



Legal Department

American Electric Power
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November 1, 2012

Honorable Kimberly D Bose
Secretary
Federal Energy Regulatory Commission
888 First St., N.E.
Washington D.C. 20426

Amanda Riggs Conner
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Regulatory Services
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Re: AEP Generating Company, Docket No. ER13-____

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)¹ and Sections 35.13 and 35.18 of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”),² American Electric Power Service Corporation (“AEPSC”), on behalf of its subsidiary AEP Generating Company (“AEG”) submits proposed revisions to its unit power service agreements with Indiana Michigan Power Company (“I&M”) and Kentucky Power Company (“Kentucky Power”).³ The Agreements govern the sale of AEG’s entitlements to output from the Rockport Electric Steam Generating Station (“Rockport Plant”) to I&M and Kentucky Power, respectively.

¹ 16 U.S.C. § 824d.

² 18 C.F.R. §§ 35.13, 35.18.

³ The unit power service agreement between AEG and I&M is designated as AEG’s FERC Rate Schedule No. 1 (“I&M Agreement”). The I&M Agreement was originally executed in 1984. AEG and I&M have entered into several supplements to the Agreement. The latest supplement, which was executed in 1989, was designated as “Supplement No. 8.” The unit power service agreement between AEG and Kentucky Power is designated as AEG’s FERC Rate Schedule No. 2 (“Kentucky Power Agreement”). The Kentucky Power Agreement was originally executed in 1984 and supplemented seven times between 1984 and 1989. On November 1, 2004, in Docket No. ER05-141-000, AEG sought Commission approval to extend the term of the Kentucky Power Agreement, which was originally set to expire in December 2004, to December 7, 2022. In a letter order issued December 29, 2004, the Commission accepted the proposed extension and the associated revisions to the Kentucky Power Agreement. Throughout this filing, the I&M Agreement and Kentucky Power Agreement are referred to collectively as the “Agreements.”

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In particular, AEG proposes revisions to the rate design addendum to each of the Agreements to add accounts established for Asset Retirement Obligations (“ARO”) which are set forth in the Commission’s Order No. 631⁴ (accounts 411.10 and 403.1). Adding these accounts will permit AEG to recover current year ARO amounts related to legal obligations for ash pond and asbestos retirement costs and to begin amortizing the accumulated prior period regulatory asset amount for the ARO costs over the estimated remaining life of the Rockport Plant. Along with the addition of the ARO expense accounts, AEG is currently and plans to continue to remove the ARO asset and ARO accumulated depreciation from “Electric Plant In Service” and “Accumulated Depreciation” from its power bill calculation under each of the Agreements. At August 31, 2012, the ARO balance in Electric Plant In Service totaled \$2,576,019 and the ARO Accumulated Depreciation totaled \$1,109,365.

With respect to the rate design addendum specifically, AEG also proposes to add account 189 to the existing references to Unamortized Loss on Reacquired Debt.

In addition to the revisions to the text of the rate design, AEG proposes to update the sample power bill addendum to each of the Agreements to include accounts 411.10, 403.1, and 189 as well as to update the sample power bill as follows:

- Long-Term Debt Interest Expense – revise the reference to include accounts 428 and 429 in addition to the existing account 427, to more precisely reflect the way that long-term debt interest expense, which has always been included in the rate design, is booked;
- Short-Term Debt Interest Expense – revise the reference to account 431 to account 430 to correct a typographical error;
- Other Interest Expense – revise the reference to account 428 to 431 to correct a typographical error;
- Fuel Stock – Oil – revise the reference to account 151.20 to 151;
- Coal Inventory – revise the supply references from 75 days to 68 days to match the number of days contained in the rate design narrative;
- Accumulated Provision for Depreciation of Electric Utility Plant – revise the reference from account 106 to 108 to correct a typographical error;

⁴ *Accounting, Financial Reporting, and Rate Filing Requirements for Asset Retirement Obligations*, Order No. 631, 103 FERC ¶ 61,021 (2003).

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- Add a note indicating that Fuel Inventory Over Allowed Level includes both units of the Rockport Plant;
- Short-Term Debt – add account 233 (Notes Payable, Assoc Co (Money Pool)) to more precisely reflect the way short-term financing needs, which have always been included in the rate design, are booked; and
- Temporary Cash Investments – revise reference to include account 145 as well as account 136 to more precisely reflect the way temporary cash investments, which have always been reflected in the rate design, are booked.

The proposed revisions are consistent with the intent of the rate design as specified in each of the Agreements, which is “to recover for [AEG] its total cost of providing power (and the energy associated therewith) available to [AEG] at the Rockport Plant.”⁵

I. Background

A. Description of the Parties

AEG is a wholly-owned subsidiary of American Electric Power Company, Inc. (“AEP”), a multistate electric utility holding company system providing electric service at retail and wholesale rates in eleven states. AEG was formed in 1982 to assist in the financing of the Rockport Plant. Since its formation, AEG’s business has included the ownership and financing of its 50% interest in Unit 1 of the Rockport Plant and, since 1989, leasing its 50% interest in Unit 2 of the Rockport Plant.⁶ AEG is responsible for arranging the wholesale sale of electric power to I&M and Kentucky Power under their respective Agreements.

I&M is a corporation organized and existing under the laws of Indiana. I&M is a wholly-owned subsidiary of AEP and has its principle office in Fort Wayne, Indiana. I&M is engaged in generating, transmitting, and distributing electric energy to the public in northern and eastern Indiana and a portion of southwestern Michigan and is a public utility under Section 201 of the FPA.

⁵ I&M Agreement, Rate Design addendum at 1; Kentucky Power Agreement, Rate Design addendum at 1. In the Kentucky Power Agreement, the above-quoted paragraph refers to AEG’s total revenue requirement as calculated under the I&M Agreement. Thus, the rate designs for each of the Agreements are intended to be identical.

⁶ AEG also owns and operates a combined-cycle, natural-gas power plant with a generating capacity of 1,120 MW in Lawrenceburg, IN.

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Kentucky Power is a corporation organized and existing under the laws of Kentucky. Kentucky Power is a wholly-owned subsidiary of AEP and has its principle office in Ashland, Kentucky. Kentucky Power is engaged in the generation, transmission, and distribution of electric power to the public in eastern Kentucky and is a public utility under Section 201 of the FPA.

B. Description of the Rockport Plant and the Agreement

In the late 1970s, AEP commenced the development of the Rockport Plant. The Rockport Plant consists of two 1,300 MW coal-fired units located near Rockport, Indiana on the Ohio River (for a total capacity of 2,600 MW). Rockport Unit Nos. 1 and 2 commenced commercial operation in 1984 and 1989, respectively.

As originally proposed, the Rockport Plant would be owned by three AEP entities: 50% by I&M, 35% by AEG, and 15% by Kentucky Power, as set forth in an Owners' Agreement dated March 31, 1982. Each participant would be entitled to receive energy from the Rockport Plant equivalent to its ownership share in the plant – i.e., I&M, AEG, and Kentucky Power would have rights and obligations with respect to 1,300 MW, 910 MW, and 390 MW from the Rockport Plant, respectively. For various state regulatory reasons, Kentucky Power terminated its ownership interest, and AEG acquired the 15% interest. Consequently, each of AEG and I&M holds a 50% undivided interest in Rockport Units No. 1 and 2⁷ and an entitlement to 50% of the capacity (and associated energy) from each unit.

With respect to I&M, in addition to its 50% share of the investment in the Rockport Plant, I&M also committed to purchase all of the output of the share of the Rockport Plant owned by AEG pursuant to the I&M Agreement. In lieu of direct ownership, Kentucky Power entered into the Kentucky Power Agreement with AEG, whereby AEG agreed to make available to Kentucky Power 30% of its power (and the associated energy) entitlements from both units of the Rockport Plant for a total of 390 MW (or 15% of the total output of the Rockport Plant – to which Kentucky Power would have been entitled via the originally intended 15% direct ownership interest). Because AEG had previously committed to sell to I&M all of AEG's share of the output of the Rockport Plant, Kentucky Power agreed to compensate AEG for the allotted 30% of AEG's share at the same rate I&M would

⁷ AEG and I&M each has a 50% ownership interest in Unit 1 and a 50% lease interest in Unit 2 in accordance with a sale and leaseback transaction with Wilmington Trust Company. The lease expires on December 7, 2022.

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have paid AEG under the I&M Agreement. I&M consented to this arrangement. As a result, the Kentucky Power Agreement references terms of service of the I&M Agreement⁸ and includes the same rate design and sample power bill. Therefore, through this filing, AEG proposes identical revisions to both Agreements.

Both of the Agreements were originally filed at FERC in Docket No. ER84-579 on August 2, 1984. Eight supplements to the I&M Agreement were subsequently filed, the last of which was submitted in Docket No. ER89-470 on January 26, 1996. Seven supplements were filed to the Kentucky Agreement, including a revised rate design identical to the one submitted for the I&M Agreement in Docket No. ER89-470 on January 26, 1996. As explained previously, the Kentucky Agreement was also revised in November 2004 to reflect changes in the previous supplement and to extend the term to December 2022.

Section 1.3 of the original version of the I&M Agreement filed on August 2, 1984 provided that I&M was to pay to AEG,

as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by [I&M]), such amounts from time to time as, when added to amounts received by [AEG] from any other sources, will be at least sufficient to enable [AEG] to pay, when due, all of its operating and other expenses
⁹
....

Supplement No. 2 to the I&M Agreement, which was filed on February 18, 1986, added a “rate design” addendum, which described the methodology for calculating a power bill and contained references to FERC accounts to be included in the bill calculation as well as an updated sample power bill. Each of the subsequent supplements filed for both the I&M Agreement and the Kentucky Power Agreement continued to add granularity to this methodology and the attached sample power bill, consistent with the intent of the rate described in Section 1.3 and the following introductory language to the rate design addendum, which was included in Supplement No. 2 and continues to appear in the currently effective version submitted as part of Supplement No. 8, provides:

⁸ In particular, Section 1.2 of the Kentucky Power Agreement states that Kentucky Power agrees to pay AEG “in consideration for the right to receive that 30% of the power (and energy associated therewith) available to [AEG] at the Rockport Plant those amounts which [I&M] would have paid AEGCO under the terms of the IMECO-AEGCO Unit Power Agreement.”

⁹ This language was revised in Amendment No. 1, which was filed on May 30, 1989, to reference a lease financing transaction involving AEG and the Rockport Plant.

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The total revenue requirement of [AEG] calculated pursuant to the IMECO-AEGCO Unit Power Agreement designated [AEG] FERC Rate Schedule No. 1 *is designed to recover for [AEG] its total cost of providing power (and the energy associated therewith) available to [AEG] at the Rockport Plant.*

(emphasis added.)

The Kentucky Power Agreement includes a rate design addendum and sample power bill that are identical to those included as part of the I&M Agreement with the exception of the first sentence under the heading “Determination of Power Bill,” which, in the case of Kentucky Power Agreement, references “Section 1.2 of the Unit Power Agreement” (as opposed to Section 1.3, which the I&M rate design addendum references). Because the rate design addendum included with the Kentucky Power Agreement refers to I&M in all places (and does not refer to Kentucky Power), through this filing, AEG proposes to revise the reference to Section 1.3 so that the rate design addendum is an exact copy of the version included as part of the I&M Agreement.¹⁰

C. Description of Accounting for Asset Retirement Obligations

In 2001, the Financial Accounting Standards Board (“FASB”) issued Financial Accounting Standards (“FAS”) No. 143, “Accounting for Asset Retirement Obligations” which was effective for fiscal years beginning after June 2002. Additionally, in 2005, FASB issued Interpretation No. 47, “Accounting for Conditional Asset Retirement Obligations,” which also addresses ARO accounting.¹¹ In 2003, FERC issued Order No. 631, which established accounting instructions related to ARO and added the following new income statement ARO accounts to its chart of accounts: (1) 411.10 - Accretion Expense; and (2) 403.1 - Depreciation Expense. Together, the FASB and FERC rules detail specific accounting requirements for asset retirement costs resulting from a legal obligation to retire or decommission assets.

¹⁰ Prior to the version of the Kentucky Power Agreement submitted in 2004, supplements to the Kentucky Power Agreement consistently included a rate design addendum that was an exact copy of that included with the I&M Agreement. As noted previously, the Kentucky Power Agreement, by design, refers to the rate charged to I&M associated with AEG’s share of the Rockport Plant.

¹¹ Both of these FASB documents are now referred to as Accounting Standards Codification 410.20.

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The various AEP operating companies implemented the new ARO accounting requirements in 2003. Existing depreciation rates were reviewed, and it was determined that none of AEP's affiliated utility operating companies were collecting ash pond and landfill ARO type costs through the removal component of traditional depreciation rates. As a result of the review and based on the probability of recovery, in 2003, AEP's affiliated utility operating companies set up regulatory assets in account 182.3, which included a cumulative effect adjustment¹² and monthly amounts of ash pond and landfill ARO depreciation and accretion expenses (accounts 411.10 and 403.1) pending future rate relief. By August 31, 2012, the regulatory asset for AEG equaled \$2,848,088.

As of March 31, 2012, based on retail rate commission orders, AEP has been collecting ash pond (where applicable) and asbestos expenses in cost of service in Arkansas, Indiana, Kentucky, Ohio, Oklahoma, Texas, Virginia and West Virginia. In the states where ash pond and landfill costs were included in ARO balances, AEP's affiliated utility operating companies have amortized the regulatory asset balance in account 182.3 over the remaining life of the related asset to accounts 411.10 and 403.1.

Additionally, in 2005, in accordance with FASB Interpretation No. 47 titled "Accounting for Conditional Asset Retirement Obligations," AEG set up an ARO for its asbestos removal costs at the Rockport Plant. Since it was determined that AEG was collecting this cost through traditional depreciation rates, there was no need to add the ARO asbestos costs to the ash pond regulatory asset in account 182.3.

II. Description of Proposed Formula Rate Revisions

A. Proposed Revisions Related to ARO Accounts

With this application, AEG seeks FERC approval to add ARO accounts 411.10 and 403.1 to the formula rate calculations contained in the rate design addendum and sample power bills of each of the Agreements. Adding these accounts will permit AEG to recover current year amounts and to begin amortizing the regulatory asset amount over the estimated remaining life of the Rockport Plant, which is estimated to retire July 1, 2044.

¹² Under the cumulative effect adjustments required under the FASB and FERC rules, companies were required to establish in their accounts all of the amounts that would have been recorded had the new ARO requirements always been in effect.

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As of August 2012, AEG's ARO costs are as follows:

Account	Description	Monthly Amt.	Annual Amt.
411.10	Accretion Expense	\$23,792	\$285,504
403.1	ARO Depreciation Expense	\$3,561	\$42,732
Amortization of Account 182.3 over remaining life of Rockport			
411.10	Accretion Expense	\$3,556	\$42,672
403.1	ARO Depreciation Expense	\$2,764	\$33,168
TOTAL		\$33,673	\$404,076

AEG estimates that the total amount accrued for its ARO costs will be approximately \$26 million at the end of the final ARO settlement date for Rockport Plant. However, ARO amounts will vary when future estimates of retirement costs require revisions to the current estimates.

In accordance with the requirements of Section 35.18 of the Commission's regulations, 18 C.F.R. § 35.18, attached as Exhibit A is a calculation of ARO amounts for AEG related to the Rockport Plant, which shows the cash flow (future retirement costs) used to estimate ARO costs. Also included on Exhibit A is the time period when the cash flow is estimated to occur, the direct cost, the discount rate, and the inflation rate. Note that where an ARO has multiple layers, each successive layer represents a revised ARO estimate. As of August 2012, the expected ARO costs after inflation for the Rockport Plant were as follows:

1. Asbestos (Unit Specific)	\$681,298
2. Asbestos (Common Plant)	\$454,199
3. Landfill	\$7,520,930
4. Ash Pond	<u>\$17,777,263</u>
Total	\$26,433,690

Exhibit B provides a narrative description of the asbestos removal and landfill and ash pond closure costs. Exhibit C provides details regarding the cost to retire the Rockport landfill and ash pond by activity.

AEG notes that the ARO amounts are removed from account balances (accounts 101, 108, 190, 282, 283) through a single adjustment in preparing the bills under the Agreements.

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B. Proposed Revisions Related to Other FERC Accounts

In addition to the proposed revisions to the rate design related to Asset Retirement Obligations, in the description of the rate design in each of the Agreements, AEG proposes the following revisions: (1) a revision to the reference to Unamortized Debt Expense to include account 189 as well as 181; (2) a revision to the reference to Short-Term Debt to include account 233 as well as 231; and (3) and a revision to the reference to Special Deposits and Working Funds to include account 145 as well as 132-134 and 136. These additions add granularity to the rate design, as was done through prior supplements.

AEG also proposes a number of clean-up changes to the sample power bill included as part of the rate design. The revisions include more account references for the line items in the sample power bill and correct the reference to the coal supply from 75 days to 68 days, which is consistent with the text of the rate design.

Specifically, updates to the monthly sample power bill include the following:

- Long-Term Debt Interest Expense – revise the reference to include accounts 428 and 429 in addition to the existing account 427, to more precisely reflect the way that long-term debt interest expense, which has always been included in the rate design, is booked;
- Short-Term Debt Interest Expense – revise the reference to account 431 to account 430 to correct a typographical error;
- Other Interest Expense – revise the reference to account 428 to 431 to correct a typographical error;
- Fuel Stock – Oil – revise the reference to account 151.20 to 151;
- Coal Inventory – revise the supply references from 75 days to 68 days to match the number of days contained in the rate design narrative;
- Accumulated Provision for Depreciation of Electric Utility Plant – revise the reference from account 106 to 108 to correct a typographical error;
- Add a note indicating that Fuel Inventory Over Allowed Level includes both units of the Rockport Plant;
- Short-Term Debt – add account 233 (Notes Payable, Assoc Co (Money Pool)) to more precisely reflect the way short-term financing needs, which have always been included in the rate design, are booked; and

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- Temporary Cash Investments – revise reference to include account 145 as well as account 136 to more precisely reflect the way temporary cash investments, which have always been reflected in the rate design, are booked.

Additionally, AEG proposes minor revisions to the sample power bill to correct the page numbers and associated references and to correct a reference on page 1 to an “annual” power bill to “monthly.”

III. The Proposed Revisions are Just and Reasonable

The proposed revisions to the Agreement are designed to more precisely capture the costs of operating the Rockport Plant. This is consistent with the I&M Agreement as originally drafted, which required compensation sufficient to enable AEG to pay its operating and other expenses, and the introductory language to the rate design, which establishes that the rate is designed to recover for AEG its total cost of providing power (and the energy associated therewith) available to AEG at the Rockport Plant. The proposed revisions are also consistent with the parties’ previous practice of filing supplements that add granularity to the rate calculation based on the accounting regulations available at the time, consistent with the intent of the I&M Agreement (and the Kentucky Power Agreement, which, by design, tracks the I&M Agreement). Consequently, the proposed revisions are just and reasonable.

IV. Communications and Service

AEG requests that all correspondence and communications related to this filing be made to the following persons:

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V. Filing Requirements

The proposed revisions to the Agreements update the rate design and sample power bill to more precisely reflect AEG's costs associated with its cost of providing power from the Rockport Plant to I&M and Kentucky Power, consistent with the intent of the Agreements. Consequently, AEG is filing the proposed revisions in accordance with the abbreviated filing requirements under Section 35.13(a)(2) of the Commission's regulations. AEG requests waiver of the Commission's regulations to the extent necessary to allow the proposed changes to be accepted for filing.

A. Documents Included:

Order No. 714 established that parties must electronically submit existing service agreements for filing in the Commission's eTariff filing system when such service agreements are revised or amended.¹³ Because the Agreements have not previously been electronically filed, through this filing, AEG submits the currently effective portions of the Agreements in full, in redlined and clean form, reflecting the changes proposed herein.¹⁴

In sum, the documents provided with this filing include:

- this Transmittal Letter;
- Exhibit A (cash flow (future retirement costs) used to estimate ARO costs);
- Exhibit B (description of asbestos removal and landfill and ash pond closure costs);

¹³ Order No. 714 at P 13.

¹⁴ Because Supplement No. 8 to the I&M Agreement contains the rate design currently in effect, the version of the I&M Agreement submitted herein includes the original agreement (which did not include a rate design addendum), Amendment No. 1 to the agreement (which updated the agreement based on the sale/leaseback financing transaction), and the currently effective rate design addendum and associated sample power bill, which was submitted as part of Supplement No. 8, as revised pursuant to this filing. For the redlined version of the I&M Agreement submitted herein, AEG has crossed out pages in previous supplements that have been superseded. With respect to the Kentucky Power Agreement, because the agreement was resubmitted in 2004 as part of the proposed extension of the agreement, AEPSC includes the version accepted by the Commission by letter order in December 2004, as revised pursuant to this filing.

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- Exhibit C (details regarding the cost to retire the Rockport landfill and ash pond by activity);
- Clean copy of the I&M Agreement;
- Redlined copy of the I&M Agreement;
- Clean copy of the Kentucky Power Agreement;
- Redlined copy of the Kentucky Power Agreement.

Pursuant to Section 35.7 of the Commission's regulations, 18 C.F.R. § 35.7, the contents of this filing are being submitted as part of an XML filing package that conforms with the Commission's instructions.

B. Effective Date:

AEG request an effective date of the proposed revisions of December 31, 2012.

C. The Names and Addresses of Persons to Whom a Copy of the Filing has Been Provided:

AEG has served a copy of this filing on:

Kentucky Power Company
Ranie Wohnhas
1 Riverside Plaza
Columbus, Ohio 43215

Indiana Michigan Power Company
Scott Krawec
1 Riverside Plaza
Columbus, Ohio 43215

In addition, AEG has served copies of this filing upon the Indiana Utility Regulatory Commission and the Kentucky Public Service Commission.

D. Brief Description of and Reason for the Rate Schedule Change:

A description of and reason for the proposed revisions is provided in Parts II and III of this Transmittal Letter, respectively.

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E. Showing that all Requisite Agreements Have Been Obtained:

I&M and Kentucky Power, the counter parties to the respective Agreements, have consented to the proposed revisions. Consequently, all requisite agreements necessary to submit these revisions have been obtained.

F. Costs that have been Alleged to be Illegal, Duplicative, or Unnecessary that are Demonstrably the Product of Discriminatory Employment Practices:

AEG has no knowledge of any relevant expenses or costs of service that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative or unnecessary costs that are demonstrably the product of discriminatory employment practices.

G. Cost of Service Information and Revenue Comparisons:

AEG request waiver of the revenue comparison requirements of Section 35.13(c) of the Commission's rules because the instant filing does not fundamentally alter the nature of the cost-based rate schedules currently in effect.

VI. Conclusion

AEPSC respectfully requests that the Commission accept the proposed revisions to the Agreement, effective December 31, 2012.

Respectfully submitted,

Amanda Riggs Conner
Amanda Riggs Conner

Attorney for American Electric Power Service
Corporation

Exhibit A

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ARO Rockport Asbestos Transition ARO

Layer #: 1 Layer Status: Active Discount Rate: 6.20% Annual Eff. Rate: 6.38%

Initial Expected Balance: \$22,271.60 Current Layer Asset Dollars (\$45,870.33)

Stream #	Probability	Month Yr	Estimate Fields		Direct Cost	Calculation Fields			Gross Cash Flow
			Cash Flow	Remaining Cash Flow		Inflation Rate	Allocated Cost	Mark Up Rate	
0	0.00%	06/2054	\$1,136,070.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
1	100.00%	06/2054	\$0.00	\$0.00	\$263,640.00	3.09%	0.00%	0.00%	\$1,136,070.00

Layer #: 2 Layer Status: Active Discount Rate: 8.72% Annual Eff. Rate: 9.08%

Initial Expected Balance: \$386,210.97 Current Layer Asset Dollars (\$130,552.52)

Stream #	Probability	Month Yr	Estimate Fields		Direct Cost	Calculation Fields			Gross Cash Flow
			Cash Flow	Remaining Cash Flow		Inflation Rate	Allocated Cost	Mark Up Rate	
0	0.00%	06/2008	\$760.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2010	\$516,695.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2054	(\$1,136,070.00)	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
1	100.00%	06/2008	\$0.00	\$0.00	\$760.00	3.15%	0.00%	0.00%	\$760.00
1	100.00%	06/2010	\$0.00	\$0.00	\$500,916.00	3.15%	0.00%	0.00%	\$516,695.00

Layer #: 3 Layer Status: Active Discount Rate: 5.07% Annual Eff. Rate: 5.19%

Initial Expected Balance: (\$385,135.61) Current Layer Asset Dollars \$199,769.81

Stream #	Probability	Month Yr	Estimate Fields		Direct Cost	Calculation Fields			Gross Cash Flow
			Cash Flow	Remaining Cash Flow		Inflation Rate	Allocated Cost	Mark Up Rate	
0	0.00%	06/2010	(\$513,434.83)	\$513,434.83	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2015	\$35,732.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2020	\$51,629.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2030	\$137,963.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2040	\$184,333.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2050	\$246,289.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2051	\$25,352.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ARO Rockport Asbestos Transition ARO

Layer #: 3 Layer Status: Active Discount Rate: 5.07% Annual Eff. Rate: 5.19%
 Initial Expected Balance: (\$385,135.61) Current Layer Asset Dollars \$199,769.81

Stream #	Probability	Month Yr	Estimate Fields		Direct Cost	Allocated Cost	Inflation Rate	Mark Up Rate	Risk Prem. Rate	Gross Cash Flow
			Cash Flow	Remaining Cash Flow						
1	100.00%	06/2015	\$0.00	\$0.00	\$32,757.00	\$0.00	2.94%	0.00%	0.00%	\$35,732.00
1	100.00%	06/2020	\$0.00	\$0.00	\$40,947.00	\$0.00	2.94%	0.00%	0.00%	\$51,629.00
1	100.00%	06/2030	\$0.00	\$0.00	\$81,893.00	\$0.00	2.94%	0.00%	0.00%	\$137,963.00
1	100.00%	06/2040	\$0.00	\$0.00	\$81,893.00	\$0.00	2.94%	0.00%	0.00%	\$184,333.00
1	100.00%	06/2050	\$0.00	\$0.00	\$81,893.00	\$0.00	2.94%	0.00%	0.00%	\$246,289.00
1	100.00%	06/2051	\$0.00	\$0.00	\$8,189.00	\$0.00	2.94%	0.00%	0.00%	\$25,352.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ARO Rockport U0 Asbestos - AE

Layer #: 1 Layer Status: Active Discount Rate: 5.75% Annual Eff. Rate: 5.90%
 Initial Expected Balance: \$315,465.40 Current Layer Asset Dollars \$97,581.42

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Calculation Fields				Gross Cash Flow
			Cash Flow	Cash Flow		Direct Cost	Allocated Cost	Inflation Rate	Mark Up Rate	
0	0.00%	06/2015	\$82,162.00	\$23,821.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2020	\$94,972.00	\$34,419.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2030	\$253,785.00	\$91,975.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2040	\$339,085.00	\$122,889.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2050	\$453,054.00	\$164,193.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2051	\$46,638.00	\$16,902.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
1	100.00%	06/2015	\$0.00	\$0.00	\$73,170.50	\$0.00	2.94%	0.00%	0.00%	\$82,162.00
1	100.00%	06/2020	\$0.00	\$0.00	\$73,170.50	\$0.00	2.94%	0.00%	0.00%	\$94,972.00
1	100.00%	06/2030	\$0.00	\$0.00	\$146,341.50	\$0.00	2.94%	0.00%	0.00%	\$253,785.00
1	100.00%	06/2040	\$0.00	\$0.00	\$146,341.50	\$0.00	2.94%	0.00%	0.00%	\$339,085.00
1	100.00%	06/2050	\$0.00	\$0.00	\$146,341.50	\$0.00	2.94%	0.00%	0.00%	\$453,054.00
1	100.00%	06/2051	\$0.00	\$0.00	\$14,634.50	\$0.00	2.94%	0.00%	0.00%	\$46,638.00

Layer #: 2 Layer Status: Active Discount Rate: 5.07% Annual Eff. Rate: 5.19%
 Initial Expected Balance: (\$217,883.98) Current Layer Asset Dollars \$0.00

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Calculation Fields				Gross Cash Flow
			Cash Flow	Cash Flow		Direct Cost	Allocated Cost	Inflation Rate	Mark Up Rate	
0	0.00%	06/2015	(\$58,341.00)	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2020	(\$60,553.00)	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2030	(\$161,810.00)	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2040	(\$216,196.00)	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2050	(\$288,861.00)	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2051	(\$29,736.00)	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
1	100.00%	06/2015	\$0.00	\$0.00	\$21,838.00	\$0.00	2.94%	0.00%	0.00%	\$23,821.00
1	100.00%	06/2020	\$0.00	\$0.00	\$27,298.00	\$0.00	2.94%	0.00%	0.00%	\$34,419.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ARO Rockport U0 Asbestos - AE

Layer #: 2 Layer Status: Active Discount Rate: 5.07% Annual Eff. Rate: 5.19%

Initial Expected Balance: (\$217,883.98) Current Layer Asset Dollars \$0.00

Stream #	Probability	Month Yr	Estimate Fields		Calculation Fields				Gross Cash Flow
			Cash Flow	Remaining Cash Flow	Direct Cost	Allocated Cost	Inflation Rate	Mark Up Rate	
1	100.00%	06/2030	\$0.00	\$0.00	\$54,595.50	\$0.00	2.94%	0.00%	\$91,975.00
1	100.00%	06/2040	\$0.00	\$0.00	\$54,595.50	\$0.00	2.94%	0.00%	\$122,889.00
1	100.00%	06/2050	\$0.00	\$0.00	\$54,595.50	\$0.00	2.94%	0.00%	\$164,193.00
1	100.00%	06/2051	\$0.00	\$0.00	\$5,459.50	\$0.00	2.94%	0.00%	\$16,902.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ASH Rockport Ash Pond - AEG Transition ARO

Layer #: 1 Layer Status: Active Discount Rate: 7.76% Annual Eff. Rate: 8.04%
 Initial Expected Balance: \$740,111.28 Current Layer Asset Dollars (\$450,076.89)

Stream #	Probability	Month Yr	Estimate Fields			Calculation Fields					Gross Cash Flow
			Cash Flow	Remaining Cash Flow	Direct Cost	Allocated Cost	Inflation Rate	Mark Up Rate	Risk Prem. Rate		
0	0.00%	06/2006	\$502,978.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2007	\$88,243.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2008	\$91,049.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2009	\$93,944.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2010	\$96,932.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2011	\$100,014.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2012	\$103,195.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2013	\$106,476.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2014	\$109,862.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2015	\$113,356.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2016	\$116,961.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2017	\$120,680.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2018	\$124,518.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2019	\$128,477.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2020	\$132,558.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$0.00
1	100.00%	06/2006	\$0.00	\$0.00	\$457,891.00	\$0.00	0.00%	0.00%	0.00%	\$0.00	\$502,978.00
1	100.00%	06/2007	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$0.00	\$88,243.00
1	100.00%	06/2008	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$0.00	\$91,049.00
1	100.00%	06/2009	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$0.00	\$93,944.00
1	100.00%	06/2010	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$0.00	\$96,932.00
1	100.00%	06/2011	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$0.00	\$100,014.00
1	100.00%	06/2012	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$0.00	\$103,195.00
1	100.00%	06/2013	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$0.00	\$106,476.00
1	100.00%	06/2014	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$0.00	\$109,862.00
1	100.00%	06/2015	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$0.00	\$113,356.00
1	100.00%	06/2016	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$0.00	\$116,961.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

Transition ARO

ARO Description: ASH Rockport Ash Pond - AEG

Layer #: 1 Layer Status: Active Discount Rate: 7.76% Annual Eff. Rate: 8.04%

Initial Expected Balance: \$740,111.28 Current Layer Asset Dollars (\$450,076.89)

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Calculation Fields			Gross Cash Flow		
			Cash Flow	Cash Flow		Direct Cost	Allocated Cost	Inflation Rate		Mark Up Rate	Risk Prem. Rate
1	100.00%	06/2017	\$0.00	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$120,680.00
1	100.00%	06/2018	\$0.00	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$124,518.00
1	100.00%	06/2019	\$0.00	\$0.00	\$0.00	\$77,857.00	\$0.00	3.18%	0.00%	0.00%	\$128,477.00
1	100.00%	06/2020	\$0.00	\$0.00	\$0.00	\$77,854.00	\$0.00	3.18%	0.00%	0.00%	\$132,558.00

Layer #: 2 Layer Status: Active Discount Rate: 8.72% Annual Eff. Rate: 9.08%

Initial Expected Balance: \$640,368.08 Current Layer Asset Dollars \$1,155,467.55

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Calculation Fields			Gross Cash Flow		
			Cash Flow	Cash Flow		Direct Cost	Allocated Cost	Inflation Rate		Mark Up Rate	Risk Prem. Rate
0	0.00%	06/2006	(\$502,978.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2007	(\$88,243.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2008	\$323,048.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2009	\$68,056.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2010	\$70,171.00	\$70,171.00	\$70,171.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2011	\$72,353.00	\$15,000.00	\$15,000.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2012	(\$103,195.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2013	\$76,921.00	\$21,723.00	\$21,723.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2014	(\$109,862.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2015	(\$113,356.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2016	(\$116,961.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2017	(\$120,680.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2018	(\$124,518.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2019	\$1,838,203.00	\$1,838,203.00	\$1,838,203.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2020	(\$41,577.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2021	\$93,847.00	\$82,290.00	\$82,290.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ASH Rockport Ash Pond - AEG Transition ARO

Layer #: 2 Layer Status: Active Discount Rate: 8.72% Annual Eff. Rate: 9.08%
 Initial Expected Balance: \$640,368.08 Current Layer Asset Dollars \$1,155,467.55

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Direct Cost	Calculation Fields		Mark Up Rate	Risk Prem. Rate	Gross Cash Flow
			Cash Flow				Allocated Cost	Inflation Rate			
0	0.00%	06/2022	\$96,803.00		\$84,709.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2023	\$99,853.00		\$87,199.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2024	\$102,998.00		\$89,763.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2025	\$106,242.00		\$92,402.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2026	\$109,589.00		\$95,119.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2027	\$113,041.00		\$97,915.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2028	\$116,602.00		\$100,794.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2029	\$120,275.00		\$103,757.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2030	\$124,064.00		\$106,808.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2031	\$127,972.00		\$109,948.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2032	\$132,003.00		\$113,180.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2033	\$136,161.00		\$116,508.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2034	\$140,450.00		\$119,933.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2035	\$144,874.00		\$123,459.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2036	\$149,437.00		\$127,089.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2037	\$154,145.00		\$130,825.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2038	\$159,000.00		\$134,671.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2039	\$164,009.00		\$138,631.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2040	\$169,175.00		\$142,707.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2041	\$174,504.00		\$146,902.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2042	\$180,001.00		\$151,221.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2043	\$185,671.00		\$155,667.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2044	\$191,520.00		\$160,244.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2045	\$197,552.00		\$164,955.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2046	\$203,775.00		\$169,804.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2047	\$210,194.00		\$174,797.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

Transition ARO

ARO Description: ASH Rockport Ash Pond - AEG

Layer #: 2 Layer Status: Active Discount Rate: 8.72% Annual Eff. Rate: 9.08%

Initial Expected Balance: \$640,368.08 Current Layer Asset Dollars \$1,155,467.55

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Calculation Fields				Gross Cash Flow	
			Cash Flow	Cash Flow		Direct Cost	Allocated Cost	Inflation Rate	Mark Up Rate		Risk Prem. Rate
0	0.00%	06/2048	\$216,815.00	\$213,456.99	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
1	100.00%	06/2008	\$0.00	\$0.00	\$414,097.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$414,097.00
1	100.00%	06/2009	\$0.00	\$0.00	\$162,000.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$162,000.00
1	100.00%	06/2010	\$0.00	\$0.00	\$162,000.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$167,103.00
1	100.00%	06/2011	\$0.00	\$0.00	\$162,000.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$172,367.00
1	100.00%	06/2013	\$0.00	\$0.00	\$162,000.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$183,397.00
1	100.00%	06/2019	\$0.00	\$0.00	\$1,442,253.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$1,966,680.00
1	100.00%	06/2020	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$90,981.00
1	100.00%	06/2021	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$93,847.00
1	100.00%	06/2022	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$96,803.00
1	100.00%	06/2023	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$99,853.00
1	100.00%	06/2024	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$102,998.00
1	100.00%	06/2025	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$106,242.00
1	100.00%	06/2026	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$109,589.00
1	100.00%	06/2027	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$113,041.00
1	100.00%	06/2028	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$116,602.00
1	100.00%	06/2029	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$120,275.00
1	100.00%	06/2030	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$124,064.00
1	100.00%	06/2031	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$127,972.00
1	100.00%	06/2032	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$132,003.00
1	100.00%	06/2033	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$136,161.00
1	100.00%	06/2034	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$140,450.00
1	100.00%	06/2035	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$144,874.00
1	100.00%	06/2036	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$149,437.00
1	100.00%	06/2037	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$154,145.00
1	100.00%	06/2038	\$0.00	\$0.00	\$64,683.00	\$0.00	\$0.00	3.15%	0.00%	0.00%	\$159,000.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ASH Rockport Ash Pond - AEG Transition ARO

Layer #: 2 Layer Status: Active Discount Rate: 8.72% Annual Eff. Rate: 9.08%

Initial Expected Balance: \$640,368.08 Current Layer Asset Dollars \$1,155,467.55

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Direct Cost	Calculation Fields		Mark Up Rate	Risk Prem. Rate	Gross Cash Flow
			Cash Flow				Allocated Cost	Inflation Rate			
1	100.00%	06/2039	\$0.00		\$0.00	\$64,683.00	\$0.00	3.15%	0.00%	0.00%	\$164,009.00
1	100.00%	06/2040	\$0.00		\$0.00	\$64,683.00	\$0.00	3.15%	0.00%	0.00%	\$169,175.00
1	100.00%	06/2041	\$0.00		\$0.00	\$64,683.00	\$0.00	3.15%	0.00%	0.00%	\$174,504.00
1	100.00%	06/2042	\$0.00		\$0.00	\$64,683.00	\$0.00	3.15%	0.00%	0.00%	\$180,001.00
1	100.00%	06/2043	\$0.00		\$0.00	\$64,683.00	\$0.00	3.15%	0.00%	0.00%	\$185,671.00
1	100.00%	06/2044	\$0.00		\$0.00	\$64,683.00	\$0.00	3.15%	0.00%	0.00%	\$191,520.00
1	100.00%	06/2045	\$0.00		\$0.00	\$64,683.00	\$0.00	3.15%	0.00%	0.00%	\$197,552.00
1	100.00%	06/2046	\$0.00		\$0.00	\$64,683.00	\$0.00	3.15%	0.00%	0.00%	\$203,775.00
1	100.00%	06/2047	\$0.00		\$0.00	\$64,683.00	\$0.00	3.15%	0.00%	0.00%	\$210,194.00
1	100.00%	06/2048	\$0.00		\$0.00	\$64,683.00	\$0.00	3.15%	0.00%	0.00%	\$216,815.00

Layer #: 3 Layer Status: Active Discount Rate: 6.04% Annual Eff. Rate: 6.21%

Initial Expected Balance: (\$35,552.17) Current Layer Asset Dollars \$84,417.56

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Direct Cost	Calculation Fields		Mark Up Rate	Risk Prem. Rate	Gross Cash Flow
			Cash Flow				Allocated Cost	Inflation Rate			
0	0.00%	06/2008	\$0.00		\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2009	\$0.00		\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2010	\$0.00		\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2011	\$0.00		\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2013	\$0.00		\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2019	(\$110,127.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2020	(\$9,249.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2021	(\$9,770.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2022	(\$10,313.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2023	(\$10,880.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00

Note: This report is filtered.

