

**Jerri-Lynn Ruggiero**

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**From:** Jeanna M Overstreet  
**Sent:** Monday, July 11, 2016 7:43 AM  
**To:** Sheila L Balster  
**Cc:** Jennifer C Mohler; Jerri-Lynn Ruggiero  
**Subject:** Storm Costs Deferral 6/30/16  
**Attachments:** Storm Costs Deferral-06-30-16 adjusted view.xls

Please see attached Storm Cost Deferral for companies Kentucky Power and Indianan Michigan as of 06/30/16.

Thanks,

*Jeanna Overstreet*

American Electric Power  
Regulated Accounting - East 1RP-26<sup>th</sup> Flr  
Ph: 614\716-2714 audl: 200-2714  
[jmoverstreet@aep.com](mailto:jmoverstreet@aep.com)

**Deferred and Non-Deferred Storm  
 As of June 30, 2016**

**Deferred Storm Expense**

	<b>KyPCo</b>
<b>Balance at December 31, 2013</b>	<b>19.2</b>
Deferral	-
Amortization <sup>(1)</sup>	(4.7)
(Over)/Under <sup>(2)</sup>	-
Adjustments <sup>(3)</sup>	-
<b>Balance at December 31, 2014</b>	<b>14.5</b>
Deferral	4.4
Amortization <sup>(1)</sup>	(3.6)
(Over)/Under <sup>(2)</sup>	-
Adjustments	-
<b>Balance at December 31, 2015</b>	<b>15.3</b>
Deferral	0.4
Amortization <sup>(1)</sup>	(0.6)
(Over)/Under <sup>(2)</sup>	-
Adjustments	-
<b>Balance at March 31, 2016</b>	<b>15.1</b>
Deferral	-
Amortization <sup>(1)</sup>	(0.6)
(Over)/Under <sup>(2)</sup>	-
Adjustments	-
<b>Balance at June 30, 2016</b>	<b>14.5</b>
<b>Not Currently Being Recovered</b>	<b>4.8</b>

(1): Relates to recovery of deferred storm costs approved in previous regulatory proceedings.

**Non-Deferred Storm Expense**

**For 6 Months Ended June 30, 2016**

	<b>KyPCo</b>
<b>Total Storm Costs, Capital and O&amp;M</b>	<b>3.9</b>
<b>Capital &amp; Removal</b>	
Distribution	1.7
Transmission	-
<b>Total Capital &amp; Removal</b>	<b>1.7</b>
<b>O&amp;M</b>	
Distribution	2.2
Transmission	-
<b>Total Storm O&amp;M</b>	<b>2.2</b>

**Jerri-Lynn Ruggiero**

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**From:** Jerri-Lynn Ruggiero  
**Sent:** Friday, July 15, 2016 3:09 PM  
**To:** Clolsen@deloitte.com; gfackler@deloitte.com; Robinson, Levi (US - Columbus); Murphy, Tanner (US - Columbus)  
**Cc:** Scott Travis (fstravis@aep.com); Jon D Holtzmuller  
**Subject:** 2Q2016 Deoitte Analyticals  
**Attachments:** Q2 2016 Deloitte Analytic Requests.xlsx

Following our discussion yesterday, I have investigated the posed questions and determined the following:

**I&M Income Statement – Section A Gross Margin -**

- Weather-normalized margins are the margins with the effect of weather fluctuations removed. There are three components: weather fluctuations, usage and price, and weather –normalized margin combines the effect of usage and price.
- I have requested assistance from Rod Griffin/Carol Myser to determine the business driver behind the \$8M decrease in Network Integration Transmission Service Revenues. I will forward response upon receipt.

**KPCo Balance Sheet – Section F Regulatory Assets /Storm Expense–** The original deferral of both the March and July 2015 thunderstorms of \$4.4M was recorded in July 2015. In March 2016, at the direction of KPCo Regulatory, a true-up adjustment of \$381K was recorded, increasing the deferral for additional costs associated with the July 2015 storm.

In addition I have enhanced the Advances from Affiliates explanation for AEGCo for all three presented periods (highlighted in blue) for your review.

Please let me know if you have further questions. Thank you.

Jerri Ruggiero, CPA  
American Electric Power, Inc.  
Regulated Accounting  
Phone: (614) 716-2674  
Fax: (614) 716-1997  
Audinet: 200-2674

**Jerri-Lynn Ruggiero**

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**From:** Jennifer C Mohler  
**Sent:** Thursday, March 31, 2016 9:09 AM  
**To:** Jeanna M Overstreet; Jerri-Lynn Ruggiero; Jon D Holtzmuller  
**Subject:** FW: KY Storm Deferral  
**Attachments:** 2015 Major Storm Cost Estimate for Deferral\_021216.xlsx; 2015\_Increm O&M Exp Calculation\_Major Events\_Storm 2 & 7\_FOR DEFERAL.xlsx

Jeanna – Please adjust KPCo deferral in 1823078 as we discussed. You will also need to prepare a SAB108 entry.

Jerri and Jon – The \$4.4M deferral related to the July 2015 Thunder storm will be increased to \$4.8M this month. The \$4.4M was recorded as an estimate back in 3Q15.

