

Incentive Compensation
Kentucky Power
For Test Year Ended Setember 30, 2014

Per Books - 12 Months Ended September 30, 2014

	<u>Total Company</u>	<u>T&D</u>	<u>Generation</u>
KPCo Incentive Compensation (a)	\$ 3,579,033	\$ 1,623,529	\$ 1,955,504
Affiliate ICP (b)	99,763	73,092	26,671
AEPSC (b)	3,510,392	1,785,181	1,725,211
	<u>\$ 7,189,188</u>	<u>\$ 3,481,802</u>	<u>\$ 3,707,386</u>

(a) - Provided in AG 1-369

(b) - Provided in Staff 2-112

Calculation of ICP related to Big Sandy and Mitchell Company Proposed Adjustments

	<u>Generation</u>	<u>Big Sandy</u>	<u>KY Mitchell (c)</u>	<u>AGR Mitchell</u>
KPCo Incentive Compensation	\$ 1,955,504	\$ 1,271,179	\$ 684,325	
Affiliate ICP	26,671	23,537	3,134	
AEPSC	1,725,211	892,521	416,345	416,345
Total	<u>\$ 3,707,386</u>	<u>\$ 2,187,237</u>	<u>\$ 1,103,804</u>	<u>\$ 416,345</u>
Annualize Mitchell			\$ 1,471,739	

(c) - See Page 2 - 6 for the ICP billings for direct, affiliate and AEPSC charges.

AG Proposed Adjustment

Total Company	7,189,188
75% Disallowance	0.75
	(5,391,891)
75% of Company Adjustment	737,506
	(4,654,385)
Jurisdictional Factor	0.99
AG Proposed ICP Adjustment	<u>\$ (4,607,841)</u>

Company Calculation Using Ag's Proposed Method

Big Sandy Removed from Base Case	\$ -
Mitchell Annualized	1,471,739
T&D Per Books	3,481,802
Section V Exhibit 2 Page 25 ADJ	(983,341)
ICP in Cost of Service	<u>\$ 3,970,200</u>
75% Disallowance Proposed by AG	(2,977,650)
Jurisdictional Factor	0.99
Revised AG Adjustment	<u>\$ (2,947,874)</u>
	<u><u>\$ 1,659,967</u></u>

Difference

Direct ICP Billed to Kentucky Power Company Billable for Mitchell
9 Months Ended September 30, 2014

Account	From Ben Loc	Direct	60/40 Split Between Big	
		ICP Charge	Sandy and Mitchell	50% Share Billed to AGR
5000000	1267	16,335.79		8,167.90
5010027	1267	50,905.00		25,452.50
5020000	1257	52,544.71		26,272.36
5020000	1267	75,736.87		37,868.44
5020000	1311	22,454.98		11,227.49
5020002	1267	48.55		24.28
5020003	1267	86.01		43.01
5020004	1267	36,495.07		18,247.54
5020005	1267	15,370.44		7,685.22
5060000	1267	272,041.85		136,020.93
5060000	1469	221.54	132.92	66.46
5100000	1267	198,957.33		99,478.66
5100000	1581	(308.84)	(185.30)	(92.65)
5110000	1257	4,998.15		2,499.08
5110000	1267	9,417.28		4,708.64
5110000	1311	3,699.08		1,849.54
5120000	1257	194,274.69		97,137.34
5120000	1267	167,880.70		83,940.35
5120000	1311	105,145.34		52,572.67
5130000	1257	20,191.07		10,095.54
5130000	1267	47,527.56		23,763.78
5130000	1311	44,476.27		22,238.14
5140000	1257	4,079.27		2,039.64
5140000	1267	25,251.00		12,625.50
	1311	786.34		393.17
Grand Total		1,368,616.05	(52.38)	684,325.49

Affiliate ICP Billed to Kentucky Power Company Billable for Mitchell
9 Months Ended September 30, 2014