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ASH Rockport Ash Pond - AEG Transition ARO

Layer #: 3 Layer Status: Active Discount Rate: 6.04% Annual Eff. Rate: 6.21%
 Initial Expected Balance: (\$35,552.17) Current Layer Asset Dollars \$84,417.56

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Direct Cost	Calculation Fields			Gross Cash Flow
			Cash Flow				Allocated Cost	Inflation Rate	Mark Up Rate	
0	0.00%	06/2024	(\$11,472.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2025	(\$12,089.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2026	(\$12,734.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2027	(\$13,406.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2028	(\$14,108.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2029	(\$14,839.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2030	(\$15,602.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2031	(\$16,397.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2032	(\$17,226.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2033	(\$18,090.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2034	(\$18,990.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2035	(\$19,928.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2036	(\$20,905.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2037	(\$21,924.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2038	(\$22,985.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2039	(\$24,090.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2040	(\$25,240.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2041	(\$26,438.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2042	(\$27,686.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2043	(\$28,984.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2044	(\$30,337.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2045	(\$31,743.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2046	(\$33,207.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2047	(\$34,731.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
0	0.00%	06/2048	\$858,634.00	\$858,634.01	\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00
1	100.00%	06/2008	\$0.00		\$0.00	\$414,097.00	\$0.00	3.15%	0.00%	\$414,097.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ASH Rockport Ash Pond - AEG Transition ARO

Layer #: 3 Layer Status: Active Discount Rate: 6.04% Annual Eff. Rate: 6.21%
 Initial Expected Balance: (\$35,552.17) Current Layer Asset Dollars \$84,417.56

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Calculation Fields				Gross Cash Flow	
			Cash Flow	Cash Flow		Direct Cost	Allocated Cost	Inflation Rate	Mark Up Rate		Risk Prem. Rate
1	100.00%	06/2009	\$0.00	\$0.00	\$0.00	\$162,000.00	\$0.00	3.15%	0.00%	0.00%	\$162,000.00
1	100.00%	06/2010	\$0.00	\$0.00	\$0.00	\$162,000.00	\$0.00	3.15%	0.00%	0.00%	\$167,103.00
1	100.00%	06/2011	\$0.00	\$0.00	\$0.00	\$162,000.00	\$0.00	3.15%	0.00%	0.00%	\$172,367.00
1	100.00%	06/2013	\$0.00	\$0.00	\$0.00	\$162,000.00	\$0.00	3.15%	0.00%	0.00%	\$183,397.00
1	100.00%	06/2019	\$0.00	\$0.00	\$0.00	\$1,439,159.00	\$0.00	2.87%	0.00%	0.00%	\$1,856,553.00
1	100.00%	06/2020	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$81,732.00
1	100.00%	06/2021	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$84,077.00
1	100.00%	06/2022	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$86,490.00
1	100.00%	06/2023	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$88,973.00
1	100.00%	06/2024	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$91,526.00
1	100.00%	06/2025	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$94,153.00
1	100.00%	06/2026	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$96,855.00
1	100.00%	06/2027	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$99,635.00
1	100.00%	06/2028	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$102,494.00
1	100.00%	06/2029	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$105,436.00
1	100.00%	06/2030	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$108,462.00
1	100.00%	06/2031	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$111,575.00
1	100.00%	06/2032	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$114,777.00
1	100.00%	06/2033	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$118,071.00
1	100.00%	06/2034	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$121,460.00
1	100.00%	06/2035	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$124,946.00
1	100.00%	06/2036	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$128,532.00
1	100.00%	06/2037	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$132,221.00
1	100.00%	06/2038	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$136,015.00
1	100.00%	06/2039	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$139,919.00
1	100.00%	06/2040	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$143,935.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

Transition ARO

ARO Description: ASH Rockport Ash Pond - AEG

Layer #: 3 Layer Status: Active Discount Rate: 6.04% Annual Eff. Rate: 6.21%
 Initial Expected Balance: (\$35,552.17) Current Layer Asset Dollars \$84,417.56

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Calculation Fields			Gross Cash Flow		
			Cash Flow	Cash Flow		Direct Cost	Allocated Cost	Inflation Rate		Mark Up Rate	Risk Prem. Rate
1	100.00%	06/2041	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$148,066.00
1	100.00%	06/2042	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$152,315.00
1	100.00%	06/2043	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$156,687.00
1	100.00%	06/2044	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$161,183.00
1	100.00%	06/2045	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$165,809.00
1	100.00%	06/2046	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$170,568.00
1	100.00%	06/2047	\$0.00	\$0.00	\$0.00	\$61,589.00	\$0.00	2.87%	0.00%	0.00%	\$175,463.00
1	100.00%	06/2048	\$0.00	\$0.00	\$0.00	\$366,959.00	\$0.00	2.87%	0.00%	0.00%	\$1,075,449.00

Layer #: 4 Layer Status: Active Discount Rate: 5.75% Annual Eff. Rate: 5.90%
 Initial Expected Balance: \$364,418.62 Current Layer Asset Dollars \$919,537.59

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Calculation Fields			Gross Cash Flow		
			Cash Flow	Cash Flow		Direct Cost	Allocated Cost	Inflation Rate		Mark Up Rate	Risk Prem. Rate
0	0.00%	06/2008	(\$298,666.89)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2009	(\$68,056.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2010	\$382,538.00	\$382,538.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2011	(\$57,353.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2012	\$21,103.00	\$21,103.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2013	(\$55,198.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2014	\$22,362.00	\$22,362.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2015	\$166,749.00	\$166,749.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2019	\$509,754.00	\$509,754.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2020	\$79,939.00	\$79,939.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2021	(\$1,787.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
0	0.00%	06/2022	(\$1,781.00)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ASH Rockport Ash Pond - AEG Transition ARO

Layer #: 4 Layer Status: Active Discount Rate: 5.75% Annual Eff. Rate: 5.90%
 Initial Expected Balance: \$364,418.62 Current Layer Asset Dollars \$919,537.59

Stream #	Probability	Month Yr	Estimate Fields		Remaining Cash Flow	Direct Cost	Calculation Fields		Mark Up Rate	Risk Prem. Rate	Gross Cash Flow
			Cash Flow				Allocated Cost	Inflation Rate			
0	0.00%	06/2023	(\$1,774.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2024	(\$1,763.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2025	(\$1,751.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2026	(\$1,736.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2027	(\$1,720.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2028	(\$1,700.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2029	(\$1,679.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2030	(\$1,654.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2031	(\$1,627.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2032	(\$1,597.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2033	(\$1,563.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2034	(\$1,527.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2035	(\$1,487.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2036	(\$1,443.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2037	(\$1,396.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2038	(\$1,344.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2039	(\$1,288.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2040	(\$1,228.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2041	(\$1,164.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2042	(\$1,094.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2043	(\$1,020.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2044	(\$939.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2045	(\$854.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2046	(\$764.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2047	(\$666.00)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00
0	0.00%	06/2048	(\$3,358.01)		\$0.00	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00

Note: This report is filtered.

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ASH Rockport Ash Pond - AEG Transition ARO

Layer #: 4 Layer Status: Active Discount Rate: 5.75% Annual Eff. Rate: 5.90%
 Initial Expected Balance: \$364,418.62 Current Layer Asset Dollars \$919,537.59

Stream #	Probability	Month Yr	Estimate Fields		Direct Cost	Allocated Cost	Inflation Rate	Mark Up Rate	Risk Prem. Rate	Gross Cash Flow
			Cash Flow	Remaining Cash Flow						
1	100.00%	06/2010	\$0.00	\$0.00	\$452,709.00	\$0.00	2.94%	0.00%	0.00%	\$452,709.00
1	100.00%	06/2011	\$0.00	\$0.00	\$15,000.00	\$0.00	2.94%	0.00%	0.00%	\$15,000.00
1	100.00%	06/2012	\$0.00	\$0.00	\$20,500.00	\$0.00	2.94%	0.00%	0.00%	\$21,103.00
1	100.00%	06/2013	\$0.00	\$0.00	\$20,500.00	\$0.00	2.94%	0.00%	0.00%	\$21,723.00
1	100.00%	06/2014	\$0.00	\$0.00	\$20,500.00	\$0.00	2.94%	0.00%	0.00%	\$22,362.00
1	100.00%	06/2015	\$0.00	\$0.00	\$148,500.00	\$0.00	2.94%	0.00%	0.00%	\$166,749.00
1	100.00%	06/2019	\$0.00	\$0.00	\$1,862,159.00	\$0.00	2.94%	0.00%	0.00%	\$2,347,957.00
1	100.00%	06/2020	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$79,939.00
1	100.00%	06/2021	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$82,290.00
1	100.00%	06/2022	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$84,709.00
1	100.00%	06/2023	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$87,199.00
1	100.00%	06/2024	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$89,763.00
1	100.00%	06/2025	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$92,402.00
1	100.00%	06/2026	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$95,119.00
1	100.00%	06/2027	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$97,915.00
1	100.00%	06/2028	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$100,794.00
1	100.00%	06/2029	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$103,757.00
1	100.00%	06/2030	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$106,808.00
1	100.00%	06/2031	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$109,948.00
1	100.00%	06/2032	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$113,180.00
1	100.00%	06/2033	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$116,508.00
1	100.00%	06/2034	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$119,933.00
1	100.00%	06/2035	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$123,459.00
1	100.00%	06/2036	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$127,089.00
1	100.00%	06/2037	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$130,825.00
1	100.00%	06/2038	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	0.00%	\$134,671.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ASH Rockport Ash Pond - AEG Transition ARO

Layer #: 4 Layer Status: Active Discount Rate: 5.75% Annual Eff. Rate: 5.90%

Initial Expected Balance: \$364,418.62 Current Layer Asset Dollars \$919,537.59

Stream #	Probability	Month Yr	Estimate Fields		Direct Cost	Calculation Fields			Gross Cash Flow
			Cash Flow	Remaining Cash Flow		Allocated Cost	Inflation Rate	Mark Up Rate		Risk Prem. Rate
1	100.00%	06/2039	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	\$138,631.00
1	100.00%	06/2040	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	\$142,707.00
1	100.00%	06/2041	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	\$146,902.00
1	100.00%	06/2042	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	\$151,221.00
1	100.00%	06/2043	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	\$155,667.00
1	100.00%	06/2044	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	\$160,244.00
1	100.00%	06/2045	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	\$164,955.00
1	100.00%	06/2046	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	\$169,804.00
1	100.00%	06/2047	\$0.00	\$0.00	\$61,589.00	\$0.00	2.94%	0.00%	\$174,797.00
1	100.00%	06/2048	\$0.00	\$0.00	\$366,959.00	\$0.00	2.94%	0.00%	\$1,072,091.00

ARO Component/Site Stream Details Report
 AEP Generating Company
 American Electric Power
 Company: AEG - Rockport

ARO Description: ASH2 Rockport Ash Pond - AEG

Layer #: 1 Layer Status: Active Discount Rate: 8.72% Annual Eff. Rate: 9.08%

Initial Expected Balance: \$745,745.22 Current Layer Asset Dollars \$745,745.22

Stream #	Probability	Month Yr	<u>Estimate Fields</u>		<u>Calculation Fields</u>				Gross Cash Flow	
			Cash Flow	Remaining Cash Flow	Direct Cost	Allocated Cost	Inflation Rate	Mark Up Rate		Risk Prem. Rate
0	0.00%	06/2045	\$17,777,263.00	\$17,777,263.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	\$0.00
1	100.00%	06/2045	\$0.00	\$0.00	\$5,820,664.00	\$0.00	3.15%	0.00%	0.00%	\$17,777,263.00

Exhibit B

AEG Rockport

Asbestos Removal Costs

To remove asbestos at generating plants and associated facilities, initial costs include mobilization of units to the site and preparation of that site so the area is sealed off and does not pose a health risk to the workers or surrounding areas. For older inactive locations, a temporary power supply may be needed before the work is initiated. It is also possible that a safety walkthrough of the facility or training exercise may take place with the workers. After these steps are completed, then the crews come in and perform general construction/maintenance work at the facility to prepare for the removal of asbestos (which includes the setup of scaffolding). A series of equipment is rented and used for the removal, disposal, and cleanup of the asbestos (which may include HEPA vacuums, vacuum trucks, water trucks, power tools, asbestos vacuums, portable shower stalls, air machines, saws, flexible asbestos hoses, asbestos bags, etc).

While the work is being done, a majority of the costs are associated with labor and the staff on hand (including mileage & per diem). Personnel on site include foremen, crew workers, safety coordinators, scaffolding staff, etc. Also, additional personnel are on site taking samples of the materials being removed as well as air quality samples. These samples are analyzed during the process to ensure they remain within compliance. There may also be additional personnel maintaining construction and maintenance logs of each day's activity.

After all of the asbestos has been successfully removed from the facility, additional costs are necessary for the cleanup and eventual transport of the asbestos containing material to the landfill. This includes costs for the transport vehicle, travel, and per diem. Medical evaluations are also provided for the staff that assisted with the asbestos removal process.

Rockport Ash Pond/Landfill Closure

Ash Ponds

To close the Rockport Bottom Ash Pond, costs include general excavation as well as excavation of clay. The clay from the borrow area will be used as the fill and additional costs incurred include placing the clay cap and general fill/grading costs. Other closure costs include purchasing and placing of riprap & topsoil, seeding the closure area, installing a silt fence & surface drainage system, and adding surface maintenance roads. Miscellaneous activity includes the demolition and reconfiguration of an outfall structure as well as consultant costs, contractor costs, contingency costs, and labor.

AEG Rockport

Landfill

To close the Rockport Landfill, costs include general excavation as well as excavation of clay. The clay from the borrow area will be used as the fill and additional costs incurred include placing this clay cap. Other closure costs include purchasing and placing riprap & topsoil, seeding the closure and borrow areas, installing a silt fence & surface drainage system, adding inspection/maintenance roads, and furnishing and installing drainage trenches. Miscellaneous activity includes the demolition and reconfiguration of an outfall structure as well as consultant costs, contractor costs, contingency costs, and labor.

Additionally, the landfill is subject to post closure costs for a 30 year period. Post closure costs are related to groundwater monitoring, surface water monitoring, groundwater well monitoring, maintenance of the cover system (mowing, reseeding, cap repair), repairs to the surface water monitoring system and access control structures, vector & rodent control, and inspections. Miscellaneous costs include consultant costs, contingency costs and labor. After the 30 year monitoring period, the groundwater monitoring wells will be removed.

Exhibit C

**Exhibit C - ARO Closure Costs
 By Activity**

**AEG - Rockport Plant
 Detail of ARO Costs**

<u>Description</u>	<u>Rockport Landfill Costs</u>	<u>Rockport Ash Pond Costs</u>
Contractor Mobilization	\$50,000	\$50,000
Borrow Area	\$519,048	\$1,209,168
Clay Cap	\$1,036,000	\$5,185,000
Erosion & Sediment Control	\$1,511,250	\$2,667,500
Surface Drainage System	\$34,000	\$34,000
Roads	\$30,000	\$62,500
Drainage Trenches	\$45,750	\$0
Fly Ash for Structural Fill	\$1,000	\$0
Miscellaneous	\$40,000	\$180,000
Consultant	\$32,670	\$93,882
Internal Labor	\$261,365	\$751,053
Contingency	\$490,057	\$1,408,225
Closure Costs	\$4,051,140	\$11,641,328
Post Closure Monitoring	\$4,306,065	\$0
Total Costs	\$8,357,205	\$11,641,328
AEG's Share of Rockport	50%	50%
AEG's Share of Costs	\$4,178,603	\$5,820,664
Settlements Through 2010	\$452,709	\$0
Total ARO Liability in 2008 Dollars	\$4,631,312	\$5,820,664
ARO Costs Escalated to Years Work to be Performed	\$7,520,930	\$17,777,263

<u>Description</u>	<u>Rockport U0 Asbestos Abatement Cost</u>	<u>Rockport U1 Asbestos Abatement Cost</u>
Cubic Yards of Asbestos Remaining	175.76	263.64
Removal & Disposal Price per Cubic Yard	\$2,485	\$2,485
Asbestos Abatement Cost	\$436,764	\$655,144
AEG's Share of Rockport	50%	50%
AEG's Share of Asbestos Abatement Costs	\$218,382	\$327,572
ARO Cost Escalated to Years Work to be Performed	\$454,199	\$681,298

**Unit Power Service Agreement Between AEP Generating
Company and Indiana Michigan Power Company**

Redlined Version

AEP GENERATING COMPANY
FERC RATE SCHEDULE No. 1

Attorney General's First Set of Data Requests
Dated August 14, 2017
Item No. 314
Attachment 1
Page 37 of 253

Docket No.: ER84-57900
Company: AEP Gen.
FERC El. Rate Sch. No.: 1
Filing Date: 8-2-84
Effective Date: IOS 12/10/84
(except for test energy)

AEP GENERATING COMPANY
FERC RATE SCHEDULE No. 1

UNIT POWER SERVICE
TO
INDIANA & MICHIGAN ELECTRIC COMPANY

EFFECTIVE: FOR THE SALE OF TEST
POWER AND ENERGY ON OR ABOUT
SEPTEMBER 1, 1984 WHEN TEST POWER
AND ENERGY IS FIRST MADE AVAILABLE
TO AEGCO FROM OPERATION OF UNIT No. 1
AT THE ROCKPORT PLANT AND FOR DEMAND
AND ENERGY RELATED CHARGES ON OR
ABOUT DECEMBER 1, 1984, THE DATE
OF COMMERCIAL OPERATION OF UNIT
No. 1 AT THE PLANT.

UNIT POWER AGREEMENT

THIS AGREEMENT dated as of March 31, 1982 by and between INDIANA & MICHIGAN ELECTRIC COMPANY ("IMECO") and AEP GENERATING COMPANY ("AEGCO"),

WITNESSETH:

WHEREAS, IMECO, a subsidiary company of American Electric Power Company, Inc. ("AEP") under the Public Utility Holding Company Act of 1935 (the "1935 Act"), is presently constructing the Rockport Steam Electric Generating Plant at a site along the Ohio River near the Town of Rockport, Indiana, which will consist of two 1,300,000-kilowatt fossil-fired steam electric generating units and associated equipment and facilities (the "Rockport Plant"), the first unit ("Unit No. 1") of which is presently expected to be placed in commercial operation in 1984 and the second unit ("Unit No. 2") of which is presently expected to be placed in commercial operation in 1986; and

WHEREAS, AEGCO proposes to enter into an Owners' Agreement, dated as of March 31, 1982 (the "Owners' Agreement"), with IMECO and Kentucky Power Company ("KEPCO"), another subsidiary company of AEP under the 1935 Act, pursuant to which AEGCO and KEPCO plan to acquire undivided ownership interests, as tenants in common without right of partition, in the Rockport Plant which, upon completion of the construction of Unit No. 1, is thereafter to be operated as a part of the interconnected, integrated electric system comprising the American Electric Power System (the "AEP System"); and

WHEREAS, AEGCO proposes, upon completion of the construction of Unit No. 1 and the completion thereafter of the construction of Unit No. 2, to make available to IMECO, pursuant to this agreement, all of the available power (and the energy associated therewith) to which AEGCO shall from time to time be entitled at the Rockport Plant; and

WHEREAS, IMECO proposes to complete the construction of, the Rockport Plant pursuant to the provisions of the Owners' Agreement, and, upon completion of such construction, to operate the Rockport Plant pursuant to an operating agreement to be entered into by IMECO, AEGCO and KEPCO in accordance with the Owners' Agreement;

NOW, THEREFORE, in consideration of the terms and of the agreements hereinafter set forth, the parties hereto agree with each other as follows:

1.1 IMECO and AEGCO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.1 and Section 2.2 of this agreement, use their respective best efforts to complete and to make effective the arrangements described and specified in Section 1.1 and in Section 1.2 of the Capital Funds Agreement, dated as of March 31, 1982, between AEP and AEGCO.

1.2 AEGCO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.1 of this agreement, make available, or cause to be made available, to IMECO all of the power (and the energy associated therewith) which shall be available to AEGCO at the Rockport Plant, including test power produced during the course of the construction of generating units installed as a part of the Rockport Plant.

1.3 IMECO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.2 of this agreement, be entitled to receive all power (and the energy associated therewith) which shall be available to AEGCO at the Rockport Plant, and IMECO agrees to pay to AEGCO in consideration for the right to receive all such power (and the energy associated therewith) available to AEGCO at the Rockport Plant, as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by IMECO), such amounts from time to time as, when added to amounts received by AEGCO from any other sources, will be at least sufficient to enable AEGCO to pay, when due, all of its operating and other expenses, including provision for the depreciation and/or amortization of the cost of AEGCO's facilities and also including for the purposes of this agreement (i) any amount which AEGCO may be required to pay on account of any interest and/or any commitment fee on all indebtedness for borrowed money issued or assumed by AEGCO (or by any corporation or other entity with which AEGCO shall have merged or consolidated or to which it shall have sold or otherwise disposed of all or substantially all of its assets) and outstanding at the time and (ii) such additional amounts as are necessary after any required provision for taxes on, or measured by, income to enable AEGCO to pay required dividends on any preferred stock which it may issue and such amount as will represent a return on the common equity of AEGCO equal to the return most recently found in the period of the 24 calendar months immediately preceding the time when payments are to commence under this Section 1.3 to be

fair, and authorized, by the Federal Energy Regulatory Commission ("FERC", such term also including any successor Federal regulatory agency) as an appropriate return on the common equity of IMECO in a wholesale electric proceeding before FERC under the Federal Power Act, or any legislation enacted in substitution for, or to replace, the Federal Power Act or, if within such period of 24 calendar months immediately preceding the date when payments are to begin under this Section 1.3 no such action by FERC shall have become final and not subject to further proceedings before FERC or a court, the return most recently found to be fair and authorized by the Public Service Commission of Indiana as an appropriate return on the common equity of IMECO in a retail electric proceeding before that Commission. IMECO shall commence the payment of such amounts to AEGCO on the earlier of the following dates: (i) June 30, 1985 and, (ii) the date on which power, including any test power, and any energy associated therewith, shall become available to AEGCO at the Rockport Plant.

2.1 The performance of the obligations of AEGCO hereunder shall be subject to the receipt and continued effectiveness of all authorizations of governmental regulatory authorities at the time necessary to permit AEGCO to perform its duties and obligations hereunder, including the receipt and continued effectiveness of all authorizations by governmental regulatory authorities at the time necessary to permit the completion by IMECO of the construction of the Rockport Plant, the operation of the Rockport Plant, and for AEGCO to make available to IMECO all of the power (and the energy associated therewith) available to AEGCO at the Rockport Plant. AEGCO shall use its best efforts to secure and maintain all such authorizations by governmental regulatory authorities.

2.2 The performance of the obligations of IMECO hereunder shall be subject to the receipt and continued effectiveness of all authorizations of governmental regulatory authorities necessary at the time to permit IMECO to perform its duties and obligations hereunder, including the receipt and continued effectiveness of all authorizations by governmental regulatory authorities necessary at the time to permit IMECO to pay to AEGCO in consideration for the right to receive all of the power (and the energy associated therewith) available to AEGCO at the Rockport Plant the charges provided for in Section 1.3 of this agreement. IMECO shall use its best efforts to secure and maintain all such authorizations by governmental regulatory authorities. IMECO shall, to the extent permitted by law, be obligated to perform its duties and obligations hereunder, subject to then applicable provisions of this Section 2.2, (a)

whether or not AEGCO shall have received all authorizations of governmental regulatory authorities necessary to permit AEGCO to perform its duties and obligations hereunder, (b) whether or not such authorizations, or any such authorization, shall at any time in question be in effect, and (c) so long as AEGCO and IMECO shall continue to be subsidiary companies of AEP (as said term is defined in Section 2(a)(8) of the 1935 Act) or a successor thereto, whether or not, at any time in question, IMECO shall have performed its duties and obligations under this agreement. In the event that either AEGCO or IMECO shall cease to be such a subsidiary company, then and thereafter IMECO shall not be relieved of its obligation to make payments pursuant to Section 1.3 of this agreement by reason of the failure of AEGCO to perform its duties and obligations hereunder occasioned by Act of God, fire, flood, explosion, strike, civil or military authority, insurrection, riot, act of the elements, failure of equipment, or for any other cause beyond the control of AEGCO; provided that, in any such event, AEGCO shall use its best efforts to put itself in a position where it can perform its duties and obligations hereunder as soon as is reasonably practicable.

3. To the extent that it may legally do so, IMECO and AEGCO each hereby irrevocably waives any defense based on the adequacy of a remedy at law which may be asserted as a bar to the remedy of specific performance in any action brought against it for specific performance of this agreement by IMECO, by AEGCO, or by a trustee under any mortgage or other debt instrument which IMECO or AEGCO may, subject to requisite regulatory authority, enter into, or by any receiver or trustee appointed for IMECO or AEGCO under the bankruptcy or insolvency laws of any jurisdiction to which IMECO or AEGCO is or may be subject; provided, however, that nothing herein contained shall be deemed to constitute a representation or warranty by IMECO or AEGCO that the respective obligations of IMECO or AEGCO under this agreement are, as a matter of law, subject to the equitable remedy of specific performance.

4. IMECO shall not be entitled to set off against any payment required to be made by IMECO under this agreement (i) any amounts owed by AEGCO to IMECO or (ii) the amount of any claim by IMECO against AEGCO. The foregoing, however, shall not affect in any other way the rights and remedies of IMECO with respect to any such amounts owed to IMECO by AEGCO or any such claim by IMECO against AEGCO.

5. The invalidity and unenforceability of any provision of this agreement shall not affect the remaining provisions hereof.

6. This agreement shall become effective forthwith and shall continue until all of the Notes issued by AEGCO under the Revolving Credit Agreement, dated as of March 31, 1982, of AEGCO shall have been paid in full, together with all accrued interest thereon; provided, however, that in the event that AEGCO shall, prior to such payment, create a Mortgage and Deed of Trust secured by a lien on all, or certain of its fixed physical properties, and shall issue bonds thereunder, this agreement shall continue until said Mortgage and Deed of Trust shall have been satisfied and discharged or said Notes have been paid in full, whichever event shall be the later.

7. This agreement shall be binding upon the parties hereto and their successors and assigns, but no assignment hereof, or of any right to any funds due or to become due under this agreement, shall in any event relieve either IMECO or AEGCO of any of their respective obligations hereunder, or, in the case of IMECO, reduce to any extent its entitlement to receive all of the power (and the energy associated therewith) available to AEGCO from time to time at the Rockport Plant.

8. The agreements herein set forth have been made for the benefit of IMECO and AEGCO and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this agreement.

9. IMECO and AEGCO may, subject to the provisions of this agreement, enter into a further agreement or agreements between IMECO and AEGCO setting forth detailed terms and provisions relating to the performance by IMECO and AEGCO of their respective obligations under this agreement. No agreement entered into under this Section 9 shall, however, alter to any substantive degree the obligations of either party to this agreement in any manner inconsistent with any of the foregoing sections of this agreement.

10. IMECO shall, at any time and from time to time, be entitled to assign all of its right, title and interest in and to all of the power (and the energy associated therewith) to which IMECO shall be entitled under this agreement, but IMECO shall not, by such assignment, be relieved of any of its obligations and duties under this agreement except through the payment to AEGCO, by or on behalf of IMECO, of the amount or amounts which IMECO shall be obligated to pay pursuant to the terms of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused
this agreement to be duly executed as of the day and year
first above written.

INDIANA & MICHIGAN ELECTRIC
COMPANY

By G. P. Maloney
Vice President

AEP GENERATING COMPANY

By G. P. Maloney
Vice President

~~SUPERSEDED~~

GENERATING COMPANY
SAMPLE POWER BILL

SUMMARY OF UNIT 1 POWER BILL DURING TEST ENERGY
ASSUMING A 50% OWNERSHIP INTEREST IN ROCKPORT PLANT
(\$000)

Docket No.: ~~EP 17-14-000~~
Company: ~~AEG~~
FERC El. Rate Sch. No.: ~~1~~
Supp. No.: ~~1~~
Filing Date: ~~8-2-84~~
Effective Date: ~~IOS~~
12/10/84

Period	Total Unit 1 Power Bill	Amounts Received From Others (A)	I&ME Share
September 1984	2762	0	2762
October 1984	6547	0	6547
November 1984	7631	0	7631

(A) Assumes that I&ME is responsible for all test energy from AEG's ownership share of Rockport 1

REP GENERATING COMPANY
SAMPLE POWER BILL
SUMMARY OF UNIT 1 POWER BILL DURING TEST ENERGY
ASSUMING A 50% OWNERSHIP INTEREST IN ROCKPORT PLANT
(\$000)

Line No.		September 1984	October 1984	November 1984
1	Fuel Expense	2762	6547	7631
2	Total Power Bill	2762	6547	7631

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 SUMMARY OF UNIT 1 POWER BILL
 ASSUMING A 50% OWNERSHIP INTEREST IN ROCKPORT PLANT
 (\$000)

Period	Total Unit 1 Power Bill	Amounts Received From Others (A)	I&ME Share
December 1984	15423	4627	10796
January 1985	17584	5275	12309
February 1985	18337	5501	12836
March 1985	18989	5697	13292
April 1985	17262	5179	12084
May 1985	17076	5123	11953
June 1985	16860	5058	11802
July 1985	16953	5086	11867
August 1985	17186	5156	12030
September 1985	16661	4998	11663
October 1985	16904	5071	11833
November 1985	13561	4068	9493
December 1985	12415	3724	8690

(A) Assumed to be received from Kentucky Power Company.

ACCOUNTING COMPANY
 SAMPLE POWER BILL
 SUMMARY OF UNIT 1 POWER BILL
 ASSUMING A 50% OWNERSHIP INTEREST IN POOL/PORT PLANT
 (\$000)

Line No.	December 1984	January 1985	February 1985	March 1985	April 1985	May 1985	June 1985	July 1985	August 1985	September 1985	October 1985	November 1985	December 1985	Total 1985
1	1877	1922	1937	1952	1912	1926	1939	2162	2167	2177	2122	2127	2136	24478
2	4665	4559	4556	4436	4386	4313	4295	4093	4036	4021	4036	4011	3992	50794
3	5542	5880	6493	6388	6258	6239	6234	6255	6203	6199	6158	6138	6128	75272
4	7066	7453	8283	9027	7465	7285	7064	6945	7226	6690	7022	3695	2551	80706
5	0	1679	1679	1679	1679	1679	1679	1679	1679	1684	1684	1684	1684	20168
6	216	216	217	217	217	217	217	217	217	217	217	217	217	2603
7	1599	1656	1665	1678	1643	1656	1666	1857	1861	1871	1823	1828	1835	21040
8	15423	17584	18337	18989	17262	17076	16860	16953	17186	16661	16904	13561	12415	199789
9	Federal Income Taxes:													
10	6542	6580	6493	6388	6258	6239	6234	6255	6203	6199	6158	6138	6128	74128
11	11282	1123	1123	1123	1123	1123	1123	1123	1123	1121	1121	1121	1121	1121
12	4665	4555	4556	4436	4386	4313	4295	4093	4036	4021	4036	4011	3992	50794
13	24526	2423	2424	2423	2424	2423	2424	2423	2424	2418	2418	2418	2419	2419
14	-11367	625	636	652	611	626	638	662	667	681	824	830	838	838
15	85.185%	85.185%	85.185%	85.185%	85.185%	85.185%	85.185%	85.185%	85.185%	85.185%	85.185%	85.185%	85.185%	85.185%
16	-9683	533	542	555	520	533	543	734	738	750	702	707	714	714
17	11282	1123	1123	1123	1123	1123	1123	1123	1123	1121	1121	1121	1121	1121
18	1599	1656	1665	1678	1643	1656	1666	1857	1861	1871	1823	1828	1835	1835
19	Proof Of Federal Income Taxes:													
20	15423	17584	18337	18989	17262	17076	16860	16953	17186	16661	16904	13561	12415	12415
21	7066	7453	8283	9027	7465	7285	7064	6945	7226	6690	7022	3695	2551	2551
22	0	1679	1679	1679	1679	1679	1679	1679	1679	1684	1684	1684	1684	1684
23	216	216	217	217	217	217	217	217	217	217	217	217	217	217
24	4665	4655	4556	4436	4386	4313	4295	4093	4036	4021	4036	4011	3992	3992
25	3476	3581	3682	3630	3555	3582	3605	4019	4029	4049	3943	3954	3971	3971
26	24526	2423	2424	2423	2424	2423	2424	2423	2424	2418	2419	2418	2419	2419
27	-21050	1158	1178	1207	1131	1159	1181	1596	1605	1631	1526	1536	1552	1552
28	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%
29	-9683	533	542	555	520	533	543	734	738	750	702	707	714	714
30	11282	1123	1123	1123	1123	1123	1123	1123	1123	1121	1121	1121	1121	1121
31	1599	1656	1665	1678	1643	1656	1666	1857	1861	1871	1823	1828	1835	1835

AEP GENERATING COMPANY
SAMPLE POWER BILL
ROCKPORT OPERATION & MAINTENANCE EXPENSES
ASSUMING A 50% OWNERSHIP INTEREST ON ROCKPORT PLANT
(\$000)

Line No.	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
1	Operation and maintenance expense		
2	resulting from Rockport 1 and related		
3	facilities being placed in service.		
4	<u>A/C</u> <u>Description</u>		
5	500 Supervision and Engineering	1,209	
6	502 Steam Expenses	397	
7	505 Electric Expenses	183	
8	506 Misc. Steam Power Expense	741	
9	507 Rents	<u>76</u>	
10	AEG's Share of Operation Expense	<u>2,606</u>	
11	510 Maintenance Super. and Engineering	600	
12	511 Maintenance of Structures	212	
13	512 Maintenance of Boiler Plant	2,061	
14	513 Maintenance of Electric Plant	769	
15	514 Maintenance of Misc. Steam Plant	<u>364</u>	
16	AEG's Share of Maintenance Expense	<u>4,006</u>	
17	625 Injuries and Damages	36	
18	626 Employee Pensions and Benefits	<u>307</u>	
19	AEG's Share of Administrative & General		
20	Expenses	<u>343</u>	
21	Total AEG Operation & Maintenance Expenses		<u>6,955</u>

AEP GENERATING COMPANY
SAMPLE POWER BILL
ROCKPORT OPERATION & MAINTENANCE EXPENSES
ASSUMING A 50% OWNERSHIP INTEREST ON ROCKPORT PLANT
(\$000)

Line No.	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
1	Rockport 1 operation expense excluding		
2	administrative and general expenses		
3	1983 Mountaineer Plant operation		
4	forecast	4,638,000	
5	Increase in expense at 6% per year		
6	(1.06 x 1.06)	x 1.1236	
7	1985 Rockport 1 operation expense	5,211,257	
8		x 50%	
9	AEG's share of operation expense		<u>2,606</u>
10	Rockport 1 maintenance expense for 1985		
11	1983 Moutaineer Plant approved budget	6,945,000	
12	Less: Centralized plant maintenance	402,000	
13	1983 plant expense	<u>6,543,000</u>	
14	Increase in expense at 6% per year		
15	(1.06 x 1.06)	x 1.1236	
16	1985 plant expense	7,351,715	
17	Plus: contract labor:		
18	100 men x 1.18 load factor x		
19	4 week outage x 40 hours/week		
20	x \$35/hour	<u>660,800</u>	
21	1985 Rockport 1 maintenance		
22	forecast	8,012,515	
23		x 50%	
24	AEG's share of maintenance expense		<u>4,006</u>

Assumptions: 1. Rockport 1 commercial December 1, 1984.
2. Based on Mountaineer Plant expenses.

AEP GENERATING COMPANY
SAMPLE POWER BILL
ROCKPORT OPERATION & MAINTENANCE EXPENSES
ASSUMING A 50% OWNERSHIP INTEREST ON ROCKPORT PLANT
(\$000)

Line No.	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
1	1985 Rockport 1 administrative and		
2	general expense		
3	Workers' Compensation (A/C 625):		
4	Payroll	5,601	
5	Historic Rate	x <u>1.4194%</u> *	
6	Total Workers' Compensation	80	
7		x <u>50%</u>	
8	AEG's share	40	
9	Percent charged to expense	x <u>90%</u>	
10	Workers' Compensation Expense		36
11	(Total Account 625)		
12	Savings Plan (A/C 626):		
13	Payroll	5,601	
14	Historic Rate	x <u>1.7102%</u> *	
15	Total Savings Plan	96	
16		x <u>50%</u>	
17	AEG's share	48	
18	Percent charged to expense	x <u>90%</u>	
19	Savings Plan Expense		43
20	Pensions (A/C 626):		
21	Payroll	5,601	
22	Historic Rate	x <u>3.6645%</u> *	
23	Total Pensions	205	
24		x <u>50%</u>	
25	AEG's share	103	
26	Percent charged to expense	x <u>90%</u>	
27	Pension Expense		93
28	Group Insurance (A/C 626):		
29	Payroll	5,601	
30	Historic Rate	x <u>6.7782%</u> *	
31	Total Group Insurance	380	
32		x <u>50%</u>	
33	AEG's share	190	
34	Percent charged to expense	x <u>90%</u>	
35	Group Insurance Expense		<u>171</u>
36	Total Administrative & General Expenses		<u>343</u>

* % = Actual 12 month ended March 31, 1984

AEP GENERATING COMPANY
SAMPLE POWER BILL
ROCKPORT DEPRECIATION EXPENSE
ASSUMING A 50% OWNERSHIP INTEREST ON ROCKPORT PLANT
(\$000)

<u>Line No.</u>	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
1	1985 Depreciation expense for Rockport 1		
2	and related facilities		
3	Rockport Unit No. 1: (A)		
4	Book depreciable basis	572,413	
5	Times depreciation rate	<u>3.52%</u>	
6	Depreciation expense		20,148
7	Rockport Unit No. 1 Clean-Up:		
8	In-Service at August 31, 1985	1,760	
9	Times depreciation rate	<u>3.52%</u>	
10	Depreciation expense (4 months)		<u>20</u>
11	Total 1985 Depreciation Expense		<u>20,168</u>

(A) Includes Spare 1300 MW Equipment

AEP GENERATING COMPANY
SAMPLE POWER BILL
ROCKPORT TAXES OTHER THAN INCOME TAXES
ASSUMING A 50% OWNERSHIP INTEREST ON ROCKPORT PLANT
(\$000)

<u>Line No.</u>	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
1	Taxes other than income taxes resulting		
2	from Rockport Unit No. 1 and related		
3	facilities being placed in service.		
4	Rockport property taxes	1,583	
5	Spare parts property taxes	20	
6	Payroll taxes	191	
7	Ohio franchise tax	<u>809</u>	
8	Total Taxes Other Than Income Taxes		<u>2,603</u>

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 ROCKPORT TAXES OTHER THAN INCOME TAXES
ASSUMING A 50% OWNERSHIP INTEREST ON ROCKPORT PLANT
 (\$000)

<u>Line</u> <u>No.</u>	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
1	Rockport Unit No. 1 related property taxes		
2	1985 accrual		
3	Original cost at		
4	December 31, 1984	1,172,925	
5	Less: AFUDC	374,032	
6	Pollution equipment	143,819	
7	Accumulated tax depreciation	38,534	
8	Appreciation credit	<u>295,264*</u>	
9	Net plant cost	321,276	
10	Times assessment ratio	<u>1/3</u>	
11	Assessed value	107,092	
12	Times tax rate	<u>3.695%</u>	
13	Total property taxes	3,957	
14	Less: 20% credit	x <u>80%</u>	
15	Property taxes (after credit)	<u>3,166</u>	
16		x <u>50%</u>	
17	AEG's share of Rockport Unit No. 1		
18	Property Tax Expense		<u>1,583</u>

* Original cost (Unit No. 1 only)	\$1,105,091
Less: AFUDC	374,032
Pollution Equipment	143,819
Accum. tax depreciation	38,534
Buildings	<u>56,600</u>
	492,106
	x <u>60%</u>
Appreciation credit	295,264

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 ROCKPORT TAXES OTHER THAN INCOME TAXES
ASSUMING A 50% OWNERSHIP INTEREST ON ROCKPORT PLANT
 (\$000)

<u>Line No.</u>	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
1	1985 accrual for property taxes on spare		
2	1300 MW turbine parts stored at Mountaineer		
3	Plant (\$000's omitted)		
4	Amount reported to assessor	3,287	
5	Assessment ratio	<u>50%</u>	
6	Assessed value	1,644	
7	Tax rate	<u>2.358%</u>	
8	Total Property Tax on Turbine Parts	39	
9		x <u>50%</u>	
10	AEG's Share of Property Taxes on Spare		
11	1300 MW Turbine		<u>20</u>
12	1985 Ohio franchise tax:		
13	Common equity at December 31, 1984 ^(A)	138,925	
14	Times tax rate (mills/\$000)	<u>5.82</u>	
15	Ohio Franchise Tax		<u>809</u>

(A) Total Net Plant @ 12/31/84	\$821,046
x Equity ratio	<u>0.25</u>
= Common Equity @ 12/31/84	\$205,262
x Operating ratio	<u>0.67682</u>
= Unit 1 Common Equity @ 12/31/84	\$138,925

AEP GENERATING COMPANY
SAMPLE POWER BILL
ROCKPORT TAXES OTHER THAN INCOME TAXES
ASSUMING A 50% OWNERSHIP INTEREST ON ROCKPORT PLANT
(\$000)

Line No.	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
1	Payroll taxes on added employees at Rockport		
2	Unit No. 1		
3	FICA Tax Expenses:		
4	Expected payroll	5,601	
5	Less: Payroll not subject to tax	<u>67</u>	
6	Expected payroll subject to tax	5,534	
7	Tax rate	x 7.05%	
8	Total FICA tax	<u>390</u>	
9	Percent charged to expense	x 90%	
10	FICA tax expense	<u>351</u>	
11		x 50%	
12	AEG's share of FICA tax expense		175
13	Federal Unemployment Tax Expense:		
14	Expected payroll	5,601	
15	Less: payroll not subject to tax	<u>3,837</u>	
16	Expected payroll subject to tax	1,764	
17	Tax rate	x 0.8%	
18	Total Federal unemployment tax expense	<u>14</u>	
19	Percent charged to expense	x 90%	
20	Federal unemployment tax expense	<u>13</u>	
21		x 50%	
22	AEG's share of Federal unemployment tax expense		6
23	Indiana Unemployment Tax Expense:		
24	Expected payroll	5,601	
25	Less: payroll not subject to tax	<u>3,837</u>	
26	Expected payroll subject to tax	1,764	
27	Tax rate	x 1.3%	
28	Total FICA tax	<u>23</u>	
29	Percent charged to expense	x 90%	
30	FICA tax expense	<u>21</u>	
31		x 50%	
32	AEG's share of FICA tax expense		<u>10</u>
33	Total Payroll Taxes on Added Employees at		
34	Rockport Unit No. 1.		<u><u>191</u></u>

Note: Based on 252 employees
Indiana employees - 252
Michigan employees - 0
Federal Unemployment base - \$7,000
Indiana Unemployment base - \$7,000
FICA Salary Limit - \$38,000

Docket No.: *ER14-579-000*

Dated August 14, 2017

Company: *REP Gov Co*

Item No. 314

FERC El. Rate Sch. No. *1*

Attachment 1

Supp. No.: *2*

EXHIBIT A

Filing Date: *2-11-86*

Effective Date:

RATE DESIGN

The total revenue requirement of AEGCO calculated pursuant to the IMECO-AEGCO Unit Power Agreement designated AEGCO FERC Rate Schedule No. 1 is designed to recover for AEGCO its total cost of providing power (and the energy associated therewith) available to AEGCO at the Rockport Plant.

DETERMINATION OF POWER BILL

In accordance with Section 1.3 of the Unit Power Agreement, I&M agrees to pay AEGCO in consideration for the right to receive all power (and the energy associated therewith) available to AEGCO at the Rockport Plant, as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by I&M), such amounts, less any amounts recovered by AEGCO from other sources, as shall be determined monthly as described below. Such amounts shall be calculated separately for Unit No. 1 (including Common Facilities) and for Unit No. 2. I&M shall then commence the payment of such amounts (power bill) on the earlier of the following dates: (i) June 30, 1985 and (ii) the date on which power including any test power, and any energy associated therewith, shall become available to AEGCO at the Rockport Plant.