Thanks,  
Jenny

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**From:** Ranie K Wohnhas  
**Sent:** Thursday, March 31, 2016 9:03 AM  
**To:** Jennifer C Mohler  
**Subject:** RE: KY Storm Deferral

Attached is two files, one that is similar to what we provided earlier and one is the details. As you can see the amount we will ask for as a deferral increased to \$4.76M. I can discuss the changes if you so choose and we had planned to file for that deferral by the end of March, however, there are a couple of reasons for a slight delay and our plan is now to file around mid April. Again, call if you would like to discuss further.

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**From:** Jennifer C Mohler  
**Sent:** Thursday, March 31, 2016 8:16 AM  
**To:** Ranie K Wohnhas  
**Subject:** FW: KY Storm Deferral

Follow up to my email earlier.....this is the spreadsheet we used to defer the \$4.4M in storm costs into 1823078.

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**From:** Bradley M Funk  
**Sent:** Thursday, July 30, 2015 2:22 PM  
**To:** Jerri-Lynn Ruggiero; Jennifer C Mohler  
**Subject:** FW: KY Storm Deferral

There will be a storm deferral that we need to record in July business. We'll talk more on Monday about this.

One thing we need to make sure we do is verify that the storm costs for the July storm actually get accrued.

Thanks,

Brad

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**From:** Ranie K Wohnhas  
**Sent:** Thursday, July 30, 2015 2:05 PM  
**To:** Thomas E Mitchell; Jeffrey L Brubaker; Scott Travis; Bradley M Funk

**Cc:** Lloyd E Keyser  
**Subject:** KY Storm Deferral

Guys,

Attached is our best estimate at this point and time as to the amount of deferral to book as of the end of July. The first storm is all actuals and as you know there are mostly estimates for the second storm. We can update our numbers each month as actuals come in and let you guys decide if the deferral needs to change monthly or at the end of 3<sup>rd</sup> quarter.

Any questions you can call me on my cell phone for the rest of today or tomorrow.

Kentucky Power Company  
 Major Storm Cost Deferral  
 Period Ending 12/31/15

	3/4/15 Snow Storm	7/13/15 Thunderstorm	Total Deferral
Total Major Storm Cost	\$ 1,450,406	\$ 7,744,052	
Less:			
ST Labor	84,723	132,045	
ST Fringes and Overheads	104,196	167,598	
Fleet	124,039	195,991	
DHE Internal Labor	44,149	116,294	
Incremental Major Storm Cost	\$ 1,093,299	\$ 7,132,124	
O&M Percentage	67.75%	73.78%	
Incremental O&M Major Storm Cost	\$ 740,679	\$ 5,261,860	\$ 6,002,539
Less:			
Major O&M Storm Cost in Base Rates			1,243,763
Major O&M Storm Cost exceeding Base Rates			\$ 4,758,776

