

**KENTUCKY POWER COMPANY  
ANALYSIS OF KIUC PROPOSED  
REVENUE ADJUSTMENTS**

	Increase <Decrease> in Revenues		Generation Only					
	Per Company	KIUC Adjustments	Total Company	Generation Related Revenues	Addback: \$199 Related Revenue Adj	Adjusted Generation Revenues	Less: Generation Expense	Generation Related Book Earnings
Base Rates	(4,696,000)	(31,006,000)	(35,702,000)	(11,553,000)	(1,147,000)	(10,406,000)	-	(10,406,000)
Transmission Adjustment - Base Rates	(127,000)	127,000	-	-	-	-	-	-
Big Sandy Retirement Rider	21,856,000	(8,574,000)	13,282,000	13,282,000	(409,000)	13,691,000	8,533,000	5,158,000
Big Sandy Unit 1 Operations Rider	18,245,000	-	18,245,000	18,245,000	-	18,245,000	18,245,000	-
Mitchell FGD Environmental Surcharge	34,391,000	(3,742,000)	30,649,000	30,649,000	(591,000)	31,240,000	14,879,000	16,361,000
Kentucky Development Surcharge	308,000	-	308,000	-	-	-	-	-
Total Revenue Increase Recommended	<u>69,977,000</u>	<u>(43,195,000)</u>	<u>26,782,000</u>	<u>50,623,000</u>	<u>(2,147,000)</u>	<u>52,770,000</u>	<u>41,657,000</u>	<u>11,113,000</u>

See Note 1  
See Note 2  
See Note 3

Increase <Decrease> Revenues by Function	
Generation	(14,378,000)
Transmission	1,645,000
Distribution	8,037,000
Total Base Rate Increase <Decrease>	<u>(4,696,000)</u>

**Note (1) - Return on Big Sandy Retirement Rider Computed as shown below:**

Year 1 Carrying Charges	11,918,109
KIUC Exhibit LK-18 - P. 7	0.986
Kentucky Jurisdictional Factor	43.89%
KIUC Common Equity Ratio	<u>5,158,000</u>

Note (2) - There is No Return on the Big Sandy Unit 1 Operations Rider

Note (3) - Mitchell FGD Environmental Surcharge Rider Expenses are from Section V, Exhibit 2, Page 35