The power bill for Unit No. 1 (including Common Facilities) shall be calculated each month and shall reflect recovery only of those costs related to the plant in service. It shall consist of the sum of (a) a return on common equity, (b) a return on other capital, (c) recovery of operating expenses and (d) provision for federal income taxes as described below and as illustrated in the example attached.

(a) Return on Common Equity, which shall be equal to the product of (i) the amount of common equity outstanding at the end of the previous month, but not more than 40% of the capitalization of AEGCO at the end of the previous month; (ii) 1.20833% (14.50% annual rate) as described in Note 1 below; (iii) the Operating Ratio, as defined in Note 2 below, and (iv) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below, plus the product of (v) the amount of common equity in excess of 40% of the capitalization of AEGCO at the end of the previous month, if any such excess shall be determined; (vi) the weighted cost of debt outstanding at the end of the previous month; (vii) the Operating Ratio, as defined in Note 2 below; and

(viii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, the amount of common equity shall be equal to the sum of the Common Stock (Accounts 201-203, 209, 210, 212, 214 and 217), Other Paid-In Capital (Accounts 207, 208, 211 and 213), and Retained Earnings (Accounts 215-216) outstanding at the end of the previous month. Total capitalization shall be equal to the sum of Long-Term Debt (Accounts 221-226 including current maturities and unamortized debt premium and discounts), Short-Term Debt (Account 231), Preferred Stock (Accounts 204-206), and Common Equity less any Temporary Cash Investments, Special Deposits and Working Funds (Accounts 132-134 and 136) outstanding at the end of the previous month.

(b) Return on Other Capital, which shall be equal to the product of (i) the amount equal to the net Interest expense associated with Long-Term and Short-Term Debt, Net of any Temporary Cash Investments, Special Deposits and Working Funds, plus the preferred stock dividend requirement associated with the Preferred Stock outstanding at the end of the previous month; (ii) the Operating Ratio, as defined in Note 2 below; and (iii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, Net Interest expenses shall be equal to the sum of (i) the amount of Long-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Long-Term Debt and (ii) the amount of Short-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Short-Term Debt, less (iii) the amount of Temporary Cash Investments, Special Deposits and Working Funds outstanding at the end of the previous month multiplied by the weighted cost of Long-Term and Short-Term Debt combined determined pursuant to (i) and (ii) above.

(c) Recovery of Operating Expenses, excluding federal income taxes, which shall consist of a provision for depreciation and amortization (Accounts 403-407), operation and maintenance expenses and taxes other than federal income taxes (Account 408.1) associated with Unit No. 1 (including Common Facilities) offset by Other Operating Revenues as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts For Major Electric Utilities (See Note 6). Recovery of expenses for test energy shall be limited to recovery of actual fuel expense as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts For Major Electric Utilities. Operating and maintenance expenses shall include, and reflect recovery of, Steam Power Generation Expenses (Accounts 500-515), Other Power Supply Expenses (Accounts 555-557), Transmission Expenses (Accounts 560-574), Distribution Expenses (Accounts 580-598), Customer Accounts Expenses (Accounts 901-905), Customer Service and Informational

Expenses (Accounts 906-910), Sales Expenses (Accounts 911-917) and Administrative and General Expenses (Accounts 920-933 and 935). Recovery of 501 fuel expenses shall be adjusted to reflect the deferral and/or feedback of unrecovered levelized fuel expenses as may be recorded on the Company's books or as is currently recorded on the books of I&M.

(d) Provision for Unit No. 1's (including Common Facilities) allocated share of net current and deferred federal income tax expense and investment tax credit included in operating income as determined by the Company in accordance with federal income tax law, SEC approved consolidated current tax allocation procedures, and FERC rules and regulations.

For purposes of computing federal income taxes, the interest expense deduction shall be equal to the sum of the net interest expense computed in accordance with paragraph (b) above plus the imputed interest expense associated with common equity that is in excess of 40% of AEGCO's net capitalization.

The power bill for Unit No. 2 shall be calculated in the same manner as described for Unit No. 1 above except that it shall reflect the Unit No. 2 Net In-Service Investment Ratio and those expenses associated with Unit No. 2.

Notes:

1. Return on Equity

The return on common equity allowance shall be based upon a rate of return of 14.50% as set forth in sub-paragraph (a) above.

2. Operating Ratio

The Operating Ratio shall be computed each month commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts For Major Electric Utilities, outstanding at the end of the previous month and shall be derived by dividing (a) the amount of Electric Plant In Service (Account 101) less Accumulated Provision for Depreciation (Account 108); plus Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 as adjusted pursuant to the provisions of Note 4.C. below) Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), and Prepayments (Account 165); less Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the plant in service by (b) the sum of (i) the amount determined pursuant to (a) plus (ii) the amount of

Construction Work in Progress (Account 107) plus Materials and Supplies (Accounts 151-156 and 163), less Accumulated Deferred Federal Income Taxes related to the construction work in progress plus (iii) Plant Held for Future Use (Account 105), Other Deferred Debits (Account 186) and the amount of fuel inventory over the allowed level (Account 151.10) not otherwise included in (a) above.

3. Net In-Service Investment Ratio

The Unit No. 1 Net In-Service Investment Ratio shall be equal to 1.0 during the period commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation and shall remain at 1.0 up to, but not including, the month in which Unit No. 2 at the Plant is placed in commercial operation. Thereafter, the Net In-Service Investment Ratio shall be computed each month, based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived as follows:

- A. Unit No. 1 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 1 and Common Facilities by (b) the sum of the Net In-Service Investment associated with Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.
- B. Unit No. 2 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 2 by (b) the sum of the Net In-Service Investment associated with Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.

4. Net In-Service Investment

The Net In-Service Investment shall be computed each month commencing with the month in which Unit No. 2 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall consist of the following:

- A. Unit No. 1 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below),

and Prepayments (Account 165), and Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), less Accumulated Provision for Depreciation (Account 108), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to such Unit No. 1 and Common Facilities in-service investment.

- B. Unit No. 2 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), Prepayments (Account 165), and Other Deferred Debits (Account 186 pursuant to Note 4.D. below), less Accumulated Provision for Depreciation (Account 108), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the Unit No. 2 in-service investment.
- C. AEGCO shall be permitted to earn a return on its fuel inventory, recorded in Account 151.10, not in excess of a 75-day coal supply as defined herein. To the extent AEGCO's actual fuel inventory exceeds the allowable 75-day level, the return on such excess shall be recorded in a memo account. When AEGCO's actual fuel inventory is less than the allowable 75-day level, AEGCO shall be permitted to recover the return previously unrecovered, but in no event shall the power bill reflect a return on fuel inventory in excess of a 75-day supply.

A 75-day coal inventory level shall be determined for each unit annually and shall be based upon the actual experienced daily burn during the preceding calendar year. The actual experienced daily burn shall be defined to exclude the effect of forced and scheduled outages as well as curtailments as follows:

For each unit:

$$\text{Actual experienced daily burn} = 24 \text{ hours} \left(\frac{\text{Tons burned per year}}{\text{Operating hours}} \right)$$

Where:

Operating hours = Hours in year minus forced and scheduled outage hours minus curtailment equivalent outage hours

and:

Curtailement equivalent The product for
outage hours = each curtailement of:

$$\frac{\text{kW of curtailed capacity}}{\text{kW of rated capacity}} \times \text{Curtailement hours}$$

The value of the allowable 75-day coal supply used to determine each month's power bill shall be equal to the number of tons determined above multiplied by the cost per ton of coal in inventory at the end of the previous month.

For 1985, a 75-day coal supply for AEGCO's 50% ownership share of Rockport Unit No. 1 shall be based on 10 months ending October 1985 data which results in an initial inventory level of 398,581 tons.

AEGCO shall maintain a cumulative record of the unrecovered return as well as the subsequent recovery of that return as follows:

- i) To the extent that AEGCO's actual fuel inventory exceeds the allowable 75-day coal supply, AEGCO shall record each month an amount equal to the sum of the unrecovered return on fuel inventory and the return on previously unrecovered amounts. The unrecovered return on fuel inventory shall be calculated each month by deriving the difference between the power bill that would result if full recovery were provided and the power bill that results with the 75-day limitation imposed. The return on previously unrecovered amounts shall be calculated by multiplying the cumulative return unrecovered at the end of the previous month by the capital costs used to derive the power bill, adjusted for federal income taxes.
- ii) To the extent that AEGCO's fuel inventory is less than the allowable 75-day coal supply, AEGCO shall record each month an amount equal to the return on previously unrecovered amounts less the recovered return in excess of actual inventory levels. The return on previously unrecovered amounts shall be calculated as described in (i) above. The recovered return in excess of actual inventory levels shall be calculated by deriving the difference between the power bill that would result if actual inventory balances were used

and the power bill that results with an imputed inventory level. In no event will the cumulative value of the unrecovered return be allowed to fall below zero.

- D. AEGCO shall be permitted to include as part of its Net In-Service Investment Numerator amounts subsequently recorded in Accounts 105 and 186 subject to the conditions set forth in the Offer of Settlement in FERC Docket No. ER84-579-000, et al.

5. Investment Balances

For the purpose of calculating the Operating Ratio and Net In-Service Investment Ratio, amounts shall reflect the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month, except that when plant greater than or equal to 1% of the prior month ending plant value is transferred into service during the current month, such prior month balances shall be adjusted to reflect such transfers to service. Such adjustment shall be pro-rated for the number of days during the month that such plant addition was in-service.

6. Allocation of Expenses

Operating expenses shall be directly assigned to Unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such expenses shall be allocated between the units in accordance with the basis that gave rise to such expense.

AEGCO's operating and maintenance expenses shall include, and AEGCO shall be allowed recovery of, administrative and general expenses, related payroll taxes and other costs, allocated to AEGCO by I&M as operator of the Rockport Plant or incurred directly by AEGCO.

I&M shall allocate to AEGCO, a portion of I&M's administrative and general expenses charged to Accounts 920, 921, 922, 923, 924, 925, 926, 931, and 935; related payroll taxes charged to Account 408; and a portion of the expenses of the Rockport Information Center charged to Accounts 506, 511 and 514 that generally relate to Rockport Plant operations. Such charges shall be allocated to AEGCO on the basis of the ratio of AEGCO's share of the Rockport Plant operation and maintenance wages and salaries, divided by the sum of total Rockport Plant operations and maintenance wages and salaries, plus all other I&M operation and maintenance wages and salaries, less I&M's administrative and general wages and salaries. For the period beginning December 10, 1984 and ending December 31, 1985 this ratio will be

developed based on actual 1985 amounts. In subsequent calendar years, this ratio will be adjusted annually based on the prior calendar year's amounts.

AEGCO's operation and maintenance expenses shall also include, and AEGCO shall be allowed recovery of, other administrative and general expenses directly incurred by AEGCO and included in the appropriate administrative and general expense accounts.

BILLINGS AND PAYMENTS

All bills for amounts owing hereunder shall be due and payable on the fifteenth day of the month next following the month or other period to which such bills are applicable, or on the tenth day following receipt of the bill, whichever date is later. Interest on unpaid amounts shall accrue daily at the prime interest rate per annum in effect on the due date at the Citibank, plus 2% per annum, from the due date until the date upon which payment is made. Unless otherwise agreed upon, the calendar month shall be the standard period for the purpose of settlements under this Agreement. If bills cannot be accurately determined at any time, they shall be rendered on an estimated basis and subsequently adjusted to conform to the terms of the unit power agreements.

KPSC Case No. 2017-00179
Attorney General's First Set of Data Requests
Dated August 14, 2017
Item No. 314
Attachment 1
Page 69 of 253
Docket No.: *EL14*
Company: *AEP Gen Co.*
FERC EL Rate Sch. No.: *1*
Supp. No.: *3*
Filing Date: *2-18-16*
Effective Date: *April 1*

**AEP GENERATING COMPANY
SAMPLE POWER BILL
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2	Summary of Unit 1 Power Bill, in Total
3	Determination of Operating Ratio
4	Determination of Net In-Service Investment Ratio
5	Determination of Unit 1 Equity and Other Capital Returns
6	Determination of Weighted Cost of Debt
7	Determination of Unit 1 Materials and Supplies
8	Detail of Other Operating Revenues, by Account
9	Detail of Operation & Maintenance Expenses, by Account
10	Detail of Depreciation Expense, by Account
11	Detail of Taxes Other Than Federal Income Taxes, by Account
12	Detail of Schedule M Adjustments and Deferred Federal Income Tax
13-14	Detail of Net In-Service Investment: Unit 1, by Account
15	Detail of Non-In-Service Investment - CWIP, by Account
16-17	Detail of Net Capitalization, by Account

AEP Generating Company
Sample Power Bill
Summary of Unit 1 Power Bill
(\$000)

<u>Period</u>	<u>Total Unit 1 Power Bill</u>	<u>KPco Share</u>	<u>I&ME Share</u>
January 1985	10,086	3,026	7,060

AEP Generating Company
Sample Power Bill
Summary of Monthly Power Bill

(\$000)

Line No.		January 1985
-----		-----
1	Return on Common Equity	1,774
2	Return on Other Capital	3,959
-----		-----
3	Total Return	5,733
4	- Other Operating Revenues	0
5	+ Operation and Maintenance Expenses	1,040
6	+ Depreciation Expense	1,660
7	+ Taxes Other Than Federal Income Tax	65
8	+ Federal Income Tax	1,588
-----		-----
9	= Total Unit 1 Monthly Power Bill	10,086
=====		=====
10	Determination of Federal Income Tax :	

11	Total Return (Line 3)	5,733
12	+ Unit 1 Schedule M Adjustments	(2,344)
13	+ Unit 1 Deferred Federal Income Taxes	1,120
14	- Unit 1 Interest Expense Deduction *	(3,959)
-----		-----
15	= Subtotal	550
16	x Gross-Up (FIT Rate / 1-FIT Rate)	0.851852
17	= Unit 1 Current Federal Income Tax	468
18	+ Unit 1 Deferred Federal Income Taxes	1,120
-----		-----
19	= Total Unit 1 Federal Income Taxes	1,588
=====		=====
20	Proof of Federal Income Tax :	

21	Total Unit 1 Monthly Power Bill	10,086
22	- Operation and Maintenance Expenses	(1,040)
23	- Depreciation Expense	(1,660)
24	- Taxes Other Than Federal Income Tax	(65)
25	- Unit 1 Interest Expense Deduction *	(3,959)
-----		-----
26	= Pre-Tax Book Income	3,362
27	+ Unit 1 Schedule M Adjustments	(2,344)
-----		-----
28	= Unit 1 Taxable Income	1,018
29	x Current Federal Income Tax Rate	46%
30	= Unit 1 Current Federal Income Tax	468
31	+ Unit 1 Deferred Federal Income Taxes	1,120
-----		-----
32	= Total Unit 1 Federal Income Taxes	1,588
=====		=====
* From Page 5 of 17 : Line 21 + (Line 28 x Line 31 x Line 32)		

AEP Generating Company
Sample Power Bill
Operating Ratio

(\$000)

Line No.		January 1985

1	Operating Ratio:	

2	Net In-Service Investment:	

3	Electric Plant In-Service	572,175
4	- Accumulated Depreciation	0
5	+ Materials & Supplies	19,359
6	+ Prepayments	9
7	+ Plant Held For Future Use (A/C 105) *	0
8	+ Other Deferred Debits (A/C 186) *	0
9	- Accumulated Deferred FIT	(37,001)
10	- Accumulated Deferred ITC	(6,446)

11	Total Net In-Service Investment	548,096

12	Non-In-Service Investment - CWIP :	

13	Construction Work In Progress	249,485
14	+ Materials & Supplies	0
15	- Accumulated Deferred FIT	(13,164)

16	Total Non-In-Service Investment - CWIP	236,321

17	Non-In-Service Investment - Other :	

18	Plant Held for Future Use (A/C 105) **	681
19	+ Other Deferred Debits (A/C 186) **	551
20	+ Fuel Inventory Over Allowed Level	14,688

21	Total Non-In-Service Investment - Other	15,920

22	Total Investment (Lines 11+16+21)	800,337
=====		
23	Operating Ratio (Line 11/Line 22)	68.4832%
24	Non-In-Service Investment-CWIP Ratio (Line 16/Line 22)	29.5277%
25	Non-In-Service Investment-Other Ratio (Line 21/Line 22)	1.9891%

26	Total Investment	100.0000%
=====		

* As Permitted By FERC

** Excluding Amounts on Lines 7 and 8

AEP Generating Company
Sample Power Bill
Net In-Service Investment Ratio

(\$000)

line No.		January 1985
1	Net In-Service Investment Ratio: -----	
2	Unit 1 Net In-Service Investment: -----	
3	Electric Plant In-Service	572,175
4	- Accumulated Depreciation	0
5	+ Materials & Supplies	19,359
6	+ Prepayments	9
7	+ Plant Held For Future Use (A/C 105) *	0
8	+ Other Deferred Debits (A/C 186) *	0
9	- Accumulated Deferred FIT	(37,001)
10	- Accumulated Deferred ITC	(6,446)
11	Total Unit 1 Net In-Service Investment	548,096
12	Unit 2 Net In-Service Investment: -----	
13	Electric Plant In-Service	0
14	- Accumulated Depreciation	0
15	+ Materials & Supplies	0
16	+ Prepayments	0
17	+ Plant Held For Future Use (A/C 105) *	0
18	+ Other Deferred Debits (A/C 186) *	0
19	- Accumulated Deferred FIT	0
20	- Accumulated Deferred ITC	0
21	Total Unit 2 Net In-Service Investment	0
22	Total Net In-Service Investment	548,096
23	Net In-Service Investment Ratio: -----	
24	Unit 1 (Line 11 / Line 22)	100.0000%
25	Unit 2 (Line 21 / Line 22)	0.0000%

* As Permitted By FERC

AEP Generating Company
Sample Power Bill
Calculation of Common Equity & Other Capital Returns

 (\$000)

Line No.		January 1985
1	Net Capitalization: -----	-----
2	Long-Term Debt	520,000
3	+ Short-Term Debt	148,841
4	+ Preferred Stock	0
5	+ Common Equity	214,332
6	- Temporary Cash Investments	(79,800)
7	Net Capitalization	----- 803,373 =====
8	40% of Net Capitalization	321,349
9	Return on Common Equity: -----	
10	Lesser of Line 5 or Line 8	214,332
11	x Equity Return (Monthly Rate)	1.20833%
12	= Equity Return	2,590
13	x Operating Ratio	68.4832%
14	x Net In-Service Investment Ratio	100.0000%
15	= Subtotal	1,774
16	Excess of Line 5 Over Line 8	0
17	x Weighted Cost of Debt (Monthly Rate)	0.9814%
18	= Return on Equity over 40% of Capitalization	0
19	x Operating Ratio	68.4832%
20	x Net In-Service Investment Ratio	100.0000%
21	= Subtotal	----- 0 -----
22	Unit 1 Return on Equity (Line 15 + Line 21)	----- 1,774 =====
23	Return on Other Capital: -----	
24	Long-Term Debt Interest Expense (a/c 427)	5,384
25	+ Short-Term Debt Interest Expense (a/c 431)	1,180
26	+ Other Interest Expense (a/c 428-431)	0
27	- Temporary Cash Investment Income *	(783)
28	= Net Interest Expense	----- 5,781 -----
29	+ Preferred Stock Dividends (a/c 437)	0
30	= Net Cost of Other Capital	5,781
31	x Operating Ratio	68.4832%
32	x Net In-Service Investment Ratio	100.0000%
33	= Unit 1 Return on Other Capital	----- 3,959 =====

* Line 6 x Line 19 from Page 6 of 17

AEP Generating Company
Sample Power Bill
Determination of Weighted Cost of Debt

(\$000)

Page 8 of 17

Line No.		January 1985
1	Debt Balances (Prior Month Ending) : -----	
2	Long-Term Debt	520,000
3	+ Short-Term Debt	148,841
4	+ Other Debt	0
5	Total Debt Balances (Prior Month Ending) -----	668,841 =====
6	Weighting of Debt Balances : -----	
7	Long-Term Debt	77.7464%
8	+ Short-Term Debt	22.2536%
9	+ Other Debt	0.0000%
10	Total Debt Balances -----	100.0000% =====
11	Debt Cost Rates : -----	
12	Long-Term Debt	12.1921%
13	Short-Term Debt	9.3314%
14	Other Debt	0.0000
15	Weighted Cost of Debt : -----	
16	Long-Term Debt	9.4789%
17	+ Short-Term Debt	2.0766%
18	+ Other Debt	0.0000%
19	Total Weighted Cost of Debt -----	11.5555% =====

AEP Generating Company
Sample Power Bill
Determination of Unit 1 Materials and Supplies

(\$000)

Line No.		January 1985
1	Unit 1 Materials and Supplies:	

2	Fuel Stock - Coal (per Line 21)	17,263
3	Fuel Stock Expenses - Undistributed (152)	699
4	Fuel Stock - Oil (151.20)	538
5	Plant Materials & Operating Supplies	851
6	Merchandise	0
7	Undistributed Stores Expense	8

8	Total Materials & Supplies	19,359
	=====	
9	Support of Coal Inventory Value:	

10	Actual Coal Inventory (a/c 151.10)	31,951
11	+ Equivalent Inventory re: Deferred Return	0

12	= Imputed Coal Inventory	31,951

13	Coal Inventory W/75 Day Supply Cap	

14	Tons Consumed	1,357,502
15	% Hours Available *	6130.5
16	= Tons Consumed per Hour	221.43
17	x 24 Hours per Day	24
18	= Tons Consumed Per Day	5314.42
19	x 75 days	75
20	= 75 day Supply (Tons)	398,581
21	x Coal Cost per Ton (151.10 at End of Prior Month)	43.312

22	= 75 day Coal Inventory (\$000)	17,263

23	Lesser of Imputed or Capped Coal Inventory	17,263

24	Imputed Inventory Minus Line 23	14,688
	=====	
25	Accumulated Deferred Inventory Return - Unit 1 (Memo Item):	

26	Beginning Balance	142
27	+ Current Month Return on Beginning Balance	2
28	+ Current Month Deferral	194
29	- Current Month Recovery	0

30	= Ending Balance **	338
	=====	

* Excludes Forced Outages, Scheduled Outages, and Curtailments

** May Not Be Less Than Zero

**AEP Generating Company
 Sample Power Bill
Detail of Other Operating Revenues**

Pg 8 of 17

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>January 1985</u>
1	450	Forfeited Discounts	--
2	451	Miscellaneous Service Revenues	--
3	453	Sales of Water and Water Power	--
4	454.10	Rent From Electric Property - Associated Companies	--
5	454.20	Rent From Electric Property - Non-Associated Companies	--
6	455	Interdepartmental Rents	--
7	456	Other Electric Revenues	--
8		Total Other Operating Revenues	-- =====

AEP Generating Company
Sample Power Bill
Detail of Operation & Maintenance Expenses
(\$000)

Line No.	Account No.	Description	January 1985
1	500-508	Steam Power Generation - Operation	714
2	510-515	Steam Power Generation - Maintenance	271
3		Total Steam Power Generation Expenses	<u>985</u>
4	555-557	Other Power Supply Expenses	<u>--</u>
5	560-567.1	Transmission Expenses - Operation	--
6	568-574	Transmission Expenses - Maintenance	--
7		Total Transmission Expenses	<u>--</u>
8	580-589	Distribution Expenses - Operation	
9	590-598	Distribution Expenses - Maintenance	--
10		Total Distribution Expenses	<u>--</u>
11	901-905	Customer Accounts Expenses - Operation	<u>--</u>
12	906-910	Customer Service and Informational Expenses - Operation	<u>--</u>
13	911-917	Sales Expenses - Operation	<u>--</u>
14	920-933	Administrative and General Expenses - Operation	53
15	935	Administrative and General Expenses - Maintenance	2
16		Total Administrative & General Exp.	<u>55</u>
17		Total Operation & Maintenance Expenses	<u><u>1,040</u></u>

AEP Generating Company
Sample Power Bill
Detail of Depreciation Expense & Amortization Expenses
(\$000)

Pg 10 of 17

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>January 1985</u>
1	403	Depreciation Expense	1,660
2	404	Amortization of Limited-Term Electric Plant	--
3	405	Amortization of Other Electric Plant	--
4	406	Amortization of Electric Plant Acquisition Adjustments	--
5	407	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs	--
6		Total Depreciation Exp. & Amortization	<u>1,660</u>

(\$000)

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>January 1985</u>
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	65

Detail of Unit 1 Schedule 'M' Adjustments
and Deferred Federal Income Tax

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>January 1985</u>
1		<u>Unit 1 Schedule 'M' Adjustments*</u>	
2	N/A	Excess ACRS Over Normalization Base Depreciation	(2,609)
3	N/A	Excess Normalization Base Over Book Depreciation	265
4	N/A	Other Unit 1 Schedule 'M' Adjustments	--
5		Total Unit 1 Schedule 'M' Adjustments	<u><u>(2,344)</u></u>
6		<u>Unit 1 Deferred Federal Income Tax</u>	
7	410.1	Excess ACRS Over Norm. Base Depr. (Line 2 x FIT Rate)	1,200
8	410.1&411.1	Other Unit 1 Schedule 'M' Adjustments - Utility (Line 3 x FIT Rate)	--
9	411.1	Feedback of Accumulated DFIT re: ABFUDC - Unit 1	(77)
10	411.1	Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 1	(3)
11	411.1	Feedback of Accumulated DFIT re: Other Schedule 'M' Adj.-Utility	--
12		Total Unit 1 Deferred Federal Income Tax	<u><u>1,120</u></u>

* Positive Amount Denotes Increase In Taxable Income, Negative Amount Denotes Reduction.

AEP Generating Company
Sample Power Bill
Detail of Net In-Service Investment Unit 1

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>January 1985</u>
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	572,175
3	102	Electric Plant Purchased	--
4	103	Experimental Elec. Plant Unclassified	--
5	103.1	Electric Plant In Process of Reclassification	--
6	104	Electric Plant Leased to Others	--
7	106	Completed Construction Not Classified	--
8	114	Electric Plant Acquisition Adjustments	--
9	116	Other Electric Plant Adjustments	--
10	118	Other Utility Plant	--
11		Total Electric Plant In Service	<u>572,175</u>
12	105	Plant Held For Future Use	--
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	--
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	--
16	111	Accumulated Provision for Amortization of Electric Utility Plant	--
17	115	Accumulated Provision for Amortization of Electric Plant Acquisition Adjustments	--
18	119	Accumulated Provision for Depreciation and Amortization of Other Utility Plant	--
19		Total Accumulated Depreciation	<u>--</u>
20		<u>MATERIALS AND SUPPLIES</u>	
21	151	Fuel Stock	17,801
22	152	Fuel Stock Expenses - Undistributed	699
23	153	Residuals	--
24	154	Plant Materials and Operating Supplies	851
25	155	Merchandise	--
26	156	Other Materials and Supplies	--
27	163	Stores Expense Undistributed	8
28		Total Materials and Supplies (In-Service Portion)	<u>19,359</u>
29	165	Prepayments	<u>9</u>
30	186	Other Deferred Debits	--

AEP Generating Company
Sample Power Bill
Detail of Net In-Service Investment Unit 1 (Cont'd)

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>January 1985</u>
29		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
30	190	Accumulated Deferred Income Taxes	--
31	281	Accumulated Deferred Income Taxes - Accelerated Amortization Property	--
32	282	Accumulated Deferred Income Taxes - Other Property	37,001
33	283	Accumulated Deferred Income Taxes - Other	--
34		Total Accumulated Deferred Income Taxes (In-Service Portion)	<u>37,001</u>
35	255	Accumulated Deferred Investment Tax Credits	6,446
36	186.50	Accumulated Deferred Investment Tax Credits	--
37		Total Accumulated Deferred Investment Tax Credits	<u>6,446</u>
38		Total Net In-Service Investment - Unit 1	548,096 =====

AEP Generating Company
Sample Power Bill
Detail of Non-In-Service Investment - CWIP and Other

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>January 1985</u>
<u>Non-In-Service Investment - CWIP</u>			
1	107	Construction Work In Progress	249,485
2		<u>MATERIALS AND SUPPLIES</u>	
3	151	Fuel Stock	--
4	152	Fuel Stock Expenses - Undistributed	--
5	153	Residuals	--
6	154	Plant Materials and Operating Supplies	--
7	155	Merchandise	--
8	156	Other Materials and Supplies	--
9	163	Stores Expense Undistributed	--
10		Total Materials and Supplies (CWIP Portion)	<u>--</u>
11		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
12	190	Accumulated Deferred Income Taxes	--
13	281	Accumulated Deferred Income Taxes - Accelerated Amortization Property	--
14	282	Accumulated Deferred Income Taxes - Other Property	13,164
15	283	Accumulated Deferred Income Taxes - Other	<u>--</u>
16		Total Accumulated Deferred Income Taxes (CWIP Portion)	<u>13,164</u>
17		Total Non-In-Service Investment - CWIP	<u><u>236,321</u></u>
<u>Non-In-Service Investment - Other</u>			
18	105	Plant Held For Future Use	681
19	186	Other Deferred Debits	551
20	151.10	Fuel Inventory Over Allowed Level	<u>14,688</u>
21		Total Non-In-Service Investment - Other	<u><u>15,920</u></u>

**AEP Generating Company
Sample Power Bill
Detail of Net Capitalization**

Pg 16 of 17

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>January 1985</u>
1		<u>COMMON CAPITAL STOCK</u>	
2	201	Common Stock Issued	1,000
3	202	Common Stock Subscribed	--
4	203	Common Stock Liability for Conversion	--
5	209	Reduction In Par or Stated Value of Capital Stock	--
6	210	Gain on Resale or Cancellation of Reacquired Capital Stock	--
7	212	Installments Received on Capital Stock	--
8	214	Capital Stock Expense	--
9	217	Reacquired Capital Stock	--
10		Total Common Capital Stock	<u>1,000</u>
11		<u>OTHER PAID-IN CAPITAL</u>	
12	207	Premium on Capital Stock	--
13	208	Donations Received from Stockholders	186,485
14	211	Miscellaneous Paid-In Capital	--
15	213	Discount on Capital Stock	--
16		Total Other Paid-In Capital	<u>186,485</u>
17		<u>RETAINED EARNINGS</u>	
18	215	Appropriated Retained Earnings	--
19	215.1	Appropriated Retained Earnings- Amortization Reserve, Federal	--
20	216	Unappropriated Retained Earnings	<u>26,847</u>
21		Total Retained Earnings	<u>26,847</u>
22		Total Common Equity	<u>214,332</u>
23		<u>PREFERRED CAPITAL STOCK</u>	
24	204	Preferred Stock Issued	--
25	205	Preferred Stock Subscribed	--
26	206	Preferred Stock Liability for Conversion	--
27		Total Preferred Capital Stock	<u>--</u>

AEP Generating Company
Sample Power Bill
Detail of Net Capitalization (Cont'd)

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>January 1985</u>
28		<u>LONG-TERM DEBT</u>	
29	221	Bonds	--
30	222	Reacquired Bonds	--
31	223	Advances from Associated Companies	--
32	224	Other Long-Term Debt	520,000
33	225	Unamortized Premium on Long-Term Debt	--
34	226	Unamortized Discount on Long-Term Debt-Debit	--
35		Total Long-Term Debt	<u>520,000</u>
36	231	Notes Payable (Short-Term Debt)	<u>148,841</u>
37		<u>TEMPORARY CASH INVESTMENTS</u>	
38	132	Interest Special Deposits	
39	133	Dividend Special Deposits	
40	134	Other Special Deposits	40,492
41	136	Temporary Cash Investments	<u>39,308</u>
42		Total Temporary Cash Investments	<u>79,800</u>
43		NET CAPITALIZATION	<u><u>803,373</u></u>

Docket No. 2017-00179
Attorney General's First Report
Company: AEP Generating Co.
Dated August 14, 2017
FERC El. Rate Schedule No. 14
Supp. No.: 4
Filing Date: 8/17/87
Effective Date: 7-1-87
Attachment 1
Page 84 of 253

AEP GENERATING COMPANY

OFFICE OF THE SECRETARY

1987 AUG 13 PM 12: 37

Supplement to Rate Schedule FEDERAL ENERGY REGULATORY COMMISSION

RETURN ON COMMON EQUITY: Effective July 1, 1987, the return on common equity in AEGCO's formulary rate will be reduced from 14.5% to 13% and in recognition of this change, no filings under §206 of the Federal Power Act are to be made prior to October 1, 1988 by any participant to these proceedings who either supported this Offer or did not oppose it to change the return on equity.

EQUITY REOPENER: In October of 1988, and every October thereafter for the effective duration of AEGCO's formula rate, any purchaser under AEGCO's two unit power agreements, any state regulatory commission having jurisdiction over the retail rates of purchasers under these agreements, or any other entity representing customers' interests, may file a complaint with the Commission with respect to the specified rate of return on common equity. If the Commission, in response to such a complaint, or on its own motion, institutes an investigation into the reasonableness of the specified return on common equity, such investigation shall be pursued under the special procedures set forth as follows:

- (1) The only issue to be addressed under these special procedures shall be the continued collection of the return on equity as incorporated in the formula rate; and
- (2) Refunds will be due, should the return on equity specified in the formula be found not just and reasonable, dating from the first day of January immediately following the date the complaint is filed or an investigation is instituted by the Commission on its own motion, calculated on the resulting difference in rates due to the application of the return found to be just and reasonable and the return stated in the formula. The first such effective date for the calculation of refunds shall be January 1, 1989.

Any other complaint which challenges the justness and reasonableness of any other component of the filed formula rate or any other complaint filed at any other

time which challenges the justness and reasonableness of the specified rate of return on common equity and which is set for investigation by the Commission shall be pursued under Section 206 of the Federal Power Act.

Further, if the Commission or reviewing court should decide in Yankee Atomic Electric Company, Docket No. EL87-21-001, Vermont Yankee Nuclear Power Corporation, Docket No. EL87-22-001, or in Connecticut Yankee Atomic Power Company, Docket No. EL87-23-001, that the Commission does not have legal authority to impose an equity reopener provision, permitting a return on common equity reduction with refund protection upon the filing of a complaint, then AEGCO's agreement to add the above provision shall not be construed as preventing AEGCO from filing to remove such provision. In such event, the removal of the equity reopener shall not affect the specified return on common equity, which shall remain fixed at 13%, unless otherwise changed.

FEDERAL INCOME TAX: To recognize the changes occasioned by the Tax Reform Act of 1986, AEGCO will use in its formulary rate for 1987 a Federal income tax rate of 40%. Effective January 1, 1988, AEGCO will use in its formulary rate a Federal income tax rate of 34%.

Docket No.: *ER15-470-000*
Company: *AEP*
FERC El. Rate Sch. No.: *1*
Supp. No.: *5*
Filing Date: *5-30-19*
Effective Date: *105*

(supp 4)

1.5

Supplement No. 5 To

AEP Generating Company
FERC RATE SCHEDULE

Nos. 1, 2 and 3

Supercedes Supplement No. 4 to AEP
Generating Company FERC Rate Schedule Nos. 1, 2 and 3

Effective:

EXHIBIT ARATE DESIGN

The total revenue requirement of AEGCO calculated pursuant to the IMECO-AEGCO Unit Power Agreement designated AEGCO FERC Rate Schedule No. 1 is designed to recover for AEGCO its total cost of providing power (and the energy associated therewith) available to AEGCO at the Rockport Plant.

DETERMINATION OF POWER BILL

In accordance with Section 1.3 of the Unit Power Agreement, I&M agrees to pay AEGCO in consideration for the right to receive all power (and the energy associated therewith) available to AEGCO at the Rockport Plant, as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by I&M), such amounts, less any amounts recovered by AEGCO from other sources, as shall be determined monthly as described below. Such amounts shall be calculated separately for Unit No. 1 (including Common Facilities) and for Unit No. 2. I&M shall then commence the payment of such amounts (power bill) on the earlier of the following dates: (i) June 30, 1985 and (ii) the date on which power including any test power, and any energy associated therewith, shall become available to AEGCO at the Rockport Plant.

The power bill for Unit No. 1 (including Common Facilities) shall be calculated each month and shall reflect recovery only of those costs related to the plant in service. It shall consist of the sum of (a) a return on common equity, (b) a return on other capital, (c) recovery of operating expenses and (d) provision for federal income taxes as described below and as illustrated in the example attached.

(a) Return on Common Equity, which shall be equal to the product of (i) the amount of common equity outstanding at the end of the previous month, but not more than 40% of the capitalization of AEGCO at the end of the previous month; (ii) 1.08333 (13.00% annual rate) as described in Note 1 below; (iii) the Operating Ratio, as defined in Note 2 below; and (iv) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below, plus the product of (v) the amount of common equity in excess of 40% of the capitalization of AEGCO at the end of the previous month, if any such excess shall be determined; (vi) the weighted cost of debt outstanding at the end of the previous month; (vii) the Operating Ratio, as defined in Note 2 below; and (viii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

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For the purposes of these calculations, the amount of common equity shall be equal to the sum of the Common Stock (Accounts 201-203, 209, 210, 212, 214 and 217), Other Paid-In Capital (Accounts 207, 208, 211 and 213), and Retained Earnings (Accounts 215-216) outstanding at the end of the previous month. Total capitalization shall be equal to the sum of Long-Term Debt (Accounts 221-226 including current maturities and unamortized debt premium and discounts), Short-Term Debt (Account 231), Preferred Stock (Accounts 204-206), and Common Equity less any Temporary Cash Investments, Special Deposits and Working Funds (Accounts 132-134 and 136) outstanding at the end of the previous month.

(b) Return on Other Capital, which shall be equal to the product of (i) the amount equal to the net interest expense associated with Long-Term and Short-Term Debt, net of any Temporary Cash Investments, Special Deposits and Working Funds, plus the preferred stock dividend requirement associated with the Preferred Stock outstanding at the end of the previous month; (ii) the Operating Ratio, as defined in Note 2 below; and (iii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, net interest expense shall be equal to the sum of (i) the amount of Long-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Long-Term Debt and (ii) the amount of Short-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Short-Term Debt, less (iii) the amount of Temporary Cash Investments, Special Deposits and Working Funds outstanding at the end of the previous month multiplied by the weighted cost of Long-Term and Short-Term Debt combined determined pursuant to (i) and (ii) above.

(c) Recovery of Operating Expenses, excluding federal income taxes, which shall consist of a provision for depreciation and amortization (Accounts 403-407), taxes other than federal income taxes (Accounts 408-411) and operating and maintenance expenses associated with Unit No. 1 (including Common Facilities) offset by other operating revenues as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts for Major Electric Utilities (See Note 6). Recovery of expenses for test energy shall be limited to recovery of actual fuel expense as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts for Major Electric Utilities. Operating and maintenance expenses shall include, and reflect recovery of, Steam Power Generation Expenses (Accounts 500-515 including lease rental payments recorded in Account 507), Other Power Supply Expenses (Accounts 555-557), Transmission Expenses (Accounts 560-574), Distribution Expenses (Accounts 580-598), Customer Accounts Expenses (Accounts

901-905), Customer Service and Informational Expenses (Accounts 906-910), Sales Expenses (Accounts 911-917) and Administrative and General Expenses (Accounts 920-933 and 935). Recovery of 501 fuel expenses shall be adjusted to reflect the deferral and/or feedback of unrecovered levelized fuel expenses as may be recorded on the Company's books or as is currently recorded on the books of I&M.

(d) Provision for Unit No. 1's (including Common Facilities) allocated share of net current and deferred federal income tax expense and investment tax credit included in operating income as determined by the Company in accordance with federal income tax law, SEC approved consolidated current tax allocation procedures, and FERC rules and regulations.

For purposes of computing federal income taxes, the interest expense deduction shall be equal to the sum of the net interest expense computed in accordance with paragraph (b) above plus the imputed interest expense associated with common equity that is in excess of 40% of AEGCO's net capitalization.

The power bill for Unit No. 2 shall be calculated in the same manner as described for Unit No. 1 above except that it shall reflect the Unit No. 2 Net In-Service Investment Ratio and those expenses associated with Unit No. 2.

Notes:

1. Return on Equity

The return on common equity allowance shall be based upon a rate of return of 13.00% as set forth in sub-paragraph (a) above.

2. Operating Ratio

The Operating Ratio shall be computed each month commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived by dividing (a) the amount of Electric Plant In Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets); less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111); plus Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below); Materials and Supplies (Accounts 151-156 and 163 as adjusted pursuant to the provisions of Note 4.C. below); Other Deferred

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Debits (Account 186 pursuant to the provisions of Note 4.D. below); Prepayments (Account 165); other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181), less Other Deferred Credits (Account 253 including the unamortized gain on the sale of Rockport Unit No. 2); less Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the plant in service by (b) the sum of (i) the amount determined pursuant to (a) plus (ii) the amount of Construction Work In Progress (Account 107) plus Materials and Supplies (Accounts 151-156 and 163), less Accumulated Deferred Federal Income Taxes related to the construction work in progress plus (iii) Plant Held for Future Use (Account 105), Other Deferred Debits (Account 186) and the amount of fuel inventory over the allowed level (Account 151.10) not otherwise included in (a) above.

3. Net In-Service Investment Ratio

The Unit No. 1 Net In-Service Investment Ratio shall be equal to 1.0 during the period commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation and shall remain at 1.0 up to, but not including, the month in which Unit No. 2 at the Plant is placed in commercial operation. Thereafter, the Net In-Service Investment Ratio shall be computed each month, based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived as follows:

- A. Unit No. 1 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 1 and Common Facilities by (b) the sum of the Net In-Service Investment associated with Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.
- B. Unit No. 2 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 2 by (b) the sum of the Net In-Service Investment associated with Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.

