

KENTUCKY POWER COMPANY  
807 KAR 5:001 SECTION 12  
FINANCIAL EXHIBIT  
February 28, 2017

1. Amounts and kinds of stock authorized.

**2,000,000 Shares of Common Stock, \$50 par value.**

2. Amounts and kinds of stock issued and outstanding.

**1,009,000 Shares of Common Stock, \$50 par value, recorded at \$50,450,000.**

3. Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

**The Company has no preferred stock authorized or outstanding.**

4. Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking funds provisions.

**None**

5. Amount of bonds authorized, and amount issued, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with the amount of interest paid thereon during the last fiscal year.

**None**

6. Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the twelve months ending February 28, 2017.

Date of Issue	Date of Maturity	Rate of Interest	Principal Amount as of February 29, 2016	Principal Amount as of February 28, 2017	Interest Expense 12 Months Ending February 29, 2016	Interest Expense 12 Months Ending February 28, 2017
<u>Senior Notes</u>						
06/13/2003	12/01/2032	5.625%	\$75,000,000	\$75,000,000	\$4,218,750	\$4,218,750
9/11/2007**	09/15/2017	6.000%	\$325,000,000	\$325,000,000	\$19,500,000	\$19,500,000
06/18/2009	06/18/2021	7.250%	\$40,000,000	\$40,000,000	\$2,900,000	\$2,900,000
06/18/2009	06/18/2029	8.030%	\$30,000,000	\$30,000,000	\$2,409,000	\$2,409,000
06/18/2009	06/18/2039	8.130%	\$60,000,000	\$60,000,000	\$4,878,000	\$4,878,000
09/30/2014	09/30/2026	4.180%	\$120,000,000	\$120,000,000	\$5,016,000	\$5,016,000
12/30/2014	12/30/2026	4.330%	\$80,000,000	\$80,000,000	\$3,464,000	\$3,464,000
<u>Pollution Control Bonds</u>						
6/26/2014*	04/01/2036	Variable	\$65,000,000	\$65,000,000	\$27,187	\$349,104
<u>Term Loans</u>						
11/05/2014	11/05/2018	Variable	\$75,000,000	\$75,000,000	\$1,081,944	\$1,668,701

Short Term Borrowings

The Company participates in the AEP System Corporate Borrowing Program.

As of February 29, 2016, the Company had \$25,175,224 of Short Term Debt borrowing, the twelve months ended interest expense was \$78,189 and the Weighted Average Interest Rate was 0.54%.

As of February 28, 2017, the Company had \$1,022,872 of Short Term Debt borrowing, the twelve months ended interest expense was \$68,216 and the Weighted Average Interest Rate was 0.82%.

The Company was in a borrowed position for 277 days in the last twelve months.

Note: The Senior Notes in 2003 and 2007 were issued in public offerings. The Senior Notes in 2009 and 2014 were issued in private offerings to qualified institutional investors.

\* Subsequent to the test year, the Company refinanced the \$65,000,000 pollution control bonds.

\*\* On June 21, 2017, the Company priced new senior notes in the amount of \$325,000,000 which will be used to fund the \$325,000,000 senior notes maturing on September 15, 2017.

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7. Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution of assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the twelve months ending February 28, 2017.

**The Company has no other indebtedness.**

8. Rate and amount of dividends paid during the five previous calendar years, and the amount of capital stock on which dividends were paid each year:

Year	Common Dividend Amount	Common Outstanding	Shares	Dividend per Common Share
2016	\$44,000,000		1,009,000	\$43.61
2015	\$44,000,000		1,009,000	\$43.61
2014	\$115,000,000		1,009,000	\$113.97
2013	\$20,034,000		1,009,000	\$19.86
2012	\$33,997,000		1,009,000	\$33.69

