for June that were later paid in July.

Gavin lime consumption-- Gavin lime consumption in July 2013 was lower than normal because of forced outage in July. In addition, the difference in part may result from the imprecision in the measurement in the tanks.

Mitchell Urea and Limestone consumption-- Unit 1 was down for maintenance for most of July, tremendously depressing July consumption. August consumption of urea and limestone was in line with normal consumption amounts.

WITNESS: Amy J Elliott

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 2013 through October 2013 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

During the review period, there were three months with a plus or minus 10 percent change from the previous month's expenses.

The first change was from May to June. Most of the decrease in 2003 Plan Non-Fuel O & M expense from May to June can be explained by the nearly \$20,000 decrease in the urea expense for June as compared to May. Big Sandy received delivery and had some consumption of urea in the early portion of May but did not receive a delivery and consumed only a small amount of urea in June.

The next period was from June to July. During the month of June, Big Sandy had an increase in equipment maintenance expenses due to preventative maintenance on opacity monitor while unit was out of service for scheduled maintenance.

The third change occurred between August and September. Equipment maintenance expenses increased at Big Sandy in September due to forced outage.

WITNESS: Amy J Elliott

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 2013 through October 2013 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: Amy J. Elliott

Kentucky Power Company
 SO2 Emission Allowance Consumption
 05/01/2013-10/31/2013

Month	Year	Allowances	Average Cost Per Allowance	Expense	Dollar Change From Prior Month	Percentage Change
May	2013	2,462	\$ 89.79	\$ 221,050.67	\$ (377,100.27)	-63%
June	2013	1,866	\$ 89.79	\$ 167,538.81	\$ (53,511.86)	-24%
July	2013	3,542	\$ 89.79	\$ 318,018.47	\$ 150,479.66	90%
August	2013	3,434	\$ 89.79	\$ 308,321.69	\$ (9,696.78)	-3%
September	2013	3,008	\$ 89.79	\$ 270,073.28	\$ (38,248.41)	-12%
October	2013	1,660	\$ 89.79	\$ 149,043.10	\$ (121,030.18)	-45%

The weighted average inventory cost of the allowances was unchanged during this period. Therefore, expense level changes were due solely to differences in unit operation emitted tons. Unit operation is routinely impacted by such factors as weather, customer load requirements, unit availability, transmission constraints and market conditions.

Kentucky Power Company

REQUEST

Reference ES Form 3.11 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-b. Please see Attachment 1 to this response.

WITNESS: Amy J Elliott

Kentucky Power Company
SO2 Inventory
05/01/2013 - 10/31/2013

Note: Monthly average cost of allowances did not fluctuate.

	SO2 (2009 & prior vintage)			SO2 (2010 / 2011/ 2012/ 2013 vintage)		
	Quantity	Amount	Avg Unit Cost	Quantity	Amount	Avg Unit Cost
May-13						
Beginning Balance	-	\$ -	\$ -	94,997	\$ 8,529,352	\$ 89.79
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	\$ -	\$ -	94,997	\$ 8,529,352	\$ 89.79
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(2,462)	\$ (221,052)	\$ 89.79
Ending Balance	-	\$ -	\$ -	92,535	\$ 8,308,300	\$ 89.79
Jun-13						
Beginning Balance	-	\$ -	\$ -	92,535	\$ 8,308,300	\$ 89.79
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	\$ -	\$ -	92,535	\$ 8,308,300	\$ 89.79
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(1,866)	\$ (167,540)	\$ 89.79
Ending Balance	-	\$ -	\$ -	90,669	\$ 8,140,760	\$ 89.79
Jul-13						
Beginning Balance	-	\$ -	\$ -	90,669	\$ 8,140,760	\$ 89.79
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	\$ -	\$ -	90,669	\$ 8,140,760	\$ 89.79
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(3,542)	\$ (318,020)	\$ 89.79
Ending Balance	-	\$ -	\$ -	87,127	\$ 7,822,740	\$ 89.79
Aug-13						
Beginning Balance	-	\$ -	\$ -	87,127	\$ 7,822,740	\$ 89.79
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	\$ -	\$ -	87,127	\$ 7,822,740	\$ 89.79
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(3,434)	\$ (308,323)	\$ 89.79
Ending Balance	-	\$ -	\$ -	83,693	\$ 7,514,417	\$ 89.79
Sep-13						
Beginning Balance	-	\$ -	\$ -	83,693	\$ 7,514,417	\$ 89.79
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	\$ -	\$ -	83,693	\$ 7,514,417	\$ 89.79
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(3,008)	\$ (270,075)	\$ 89.79
Ending Balance	-	\$ -	\$ -	80,685	\$ 7,244,342	\$ 89.79
Oct-13						
Beginning Balance	-	\$ -	\$ -	80,685	\$ 7,244,342	\$ 89.79
Acquisitions	-	\$ -	\$ -	-	\$ -	\$ -
Subtotal	-	\$ -	\$ -	80,685	\$ 7,244,342	\$ 89.79
Issuances	-	\$ -	\$ -	-	\$ -	\$ -
Consumption	-	\$ -	\$ -	(1,660)	\$ (149,044)	\$ 89.79
Ending Balance	-	\$ -	\$ -	79,025	\$ 7,095,298	\$ 89.79