**Kentucky Power  
 Major Event Cost Recap**

Snow Storm: 03/04/2015

**Detailed Restoration Costs**

**03/04/15 SNOW STORM TOTAL COST**

**03/04/15 SNOW STORM INCREMENTAL COST**

	A	B	C	D	A+B+C+D	A	B	C	D	A+B+C+D
	Capitalized (Capital)	Accumulated Depreciation (Removal)	Expensed (O&M)	Unallocated	Total Cost to Restore	Capitalized (Capital)	Accumulated Depreciation (Removal)	Expensed (O&M)	Unallocated	Total Cost to Restore
<b>In House Costs</b>										
<b>Salary &amp; Wages</b>										
Regular Time	\$ 8,477	\$ 4,237	\$ 72,014	\$ -	\$ 84,723	\$ 216.0	\$ -	\$ -	\$ -	\$ 215.7
Overtime	\$ 33,189	\$ 16,563	\$ 280,705	\$ -	\$ 330,457	\$ 690.8	\$ 16,563	\$ 280,705	\$ -	\$ 330,457
ST Fringes	\$ 2,807	\$ 1,404	\$ 1,734	\$ -	\$ 5,945	\$ -	\$ -	\$ -	\$ -	\$ -
OT Fringes	\$ 3,750	\$ 1,872	\$ 17,120	\$ -	\$ 22,742	\$ 3,750	\$ 1,872	\$ 17,120	\$ -	\$ 22,742
Other Labor Fringes	\$ 799	\$ 399	\$ 3,698	\$ -	\$ 4,896	\$ -	\$ -	\$ -	\$ -	\$ -
Incentives	\$ 6,455	\$ 3,179	\$ 55,151	\$ -	\$ 64,785	\$ -	\$ -	\$ -	\$ -	\$ -
Construction/Retirement	\$ 100,907	\$ 13,539	\$ -	\$ -	\$ 114,446	\$ 100,907	\$ 13,539	\$ -	\$ -	\$ 114,446
All Other Overheads	\$ 2,452	\$ 1,206	\$ 24,912	\$ -	\$ 28,570	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Salary &amp; Wages</b>	\$ 158,831	\$ 47,399	\$ 455,334	\$ -	\$ 656,564	\$ 137,846	\$ 31,974	\$ 297,825	\$ -	\$ 467,645
<b>Transportation</b>										
Fleet	\$ 13,064	\$ 6,221	\$ 115,323	\$ -	\$ 134,608	\$ 4,385	\$ (696)	\$ 6,881	\$ -	\$ 10,569
<b>Total Transportation</b>	\$ 13,064	\$ 6,221	\$ 115,323	\$ -	\$ 134,608	\$ 4,385	\$ (696)	\$ 6,881	\$ -	\$ 10,569
<b>Other Cost Category</b>										
Cell Phone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lump Sum Prints	\$ 560	\$ 280	\$ 4,759	\$ -	\$ 5,599	\$ 560	\$ 280	\$ 4,759	\$ -	\$ 5,599
External Communications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Expenses	\$ 2,700	\$ 1,328	\$ 22,693	\$ -	\$ 26,721	\$ 2,700	\$ 1,328	\$ 22,693	\$ -	\$ 26,721
Misc	\$ 270	\$ 125	\$ 2,441	\$ -	\$ 2,836	\$ 270	\$ 125	\$ 2,441	\$ -	\$ 2,836
<b>Total Other Cost Category</b>	\$ 3,530	\$ 1,733	\$ 29,893	\$ -	\$ 35,156	\$ 3,530	\$ 1,733	\$ 29,893	\$ -	\$ 35,156
<b>Materials &amp; Supplies</b>										
Poles	\$ 7,841	\$ -	\$ -	\$ -	\$ 7,841	\$ 7,841	\$ -	\$ -	\$ -	\$ 7,841
Cross arms	\$ 853	\$ -	\$ -	\$ -	\$ 853	\$ 853	\$ -	\$ -	\$ -	\$ 853
Wire	\$ 9,565	\$ -	\$ -	\$ -	\$ 9,565	\$ 9,565	\$ -	\$ -	\$ -	\$ 9,565
Cutouts	\$ 3,895	\$ -	\$ -	\$ -	\$ 3,895	\$ 3,895	\$ -	\$ -	\$ -	\$ 3,895
Splices	\$ 4,945	\$ -	\$ -	\$ -	\$ 4,945	\$ 4,945	\$ -	\$ -	\$ -	\$ 4,945
Other	\$ 10,920	\$ -	\$ -	\$ -	\$ 10,920	\$ 10,920	\$ -	\$ -	\$ -	\$ 10,920
<b>Total Materials &amp; Supplies</b>	\$ 37,954	\$ -	\$ -	\$ -	\$ 37,954	\$ 37,954	\$ -	\$ -	\$ -	\$ 37,954
<b>Line Transformers</b>										
Services	\$ 6,601	\$ -	\$ -	\$ -	\$ 6,601	\$ 6,601	\$ -	\$ -	\$ -	\$ 6,601
Meters	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting & Signal Systems	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Line Transformers</b>	\$ 6,601	\$ -	\$ -	\$ -	\$ 6,601	\$ 6,601	\$ -	\$ -	\$ -	\$ 6,601
<b>Other</b>										
Total Materials	\$ (5,425)	\$ (1,019)	\$ 15,822	\$ -	\$ 9,378	\$ (5,425)	\$ (1,019)	\$ 15,822	\$ -	\$ 9,378
<b>Total Materials</b>	\$ 39,195	\$ (1,019)	\$ 15,822	\$ -	\$ 53,998	\$ 39,195	\$ (1,019)	\$ 15,822	\$ -	\$ 53,998
<b>Cost of Providing Temporary Electric Svc</b>										
<b>TOTAL IN HOUSE COSTS</b>	\$ 214,620	\$ 49,334	\$ 616,372	\$ -	\$ 880,326	\$ 184,956	\$ 31,992	\$ 350,421	\$ -	\$ 567,369

**Kentucky Power**  
**Major Event Cost Recap**  
 Snow Storm: 03/04/2015  
 Detailed Restoration Costs

		03/04/15 SNOW STORM TOTAL COST					03/04/15 SNOW STORM INCREMENTAL COST				
		A	B	C	D	A+B+C+D	A	B	C	D	A+B+C+D
		Capitalized (Capital)	Accumulated Depreciation (Removal)	Expensed (O&M)	Unallocated	Total Cost to Restore	Capitalized (Capital)	Accumulated Depreciation (Removal)	Expensed (O&M)	Unallocated	Total Cost to Restore
Outside Contracted Services											
	Asplundh Tree Expert	Dollars \$	0.0	137,123	0.0	137,123	0.0	0.0	137,123	0.0	137,123
		Hours	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	D.H. Elliot	Dollars \$	104,405	(16,583)	163,856	251,679	86,091	(13,674)	135,113	0.0	207,530
		Hours	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
	Area Wide Protective	Dollars \$	7,385	(1,173)	11,591	17,803	7,385	(1,173)	11,591	0.0	17,803
		Hours	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
	Davey Resource Group	Dollars \$	737	(117)	1,156	1,776	737	(117)	1,156	0.0	1,776
		Hours	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
	Bowlin Energy LLC	Dollars \$	48,988	(7,781)	76,882	118,089	48,988	(7,781)	76,882	0.0	118,089
		Hours	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
	Other Contractor	Dollars \$	18,091	(2,873)	28,392	43,610	18,091	(2,873)	28,392	0.0	43,610
		Hours	0	0	0	0.0	0	0	0	0	0.0
	<b>TOTAL OUTSIDE CONTRACTED SERVICES</b>	Dollars \$	179,606	(29,527)	419,001	570,080	161,292	(25,618)	390,258	0	525,931
		Hours	0	0	0	0.0	0	0	0	0	0.0
	<b>Total Restoration Costs</b>	Dollars \$	394,226	20,807	1,035,373	1,450,406	346,247	6,274	740,679	0	1,093,299