9. Detailed income statement and balance sheet (see pages 3, 4, and 7).

KENTUCKY POWER COMPANY  
BALANCE SHEET  
JURISDICTIONAL ASSETS  
FEBRUARY 28, 2017

Line No. (1)	Description (2)	Per Books as of February 28, 2017 (3)	Non-Jurisdictional Adjustments (4)	Jurisdictional Rate Case Adjustments (Schedule 4) (5)	Adjusted as of February 28, 2017 (Schedule 4) (5) (C3 + C4 + C5)
	<b>ELECTRIC UTILITY PLANT:</b>				
1	In Service (Including Property Under Capital Leases)	\$2,570,351,952	(41,471,139)	(\$323,154,089)	2,205,726,724
2	Electric Plant Held for Future Use	6,303,504	(5,676,528)	0	626,976
3	Construction Not Classified	32,586,268	(236,026)	0	32,350,242
4	Construction Work In Progress	27,165,803	(1,220,900)	0	25,944,903
5					
6	<b>TOTAL ELECTRIC UTILITY PLANT</b>	<b>2,636,407,527</b>	<b>(48,604,593)</b>	<b>(323,154,089)</b>	<b>2,264,648,845</b>
7					
8	Accumulated Provision for Depreciation of				
9	Electric Utility Plant In Service	(\$856,198,186)	6,271,304	93,260,268	(756,666,614)
10	Accumulated Provision for Amortization of				
11	Electric Utility Plant In Service	(11,949,978)	4,072,200	0	(7,877,778)
12					
13	<b>NET ELECTRIC UTILITY PLANT</b>	<b>1,768,259,363</b>	<b>(38,261,089)</b>	<b>(229,893,821)</b>	<b>1,500,104,453</b>
14					
15					
16	<b>OTHER PROPERTY AND INVESTMENTS:</b>				
17	Non-Utility Property	995,120	(995,120)	0	0
18	Accumulated Provision for Depreciation		0	0	0
19	and Amortization	(236,076)	236,076	0	0
20	Non-Utility Property WIP	0	0	0	0
21	Other Investments	2,009,512	(2,009,512)	0	0
22	Other Special Funds	6,303,665	(6,303,665)	0	0
23	SO2 Allowance Inventory	0	0	0	0
24	Long Term Energy Trading Contracts	(75,902)	75,902	0	0
25					
26	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	<b>8,996,319</b>	<b>(8,996,319)</b>	<b>0</b>	<b>0</b>
27					
28	<b>CURRENT AND ACCRUED ASSETS:</b>				
29	Cash and Cash Equivalents	2,786,751	(2,786,751)	0	0
30	Advances to Affiliates				
31	(Notes Receivables to Associated Companies)	0	0	0	0
32	Accounts Receivable:				
33	Customers	12,640,030	(12,640,030)	0	0
34	Miscellaneous	318,627	(318,627)	0	0
35	Uncollectible Accounts	(65,680)	65,680	0	0
36	Associated Companies	19,528,070	(19,528,070)	0	0
37	Accounts Receivable - Net	32,421,047	(32,421,047)	0	0
38					
39	Materials and Supplies:				
40	Fuel	19,859,426	(278,032)	(6,709,111)	12,872,283
41	SO2 Allowance Inventory - Current	9,403,500	(131,649)	0	9,271,851
42	CO2 Allowance Inventory - Current	0	0	0	0
43	Other Accounts	16,019,943	(209,310)	(1,610,192)	14,200,441
44					
45	<b>Total Material and Supplies</b>	<b>45,282,869</b>	<b>(618,991)</b>	<b>(8,319,303)</b>	<b>36,344,575</b>
46					
47	Accrued Utility Revenues	(3,563,553)	3,563,553	0	0
48	Energy Trading Cont Current Asset	142,831	(142,831)	0	0
49	Other Current Assets		0		
50	Prepayments & Other Current Assets	5,503,766	44,401,953	0	49,905,719
51					
52	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>82,573,711</b>	<b>11,995,886</b>	<b>(8,319,303)</b>	<b>86,250,294</b>
53					
54					
55	Regulatory Assets	554,112,537	(554,112,537)	0	0
56	Deferred Charges				
57	Other Deferred Charges	76,611,214	(76,611,214)	0	0
58					
59	<b>TOTAL REGULATORY ASSETS AND DEFERRED CHARGES</b>	<b>630,723,751</b>	<b>(630,723,751)</b>	<b>0</b>	<b>0</b>
60					
61					
62	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$2,490,553,144</b>	<b>(\$665,985,273)</b>	<b>(\$238,213,124)</b>	<b>\$1,586,354,747</b>
63					
64					
65	Reconcile:				
66					
67	Per Jurisdictional Balance Sheet - Assets - Line 39				\$1,586,354,747
68	Add:				
69	Section V, Schedule 4, Column 6, Line 43 - Cash Working Capital				19,694,685
70	Less:				
71	Section V, Schedule 4, Column 6, Line 45 - Customer Advances & Deposits				27,076,876
72	Section V, Schedule 4, Column 6, Line 46 - Accumulated Deferred Income Taxes				384,084,108
73					
74	Section V, Schedule 4, Column 6, Line 47 - Total Rate Base (Ln 40 + Ln 41 - Ln 42 - Ln 43 - Ln 44)				\$1,194,888,448

KENTUCKY POWER COMPANY  
BALANCE SHEET -  
JURISDICTIONAL CAPITALIZATION, LONG-TERM DEBT AND LIABILITIES  
FEBRUARY 28, 2017

Line No. (1)	Description (2)	Per Books as of February 28, 2017 (3)	Non-Jurisdictional Adjustments (4)	Rate Case Adjustments (Schedules 3 & 4) (5)	Adjusted as of February 28, 2017 (6) (C3 + C4 + C5)
<b>CAPITALIZATION AND LONG TERM DEBT</b>					
1	Common Stock - Par Value \$50				
2	Authorized: 2,000,000 Shares				
3	Outstanding: 1,009,000 Shares	\$50,450,000	(756,750)	(11,092,261)	\$38,600,989
4	Paid-In Capital	524,790,889	(7,871,863)	(115,383,894)	401,535,132
5	Retained Earnings	90,775,274	(1,361,629)	(19,958,434)	69,455,210
6	Common Shareowners Equity	666,016,163	(9,990,242)	(146,434,589)	509,591,331
7	Advances from Associated Companies	0	0	0	0
8	Senior Unsecured Notes	870,000,000	(13,050,000)	(191,283,785)	665,666,215
9	Unamortized Discount LTD - Senior Unsecured Note	(83,362)	1,250	18,329	(63,783)
10	Long Term Debt	869,916,638	(13,048,750)	(191,265,457)	665,602,432
11	<b>TOTAL CAPITALIZATION AND LONG TERM DEBT</b>	<b>1,535,932,801</b>	<b>(23,038,992)</b>	<b>(337,700,046) *</b>	<b>1,175,193,763</b>
<b>OTHER NONCURRENT LIABILITIES</b>					
12	Obligations Under Capital Lease	1,691,595	(1,691,595)	0	0
13	Accumulated Provisions - Rate Relief	0	0	0	0
14	Accumulated Provisions - Miscellaneous	75,510,695	(75,510,695)	0	0
15	<b>TOTAL OTHER NONCURRENT LIABILITIES</b>	<b>77,202,290</b>	<b>(77,202,290)</b>	<b>0</b>	<b>0</b>
<b>CURRENT AND ACCRUED LIABILITIES</b>					
16	Long-Term Debt Due within 1 Year	0	0	0	0
17	Short-Term Debt	1,022,872	(14,320)	(1,008,552)	(0)
18	Accounts Payable	27,306,718	(27,306,718)	0	0
19	Accounts Payable to Associated Companies	21,858,428	(21,858,428)	0	0
20	Customer Deposits	27,093,145	(175,795)	0	26,917,350
21	Taxes Accrued	22,841,209	(22,841,209)	0	0
22	Interest Accrued	15,060,141	(15,060,141)	0	0
23	Dividends Declared	0	0	0	0
24	Obligations Under Capital Lease	928,898	(928,898)	0	0
25	Risk Management Liabilities	212,642	(212,642)	0	0
26	Other Current and Accrued Liabilities	28,925,921	(28,925,921)	0	0
27	<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>	<b>145,249,974</b>	<b>(117,324,072)</b>	<b>(1,008,552)</b>	<b>26,917,350</b>
<b>DEFERRED CREDITS AND OPERATING RESERVES</b>					
28	Accumulated Deferred Income Taxes	726,691,358	(231,475,923)	(111,131,327)	384,084,108
29	Accumulated Deferred Investment Tax Credit	1,250	(1,250)	0	0
30	Regulatory Liabilities	942,194	(942,194)	0	0
31	Long-Term Risk Management Liabilities	0	0	0	0
32	Customer Advances for Construction	159,526	0	0	159,526
33	Other Deferred Credits	4,373,750	(4,373,750)	0	0
34	<b>TOTAL DEFERRED CREDITS AND OPERATING RESERVES</b>	<b>732,168,078</b>	<b>(236,793,117)</b>	<b>(111,131,327)</b>	<b>384,243,634</b>
35	<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>\$2,490,553,143</b>	<b>(\$454,358,471)</b>	<b>(\$449,839,925)</b>	<b>\$1,586,354,747</b>