4. Net In-Service Investment

The Net In-Service Investment shall be computed each month commencing with the month in which Unit No. 2 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall consist of the following:

- A. Unit No. 1 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), and Prepayments (Account 165), Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181), less Other Deferred Credits (Account 253), less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to such Unit No. 1 and Common Facilities in-service investment.
- B. Unit No. 2 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), Prepayments (Account 165), Other Deferred Debits (Account 186 pursuant to Note 4.D. below), other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181), less Other Deferred Credits (Account 253 including the unamortized gain on the sale of Rockport Unit No. 2), less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the Unit No. 2 in-service investment.

C. AEGCO shall be permitted to earn a return on its fuel inventory, recorded in Account 151.10, not in excess of a 75-day coal supply as defined herein. To the extent AEGCO's actual fuel inventory exceeds the allowable 75-day level, the return on such excess shall be recorded in a memo account. When AEGCO's actual fuel inventory is less than the allowable 75-day level, AEGCO shall be permitted to recover the return previously unrecovered, but in no event shall the power bill reflect a return on fuel inventory in excess of a 75-day supply.

A 75-day coal inventory level shall be determined for each unit annually and shall be based upon the actual experienced daily burn during the preceding calendar year. The actual experienced daily burn shall be defined to exclude the effect of forced and scheduled outages as well as curtailments as follows:

For each unit:

Actual experienced daily burn = 24 hours $\left(\frac{\text{Tons burned per year}}{\text{Operating hours}} \right)$

Where:

Operating hours = Hours in year minus forced and scheduled outage hours minus curtailment equivalent outage hours

and:

Curtailment equivalent outage hours = The product for each curtailment of:

$\frac{\text{kW of curtailed capacity}}{\text{kW of rated capacity}} \times \text{Curtailment hours}$

The value of the allowable 75-day coal supply used to determine each month's power bill shall be equal to the number of tons determined above multiplied by the cost per ton of coal in inventory at the end of the previous month.

For 1985, a 75-day coal supply for AEGCO's 50% ownership share of Rockport Unit No. 1 shall be based on 10 months ending October 1985 data which results in an initial inventory level of 398,581 tons.

For 1990, a 75-day coal supply for AEGCO's share of Rockport Unit No. 2 shall be based on 12 months ending December 1990 data. For 1990 billing purposes, however, a 75-day coal supply for AEGCO's share of Rockport Unit No. 2 shall initially be assumed to be equal to the 75-day coal supply for AEGCO's share of Rockport Unit No. 1, adjusted to reflect the Btu content and the unit cost of the coal for Rockport Unit No. 2.

AEGCO shall maintain a cumulative record of the unrecovered return as well as the subsequent recovery of that return as follows:

- i) To the extent that AEGCO's actual fuel inventory exceeds the allowable 75-day coal supply, AEGCO shall record each month an amount equal to the sum of the unrecovered return on fuel inventory and the return on previously unrecovered amounts. The unrecovered return on fuel inventory shall be calculated each month by deriving the difference between the power bill that would result if full recovery were provided and the power bill that results with the 75-day limitation imposed. The return on previously unrecovered amounts shall be calculated by multiplying the cumulative return unrecovered at the end of the previous month by the capital costs used to derive the power bill, adjusted for federal income taxes.
- ii) To the extent that AEGCO's fuel inventory is less than the allowable 75-day coal supply, AEGCO shall record each month an amount equal to the return on previously unrecovered amounts less the recovered return in excess of actual inventory levels. The return on previously unrecovered amounts shall be calculated as described in (i) above. The recovered return in excess of actual inventory levels shall be calculated by deriving the difference between the power bill that would result if actual inventory balances were used and the power bill that results with an imputed inventory level. In no event will the cumulative value of the unrecovered return be allowed to fall below zero.

- D. AEGCO shall be permitted to include as part of its Net In-Service Investment Numerator amounts subsequently recorded in Accounts 105 and 186 subject to the conditions set forth in the Offer of Settlement in FERC Docket No. ER84-579-000, et al. ✓
- E. Other Special Funds (Account 128), Other Current and Accrued Assets (Accounts 131, 135, 143, 146, 171 and 174), Other Deferred Debits (Account 181), Other Current and Accrued Liabilities (Accounts 232-234, 236, 237, 238, 241 and 242), and Other Deferred Credits (Account 253) shall be directly assigned to Unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such balances shall be allocated between the units in proportion to the net dependable capability of each of the units.

5. Investment Balances

For the purpose of calculating the Operating Ratio and Net In-Service Investment Ratio, amounts shall reflect the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month, except that when plant greater than or equal to 1% of the prior month ending plant value is transferred into service during the current month, such prior month balances shall be adjusted to reflect such transfers to service. Such adjustment shall be pro-rated for the number of days during the month that such plant addition was in-service.

6. Allocation of Expenses

Operating expenses shall be directly assigned to Unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such expenses shall be allocated between the units in accordance with the basis that gave rise to such expense.

AEGCO's operating and maintenance expenses shall include, and AEGCO shall be allowed recovery of, administrative and general expenses, related payroll taxes and other costs, allocated to AEGCO by I&M as operator of the Rockport Plant or incurred directly by AEGCO.

I&M shall allocate to AEGCO, a portion of I&M's administrative and general expenses charged to Accounts 920, 921, 922, 923, 924, 925, 926, 931 and 935; related payroll taxes charged

to Account 408; and a portion of the expenses of the Rockport Information Center charged to Accounts 506, 511 and 514 that generally relate to Rockport Plant operations. Such charges shall be allocated to AEGCO on the basis of the ratio of AEGCO's share of the Rockport Plant operation and maintenance wages and salaries, divided by the sum of total Rockport Plant operations and maintenance wages and salaries, plus all other I&M operation and maintenance wages and salaries, less I&M's administrative and general wages and salaries. For the period beginning December 10, 1984 and ending December 31, 1985 this ratio will be developed based on actual 1985 amounts. In subsequent calendar years, this ratio will be adjusted annually based on the prior calendar year's amounts.

AEGCO's operation and maintenance expenses shall also include, and AEGCO shall be allowed recovery of, other administrative and general expenses directly incurred by AEGCO and included in the appropriate administrative and general expense accounts.

BILLINGS AND PAYMENTS

All bills for amounts owing hereunder shall be due and payable on the fifteenth day of the month next following the month or other period to which such bills are applicable, or on the tenth day following receipt of the bill, whichever date is later. Interest on unpaid amounts shall accrue daily at the prime interest rate per annum in effect on the due date at the Citibank, plus 2% per annum, from the due date until the date upon which payment is made. Unless otherwise agreed upon, the calendar month shall be the standard period for the purpose of settlements under this Agreement. If bills cannot be accurately determined at any time, they shall be rendered on an estimated basis and subsequently adjusted to conform to the terms of the unit power agreements.

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 SUMMARY OF MONTHLY POWER BILL

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Line No.		AMOUNT
1	Return on Common Equity	
2	Return on Other Capital	
3	Total Return	
4	+ Fuel	
5	+ Purchased Power	
6	- Other Operating Revenues	
7	+ Operation and Maintenance Expenses	
8	+ Depreciation Expense	
9	+ Taxes Other Than Federal Income Tax	
10	+ Federal and State Income Tax	
11	= Total Unit 1 Monthly Power Bill	
12	Determination of Federal Income Tax :	
13	Total Return (Line 3)	
14	+ Unit 1 Schedule M Adjustments	
15	+ Unit 1 Deferred Federal and State Income Taxes	
16	- Unit 1 Interest Expense Deduction *	
17	= Subtotal	
18	x Gross-Up (FIT Rate / 1-FIT Rate)	
19	= Unit 1 Current Federal Income Tax	
20	+ Unit 1 Deferred Federal and State Income Taxes	
21	= Total Unit 1 Federal and State Income Taxes	
22	Proof of Federal Income Tax :	
23	Total Unit 1 Annual Power Bill	
24	- Operation and Maintenance Expenses	
25	- Depreciation Expense	
26	- Taxes Other Than Federal Income Tax	
27	- Unit 1 Interest Expense Deduction *	
28	+ Other Operating Revenues	
29	= Pre-Tax Book Income	
30	+ Unit 1 Schedule M Adjustments	
31	= Unit 1 Taxable Income	
32	x Current Federal Income Tax Rate	
33	= Unit 1 Current Federal Income Tax	
34	+ Unit 1 Deferred Federal and State Income Taxes	
35	= Total Unit 1 Federal and State Income Taxes	

* From Page 5 of 18 : Line 21 + (Line 28 x Line 31 x Line 32)

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 OPERATING RATIO

Line No.		AMOUNT
1	Operating Ratio:	
2	Net In-Service Investment:	
3	Electric Plant In-Service	
4	- Accumulated Depreciation	
5	+ Materials & Supplies	
6	+ Prepayments	
7	+ Plant Held For Future Use (A/C 105) *	
8	+ Other Deferred Debits (A/C 186) *	
9	+ Other Working Capital ***	
10	+ Unamortized Debt Expense (A/C 181)	
11	- Other Deferred Credits (A/C 253)	
12	- Accumulated Deferred FIT	
13	- Accumulated Deferred ITC	
14	Total Net In-Service Investment	.....
15	Non-In-Service Investment - CWIP	
16	Construction Work In Progress	
17	+ Materials & Supplies	
18	- Accumulated Deferred FIT	
19	Total Non-In-Service Investment - CWIP	.....
20	Non-In-Service Investment - Other :	
21	Plant Held for Future Use (A/C 105) **	
22	+ Other Deferred Debits (A/C 186) **	
23	+ Fuel Invent. Over Allowed Level ****	
24	Total Non-In-Service Investment - Other	.....
25	Total Investment (Lines 14+19+24)	=====
26	Operating Ratio (Line 14/Line 25)	
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)	
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)	.....
29	Total Investment	=====
	* As Permitted By FERC	
	** Excluding Amounts on Lines 7 and 8	
	*** Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232- 234, 236, 237, 238, 241 and 242	
	**** Includes Rockport 1 and 2	

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 NET IN-SERVICE INVESTMENT RATIO

Line No.		AMOUNT
.....	
1	Net In-Service Investment Ratio:	
.....		
2	Unit 1 Net In-Service Investment:	
.....		
3	Electric Plant In-Service	
4	- Accumulated Depreciation	
5	+ Materials & Supplies	
6	+ Prepayments	
7	+ Plant Held For Future Use (A/C 105) *	
8	+ Other Deferred Debits (A/C 186) *	
9	+ Other Working Capital **	
10	+ Unamortized Debt Expense (A/C 181)	
11	- Other Deferred Credits (A/C 253)	
12	- Accumulated Deferred FIT	
13	- Accumulated Deferred ITC	
14	Total Unit 1 Net In-Service Investment	.....
	
15	Unit 2 Net In-Service Investment:	
.....		
16	Electric Plant In-Service	
17	- Accumulated Depreciation	
18	+ Materials & Supplies	
19	+ Prepayments	
20	+ Plant Held For Future Use (A/C 105) *	
21	+ Other Deferred Debits (A/C 186) *	
22	+ Other Working Capital **	
23	+ Unamortized Debt Expense (A/C 181)	
24	- Other Deferred Credits (A/C 253)	
25	- Accumulated Deferred FIT	
26	- Accumulated Deferred ITC	
27	Total Unit 2 Net In-Service Investment	.....
	
28	Total Net In-Service Investment	=====
29	Net In-Service Investment Ratio:	
.....		
30	Unit 1 (Line 14 / Line 28)	
31	Unit 2 (Line 27/ Line 28 )	.....
	
	* As Permitted By FERC	=====
	** Accounts 128, 131, 135, 143, 146, 171 and 174, less Accounts 232- 234, 236, 237, 238, 241 and 242	

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 CALCULATION OF COMMON EQUITY & OTHER CAPITAL RETURNS

Line No. -----	AMOUNT -----
1	Net Capitalization: -----
2	Long-Term Debt
3	+ Short-Term Debt
4	+ Preferred Stock
5	+ Common Equity
6	- Temporary Cash Investments
7	Net Capitalization ----- =====
8	40% of Net Capitalization
9	Return on Common Equity: -----
10	Lesser of Line 5 or Line 8
11	x Equity Return (Monthly Rate)
12	= Equity Return
13	x Operating Ratio
14	x Net In-Service Investment Ratio
15	= Subtotal
16	Excess of Line 5 Over Line 8
17	x Weighted Cost of Debt (Monthly Rate)
18	= Return on Equity over 40% of Capitalization
19	x Operating Ratio
20	x Net In-Service Investment Ratio
21	= Subtotal
22	Unit 1 Return on Equity (Line 15 + Line 21) ----- =====
23	Return on Other Capital: -----
24	Long-Term Debt Interest Expense (a/c 427)
25	+ Short-Term Debt Interest Expense (a/c 431)
26	+ Other Interest Expense (a/c 428-431)
27	- Temporary Cash Investment Income *
28	= Net Interest Expense
29	+ Preferred Stock Dividends (a/c 437)
30	= Net Cost of Other Capital
31	x Operating Ratio
32	x Net In-Service Investment Ratio
33	= Unit 1 Return on Other Capital ----- =====

* Line 6 x Line 19 from Pg 6 of 18

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETERMINATION OF WEIGHTED COST OF DEBT
.....

Line No.		AMOUNT
1	Debt Balances (Prior Month Ending) : .....	.....
2	Long-Term Debt	
3	+ Short-Term Debt	
4	+ Other Debt	
5	Total Debt Balances (Prior Month Ending) =====
6	Weighting of Debt Balances :	
7	Long-Term Debt	
8	+ Short-Term Debt	
9	+ Other Debt	
10	Total Debt Balances =====
11	Debt Cost Rates :	
12	Long-Term Debt	
13	Short-Term Debt	
14	Other Debt	
15	Weighted Cost of Debt :	
16	Long-Term Debt	
17	+ Short-Term Debt	
18	+ Other Debt	
19	Total Weighted Cost of Debt =====

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETERMINATION OF UNIT 1 MATERIALS AND SUPPLIES

Line No.		AMOUNT
-----		-----
1	Unit 1 Materials and Supplies:	

2	Fuel Stock - Coal (per Line 23)	
3	Fuel Stock Expenses - Undistributed (152)	
4	Fuel Stock - Oil (151.20)	
5	Plant Materials & Operating Supplies	
6	Merchandise	
7	Undistributed Stores Expense	
8	Total Materials & Supplies	----- =====
9	Support of Coal Inventory Value:	

10	Actual Coal Inventory (a/c 151.10)	
11	+ Equivalent Inventory re: Deferred Return	
12	= Imputed Coal Inventory	----- -----
13	Coal Inventory W/75 Day Supply Cap	

14	Tons Consumed	
15	/ Hours Available *	
16	= Tons Consumed per Hour	
17	x 24 Hours per Day	
18	= Tons Consumed Per Day	
19	x 75 days	
20	= 75 day Supply (Tons)	
21	x Coal Cost per Ton (151.10 at End of Prior Month)	
22	= 75 day Coal Inventory	-----
23	Lesser of Imputed or Capped Coal Inventory	-----
24	Imputed Inventory Minus Line 23	----- =====
25	Accumulated Deferred Inventory Return - Unit 1 (Memo Item):	

26	Beginning Balance	
27	+ Current Month Return on Beginning Balance	
28	+ Current Month Deferral	
29	- Current Month Recovery	
30	= Ending Balance **	----- =====

* Excludes Forced Outages, Scheduled Outages, and Curtailments

** May Not Be Less Than Zero

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF OTHER OPERATING REVENUES

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Line No.	Account No.	Description	AMOUNT
-----	-----	-----	-----
1	450	Forfeited Discounts	
2	451	Miscellaneous Service Revenues	
3	453	Sales of Water and Water Power	
4	454.10	Rent From Electric Property - Associated Companies	
5	454.20	Rent From Electric Property - Non-Associated Companies	
6	455	Interdepartmental Rents	
7	456	Other Electric Revenues	
8		Total Other Operating Revenues	----- =====

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF OPERATION & MAINTENANCE EXPENSES

Line No.	Account No.	Description	AMOUNT
-----	-----	-----	-----
1	500,502-508	Steam Power Generation - Operation	.....
2	501	Fuel - Operation	.....
3	510-515	Steam Power Generating - Maintenance	.....
4		Total Steam Power Generation Expenses	.....
5	555-557	Other Power Supply Expenses	.....
6	560-567.1	Transmission Expenses - Operation	.....
7	568-574	Transmission Expenses - Maintenance	.....
8		Total Transmission Expenses	.....
9	580-589	Distribution Expenses - Operation	.....
10	590-598	Distribution Expense - Maintenance	.....
11		Total Distribution Expense	.....
12	901-905	Customer Accounts Expenses - Operation	.....
13	906-910	Customer Service and Informational Expenses - Operation	.....
14	911-917	Sales Expenses - Operation	.....
15	920-933	Administrative and General Expenses - Operation	.....
16	935	Administrative and General Expenses - Maintenance	.....
17		Total Administrative & General Exp.	.....
18		Total Operation & Maintenance Expenses	=====

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF DEPRECIATION EXPENSE & AMORTIZATION EXPENSES
.....

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Line No.	Account No.	Description	AMOUNT
1	403	Depreciation Expense	
2	404	Amortization of Limited-Term Electric Plant	
3	405	Amortization of Other Electric Plant	
4	406	Amortization of Electric Plant Acquisition Adjustments	
5	407	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs	
6		Total Depreciation Exp. & Amortization	=====

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF TAXES OTHER THAN FEDERAL INCOME TAXES
.....

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Line No.	Account No.	Description	AMOUNT
.....
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	
2	409.1	State Income Taxes	.....
3		Total Taxes Other than FIT	=====

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF UNIT 1 SCHEDULE 'M' ADJUSTMENTS
 AND DEFERRED FEDERAL AND STATE INCOME TAX

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Line No.	Account No.	Description	AMOUNT
1		Unit 1 Schedule 'M' Adjustments*	
2	N/A	Excess ACRS Over Normalization Base Depreciation	
3	N/A	Excess Normalization Base Over Book Depreciation	
4	N/A	Other Unit 1 Schedule 'M' Adjustments	
5		Total Unit 1 Schedule 'M' Adjustments	=====
6		Unit 1 Deferred Federal Income Tax	
7	410.1	Excess ACRS Over Norm. Base Depr. (Line 2 x FIT Rate * -1)	
8	410.1 & 411.1	Other Unit 1 Schedule 'M' Adjustments - Utility	
9	410.1	Feedback of Deferred State Income Taxes	
10	411.1	Feedback of Accumulated DFIT re: ABFUDC - Unit 1 Negative Amount Denotes Reduction.	
11	411.1	Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 1	
12	411.1	Feedback of Accumulated DFIT - Other	
13	411.1	Feedback of Accumulated DFIT re: Other Schedule 'M' Adj.-Utility	
14		Total Unit 1 Deferred Federal and State Income Tax	=====

* Positive Amount Denotes Increase In Taxable Income,
 Negative Amount Denotes Reduction.

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF NET IN-SERVICE INVESTMENT UNIT 1

Line No.	Account No.	Description	AMOUNT
1		ELECTRIC PLANT IN SERVICE	
2	101	Electric Plant In Service	
3	102	Electric Plant Purchased	
4	103	Experimental Elec. Plant Unclassified	
5	103.1	Electric Plant In Process of Reclassification	
6	104	Electric Plant Leased to Others	
7	106	Completed Construction Not Classified	
8	114	Electric Plant Acquisition Adjustments	
9	116	Other Electric Plant Adjustments	
10	118	Other Utility Plant	
11		Total Electric Plant In Service	.....
12	105	Plant Held For Future Use	.....
13		ACCUMULATED DEPRECIATION	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	
16	111	Accumulated Provision for Amortization of Electric Utility Plant	
17	115	Accumulated Provision for Amortization of Electric Plant Acquisition Adjustments	
18	119	Accumulated Provision for Depreciation and Amortization of Other Utility Plant	
19		Total Accumulated Depreciation	.....
20		MATERIAL AND SUPPLIES	
21	151	Fuel Stock	
22	152	Fuel Stock Expenses - Undistributed	
23	153	Residuals	
24	154	Plant Materials and Operating Supplies	
25	155	Merchandise	
26	156	Other Materials and Supplies	
27	163	Stores Expense Undistributed	
28		Total Materials and Supplies (In-Service Portion)	.....
29	165	Prepayments	.....
30	186	Other Deferred Debits	.....

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 OTHER WORKING CAPITAL, UNAMORTIZED DEBT EXPENSE,
 AND OTHER DEFERRED CREDITS

Line No.	Account No.	Description *	AMOUNT
1	128	Other Special Funds	
2	131	Cash	
3	135	Other Intra Company Adjustments	
4	143	Accounts Receivable-Miscellaneous	
5	146	Accounts Receivable-Associated Company	
6	171	Interest and Dividends Receivable	
7	174	Miscellaneous Current and Accrued Assets	
8	232	Accounts Payable-General	
9	234	Accounts Payable-Associated Company	
10	236	Taxes Accrued	
11	237	Interest Accrued	
12	238	Dividends Declared	
13	241	Tax Collections Payable	
14	242	Miscellaneous Current and Accrued Liabilities	
15		Total Other Working Capital	=====
16	181	Unamortized Debt Expense	
17	253	Other Deferred Credits	

* debit <credit>

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF NET-SERVICE INVESTMENT UNIT 1 (Cont'd)

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Line No.	Account No.	Description	AMOUNT
---	-----	-----	-----
31		ACCUMULATED DEFERRED INCOME TAXES -----	
32	190	-Accumulated Deferred Income Taxes	
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	
34	282	+Accumulated Deferred Income Taxes - Other Property	
35	283	+Accumulated Deferred Income Taxes - Other	
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	----- -----
37	255	+Accumulated Deferred Investment Tax Credits	
38	186.50	-Accumulated Deferred Investment Tax Credit	
39		Total Accumulated Deferred Investment Tax Credits	-----
40		Total Net In-Service Investment - Unit 1	----- =====

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF NON-IN-SERVICE INVESTMENT - CWIP AND OTHER

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Line No.	Account No.	Description	AMOUNT
		Non-in-Service Investment -CWIP	
1	107	Construction Work In Process	
2		MATERIAL AND SUPPLIES	
3	151	Fuel Stock	
4	152	Fuel Stock Expenses - Undistributed	
5	153	Residuals	
6	154	Plant Materials and Operating Supplies	
7	155	Merchandise	
8	156	Other Material and Supplies	
9	163	Stores Expense Undistributed	
10		Total Material and Supplies (CWIP Portion)	
11		ACCUMULATED DEFERRED INCOME TAXES	
12	190	-Accumulated Deferred Income Taxes	
13	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	
14	282	+Accumulated Deferred Income Taxes - Other Property	
15	283	+Accumulated Deferred Income Taxes - Other	
16		Total Accumulated Deferred Income Taxes (CWIP Portion)	
17			
		TOTAL NON-IN-SERVICE INVESTMENT - CWIP	
		Non-in-Service Investment- Other	
18	105	Plant Held for Future Use	
19	186	Other Deferred Debits	
20	151.10	Fuel Inventory Over Allowed Level	
21		Total Non-In-Service Investment - Other	

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF NET CAPITALIZATION

Line No.	Account No.	Description	AMOUNT
-----	-----	-----	-----
1		COMMON CAPITAL STOCK	
2	201	Common Stock Issued	
3	202	Common Stock Subscribed	
4	203	Common Stock Liability for Conversion	
5	209	Reduction In Par or Stated Value of Capital Stock	
6	210	Gain on Resale or Cancellation of Reacquired Capital Stock	
7	212	Installments Received on Capital Stock	
8	214	Capital Stock Expense	
9	217	Reacquired Capital Stock	

10		Total Common Capital Stock	
11		OTHER PAID-IN CAPITAL	
12	207	Premium on Capital Stock	
13	208	Donations Received from Stockholders	
14	211	Miscellaneous Paid-In Capital	
15	213	Discount on Capital Stock	
16		Total Other Paid-In Capital	
17		RETAINED EARNINGS	
18	215	Appropriated Retained Earnings	
19	215.1	Appropriated Retained Earnings- Amortization Reserve, Federal	
20	216	Unappropriated Retained Earnings	
21		Total Retained Earnings	
22		Total Common Equity	
23		PREFERRED CAPITAL STOCK	
24	204	Preferred Stock Issued	
25	205	Preferred Stock Subscribed	
26	206	Preferred Stock Liability for Conversion	
27		Total Preferred Capital Stock	

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF NET CAPITALIZATION (Cont'd)

Line No.	Account No.	Description	AMOUNT
28		LONG-TERM DEBT	
29	221	Bonds	
30	222	Reacquired Bonds	
31	223	Advances from Associated Companies	
32	224	Other Long-Term Debt	
33	225	Unamortized Premium on Long-Term Debt-Credit	
34	226	Unamortized Discount on Long-Term Debt-Debit	
35		Total Long-Term Debt	-----
		SHORT-TERM DEBT	-----
36	231.02	Notes Payable (Short-Term Debt)	
37	231.03	Unamortized Discount	
38		Total Short-Term Debt	-----
39		TEMPORARY CASH INVESTMENTS	-----
40	132	Interest Special Deposits	
41	133	Dividend Special Deposits	
42	134	Other Special Deposits	
43	136	Temporary Cash Investments	
44		Total Temporary Cash Investments	-----
45		NET CAPITALIZATION	=====

AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETERMINATION OF RATE OF RETURN (Net & Pre-Tax)

Line No.		AMOUNT
-----		----
1	Capitalization Balances (Prior Month Ending) :	

2	Long-Term Debt	
3	+ Short-Term Debt	
4	+ Preferred Stock	
5	+ Common Equity	
6	- Capitalization Offsets	
7	Total Capitalization Balances	----- =====
8	Weighting of Capitalization Balances :	

9	Long-Term Debt	
10	+ Short-Term Debt	
11	+ Preferred Stock	
12	+ Common Equity	
13	- Capitalization Offsets	
14	Total Capitalization	----- =====
15	Capitalization Cost Rates :	

16	Long-Term Debt	
17	Short-Term Debt	
18	Preferred Stock	
19	Common Equity	
20	Capitalization Offsets	
21	Rate of Return (Net of Tax) :	

22	Long-Term Debt	
23	+ Short-Term Debt	
24	+ Preferred Stock	
25	+ Common Equity	
26	- Capitalization Offsets	
27	Total Rate of Return (Net of Tax)	----- =====
28	Weighted Net Cost of Debt	
29	+ Pre-Tax Common Equity (Line 25 / .66)	
30	= Rate of Return (Pre-Tax)	----- =====

Docket No. *ELR-109-000* KPSG Case No. 2017-00179
Attorney General's First Set of Data Requests
Company: *AEP* Dated August 14, 2017
FERC El. Rate Sch. No.: / Item No. 314
Supp. No.: *6* Attachment 1
Filing Date: *5-30-89* Page 114 of 253
Effective Date: *105*
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AMENDMENT NO. 1
TO UNIT POWER AGREEMENT

This Amendment No. 1 dated as of May 8, 1989 by and between Indiana Michigan Power Company ("I&M" or "IMECO", formerly known as Indiana & Michigan Electric Company) and AEP Generating Company ("AEGCO") to the Unit Power Agreement dated as of March 31, 1982 by and between I&M and AEGCO ("Unit Power Agreement"),

WITNESSETH:

WHEREAS, I&M and AEGCO have entered into the Unit Power Agreement whereby, subject to regulatory approvals and certain other conditions, AEGCO agreed to make available, or cause to be made available, to I&M all of the power (and the energy associated therewith) which is available to AEGCO at the Rockport Plant and I&M agreed to pay AEGCO certain amounts;

WHEREAS, AEGCO has entered into six Participation Agreements, dated as of March 15, 1989, whereby it has agreed, subject to regulatory approvals and certain other conditions, to sell its 50% undivided interest in Unit 2 of the Rockport Plant and pursuant to six separate leases (the "Leases"), to leaseback a 50% undivided interest in the unit; and

WHEREAS, Section 3.01 of the Participation Agreements specify that as a condition to closing AEGCO and I&M shall have entered into, and shall have filed with the Federal Energy Regulatory Commission ("FERC") for its approval, an amendment to the Unit Power Agreement which shall, among other things, (i)

specifically confirm that basic rent payable under the Leases is an item of operating and other expenses of AEGCO referred to in Section 1.3 thereof, and (ii) specifically provide that the Unit Power Agreement shall continue in full force and effect until the lease term shall have expired or been terminated and all basic rent payable under the Leases shall have been paid in full;

NOW, THEREFORE, in consideration of the terms and agreements hereinafter set forth, the parties hereto agree as follows:

1. Section 1.3 of the Unit Power Agreement is hereby amended to read as follows:

"1.3 IMECO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.2 of this agreement, be entitled to receive all power (and the energy associated therewith) which shall be available to AEGCO at the Rockport Plant, and IMECO agrees to pay to AEGCO in consideration for the right to receive all such power (and the energy associated therewith) available to AEGCO at the Rockport Plant, as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by IMECO), such amounts from time to time as, when added to amounts received by AEGCO from any other sources, will be at least sufficient to enable AEGCO to pay, when due, all of its operating and other expenses, including provision for the depreciation and/or amortization of the cost of AEGCO's facilities, and lease rental payments, including any amount of Basic Rent (as such term is defined in Section 3(a) of the forms of Lease attached as Exhibit A to the Participation Agreements) which AEGCO may be required to pay pursuant to the Leases, and also including for the purposes of this agreement (i) any amount which AEGCO may be required to pay on account of any interest and/or any commitment fee on all indebtedness for borrowed money issued or assumed by AEGCO (or by any corporation or other entity with which AEGCO shall have merged or consolidated or to which it shall have sold or otherwise disposed of all or substantially all of its assets) and outstanding at the time, and (ii) such additional amounts as are necessary after any required provision for taxes on, or measured by, income to enable AEGCO to pay required dividends on any preferred stock which it may issue and such amount as will represent a return on the common equity of AEGCO equal to the return most recently found in the period of the 24 calendar months immediately preceding the time when payments

are to commence under this Section 1.3 to be fair, and authorized, by the FERC, including any successor Federal regulatory agency as an appropriate return on the common equity of IMECO in a wholesale electric proceeding before FERC under the Federal Power Act, or any legislation enacted in substitution for, or to replace, the Federal Power Act or, if within such period of 24 calendar months immediately preceding the date when payments are to begin under this Section 1.3 no such action by FERC shall have become final and not subject to further proceedings before FERC or a court, the return most recently found to be fair and authorized by the Indiana Utility Regulatory Commission as an appropriate return on the common equity of IMECO in a retail electric proceeding before that Commission. IMECO shall commence the payment of such amounts to AEGCO on the earlier of the following dates: (i) June 30, 1985 and, (ii) the date on which power, including any test power, and any energy associated therewith, shall become available to AEGCO at the Rockport Plant."

2. Section 6 of the Unit Power Agreement is hereby amended to read as follows:

"6. This agreement shall become effective forthwith and shall continue in full force and effect until the latter of the date that: (1) all of the Notes issued by AEGCO under the Revolving Credit Agreement, dated as of March 31, 1982, of AEGCO shall have been paid in full, together with all accrued interest thereon; or (ii) the last of the Lease Terms (as that term is defined in the Participation Agreements) shall have expired or been terminated and all Basic Rent payable under all of the Leases shall have been paid in full; provided, however, that in the event that AEGCO shall, prior to such payment, create a Mortgage and Deed of Trust secured by a lien on all, or certain of its fixed physical properties, and shall issue bonds thereunder, this agreement shall continue until said Mortgage and Deed of Trust shall have been satisfied and discharged."

3. This Amendment No. 1 shall become effective on the date on which the last of the following events shall have occurred: (i) this Amendment No. 1 shall have been filed with and accepted for filing without condition or change by the FERC under the Federal Power Act (FPA) as a rate schedule under circumstances where the FERC (a) shall have issued an order under the FPA that

this Amendment No. 1 shall become effective in its entirety as such rate schedule under the FPA, as proposed by the parties in their filings with the FERC, and (b) shall not have, in such order or any separate order, instituted an investigation or proceeding under the provisions of the FPA with respect to the justness and reasonableness of the provisions of this Amendment No. 1; (ii) the order or orders of the FERC, referred to in (i) above, shall have become final and not subject to review under Section 313 of the FPA; or (iii) the Closings (as defined in the Participation Agreements).

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed as of the date and year first above written.

INDIANA MICHIGAN POWER COMPANY

By: /s/ R. E. DISBROW
Vice President

AEP GENERATING COMPANY

By: /s/ G. P. MALONEY
Vice President

Doc. No: ER 19-470
Company: AEP Gen.
FERC Rate Sch. No. 1
Supp. No. 7
File Date: 10-19-19
Effective Date:

SUPPLEMENT NO. 7 TO

AEP GENERATING COMPANY
FERC RATE SCHEDULE

NO. 1

and

SUPPLEMENT NO. 6 TO

AEP GENERATING COMPANY
FERC RATE SCHEDULE

NOS. 2 AND 3

EFFECTIVE:

AEP GENERATING COMPANYSupplement to Rate Schedule

EQUITY REOPENER: In October of 1988, and every October thereafter for the effective duration of AEGCO's formula rate, any purchaser under AEGCO's two unit power agreements, any state regulatory commission having jurisdiction over the retail rates of purchasers under these agreements, or any other entity representing customers' interests, may file a complaint with the Commission with respect to the specified rate of return on common equity. If the Commission, in response to such a complaint, or on its own motion, institutes an investigation into the reasonableness of the specified return on common equity, such investigation shall be pursued under the special procedures set forth as follows:

- (1) The only issue to be addressed under these special procedures shall be the continued collection of the return on equity as incorporated in the formula rate; and
- (2) Refund will be due, should the return on equity specified in the formula be found not just and reasonable, dating from the first day of January immediately following the date the complaint is filed or an investigation is instituted by the Commission on its own motion, calculated on the resulting difference in rates due to the application of the return found to be just and reasonable and the return stated in the formula. The first such effective date for the calculation of refunds shall be January 1, 1989.

Any other complaint which challenges the justness and reasonableness of any other component of the filed formula rate or any other complaint filed at any other time which challenges the justness and reasonableness of the specified rate of return on common equity and which is set for investigation by the Commission shall be pursued under Section 206 of the Federal Power Act.

Docket No. **ER 99-470-000**
Company: **AEP**
FERC El. Rate Sch. No. **1**
Supp. No. **8** EXHIBIT B
Filing Date: **1-26-96**
Effective Date: **12-1-99**

SUPPLEMENT NO. 8

TO

AEP GENERATING COMPANY

FERC RATE SCHEDULE NO. 1

AND

SUPPLEMENT NO. 7

TO AEP GENERATING COMPANY

FERC RATE SCHEDULE NOS.

2 AND 3

RATE DESIGN

The total revenue requirement of AEGCO calculated pursuant to the IMECO-AEGCO Unit Power Agreement designated AEGCO FERC Rate Schedule No. 1 is designed to recover for AEGCO its total cost of providing power (and the energy associated therewith) available to AEGCO at the Rockport Plant.

DETERMINATION OF POWER BILL

In accordance with Section 1.3 of the Unit Power Agreement, I&M agrees to pay AEGCO in consideration for the right to receive all power (and the energy associated therewith) available to AEGCO at the Rockport Plant, as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by I&M), such amounts, less any amounts recovered by AEGCO from other sources, as shall be determined monthly as described below. Such amounts shall be calculated separately for Unit No. 1 (including Common Facilities) and for Unit No. 2. I&M shall then commence the payment of such amounts (power bill) on the earlier of the following dates: (i) June 30, 1985 and (ii) the date on which power including any test power, and any energy associated therewith, shall become available to AEGCO at the Rockport Plant.

The power bill for Unit No. 1 (including Common Facilities) shall be calculated each month and shall reflect recovery only of those costs related to the plant in service. It shall consist of the sum of (a) a return on common equity, (b) a return on other capital, (c) recovery of operating expenses and (d) provision for federal income taxes as described below and as illustrated in the example attached.

(a) Return on Common Equity, which shall be equal to the product of (i) the amount of common equity outstanding at the end of the previous month, but not more than 40% of the capitalization of AEGCO at the end of the previous month; (ii) 1.0133 (12.16% annual rate) as described in Note 1 below; (iii) the Operating Ratio, as defined in Note 2 below; and (iv) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below, plus the product of (v) the amount of common equity in excess of 40% of the capitalization of AEGCO at the end of the previous month, if any such excess shall be determined; (vi) the weighted cost of debt outstanding at the end of the previous month; (vii) the Operating Ratio, as defined in Note 2 below; and (viii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, the amount of common equity shall be equal to the sum of the Common Stock (Accounts 201-203, 209, 210, 212, 214 and 217), Other Paid-In Capital (Accounts 207, 208, 211 and 213), and Retained Earnings (Accounts 215-216) outstanding at the end of the previous month. Total capitalization shall be equal to the sum of Long-term Debt (Accounts 221-226 including current maturities and unamortized debt premium and discounts), Short-Term Debt (Accounts 231 and 233), Preferred Stock (Accounts 204-206), and Common Equity less any Temporary Cash Investments, Special

Deposits and Working Funds (Accounts 132-134, ~~and 136, and 145~~) outstanding at the end of the previous month.

(b) Return on Other Capital, which shall be equal to the product of (i) the amount equal to the net interest expense associated with Long-Term and Short-Term Debt, net of any Temporary Cash Investments, Special Deposits and Working Funds, plus the preferred stock dividend requirement associated with the Preferred Stock outstanding at the end of the previous month; (ii) the Operating Ratio, as defined in Note 2 below; and (iii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, net interest expense shall be equal to the sum of (i) the amount of Long-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Long-Term Debt and (ii) the amount of Short-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Short-Term Debt, less (iii) the amount of Temporary Cash Investments, Special Deposits and Working Funds outstanding at the end of the previous month multiplied by the weighted cost of Long Term and Short-Term Debt combined determined pursuant to (i) and (ii) above.

(c) Recovery of Operating Expenses, excluding federal income taxes, which shall consist of provision for depreciation and amortization (Accounts 403-407, 411), including Asset Retirement Obligation (ARO) depreciation and accretion expenses (Accounts 403.1 and 411.10), taxes other than federal income taxes (Accounts 408-411) and operating and maintenance expenses associated with Unit No. 1 (including Common Facilities) offset by other operating revenues as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts for Major Electric Utilities (See Note 6). Recovery of expenses for test energy shall be limited to recovery of actual fuel expense as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts for Major Electric Utilities. Operating and maintenance expenses shall include, and reflect the recovery of, Steam Power Generation Expenses (Accounts 500-515 including lease rental payments recorded in Account 507), Other Power Supply Expenses (Accounts 555-557), Transmission Expenses (Accounts 560-574), Distribution Expenses (Accounts 580-598), Customer Accounts Expenses (Accounts 901-905), Customer Service and Informational Expenses (Accounts 906-910), Sales Expenses (Accounts 911-917) and Administrative and General Expenses (Accounts 920-933 and 935). Recovery of 501 fuel expenses shall be adjusted to reflect the deferral and/or feedback of unrecovered levelized fuel expenses as may be recorded on the Company's books or as is currently recorded on the books of I&M.

(d) Provision for Unit No. 1's (including Common Facilities) allocated share of net current and deferred federal income tax expense and investment tax credit included in operating income as determined by the Company in accordance with federal income tax law, SEC approved consolidated current tax allocation procedures, and FERC rules and regulations.

For purposes of computing federal income taxes, the interest expense deduction shall be equal to the sum of the net interest expense computed in accordance with paragraph (b)

above plus the imputed interest expense associated with common equity that is in excess of 40% of AEGCO's net capitalization.

The power bill for Unit No. 2 shall be calculated in the same manner as described for Unit No. 1 above except that it shall reflect the Unit No. 2 Net In-Service Investment Ratio and those expenses associated with Unit No. 2.

Notes:

1. Return on Equity

The return on common equity allowance shall be based upon a rate of return of 12.16% as set forth in sub-paragraph (a) above.

In October of 1988, and every October thereafter for the effective duration of AEGCO's formula rate, any purchaser under AEGCO's two unit power agreements, any state regulatory commission having jurisdiction over the retail rates of purchasers under these agreements, or any other entity representing customers' interest, may file a complaint with the Commission with respect to the specified rate of return on common equity. If the Commission, in response to such a complaint, or on its own motion, institutes an investigation into the reasonableness of the specified return on common equity, such investigation shall be pursued under the special procedures set forth as follows:

- A. The only issue to be addressed under these special procedures shall be the continued collection of the return on equity as incorporated in the formula rate; and
- B. Refund will be due, should the return on equity, specified in the formula be found not just and reasonable, dating from the first day of January immediately following the date the complaint is filed or an investigation is instituted by the Commission on its own motion, calculated on the resulting difference in rates due to the application of the return found to be just and reasonable and the return stated in the formula. The first such effective date for the calculation of refunds shall be January 1, 1989.

Any other complaint which challenges the justness and reasonableness of any other component of the filed formula rate or any other complaint filed at any other time which challenges the justness and reasonableness of the specified rate of return on common equity and which is set for investigation by the Commission shall be pursued under Section 206 of the Federal Power Act.

2. Operating Ratio

The Operating Ratio shall be computed each month commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform

System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived by dividing (a) the amount of Electric Plant In Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations); less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111 but excluding amounts associated with Asset Retirement Obligations); plus Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below); Materials and Supplies (Accounts 151-156 and 163 as adjusted pursuant to the provisions of Note 4.C. below); Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below); Prepayments (Account 165); other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242); and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253 including the unamortized gain on the sale of Rockport Unit No. 2); less Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the plant in service by (b) the sum of (i) the amount determined pursuant to (a) plus (ii) the amount of Construction Work In Progress (Account 707) plus Materials and Supplies (Accounts 151-156 and 163), less Accumulated Deferred Federal Income Taxes related to the construction work in progress plus (iii) Plant Held for Future Use (Account 105), Other Deferred Debits (Account 186) and the amount of fuel inventory over the allowed level (Account 151.10) not otherwise included in (a) above.