Account	From Ben Loc	Affiliate ICP Charge	60/40 Split Between Big Sandy and Mitchell	50% Share Billed to AGR
5000000	1022	14.61	8.77	4.38
5010027	1267	1,005.77		502.89
5060000	1267	4,135.62		2,067.81
5060000	1469	378.46	227.08	113.54
5100000	1140	(0.69)	(0.41)	(0.21)
5100000	1581	(377.27)	(226.36)	(113.18)
5120000	1257	42.81		21.41
5120000	1311	2.70		1.35
9200000	1060	657.28	394.37	197.18
9200000	1062	476.52	285.91	142.96
9200000	1176	8.84	5.30	2.65
9200000	1267	156.49		78.25
9210001	1060	14.49	8.69	4.35
9230001	1060	3.72	2.23	1.12
9350012	1267	79.98		39.99
9350013	1267	106.08		53.04
9350023	1267	32.99		16.50
Grand Total		6,738.40	705.58	3,134.01

AEPSC ICP Billed to Kentucky Power Company Billable to Mitchell Plant
9 Months Ended September 30, 2014

Account	From Ben Loc	60/40 Split Between Big		50% Share Billed to AGR
		AEPSC Charge	Sandy and Mitchell	
5000000	1006	87,016.87	52,210.12	26,105.06
	1022	6,722.54	4,033.53	2,016.76
	1060	49.20	29.52	14.76
	1140	8,512.28	5,107.37	2,553.68
	1176	21,723.25	13,033.95	6,516.97
	1241	54.39	32.63	16.32
	1257	704.53		352.26
	1267	96,746.80		48,373.40
	1311	60.66		30.33
	1469	138,731.03	83,238.62	41,619.31
	1581	395.77	237.46	118.73
	1850	32.95	19.77	9.88
	1860	2,399.96	1,439.98	719.99
	1862	6,649.27	3,989.56	1,994.78
5000000 Total		369,799.48	163,372.49	130,442.24
5010000	1006	761.39	456.84	228.42
	1060	8.08	4.85	2.42
	1257	(466.11)		(233.06)
	1267	2,026.65		1,013.33
	1311	(466.11)		(233.06)
	1469	982.15	589.29	294.64
	1846	118.84	71.30	35.65
5010000 Total		2,964.88	1,122.27	1,108.35
5010027	1267	1,154.12		577.06
		1,154.12		577.06
5020002	1267	767.66		383.83
	1730	1,332.92	799.75	399.88
5020002 Total		2,100.58	799.75	783.71
5020003	1267	246.19		123.09
5020003 Total		246.19		123.09
5020004	1267	2,087.81		1,043.91
5020004 Total		2,087.81		1,043.91
5020007	1267	914.05		457.02
5020007 Total		914.05		457.02
5060000	1006	1,763.95	1,058.37	529.19
	1022	1,566.77	940.06	470.03
	1060	51.81	31.09	15.54
	1241	180.80	108.48	54.24
	1267	8,793.07		4,396.54
	1469	(4,626.43)	(2,775.86)	(1,387.93)
	1860	12.17	7.30	3.65
5060000 Total		7,742.13	(630.56)	4,081.25
5100000	1006	2,067.42	1,240.45	620.23
	1022	432.33	259.40	129.70
	1060	80.97	48.58	24.29
	1140	1.47	0.88	0.44
	1176	3,350.12	2,010.07	1,005.04
	1267	12,516.58		6,258.29
	1311	85.72		42.86
	1469	6,023.04	3,613.83	1,806.91
	1552	1,437.65	862.59	431.30
	1581	(1,050.51)	(630.31)	(315.15)

AEPSC ICP Billed to Kentucky Power Company Billable to Mitchell Plant
9 Months Ended September 30, 2014