\*Impact on capitalization of other asset adjustments

KENTUCKY POWER COMPANY  
STATEMENT OF RETAINED EARNINGS  
AND OTHER PAID-IN CAPITAL  
FOR THE TWELVE MONTHS ENDED FEBRUARY 28, 2017

Line No.		
	RETAINED EARNINGS:	
1	BALANCE AT MARCH 1, 2016	\$93,601,558
2	BALANCE TRANSFERRED FROM (NET) INCOME	38,923,716
3	TOTAL	132,525,274
		-----
4	CASH DIVIDENDS DECLARED ON COMMON STOCK	41,750,000
		-----
5	BALANCE AT FEBRUARY 28, 2017	\$90,775,274
		=====
	OTHER PAID-IN CAPITAL:	
6	DONATIONS RECEIVED FROM SHAREHOLDERS	\$523,324,094
7	Other	\$2,811,185
8	ACCUMULATED OTHER COMPREHENSIVE INCOME	(\$1,344,390)
		-----
9	TOTAL OTHER PAID-IN CAPITAL	\$524,790,889
		=====

KENTUCKY POWER COMPANY  
OPERATING REVENUES BY REVENUE CLASS  
FOR THE TWELVE MONTHS ENDED FEBRUARY 28, 2017

Line No.	FERC Account No.	Sales of Electricity	Title	
1	440		Residential Sales	\$239,053,370
	442		Commercial & Industrial Sales:	
2			Commercial	152,312,150
3			Industrial	160,804,189
4	444		Public Street & Highway Lighting	1,980,971
5	445		Other Sales to Public Authorities	0
				-----
6			Subtotal - Total Sales - Ultimate Customers	554,150,679
7	447		Sales for Resale	52,045,999
				-----
8			Subtotal Sales of Electricity	\$606,196,678
9	449		Provision for Rate Refund	(\$1,102,336)
				-----
10			Total Sales of Electricity	\$605,094,342
				=====
			Other Operating Revenues	
11	450		Forfeited Discounts	4,111,894
12	451		Miscellaneous Service Revenues	785,136
13	454		Rent form Electric Property	6,779,021
14	456		Other Electric Revenues	30,171,576
				-----
15			Total Other Operating Revenues	\$41,847,627
				=====

KENTUCKY POWER COMPANY  
STATEMENT OF INCOME  
FOR THE TWELVE MONTHS ENDED FEBRUARY 28, 2017

Line No. (1)	Description (2)	Per Books as of February 28, 2017 (3)	Non-Jurisdictional Adjustments (4)	Jurisdictional Rate Case Adjustments (Schedule 4) (5)	Adjusted as of February 28, 2017 (Schedule 4) (6) (C3 + C4 + C5)
OPERATING REVENUE - ELECTRIC					
1	Operating Revenue - Sales To Non Affiliates	\$639,837,031	(\$5,841,647)	(\$76,369,063)	\$557,626,321
2	Operating Revenue - Sales To Affiliates	8,207,274	(754,138)	3,297,104	10,750,239
3	Provision for Rate Refund	(1,102,336)	1,102,336	0	0
4	TOTAL OPERATING REVENUES	646,941,969	(5,493,450)	(73,071,959)	568,376,560
OPERATING EXPENSES - ELECTRIC					
5	Operating Expense	360,807,072	(4,409,485)	(4,939,411)	351,458,176
6	Maintenance Expense	71,857,790	(499,299)	(7,252,603)	64,105,888
7	TOTAL OPERATION & MAINTENANCE	432,664,863	(4,908,784)	(12,192,014)	415,564,065
8	Depreciation and Amortization	85,078,041	(872,060)	(5,665,538)	78,540,443
9	Taxes Other Than Income Taxes	21,605,602	16,893	790,361	22,412,856
10	State Income Taxes	(2,593,601)	2,802,908	(1,173,121)	(963,814)
11	Federal Income Taxes - Current and Deferred	22,244,273	(2,227,400)	(15,298,706)	4,718,167
12	Interest from Customer Deposits	110,400	0	67,254	177,654
13	Other	3,597,859	(838,971)	(18,255)	2,740,634
14	TOTAL OPERATING EXPENSES	562,707,437	(6,027,414)	(33,490,019)	523,190,004
15	NET OPERATING INCOME	84,234,532	533,963	(39,581,940)	45,186,556
OTHER INCOME AND DEDUCTIONS					
16	Other Income (Includes Allowance for Funds Used During Construction)	1,924,458	(1,924,458)	0	0
17	Other Income Deductions	(4,289,465)	4,289,465	0	0
18	Taxes Applicable to Other Income & Deductions	1,871,511	(1,871,511)	0	0
19	TOTAL OTHER INCOME AND DEDUCTIONS	(493,497)	493,497	0	0
20	INCOME BEFORE INTEREST CHARGES	83,741,035	1,027,461	(39,581,940)	45,186,556
21	INTEREST CHARGES (Net of Allowance for Borrowed Funds Used During Construction)	44,817,319	(75,418)	(10,453,144)	34,288,757
22	NET INCOME	38,923,716	1,102,879	(29,128,796)	10,897,799
23	EARNINGS FOR COMMON STOCK	38,923,716	1,102,879	(29,128,796)	10,897,799
24	DIVIDENDS DECLARED ON COMMON STOCK	41,750,000	0	0	41,750,000
25	UNDISTRIBUTED NET INCOME	(\$2,826,284)	\$1,102,879	(\$29,128,796)	(\$30,852,201)

Verification: Line 15 = Section V, Schedule 4, Page 1, Line 33

45,186,553

KENTUCKY POWER COMPANY  
OPERATING EXPENSES - FUNCTIONAL DETAILS  
FOR THE TWELVE MONTHS ENDED FEBRUARY 28, 2017

Line  
No.