3. Net In-Service Investment Ratio

The Unit No. 1 Net In-Service Investment Ratio shall be equal to 1.0 during the period commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation and shall remain at 1.0 up to, but not including, the month in which Unit No. 2 at the Plant is placed in commercial operation. Thereafter, the Net In-Service Investment Ratio shall be computed each month, based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived as follows:

- A. Unit No. 1 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 1 and Common Facilities by (b) the sum of the Net In-Service Investment associated with Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.
- B. Unit No. 2 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 2 by (b) the sum of the Net In-Service Investment associated with the Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.

4. Net In-Service Investment

The Net In-Service Investment shall be computed each month commencing with the month in which Unit No. 2 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall consist of the following:

- A. Unit No. 1 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), and Prepayments (Account 165), Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253), less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to such Unit No. 1 and Common Facilities in-service investment.
- B. Unit No. 2 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), Prepayments (Account 165), Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253 including the unamortized gain on the sale of Rockport Unit No.2), less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the Unit No. 2 in-service investment.

- C. AEGCO shall be permitted to earn a return on its fuel inventory, recorded in Account 151.10, not in excess of a 68-day coal supply as defined herein. To the extent AEGCO's actual fuel inventory exceeds the allowable 68-day level, the return on such excess shall be recorded in a memo account. When AEGCO's actual fuel inventory is less than the allowable 68-day level, AEGCO shall be permitted to recover the return previously unrecovered, but in no event shall the power bill reflect a return on fuel inventory in excess of 68-day supply.

A 68-day coal inventory level shall be determined for each unit annually, and shall be based upon the actual experienced daily burn during the preceding calendar year. The actual experienced daily burn shall be defined to exclude the effect of forced and scheduled outages as well as curtailments as follows:

For each unit:

$$\text{Actual experienced daily burn} = 24 \text{ hours} \frac{(\text{Tons burned per year})}{\text{Operating hours}}$$

Where:

Operating hours = Hours in year minus forced and scheduled outage hours
minus curtailment equivalent outage hours

and

Curtailment equivalent outage hours = The product for each curtailment of:

$$\frac{\text{kW of curtailed capacity}}{\text{kW of rated capacity}} \times \text{Curtailment hours}$$

The value of the allowable 68-day coal supply used to determine each month's power bill shall be equal to the number of tons determined above multiplied by the cost per ton of coal in inventory at the end of the previous month.

For 1990, a 68-day coal supply for AEGCO's share of Rockport Unit No. 2 shall be based on 12 months ending December 1990 data. For 1990 billing purposes, however, a 68-day coal supply for AEGCO's share of Rockport Unit No.2 shall initially be assumed to be equal to the 68-day coal supply for AEGCO's share of Rockport Unit No. 1, adjusted to reflect the Btu content and the unit cost of the coal for Rockport Unit No. 2.

AEGCO shall maintain a cumulative record of the unrecovered return as well as the subsequent recovery of that return as follows:

- i) To the extent that AEGCO's actual fuel inventory exceeds the allowable 68-day coal supply, AEGCO shall record each month an amount equal to the sum of the unrecovered return on fuel inventory and the return on previously unrecovered amounts. The unrecovered return on fuel inventory shall be calculated each month by deriving the difference between the power bill that would result if full recovery were provided and the power bill that results with the 68-day limitation imposed. The return on previously unrecovered amounts shall be calculated by multiplying the cumulative return unrecovered at the end of the previous month by the capital costs used to derive the power bill, adjusted for federal income taxes.
 - ii) To the extent that AEGCO's fuel inventory is less than the allowable 68-day coal supply, AEGCO shall record each month an amount equal to the return on previously unrecovered amounts less the recovered return in excess of actual inventory levels. The return on previously unrecovered amounts shall be calculated as described in (i) above. The recovered return in excess of actual inventory levels shall be calculated by deriving the difference between the power bill that would result if actual inventory balances were used and the power bill that results with an imputed inventory level. In no event will the cumulative value of the unrecovered return be allowed to fall below zero.
- D. AEGCO shall be permitted to include as part of its Net In-Service Investment Numerator amounts subsequently recorded in Accounts 105 and 186 subject to the conditions set forth in the Offer of Settlement in FERC Docket No. ER84-579-000, et al.
- E. Other Special Funds (Account 128), Other Current and Accrued Assets (Accounts 131, 135, 143, 146, 171 and 174), Other Deferred Debits (Accounts 181 and 189), Other Current and Accrued Liabilities (Accounts 232-234, 236, 237, 238, 241 and 242), and Other Deferred Credits (Account 253) shall be directly assigned to unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such balances shall be allocated between the units in proportion to the net dependable capability of each of the units.
- F. To recognize that the lease rental expense will be collected monthly but that the lease payment will be paid semiannually, the lease rental payable balance will be reflected as a rate base reduction in calculating the operating ratio and the Unit 2 net-in-service investment ratio as a means to credit the Unit 2 customers for the time value of money.

5. Investment Balances

For the purpose of calculating the Operating Ratio and Net In-Service Investment Ratio, amounts shall reflect the balances, as recorded on the Company's book in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month, except that when plant greater than or equal to 1% of the prior month ending plant value is transferred into service during the current month, such prior month balances shall be adjusted to reflect such transfers to service. Such adjustment shall be pro-rated for the number of days during the month that such plant addition was in-service.

6. Allocation of Expenses

Operating expenses shall be directly assigned to Unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such expenses shall be allocated between the units in accordance with the basis that gave rise to such expense.

AEGCO's operating and maintenance expenses shall include, and AEGCO shall be allowed recovery of, administrative and general expenses, related payroll taxes and other cost, allocated to AEGCO by I&M as operator of the Rockport Plant or incurred directly by AEGCO.

I&M shall allocate to AEGCO, a portion of I&M's administrative and general expenses charged to Accounts 920, 921, 922, 923, 924, 925, 926, 931 and 935; related payroll taxes charge to Account 408; and a portion of the expenses of the Rockport Information Center charged to Accounts 506, 511 and 514 that generally relate to Rockport Plant operations. Such charges shall be allocated to AEGCO on the basis of the ratio of AEGCO's share of the Rockport Plant operation and maintenance wages and salaries, divided by the sum of total Rockport Plant operations and maintenance wages and salaries, plus all other I&M operation and maintenance wages and salaries, less I&M's administrative and general wages and salaries. For the period beginning December 10, 1984 and ending December 31, 1985 this ratio will be developed based on actual 1985 amounts. In subsequent calendar years, this ratio will be adjusted annually based on the prior calendar year's amounts.

AEGCO's operation and maintenance expenses shall also include, and AEGCO shall be allowed recovery of, other administrative and general expenses directly incurred by AEGCO and included in the appropriate administrative and general expense accounts.

BILLINGS AND PAYMENTS

All bills for amounts owing hereunder shall be due and payable on the fifteenth day of the month next following the month or other period to which such bills are applicable, or on the tenth day following receipt of the bill, whichever date is later. Interest on unpaid amounts shall accrue daily at the prime interest rate per annum in effect on the due date at the

Citibank, plus 2% per annum, from the due date until the date upon which payment is made. Unless otherwise agreed upon, the calendar month shall be the standard period for the purpose of settlements under this Agreement. If bills cannot be accurately determined at any time, they shall be rendered on an estimated basis and subsequently adjusted to conform to the terms of the unit power agreements.

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
SUMMARY OF MONTHLY POWER BILL**

<u>Line No.</u>		<u>Amount</u>
1	Return on Common Equity	
2	Return on Other Capital	
3	Total Return	-----
4	+ Fuel	
5	+ Purchased Power	
6	- Other Operating Revenues	
7	+ Other Operation and Maintenance Exp	
8	- Depreciation, <u>Amortization and Accretion</u> Expenses	
9	+ Taxes Other Than Federal Income Tax	
10	+ Federal and State Income Tax	
11	= Total Unit 1 Monthly Power Bill	----- =====
12	<u>Determination of Federal Income Tax :</u>	
13	Total Return (Line 3)	
14	+ Unit 1 Schedule M Adjustments	
15	+ Unit 1 Deferred Federal Income Taxes	
16	- Unit 1 Interest Expense Deduction *	
17	= Subtotal	-----
18	x Gross-Up (FIT Rate / 1-FIT Rate)	
19	= Unit 1 Current Federal Income Tax	
20	+ Unit 1 Def Fed & State Income Taxes	
21	= Total Unit 1 Fed&State Income Taxes	----- =====
22	<u>Proof of Federal Income Tax :</u>	
23	Total Unit 1 Annual Monthly Power Bill	
24	- Operation and Maintenance Expenses	
25	- Depreciation, <u>Amortization and Accretion</u> Expenses	
26	- Taxes Other Than Federal Income Tax	
27	- Unit 1 Interest Expense Deduction *	
28	+ Other Operating Revenues	
29	= Pre-Tax Book Income	-----
30	+ Unit 1 Schedule M Adjustments	
31	= Unit 1 Taxable Income	-----
32	x Current Federal Income Tax Rate	
33	= Unit 1 Current Federal Income Tax	
34	+ Unit 1 Def Fed & State Income Taxes	
35	= Total Unit 1 Fed&State Income Taxes	----- =====

* From Page 54 of 18 : Line 21 + (Line 28 x Line 31 x Line 32)

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
OPERATING RATIO**

<u>Line No.</u>	<u>Amount</u>
1	<u>Operating Ratio:</u>
2	<u>Net In-Service Investment:</u>
3	Electric Plant In-Service
4	- Accumulated Depreciation
5	+ Materials & Supplies
6	+ Prepayments
7	+ Plant Held For Future Use (A/C 105) *
8	+ Other Deferred Debits (A/C 186) *
9	+ Other Working Capital ***
10	+ Unamortized Debt Expense (A/C 181, <u>189</u>)
11	- Other Deferred Credits (A/C 253)
12	- Accumulated Deferred FIT
13	- Accumulated Deferred ITC
14	Total Net In-Service Investment
15	<u>Non-In-Service Investment - CWIP :</u>
16	Construction Work In Progress
17	+ Materials & Supplies
18	- Accumulated Deferred FIT
19	Total Non-In-Service Investment - CWIP
20	<u>Non-In-Service Investment - Other :</u>
21	Plant Held for Future Use (A/C 105) **
22	+ Other Deferred Debits (A/C 186) **
23	+ Fuel Inventory Over Allowed Level ****
24	Total Non-In-Service Investment - Other
25	Total Investment (Lines 14+19+24)
26	Operating Ratio (Line 14/Line 25)
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)
29	Total Investment
*	As Permitted By FERC
**	Excluding Amounts on Lines 7 and 8
***	Accounts 128, 131, 135, 143, 146, 171 and 174, Less Accounts 232-234, 236, 237, 238, 241 and 242
****	Includes Rockport 1 and 2

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
NET IN-SERVICE INVESTMENT RATIO**

<u>Line No.</u>		<u>Amount</u>
1	<u>Net In-Service Investment Ratio:</u>	
2	Unit 1 Net In-Service Investment:	
3	Electric Plant In-Service	
4	- Accumulated Depreciation	
5	+ Materials & Supplies	
6	+ Prepayments	
7	+ Plant Held For Future Use (A/C 105) *	
8	+ Other Deferred Debits (A/C 186) *	
9	+ Other Working Capital **	
10	+ Unamortized Debt Expense (A/C 181, <u>189</u>)	
11	- Other Deferred Credits (A/C 253)	
12	- Accumulated Deferred FIT	
13	- Accumulated Deferred ITC	
14	Total Unit 1 Net In-Service Investment	-----
15	Unit 2 Net In-Service Investment:	-----
16	Electric Plant In-Service	
17	- Accumulated Depreciation	
18	+ Materials & Supplies	
19	+ Prepayments	
20	+ Plant Held For Future Use (A/C 105) *	
21	+ Other Deferred Debits (A/C 186) *	
22	+ Other Working Capital **	
23	+ Unamortized Debt Expense (A/C 181, <u>189</u>)	
24	- Other Deferred Credits (A/C 253)	
25	- Accumulated Deferred FIT	
26	- Accumulated Deferred ITC	
27	Total Unit 2 Net In-Service Investment	-----
28	Total Net In-Service Investment	----- =====
29	<u>Net In-Service Investment Ratio:</u>	
30	Unit 1 (Line 14 / Line 28)	
31	Unit 2 (Line 27 / Line 28)	-----

* As Permitted By FERC
 ** Accounts 128, 131, 135, 143, 146, 171 and 174,
 Less Accounts 232-234, 236, 237, 238, 241 and 242

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 CALCULATION OF RETURNS ON
COMMON EQUITY & OTHER CAPITAL**

<u>Line No.</u>	<u>Amount</u>
1	<u>Net Capitalization:</u>
2	Long-Term Debt
3	+ Short-Term Debt
4	+ Preferred Stock
5	+ Common Equity
6	- Temporary Cash Investments

7	Net Capitalization
	=====
8	40% of Net Capitalization
9	<u>Return on Common Equity:</u>
10	Lesser of Line 5 or Line 8
11	x Equity Return (Monthly Rate)
12	= Equity Return
13	x Operating Ratio
14	x Net In-Service Investment Ratio
15	= Subtotal
16	Excess of Line 5 Over Line 8
17	x Weighted Cost of Debt (Monthly Rate)
18	= Return on Equity over 40% of Capitalization
19	x Operating Ratio
20	x Net In-Service Investment Ratio
21	= Subtotal

22	Unit 1 Return on Equity (Line 15 + Line 21)
	=====
23	<u>Return on Other Capital:</u>
24	Long-Term Debt Interest Expense (A/C 427 -429)
25	+ Short-Term Debt Interest Expense (A/C 43 40)
26	+ Other Interest Expense (A/C 428-431)
27	- Temporary Cash Investment Income *

28	= Net Interest Expense
29	+ Preferred Stock Dividends (a/c 437)

30	= Net Cost of Other Capital
31	x Operating Ratio
32	x Net In-Service Investment Ratio
33	= Unit 1 Return on Other Capital
	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETERMINATION OF WEIGHTED COST OF DEBT**

<u>Line No.</u>		<u>Amount</u>
1	<u>Debt Balances (Prior Month Ending) :</u>	
2	Long-Term Debt	
3	+ Short-Term Debt	
4	+ Other Debt	
5	Total Debt Balances (Prior Month Ending)	----- =====
6	<u>Weighting of Debt Balances :</u>	
7	Long-Term Debt	
8	+ Short-Term Debt	
9	+ Other Debt	
10	Total Debt Balances	----- =====
11	<u>Debt Cost Rates :</u>	
12	Long-Term Debt	
13	Short-Term Debt	
14	Other Debt	
15	<u>Weighted Cost of Debt :</u>	
16	Long-Term Debt	
17	+ Short-Term Debt	
18	+ Other Debt	
19	Total Weighted Cost of Debt	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETERMINATION OF UNIT 1 MATERIALS AND SUPPLIES**

<u>Line No.</u>		<u>Amount</u>
1	<u>Unit 1 Materials and Supplies:</u>	
2	Fuel Stock - Coal (per Line 23)	
3	Fuel Stock Expenses - Undistributed (152)	
4	Fuel Stock - Oil (151)	
5	Plant Materials & Operating Supplies	
6	Merchandise	
7	Undistributed Stores Expense	-----
8	Total Materials & Supplies	=====
9	<u>Support of Coal Inventory Value:</u>	
10	Actual Coal Inventory (A/C 151.10)	
11	+ Equivalent Inventory re: Deferred Return	
12	= Imputed Coal Inventory	-----
13	<u>Coal Inventory W/7568 Day Supply Cap</u>	
14	Tons Consumed	
15	/ Hours Available *	
16	= Tons Consumed per Hour	
17	x 24 Hours per Day	
18	= Tons Consumed Per Day	
19	x 7568 days	
20	= 7568 day Supply (Tons)	
21	x Coal Cost per Ton (per A/C 151.10 at End of Prior Month)	
22	= 7568 day Coal Inventory	-----
23	Lesser of Imputed or Capped Coal Inventory	-----
24	Imputed Inventory Minus Line 23	-----
25	<u>Accumulated Deferred Inventory Return - Unit 1 (Memo Item):</u>	
26	Beginning Balance	
27	+ Current Month Return on Beginning Balance	
28	+ Current Month Deferral	
29	- Current Month Recovery	
30	= Ending Balance **	-----
		=====

* Excludes Forced Outages, Scheduled Outages, and Curtailments
 ** May Not Be Less Than Zero

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF OTHER OPERATING REVENUES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	450	Forfeited Discounts	
2	451	Miscellaneous Service Revenues	
3	453	Sales of Water and Water Power	
4	454	Rent From Electric Property - Associated Companies	
5	454.20	Rent From Electric Property - Non-Associated Companies	
6	455	Interdepartmental Rents	
7	456	Other Electric Revenues	
8	<u>411.8</u>	<u>Proceeds/Gains From Sale of Emission Allowances</u>	
<u>9</u>		Total Other Operating Revenues	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF OPERATION & MAINTENANCE EXPENSES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	500, 502-508	Steam Power Generation - Operation	
2	501	Fuel - Operation	
3	510-515	Steam Power Generating - Maintenance	
4		Total Steam Power Generation Expenses	-----
5	555-557	Other Power Supply Expenses	-----
6	560-567.1	Transmission Expenses - Operation	
7	568-574	Transmission Expenses - Maintenance	
8		Total Transmission Expenses	-----
9	580-589	Distribution Expenses - Operation	
10	590-598	Distribution Expenses - Maintenance	
11		Total Distribution Expenses	-----
12	901-905	Customer Accounts Expenses - Operation	-----
13	906-910	Customer Service and Informational Expenses - Operation	-----
14	911-917	Sales Expenses - Operation	-----
15	920-933	Administrative and General Expenses - Operation	
16	935	Administrative and General Expenses - Maintenance	
17		Total Administrative & General Exp.	-----
18		Total Operation & Maintenance Expenses	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF DEPRECIATION, ~~EXPENSE~~
 & AMORTIZATION AND ACCRETION EXPENSES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	403	Depreciation Expense	
<u>1a</u>	<u>403.1</u>	<u>ARO Depreciation Expense</u>	
2	404	Amortization of Limited-Term Electric Plant	
3	405	Amortization of Other Electric Plant	
4	406	Amortization of Electric Plant Acquisition Adjustments	
5	407	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs	_____
6		Total Depreciation Exp. & Amortization	
<u>7</u>	<u>411.10</u>	<u>ARO Accretion Expense</u>	_____
<u>8</u>		<u>Total Depreciation, Amortization & Accretion Expenses</u>	=====

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF TAXES OTHER THAN FEDERAL INCOME TAXES

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
BS1			
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	
2	409.1	State Income Taxes	
3		Total Taxes Other than FIT	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF UNIT 1 SCHEDULE `M' ADJUSTMENTS
 AND DEFERRED FEDERAL AND STATE INCOME TAX**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>Unit 1 Schedule `M' Adjustments</u>	
2	N/A	Excess ACRS Over Normalization Base Depreciation	
3	N/A	Excess Normalization Base Over Book Depreciation	
4	N/A	Other Unit 1 Schedule `M' Adjustments	
5		Total Unit 1 Schedule `M' Adjustments *	----- =====
6		<u>Unit 1 Deferred Federal Income Tax</u>	
7	410.1	Excess ACRS Over Norm. Base Depr. (Line 2 x FIT Rate * -1)	
8	410.1, 411.1	Other Unit 1 Schedule `M' Adjustments -	
9	410.1	Feedback of Deferred State Income Taxes	
9	411.1	Feedback of Accumulated DFIT re: ABFUDC - Unit 1 Negative Amount Denotes Reduction.	
4410	411.1	Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 1	
42	411.1	Feedback of Accumulated DFIT - Other	
4311	411.1	Feedback of Accumulated DFIT re: Other Schedule `M' Adj.-Utility	----- =====
4412		Total Unit 1 Deferred Federal and State Income Tax *	

* Positive Amount Denotes Increase In Taxable Income, Negative Amount Denotes Reduction.

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF NET IN-SERVICE INVESTMENT UNIT 1

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<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	
3	102	Electric Plant Purchased	
4	103	Experimental Elec. Plant Unclassified	
5	103.1	Electric Plant In Process of Reclassification	
6	104	Electric Plant Leased to Others	
7	106	Completed Construction Not Classified	
8	114	Electric Plant Acquisition Adjustments	
9	116	Other Electric Plant Adjustments	
10	118	Other Utility Plant	
11		Total Electric Plant In Service	-----
12	105	Plant Held For Future Use	-----
13		<u>ACCUMULATED DEPRECIATION</u>	
14	1068	Accumulated Provision for Depreciation of Electric Utility Plant	
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	
16	111	Accumulated Provision for Amortization of Electric Utility Plant	
17	115	Accumulated Provision for Amortization of Electric Plant Acquisition Adjustments	
18	119	Accumulated Provision for Depreciation and Amortization of Other Utility Plant	
19		Total Accumulated Depreciation	-----
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	
22	152	Fuel Stock Expenses - Undistributed	
23	153	Residuals	
24	154	Plant Materials and Operating Supplies	
25	155	Merchandise	
26	156	Other Materials and Supplies	
27	163	Stores Expense Undistributed	
28		Total Materials and Supplies (In-Service Portion)	-----
29	165	Prepayments	-----
30	186	Other Deferred Debits	-----

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 OTHER WORKING CAPITAL, UNAMORTIZED DEBT EXPENSE,
 AND OTHER DEFERRED CREDITS**

<u>Line No.</u>	<u>Account No.</u>	<u>Description *</u>	<u>Amount</u>
1	128	Other Special Funds	
2	131	Cash	
3	135	Other Intra Company Adjustments	
4	143	Accounts Receivable-Miscellaneous	
5	146	Accounts Receivable-Associated Company	
6	171	Interest and Dividends Receivable	
7	174	Miscellaneous Current and Accrued Assets	
8	232	Accounts Payable-General	
9	234	Accounts Payable-Associated Company	
10	236	Taxes Accrued	
11	237	Interest Accrued	
12	238	Dividends Declared	
13	241	Tax Collections Payable	
14	242	Misc Current and Accrued Liabilities	
15		Total Other Working Capital	----- =====
16	181+ 189	Unamortized Debt Expense	-----
17	253	Other Deferred Credits	-----
* debit <credit>			

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF NET IN-SERVICE INVESTMENT UNIT 1**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
31		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
32	190	-Accumulated Deferred Income Taxes	
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	
34	282	+Accumulated Deferred Income Taxes - Other Property	
35	283	+Accumulated Deferred Income Taxes - Other	
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	----- -----
37	255	+Accumulated Deferred Investment Tax Credits	
38	186.50	-Accumulated Deferred Investment Tax Credit	
39		Total Accumulated Deferred Investment Tax Credits	-----
40		Total Net In-Service Investment - Unit 1	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF NON-IN-SERVICE INVESTMENT - CWIP AND OTHER**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	
2		MATERIAL AND SUPPLIES	
3	151	Fuel Stock	
4	152	Fuel Stock Expenses - Undistributed	
5	153	Residuals	
6	154	Plant Materials and Operating Supplies	
7	155	Merchandise	
8	156	Other Material and Supplies	
9	163	Stores Expense Undistributed	
10		Total Material and Supplies (CWIP Portion)	-----

11		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
12	190	-Accumulated Deferred Income Taxes	
13	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	
14	282	+Accumulated Deferred Income Taxes - Other Property	
15	283	+Accumulated Deferred Income Taxes - Other	
16		Total Accumulated Deferred Income Taxes (CWIP Portion)	-----

17		TOTAL NON-IN-SERVICE INVESTMENT - CWIP	=====
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	
19	186	Other Deferred Debits	
20	151.10	Fuel Inventory Over Allowed Level *	
21		Total Non-In-Service Investment - Other	-----
			=====
		* <u>INCLUDES ROCKPORT 1 AND 2</u>	
		<u>UNIT 1</u>	
		<u>UNIT 2</u>	
		<u>TOTAL</u>	-----
			=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF NET CAPITALIZATION**

Pg 16 of 18

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>COMMON CAPITAL STOCK</u>	
2	201	Common Stock Issued	
3	202	Common Stock Subscribed	
4	203	Common Stock Liability for Conversion	
5	209	Reduction In Par or Stated Value of Capital Stock	
6	210	Gain on Resale or Cancellation of Reacquired Capital Stock	
7	212	Installments Received on Capital Stock	
8	214	Capital Stock Expense	
9	217	Reacquired Capital Stock	
10		Total Common Capital Stock	-----
11		<u>OTHER PAID-IN CAPITAL</u>	-----
12	207	Premium on Capital Stock	
13	208	Donations Received from Stockholders	
14	211	Miscellaneous Paid-In Capital	
15	213	Discount on Capital Stock	
16		Total Other Paid-In Capital	-----
17		<u>RETAINED EARNINGS</u>	-----
18	215	Appropriated Retained Earnings	
19	215.1	Appropriated Retained Earnings- Amortization Reserve, Federal	
20	216	Unappropriated Retained Earnings	
21		Total Retained Earnings	-----
22		Total Common Equity	-----
23		<u>PREFERRED CAPITAL STOCK</u>	-----
24	204	Preferred Stock Issued	
25	205	Preferred Stock Subscribed	
26	206	Preferred Stock Liability for Conversion	
27		Total Preferred Capital Stock	-----

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF NET CAPITALIZATION (Cont'd)**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
28		<u>LONG-TERM DEBT</u>	
29	221	Bonds	
30	222	Reacquired Bonds	
31	223	Advances from Associated Companies	
32	224	Other Long-Term Debt	
33	225	Unamortized Premium on Long-Term Debt-Credit	
34	226	Unamortized Discount on Long-Term Debt-Debit	
35		Total Long-Term Debt	-----
		<u>SHORT-TERM DEBT</u>	-----
36 ^a	231.02	Notes Payable (Short-Term Debt)	
37 36 ^b	231.03	Unamortized Discount	
37	<u>233.00</u>	<u>Notes Payable, Assoc Co (Money Pool)</u>	
38		Total Short-Term Debt	-----
39		<u>TEMPORARY CASH INVESTMENTS</u>	-----
40	132	Interest Special Deposits	
41	133	Dividend Special Deposits	
42	134	Other Special Deposits	
43	136, <u>145</u>	Temporary Cash Investments	
44		Total Temporary Cash Investments	-----
45		NET CAPITALIZATION	=====

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETERMINATION OF RATE OF RETURN (Net & Pre-Tax)

<u>Line No.</u>		<u>Amount</u>
1	<u>Capitalization Balances (Prior Month Ending) :</u>	
2	Long-Term Debt	
3	+ Short-Term Debt	
4	+ Preferred Stock	
5	+ Common Equity	
6	- Capitalization Offsets	

7	Total Capitalization Balances	=====
8	<u>Weighting of Capitalization Balances :</u>	
9	Long-Term Debt	
10	+ Short-Term Debt	
11	+ Preferred Stock	
12	+ Common Equity	
13	- Capitalization Offsets	

14	Total Capitalization	=====
15	<u>Capitalization Cost Rates :</u>	
16	Long-Term Debt	
17	Short-Term Debt	
18	Preferred Stock	
19	Common Equity	
20	Capitalization Offsets	
21	<u>Rate of Return (Net of Tax) :</u>	
22	Long-Term Debt	
23	+ Short-Term Debt	
24	+ Preferred Stock	
25	+ Common Equity	
26	- Capitalization Offsets	

27	Total Rate of Return (Net of Tax)	=====
28	Weighted Net Cost of Debt	
29	+ Pre-Tax Common Equity (Line 25 / .66 <u>.65</u>)	

30	= Rate of Return (Pre-Tax)	=====

**Unit Power Service Agreement Between AEP Generating
Company and Indiana Michigan Power Company**

Clean Version

**AEP Generating Company
FERC Rate Schedule No. 1
Unit Power Service
to
Indiana Michigan Power Company**

Tariff Submitter: AEP Generating Company
FERC Tariff Program Name: FPA Electric
Tariff Title: RS and SA
Tariff Record Proposed Effective Date: December 31, 2012
Tariff Record Title: Indiana Michigan Power Company Unit Power Agreement
Option Code: A

UNIT POWER AGREEMENT

THIS AGREEMENT dated as of March 31, 1982 by and between INDIANA & MICHIGAN ELECTRIC COMPANY ("IMECO") and AEP GENERATING COMPANY ("AEGCO"),

WITNESSETH:

WHEREAS, IMECO, a subsidiary company of American Electric Power Company, Inc. ("AEP") under the Public Utility Holding Company Act of 1935 (the "1935 Act"), is presently constructing the Rockport Steam Electric Generating Plant at a site along the Ohio River near the Town of Rockport, Indiana, which will consist of two 1,300,000-kilowatt fossil-fired steam electric generating units and associated equipment and facilities (the "Rockport Plant"), the first unit ("Unit No. 1") of which is presently expected to be placed in commercial operation in 1984 and the second unit ("Unit No. 2") of which is presently expected to be placed in commercial operation in 1986; and

WHEREAS, AEGCO proposes to enter into an Owners' Agreement, dated as of March 31, 1982 (the "Owners' Agreement"), with IMECO and Kentucky Power Company ("KEPCO"), another subsidiary company of AEP under the 1935 Act, pursuant to which AEGCO and KEPCO plan to acquire undivided ownership interests, as tenants in common without right of partition, in the Rockport Plant which, upon completion of the construction of Unit No. 1, is thereafter to be operated as a part of the interconnected, integrated electric system comprising the American Electric Power System (the "AEP System"); and

WHEREAS, AEGCO proposes, upon completion of the construction of Unit No. 1 and the completion thereafter of the construction of Unit No. 2, to make available to IMECO, pursuant to this agreement, all of the available power (and the energy associated therewith) to which AEGCO shall from time to time be entitled at the Rockport Plant; and

WHEREAS, IMECO proposes to complete the construction of, the Rockport Plant pursuant to the provisions of the Owners' Agreement, and, upon completion of such construction, to operate the Rockport Plant pursuant to an operating agreement to be entered into by IMECO, AEGCO and KEPCO in accordance with the Owners' Agreement;

NOW, THEREFORE, in consideration of the terms and of the agreements hereinafter set forth, the parties hereto agree with each other as follows:

1.1 IMECO and AEGCO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.1 and Section 2.2 of this agreement, use their respective best efforts to complete and to make effective the arrangements described and specified in Section 1.1 and in Section 1.2 of the Capital Funds Agreement, dated as of March 31, 1982, between AEP and AEGCO.

1.2 AEGCO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.1 of this agreement, make available, or cause to be made available, to IMECO all of the power (and the energy associated therewith) which shall be available to AEGCO at the Rockport Plant, including test power produced during the course of the construction of generating units installed as a part of the Rockport Plant.

1.3 IMECO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.2 of this agreement, be entitled to receive all power (and the energy associated therewith) which shall be available to AEGCO at the Rockport Plant, and IMECO agrees to pay to AEGCO in consideration for the right to receive all such power (and the energy associated therewith) available to AEGCO at the Rockport Plant, as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by IMECO), such amounts from time to time as, when added to amounts received by AEGCO from any other sources, will be at least sufficient to enable AEGCO to pay, when due, all of its operating and other expenses, including provision for the depreciation and/or amortization of the cost of AEGCO's facilities and also including for the purposes of this agreement (i) any amount which AEGCO may be required to pay on account of any interest and/or any commitment fee on all indebtedness for borrowed money issued or assumed by AEGCO (or by any corporation or other entity with which AEGCO shall have merged or consolidated or to which it shall have sold or otherwise disposed of all or substantially all of its assets) and outstanding at the time and (ii) such additional amounts as are necessary after any required provision for taxes on, or measured by, income to enable AEGCO to pay required dividends on any preferred stock which it may issue and such amount as will represent a return on the common equity of AEGCO equal to the return most recently found in the period of the 24 calendar months immediately preceding the time when payments are to commence under this Section 1.3 to be

fair, and authorized, by the Federal Energy Regulatory Commission ("FERC", such term also including any successor Federal regulatory agency) as an appropriate return on the common equity of IMECO in a wholesale electric proceeding before FERC under the Federal Power Act, or any legislation enacted in substitution for, or to replace, the Federal Power Act or, if within such period of 24 calendar months immediately preceding the date when payments are to begin under this Section 1.3 no such action by FERC shall have become final and not subject to further proceedings before FERC or a court, the return most recently found to be fair and authorized by the Public Service Commission of Indiana as an appropriate return on the common equity of IMECO in a retail electric proceeding before that Commission. IMECO shall commence the payment of such amounts to AEGCO on the earlier of the following dates: (i) June 30, 1985 and, (ii) the date on which power, including any test power, and any energy associated therewith, shall become available to AEGCO at the Rockport Plant.

2.1 The performance of the obligations of AEGCO hereunder shall be subject to the receipt and continued effectiveness of all authorizations of governmental regulatory authorities at the time necessary to permit AEGCO to perform its duties and obligations hereunder, including the receipt and continued effectiveness of all authorizations by governmental regulatory authorities at the time necessary to permit the completion by IMECO of the construction of the Rockport Plant, the operation of the Rockport Plant, and for AEGCO to make available to IMECO all of the power (and the energy associated therewith) available to AEGCO at the Rockport Plant. AEGCO shall use its best efforts to secure and maintain all such authorizations by governmental regulatory authorities.

2.2 The performance of the obligations of IMECO hereunder shall be subject to the receipt and continued effectiveness of all authorizations of governmental regulatory authorities necessary at the time to permit IMECO to perform its duties and obligations hereunder, including the receipt and continued effectiveness of all authorizations by governmental regulatory authorities necessary at the time to permit IMECO to pay to AEGCO in consideration for the right to receive all of the power (and the energy associated therewith) available to AEGCO at the Rockport Plant the charges provided for in Section 1.3 of this agreement. IMECO shall use its best efforts to secure and maintain all such authorizations by governmental regulatory authorities. IMECO shall, to the extent permitted by law, be obligated to perform its duties and obligations hereunder, subject to then applicable provisions of this Section 2.2, (a)

whether or not AEGCO shall have received all authorizations of governmental regulatory authorities necessary to permit AEGCO to perform its duties and obligations hereunder, (b) whether or not such authorizations, or any such authorization, shall at any time in question be in effect, and (c) so long as AEGCO and IMECO shall continue to be subsidiary companies of AEP (as said term is defined in Section 2(a)(8) of the 1935 Act) or a successor thereto, whether or not, at any time in question, IMECO shall have performed its duties and obligations under this agreement. In the event that either AEGCO or IMECO shall cease to be such a subsidiary company, then and thereafter IMECO shall not be relieved of its obligation to make payments pursuant to Section 1.3 of this agreement by reason of the failure of AEGCO to perform its duties and obligations hereunder occasioned by Act of God, fire, flood, explosion, strike, civil or military authority, insurrection, riot, act of the elements, failure of equipment, or for any other cause beyond the control of AEGCO; provided that, in any such event, AEGCO shall use its best efforts to put itself in a position where it can perform its duties and obligations hereunder as soon as is reasonably practicable.

3. To the extent that it may legally do so, IMECO and AEGCO each hereby irrevocably waives any defense based on the adequacy of a remedy at law which may be asserted as a bar to the remedy of specific performance in any action brought against it for specific performance of this agreement by IMECO, by AEGCO, or by a trustee under any mortgage or other debt instrument which IMECO or AEGCO may, subject to requisite regulatory authority, enter into, or by any receiver or trustee appointed for IMECO or AEGCO under the bankruptcy or insolvency laws of any jurisdiction to which IMECO or AEGCO is or may be subject; provided, however, that nothing herein contained shall be deemed to constitute a representation or warranty by IMECO or AEGCO that the respective obligations of IMECO or AEGCO under this agreement are, as a matter of law, subject to the equitable remedy of specific performance.

4. IMECO shall not be entitled to set off against any payment required to be made by IMECO under this agreement (i) any amounts owed by AEGCO to IMECO or (ii) the amount of any claim by IMECO against AEGCO. The foregoing, however, shall not affect in any other way the rights and remedies of IMECO with respect to any such amounts owed to IMECO by AEGCO or any such claim by IMECO against AEGCO.

5. The invalidity and unenforceability of any provision of this agreement shall not affect the remaining provisions hereof.

6. This agreement shall become effective forthwith and shall continue until all of the Notes issued by AEGCO under the Revolving Credit Agreement, dated as of March 31, 1982, of AEGCO shall have been paid in full, together with all accrued interest thereon; provided, however, that in the event that AEGCO shall, prior to such payment, create a Mortgage and Deed of Trust secured by a lien on all, or certain of its fixed physical properties, and shall issue bonds thereunder, this agreement shall continue until said Mortgage and Deed of Trust shall have been satisfied and discharged or said Notes have been paid in full, whichever event shall be the later.

7. This agreement shall be binding upon the parties hereto and their successors and assigns, but no assignment hereof, or of any right to any funds due or to become due under this agreement, shall in any event relieve either IMECO or AEGCO of any of their respective obligations hereunder, or, in the case of IMECO, reduce to any extent its entitlement to receive all of the power (and the energy associated therewith) available to AEGCO from time to time at the Rockport Plant.

8. The agreements herein set forth have been made for the benefit of IMECO and AEGCO and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this agreement.

9. IMECO and AEGCO may, subject to the provisions of this agreement, enter into a further agreement or agreements between IMECO and AEGCO setting forth detailed terms and provisions relating to the performance by IMECO and AEGCO of their respective obligations under this agreement. No agreement entered into under this Section 9 shall, however, alter to any substantive degree the obligations of either party to this agreement in any manner inconsistent with any of the foregoing sections of this agreement.

10. IMECO shall, at any time and from time to time, be entitled to assign all of its right, title and interest in and to all of the power (and the energy associated therewith) to which IMECO shall be entitled under this agreement, but IMECO shall not, by such assignment, be relieved of any of its obligations and duties under this agreement except through the payment to AEGCO, by or on behalf of IMECO, of the amount or amounts which IMECO shall be obligated to pay pursuant to the terms of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused
this agreement to be duly executed as of the day and year
first above written.

INDIANA & MICHIGAN ELECTRIC
COMPANY

By G. P. Maloney
Vice President

AEP GENERATING COMPANY

By G. P. Maloney
Vice President

Docket No. *ELR-109-000* KPSG Case No. 2017-00179
Attorney General's First Set of Data Requests
Company: *AEP*
Dated August 14, 2017
FERC El. Rate Sch. No.: / Item No. 314
Supp. No.: *6* Attachment 1
Filing Date: *5-30-89* Page 156 of 253
Effective Date: *105*
1.6

AMENDMENT NO. 1
TO UNIT POWER AGREEMENT

This Amendment No. 1 dated as of May 8, 1989 by and between Indiana Michigan Power Company ("I&M" or "IMECO", formerly known as Indiana & Michigan Electric Company) and AEP Generating Company ("AEGCO") to the Unit Power Agreement dated as of March 31, 1982 by and between I&M and AEGCO ("Unit Power Agreement"),

WITNESSETH:

WHEREAS, I&M and AEGCO have entered into the Unit Power Agreement whereby, subject to regulatory approvals and certain other conditions, AEGCO agreed to make available, or cause to be made available, to I&M all of the power (and the energy associated therewith) which is available to AEGCO at the Rockport Plant and I&M agreed to pay AEGCO certain amounts;

WHEREAS, AEGCO has entered into six Participation Agreements, dated as of March 15, 1989, whereby it has agreed, subject to regulatory approvals and certain other conditions, to sell its 50% undivided interest in Unit 2 of the Rockport Plant and pursuant to six separate leases (the "Leases"), to leaseback a 50% undivided interest in the unit; and

WHEREAS, Section 3.01 of the Participation Agreements specify that as a condition to closing AEGCO and I&M shall have entered into, and shall have filed with the Federal Energy Regulatory Commission ("FERC") for its approval, an amendment to the Unit Power Agreement which shall, among other things, (i)

specifically confirm that basic rent payable under the Leases is an item of operating and other expenses of AEGCO referred to in Section 1.3 thereof, and (ii) specifically provide that the Unit Power Agreement shall continue in full force and effect until the lease term shall have expired or been terminated and all basic rent payable under the Leases shall have been paid in full;

NOW, THEREFORE, in consideration of the terms and agreements hereinafter set forth, the parties hereto agree as follows:

1. Section 1.3 of the Unit Power Agreement is hereby amended to read as follows:

"1.3 IMECO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.2 of this agreement, be entitled to receive all power (and the energy associated therewith) which shall be available to AEGCO at the Rockport Plant, and IMECO agrees to pay to AEGCO in consideration for the right to receive all such power (and the energy associated therewith) available to AEGCO at the Rockport Plant, as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by IMECO), such amounts from time to time as, when added to amounts received by AEGCO from any other sources, will be at least sufficient to enable AEGCO to pay, when due, all of its operating and other expenses, including provision for the depreciation and/or amortization of the cost of AEGCO's facilities, and lease rental payments, including any amount of Basic Rent (as such term is defined in Section 3(a) of the forms of Lease attached as Exhibit A to the Participation Agreements) which AEGCO may be required to pay pursuant to the Leases, and also including for the purposes of this agreement (i) any amount which AEGCO may be required to pay on account of any interest and/or any commitment fee on all indebtedness for borrowed money issued or assumed by AEGCO (or by any corporation or other entity with which AEGCO shall have merged or consolidated or to which it shall have sold or otherwise disposed of all or substantially all of its assets) and outstanding at the time, and (ii) such additional amounts as are necessary after any required provision for taxes on, or measured by, income to enable AEGCO to pay required dividends on any preferred stock which it may issue and such amount as will represent a return on the common equity of AEGCO equal to the return most recently found in the period of the 24 calendar months immediately preceding the time when payments

are to commence under this Section 1.3 to be fair, and authorized, by the FERC, including any successor Federal regulatory agency as an appropriate return on the common equity of IMECO in a wholesale electric proceeding before FERC under the Federal Power Act, or any legislation enacted in substitution for, or to replace, the Federal Power Act or, if within such period of 24 calendar months immediately preceding the date when payments are to begin under this Section 1.3 no such action by FERC shall have become final and not subject to further proceedings before FERC or a court, the return most recently found to be fair and authorized by the Indiana Utility Regulatory Commission as an appropriate return on the common equity of IMECO in a retail electric proceeding before that Commission. IMECO shall commence the payment of such amounts to AEGCO on the earlier of the following dates: (i) June 30, 1985 and, (ii) the date on which power, including any test power, and any energy associated therewith, shall become available to AEGCO at the Rockport Plant."