**Kentucky Power**

**Major Event Cost Recap**

Thunderstorm: 07/13/2015

**Detailed Restoration Costs**

**07/13/15 THUNDERSTORM TOTAL COST**

**07/13/15 THUNDERSTORM INCREMENTAL COST**

		A	B	C	D	A+B+C+D	A	B	C	D	A+B+C+D
		Capitalized	Accumulated	Expensed	Unallocated	Total Cost	Capitalized	Accumulated	Expensed	Unallocated	Total Cost
		(Capital)	Depreciation	(O&M)		to Restore	(Capital)	(Removal)	(O&M)		to Restore
<b>Outside Contracted Services</b>											
Asplundh Tree Expert											
Dollars		\$ -	\$ -	\$ 750,586	\$ -	\$ 750,586	\$ -	\$ -	\$ 750,586	\$ -	\$ 750,586
Hours		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D.H. Elliot											
Dollars		\$ 178,302	\$ 7,348	\$ 556,884	\$ -	\$ 742,535	\$ 150,377	\$ 6,198	\$ 469,666	\$ -	\$ 626,241
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Davey Resource Group											
Dollars		\$ 1,430	\$ 59	\$ 4,468	\$ -	\$ 5,957	\$ 1,430	\$ 59	\$ 4,468	\$ -	\$ 5,957
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Area Wide Protective											
Dollars		\$ 17,888	\$ 737	\$ 55,870	\$ -	\$ 74,496	\$ 17,888	\$ 737	\$ 55,870	\$ -	\$ 74,496
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Associated Diversified Services Inc											
Dollars		\$ 53,558	\$ 2,207	\$ 167,276	\$ -	\$ 223,042	\$ 53,558	\$ 2,207	\$ 167,276	\$ -	\$ 223,042
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Detroit Edison											
Dollars		\$ 145,916	\$ 6,014	\$ 455,733	\$ -	\$ 607,662	\$ 145,916	\$ 6,014	\$ 455,733	\$ -	\$ 607,662
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Harlan Electric Co											
Dollars		\$ 32,045	\$ 1,321	\$ 100,085	\$ -	\$ 133,451	\$ 32,045	\$ 1,321	\$ 100,085	\$ -	\$ 133,451
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Illuminating Company											
Dollars		\$ 36,078	\$ 1,487	\$ 112,680	\$ -	\$ 150,245	\$ 36,078	\$ 1,487	\$ 112,680	\$ -	\$ 150,245
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
JF Electric											
Dollars		\$ 32,513	\$ 1,340	\$ 101,548	\$ -	\$ 135,401	\$ 32,513	\$ 1,340	\$ 101,548	\$ -	\$ 135,401
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New River Electrical Corp											
Dollars		\$ 28,789	\$ 1,186	\$ 89,915	\$ -	\$ 119,890	\$ 28,789	\$ 1,186	\$ 89,915	\$ -	\$ 119,890
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NG Gilbert											
Dollars		\$ 75,306	\$ 3,104	\$ 235,202	\$ -	\$ 313,612	\$ 75,306	\$ 3,104	\$ 235,202	\$ -	\$ 313,612
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pike Electric											
Dollars		\$ 24,165	\$ 996	\$ 75,472	\$ -	\$ 100,633	\$ 24,165	\$ 996	\$ 75,472	\$ -	\$ 100,633
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PPL Electric Utilities Corp											
Dollars		\$ 80,275	\$ 3,308	\$ 250,720	\$ -	\$ 334,303	\$ 80,275	\$ 3,308	\$ 250,720	\$ -	\$ 334,303
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Quality Lines Inc											
Dollars		\$ 81,898	\$ 3,375	\$ 255,790	\$ -	\$ 341,064	\$ 81,898	\$ 3,375	\$ 255,790	\$ -	\$ 341,064
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Summit Utilities											
Dollars		\$ 146,283	\$ 6,029	\$ 456,879	\$ -	\$ 609,191	\$ 146,283	\$ 6,029	\$ 456,879	\$ -	\$ 609,191
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
T&D Solutions LTD											
Dollars		\$ 70,754	\$ 2,916	\$ 220,985	\$ -	\$ 294,655	\$ 70,754	\$ 2,916	\$ 220,985	\$ -	\$ 294,655
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Thayer Power											
Dollars		\$ 47,747	\$ 1,968	\$ 149,126	\$ -	\$ 199,841	\$ 47,747	\$ 1,968	\$ 149,126	\$ -	\$ 199,841
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Utility Lines Construction Services											
Dollars		\$ 21,046	\$ 867	\$ 65,731	\$ -	\$ 87,644	\$ 21,046	\$ 867	\$ 65,731	\$ -	\$ 87,644
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vaughn Industries											
Dollars		\$ 21,815	\$ 899	\$ 68,135	\$ -	\$ 90,850	\$ 21,815	\$ 899	\$ 68,135	\$ -	\$ 90,850
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
William E Groves Construction Inc											
Dollars		\$ 81,790	\$ 3,371	\$ 255,453	\$ -	\$ 340,614	\$ 81,790	\$ 3,371	\$ 255,453	\$ -	\$ 340,614
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wright Tree Service											
Dollars		\$ 7,555	\$ 311	\$ 23,596	\$ -	\$ 31,462	\$ 7,555	\$ 311	\$ 23,596	\$ -	\$ 31,462
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Contractor											
Dollars		\$ 22,781	\$ 939	\$ 71,151	\$ -	\$ 94,871	\$ 22,781	\$ 939	\$ 71,151	\$ -	\$ 94,871
Hours		0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**Kentucky Power**  
**Major Event Cost Recap**  
 Thunderstorm: 07/13/2015  
 Detailed Restoration Costs