Kentucky Power Company
Annual NOx Inventory
05/01/2013 - 10/31/2013

Narratives

		AN (2013 & prior vintage)			
		Quantity	Amount	Avg Unit Cost	
May-13					
Beginning Balance		5,759	\$ 21,404	\$ 3.72	
Acquisitions		-	\$ -	\$ -	
Subtotal		5,759	21,404	\$ 3.72	
Issuances		-	\$ -	\$ -	
Consumption		(365)	\$ (1,357)	\$ 3.72	
Ending Balance		5,394	20,047	\$ 3.72	
Jun-13					
Beginning Balance		5,394	\$ 20,047	\$ 3.72	
Acquisitions		-	\$ -	\$ -	
Subtotal		5,394	20,047	\$ 3.72	
Issuances		-	\$ -	\$ -	
Consumption		(226)	\$ (840)	\$ 3.72	
Ending Balance		5,168	19,207	\$ 3.72	
Jui-13					
Beginning Balance		5,168	\$ 19,207	\$ 3.72	
Acquisitions		-	\$ -	\$ -	
Subtotal		5,168	19,207	\$ 3.72	
Issuances		-	\$ -	\$ -	
Consumption		(580)	\$ (2,156)	\$ 3.72	
Ending Balance		4,588	17,052	\$ 3.72	
Aug-13					
Beginning Balance		4,588	\$ 17,052	\$ 3.72	
Acquisitions		-	\$ -	\$ -	
Subtotal		4,588	17,052	\$ 3.72	
Issuances		(1,000)	\$ (3,717)	\$ -	Third Party Sale
Consumption		(509)	\$ (1,892)	\$ 3.72	
Ending Balance		3,079	11,443	\$ 3.72	
Sep-13					
Beginning Balance		3,079	\$ 11,443	\$ 3.72	
Acquisitions		-	\$ -	\$ -	
Subtotal		3,079	11,443	\$ 3.72	
Issuances		-	\$ -	\$ -	
Consumption		(435)	\$ (1,617)	\$ 3.72	
Ending Balance		2,644	9,827	\$ 3.72	
Oct-13					
Beginning Balance		2,644	\$ 9,827	\$ 3.72	
Acquisitions		88	\$ -	\$ -	EPA Issuance
Subtotal		2,732	9,827	\$ 3.60	
Issuances		-	\$ -	\$ -	
Consumption		(270)	\$ (971)	\$ 3.60	
Ending Balance		2,462	8,856	\$ 3.60	

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. Provide all calculations in electronic spreadsheet format with all formulas intact and unprotected and all rows and columns accessible.

RESPONSE

The average residential customer's monthly usage for the period May 2013 through October 2013 was 1,103 kWh. Based on this usage, using the December 2013 (October 2013 expense month) surcharge factors, and assuming that the \$14,326 credit had been applied during the month of October 2013, there would be a \$0.05 decrease as compared to current December 2013 billing.

Please see Attachments 1 and 2 on the enclosed CD for the calculations.

WITNESS: Amy J Elliott