Account	From Ben Loc	60/40 Split Between Big		50% Share Billed to AGR
		AEPSC Charge	Sandy and Mitchell	
	1736	73.09	43.85	21.93
	1846	1,476.68	886.01	443.00
	1850	4.46	2.67	1.34
	1860	702.50	421.50	210.75
	1862	13.15	7.89	3.94
5100000 Total		27,214.66	8,767.42	10,684.86
5110000	1257	18,270.22		9,135.11
	1267	27,991.58		13,995.79
	1311	2,430.38		1,215.19
	1469	25.25	15.15	7.58
5110000 Total		48,717.43	15.15	24,353.66
5120000	1257	17,627.82		8,813.91
	1267	58,743.82		29,371.91
	1311	19,967.87		9,983.94
5120000 Total		96,339.52		48,169.76
5130000	1257	36,645.78		18,322.89
	1267	50.99		25.49
	1311	4,797.50		2,398.75
5130000 Total		41,494.27		20,747.13
5140000	1257	467.11		233.55
	1267	1,946.88		973.44
	1311	1,685.54		842.77
5140000 Total		4,099.52		2,049.76
9200000	1002	3,387.76	2,032.65	1,016.33
	1006	26,465.54	15,879.32	7,939.66
	1021	2,222.87	1,333.72	666.86
	1022	163.77	98.26	49.13
	1056	91.01	54.60	27.30
	1060	253,307.18	151,984.31	75,992.15
	1061	15,680.98	9,408.59	4,704.29
	1062	27,937.31	16,762.39	8,381.19
	1140	523.77	314.26	157.13
	1171	3,583.54	2,150.13	1,075.06
	1176	10,799.41	6,479.65	3,239.82
	1220	1,690.23	1,014.14	507.07
	1241	50,748.78	30,449.27	15,224.63
	1257	(75.54)		(37.77)
	1267	39,534.27		19,767.14
	1443	2,477.76	1,486.66	743.33
	1469	43,391.63	26,034.98	13,017.49
	1552	182.46	109.48	54.74
	1570	85.59	51.36	25.68
	1595	14,280.58	8,568.35	4,284.17
	1824	25.33	15.20	7.60
	1846	21,165.42	12,699.25	6,349.63
	1850	1,758.49	1,055.10	527.55
	1856	3,574.37	2,144.62	1,072.31
	1862	24.50	14.70	7.35
9200000 Total		523,027.03	290,140.98	164,799.86
9210001	1060	4.94	2.96	1.48
9210001 Total		4.94	2.96	1.48
9230001	1006	1,249.12	749.47	374.74

AEPSC ICP Billed to Kentucky Power Company Billable to Mitchell Plant
9 Months Ended September 30, 2014

Account	From Ben Loc	60/40 Split Between Big		50% Share Billed to AGR
		AEPSC Charge	Sandy and Mitchell	
	1060	2,416.62	1,449.97	724.99
	1062	111.87	67.12	33.56
	1171	0.67	0.40	0.20
	1176	71.22	42.73	21.37
	1469	179.95	107.97	53.98
	1595	77.70	46.62	23.31
	1850	190.78	114.47	57.23
	1856	1,480.44	888.26	444.13
9230001 Total		5,778.37	3,467.02	1,733.51
9230003	1469	595.61	357.37	178.68
9230003 Total		595.61	357.37	178.68
9250002	1060	244.02	146.41	73.21
9250002 Total		244.02	146.41	73.21
9260001	1060	1,432.72	859.63	429.82
	1062	280.11	168.07	84.03
9260001 Total		1,712.84	1,027.70	513.85
9280000	1241	2,293.54	1,376.13	688.06
9280000 Total		2,293.54	1,376.13	688.06
9280002	1241	3,041.36	1,824.82	912.41
	1846	4,171.39	2,502.83	1,251.42
9280002 Total		7,212.75	4,327.65	2,163.83
9302003	1060	385.20	231.12	115.56
	1267	2,131.08		1,065.54
9302003 Total		2,516.29	231.12	1,181.10
9302458	1469	(0.01)	(0.01)	(0.00)
9302458 Total		(0.01)	(0.01)	(0.00)
9350003	1469	114.97	68.98	34.49
9350003 Total		114.97	68.98	34.49
9350013	1002	66.60	39.96	19.98
	1060	205.75	123.45	61.73
	1267	547.62		273.81
9350013 Total		819.97	163.41	355.52
Grand Total		1,149,194.98	474,756.26	416,345.40