		07/13/15 THUNDERSTORM TOTAL COST				07/13/15 THUNDERSTORM INCREMENTAL COST					
		A	B	C	D	A+B+C+D	A	B	C	D	A+B+C+D
		Capitalized	Accumulated	Expensed	Unallocated	Total Cost	Capitalized	Accumulated	Expensed	Unallocated	Total Cost
		(Capital)	Depreciation	(O&M)		to Restore	(Capital)	Depreciation	(O&M)		to Restore
			(Removal)					(Removal)			
Dollars		\$ 1,207,936	\$ 49,783	\$ 4,523,266	\$ 0	\$ 5,781,005	\$ 1,180,011	\$ 48,632	\$ 4,436,068	\$ 0	\$ 5,664,711
Hours		0	0	0	0	0.0	0	0	0	0	0.0
<b>TOTAL OUTSIDE CONTRACTED SERVICES</b>		\$ 1,859,052	\$ 78,509	\$ 5,806,491	\$ 0	\$ 7,744,052	\$ 1,797,067	\$ 73,197	\$ 5,261,860	\$ 0	\$ 7,132,124
<b>Total Restoration Costs</b>											

**Jerri-Lynn Ruggiero**

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**From:** Ranie K Wohnhas  
**Sent:** Wednesday, December 16, 2015 1:25 PM  
**To:** Jennifer C Mohler  
**Cc:** Jeanna M Overstreet; Jerri-Lynn Ruggiero; Lloyd E Keyser  
**Subject:** RE: KY Storm Deferral

We just received the last IOU bill for the July storm and are currently reviewing it for accuracy and thus hope to have it included in December business. The March storm has all of the final numbers. Even with the last invoice on the July storm we still have not done the final calculation of the O&M to capital split and it won't be completed til sometime in January so we will still just have an estimate with the finals numbers hopefully by end of the 1<sup>st</sup> quarter of 2016.

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**From:** Jennifer C Mohler  
**Sent:** Wednesday, December 16, 2015 1:07 PM  
**To:** Ranie K Wohnhas  
**Cc:** Jeanna M Overstreet; Jerri-Lynn Ruggiero  
**Subject:** FW: KY Storm Deferral

Ranie –

In July 2015, KPCo deferred \$4,377,335.52 for the 03/14/15 Snow Storm and the 07/13/15 Thunder Storm. Attached is the break down by storm. Costs for the 07/13/15 Thunder Storm were estimated at that time. Have we received final actual costs for these two storms?

Thanks,  
Jenny

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**From:** Ranie K Wohnhas  
**Sent:** Thursday, July 30, 2015 2:05 PM  
**To:** Thomas E Mitchell; Jeffrey L Brubaker; Scott Travis; Bradley M Funk  
**Cc:** Lloyd E Keyser  
**Subject:** KY Storm Deferral

Guys,

Attached is our best estimate at this point and time as to the amount of deferral to book as of the end of July. The first storm is all actuals and as you know there are mostly estimates for the second storm. We can update our numbers each month as actuals come in and let you guys decide if the deferral needs to change monthly or at the end of 3<sup>rd</sup> quarter.

Any questions you can call me on my cell phone for the rest of today or tomorrow.

**Jerri-Lynn Ruggiero**

---

**From:** Jennifer C Mohler  
**Sent:** Wednesday, December 16, 2015 1:07 PM  
**To:** Ranie K Wohnhas  
**Cc:** Jeanna M Overstreet; Jerri-Lynn Ruggiero  
**Subject:** FW: KY Storm Deferral  
**Attachments:** 2015 Major Storm Cost Estimate for Deferral.xls

Ranie –

In July 2015, KPCo deferred \$4,377,335.52 for the 03/14/15 Snow Storm and the 07/13/15 Thunder Storm. Attached is the break down by storm. Costs for the 07/13/15 Thunder Storm were estimated at that time. Have we received final actual costs for these two storms?

Thanks,  
Jenny

---

**From:** Ranie K Wohnhas  
**Sent:** Thursday, July 30, 2015 2:05 PM  
**To:** Thomas E Mitchell; Jeffrey L Brubaker; Scott Travis; Bradley M Funk  
**Cc:** Lloyd E Keyser  
**Subject:** KY Storm Deferral

Guys,

Attached is our best estimate at this point and time as to the amount of deferral to book as of the end of July. The first storm is all actuals and as you know there are mostly estimates for the second storm. We can update our numbers each month as actuals come in and let you guys decide if the deferral needs to change monthly or at the end of 3<sup>rd</sup> quarter.

Any questions you can call me on my cell phone for the rest of today or tomorrow.