OPERATING EXPENSES  
(OPERATION & MAINTENANCE)

POWER PRODUCTION EXPENSES

1	Operation - Fuel	\$109,100,548
2	Operation - Other	21,416,486
3	Total Operation	<u>130,517,033.39</u>
4	Maintenance	25,465,788
5	TOTAL STEAM POWER GENERATION	<u>155,982,821</u>

TOTAL OTHER POWER GENERATION

OTHER POWER SUPPLY EXPENSES:

6	Purchase Power Expense	\$152,629,328
7	Interchange Power Net - System Account	0
8	Total - Purchased Power	<u>152,629,328</u>
9	System Control & Load Dispatch	580,290
10	Other Expenses	1,487,878
11	TOTAL OTHER POWER SUPPLY EXPENSES	<u>154,697,495</u>

12	TOTAL POWER PRODUCTION - OPERATION	285,214,529
13	TOTAL POWER PRODUCTION - MAINTENANCE	25,465,788
14	TOTAL POWER PRODUCTION EXPENSES	<u>310,680,317</u>

15	TRANSMISSION - Operation	32,770,997
16	- Maintenance	3,217,568
17	TOTAL TRANSMISSION EXPENSES	<u>35,988,565</u>

18	REGIONAL MARKET EXPENSES	
19	Regional Market Operation Expenses	1,007,370
20	TOTAL REGIONAL MARKET EXPENSES	<u>1,007,370</u>

21	DISTRIBUTION - Operation	8,979,971
22	- Maintenance	40,451,262
23	TOTAL DISTRIBUTION EXPENSES	<u>49,431,233</u>

24	CUSTOMER ACCOUNTS EXPENSE - OPERATION	5,767,895
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25	CUSTOMER SERVICE & INFORMATION EXPENSES - OPERATION	8,570,080
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26	SALES EXPENSES - OPERATION	95,535
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27	ADMINISTRATIVE & GENERAL EXPENSES - Operation	18,400,697
28	- Maintenance	2,723,172

29	TOTAL ADMINISTRATIVE & GENERAL EXPENSES	21,123,869
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30	SUBTOTAL OPERATION & MAINTENANCE EXPENSES	<u>432,664,863</u>
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31	INTEREST ON CUSTOMER DEPOSITS	110,400
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32	GAINS FROM DISPOSITION OF UTILITY PLANT	(1,007,178)
33	FACTORED CUSTOMER A/R EXPENSE	1,215,902
34	FACTORED CUSTOMER A/R BAD DEBT	1,636,590
35	G/L Disp. Of Allowances 411.8	(179,213)
36	Accretion 4110005	897,859
37	Acct 4190005	(18,349)
38	Acct 4300003	68,216
39	4310007-Other Interest Expense	984,033
40	OTHER	<u>3,597,859</u>

41	TOTAL OPERATION & MAINTENANCE EXPENSES	<u>\$436,373,122</u>
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Kentucky Power Company Computation of Adjusted Current Federal Income Tax Expense Historical Test Year - As Adjusted Twelve Months Ended February 28, 2017

Table with 11 columns: Line No., Item Description, (1) Total Company Per Books, (2) Less Non-Utility/Non-Applicable, (3) Total Company Before Rate Case Adjustments, (4) Elimination Adjustments, (5) Total Company After Rate Case Adjustments, (6) Rate Case Adjustments, (7) Total Co Electric Utility After Rate Adjustments, (8) KY Jurisdictional Allocation Factor, (9) KY Jurisdictional Allocated Amount, (10) Allocation Basis, (11) Kentucky Jurisdictional Adjustments, (12) KY Jurisdictional Adjusted Amount. Rows include categories like NET ELECTRIC OPERATING INCOME BEFORE FEDERAL INCOME TAX, PRE-TAX BOOK INCOME BEFORE STATE INCOME TAX, EXCESS TAX vs BOOK DEPRECIATION, AFUDC / INTEREST CAPITALIZED, MISC OVERHEADS CAPITALIZED, PERCENT REPAIR ALLOWANCE, and Total Percent Repair Allowance.





Kentucky Power Company  
Computation of Adjusted  
Current Federal Income Tax Expense  
Historical Test Year - As Adjusted  
Twelve Months Ended February 28, 2017