2. Section 6 of the Unit Power Agreement is hereby amended to read as follows:

"6. This agreement shall become effective forthwith and shall continue in full force and effect until the latter of the date that: (1) all of the Notes issued by AEGCO under the Revolving Credit Agreement, dated as of March 31, 1982, of AEGCO shall have been paid in full, together with all accrued interest thereon; or (ii) the last of the Lease Terms (as that term is defined in the Participation Agreements) shall have expired or been terminated and all Basic Rent payable under all of the Leases shall have been paid in full; provided, however, that in the event that AEGCO shall, prior to such payment, create a Mortgage and Deed of Trust secured by a lien on all, or certain of its fixed physical properties, and shall issue bonds thereunder, this agreement shall continue until said Mortgage and Deed of Trust shall have been satisfied and discharged."

3. This Amendment No. 1 shall become effective on the date on which the last of the following events shall have occurred: (i) this Amendment No. 1 shall have been filed with and accepted for filing without condition or change by the FERC under the Federal Power Act (FPA) as a rate schedule under circumstances where the FERC (a) shall have issued an order under the FPA that

this Amendment No. 1 shall become effective in its entirety as such rate schedule under the FPA, as proposed by the parties in their filings with the FERC, and (b) shall not have, in such order or any separate order, instituted an investigation or proceeding under the provisions of the FPA with respect to the justness and reasonableness of the provisions of this Amendment No. 1; (ii) the order or orders of the FERC, referred to in (i) above, shall have become final and not subject to review under Section 313 of the FPA; or (iii) the Closings (as defined in the Participation Agreements).

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed as of the date and year first above written.

INDIANA MICHIGAN POWER COMPANY

By: /s/ R. E. DISBROW
Vice President

AEP GENERATING COMPANY

By: /s/ G. P. MALONEY
Vice President

RATE DESIGN

The total revenue requirement of AEGCO calculated pursuant to the IMECO-AEGCO Unit Power Agreement designated AEGCO FERC Rate Schedule No. 1 is designed to recover for AEGCO its total cost of providing power (and the energy associated therewith) available to AEGCO at the Rockport Plant.

DETERMINATION OF POWER BILL

In accordance with Section 1.3 of the Unit Power Agreement, I&M agrees to pay AEGCO in consideration for the right to receive all power (and the energy associated therewith) available to AEGCO at the Rockport Plant, as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by I&M), such amounts, less any amounts recovered by AEGCO from other sources, as shall be determined monthly as described below. Such amounts shall be calculated separately for Unit No. 1 (including Common Facilities) and for Unit No. 2. I&M shall then commence the payment of such amounts (power bill) on the earlier of the following dates: (i) June 30, 1985 and (ii) the date on which power including any test power, and any energy associated therewith, shall become available to AEGCO at the Rockport Plant.

The power bill for Unit No. 1 (including Common Facilities) shall be calculated each month and shall reflect recovery only of those costs related to the plant in service. It shall consist of the sum of (a) a return on common equity, (b) a return on other capital, (c) recovery of operating expenses and (d) provision for federal income taxes as described below and as illustrated in the example attached.

(a) Return on Common Equity, which shall be equal to the product of (i) the amount of common equity outstanding at the end of the previous month, but not more than 40% of the capitalization of AEGCO at the end of the previous month; (ii) 1.0133 (12.16% annual rate) as described in Note 1 below; (iii) the Operating Ratio, as defined in Note 2 below; and (iv) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below, plus the product of (v) the amount of common equity in excess of 40% of the capitalization of AEGCO at the end of the previous month, if any such excess shall be determined; (vi) the weighted cost of debt outstanding at the end of the previous month; (vii) the Operating Ratio, as defined in Note 2 below; and (viii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, the amount of common equity shall be equal to the sum of the Common Stock (Accounts 201-203, 209, 210, 212, 214 and 217), Other Paid-In Capital (Accounts 207, 208, 211 and 213), and Retained Earnings (Accounts 215-216) outstanding at the end of the previous month. Total capitalization shall be equal to the sum of Long-term Debt (Accounts 221-226 including current maturities and unamortized debt premium and discounts), Short-Term Debt (Accounts 231 and 233), Preferred Stock (Accounts 204-206), and Common Equity less any Temporary Cash Investments, Special

Deposits and Working Funds (Accounts 132-134, 136, and 145) outstanding at the end of the previous month.

(b) Return on Other Capital, which shall be equal to the product of (i) the amount equal to the net interest expense associated with Long-Term and Short-Term Debt, net of any Temporary Cash Investments, Special Deposits and Working Funds, plus the preferred stock dividend requirement associated with the Preferred Stock outstanding at the end of the previous month; (ii) the Operating Ratio, as defined in Note 2 below; and (iii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, net interest expense shall be equal to the sum of (i) the amount of Long-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Long-Term Debt and (ii) the amount of Short-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Short-Term Debt, less (iii) the amount of Temporary Cash Investments, Special Deposits and Working Funds outstanding at the end of the previous month multiplied by the weighted cost of Long Term and Short-Term Debt combined determined pursuant to (i) and (ii) above.

(c) Recovery of Operating Expenses, excluding federal income taxes, which shall consist of provision for depreciation and amortization (Accounts 403-407, 411), including Asset Retirement Obligation (ARO) depreciation and accretion expenses (Accounts 403.1 and 411.10), taxes other than federal income taxes (Accounts 408-411) and operating and maintenance expenses associated with Unit No. 1 (including Common Facilities) offset by other operating revenues as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts for Major Electric Utilities (See Note 6). Recovery of expenses for test energy shall be limited to recovery of actual fuel expense as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts for Major Electric Utilities. Operating and maintenance expenses shall include, and reflect the recovery of, Steam Power Generation Expenses (Accounts 500-515 including lease rental payments recorded in Account 507), Other Power Supply Expenses (Accounts 555-557), Transmission Expenses (Accounts 560-574), Distribution Expenses (Accounts 580-598), Customer Accounts Expenses (Accounts 901-905), Customer Service and Informational Expenses (Accounts 906-910), Sales Expenses (Accounts 911-917) and Administrative and General Expenses (Accounts 920-933 and 935). Recovery of 501 fuel expenses shall be adjusted to reflect the deferral and/or feedback of unrecovered levelized fuel expenses as may be recorded on the Company's books or as is currently recorded on the books of I&M.

(d) Provision for Unit No. 1's (including Common Facilities) allocated share of net current and deferred federal income tax expense and investment tax credit included in operating income as determined by the Company in accordance with federal income tax law, SEC approved consolidated current tax allocation procedures, and FERC rules and regulations.

For purposes of computing federal income taxes, the interest expense deduction shall be equal to the sum of the net interest expense computed in accordance with paragraph (b)

above plus the imputed interest expense associated with common equity that is in excess of 40% of AEGCO's net capitalization.

The power bill for Unit No. 2 shall be calculated in the same manner as described for Unit No. 1 above except that it shall reflect the Unit No. 2 Net In-Service Investment Ratio and those expenses associated with Unit No. 2.

Notes:

1. Return on Equity

The return on common equity allowance shall be based upon a rate of return of 12.16% as set forth in sub-paragraph (a) above.

In October of 1988, and every October thereafter for the effective duration of AEGCO's formula rate, any purchaser under AEGCO's two unit power agreements, any state regulatory commission having jurisdiction over the retail rates of purchasers under these agreements, or any other entity representing customers' interest, may file a complaint with the Commission with respect to the specified rate of return on common equity. If the Commission, in response to such a complaint, or on its own motion, institutes an investigation into the reasonableness of the specified return on common equity, such investigation shall be pursued under the special procedures set forth as follows:

- A. The only issue to be addressed under these special procedures shall be the continued collection of the return on equity as incorporated in the formula rate; and
- B. Refund will be due, should the return on equity, specified in the formula be found not just and reasonable, dating from the first day of January immediately following the date the complaint is filed or an investigation is instituted by the Commission on its own motion, calculated on the resulting difference in rates due to the application of the return found to be just and reasonable and the return stated in the formula. The first such effective date for the calculation of refunds shall be January 1, 1989.

Any other complaint which challenges the justness and reasonableness of any other component of the filed formula rate or any other complaint filed at any other time which challenges the justness and reasonableness of the specified rate of return on common equity and which is set for investigation by the Commission shall be pursued under Section 206 of the Federal Power Act.

2. Operating Ratio

The Operating Ratio shall be computed each month commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform

System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived by dividing (a) the amount of Electric Plant In Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations); less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111 but excluding amounts associated with Asset Retirement Obligations); plus Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below); Materials and Supplies (Accounts 151-156 and 163 as adjusted pursuant to the provisions of Note 4.C. below); Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below); Prepayments (Account 165); other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242); and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253 including the unamortized gain on the sale of Rockport Unit No. 2); less Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the plant in service by (b) the sum of (i) the amount determined pursuant to (a) plus (ii) the amount of Construction Work In Progress (Account 707) plus Materials and Supplies (Accounts 151-156 and 163), less Accumulated Deferred Federal Income Taxes related to the construction work in progress plus (iii) Plant Held for Future Use (Account 105), Other Deferred Debits (Account 186) and the amount of fuel inventory over the allowed level (Account 151.10) not otherwise included in (a) above.

3. Net In-Service Investment Ratio

The Unit No. 1 Net In-Service Investment Ratio shall be equal to 1.0 during the period commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation and shall remain at 1.0 up to, but not including, the month in which Unit No. 2 at the Plant is placed in commercial operation. Thereafter, the Net In-Service Investment Ratio shall be computed each month, based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived as follows:

- A. Unit No. 1 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 1 and Common Facilities by (b) the sum of the Net In-Service Investment associated with Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.
- B. Unit No. 2 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 2 by (b) the sum of the Net In-Service Investment associated with the Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.

4. Net In-Service Investment

The Net In-Service Investment shall be computed each month commencing with the month in which Unit No. 2 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall consist of the following:

- A. Unit No. 1 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), and Prepayments (Account 165), Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253), less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to such Unit No. 1 and Common Facilities in-service investment.

- B. Unit No. 2 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), Prepayments (Account 165), Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253 including the unamortized gain on the sale of Rockport Unit No.2), less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the Unit No. 2 in-service investment.

- C. AEGCO shall be permitted to earn a return on its fuel inventory, recorded in Account 151.10, not in excess of a 68-day coal supply as defined herein. To the extent AEGCO's actual fuel inventory exceeds the allowable 68-day level, the return on such excess shall be recorded in a memo account. When AEGCO's actual fuel inventory is less than the allowable 68-day level, AEGCO shall be permitted to recover the return previously unrecovered, but in no event shall the power bill reflect a return on fuel inventory in excess of 68-day supply.

A 68-day coal inventory level shall be determined for each unit annually, and shall be based upon the actual experienced daily burn during the preceding calendar year. The actual experienced daily burn shall be defined to exclude the effect of forced and scheduled outages as well as curtailments as follows:

For each unit:

$$\text{Actual experienced daily burn} = 24 \text{ hours} \frac{(\text{Tons burned per year})}{\text{Operating hours}}$$

Where:

Operating hours = Hours in year minus forced and scheduled outage hours
minus curtailment equivalent outage hours

and

Curtailment equivalent outage hours = The product for each curtailment of:

$$\frac{\text{kW of curtailed capacity}}{\text{kW of rated capacity}} \times \text{Curtailment hours}$$

The value of the allowable 68-day coal supply used to determine each month's power bill shall be equal to the number of tons determined above multiplied by the cost per ton of coal in inventory at the end of the previous month.

For 1990, a 68-day coal supply for AEGCO's share of Rockport Unit No. 2 shall be based on 12 months ending December 1990 data. For 1990 billing purposes, however, a 68-day coal supply for AEGCO's share of Rockport Unit No.2 shall initially be assumed to be equal to the 68-day coal supply for AEGCO's share of Rockport Unit No. 1, adjusted to reflect the Btu content and the unit cost of the coal for Rockport Unit No. 2.

AEGCO shall maintain a cumulative record of the unrecovered return as well as the subsequent recovery of that return as follows:

- i) To the extent that AEGCO's actual fuel inventory exceeds the allowable 68-day coal supply, AEGCO shall record each month an amount equal to the sum of the unrecovered return on fuel inventory and the return on previously unrecovered amounts. The unrecovered return on fuel inventory shall be calculated each month by deriving the difference between the power bill that would result if full recovery were provided and the power bill that results with the 68-day limitation imposed. The return on previously unrecovered amounts shall be calculated by multiplying the cumulative return unrecovered at the end of the previous month by the capital costs used to derive the power bill, adjusted for federal income taxes.
 - ii) To the extent that AEGCO's fuel inventory is less than the allowable 68-day coal supply, AEGCO shall record each month an amount equal to the return on previously unrecovered amounts less the recovered return in excess of actual inventory levels. The return on previously unrecovered amounts shall be calculated as described in (i) above. The recovered return in excess of actual inventory levels shall be calculated by deriving the difference between the power bill that would result if actual inventory balances were used and the power bill that results with an imputed inventory level. In no event will the cumulative value of the unrecovered return be allowed to fall below zero.
- D. AEGCO shall be permitted to include as part of its Net In-Service Investment Numerator amounts subsequently recorded in Accounts 105 and 186 subject to the conditions set forth in the Offer of Settlement in FERC Docket No. ER84-579-000, et al.
- E. Other Special Funds (Account 128), Other Current and Accrued Assets (Accounts 131, 135, 143, 146, 171 and 174), Other Deferred Debits (Accounts 181 and 189), Other Current and Accrued Liabilities (Accounts 232-234, 236, 237, 238, 241 and 242), and Other Deferred Credits (Account 253) shall be directly assigned to unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such balances shall be allocated between the units in proportion to the net dependable capability of each of the units.
- F. To recognize that the lease rental expense will be collected monthly but that the lease payment will be paid semiannually, the lease rental payable balance will be reflected as a rate base reduction in calculating the operating ratio and the Unit 2 net-in-service investment ratio as a means to credit the Unit 2 customers for the time value of money.

5. Investment Balances

For the purpose of calculating the Operating Ratio and Net In-Service Investment Ratio, amounts shall reflect the balances, as recorded on the Company's book in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month, except that when plant greater than or equal to 1% of the prior month ending plant value is transferred into service during the current month, such prior month balances shall be adjusted to reflect such transfers to service. Such adjustment shall be pro-rated for the number of days during the month that such plant addition was in-service.

6. Allocation of Expenses

Operating expenses shall be directly assigned to Unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such expenses shall be allocated between the units in accordance with the basis that gave rise to such expense.

AEGCO's operating and maintenance expenses shall include, and AEGCO shall be allowed recovery of, administrative and general expenses, related payroll taxes and other cost, allocated to AEGCO by I&M as operator of the Rockport Plant or incurred directly by AEGCO.

I&M shall allocate to AEGCO, a portion of I&M's administrative and general expenses charged to Accounts 920, 921, 922, 923, 924, 925, 926, 931 and 935; related payroll taxes charge to Account 408; and a portion of the expenses of the Rockport Information Center charged to Accounts 506, 511 and 514 that generally relate to Rockport Plant operations. Such charges shall be allocated to AEGCO on the basis of the ratio of AEGCO's share of the Rockport Plant operation and maintenance wages and salaries, divided by the sum of total Rockport Plant operations and maintenance wages and salaries, plus all other I&M operation and maintenance wages and salaries, less I&M's administrative and general wages and salaries. For the period beginning December 10, 1984 and ending December 31, 1985 this ratio will be developed based on actual 1985 amounts. In subsequent calendar years, this ratio will be adjusted annually based on the prior calendar year's amounts.

AEGCO's operation and maintenance expenses shall also include, and AEGCO shall be allowed recovery of, other administrative and general expenses directly incurred by AEGCO and included in the appropriate administrative and general expense accounts.

BILLINGS AND PAYMENTS

All bills for amounts owing hereunder shall be due and payable on the fifteenth day of the month next following the month or other period to which such bills are applicable, or on the tenth day following receipt of the bill, whichever date is later. Interest on unpaid amounts shall accrue daily at the prime interest rate per annum in effect on the due date at the

Citibank, plus 2% per annum, from the due date until the date upon which payment is made. Unless otherwise agreed upon, the calendar month shall be the standard period for the purpose of settlements under this Agreement. If bills cannot be accurately determined at any time, they shall be rendered on an estimated basis and subsequently adjusted to conform to the terms of the unit power agreements.

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
SUMMARY OF MONTHLY POWER BILL**

<u>Line No.</u>		<u>Amount</u>
1	Return on Common Equity	
2	Return on Other Capital	
3	Total Return	-----
4	+ Fuel	
5	+ Purchased Power	
6	- Other Operating Revenues	
7	+ Other Operation and Maintenance Exp	
8	- Depreciation, Amortization and Accretion Expenses	
9	+ Taxes Other Than Federal Income Tax	
10	+ Federal and State Income Tax	
11	= Total Unit 1 Monthly Power Bill	----- =====
12	<u>Determination of Federal Income Tax :</u>	
13	Total Return (Line 3)	
14	+ Unit 1 Schedule M Adjustments	
15	+ Unit 1 Deferred Federal Income Taxes	
16	- Unit 1 Interest Expense Deduction *	
17	= Subtotal	-----
18	x Gross-Up (FIT Rate / 1-FIT Rate)	
19	= Unit 1 Current Federal Income Tax	
20	+ Unit 1 Def Fed & State Income Taxes	
21	= Total Unit 1 Fed&State Income Taxes	----- =====
22	<u>Proof of Federal Income Tax :</u>	
23	Total Unit 1 Monthly Power Bill	
24	- Operation and Maintenance Expenses	
25	- Depreciation, Amortization and Accretion Expenses	
26	- Taxes Other Than Federal Income Tax	
27	- Unit 1 Interest Expense Deduction *	
28	+ Other Operating Revenues	
29	= Pre-Tax Book Income	-----
30	+ Unit 1 Schedule M Adjustments	
31	= Unit 1 Taxable Income	-----
32	x Current Federal Income Tax Rate	
33	= Unit 1 Current Federal Income Tax	
34	+ Unit 1 Def Fed & State Income Taxes	
35	= Total Unit 1 Fed&State Income Taxes	----- =====

* From Page 4 of 18 : Line 21 + (Line 28 x Line 31 x Line 32)

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
OPERATING RATIO**

<u>Line No.</u>	<u>Amount</u>
1	<u>Operating Ratio:</u>
2	<u>Net In-Service Investment:</u>
3	Electric Plant In-Service
4	- Accumulated Depreciation
5	+ Materials & Supplies
6	+ Prepayments
7	+ Plant Held For Future Use (A/C 105) *
8	+ Other Deferred Debits (A/C 186) *
9	+ Other Working Capital ***
10	+ Unamortized Debt Expense (A/C 181, 189)
11	- Other Deferred Credits (A/C 253)
12	- Accumulated Deferred FIT
13	- Accumulated Deferred ITC
14	Total Net In-Service Investment
15	<u>Non-In-Service Investment - CWIP :</u>
16	Construction Work In Progress
17	+ Materials & Supplies
18	- Accumulated Deferred FIT
19	Total Non-In-Service Investment - CWIP
20	<u>Non-In-Service Investment - Other :</u>
21	Plant Held for Future Use (A/C 105) **
22	+ Other Deferred Debits (A/C 186) **
23	+ Fuel Inventory Over Allowed Level ****
24	Total Non-In-Service Investment - Other
25	Total Investment (Lines 14+19+24)
26	Operating Ratio (Line 14/Line 25)
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)
29	Total Investment
*	As Permitted By FERC
**	Excluding Amounts on Lines 7 and 8
***	Accounts 128, 131, 135, 143, 146, 171 and 174, Less Accounts 232-234, 236, 237, 238, 241 and 242
****	Includes Rockport 1 and 2

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
NET IN-SERVICE INVESTMENT RATIO**

<u>Line No.</u>		<u>Amount</u>
1	<u>Net In-Service Investment Ratio:</u>	
2	Unit 1 Net In-Service Investment:	
3	Electric Plant In-Service	
4	- Accumulated Depreciation	
5	+ Materials & Supplies	
6	+ Prepayments	
7	+ Plant Held For Future Use (A/C 105) *	
8	+ Other Deferred Debits (A/C 186) *	
9	+ Other Working Capital **	
10	+ Unamortized Debt Expense (A/C 181, 189)	
11	- Other Deferred Credits (A/C 253)	
12	- Accumulated Deferred FIT	
13	- Accumulated Deferred ITC	
14	Total Unit 1 Net In-Service Investment	-----
15	Unit 2 Net In-Service Investment:	-----
16	Electric Plant In-Service	
17	- Accumulated Depreciation	
18	+ Materials & Supplies	
19	+ Prepayments	
20	+ Plant Held For Future Use (A/C 105) *	
21	+ Other Deferred Debits (A/C 186) *	
22	+ Other Working Capital **	
23	+ Unamortized Debt Expense (A/C 181, 189)	
24	- Other Deferred Credits (A/C 253)	
25	- Accumulated Deferred FIT	
26	- Accumulated Deferred ITC	
27	Total Unit 2 Net In-Service Investment	-----
28	Total Net In-Service Investment	----- =====
29	<u>Net In-Service Investment Ratio:</u>	
30	Unit 1 (Line 14 / Line 28)	
31	Unit 2 (Line 27 / Line 28)	-----

* As Permitted By FERC
 ** Accounts 128, 131, 135, 143, 146, 171 and 174,
 Less Accounts 232-234, 236, 237, 238, 241 and 242

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 CALCULATION OF RETURNS ON
COMMON EQUITY & OTHER CAPITAL**

<u>Line No.</u>	<u>Amount</u>
1 <u>Net Capitalization:</u>	
2 Long-Term Debt	
3 + Short-Term Debt	
4 + Preferred Stock	
5 + Common Equity	
6 - Temporary Cash Investments	

7 Net Capitalization	=====
8 40% of Net Capitalization	
9 <u>Return on Common Equity:</u>	
10 Lesser of Line 5 or Line 8	
11 x Equity Return (Monthly Rate)	
12 = Equity Return	
13 x Operating Ratio	
14 x Net In-Service Investment Ratio	
15 = Subtotal	
16 Excess of Line 5 Over Line 8	
17 x Weighted Cost of Debt (Monthly Rate)	
18 = Return on Equity over 40% of Capitalization	
19 x Operating Ratio	
20 x Net In-Service Investment Ratio	
21 = Subtotal	

22 Unit 1 Return on Equity (Line 15 + Line 21)	=====
23 <u>Return on Other Capital:</u>	
24 Long-Term Debt Interest Expense (A/C 427-429)	
25 + Short-Term Debt Interest Expense (A/C 430)	
26 + Other Interest Expense (A/C 431)	
27 - Temporary Cash Investment Income *	

28 = Net Interest Expense	
29 + Preferred Stock Dividends (a/c 437)	

30 = Net Cost of Other Capital	
31 x Operating Ratio	
32 x Net In-Service Investment Ratio	
33 = Unit 1 Return on Other Capital	
	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETERMINATION OF WEIGHTED COST OF DEBT**

<u>Line No.</u>		<u>Amount</u>
1	<u>Debt Balances (Prior Month Ending) :</u>	
2	Long-Term Debt	
3	+ Short-Term Debt	
4	+ Other Debt	
5	Total Debt Balances (Prior Month Ending)	----- =====
6	<u>Weighting of Debt Balances :</u>	
7	Long-Term Debt	
8	+ Short-Term Debt	
9	+ Other Debt	
10	Total Debt Balances	----- =====
11	<u>Debt Cost Rates :</u>	
12	Long-Term Debt	
13	Short-Term Debt	
14	Other Debt	
15	<u>Weighted Cost of Debt :</u>	
16	Long-Term Debt	
17	+ Short-Term Debt	
18	+ Other Debt	
19	Total Weighted Cost of Debt	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETERMINATION OF UNIT 1 MATERIALS AND SUPPLIES**

<u>Line No.</u>	<u>Amount</u>
1 <u>Unit 1 Materials and Supplies:</u>	
2 Fuel Stock - Coal (per Line 23)	
3 Fuel Stock Expenses - Undistributed (152)	
4 Fuel Stock - Oil (151)	
5 Plant Materials & Operating Supplies	
6 Merchandise	
7 Undistributed Stores Expense	-----
8 Total Materials & Supplies	=====
9 <u>Support of Coal Inventory Value:</u>	
10 Actual Coal Inventory (A/C 151.10)	
11 + Equivalent Inventory re: Deferred Return	
12 = Imputed Coal Inventory	-----
13 Coal Inventory W/68 Day Supply Cap	
14 Tons Consumed	
15 / Hours Available *	
16 = Tons Consumed per Hour	
17 x 24 Hours per Day	
18 = Tons Consumed Per Day	
19 x 68 days	
20 = 68 day Supply (Tons)	
21 x Coal Cost per Ton (per A/C 151.10 at End of Prior Month)	
22 = 68 day Coal Inventory	-----
23 Lesser of Imputed or Capped Coal Inventory	-----
24 Imputed Inventory Minus Line 23	-----
25 <u>Accumulated Deferred Inventory Return - Unit 1 (Memo Item):</u>	
26 Beginning Balance	
27 + Current Month Return on Beginning Balance	
28 + Current Month Deferral	
29 - Current Month Recovery	
30 = Ending Balance **	-----
	=====

* Excludes Forced Outages, Scheduled Outages, and Curtailments

** May Not Be Less Than Zero

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF OTHER OPERATING REVENUES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	450	Forfeited Discounts	
2	451	Miscellaneous Service Revenues	
3	453	Sales of Water and Water Power	
4	454	Rent From Electric Property - Associated Companies	
5	454.20	Rent From Electric Property - Non-Associated Companies	
6	455	Interdepartmental Rents	
7	456	Other Electric Revenues	
8	411.8	Proceeds/Gains From Sale of Emission Allowances	
9		Total Other Operating Revenues	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF OPERATION & MAINTENANCE EXPENSES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	500, 502-508	Steam Power Generation - Operation	
2	501	Fuel - Operation	
3	510-515	Steam Power Generating - Maintenance	
4		Total Steam Power Generation Expenses	-----
5	555-557	Other Power Supply Expenses	-----
6	560-567.1	Transmission Expenses - Operation	
7	568-574	Transmission Expenses - Maintenance	
8		Total Transmission Expenses	-----
9	580-589	Distribution Expenses - Operation	
10	590-598	Distribution Expenses - Maintenance	
11		Total Distribution Expenses	-----
12	901-905	Customer Accounts Expenses - Operation	-----
13	906-910	Customer Service and Informational Expenses - Operation	-----
14	911-917	Sales Expenses - Operation	-----
15	920-933	Administrative and General Expenses - Operation	
16	935	Administrative and General Expenses - Maintenance	
17		Total Administrative & General Exp.	-----
18		Total Operation & Maintenance Expenses	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF DEPRECIATION,
 AMORTIZATION AND ACCRETION EXPENSES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	403	Depreciation Expense	
1a	403.1	ARO Depreciation Expense	
2	404	Amortization of Limited-Term Electric Plant	
3	405	Amortization of Other Electric Plant	
4	406	Amortization of Electric Plant Acquisition Adjustments	
5	407	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs	_____
6		Total Depreciation Exp. & Amortization	
7	411.10	ARO Accretion Expense	_____
8		Total Depreciation, Amortization & Accretion Expenses	=====

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF TAXES OTHER THAN FEDERAL INCOME TAXES

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
BS1			
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	
2	409.1	State Income Taxes	
3		Total Taxes Other than FIT	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF UNIT 1 SCHEDULE `M' ADJUSTMENTS
 AND DEFERRED FEDERAL AND STATE INCOME TAX**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>Unit 1 Schedule `M' Adjustments</u>	
2	N/A	Excess ACRS Over Normalization Base Depreciation	
3	N/A	Excess Normalization Base Over Book Depreciation	
4	N/A	Other Unit 1 Schedule `M' Adjustments	
5		Total Unit 1 Schedule `M' Adjustments *	----- =====
6		<u>Unit 1 Deferred Federal Income Tax</u>	
7	410.1	Excess ACRS Over Norm. Base Depr. (Line 2 x FIT Rate * -1)	
8	410.1, 411.1	Other Unit 1 Schedule `M' Adjustments -	
9	411.1	Feedback of Accumulated DFIT re: ABFUDC - Unit 1 Negative Amount Denotes Reduction.	
10	411.1	Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 1	
11	411.1	Feedback of Accumulated DFIT re: Other Schedule `M' Adj.-Utility	----- =====
12		Total Unit 1 Deferred Federal and State Income Tax *	

* Positive Amount Denotes Increase In Taxable Income, Negative Amount Denotes Reduction.

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF NET IN-SERVICE INVESTMENT UNIT 1

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<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	
3	102	Electric Plant Purchased	
4	103	Experimental Elec. Plant Unclassified	
5	103.1	Electric Plant In Process of Reclassification	
6	104	Electric Plant Leased to Others	
7	106	Completed Construction Not Classified	
8	114	Electric Plant Acquisition Adjustments	
9	116	Other Electric Plant Adjustments	
10	118	Other Utility Plant	
11		Total Electric Plant In Service	-----
12	105	Plant Held For Future Use	-----
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	
16	111	Accumulated Provision for Amortization of Electric Utility Plant	
17	115	Accumulated Provision for Amortization of Electric Plant Acquisition Adjustments	
18	119	Accumulated Provision for Depreciation and Amortization of Other Utility Plant	
19		Total Accumulated Depreciation	-----
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	
22	152	Fuel Stock Expenses - Undistributed	
23	153	Residuals	
24	154	Plant Materials and Operating Supplies	
25	155	Merchandise	
26	156	Other Materials and Supplies	
27	163	Stores Expense Undistributed	
28		Total Materials and Supplies (In-Service Portion)	-----
29	165	Prepayments	-----
30	186	Other Deferred Debits	-----

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 OTHER WORKING CAPITAL, UNAMORTIZED DEBT EXPENSE,
 AND OTHER DEFERRED CREDITS**

<u>Line No.</u>	<u>Account No.</u>	<u>Description *</u>	<u>Amount</u>
1	128	Other Special Funds	
2	131	Cash	
3	135	Other Intra Company Adjustments	
4	143	Accounts Receivable-Miscellaneous	
5	146	Accounts Receivable-Associated Company	
6	171	Interest and Dividends Receivable	
7	174	Miscellaneous Current and Accrued Assets	
8	232	Accounts Payable-General	
9	234	Accounts Payable-Associated Company	
10	236	Taxes Accrued	
11	237	Interest Accrued	
12	238	Dividends Declared	
13	241	Tax Collections Payable	
14	242	Misc Current and Accrued Liabilities	
15		Total Other Working Capital	----- =====
16	181+ 189	Unamortized Debt Expense	-----
17	253	Other Deferred Credits	-----
* debit <credit>			

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF NET IN-SERVICE INVESTMENT UNIT 1

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
31		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
32	190	-Accumulated Deferred Income Taxes	
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	
34	282	+Accumulated Deferred Income Taxes - Other Property	
35	283	+Accumulated Deferred Income Taxes - Other	
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	-----
37	255	+Accumulated Deferred Investment Tax Credits	
38	186.50	-Accumulated Deferred Investment Tax Credit	
39		Total Accumulated Deferred Investment Tax Credits	-----
40		Total Net In-Service Investment - Unit 1	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF NON-IN-SERVICE INVESTMENT - CWIP AND OTHER**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	
2		MATERIAL AND SUPPLIES	
3	151	Fuel Stock	
4	152	Fuel Stock Expenses - Undistributed	
5	153	Residuals	
6	154	Plant Materials and Operating Supplies	
7	155	Merchandise	
8	156	Other Material and Supplies	
9	163	Stores Expense Undistributed	
10		Total Material and Supplies (CWIP Portion)	----- -----
11		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
12	190	-Accumulated Deferred Income Taxes	
13	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	
14	282	+Accumulated Deferred Income Taxes - Other Property	
15	283	+Accumulated Deferred Income Taxes - Other	
16		Total Accumulated Deferred Income Taxes (CWIP Portion)	----- -----
17		TOTAL NON-IN-SERVICE INVESTMENT - CWIP	----- =====
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	
19	186	Other Deferred Debits	
20	151.10	Fuel Inventory Over Allowed Level *	
21		Total Non-In-Service Investment - Other	----- =====
		* INCLUDES ROCKPORT 1 AND 2 UNIT 1 UNIT 2	
		TOTAL	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF NET CAPITALIZATION**

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<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>COMMON CAPITAL STOCK</u>	
2	201	Common Stock Issued	
3	202	Common Stock Subscribed	
4	203	Common Stock Liability for Conversion	
5	209	Reduction In Par or Stated Value of Capital Stock	
6	210	Gain on Resale or Cancellation of Reacquired Capital Stock	
7	212	Installments Received on Capital Stock	
8	214	Capital Stock Expense	
9	217	Reacquired Capital Stock	
10		Total Common Capital Stock	-----
11		<u>OTHER PAID-IN CAPITAL</u>	-----
12	207	Premium on Capital Stock	
13	208	Donations Received from Stockholders	
14	211	Miscellaneous Paid-In Capital	
15	213	Discount on Capital Stock	
16		Total Other Paid-In Capital	-----
17		<u>RETAINED EARNINGS</u>	-----
18	215	Appropriated Retained Earnings	
19	215.1	Appropriated Retained Earnings- Amortization Reserve, Federal	
20	216	Unappropriated Retained Earnings	
21		Total Retained Earnings	-----
22		Total Common Equity	-----
23		<u>PREFERRED CAPITAL STOCK</u>	-----
24	204	Preferred Stock Issued	
25	205	Preferred Stock Subscribed	
26	206	Preferred Stock Liability for Conversion	
27		Total Preferred Capital Stock	-----

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF NET CAPITALIZATION (Cont'd)**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
28		<u>LONG-TERM DEBT</u>	
29	221	Bonds	
30	222	Reacquired Bonds	
31	223	Advances from Associated Companies	
32	224	Other Long-Term Debt	
33	225	Unamortized Premium on Long-Term Debt-Credit	
34	226	Unamortized Discount on Long-Term Debt-Debit	
35		Total Long-Term Debt	-----
		<u>SHORT-TERM DEBT</u>	-----
36a	231.02	Notes Payable (Short-Term Debt)	
36b	231.03	Unamortized Discount	
37	233.00	Notes Payable, Assoc Co (Money Pool)	
38		Total Short-Term Debt	-----
39		<u>TEMPORARY CASH INVESTMENTS</u>	-----
40	132	Interest Special Deposits	
41	133	Dividend Special Deposits	
42	134	Other Special Deposits	
43	136, 145	Temporary Cash Investments	
44		Total Temporary Cash Investments	-----
45		NET CAPITALIZATION	=====

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETERMINATION OF RATE OF RETURN (Net & Pre-Tax)

<u>Line No.</u>	<u>Amount</u>
1	<u>Capitalization Balances (Prior Month Ending) :</u>
2	Long-Term Debt
3	+ Short-Term Debt
4	+ Preferred Stock
5	+ Common Equity
6	- Capitalization Offsets

7	Total Capitalization Balances
	=====
8	<u>Weighting of Capitalization Balances :</u>
9	Long-Term Debt
10	+ Short-Term Debt
11	+ Preferred Stock
12	+ Common Equity
13	- Capitalization Offsets

14	Total Capitalization
	=====
15	<u>Capitalization Cost Rates :</u>
16	Long-Term Debt
17	Short-Term Debt
18	Preferred Stock
19	Common Equity
20	Capitalization Offsets
21	<u>Rate of Return (Net of Tax) :</u>
22	Long-Term Debt
23	+ Short-Term Debt
24	+ Preferred Stock
25	+ Common Equity
26	- Capitalization Offsets

27	Total Rate of Return (Net of Tax)
	=====
28	Weighted Net Cost of Debt
29	+ Pre-Tax Common Equity (Line 25 / .65)

30	= Rate of Return (Pre-Tax)
	=====

**Unit Power Service Agreement Between AEP Generating
Company and Kentucky Power Company**

Redlined Version

UNIT POWER AGREEMENT

THIS AGREEMENT dated as of August 1, 1984 by and between KENTUCKY POWER COMPANY ("KEPCO") and AEP GENERATING COMPANY ("AEGCO").

WITNESSETH:

WHEREAS, AEGCO, a subsidiary company of American Electric Power Company, Inc. ("AEP") under the Public Utility Holding Company Act of 1935 (the "1935 Act"), is part owner of the Rockport Steam Electric Generating Plant presently under construction at a site along the Ohio River near the Town of Rockport, Indiana, which will consist of two 1,300,000-kilowatt fossil-fired steam electric generating units and associated equipment and facilities (the "Rockport Plant"), the first unit ("Unit No. 1") of which is presently expected to be placed in commercial operation on or about December 1, 1984 and the second unit ("Unit No. 2") of which is presently expected to be placed in commercial operation in 1988; and

WHEREAS, AEGCO entered into an Owners' Agreement, dated March 31, 1982, as amended, (the "Owners' Agreement"), with Indiana & Michigan Electric Company ("IMECO") and KEPCO, other subsidiary companies of AEP under the 1935 Act, pursuant to which AEGCO and KEPCO planned to acquire 35% and 15% undivided ownership interests from IMECO respectively, as tenants in common without right of partition, in the Rockport Plant which, upon completion of the construction of Unit No. 1, is thereafter to be operated as a part of the interconnected, integrated electric system comprising the American Electric Power System (the "AEP System"); and

WHEREAS, the Owners' Agreement, as amended, provides that if KEPCO is unable to obtain timely regulatory approval to acquire and directly own its intended 15% ownership interest in the Rockport Plant by the date test power and energy becomes available from Unit No. 1, which is anticipated to occur not earlier than September 1, 1984, or, if such regulatory approval is limited or restricted in any manner as to make performance by KEPCO impossible, impractical or uneconomic, then, AEGCO may and proposes to acquire the 15% undivided ownership interest intended for KEPCO; and

WHEREAS, if AEGCO acquires the 15% undivided ownership interest intended for KEPCO then AEGCO proposes, upon completion of the construction of Unit No. 1 and the completion thereafter of the construction of Unit No. 2, to make available to KEPCO, pursuant to this agreement, 30% of the available power (and the energy associated therewith) to which AEGCO shall from time to time be entitled at the Rockport Plant, which amount is equivalent to the 15% ownership interest intended for KEPCO; and

WHEREAS, IMECO proposes to complete the construction of the Rockport Plant pursuant to the provisions of the Owners' Agreement, as amended, and, upon completion of such construction, to operate the Rockport Plant pursuant to an operating agreement entered into by IMECO, AEGCO and KEPCO in accordance with the Owners' Agreement;

NOW, THEREFORE, in consideration of the terms and of the agreements hereinafter set forth, the parties hereto agree with each other that if AEGCO acquires the 15% undivided ownership interest intended for KEPCO then:

1.1 AEGCO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.1 of this agreement, make available, or cause to be made available, to KEPCO 30% of the power (and the energy associated therewith) which shall be available to AEGCO at the Rockport Plant.

1.2 KEPCO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.2 of this agreement, be entitled to receive 30% of the power (and the energy associated therewith) which shall be available to AEGCO at the Rockport Plant and KEPCO agrees to pay to AEGCO in consideration for the right to receive that 30% of the power (and the energy associated therewith) available to AEGCO at the Rockport Plant those amounts which IMECO would have paid AEGCO under the terms of the IMECO-AEGCO Unit Power Agreement, for KEPCO's entitlement as defined in this agreement. KEPCO shall commence the payment of such amounts to AEGCO on the earlier of the following dates: (i) June 30, 1985 and, (ii) the date of commercial operation of Rockport Unit No. 1.

2.1 The performance of the obligations of AEGCO hereunder shall be subject to the receipt and continued effectiveness of all authorizations of governmental regulatory authorities at the time necessary to permit AEGCO to perform its duties and obligations hereunder, including the receipt and continued effectiveness of all authorizations by governmental regulatory authorities at the time necessary to permit the completion by IMECO of the construction of the Rockport Plant, the operation of the Rockport Plant, and for AEGCO to make available to KEPCO 30% of the power (and the energy associated therewith) available to AEGCO at the Rockport Plant. AEGCO shall use its best efforts to secure and maintain all such authorizations by governmental regulatory authorities.

2.2 The performance of the obligations of KEPCO hereunder shall be subject to the receipt and continued effectiveness of all authorizations of governmental regulatory authorities necessary at the time to permit KEPCO to perform its duties and obligations hereunder, including the receipt and continued effectiveness of all authorizations by governmental regulatory authorities necessary at the time to permit KEPCO to pay to AEGCO in consideration for the right to receive 30% of the power (and the energy associated therewith) available to AEGCO at the Rockport Plant the charges provided for in Section 1.2 of this agreement. KEPCO shall use its best efforts to secure and maintain all such authorizations by governmental regulatory authorities. KEPCO shall, to the extent permitted by law, be obligated to perform its duties and obligations hereunder, subject to then applicable provisions of this Section 2.2, (a) whether or not AEGCO shall have received all authorizations of governmental regulatory authorities necessary to permit AEGCO to perform its duties and obligations hereunder, (b) whether or not such authorizations, or any such authorization, shall at any time in question be in effect, and (c) so long as AEGCO and KEPCO shall continue to be subsidiary companies of AEP (as said term is defined in Section 2(a)(8) of the 1935 Act) or a successor thereto, whether or not, at any time in question, KEPCO shall have performed its duties and obligations under this agreement. In the event that either AEGCO or KEPCO shall cease to be such a subsidiary company, then and thereafter KEPCO shall not be relieved of its obligation to make payments

pursuant to Section 1.2 of this agreement by reason of the failure of AEGCO to perform its duties and obligations hereunder occasioned by Act of God, fire, flood, explosion, strike, civil or military authority, insurrection, riot, act of the elements, failure of equipment, or for any other cause beyond the control of AEGCO; provided that, in any such event, AEGCO shall use its best efforts to put itself in a position where it can perform its duties and obligations hereunder as soon as is reasonably practicable.