Kentucky Power Company  
 Major Storm Cost Deferral  
 Period Ending 7/31/15

	3/14/15 Snow Storm (1)	7/13/15 Thunder Storm (2)	Total Deferral
Total Major Storm Cost	\$ 1,434,437	\$ 6,817,119	
Less:			
ST Labor	\$ 84,723	\$ 82,455	
ST Fringes and Overheads	\$ 104,189	\$ 101,400	
Fleet	\$ 124,015	\$ 175,567	
DHE Internal Labor	\$ 44,149	\$ 116,294	
Incremental Major Storm Cost	\$ 1,077,361	\$ 6,341,403	
O&M Percentage	71.57%	83%	
Incremental O&M Major Storm Cost	\$ 771,067	\$ 5,263,364	\$ 6,034,432
Less:			
Major O&M Storm Cost in Base Rates			\$ 1,608,410
Major O&M Storm Cost exceeding Base Rates			\$ 4,426,022
Retail Allocation Factor			98.9%
Retail Major O&M Storm Costs exceeding Base Rates			\$ 4,377,336

(1) All costs are actual

(2) Most of the costs are still estimates

**Jerri-Lynn Ruggiero**

---

**From:** Bradley M Funk  
**Sent:** Thursday, October 08, 2015 8:46 AM  
**To:** Jennifer C Mohler; Jerri-Lynn Ruggiero; Jeanna M Overstreet  
**Subject:** RE: KY Storm Deferral

That's good news. One way to make sure we circle back on it is to put it on the Standard Journal entry list until you're certain it's a final number.

Thanks Jenny.

Brad

---

**From:** Jennifer C Mohler  
**Sent:** Thursday, October 08, 2015 7:06 AM  
**To:** Jerri-Lynn Ruggiero; Jeanna M Overstreet  
**Cc:** Bradley M Funk  
**Subject:** FW: KY Storm Deferral

It looks like our \$4.4M deferral on KPCo books for storm costs is still a good number. I will try to remember to follow up with Ranie before year-end to see if they have actual numbers finalized. If you could also try to remember.

Thanks,  
Jenny

---

**From:** Ranie K Wohnhas  
**Sent:** Wednesday, October 07, 2015 4:23 PM  
**To:** Jennifer C Mohler  
**Subject:** RE: KY Storm Deferral

It is still close enough for now. We still have quite a few invoices from IOU's that have not been received and everything else has come in close to the estimates. We have not yet filed anything yet with the KPSC but will either later this year or early next year. The reason that they are setting it up as a regulatory asset is because of past orders from the KPSC have allowed for deferrals and setting up of a reg. asset.

---

**From:** Jennifer C Mohler  
**Sent:** Wednesday, October 07, 2015 3:41 PM  
**To:** Ranie K Wohnhas  
**Cc:** Jerri-Lynn Ruggiero; Jeanna M Overstreet  
**Subject:** FW: KY Storm Deferral

Hi Ranie –

D&T is asking a question about the KPCo storm deferral. D&T questions is:

"I had a question in the attached query for account 1823078 on KPCO for the highlighted entry of \$4.4 million. It looks like the Reg Asset account was increased in July by this much from 2015 storms in Kentucky. Do you know how this number came about and if there are any Regulatory Proceedings regarding this amount or will there be any proceedings with the Kentucky State Commission in the near future?"

I will send them the attached spreadsheet which shows the calculation of our deferral of \$4.4M. Maybe this is a little late to ask since the income statement for 3rd quarter closed last night but is the \$4.4M deferral still a good number? I know you had estimates for the second storm. Please provide an updated deferral amount. Are there any or will there be any regulatory proceeding in the near future?

Thanks,  
Jenny

---

**From:** Bradley M Funk  
**Sent:** Thursday, July 30, 2015 2:22 PM  
**To:** Jerri-Lynn Ruggiero; Jennifer C Mohler  
**Subject:** FW: KY Storm Deferral

There will be a storm deferral that we need to record in July business. We'll talk more on Monday about this.

One thing we need to make sure we do is verify that the storm costs for the July storm actually get accrued.

Thanks,

Brad

---

**From:** Ranie K Wohnhas  
**Sent:** Thursday, July 30, 2015 2:05 PM  
**To:** Thomas E Mitchell; Jeffrey L Brubaker; Scott Travis; Bradley M Funk  
**Cc:** Lloyd E Keyser  
**Subject:** KY Storm Deferral

Guys,

Attached is our best estimate at this point and time as to the amount of deferral to book as of the end of July. The first storm is all actuals and as you know there are mostly estimates for the second storm. We can update our numbers each month as actuals come in and let you guys decide if the deferral needs to change monthly or at the end of 3<sup>rd</sup> quarter.

Any questions you can call me on my cell phone for the rest of today or tomorrow.



**Jerri-Lynn Ruggiero**

---

**From:** Jennifer C Mohler  
**Sent:** Thursday, October 08, 2015 7:24 AM  
**To:** Murphy, Tanner (US - Columbus)  
**Cc:** Jerri-Lynn Ruggiero; Jeanna M Overstreet; Ranie K Wohnhas  
**Subject:** RE: D&T KPCO 1823078 question  
**Attachments:** 2015 Major Storm Cost Estimate for Deferral.xls

Hi Tanner –

Attached is the support we received from Ranie Wohnhas group in order to record actuals for the 03/14/15 snow storm and an estimate for the 07/13/15 thunder storm. Ranie said there are quite a few invoices yet to be received from IOU's for the 07/13/15 thunder storm. So far all the 07/13/15 thunder storm invoices they have received had been close to the estimate. Therefore, the estimate is still an accurate number. Ranie's group can provide you support for their calculation.

We deferred following the Kentucky precedent we used in 2012 where we deferred first and then got the approval order, as long as costs are deemed prudent and reasonable, we have ability to defer in the period incurred as long as we believe we meet probability.

According to Ranie, KPCo has not filed anything yet with the KPSC but will either later this year or early next year.