Line No.	Item Description	(1) Total Company Per Books 12 Mo. 02/28/17	(2) Less Non-Applicable	(3) Total Company Electric Utility Before Rate Case Adjustments	(4) Elimination Adjustments	(5) Total Company Electric Utility After Rate Case Adjustments	(6) Rate Case Adjustments	(7) Total Co Electric Utility After Rate Adjustments 12 Mo. 02/28/17	(8) KY Jurisdictional Allocation Factor	(9) KY Jurisdictional Allocated Amount	(10) Allocation Basis	(11) Kentucky Jurisdictional Adjustments	(12) KY Jurisdictional Adjusted Amount
155	<b>OTHER MISCELLANEOUS</b>												
156	900A LOSS ON REACQUIRED DEBT	33,651	-	33,651	-	33,651	-	33,651	0.985000	33,146	GROSS PLT	-	33,146
157	906A ACCRD SFAS 106 PST RETIRE EXP	(2,252,862)	-	(2,252,862)	-	(2,252,862)	-	(2,252,862)	0.992000	(2,234,839)	LABOR	202,918	(2,031,921)
158	906F ACCRD OPEB COSTS - SFAS 158	3,364,494	-	3,364,494	-	3,364,494	-	3,364,494	0.982000	3,337,578	LABOR	-	3,337,578
159	906K ACCRD SFAS 112 PST EMPLOY BEN	(1,677,855)	-	(1,677,855)	-	(1,677,855)	-	(1,677,855)	0.992000	(1,664,432)	LABOR	-	(1,664,432)
160	906P ACCRD BOOK ARO EXPENSE - SFAS 143	(11,246,277)	-	(11,246,277)	-	(11,246,277)	-	(11,246,277)	0.985000	(11,076,598)	PROD PLT	(109,495)	(11,186,093)
161	906Z SFAS 109 - MEDICARE SUBSIDY (PPACA) REG ASSET	216,620	-	216,620	-	216,620	-	216,620	0.992000	214,887	LABOR	-	214,887
162	907A REG ASSET - MEDICARE SUBSIDY - FLOW THRU	-	-	-	-	-	-	-	0.992000	-	LABOR	-	-
163	907B SFAS 106 - MEDICARE SUBSIDY - NORMALIZED	-	-	-	-	-	-	-	0.992000	-	LABOR	-	-
164	910A GAIN ON REACQUIRED DEBT	-	-	-	-	-	-	-	1.000000	-	SPECIFIC	-	-
165	911F FIN 48 DEFERRED STATE INCOME TAXES	-	-	-	-	-	-	-	0.000000	-	NON-APPLIC	-	-
166	911Q DEFERRED STATE INCOME TAXES	-	-	-	-	-	-	-	0.000000	-	NON-APPLIC	-	-
167	011C TAX CREDIT C/F - DEFERRED TAX ASSET	-	-	-	-	-	-	-	0.985000	-	GROSS PLT	-	-
168	014C NOL - STATE C/F DEF TAX ASSET - KY	-	-	-	-	-	-	-	0.000000	-	NON-APPLIC	-	-
169	911S ACCRUED SALES & USE TAX RESERVE	-	-	-	-	-	-	-	0.000000	-	NON-APPLIC	-	-
170	911W ACCRD SIT TX RESERVE-LONG-TERM-FIN 48	34,849	-	34,849	-	34,849	-	34,849	0.000000	-	NON-APPLIC	-	-
171	911V ACCRD SIT TX RESERVE-SHORT-TERM-FIN 48	27,936	-	27,936	-	27,936	-	27,936	0.000000	-	NON-APPLIC	-	-
172	913D CHARITABLE CONTRIBUTION CARRYFWD	(350,693)	(350,693)	-	-	-	-	-	0.000000	-	NON-APPLIC	-	-
173	913F VALUATION ALLOWANCE - CHARITABLE CONTR C/F	-	-	-	-	-	-	-	0.000000	-	NON-APPLIC	-	-
174	914A SFAS 109 - DEF'D SIT LIABILITY	6,631,924	-	6,631,924	-	6,631,924	-	6,631,924	0.989000	6,519,181	NET PLANT	-	6,519,181
175	914B REG ASSET - SFAS 109 DSIT LIAB	(6,631,924)	-	(6,631,924)	-	(6,631,924)	-	(6,631,924)	0.992000	(6,519,181)	NET PLANT	-	(6,519,181)
176	914K REG ASSET - ACCRUED SFAS 112	1,343,003	-	1,343,003	-	1,343,003	-	1,343,003	0.992000	1,332,259	LABOR	-	1,332,259
177	940S 1987-2003 IRS AUDIT SETTLEMENT	-	-	-	-	-	-	-	0.985000	-	GROSS PLT	-	-
178	940X IRS CAPITALIZATION ADJUSTMENT	(53,120)	-	(53,120)	-	(53,120)	-	(53,120)	0.985000	(52,323)	GROSS PLT	-	(52,323)
179	980A RESTRICTED STOCK PLAN	9,985	-	9,985	-	9,985	-	9,985	0.985000	9,835	GROSS PLT	-	9,835
180	960E AMT CREDIT - DEFERRED	-	-	-	-	-	-	-	0.000000	-	NON-APPLIC	-	-
181	<b>Total OTHER MISCELLANEOUS</b>	<b>(10,549,269)</b>	<b>(350,693)</b>	<b>(10,198,576)</b>	-	<b>(10,198,576)</b>	-	<b>(10,198,576)</b>		<b>(10,100,487)</b>		<b>93,423</b>	<b>(10,007,064)</b>
182	<b>PERMANENT SCHEDULE M's</b>												
183	611M NON-TAXABLE DEF'D COMP - CSV EARN	27,323	-	27,323	-	27,323	-	27,323	0.992000	27,104	LABOR	-	27,104
184	908B SFAS 106 - POST RETIRE BEN MEDICARE SUBSIDY	-	-	-	-	-	-	-	0.992000	-	LABOR	-	-
185	910C NON-DEDUCT MEALS&PENALTIES	61,422	-	61,422	-	61,422	-	61,422	0.000000	60,931	LABOR	-	60,931
186	910E NON-DEDUCT MISCELLANEOUS	5,420	5,420	-	-	-	-	-	0.000000	-	NON-APPLIC	-	-
187	910S NON-DEDUCT MISCELLANEOUS	340,393	340,393	-	-	-	-	-	0.000000	-	NON-APPLIC	-	-
188	910U MEMBERSHIP DUES	-	-	-	-	-	-	-	0.000000	-	LABOR	-	-
189	913A LUXURY AUTO ADJUSTMENT	-	-	-	-	-	-	-	0.000000	-	LABOR	-	-
190	970A MANUFACTURING DEDUCTION	(68,373)	-	(68,373)	-	(68,373)	-	(68,373)	0.000000	-	PROD PLT	-	-
191	999Q FIN-48 DSIT - PERM - FIN 48	-	-	-	-	-	-	-	0.985000	-	NON-APPLIC	-	-
192	999Q FIN-48 DSIT - PERM - FIN 48	-	-	-	-	-	-	-	0.000000	-	PROD PLT	-	-
193	<b>Total PERMANENT SCHEDULE M's</b>	<b>366,185</b>	<b>345,813</b>	<b>20,372</b>	-	<b>20,372</b>	-	<b>20,372</b>		<b>88,035</b>		-	<b>88,035</b>
194	<b>TAX ACCRUALS</b>												
195	711N CAPITALIZED SOFTWARE COSTS-TAX	(1,059)	-	(1,059)	-	(1,059)	-	(1,059)	0.985000	(1,043)	GROSS PLT	-	(1,043)
196	711O BOOK LIASES CAPITALIZED FOR TAX	(281,708)	-	(281,708)	-	(281,708)	-	(281,708)	0.985000	(277,482)	GROSS PLT	-	(277,482)
197	<b>Total TAX ACCRUALS</b>	<b>(282,767)</b>	-	<b>(282,767)</b>	-	<b>(282,767)</b>	-	<b>(282,767)</b>		<b>(278,525)</b>		-	<b>(278,525)</b>
198	<b>TAX DEFERRALS</b>												
199	712K CAPITALIZED SOFTWARE COST-BOOK	(314,242)	-	(314,242)	-	(314,242)	-	(314,242)	0.985000	(309,528)	GROSS PLT	-	(309,528)
200	<b>Total TAX DEFERRALS</b>	<b>(314,242)</b>	-	<b>(314,242)</b>	-	<b>(314,242)</b>	-	<b>(314,242)</b>		<b>(309,528)</b>		-	<b>(309,528)</b>
201	<b>TAX vs BOOK GAIN / LOSS</b>												
202	690E REG ASSET - UNRECOVERED PLANT - BIG SANDY	-	-	-	-	-	-	-	0.985000	-	DEMAND	-	-
203	<b>Total TAX vs BOOK GAIN / LOSS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>
204	<b>Total Tax Expense</b>	<b>(10,549,269)</b>	<b>(350,693)</b>	<b>(10,198,576)</b>		<b>(10,198,576)</b>		<b>(10,198,576)</b>		<b>(10,100,487)</b>		<b>93,423</b>	<b>(10,007,064)</b>