3. To the extent that it may legally do so, KEPCO and AEGCO each hereby irrevocably waives any defense based on the adequacy of a remedy at law which may be asserted as a bar to the remedy of specific performance in any action brought against it for specific performance of this agreement by KEPCO, by AEGCO, or by a trustee under any mortgage or other debt instrument which KEPCO or AEGCO may, subject to requisite regulatory authority, enter into, or by any receiver or trustee appointed for KEPCO or AEGCO under the bankruptcy or insolvency laws of any jurisdiction to which KEPCO or AEGCO is or may be subject; provided, however, that nothing herein contained shall be deemed to constitute a representation or warranty by KEPCO or AEGCO that the respective obligations of KEPCO or AEGCO under this agreement are, as a matter of law, subject to the equitable remedy of specific performance.

4. KEPCO shall not be entitled to set off against any payment required to be made by KEPCO under this agreement (i) any amounts owed by AEGCO to KEPCO or (ii) the amount of any claim by KEPCO against AEGCO. The foregoing, however, shall not affect in any other way the rights and remedies of KEPCO with respect to any such amounts owed to KEPCO by AEGCO or any such claim by KEPCO against AEGCO.

5. The invalidity and unenforceability of any provision of this agreement shall not affect the remaining provisions hereof.

6. This agreement shall become effective with the date of commercial operation of Rockport Unit No. 1 and shall continue in effect through December 7, 2022.

7. This agreement shall be binding upon the parties hereto and their successors and assigns, but no assignment hereof, or of any right to any funds due or to become due under this agreement, shall in any event relieve either KEPCO or AEGCO of any of their respective obligations hereunder, or, in the case of KEPCO, reduce to any extent its entitlement to receive 30% of the power (and the energy associated therewith) available to AEGCO from time to time at the Rockport Plant.

8. The agreements herein set forth have been made for the benefit of KEPCO and AEGCO and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this agreement.

9. KEPCO and AEGCO may, subject to the provisions of this agreement, enter into a further agreement or agreements between KEPCO and AEGCO setting forth detailed terms and provisions relating to the performance by KEPCO and AEGCO of their respective obligations under this agreement. No agreement entered into under this Section 9 shall, however, alter to any substantive degree the obligations of either party to this agreement in any manner inconsistent with any of the foregoing sections of this agreement.

10. KEPCO shall, at any time and from time to time, be entitled to assign all of its right, title and interest in and to all of the power (and the energy associated therewith) to which KEPCO shall be entitled under this agreement, but KEPCO shall not, by such assignment, be relieved of any of its obligations and duties under this agreement except through the payment to AEGCO, by or on behalf of KEPCO, of the amount or amounts which KEPCO shall be obligated to pay pursuant to the terms of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the day and year first above written.

AEP Generating Company

By _____

Vice President

KENTUCKY POWER COMPANY

By _____

President

RATE DESIGN

The total revenue requirement of AEGCO calculated pursuant to the IMECO-AEGCO Unit Power Agreement designated AEGCO FERC Rate Schedule No. 1 is designed to recover for AEGCO its total cost of providing power (and the energy associated therewith) available to AEGCO at the Rockport Plant.

DETERMINATION OF POWER BILL

In accordance with Section 1.2-3 of the Unit Power Agreement, I&M agrees to pay AEGCO in consideration for the right to receive all power (and the energy associated therewith) available to AEGCO at the Rockport Plant, as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by I&M), such amounts, less any amounts recovered by AEGCO from other sources, as shall be determined monthly as described below. Such amounts shall be calculated separately for Unit No. 1 (including Common Facilities) and for Unit No. 2. I&M shall then commence the payment of such amounts (power bill) on the earlier of the following dates: (i) June 30, 1985 and (ii) the date on which power including any test power, and any energy associated therewith, shall become available to AEGCO at the Rockport Plant.

The power bill for Unit No. 1 (including Common Facilities) shall be calculated each month and shall reflect recovery only of those costs related to the plant in service. It shall consist of the sum of (a) a return on common equity, (b) a return on other capital, (c) recovery of operating expenses and (d) provision for federal income taxes as described below and as illustrated in the example attached.

(a) Return on Common Equity, which shall be equal to the product of (i) the amount of common equity outstanding at the end of the previous month, but not more than 40% of the capitalization of AEGCO at the end of the previous month; (ii) 1.0133 (12.16% annual rate) as described in Note 1 below; (iii) the Operating Ratio, as defined in Note 2 below; and (iv) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below, plus the product of (v) the amount of common equity in excess of 40% of the capitalization of AEGCO at the end of the previous month, if any such excess shall be determined; (vi) the weighted cost of debt outstanding at the end of the previous month; (vii) the Operating Ratio, as defined in Note 2 below; and (viii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, the amount of common equity shall be equal to the sum of the Common Stock (Accounts 201-203, 209, 210, 212, 214 and 217), Other Paid-In Capital (Accounts 207, 208, 211 and 213), and Retained Earnings (Accounts 215-216) outstanding at the end of the previous month. Total capitalization shall be equal to the sum of Long-term Debt (Accounts 221-226 including current maturities and unamortized debt premium and discounts), Short-Term Debt (Accounts 231 and 233), Preferred Stock (Accounts 204-206), and Common Equity less any Temporary Cash Investments, Special

Deposits and Working Funds (Accounts 132-134, ~~and 136, and 145~~) outstanding at the end of the previous month.

(b) Return on Other Capital, which shall be equal to the product of (i) the amount equal to the net interest expense associated with Long-Term and Short-Term Debt, net of any Temporary Cash Investments, Special Deposits and Working Funds, plus the preferred stock dividend requirement associated with the Preferred Stock outstanding at the end of the previous month; (ii) the Operating Ratio, as defined in Note 2 below; and (iii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, net interest expense shall be equal to the sum of (i) the amount of Long-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Long-Term Debt and (ii) the amount of Short-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Short-Term Debt, less (iii) the amount of Temporary Cash Investments, Special Deposits and Working Funds outstanding at the end of the previous month multiplied by the weighted cost of Long Term and Short-Term Debt combined determined pursuant to (i) and (ii) above.

(c) Recovery of Operating Expenses, excluding federal income taxes, which shall consist of provision for depreciation and amortization (Accounts 403-407, 411), including Asset Retirement Obligation (ARO) depreciation and accretion expenses (Accounts 403.1 and 411.10), taxes other than federal income taxes (Accounts 408-411) and operating and maintenance expenses associated with Unit No. 1 (including Common Facilities) offset by other operating revenues as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts for Major Electric Utilities (See Note 6). Recovery of expenses for test energy shall be limited to recovery of actual fuel expense as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts for Major Electric Utilities. Operating and maintenance expenses shall include, and reflect the recovery of, Steam Power Generation Expenses (Accounts 500-515 including lease rental payments recorded in Account 507), Other Power Supply Expenses (Accounts 555-557), Transmission Expenses (Accounts 560-574), Distribution Expenses (Accounts 580-598), Customer Accounts Expenses (Accounts 901-905), Customer Service and Informational Expenses (Accounts 906-910), Sales Expenses (Accounts 911-917) and Administrative and General Expenses (Accounts 920-933 and 935). Recovery of 501 fuel expenses shall be adjusted to reflect the deferral and/or feedback of unrecovered levelized fuel expenses as may be recorded on the Company's books or as is currently recorded on the books of I&M.

(d) Provision for Unit No. 1's (including Common Facilities) allocated share of net current and deferred federal income tax expense and investment tax credit included in operating income as determined by the Company in accordance with federal income tax law, SEC approved consolidated current tax allocation procedures, and FERC rules and regulations.

For purposes of computing federal income taxes, the interest expense deduction shall be equal to the sum of the net interest expense computed in accordance with paragraph (b)

above plus the imputed interest expense associated with common equity that is in excess of 40% of AEGCO's net capitalization.

The power bill for Unit No. 2 shall be calculated in the same manner as described for Unit No. 1 above except that it shall reflect the Unit No. 2 Net In-Service Investment Ratio and those expenses associated with Unit No. 2.

Notes:

1. Return on Equity

The return on common equity allowance shall be based upon a rate of return of 12.16% as set forth in sub-paragraph (a) above.

In October of 1988, and every October thereafter for the effective duration of AEGCO's formula rate, any purchaser under AEGCO's two unit power agreements, any state regulatory commission having jurisdiction over the retail rates of purchasers under these agreements, or any other entity representing customers' interest, may file a complaint with the Commission with respect to the specified rate of return on common equity. If the Commission, in response to such a complaint, or on its own motion, institutes an investigation into the reasonableness of the specified return on common equity, such investigation shall be pursued under the special procedures set forth as follows:

- A. The only issue to be addressed under these special procedures shall be the continued collection of the return on equity as incorporated in the formula rate; and
- B. Refund will be due, should the return on equity, specified in the formula be found not just and reasonable, dating from the first day of January immediately following the date the complaint is filed or an investigation is instituted by the Commission on its own motion, calculated on the resulting difference in rates due to the application of the return found to be just and reasonable and the return stated in the formula. The first such effective date for the calculation of refunds shall be January 1, 1989.

Any other complaint which challenges the justness and reasonableness of any other component of the filed formula rate or any other complaint filed at any other time which challenges the justness and reasonableness of the specified rate of return on common equity and which is set for investigation by the Commission shall be pursued under Section 206 of the Federal Power Act.

2. Operating Ratio

The Operating Ratio shall be computed each month commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform

System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived by dividing (a) the amount of Electric Plant In Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations); less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111 but excluding amounts associated with Asset Retirement Obligations); plus Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below); Materials and Supplies (Accounts 151-156 and 163 as adjusted pursuant to the provisions of Note 4.C. below); Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below); Prepayments (Account 165); other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242); and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253 including the unamortized gain on the sale of Rockport Unit No. 2); less Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the plant in service by (b) the sum of (i) the amount determined pursuant to (a) plus (ii) the amount of Construction Work In Progress (Account 707) plus Materials and Supplies (Accounts 151-156 and 163), less Accumulated Deferred Federal Income Taxes related to the construction work in progress plus (iii) Plant Held for Future Use (Account 105), Other Deferred Debits (Account 186) and the amount of fuel inventory over the allowed level (Account 151.10) not otherwise included in (a) above.

3. Net In-Service Investment Ratio

The Unit No. 1 Net In-Service Investment Ratio shall be equal to 1.0 during the period commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation and shall remain at 1.0 up to, but not including, the month in which Unit No. 2 at the Plant is placed in commercial operation. Thereafter, the Net In-Service Investment Ratio shall be computed each month, based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived as follows:

- A. Unit No. 1 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 1 and Common Facilities by (b) the sum of the Net In-Service Investment associated with Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.
- B. Unit No. 2 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 2 by (b) the sum of the Net In-Service Investment associated with the Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.

4. Net In-Service Investment

The Net In-Service Investment shall be computed each month commencing with the month in which Unit No. 2 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall consist of the following:

- A. Unit No. 1 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), and Prepayments (Account 165), Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253), less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to such Unit No. 1 and Common Facilities in-service investment.
- B. Unit No. 2 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), Prepayments (Account 165), Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253 including the unamortized gain on the sale of Rockport Unit No.2), less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the Unit No. 2 in-service investment.

- C. AEGCO shall be permitted to earn a return on its fuel inventory, recorded in Account 151.10, not in excess of a 68-day coal supply as defined herein. To the extent AEGCO's actual fuel inventory exceeds the allowable 68-day level, the return on such excess shall be recorded in a memo account. When AEGCO's actual fuel inventory is less than the allowable 68-day level, AEGCO shall be permitted to recover the return previously unrecovered, but in no event shall the power bill reflect a return on fuel inventory in excess of 68-day supply.

A 68-day coal inventory level shall be determined for each unit annually, and shall be based upon the actual experienced daily burn during the preceding calendar year. The actual experienced daily burn shall be defined to exclude the effect of forced and scheduled outages as well as curtailments as follows:

For each unit:

$$\text{Actual experienced daily burn} = 24 \text{ hours} \frac{(\text{Tons burned per year})}{\text{Operating hours}}$$

Where:

Operating hours = Hours in year minus forced and scheduled outage hours
minus curtailment equivalent outage hours

and

Curtailment equivalent outage hours = The product for each curtailment of:

$$\frac{\text{kW of curtailed capacity}}{\text{kW of rated capacity}} \times \text{Curtailment hours}$$

The value of the allowable 68-day coal supply used to determine each month's power bill shall be equal to the number of tons determined above multiplied by the cost per ton of coal in inventory at the end of the previous month.

For 1990, a 68-day coal supply for AEGCO's share of Rockport Unit No. 2 shall be based on 12 months ending December 1990 data. For 1990 billing purposes, however, a 68-day coal supply for AEGCO's share of Rockport Unit No.2 shall initially be assumed to be equal to the 68-day coal supply for AEGCO's share of Rockport Unit No. 1, adjusted to reflect the Btu content and the unit cost of the coal for Rockport Unit No. 2.

AEGCO shall maintain a cumulative record of the unrecovered return as well as the subsequent recovery of that return as follows:

- i) To the extent that AEGCO's actual fuel inventory exceeds the allowable 68-day coal supply, AEGCO shall record each month an amount equal to the sum of the unrecovered return on fuel inventory and the return on previously unrecovered amounts. The unrecovered return on fuel inventory shall be calculated each month by deriving the difference between the power bill that would result if full recovery were provided and the power bill that results with the 68-day limitation imposed. The return on previously unrecovered amounts shall be calculated by multiplying the cumulative return unrecovered at the end of the previous month by the capital costs used to derive the power bill, adjusted for federal income taxes.
 - ii) To the extent that AEGCO's fuel inventory is less than the allowable 68-day coal supply, AEGCO shall record each month an amount equal to the return on previously unrecovered amounts less the recovered return in excess of actual inventory levels. The return on previously unrecovered amounts shall be calculated as described in (i) above. The recovered return in excess of actual inventory levels shall be calculated by deriving the difference between the power bill that would result if actual inventory balances were used and the power bill that results with an imputed inventory level. In no event will the cumulative value of the unrecovered return be allowed to fall below zero.
- D. AEGCO shall be permitted to include as part of its Net In-Service Investment Numerator amounts subsequently recorded in Accounts 105 and 186 subject to the conditions set forth in the Offer of Settlement in FERC Docket No. ER84-579-000, et al.
- E. Other Special Funds (Account 128), Other Current and Accrued Assets (Accounts 131, 135, 143, 146, 171 and 174), Other Deferred Debits (Accounts 181 and 189), Other Current and Accrued Liabilities (Accounts 232-234, 236, 237, 238, 241 and 242), and Other Deferred Credits (Account 253) shall be directly assigned to unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such balances shall be allocated between the units in proportion to the net dependable capability of each of the units.
- F. To recognize that the lease rental expense will be collected monthly but that the lease payment will be paid semiannually, the lease rental payable balance will be reflected as a rate base reduction in calculating the operating ratio and the Unit 2 net-in-service investment ratio as a means to credit the Unit 2 customers for the time value of money.

5. Investment Balances

For the purpose of calculating the Operating Ratio and Net In-Service Investment Ratio, amounts shall reflect the balances, as recorded on the Company's book in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month, except that when plant greater than or equal to 1% of the prior month ending plant value is transferred into service during the current month, such prior month balances shall be adjusted to reflect such transfers to service. Such adjustment shall be pro-rated for the number of days during the month that such plant addition was in-service.

6. Allocation of Expenses

Operating expenses shall be directly assigned to Unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such expenses shall be allocated between the units in accordance with the basis that gave rise to such expense.

AEGCO's operating and maintenance expenses shall include, and AEGCO shall be allowed recovery of, administrative and general expenses, related payroll taxes and other cost, allocated to AEGCO by I&M as operator of the Rockport Plant or incurred directly by AEGCO.

I&M shall allocate to AEGCO, a portion of I&M's administrative and general expenses charged to Accounts 920, 921, 922, 923, 924, 925, 926, 931 and 935; related payroll taxes charge to Account 408; and a portion of the expenses of the Rockport Information Center charged to Accounts 506, 511 and 514 that generally relate to Rockport Plant operations. Such charges shall be allocated to AEGCO on the basis of the ratio of AEGCO's share of the Rockport Plant operation and maintenance wages and salaries, divided by the sum of total Rockport Plant operations and maintenance wages and salaries, plus all other I&M operation and maintenance wages and salaries, less I&M's administrative and general wages and salaries. For the period beginning December 10, 1984 and ending December 31, 1985 this ratio will be developed based on actual 1985 amounts. In subsequent calendar years, this ratio will be adjusted annually based on the prior calendar year's amounts.

AEGCO's operation and maintenance expenses shall also include, and AEGCO shall be allowed recovery of, other administrative and general expenses directly incurred by AEGCO and included in the appropriate administrative and general expense accounts.

BILLINGS AND PAYMENTS

All bills for amounts owing hereunder shall be due and payable on the fifteenth day of the month next following the month or other period to which such bills are applicable, or on the tenth day following receipt of the bill, whichever date is later. Interest on unpaid amounts shall accrue daily at the prime interest rate per annum in effect on the due date at the

Citibank, plus 2% per annum, from the due date until the date upon which payment is made. Unless otherwise agreed upon, the calendar month shall be the standard period for the purpose of settlements under this Agreement. If bills cannot be accurately determined at any time, they shall be rendered on an estimated basis and subsequently adjusted to conform to the terms of the unit power agreements.

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
SUMMARY OF MONTHLY POWER BILL**

<u>Line No.</u>		<u>Amount</u>
1	Return on Common Equity	
2	Return on Other Capital	
3	Total Return	-----
4	+ Fuel	
5	+ Purchased Power	
6	- Other Operating Revenues	
7	+ Other Operation and Maintenance Exp	
8	- Depreciation, <u>Amortization and Accretion</u> Expenses	
9	+ Taxes Other Than Federal Income Tax	
10	+ Federal and State Income Tax	
11	= Total Unit 1 Monthly Power Bill	----- =====
12	<u>Determination of Federal Income Tax :</u>	
13	Total Return (Line 3)	
14	+ Unit 1 Schedule M Adjustments	
15	+ Unit 1 Deferred Federal Income Taxes	
16	- Unit 1 Interest Expense Deduction *	
17	= Subtotal	-----
18	x Gross-Up (FIT Rate / 1-FIT Rate)	
19	= Unit 1 Current Federal Income Tax	
20	+ Unit 1 Def Fed & State Income Taxes	
21	= Total Unit 1 Fed&State Income Taxes	----- =====
22	<u>Proof of Federal Income Tax :</u>	
23	Total Unit 1 Annual Monthly Power Bill	
24	- Operation and Maintenance Expenses	
25	- Depreciation, <u>Amortization and Accretion</u> Expenses	
26	- Taxes Other Than Federal Income Tax	
27	- Unit 1 Interest Expense Deduction *	
28	+ Other Operating Revenues	
29	= Pre-Tax Book Income	-----
30	+ Unit 1 Schedule M Adjustments	
31	= Unit 1 Taxable Income	-----
32	x Current Federal Income Tax Rate	
33	= Unit 1 Current Federal Income Tax	
34	+ Unit 1 Def Fed & State Income Taxes	
35	= Total Unit 1 Fed&State Income Taxes	----- =====

* From Page 54 of 18 : Line 21 + (Line 28 x Line 31 x Line 32)

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
OPERATING RATIO**

<u>Line No.</u>	<u>Amount</u>
1	<u>Operating Ratio:</u>
2	<u>Net In-Service Investment:</u>
3	Electric Plant In-Service
4	- Accumulated Depreciation
5	+ Materials & Supplies
6	+ Prepayments
7	+ Plant Held For Future Use (A/C 105) *
8	+ Other Deferred Debits (A/C 186) *
9	+ Other Working Capital ***
10	+ Unamortized Debt Expense (A/C 181, <u>189</u>)
11	- Other Deferred Credits (A/C 253)
12	- Accumulated Deferred FIT
13	- Accumulated Deferred ITC
14	Total Net In-Service Investment
15	<u>Non-In-Service Investment - CWIP :</u>
16	Construction Work In Progress
17	+ Materials & Supplies
18	- Accumulated Deferred FIT
19	Total Non-In-Service Investment - CWIP
20	<u>Non-In-Service Investment - Other :</u>
21	Plant Held for Future Use (A/C 105) **
22	+ Other Deferred Debits (A/C 186) **
23	+ Fuel Inventory Over Allowed Level ****
24	Total Non-In-Service Investment - Other
25	Total Investment (Lines 14+19+24)
26	Operating Ratio (Line 14/Line 25)
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)
29	Total Investment
*	As Permitted By FERC
**	Excluding Amounts on Lines 7 and 8
***	Accounts 128, 131, 135, 143, 146, 171 and 174, Less Accounts 232-234, 236, 237, 238, 241 and 242
****	Includes Rockport 1 and 2

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
NET IN-SERVICE INVESTMENT RATIO**

<u>Line No.</u>		<u>Amount</u>
1	<u>Net In-Service Investment Ratio:</u>	
2	Unit 1 Net In-Service Investment:	
3	Electric Plant In-Service	
4	- Accumulated Depreciation	
5	+ Materials & Supplies	
6	+ Prepayments	
7	+ Plant Held For Future Use (A/C 105) *	
8	+ Other Deferred Debits (A/C 186) *	
9	+ Other Working Capital **	
10	+ Unamortized Debt Expense (A/C 181, <u>189</u>)	
11	- Other Deferred Credits (A/C 253)	
12	- Accumulated Deferred FIT	
13	- Accumulated Deferred ITC	
14	Total Unit 1 Net In-Service Investment	-----
15	Unit 2 Net In-Service Investment:	-----
16	Electric Plant In-Service	
17	- Accumulated Depreciation	
18	+ Materials & Supplies	
19	+ Prepayments	
20	+ Plant Held For Future Use (A/C 105) *	
21	+ Other Deferred Debits (A/C 186) *	
22	+ Other Working Capital **	
23	+ Unamortized Debt Expense (A/C 181, <u>189</u>)	
24	- Other Deferred Credits (A/C 253)	
25	- Accumulated Deferred FIT	
26	- Accumulated Deferred ITC	
27	Total Unit 2 Net In-Service Investment	-----
28	Total Net In-Service Investment	----- =====
29	<u>Net In-Service Investment Ratio:</u>	
30	Unit 1 (Line 14 / Line 28)	
31	Unit 2 (Line 27 / Line 28)	-----

* As Permitted By FERC
 ** Accounts 128, 131, 135, 143, 146, 171 and 174,
 Less Accounts 232-234, 236, 237, 238, 241 and 242

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 CALCULATION OF RETURNS ON
COMMON EQUITY & OTHER CAPITAL**

<u>Line No.</u>	<u>Amount</u>
1	<u>Net Capitalization:</u>
2	Long-Term Debt
3	+ Short-Term Debt
4	+ Preferred Stock
5	+ Common Equity
6	- Temporary Cash Investments

7	Net Capitalization
	=====
8	40% of Net Capitalization
9	<u>Return on Common Equity:</u>
10	Lesser of Line 5 or Line 8
11	x Equity Return (Monthly Rate)
12	= Equity Return
13	x Operating Ratio
14	x Net In-Service Investment Ratio
15	= Subtotal
16	Excess of Line 5 Over Line 8
17	x Weighted Cost of Debt (Monthly Rate)
18	= Return on Equity over 40% of Capitalization
19	x Operating Ratio
20	x Net In-Service Investment Ratio
21	= Subtotal

22	Unit 1 Return on Equity (Line 15 + Line 21)
	=====
23	<u>Return on Other Capital:</u>
24	Long-Term Debt Interest Expense (A/C 427 -429)
25	+ Short-Term Debt Interest Expense (A/C 43 40)
26	+ Other Interest Expense (A/C 428-431)
27	- Temporary Cash Investment Income *

28	= Net Interest Expense
29	+ Preferred Stock Dividends (a/c 437)

30	= Net Cost of Other Capital
31	x Operating Ratio
32	x Net In-Service Investment Ratio
33	= Unit 1 Return on Other Capital
	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETERMINATION OF WEIGHTED COST OF DEBT**

<u>Line No.</u>	<u>Amount</u>
1 <u>Debt Balances (Prior Month Ending) :</u>	
2 Long-Term Debt	
3 + Short-Term Debt	
4 + Other Debt	

5 Total Debt Balances (Prior Month Ending)	=====
6 <u>Weighting of Debt Balances :</u>	
7 Long-Term Debt	
8 + Short-Term Debt	
9 + Other Debt	

10 Total Debt Balances	=====
11 <u>Debt Cost Rates :</u>	
12 Long-Term Debt	
13 Short-Term Debt	
14 Other Debt	
15 <u>Weighted Cost of Debt :</u>	
16 Long-Term Debt	
17 + Short-Term Debt	
18 + Other Debt	

19 Total Weighted Cost of Debt	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETERMINATION OF UNIT 1 MATERIALS AND SUPPLIES**

<u>Line No.</u>	<u>Amount</u>
1 <u>Unit 1 Materials and Supplies:</u>	
2 Fuel Stock - Coal (per Line 23)	
3 Fuel Stock Expenses - Undistributed (152)	
4 Fuel Stock - Oil (151)	
5 Plant Materials & Operating Supplies	
6 Merchandise	
7 Undistributed Stores Expense	-----
8 Total Materials & Supplies	=====
9 <u>Support of Coal Inventory Value:</u>	
10 Actual Coal Inventory (A/C 151.10)	
11 + Equivalent Inventory re: Deferred Return	
12 = Imputed Coal Inventory	-----
13 <u>Coal Inventory W/7568 Day Supply Cap</u>	
14 Tons Consumed	
15 / Hours Available *	
16 = Tons Consumed per Hour	
17 x 24 Hours per Day	
18 = Tons Consumed Per Day	
19 x 7568 days	
20 = 7568 day Supply (Tons)	
21 x Coal Cost per Ton (per A/C 151.10 at End of Prior Month)	
22 = 7568 day Coal Inventory	-----
23 Lesser of Imputed or Capped Coal Inventory	-----
24 Imputed Inventory Minus Line 23	-----
	=====
25 <u>Accumulated Deferred Inventory Return - Unit 1 (Memo Item):</u>	
26 Beginning Balance	
27 + Current Month Return on Beginning Balance	
28 + Current Month Deferral	
29 - Current Month Recovery	
30 = Ending Balance **	-----
	=====

* Excludes Forced Outages, Scheduled Outages, and Curtailments

** May Not Be Less Than Zero

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF OTHER OPERATING REVENUES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	450	Forfeited Discounts	
2	451	Miscellaneous Service Revenues	
3	453	Sales of Water and Water Power	
4	454	Rent From Electric Property - Associated Companies	
5	454.20	Rent From Electric Property - Non-Associated Companies	
6	455	Interdepartmental Rents	
7	456	Other Electric Revenues	
8	<u>411.8</u>	<u>Proceeds/Gains From Sale of Emission Allowances</u>	
<u>9</u>		Total Other Operating Revenues	=====

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF OPERATION & MAINTENANCE EXPENSES

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	500, 502-508	Steam Power Generation - Operation	
2	501	Fuel - Operation	
3	510-515	Steam Power Generating - Maintenance	
4		Total Steam Power Generation Expenses	-----
5	555-557	Other Power Supply Expenses	-----
6	560-567.1	Transmission Expenses - Operation	
7	568-574	Transmission Expenses - Maintenance	
8		Total Transmission Expenses	-----
9	580-589	Distribution Expenses - Operation	
10	590-598	Distribution Expenses - Maintenance	
11		Total Distribution Expenses	-----
12	901-905	Customer Accounts Expenses - Operation	-----
13	906-910	Customer Service and Informational Expenses - Operation	-----
14	911-917	Sales Expenses - Operation	-----
15	920-933	Administrative and General Expenses - Operation	
16	935	Administrative and General Expenses - Maintenance	
17		Total Administrative & General Exp.	-----
18		Total Operation & Maintenance Expenses	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF DEPRECIATION, **EXPENSE**
& AMORTIZATION AND ACCRETION EXPENSES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	403	Depreciation Expense	
<u>1a</u>	<u>403.1</u>	<u>ARO Depreciation Expense</u>	
2	404	Amortization of Limited-Term Electric Plant	
3	405	Amortization of Other Electric Plant	
4	406	Amortization of Electric Plant Acquisition Adjustments	
5	407	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs	_____
6		Total Depreciation Exp. & Amortization	
<u>7</u>	<u>411.10</u>	<u>ARO Accretion Expense</u>	_____
<u>8</u>		<u>Total Depreciation, Amortization & Accretion Expenses</u>	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF TAXES OTHER THAN FEDERAL INCOME TAXES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
BS1			
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	
2	409.1	State Income Taxes	
3		Total Taxes Other than FIT	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF UNIT 1 SCHEDULE `M' ADJUSTMENTS
 AND DEFERRED FEDERAL AND STATE INCOME TAX**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>Unit 1 Schedule `M' Adjustments</u>	
2	N/A	Excess ACRS Over Normalization Base Depreciation	
3	N/A	Excess Normalization Base Over Book Depreciation	
4	N/A	Other Unit 1 Schedule `M' Adjustments	
5		Total Unit 1 Schedule `M' Adjustments *	----- =====
6		<u>Unit 1 Deferred Federal Income Tax</u>	
7	410.1	Excess ACRS Over Norm. Base Depr. (Line 2 x FIT Rate * -1)	
8	410.1, 411.1	Other Unit 1 Schedule `M' Adjustments -	
9	410.1	Feedback of Deferred State Income Taxes	
9	411.1	Feedback of Accumulated DFIT re: ABFUDC - Unit 1 Negative Amount Denotes Reduction.	
4410	411.1	Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 1	
42	411.1	Feedback of Accumulated DFIT - Other	
4311	411.1	Feedback of Accumulated DFIT re: Other Schedule `M' Adj.-Utility	----- =====
4412		Total Unit 1 Deferred Federal and State Income Tax *	

* Positive Amount Denotes Increase In Taxable Income, Negative Amount Denotes Reduction.

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF NET IN-SERVICE INVESTMENT UNIT 1

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	
3	102	Electric Plant Purchased	
4	103	Experimental Elec. Plant Unclassified	
5	103.1	Electric Plant In Process of Reclassification	
6	104	Electric Plant Leased to Others	
7	106	Completed Construction Not Classified	
8	114	Electric Plant Acquisition Adjustments	
9	116	Other Electric Plant Adjustments	
10	118	Other Utility Plant	
11		Total Electric Plant In Service	-----
12	105	Plant Held For Future Use	-----
13		<u>ACCUMULATED DEPRECIATION</u>	
14	1068	Accumulated Provision for Depreciation of Electric Utility Plant	
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	
16	111	Accumulated Provision for Amortization of Electric Utility Plant	
17	115	Accumulated Provision for Amortization of Electric Plant Acquisition Adjustments	
18	119	Accumulated Provision for Depreciation and Amortization of Other Utility Plant	
19		Total Accumulated Depreciation	-----
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	
22	152	Fuel Stock Expenses - Undistributed	
23	153	Residuals	
24	154	Plant Materials and Operating Supplies	
25	155	Merchandise	
26	156	Other Materials and Supplies	
27	163	Stores Expense Undistributed	
28		Total Materials and Supplies (In-Service Portion)	-----
29	165	Prepayments	-----
30	186	Other Deferred Debits	-----

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 OTHER WORKING CAPITAL, UNAMORTIZED DEBT EXPENSE,
 AND OTHER DEFERRED CREDITS**

<u>Line No.</u>	<u>Account No.</u>	<u>Description *</u>	<u>Amount</u>
1	128	Other Special Funds	
2	131	Cash	
3	135	Other Intra Company Adjustments	
4	143	Accounts Receivable-Miscellaneous	
5	146	Accounts Receivable-Associated Company	
6	171	Interest and Dividends Receivable	
7	174	Miscellaneous Current and Accrued Assets	
8	232	Accounts Payable-General	
9	234	Accounts Payable-Associated Company	
10	236	Taxes Accrued	
11	237	Interest Accrued	
12	238	Dividends Declared	
13	241	Tax Collections Payable	
14	242	Misc Current and Accrued Liabilities	
15		Total Other Working Capital	----- =====
16	181+ 189	Unamortized Debt Expense	-----
17	253	Other Deferred Credits	-----
* debit <credit>			

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF NET IN-SERVICE INVESTMENT UNIT 1**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
31		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
32	190	-Accumulated Deferred Income Taxes	
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	
34	282	+Accumulated Deferred Income Taxes - Other Property	
35	283	+Accumulated Deferred Income Taxes - Other	
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	-----
37	255	+Accumulated Deferred Investment Tax Credits	
38	186.50	-Accumulated Deferred Investment Tax Credit	
39		Total Accumulated Deferred Investment Tax Credits	-----
40		Total Net In-Service Investment - Unit 1	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF NON-IN-SERVICE INVESTMENT - CWIP AND OTHER**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	
2		MATERIAL AND SUPPLIES	
3	151	Fuel Stock	
4	152	Fuel Stock Expenses - Undistributed	
5	153	Residuals	
6	154	Plant Materials and Operating Supplies	
7	155	Merchandise	
8	156	Other Material and Supplies	
9	163	Stores Expense Undistributed	
10		Total Material and Supplies (CWIP Portion)	----- -----
11		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
12	190	-Accumulated Deferred Income Taxes	
13	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	
14	282	+Accumulated Deferred Income Taxes - Other Property	
15	283	+Accumulated Deferred Income Taxes - Other	
16		Total Accumulated Deferred Income Taxes (CWIP Portion)	----- -----
17		TOTAL NON-IN-SERVICE INVESTMENT - CWIP	----- =====
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	
19	186	Other Deferred Debits	
20	151.10	Fuel Inventory Over Allowed Level *	
21		Total Non-In-Service Investment - Other	----- =====
		<u>TOTAL</u>	----- =====

* INCLUDES ROCKPORT 1 AND 2

UNIT 1
UNIT 2

TOTAL

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF NET CAPITALIZATION**

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<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>COMMON CAPITAL STOCK</u>	
2	201	Common Stock Issued	
3	202	Common Stock Subscribed	
4	203	Common Stock Liability for Conversion	
5	209	Reduction In Par or Stated Value of Capital Stock	
6	210	Gain on Resale or Cancellation of Reacquired Capital Stock	
7	212	Installments Received on Capital Stock	
8	214	Capital Stock Expense	
9	217	Reacquired Capital Stock	
10		Total Common Capital Stock	-----
11		<u>OTHER PAID-IN CAPITAL</u>	-----
12	207	Premium on Capital Stock	
13	208	Donations Received from Stockholders	
14	211	Miscellaneous Paid-In Capital	
15	213	Discount on Capital Stock	
16		Total Other Paid-In Capital	-----
17		<u>RETAINED EARNINGS</u>	-----
18	215	Appropriated Retained Earnings	
19	215.1	Appropriated Retained Earnings- Amortization Reserve, Federal	
20	216	Unappropriated Retained Earnings	
21		Total Retained Earnings	-----
22		Total Common Equity	-----
23		<u>PREFERRED CAPITAL STOCK</u>	-----
24	204	Preferred Stock Issued	
25	205	Preferred Stock Subscribed	
26	206	Preferred Stock Liability for Conversion	
27		Total Preferred Capital Stock	-----

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF NET CAPITALIZATION (Cont'd)**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
28		<u>LONG-TERM DEBT</u>	
29	221	Bonds	
30	222	Reacquired Bonds	
31	223	Advances from Associated Companies	
32	224	Other Long-Term Debt	
33	225	Unamortized Premium on Long-Term Debt-Credit	
34	226	Unamortized Discount on Long-Term Debt-Debit	
35		Total Long-Term Debt	-----
		<u>SHORT-TERM DEBT</u>	-----
36a	231.02	Notes Payable (Short-Term Debt)	
37 36b	231.03	Unamortized Discount	
37	<u>233.00</u>	<u>Notes Payable, Assoc Co (Money Pool)</u>	
38		Total Short-Term Debt	-----
39		<u>TEMPORARY CASH INVESTMENTS</u>	-----
40	132	Interest Special Deposits	
41	133	Dividend Special Deposits	
42	134	Other Special Deposits	
43	136, <u>145</u>	Temporary Cash Investments	
44		Total Temporary Cash Investments	-----
45		NET CAPITALIZATION	=====

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETERMINATION OF RATE OF RETURN (Net & Pre-Tax)

<u>Line No.</u>	<u>Amount</u>
1	
<u>Capitalization Balances (Prior Month Ending) :</u>	
2	
3	
4	
5	
6	
7	----- =====
8	
<u>Weighting of Capitalization Balances :</u>	
9	
10	
11	
12	
13	
14	----- =====
15	
<u>Capitalization Cost Rates :</u>	
16	
17	
18	
19	
20	
21	
<u>Rate of Return (Net of Tax) :</u>	
22	
23	
24	
25	
26	
27	----- =====
28	
29	
30	----- =====

29 + Pre-Tax Common Equity (Line 25 / ~~.66~~ .65)

30 = Rate of Return (Pre-Tax)

**Unit Power Service Agreement Between AEP Generating
Company and Kentucky Power Company**

Clean Version

**AEP Generating Company
FERC Rate Schedule No. 2
Unit Power Service
to
Kentucky Power Company**

Tariff Submitter: AEP Generating Company
FERC Tariff Program Name: FPA Electric
Tariff Title: RS and SA
Tariff Record Proposed Effective Date: December 31, 2012
Tariff Record Title: Kentucky Power Company Unit Power Agreement
Option Code: A

UNIT POWER AGREEMENT

THIS AGREEMENT dated as of August 1, 1984 by and between KENTUCKY POWER COMPANY ("KEPCO") and AEP GENERATING COMPANY ("AEGCO").

WITNESSETH:

WHEREAS, AEGCO, a subsidiary company of American Electric Power Company, Inc. ("AEP") under the Public Utility Holding Company Act of 1935 (the "1935 Act"), is part owner of the Rockport Steam Electric Generating Plant presently under construction at a site along the Ohio River near the Town of Rockport, Indiana, which will consist of two 1,300,000-kilowatt fossil-fired steam electric generating units and associated equipment and facilities (the "Rockport Plant"), the first unit ("Unit No. 1") of which is presently expected to be placed in commercial operation on or about December 1, 1984 and the second unit ("Unit No. 2") of which is presently expected to be placed in commercial operation in 1988; and

WHEREAS, AEGCO entered into an Owners' Agreement, dated March 31, 1982, as amended, (the "Owners' Agreement"), with Indiana & Michigan Electric Company ("IMECO") and KEPCO, other subsidiary companies of AEP under the 1935 Act, pursuant to which AEGCO and KEPCO planned to acquire 35% and 15% undivided ownership interests from IMECO respectively, as tenants in common without right of partition, in the Rockport Plant which, upon completion of the construction of Unit No. 1, is thereafter to be operated as a part of the interconnected, integrated electric system comprising the American Electric Power System (the "AEP System"); and

WHEREAS, the Owners' Agreement, as amended, provides that if KEPCO is unable to obtain timely regulatory approval to acquire and directly own its intended 15% ownership interest in the Rockport Plant by the date test power and energy becomes available from Unit No. 1, which is anticipated to occur not earlier than September 1, 1984, or, if such regulatory approval is limited or restricted in any manner as to make performance by KEPCO impossible, impractical or uneconomic, then, AEGCO may and proposes to acquire the 15% undivided ownership interest intended for KEPCO; and

WHEREAS, if AEGCO acquires the 15% undivided ownership interest intended for KEPCO then AEGCO proposes, upon completion of the construction of Unit No. 1 and the completion thereafter of the construction of Unit No. 2, to make available to KEPCO, pursuant to this agreement, 30% of the available power (and the energy associated therewith) to which AEGCO shall from time to time be entitled at the Rockport Plant, which amount is equivalent to the 15% ownership interest intended for KEPCO; and

WHEREAS, IMECO proposes to complete the construction of the Rockport Plant pursuant to the provisions of the Owners' Agreement, as amended, and, upon completion of such construction, to operate the Rockport Plant pursuant to an operating agreement entered into by IMECO, AEGCO and KEPCO in accordance with the Owners' Agreement;

NOW, THEREFORE, in consideration of the terms and of the agreements hereinafter set forth, the parties hereto agree with each other that if AEGCO acquires the 15% undivided ownership interest intended for KEPCO then:

1.1 AEGCO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.1 of this agreement, make available, or cause to be made available, to KEPCO 30% of the power (and the energy associated therewith) which shall be available to AEGCO at the Rockport Plant.

1.2 KEPCO shall, subject to the provisions and upon compliance with the then applicable requirements of Section 2.2 of this agreement, be entitled to receive 30% of the power (and the energy associated therewith) which shall be available to AEGCO at the Rockport Plant and KEPCO agrees to pay to AEGCO in consideration for the right to receive that 30% of the power (and the energy associated therewith) available to AEGCO at the Rockport Plant those amounts which IMECO would have paid AEGCO under the terms of the IMECO-AEGCO Unit Power Agreement, for KEPCO's entitlement as defined in this agreement. KEPCO shall commence the payment of such amounts to AEGCO on the earlier of the following dates: (i) June 30, 1985 and, (ii) the date of commercial operation of Rockport Unit No. 1.