Thanks,  
Jenny

Jennifer C. Mohler, CPA  
American Electric Power  
Regulated Accounting  
1 Riverside Plaza, Floor 26  
Columbus, Ohio 43215-2373  
614-716-2386 (Phone)  
8-200-2386 (Audinet)  
[www.AEP.com](http://www.AEP.com)

---

**From:** Murphy, Tanner (US - Columbus) [<mailto:tanmurphy@deloitte.com>]  
**Sent:** Wednesday, October 07, 2015 3:20 PM  
**To:** Jennifer C Mohler  
**Cc:** Jerri-Lynn Ruggiero  
**Subject:** D&T KPCO 1823078 question

This is an EXTERNAL email. STOP. THINK before you CLICK links or OPEN attachments.

---

Hi Jenny,

Hope you are doing well! I had a question in the attached query for account 1823078 on KPCO for the highlighted entry of \$4.4 million. It looks like the Reg Asset account was increased in July by this much from 2015 storms in Kentucky. Do you know how this number came about and if there are any Regulatory Proceedings regarding this amount or will there be any proceedings with the Kentucky State Commission in the near future? Also, I know you guys are in close this week,

so a response by early next week is fine! Thank you for your help in advance and please let me know if you have any questions or concern regarding this email.

Tanner

**Tanner Murphy**  
Audit Senior | Audit  
Deloitte & Touche LLP  
180 EAST BROAD STREET STE 1400, COLUMBUS, OH 43215-3763  
Tel/Direct: 1 614 229 4648 | Fax: 1 866 781 3349  
Cell: 1 614 425 2626  
[tanmurphy@deloitte.com](mailto:tanmurphy@deloitte.com) | [www.deloitte.com](http://www.deloitte.com)

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v.E.1

Kentucky Power Company  
 Major Storm Cost Deferral  
 Period Ending 7/31/15

	3/14/15 Snow Storm (1)	7/13/15 Thunder Storm (2)	Total Deferral
Total Major Storm Cost	\$ 1,434,437	\$ 6,817,119	
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Retail Allocation Factor			98.9%
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- (1) All costs are actual
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**Jerri-Lynn Ruggiero**

---

**From:** Jennifer C Mohler  
**Sent:** Thursday, October 08, 2015 7:06 AM  
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**Cc:** Bradley M Funk  
**Subject:** FW: KY Storm Deferral

It looks like our \$4.4M deferral on KPCo books for storm costs is still a good number. I will try to remember to follow up with Ranie before year-end to see if they have actual numbers finalized. If you could also try to remember.

Thanks,  
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---

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**Sent:** Wednesday, October 07, 2015 4:23 PM  
**To:** Jennifer C Mohler  
**Subject:** RE: KY Storm Deferral

It is still close enough for now. We still have quite a few invoices from IOU's that have not been received and everything else has come in close to the estimates. We have not yet filed anything yet with the KPSC but will either later this year or early next year. The reason that they are setting it up as a regulatory asset is because of past orders from the KPSC have allowed for deferrals and setting up of a reg. asset.

---

**From:** Jennifer C Mohler  
**Sent:** Wednesday, October 07, 2015 3:41 PM  
**To:** Ranie K Wohnhas  
**Cc:** Jerri-Lynn Ruggiero; Jeanna M Overstreet  
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Hi Ranie –

D&T is asking a question about the KPCo storm deferral. D&T questions is:

"I had a question in the attached query for account 1823078 on KPCO for the highlighted entry of \$4.4 million. It looks like the Reg Asset account was increased in July by this much from 2015 storms in Kentucky. Do you know how this number came about and if there are any Regulatory Proceedings regarding this amount or will there be any proceedings with the Kentucky State Commission in the near future?"

I will send them the attached spreadsheet which shows the calculation of our deferral of \$4.4M. Maybe this is a little late to ask since the income statement for 3rd quarter closed last night but is the \$4.4M deferral still a good number? I know you had estimates for the second storm. Please provide an updated deferral amount. Are there any or will there be any regulatory proceeding in the near future?

Thanks,  
Jenny

---

**From:** Bradley M Funk  
**Sent:** Thursday, July 30, 2015 2:22 PM  
**To:** Jerri-Lynn Ruggiero; Jennifer C Mohler  
**Subject:** FW: KY Storm Deferral

There will be a storm deferral that we need to record in July business. We'll talk more on Monday about this.

One thing we need to make sure we do is verify that the storm costs for the July storm actually get accrued.

Thanks,

Brad

---

**From:** Ranie K Wohnhas  
**Sent:** Thursday, July 30, 2015 2:05 PM  
**To:** Thomas E Mitchell; Jeffrey L Brubaker; Scott Travis; Bradley M Funk  
**Cc:** Lloyd E Keyser  
**Subject:** KY Storm Deferral

Guys,

Attached is our best estimate at this point and time as to the amount of deferral to book as of the end of July. The first storm is all actuals and as you know there are mostly estimates for the second storm. We can update our numbers each month as actuals come in and let you guys decide if the deferral needs to change monthly or at the end of 3<sup>rd</sup> quarter.

Any questions you can call me on my cell phone for the rest of today or tomorrow.

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**To:** Ranie K Wohnhas  
**Cc:** Jerri-Lynn Ruggiero; Jeanna M Overstreet  
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 Major Storm Cost Deferral  
 Period Ending 7/31/15

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(1) All costs are actual

(2) Most of the costs are still estimates



**Jerri-Lynn Ruggiero**

---

**From:** Ranie K Wohnhas  
**Sent:** Wednesday, August 05, 2015 11:03 AM  
**To:** Jeanna M Overstreet  
**Cc:** Jerri-Lynn Ruggiero  
**Subject:** RE: Kentucky Major Storm Cost Deferral

Yes.