**KENTUCKY POWER COMPANY**  
**MONTHLY BEGINNING AND ENDING BALANCES OF THE RESERVE FOR DEPRECIATION OF UTILITY PLANT IN SERVICE FOR THE 12 MONTHS ENDING FEBRUARY 28, 2017**

	February-16	March-16	April-16	May-16	June-16	July-16	August-16	September-16	October-16	November-16	December-16	January-17	February-17
<b>Depreciation of Electric Utility Plant in Service</b>													
Steam Generation Plant	\$395,958,292	\$397,908,484	\$399,761,980	\$400,150,717	\$401,615,123	\$404,229,811	\$400,122,430	\$402,596,828	\$426,151,304	\$427,794,229	\$410,773,902	\$413,365,355	415,758,039.77
Transmission Plant - Electric	\$183,083,430	\$184,343,721	\$185,545,529	\$186,806,330	\$187,899,258	\$189,117,495	\$190,233,310	\$191,502,655	\$192,751,889	\$192,533,714	\$193,650,010	\$194,896,514	196,109,648.12
Distribution Plant - Electric	\$216,011,012	\$216,377,674	\$217,434,239	\$218,892,213	\$219,944,706	\$221,145,606	\$222,797,307	\$224,006,277	\$225,294,007	\$226,355,370	\$227,645,149	\$229,006,028	230,470,068.93
General Plant	\$10,240,841	\$10,381,243	\$10,478,223	\$10,621,546	\$10,764,890	\$10,907,654	\$11,049,494	\$11,192,800	\$11,249,868	\$11,391,595	\$11,534,845	\$11,643,777	11,788,452.82
<b>Asset Retirement Obligation Removal Depreciation &amp; Accretion</b>													
Steam Generation Plant	\$2,122,120	\$2,157,831	\$2,193,542	\$2,229,253	\$2,264,964	\$2,300,675	\$2,336,386	\$2,372,097	\$2,407,808	\$2,443,519	\$3,845,418	\$3,881,532	\$3,917,646
General Plant	\$28,955	\$29,424	\$29,894	\$30,363	\$30,832	\$31,302	\$31,771	\$32,240	\$32,710	\$33,179	\$33,648	\$34,118	\$34,587
Less:													
Retirement Work in Progress	\$1,726,221	\$1,770,043	\$1,444,040	\$1,723,858	\$1,015,568	\$883,830	\$505,243	\$371,047	\$21,513,359	\$20,496,213	\$3,550,869	\$1,824,148	\$1,880,256
Total Accumulated Provision for Depreciation	\$805,718,429	\$809,428,334	\$813,999,366	\$817,006,565	\$821,504,207	\$827,148,713	\$826,065,455	\$831,331,850	\$836,374,238	\$840,055,393	\$843,932,104	\$851,003,175	\$856,198,186
<b>Accumulated Provision for Amortization of Electric Plant in Service</b>													
Franchises	\$52,551	\$52,580	\$52,609	\$52,638	\$52,666	\$52,695	\$52,724	\$52,753	\$52,782	\$52,810	\$52,839	\$52,862	\$52,884
Capitalized Software	\$7,586,825	\$7,837,379	\$8,084,361	\$8,334,373	\$8,580,313	\$8,860,214	\$9,113,494	\$9,347,741	\$9,622,447	\$9,902,619	\$9,891,120	\$10,255,670	\$10,581,233
SCR Catalyst	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$1,219,788	\$1,228,339	\$1,234,428	\$1,243,219	\$1,252,540	\$1,260,806	\$1,269,596	\$1,269,426	\$1,278,840	\$1,288,254	\$1,296,935	\$1,306,398	\$1,315,861
Total Electric Utility Plant	\$8,869,164	\$9,118,298	\$9,371,398	\$9,630,229	\$9,895,519	\$10,163,715	\$10,435,814	\$10,669,920	\$10,954,068	\$11,243,684	\$11,280,895	\$11,614,930	\$11,949,978
<b>Accumulated Provision for Amortization of Electric Plant &amp; Leased Property</b>													
Total Accum Provision for Depr., Depl., and Amort. Of Electric Utility Plant - Net	\$814,587,594	\$818,546,632	\$823,370,764	\$828,636,795	\$831,399,726	\$837,312,428	\$836,501,269	\$842,001,770	\$847,328,306	\$851,299,077	\$855,212,999	\$862,618,105	\$868,145,164