2.1 The performance of the obligations of AEGCO hereunder shall be subject to the receipt and continued effectiveness of all authorizations of governmental regulatory authorities at the time necessary to permit AEGCO to perform its duties and obligations hereunder, including the receipt and continued effectiveness of all authorizations by governmental regulatory authorities at the time necessary to permit the completion by IMECO of the construction of the Rockport Plant, the operation of the Rockport Plant, and for AEGCO to make available to KEPCO 30% of the power (and the energy associated therewith) available to AEGCO at the Rockport Plant. AEGCO shall use its best efforts to secure and maintain all such authorizations by governmental regulatory authorities.

2.2 The performance of the obligations of KEPCO hereunder shall be subject to the receipt and continued effectiveness of all authorizations of governmental regulatory authorities necessary at the time to permit KEPCO to perform its duties and obligations hereunder, including the receipt and continued effectiveness of all authorizations by governmental regulatory authorities necessary at the time to permit KEPCO to pay to AEGCO in consideration for the right to receive 30% of the power (and the energy associated therewith) available to AEGCO at the Rockport Plant the charges provided for in Section 1.2 of this agreement. KEPCO shall use its best efforts to secure and maintain all such authorizations by governmental regulatory authorities. KEPCO shall, to the extent permitted by law, be obligated to perform its duties and obligations hereunder, subject to then applicable provisions of this Section 2.2, (a) whether or not AEGCO shall have received all authorizations of governmental regulatory authorities necessary to permit AEGCO to perform its duties and obligations hereunder, (b) whether or not such authorizations, or any such authorization, shall at any time in question be in effect, and (c) so long as AEGCO and KEPCO shall continue to be subsidiary companies of AEP (as said term is defined in Section 2(a)(8) of the 1935 Act) or a successor thereto, whether or not, at any time in question, KEPCO shall have performed its duties and obligations under this agreement. In the event that either AEGCO or KEPCO shall cease to be such a subsidiary company, then and thereafter KEPCO shall not be relieved of its obligation to make payments

pursuant to Section 1.2 of this agreement by reason of the failure of AEGCO to perform its duties and obligations hereunder occasioned by Act of God, fire, flood, explosion, strike, civil or military authority, insurrection, riot, act of the elements, failure of equipment, or for any other cause beyond the control of AEGCO; provided that, in any such event, AEGCO shall use its best efforts to put itself in a position where it can perform its duties and obligations hereunder as soon as is reasonably practicable.

3. To the extent that it may legally do so, KEPCO and AEGCO each hereby irrevocably waives any defense based on the adequacy of a remedy at law which may be asserted as a bar to the remedy of specific performance in any action brought against it for specific performance of this agreement by KEPCO, by AEGCO, or by a trustee under any mortgage or other debt instrument which KEPCO or AEGCO may, subject to requisite regulatory authority, enter into, or by any receiver or trustee appointed for KEPCO or AEGCO under the bankruptcy or insolvency laws of any jurisdiction to which KEPCO or AEGCO is or may be subject; provided, however, that nothing herein contained shall be deemed to constitute a representation or warranty by KEPCO or AEGCO that the respective obligations of KEPCO or AEGCO under this agreement are, as a matter of law, subject to the equitable remedy of specific performance.

4. KEPCO shall not be entitled to set off against any payment required to be made by KEPCO under this agreement (i) any amounts owed by AEGCO to KEPCO or (ii) the amount of any claim by KEPCO against AEGCO. The foregoing, however, shall not affect in any other way the rights and remedies of KEPCO with respect to any such amounts owed to KEPCO by AEGCO or any such claim by KEPCO against AEGCO.

5. The invalidity and unenforceability of any provision of this agreement shall not affect the remaining provisions hereof.

6. This agreement shall become effective with the date of commercial operation of Rockport Unit No. 1 and shall continue in effect through December 7, 2022.

7. This agreement shall be binding upon the parties hereto and their successors and assigns, but no assignment hereof, or of any right to any funds due or to become due under this agreement, shall in any event relieve either KEPCO or AEGCO of any of their respective obligations hereunder, or, in the case of KEPCO, reduce to any extent its entitlement to receive 30% of the power (and the energy associated therewith) available to AEGCO from time to time at the Rockport Plant.

8. The agreements herein set forth have been made for the benefit of KEPCO and AEGCO and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this agreement.

9. KEPCO and AEGCO may, subject to the provisions of this agreement, enter into a further agreement or agreements between KEPCO and AEGCO setting forth detailed terms and provisions relating to the performance by KEPCO and AEGCO of their respective obligations under this agreement. No agreement entered into under this Section 9 shall, however, alter to any substantive degree the obligations of either party to this agreement in any manner inconsistent with any of the foregoing sections of this agreement.

10. KEPCO shall, at any time and from time to time, be entitled to assign all of its right, title and interest in and to all of the power (and the energy associated therewith) to which KEPCO shall be entitled under this agreement, but KEPCO shall not, by such assignment, be relieved of any of its obligations and duties under this agreement except through the payment to AEGCO, by or on behalf of KEPCO, of the amount or amounts which KEPCO shall be obligated to pay pursuant to the terms of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the day and year first above written.

AEP Generating Company

By _____

Vice President

KENTUCKY POWER COMPANY

By _____

President

RATE DESIGN

The total revenue requirement of AEGCO calculated pursuant to the IMECO-AEGCO Unit Power Agreement designated AEGCO FERC Rate Schedule No. 1 is designed to recover for AEGCO its total cost of providing power (and the energy associated therewith) available to AEGCO at the Rockport Plant.

DETERMINATION OF POWER BILL

In accordance with Section 1.3 of the Unit Power Agreement, I&M agrees to pay AEGCO in consideration for the right to receive all power (and the energy associated therewith) available to AEGCO at the Rockport Plant, as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by I&M), such amounts, less any amounts recovered by AEGCO from other sources, as shall be determined monthly as described below. Such amounts shall be calculated separately for Unit No. 1 (including Common Facilities) and for Unit No. 2. I&M shall then commence the payment of such amounts (power bill) on the earlier of the following dates: (i) June 30, 1985 and (ii) the date on which power including any test power, and any energy associated therewith, shall become available to AEGCO at the Rockport Plant.

The power bill for Unit No. 1 (including Common Facilities) shall be calculated each month and shall reflect recovery only of those costs related to the plant in service. It shall consist of the sum of (a) a return on common equity, (b) a return on other capital, (c) recovery of operating expenses and (d) provision for federal income taxes as described below and as illustrated in the example attached.

(a) Return on Common Equity, which shall be equal to the product of (i) the amount of common equity outstanding at the end of the previous month, but not more than 40% of the capitalization of AEGCO at the end of the previous month; (ii) 1.0133 (12.16% annual rate) as described in Note 1 below; (iii) the Operating Ratio, as defined in Note 2 below; and (iv) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below, plus the product of (v) the amount of common equity in excess of 40% of the capitalization of AEGCO at the end of the previous month, if any such excess shall be determined; (vi) the weighted cost of debt outstanding at the end of the previous month; (vii) the Operating Ratio, as defined in Note 2 below; and (viii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, the amount of common equity shall be equal to the sum of the Common Stock (Accounts 201-203, 209, 210, 212, 214 and 217), Other Paid-In Capital (Accounts 207, 208, 211 and 213), and Retained Earnings (Accounts 215-216) outstanding at the end of the previous month. Total capitalization shall be equal to the sum of Long-term Debt (Accounts 221-226 including current maturities and unamortized debt premium and discounts), Short-Term Debt (Accounts 231 and 233), Preferred Stock (Accounts 204-206), and Common Equity less any Temporary Cash Investments, Special

Deposits and Working Funds (Accounts 132-134, 136, and 145) outstanding at the end of the previous month.

(b) Return on Other Capital, which shall be equal to the product of (i) the amount equal to the net interest expense associated with Long-Term and Short-Term Debt, net of any Temporary Cash Investments, Special Deposits and Working Funds, plus the preferred stock dividend requirement associated with the Preferred Stock outstanding at the end of the previous month; (ii) the Operating Ratio, as defined in Note 2 below; and (iii) the Unit No. 1 Net In-Service Investment Ratio, as defined in Note 3 below.

For the purposes of these calculations, net interest expense shall be equal to the sum of (i) the amount of Long-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Long-Term Debt and (ii) the amount of Short-Term Debt outstanding at the end of the previous month multiplied by the weighted cost of such Short-Term Debt, less (iii) the amount of Temporary Cash Investments, Special Deposits and Working Funds outstanding at the end of the previous month multiplied by the weighted cost of Long Term and Short-Term Debt combined determined pursuant to (i) and (ii) above.

(c) Recovery of Operating Expenses, excluding federal income taxes, which shall consist of provision for depreciation and amortization (Accounts 403-407, 411), including Asset Retirement Obligation (ARO) depreciation and accretion expenses (Accounts 403.1 and 411.10), taxes other than federal income taxes (Accounts 408-411) and operating and maintenance expenses associated with Unit No. 1 (including Common Facilities) offset by other operating revenues as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts for Major Electric Utilities (See Note 6). Recovery of expenses for test energy shall be limited to recovery of actual fuel expense as recorded on the Company's books during the month in accordance with the FERC Uniform System of Accounts for Major Electric Utilities. Operating and maintenance expenses shall include, and reflect the recovery of, Steam Power Generation Expenses (Accounts 500-515 including lease rental payments recorded in Account 507), Other Power Supply Expenses (Accounts 555-557), Transmission Expenses (Accounts 560-574), Distribution Expenses (Accounts 580-598), Customer Accounts Expenses (Accounts 901-905), Customer Service and Informational Expenses (Accounts 906-910), Sales Expenses (Accounts 911-917) and Administrative and General Expenses (Accounts 920-933 and 935). Recovery of 501 fuel expenses shall be adjusted to reflect the deferral and/or feedback of unrecovered levelized fuel expenses as may be recorded on the Company's books or as is currently recorded on the books of I&M.

(d) Provision for Unit No. 1's (including Common Facilities) allocated share of net current and deferred federal income tax expense and investment tax credit included in operating income as determined by the Company in accordance with federal income tax law, SEC approved consolidated current tax allocation procedures, and FERC rules and regulations.

For purposes of computing federal income taxes, the interest expense deduction shall be equal to the sum of the net interest expense computed in accordance with paragraph (b)

above plus the imputed interest expense associated with common equity that is in excess of 40% of AEGCO's net capitalization.

The power bill for Unit No. 2 shall be calculated in the same manner as described for Unit No. 1 above except that it shall reflect the Unit No. 2 Net In-Service Investment Ratio and those expenses associated with Unit No. 2.

Notes:

1. Return on Equity

The return on common equity allowance shall be based upon a rate of return of 12.16% as set forth in sub-paragraph (a) above.

In October of 1988, and every October thereafter for the effective duration of AEGCO's formula rate, any purchaser under AEGCO's two unit power agreements, any state regulatory commission having jurisdiction over the retail rates of purchasers under these agreements, or any other entity representing customers' interest, may file a complaint with the Commission with respect to the specified rate of return on common equity. If the Commission, in response to such a complaint, or on its own motion, institutes an investigation into the reasonableness of the specified return on common equity, such investigation shall be pursued under the special procedures set forth as follows:

- A. The only issue to be addressed under these special procedures shall be the continued collection of the return on equity as incorporated in the formula rate; and
- B. Refund will be due, should the return on equity, specified in the formula be found not just and reasonable, dating from the first day of January immediately following the date the complaint is filed or an investigation is instituted by the Commission on its own motion, calculated on the resulting difference in rates due to the application of the return found to be just and reasonable and the return stated in the formula. The first such effective date for the calculation of refunds shall be January 1, 1989.

Any other complaint which challenges the justness and reasonableness of any other component of the filed formula rate or any other complaint filed at any other time which challenges the justness and reasonableness of the specified rate of return on common equity and which is set for investigation by the Commission shall be pursued under Section 206 of the Federal Power Act.

2. Operating Ratio

The Operating Ratio shall be computed each month commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform

System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived by dividing (a) the amount of Electric Plant In Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations); less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111 but excluding amounts associated with Asset Retirement Obligations); plus Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below); Materials and Supplies (Accounts 151-156 and 163 as adjusted pursuant to the provisions of Note 4.C. below); Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below); Prepayments (Account 165); other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242); and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253 including the unamortized gain on the sale of Rockport Unit No. 2); less Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the plant in service by (b) the sum of (i) the amount determined pursuant to (a) plus (ii) the amount of Construction Work In Progress (Account 707) plus Materials and Supplies (Accounts 151-156 and 163), less Accumulated Deferred Federal Income Taxes related to the construction work in progress plus (iii) Plant Held for Future Use (Account 105), Other Deferred Debits (Account 186) and the amount of fuel inventory over the allowed level (Account 151.10) not otherwise included in (a) above.

3. Net In-Service Investment Ratio

The Unit No. 1 Net In-Service Investment Ratio shall be equal to 1.0 during the period commencing with the month in which Unit No. 1 at the Plant is placed in commercial operation and shall remain at 1.0 up to, but not including, the month in which Unit No. 2 at the Plant is placed in commercial operation. Thereafter, the Net In-Service Investment Ratio shall be computed each month, based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall be derived as follows:

- A. Unit No. 1 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 1 and Common Facilities by (b) the sum of the Net In-Service Investment associated with Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.
- B. Unit No. 2 Net In-Service Investment Ratio shall be derived by dividing (a) the Net In-Service Investment associated with Unit No. 2 by (b) the sum of the Net In-Service Investment associated with the Unit No. 1 and Common Facilities plus the Net In-Service Investment associated with Unit No. 2.

4. Net In-Service Investment

The Net In-Service Investment shall be computed each month commencing with the month in which Unit No. 2 at the Plant is placed in commercial operation. It shall be based on the balances, as recorded on the Company's books in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month and shall consist of the following:

- A. Unit No. 1 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), and Prepayments (Account 165), Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253), less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to such Unit No. 1 and Common Facilities in-service investment.

- B. Unit No. 2 Net In-Service Investment shall consist of the sum of Electric Plant in Service (Account 101 including amounts associated with leasehold improvements but excluding amounts associated with capitalized leased assets and excluding amounts associated with Asset Retirement Obligations), Plant Held for Future Use (Account 105 pursuant to the provisions of Note 4.D. below), Materials and Supplies (Accounts 151-156 and 163 pursuant to the provisions of Note 4.C. below), Prepayments (Account 165), Other Deferred Debits (Account 186 pursuant to the provisions of Note 4.D. below), other working capital (Accounts 128, 131, 135, 143, 146, 171 and 174 less Accounts 232-234, 236, 237, 238, 241 and 242), and Unamortized Debt Expense (Account 181) and Unamortized loss on reacquired debt (Account 189), less Other Deferred Credits (Account 253 including the unamortized gain on the sale of Rockport Unit No.2), less Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111), Accumulated Deferred Federal Income Taxes (Accounts 190 and 281-283) and Accumulated Deferred Investment Tax Credit (Account 255) related to the Unit No. 2 in-service investment.

- C. AEGCO shall be permitted to earn a return on its fuel inventory, recorded in Account 151.10, not in excess of a 68-day coal supply as defined herein. To the extent AEGCO's actual fuel inventory exceeds the allowable 68-day level, the return on such excess shall be recorded in a memo account. When AEGCO's actual fuel inventory is less than the allowable 68-day level, AEGCO shall be permitted to recover the return previously unrecovered, but in no event shall the power bill reflect a return on fuel inventory in excess of 68-day supply.

A 68-day coal inventory level shall be determined for each unit annually, and shall be based upon the actual experienced daily burn during the preceding calendar year. The actual experienced daily burn shall be defined to exclude the effect of forced and scheduled outages as well as curtailments as follows:

For each unit:

$$\text{Actual experienced daily burn} = 24 \text{ hours} \frac{(\text{Tons burned per year})}{\text{Operating hours}}$$

Where:

Operating hours = Hours in year minus forced and scheduled outage hours
minus curtailment equivalent outage hours

and

Curtailment equivalent outage hours = The product for each curtailment of:

$$\frac{\text{kW of curtailed capacity}}{\text{kW of rated capacity}} \times \text{Curtailment hours}$$

The value of the allowable 68-day coal supply used to determine each month's power bill shall be equal to the number of tons determined above multiplied by the cost per ton of coal in inventory at the end of the previous month.

For 1990, a 68-day coal supply for AEGCO's share of Rockport Unit No. 2 shall be based on 12 months ending December 1990 data. For 1990 billing purposes, however, a 68-day coal supply for AEGCO's share of Rockport Unit No.2 shall initially be assumed to be equal to the 68-day coal supply for AEGCO's share of Rockport Unit No. 1, adjusted to reflect the Btu content and the unit cost of the coal for Rockport Unit No. 2.

AEGCO shall maintain a cumulative record of the unrecovered return as well as the subsequent recovery of that return as follows:

- i) To the extent that AEGCO's actual fuel inventory exceeds the allowable 68-day coal supply, AEGCO shall record each month an amount equal to the sum of the unrecovered return on fuel inventory and the return on previously unrecovered amounts. The unrecovered return on fuel inventory shall be calculated each month by deriving the difference between the power bill that would result if full recovery were provided and the power bill that results with the 68-day limitation imposed. The return on previously unrecovered amounts shall be calculated by multiplying the cumulative return unrecovered at the end of the previous month by the capital costs used to derive the power bill, adjusted for federal income taxes.
 - ii) To the extent that AEGCO's fuel inventory is less than the allowable 68-day coal supply, AEGCO shall record each month an amount equal to the return on previously unrecovered amounts less the recovered return in excess of actual inventory levels. The return on previously unrecovered amounts shall be calculated as described in (i) above. The recovered return in excess of actual inventory levels shall be calculated by deriving the difference between the power bill that would result if actual inventory balances were used and the power bill that results with an imputed inventory level. In no event will the cumulative value of the unrecovered return be allowed to fall below zero.
- D. AEGCO shall be permitted to include as part of its Net In-Service Investment Numerator amounts subsequently recorded in Accounts 105 and 186 subject to the conditions set forth in the Offer of Settlement in FERC Docket No. ER84-579-000, et al.
- E. Other Special Funds (Account 128), Other Current and Accrued Assets (Accounts 131, 135, 143, 146, 171 and 174), Other Deferred Debits (Accounts 181 and 189), Other Current and Accrued Liabilities (Accounts 232-234, 236, 237, 238, 241 and 242), and Other Deferred Credits (Account 253) shall be directly assigned to unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such balances shall be allocated between the units in proportion to the net dependable capability of each of the units.
- F. To recognize that the lease rental expense will be collected monthly but that the lease payment will be paid semiannually, the lease rental payable balance will be reflected as a rate base reduction in calculating the operating ratio and the Unit 2 net-in-service investment ratio as a means to credit the Unit 2 customers for the time value of money.

5. Investment Balances

For the purpose of calculating the Operating Ratio and Net In-Service Investment Ratio, amounts shall reflect the balances, as recorded on the Company's book in accordance with the FERC Uniform System of Accounts for Major Electric Utilities, outstanding at the end of the previous month, except that when plant greater than or equal to 1% of the prior month ending plant value is transferred into service during the current month, such prior month balances shall be adjusted to reflect such transfers to service. Such adjustment shall be pro-rated for the number of days during the month that such plant addition was in-service.

6. Allocation of Expenses

Operating expenses shall be directly assigned to Unit No. 1 (including Common Facilities) or Unit No. 2 whenever possible. Whenever such direct assignment is not practical, such expenses shall be allocated between the units in accordance with the basis that gave rise to such expense.

AEGCO's operating and maintenance expenses shall include, and AEGCO shall be allowed recovery of, administrative and general expenses, related payroll taxes and other cost, allocated to AEGCO by I&M as operator of the Rockport Plant or incurred directly by AEGCO.

I&M shall allocate to AEGCO, a portion of I&M's administrative and general expenses charged to Accounts 920, 921, 922, 923, 924, 925, 926, 931 and 935; related payroll taxes charge to Account 408; and a portion of the expenses of the Rockport Information Center charged to Accounts 506, 511 and 514 that generally relate to Rockport Plant operations. Such charges shall be allocated to AEGCO on the basis of the ratio of AEGCO's share of the Rockport Plant operation and maintenance wages and salaries, divided by the sum of total Rockport Plant operations and maintenance wages and salaries, plus all other I&M operation and maintenance wages and salaries, less I&M's administrative and general wages and salaries. For the period beginning December 10, 1984 and ending December 31, 1985 this ratio will be developed based on actual 1985 amounts. In subsequent calendar years, this ratio will be adjusted annually based on the prior calendar year's amounts.

AEGCO's operation and maintenance expenses shall also include, and AEGCO shall be allowed recovery of, other administrative and general expenses directly incurred by AEGCO and included in the appropriate administrative and general expense accounts.

BILLINGS AND PAYMENTS

All bills for amounts owing hereunder shall be due and payable on the fifteenth day of the month next following the month or other period to which such bills are applicable, or on the tenth day following receipt of the bill, whichever date is later. Interest on unpaid amounts shall accrue daily at the prime interest rate per annum in effect on the due date at the

Citibank, plus 2% per annum, from the due date until the date upon which payment is made. Unless otherwise agreed upon, the calendar month shall be the standard period for the purpose of settlements under this Agreement. If bills cannot be accurately determined at any time, they shall be rendered on an estimated basis and subsequently adjusted to conform to the terms of the unit power agreements.

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
SUMMARY OF MONTHLY POWER BILL**

<u>Line No.</u>		<u>Amount</u>
1	Return on Common Equity	
2	Return on Other Capital	
3	Total Return	-----
4	+ Fuel	
5	+ Purchased Power	
6	- Other Operating Revenues	
7	+ Other Operation and Maintenance Exp	
8	- Depreciation, Amortization and Accretion Expenses	
9	+ Taxes Other Than Federal Income Tax	
10	+ Federal and State Income Tax	
11	= Total Unit 1 Monthly Power Bill	----- =====
12	<u>Determination of Federal Income Tax :</u>	
13	Total Return (Line 3)	
14	+ Unit 1 Schedule M Adjustments	
15	+ Unit 1 Deferred Federal Income Taxes	
16	- Unit 1 Interest Expense Deduction *	
17	= Subtotal	-----
18	x Gross-Up (FIT Rate / 1-FIT Rate)	
19	= Unit 1 Current Federal Income Tax	
20	+ Unit 1 Def Fed & State Income Taxes	
21	= Total Unit 1 Fed&State Income Taxes	----- =====
22	<u>Proof of Federal Income Tax :</u>	
23	Total Unit 1 Monthly Power Bill	
24	- Operation and Maintenance Expenses	
25	- Depreciation, Amortization and Accretion Expenses	
26	- Taxes Other Than Federal Income Tax	
27	- Unit 1 Interest Expense Deduction *	
28	+ Other Operating Revenues	
29	= Pre-Tax Book Income	-----
30	+ Unit 1 Schedule M Adjustments	
31	= Unit 1 Taxable Income	-----
32	x Current Federal Income Tax Rate	
33	= Unit 1 Current Federal Income Tax	
34	+ Unit 1 Def Fed & State Income Taxes	
35	= Total Unit 1 Fed&State Income Taxes	----- =====

* From Page 4 of 18 : Line 21 + (Line 28 x Line 31 x Line 32)

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
OPERATING RATIO**

<u>Line No.</u>	<u>Amount</u>
1	<u>Operating Ratio:</u>
2	<u>Net In-Service Investment:</u>
3	Electric Plant In-Service
4	- Accumulated Depreciation
5	+ Materials & Supplies
6	+ Prepayments
7	+ Plant Held For Future Use (A/C 105) *
8	+ Other Deferred Debits (A/C 186) *
9	+ Other Working Capital ***
10	+ Unamortized Debt Expense (A/C 181, 189)
11	- Other Deferred Credits (A/C 253)
12	- Accumulated Deferred FIT
13	- Accumulated Deferred ITC
14	Total Net In-Service Investment
15	<u>Non-In-Service Investment - CWIP :</u>
16	Construction Work In Progress
17	+ Materials & Supplies
18	- Accumulated Deferred FIT
19	Total Non-In-Service Investment - CWIP
20	<u>Non-In-Service Investment - Other :</u>
21	Plant Held for Future Use (A/C 105) **
22	+ Other Deferred Debits (A/C 186) **
23	+ Fuel Inventory Over Allowed Level ****
24	Total Non-In-Service Investment - Other
25	Total Investment (Lines 14+19+24)
26	Operating Ratio (Line 14/Line 25)
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)
29	Total Investment
*	As Permitted By FERC
**	Excluding Amounts on Lines 7 and 8
***	Accounts 128, 131, 135, 143, 146, 171 and 174, Less Accounts 232-234, 236, 237, 238, 241 and 242
****	Includes Rockport 1 and 2

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
NET IN-SERVICE INVESTMENT RATIO**

<u>Line No.</u>		<u>Amount</u>
1	<u>Net In-Service Investment Ratio:</u>	
2	Unit 1 Net In-Service Investment:	
3	Electric Plant In-Service	
4	- Accumulated Depreciation	
5	+ Materials & Supplies	
6	+ Prepayments	
7	+ Plant Held For Future Use (A/C 105) *	
8	+ Other Deferred Debits (A/C 186) *	
9	+ Other Working Capital **	
10	+ Unamortized Debt Expense (A/C 181, 189)	
11	- Other Deferred Credits (A/C 253)	
12	- Accumulated Deferred FIT	
13	- Accumulated Deferred ITC	
14	Total Unit 1 Net In-Service Investment	-----
15	Unit 2 Net In-Service Investment:	-----
16	Electric Plant In-Service	
17	- Accumulated Depreciation	
18	+ Materials & Supplies	
19	+ Prepayments	
20	+ Plant Held For Future Use (A/C 105) *	
21	+ Other Deferred Debits (A/C 186) *	
22	+ Other Working Capital **	
23	+ Unamortized Debt Expense (A/C 181, 189)	
24	- Other Deferred Credits (A/C 253)	
25	- Accumulated Deferred FIT	
26	- Accumulated Deferred ITC	
27	Total Unit 2 Net In-Service Investment	-----
28	Total Net In-Service Investment	----- =====
29	<u>Net In-Service Investment Ratio:</u>	
30	Unit 1 (Line 14 / Line 28)	
31	Unit 2 (Line 27 / Line 28)	-----
		=====
	* As Permitted By FERC	
	** Accounts 128, 131, 135, 143, 146, 171 and 174, Less Accounts 232-234, 236, 237, 238, 241 and 242	

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 CALCULATION OF RETURNS ON
COMMON EQUITY & OTHER CAPITAL**

<u>Line No.</u>	<u>Amount</u>
1	<u>Net Capitalization:</u>
2	Long-Term Debt
3	+ Short-Term Debt
4	+ Preferred Stock
5	+ Common Equity
6	- Temporary Cash Investments

7	Net Capitalization
	=====
8	40% of Net Capitalization
9	<u>Return on Common Equity:</u>
10	Lesser of Line 5 or Line 8
11	x Equity Return (Monthly Rate)
12	= Equity Return
13	x Operating Ratio
14	x Net In-Service Investment Ratio
15	= Subtotal
16	Excess of Line 5 Over Line 8
17	x Weighted Cost of Debt (Monthly Rate)
18	= Return on Equity over 40% of Capitalization
19	x Operating Ratio
20	x Net In-Service Investment Ratio
21	= Subtotal

22	Unit 1 Return on Equity (Line 15 + Line 21)
	=====
23	<u>Return on Other Capital:</u>
24	Long-Term Debt Interest Expense (A/C 427-429)
25	+ Short-Term Debt Interest Expense (A/C 430)
26	+ Other Interest Expense (A/C 431)
27	- Temporary Cash Investment Income *

28	= Net Interest Expense
29	+ Preferred Stock Dividends (a/c 437)

30	= Net Cost of Other Capital
31	x Operating Ratio
32	x Net In-Service Investment Ratio
33	= Unit 1 Return on Other Capital
	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETERMINATION OF WEIGHTED COST OF DEBT**

<u>Line No.</u>	<u>Amount</u>
1 <u>Debt Balances (Prior Month Ending) :</u>	
2 Long-Term Debt	
3 + Short-Term Debt	
4 + Other Debt	
5 Total Debt Balances (Prior Month Ending)	----- =====
6 <u>Weighting of Debt Balances :</u>	
7 Long-Term Debt	
8 + Short-Term Debt	
9 + Other Debt	
10 Total Debt Balances	----- =====
11 <u>Debt Cost Rates :</u>	
12 Long-Term Debt	
13 Short-Term Debt	
14 Other Debt	
15 <u>Weighted Cost of Debt :</u>	
16 Long-Term Debt	
17 + Short-Term Debt	
18 + Other Debt	
19 Total Weighted Cost of Debt	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETERMINATION OF UNIT 1 MATERIALS AND SUPPLIES**

<u>Line No.</u>	<u>Amount</u>
1 <u>Unit 1 Materials and Supplies:</u>	
2 Fuel Stock - Coal (per Line 23)	
3 Fuel Stock Expenses - Undistributed (152)	
4 Fuel Stock - Oil (151)	
5 Plant Materials & Operating Supplies	
6 Merchandise	
7 Undistributed Stores Expense	-----
8 Total Materials & Supplies	=====
9 <u>Support of Coal Inventory Value:</u>	
10 Actual Coal Inventory (A/C 151.10)	
11 + Equivalent Inventory re: Deferred Return	
12 = Imputed Coal Inventory	-----
13 Coal Inventory W/68 Day Supply Cap	
14 Tons Consumed	
15 / Hours Available *	
16 = Tons Consumed per Hour	
17 x 24 Hours per Day	
18 = Tons Consumed Per Day	
19 x 68 days	
20 = 68 day Supply (Tons)	
21 x Coal Cost per Ton (per A/C 151.10 at End of Prior Month)	
22 = 68 day Coal Inventory	-----
23 Lesser of Imputed or Capped Coal Inventory	-----
24 Imputed Inventory Minus Line 23	-----
25 <u>Accumulated Deferred Inventory Return - Unit 1 (Memo Item):</u>	
26 Beginning Balance	
27 + Current Month Return on Beginning Balance	
28 + Current Month Deferral	
29 - Current Month Recovery	
30 = Ending Balance **	-----
	=====

* Excludes Forced Outages, Scheduled Outages, and Curtailments

** May Not Be Less Than Zero

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF OTHER OPERATING REVENUES

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<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	450	Forfeited Discounts	
2	451	Miscellaneous Service Revenues	
3	453	Sales of Water and Water Power	
4	454	Rent From Electric Property - Associated Companies	
5	454.20	Rent From Electric Property - Non-Associated Companies	
6	455	Interdepartmental Rents	
7	456	Other Electric Revenues	
8	411.8	Proceeds/Gains From Sale of Emission Allowances	
9		Total Other Operating Revenues	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF OPERATION & MAINTENANCE EXPENSES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	500, 502-508	Steam Power Generation - Operation	
2	501	Fuel - Operation	
3	510-515	Steam Power Generating - Maintenance	
4		Total Steam Power Generation Expenses	-----
5	555-557	Other Power Supply Expenses	-----
6	560-567.1	Transmission Expenses - Operation	
7	568-574	Transmission Expenses - Maintenance	
8		Total Transmission Expenses	-----
9	580-589	Distribution Expenses - Operation	
10	590-598	Distribution Expenses - Maintenance	
11		Total Distribution Expenses	-----
12	901-905	Customer Accounts Expenses - Operation	-----
13	906-910	Customer Service and Informational Expenses - Operation	-----
14	911-917	Sales Expenses - Operation	-----
15	920-933	Administrative and General Expenses - Operation	
16	935	Administrative and General Expenses - Maintenance	
17		Total Administrative & General Exp.	-----
18		Total Operation & Maintenance Expenses	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF DEPRECIATION,
 AMORTIZATION AND ACCRETION EXPENSES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1	403	Depreciation Expense	
1a	403.1	ARO Depreciation Expense	
2	404	Amortization of Limited-Term Electric Plant	
3	405	Amortization of Other Electric Plant	
4	406	Amortization of Electric Plant Acquisition Adjustments	
5	407	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs	_____
6		Total Depreciation Exp. & Amortization	
7	411.10	ARO Accretion Expense	_____
8		Total Depreciation, Amortization & Accretion Expenses	=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF TAXES OTHER THAN FEDERAL INCOME TAXES**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
BS1			
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	
2	409.1	State Income Taxes	
3		Total Taxes Other than FIT	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF UNIT 1 SCHEDULE `M' ADJUSTMENTS
 AND DEFERRED FEDERAL AND STATE INCOME TAX**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>Unit 1 Schedule `M' Adjustments</u>	
2	N/A	Excess ACRS Over Normalization Base Depreciation	
3	N/A	Excess Normalization Base Over Book Depreciation	
4	N/A	Other Unit 1 Schedule `M' Adjustments	
5		Total Unit 1 Schedule `M' Adjustments *	----- =====
6		<u>Unit 1 Deferred Federal Income Tax</u>	
7	410.1	Excess ACRS Over Norm. Base Depr. (Line 2 x FIT Rate * -1)	
8	410.1, 411.1	Other Unit 1 Schedule `M' Adjustments -	
9	411.1	Feedback of Accumulated DFIT re: ABFUDC - Unit 1 Negative Amount Denotes Reduction.	
10	411.1	Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 1	
11	411.1	Feedback of Accumulated DFIT re: Other Schedule `M' Adj.-Utility	----- =====
12		Total Unit 1 Deferred Federal and State Income Tax *	

* Positive Amount Denotes Increase In Taxable Income,
 Negative Amount Denotes Reduction.

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF NET IN-SERVICE INVESTMENT UNIT 1

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<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	
3	102	Electric Plant Purchased	
4	103	Experimental Elec. Plant Unclassified	
5	103.1	Electric Plant In Process of Reclassification	
6	104	Electric Plant Leased to Others	
7	106	Completed Construction Not Classified	
8	114	Electric Plant Acquisition Adjustments	
9	116	Other Electric Plant Adjustments	
10	118	Other Utility Plant	
11		Total Electric Plant In Service	-----
12	105	Plant Held For Future Use	-----
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	
16	111	Accumulated Provision for Amortization of Electric Utility Plant	
17	115	Accumulated Provision for Amortization of Electric Plant Acquisition Adjustments	
18	119	Accumulated Provision for Depreciation and Amortization of Other Utility Plant	
19		Total Accumulated Depreciation	-----
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	
22	152	Fuel Stock Expenses - Undistributed	
23	153	Residuals	
24	154	Plant Materials and Operating Supplies	
25	155	Merchandise	
26	156	Other Materials and Supplies	
27	163	Stores Expense Undistributed	
28		Total Materials and Supplies (In-Service Portion)	-----
29	165	Prepayments	-----
30	186	Other Deferred Debits	-----

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 OTHER WORKING CAPITAL, UNAMORTIZED DEBT EXPENSE,
 AND OTHER DEFERRED CREDITS**

<u>Line No.</u>	<u>Account No.</u>	<u>Description *</u>	<u>Amount</u>
1	128	Other Special Funds	
2	131	Cash	
3	135	Other Intra Company Adjustments	
4	143	Accounts Receivable-Miscellaneous	
5	146	Accounts Receivable-Associated Company	
6	171	Interest and Dividends Receivable	
7	174	Miscellaneous Current and Accrued Assets	
8	232	Accounts Payable-General	
9	234	Accounts Payable-Associated Company	
10	236	Taxes Accrued	
11	237	Interest Accrued	
12	238	Dividends Declared	
13	241	Tax Collections Payable	
14	242	Misc Current and Accrued Liabilities	
15		Total Other Working Capital	----- =====
16	181+ 189	Unamortized Debt Expense	-----
17	253	Other Deferred Credits	-----
* debit <credit>			

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF NET IN-SERVICE INVESTMENT UNIT 1**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
31		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
32	190	-Accumulated Deferred Income Taxes	
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	
34	282	+Accumulated Deferred Income Taxes - Other Property	
35	283	+Accumulated Deferred Income Taxes - Other	
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	-----
37	255	+Accumulated Deferred Investment Tax Credits	
38	186.50	-Accumulated Deferred Investment Tax Credit	
39		Total Accumulated Deferred Investment Tax Credits	-----
40		Total Net In-Service Investment - Unit 1	----- =====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
 DETAIL OF NON-IN-SERVICE INVESTMENT - CWIP AND OTHER**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	
2		MATERIAL AND SUPPLIES	
3	151	Fuel Stock	
4	152	Fuel Stock Expenses - Undistributed	
5	153	Residuals	
6	154	Plant Materials and Operating Supplies	
7	155	Merchandise	
8	156	Other Material and Supplies	
9	163	Stores Expense Undistributed	
10		Total Material and Supplies (CWIP Portion)	-----

11		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
12	190	-Accumulated Deferred Income Taxes	
13	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	
14	282	+Accumulated Deferred Income Taxes - Other Property	
15	283	+Accumulated Deferred Income Taxes - Other	
16		Total Accumulated Deferred Income Taxes (CWIP Portion)	-----

17		TOTAL NON-IN-SERVICE INVESTMENT - CWIP	=====
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	
19	186	Other Deferred Debits	
20	151.10	Fuel Inventory Over Allowed Level *	
21		Total Non-In-Service Investment - Other	-----
			=====
		* INCLUDES ROCKPORT 1 AND 2 UNIT 1 UNIT 2	
		TOTAL	-----
			=====

**AEP GENERATING COMPANY
 SAMPLE POWER BILL
DETAIL OF NET CAPITALIZATION**

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<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
1		<u>COMMON CAPITAL STOCK</u>	
2	201	Common Stock Issued	
3	202	Common Stock Subscribed	
4	203	Common Stock Liability for Conversion	
5	209	Reduction In Par or Stated Value of Capital Stock	
6	210	Gain on Resale or Cancellation of Reacquired Capital Stock	
7	212	Installments Received on Capital Stock	
8	214	Capital Stock Expense	
9	217	Reacquired Capital Stock	
10		Total Common Capital Stock	-----
11		<u>OTHER PAID-IN CAPITAL</u>	-----
12	207	Premium on Capital Stock	
13	208	Donations Received from Stockholders	
14	211	Miscellaneous Paid-In Capital	
15	213	Discount on Capital Stock	
16		Total Other Paid-In Capital	-----
17		<u>RETAINED EARNINGS</u>	-----
18	215	Appropriated Retained Earnings	
19	215.1	Appropriated Retained Earnings- Amortization Reserve, Federal	
20	216	Unappropriated Retained Earnings	
21		Total Retained Earnings	-----
22		Total Common Equity	-----
23		<u>PREFERRED CAPITAL STOCK</u>	-----
24	204	Preferred Stock Issued	
25	205	Preferred Stock Subscribed	
26	206	Preferred Stock Liability for Conversion	
27		Total Preferred Capital Stock	-----

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETAIL OF NET CAPITALIZATION (Cont'd)

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<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
28		<u>LONG-TERM DEBT</u>	
29	221	Bonds	
30	222	Reacquired Bonds	
31	223	Advances from Associated Companies	
32	224	Other Long-Term Debt	
33	225	Unamortized Premium on Long-Term Debt-Credit	
34	226	Unamortized Discount on Long-Term Debt-Debit	
35		Total Long-Term Debt	-----
		<u>SHORT-TERM DEBT</u>	-----
36a	231.02	Notes Payable (Short-Term Debt)	
36b	231.03	Unamortized Discount	
37	233.00	Notes Payable, Assoc Co (Money Pool)	
38		Total Short-Term Debt	-----
39		<u>TEMPORARY CASH INVESTMENTS</u>	-----
40	132	Interest Special Deposits	
41	133	Dividend Special Deposits	
42	134	Other Special Deposits	
43	136, 145	Temporary Cash Investments	
44		Total Temporary Cash Investments	-----
45		NET CAPITALIZATION	=====

AEP GENERATING COMPANY
SAMPLE POWER BILL
DETERMINATION OF RATE OF RETURN (Net & Pre-Tax)

<u>Line No.</u>		<u>Amount</u>
1	<u>Capitalization Balances (Prior Month Ending) :</u>	
2	Long-Term Debt	
3	+ Short-Term Debt	
4	+ Preferred Stock	
5	+ Common Equity	
6	- Capitalization Offsets	

7	Total Capitalization Balances	=====
8	<u>Weighting of Capitalization Balances :</u>	
9	Long-Term Debt	
10	+ Short-Term Debt	
11	+ Preferred Stock	
12	+ Common Equity	
13	- Capitalization Offsets	

14	Total Capitalization	=====
15	<u>Capitalization Cost Rates :</u>	
16	Long-Term Debt	
17	Short-Term Debt	
18	Preferred Stock	
19	Common Equity	
20	Capitalization Offsets	
21	<u>Rate of Return (Net of Tax) :</u>	
22	Long-Term Debt	
23	+ Short-Term Debt	
24	+ Preferred Stock	
25	+ Common Equity	
26	- Capitalization Offsets	

27	Total Rate of Return (Net of Tax)	=====
28	Weighted Net Cost of Debt	
29	+ Pre-Tax Common Equity (Line 25 / .65)	

30	= Rate of Return (Pre-Tax)	=====

FERC rendition of the electronically filed tariff records in Docket No. ER13-00286-000

Filing Data:

CID: C003184

Filing Title: Unit Power Agreements Amendment

Company Filing Identifier: 216

Type of Filing Code: 10

Associated Filing Identifier:

Tariff Title: RS and SA

Tariff ID: 101

Payment Confirmation:

Suspension Motion:

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Rate Schedule No. 1, Indiana Michigan Power Company Unit Power Agreement, 0.0.0, A

Record Narrative Name:

Tariff Record ID: 3

Tariff Record Collation Value: 1200000 Tariff Record Parent Identifier: 0

Proposed Date: 2012-12-31

Priority Order: 1

Record Change Type: NEW

Record Content Type: 2

Associated Filing Identifier:

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Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Rate Schedule No. 2, Kentucky Power Company Unit Power Agreement, 0.0.0, A

Record Narrative Name:

Tariff Record ID: 4

Tariff Record Collation Value: 1300000 Tariff Record Parent Identifier: 0

Proposed Date: 2012-12-31

Priority Order: 1

Record Change Type: NEW

Record Content Type: 2

Associated Filing Identifier:

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