---

**From:** Jeanna M Overstreet  
**Sent:** Wednesday, August 05, 2015 10:53 AM  
**To:** Ranie K Wohnhas  
**Cc:** Jerri-Lynn Ruggiero  
**Subject:** Kentucky Major Storm Cost Deferral

Hi Raine,

Please see attached Ky actual storm costs. Given the actual costs are you OK with our posting the major storm cost deferral's entry you provided?

Thanks,

*Jeanna Overstreet*

American Electric Power  
Regulated Accounting - East 1RP-26<sup>th</sup> Flr  
Ph: 614\716-2714 audi: 200-2714  
[jmoverstreet@aep.com](mailto:jmoverstreet@aep.com)

**Jerri-Lynn Ruggiero**

---

**From:** Jeanna M Overstreet  
**Sent:** Wednesday, August 05, 2015 10:53 AM  
**To:** Ranie K Wohnhas  
**Cc:** Jerri-Lynn Ruggiero  
**Subject:** Kentucky Major Storm Cost Deferral  
**Attachments:** KY Storm Costs.xls

Hi Raine,

Please see attached Ky actual storm costs. Given the actual costs are you OK with our posting the major storm cost deferral's entry you provided?

Thanks,

*Jeanna Overstreet*

American Electric Power  
Regulated Accounting - East 1RP-26<sup>th</sup> Flr  
Ph: 614\716-2714 audi: 200-2714  
[jmoverstreet@aep.com](mailto:jmoverstreet@aep.com)

Sum of Sum Amount		
Project	Account	Total
DMS15KK02	1070001	334,752.32
	1080005	20,720.18
	1630004	13,781.39
	1840040	36,722.50
	1840041	3,076.60
	1860092	0.00
	5880000	4,196.42
	5930000	1,067,091.37
	9030001	206.97
	5930001	901.04
DMS15KK02 Total		1,481,448.79
KY/Snow 3/4/2015		
DMS15KK07	1070001	630,885.43
	1080005	64,313.42
	1630001	4,349.67
	1630004	44,154.35
	1840029	15,164.95
	1840040	72,224.51
	1840041	4,942.86
	1860092	(0.00)
	5930000	6,161,898.48
DMS15KK07 Total		6,997,933.67
KY/ME/TStorm 7/13/15		
Grand Total		8,479,382.46

**Jerri-Lynn Ruggiero**

---

**From:** Bradley M Funk  
**Sent:** Thursday, July 30, 2015 2:43 PM  
**To:** Jerri-Lynn Ruggiero; Jennifer C Mohler  
**Subject:** KY Storms

FYI

---

**From:** Thomas E Mitchell  
**Sent:** Thursday, July 30, 2015 12:11 PM  
**To:** Joseph M Buonaiuto; Lonni L Dieck  
**Cc:** Oliver J Sever JR.; Michael A Baird; Scott Travis; Ranie K Wohnhas; John J Scalzo; Steven H Ferguson; Bradley M Funk; Tyler H Ross; Jeffrey L Brubaker; Roger L Heslep  
**Subject:** RE: 2015

Yes, absolutely, following the Kentucky precedent we used in 2012 where we deferred first and then got the approval order, as long as costs are deemed prudent and reasonable, we have ability to defer in the period incurred as long as we believe we meet probability.

Scott, Jeff, Tyler, Brad and I have talked to Ranie and he is comfortable deferring in July an estimated amount that exceeds the incremental major storm costs built into rates.

Jeff B and Tyler have talked to John S and Steve F and they are considering deferral but it is only a minor amount (estimated range of \$1-2M very rough estimate), and they are evaluating the order that speaks of "extraordinary storm expenses" so we may not defer at this time given the magnitude.

---

**From:** Joseph M Buonaiuto  
**Sent:** Thursday, July 30, 2015 10:33 AM  
**To:** Lonni L Dieck  
**Cc:** Oliver J Sever JR.; Thomas E Mitchell; Michael A Baird  
**Subject:** Re: 2015

Yes ... Tom do you agree? The process for the request is not determinative ... It is success with similar requests in the past.

Sent from my iPhone

On Jul 30, 2015, at 7:11 AM, Lonni L Dieck <[lldieck@aep.com](mailto:lldieck@aep.com)> wrote:

so is it precedence that allows us to defer in 2015? the arent going to file for deferral ability until early 2016

On Jul 30, 2015, at 10:03 AM, Joseph M Buonaiuto <[jmbuonaiuto@aep.com](mailto:jmbuonaiuto@aep.com)> wrote:

We plan to book storm deferral in KY of approximately \$4-4.5 million. Also APCO WV is under consideration for possible storm deferral now.

Cook insurance still being evaluated.

On Jul 30, 2015, at 4:03 AM, Oliver J Sever JR.  
<[ojsever@aep.com](mailto:ojsever@aep.com)> wrote:

<image001.gif>

Any progress on determining when or if we will be deferring storms in KY and recording insurance proceeds for Cook. I suspect both these items to be larger than weather for July.

<image001.gif>

**Jerri-Lynn Ruggiero**

---

**From:** Bradley M Funk  
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Brad

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**Cc:** Lloyd E Keyser  
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