Source: Depreciation Ledger and Financial Page 18

**KENTUCKY POWER COMPANY  
 MONTHLY BEGINNING AND ENDING BALANCES OF CONSTRUCTION WORK IN PROGRESS FOR 12 MONTHS ENDED FEBRUARY 28, 2017**

Line No.	February-16	March-16	April-16	May-16	June-16	July-16	August-16	September-16	October-16	November-16	December-16	January-17	February-17
1	Regular Construction	\$67,287,276	\$70,277,734	\$72,807,255	\$20,864,050	\$19,251,738	\$18,894,001	\$18,709,420	\$19,167,762	\$20,915,730	\$21,825,611	\$27,379,769	27,165,803
2	TOTAL CWIP	<u>\$67,287,276</u>	<u>\$70,277,734</u>	<u>\$72,807,255</u>	<u>\$20,864,050</u>	<u>\$19,251,738</u>	<u>\$18,894,001</u>	<u>\$18,709,420</u>	<u>\$19,167,762</u>	<u>\$20,915,730</u>	<u>\$21,825,611</u>	<u>\$27,379,769</u>	<u>\$27,165,803</u>

SOURCE: Financial Page 16



KENTUCKY POWER COMPANY  
 MONTHLY BEGINNING AND ENDING BALANCES OF CERTAIN OTHER ACCOUNTS  
 FOR THE TEST YEAR ENDED FEBRUARY 28, 2017

Line No.	February 2016	March 2016	April 2016	May 2016	June 2016	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017
<u>Prepayments</u>													
1	1,220,064	1,000,401	782,580	644,620	535,128	1,737,805	1,530,974	1,337,479	1,208,243	1,014,918	871,176	1,209,131	1,030,859
2	377,401	283,051	188,701	94,350	1,126,799	1,032,899	938,999	845,099	751,200	657,300	563,400	469,500	375,600
3	-	-	-	-	-	-	-	-	-	-	-	-	-
4	22,240	15,129	25,324	24,565	41,294	20,711	29,912	27,508	25,173	43,240	49,600	29,350	24,751
5	440,277	431,893	429,318	386,444	368,814	397,695	398,536	393,428	400,166	371,756	366,079	432,698	424,166
6	537.50	268.75	-	-	2,687.50	2,418.75	2,150.00	1,881.25	1,612.50	253,795.21	102,251.67	164,920.09	103,742.50
7	-	5,405.50	-	-	4,113.35	-	-	1,885.52	-	-	19,409.91	-	-
8	\$2,060,519	\$1,736,148	\$1,425,923	\$1,149,979	\$2,078,836	\$3,191,529	\$2,900,571	\$2,607,282	\$2,386,394	\$2,341,009	\$1,971,916	\$2,305,599	\$1,959,119
9	1,726,221	1,770,043	1,444,040	1,723,858	1,015,568	883,830	505,243	371,047	21,513,359	20,496,213	3,550,869	1,824,148	1,880,256.26
<u>Material and Supplies</u>													
10	15,570,786	21,873,086	23,682,363	24,693,264	20,296,731	19,369,849	20,736,504	21,414,994	21,317,586	17,594,749	18,187,890	17,707,322	18,509,791
11	656,130	650,761	479,398	271,935	351,028	380,054	508,616	817,237	821,369	888,163	807,910	964,622	642,725
12	0	0	0	0	27,717	0	1,055	0	0	0	202,796	1,442	(37,495)
13	626,238	625,362	697,301	767,639	641,387	559,392	571,964	654,630	778,590	647,872	624,851	729,155	744,405
14	16,853,155	23,149,208	24,859,062	25,732,838	21,316,862	20,309,294	21,818,139	22,886,861	22,917,546	19,130,784	19,823,447	19,402,540	19,859,426
15	16,374,846	15,900,343	15,959,237	15,899,568	15,880,694	15,676,392	15,802,195	16,150,976	16,495,010	16,392,916	16,124,794	15,919,209	16,019,943
16	-	0	0	0	0	0	0	0	0	0	0	0	0
17	9,758,611	9,737,437	9,706,727	9,681,907	9,641,592	9,600,435	9,550,865	9,524,923	9,501,435	9,461,961	9,419,472	9,390,689	9,370,787
18	-	-	-	-	-	-	-	-	-	-	-	-	-
19	41,628	41,262	40,730	40,300	39,607	38,890	38,032	35,155	34,749	34,065	33,330	32,966	32,713
20	\$43,028,240	\$48,828,250	\$50,565,756	\$51,354,613	\$46,878,755	\$51,315,717	\$51,391,092	\$51,711,054	\$6,031,194	\$5,888,942	\$5,577,595	\$5,342,864	\$5,423,443

KENTUCKY POWER COMPANY  
Monthly Statements of Electric Operating Income  
FOR THE TWELVE MONTHS ENDED FEBRUARY 28, 2017

Line No.	March 2016	April 2016	May 2016	June 2016	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017	12 Months Ended
1	<u>Utility Operating Income - Electric</u>												
2	\$45,669,525	\$45,842,500	\$45,818,482	\$54,440,726	\$60,630,467	\$64,975,232	\$44,652,767	\$47,792,779	\$61,718,365	\$63,446,668	\$56,432,027	\$48,417,494	\$639,837,031
3	1,127,874	907,748	973,923	703,059	499,313	459,391	445,633	453,651	439,906	703,134	782,057	711,584	8,207,274
4	0	0	0	(1,079,542)	89,962	89,962	89,959	89,965	89,962	(298,739)	(95,926)	(77,937)	(1,102,336)
5	46,797,399	46,750,248	46,792,405	54,064,243	61,219,741	65,524,585	45,188,359	48,336,395	62,248,233	63,851,063	57,118,158	49,051,140	646,941,969
6	25,488,871	23,878,707	24,774,286	33,377,620	32,928,459	34,333,279	27,767,835	27,299,826	35,699,895	37,343,512	28,921,477	28,993,307	\$360,807,072
7	5,640,728	6,067,921	5,340,183	5,359,036	6,265,512	5,032,698	6,960,503	8,018,056	4,746,610	6,599,751	6,394,741	5,432,050	71,857,790
8	31,129,600	29,946,628	30,114,469	38,736,655	39,193,971	39,365,976	34,728,338	35,317,882	40,446,505	43,943,263	35,316,218	34,425,356	432,664,863
9	6,613,381	6,543,803	6,301,634	7,428,951	7,783,852	7,217,971	6,687,642	6,458,931	7,208,168	8,161,829	7,608,957	7,062,923	85,078,041
10	2,026,816	1,768,634	1,838,686	1,602,796	1,957,550	1,977,430	802,421	1,813,662	1,706,195	2,025,864	2,077,130	2,008,419	21,605,602
11	(709,033)	47,933	(65,755)	(1,796,067)	157,980	27,111	(450,955)	(539,793)	(24,722)	364,842	278,195	116,663	(2,593,601)
12	(3,278,018)	392,596	(209,376)	516,874	866,973	162,053	(1,252,944)	(2,730,955)	5,117,412	2,869,032	1,857,557	651,319	4,962,524
13	5,176,195	1,099,091	1,939,910	1,038,774	1,763,627	4,192,099	2,472,354	3,513,297	(3,335,806)	(1,219,248)	674,008	(30,189)	17,284,111
14	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(221)	(85)	(85)	(2,362)
15	3,215,741	3,308,035	3,503,246	1,362,158	4,745,910	6,358,474	1,570,658	2,055,992	3,462,860	4,040,269	4,886,804	2,746,127	41,256,274
16	8,405	8,116	8,416	7,904	8,414	8,404	7,773	8,438	8,092	8,037	14,766	13,635	110,400
17	(431)	(433)	(433)	(433)	(433)	(433)	(433)	(433)	(433)	(1,002,293)	(498)	(492)	(1,007,178)
18	(65,738)	256,103	(24,953)	(115,805)	(267,636)	58,681	(46,858)	58,867	(13,237)	(5,100)	11,109	(4,646)	(179,213)
19	57,470	57,590	57,629	57,823	57,823	57,845	57,989	58,014	57,956	250,610	63,490	63,620	897,859
20	81,956	72,618	97,037	99,639	106,164	89,838	93,968	86,681	101,928	138,871	149,169	98,033	1,215,902
21	152,860	129,431	119,666	147,917	133,392	149,634	148,628	115,662	112,200	148,407	153,536	125,258	1,636,590
22	(211)	(599)	(1,010)	1	(726)	(5,033)	(1,946)	(71)	213	1,049	(4,641)	(5,375)	(18,349)
23	16,600	3,263	4,013	11,198	6,838	1,015	4,210	4,355	8,944	6,831	524	425	68,216
24	78,741	76,821	78,793	99,531	74,996	200,424	(54,443)	73,894	121,408	72,222	73,611	88,034	984,033
25	301,247	594,794	330,742	299,872	110,417	551,971	201,115	396,968	388,980	(389,403)	446,300	364,856	3,597,859
26	41,268,374	40,401,376	40,258,508	47,835,540	51,842,564	53,502,796	43,195,526	44,238,212	51,514,604	55,763,996	48,273,044	44,612,897	562,707,437
27	\$5,529,025	\$6,348,872	\$6,533,897	\$6,228,703	\$9,377,177	\$12,021,788	\$1,992,833	\$4,098,183	\$10,733,629	\$8,087,068	\$8,845,113	\$4,438,243	\$84,234,532

**KENTUCKY POWER COMPANY**  
**TOTAL OWNED ELECTRIC PLANT**  
**12 MONTHS ENDED FEBRUARY 28, 2017**

Line	No.	Owned Electric Plant In Service	March 01, 2016			Feb. 28, 2017			Increase	
			Balance	Additions	Retirements	Transfers	Balance	Amount	Percent	
1		Asset Retirement Obligation	\$ 10,352,678	\$ 1,353,028	\$ -	\$ -	\$ 11,705,706	\$ 1,353,028	13.1%	
2		Intangible Plant	\$ 14,703,638	\$ 5,495,781	\$ (305,921)	\$ -	\$ 19,893,498	\$ 5,189,860	35.3%	
3		Steam Generation Plant	\$ 1,102,981,523	\$ 75,267,721	\$ (13,326,051)	\$ -	\$ 1,164,923,193	\$ 61,941,670	5.6%	
4		Transmission Plant	\$ 568,760,266	\$ 7,689,565	\$ (1,923,664)	\$ 671,209	\$ 575,197,376	\$ 6,437,110	1.1%	
5		Distribution Plant	\$ 758,615,565	\$ 38,099,953	\$ (9,512,510)	\$ (326,566)	\$ 786,876,442	\$ 28,260,877	3.7%	
6		General Plant	\$ 40,414,542	\$ 1,439,234	\$ (132,264)	\$ -	\$ 41,721,512	\$ 1,306,969	3.2%	
7		<b>Total Owned Electric Plant In Service</b>	\$ 2,495,828,213	\$ 129,345,282	\$ (25,200,410)	\$ 344,642	\$ 2,600,317,727	\$ 104,489,514	4.2%	
		Other Electric Plant								
		<b>Electric Plant</b>								
8		Held For Future Use	\$ 7,750,601	\$ -	\$ (1,102,455)	\$ (344,642)	\$ 6,303,504	\$ (1,447,097)	-18.7%	
9		CWIP	\$ 67,287,276	\$ 87,870,781	\$ -	\$ (127,992,254)	\$ 27,165,803	\$ (40,121,472)	-59.6%	
10		<b>Total Owned Electric Plant</b>	\$ 2,570,866,089	\$ 217,216,063	\$ (26,302,865)	\$ (127,992,254)	\$ 2,633,787,034	\$ 62,920,945	2.4%	