

American Electric Power
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Elizabeth O'Donnell, Executive Director
Attn.: Isaac S. Scott
Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED



MAY 18 2004

AMERICAN
ELECTRIC
POWER

PUBLIC SERVICE
COMMISSION

May 18, 2004

Re: Monthly Environmental Surcharge Report

Dear Mr. Dorman:

Pursuant to KRS 278.183(3), American Electric Power files herewith an original and five copies of its Environmental Surcharge Report for the month of April 2004. The report is in compliance with the Commission's Order dated March 31, 2003 in Case No. 2002-00169. The report shows the calculation and supporting documentation of American Electric Power's Environmental Surcharge Factor that will be billed with service on and after May 28, 2004.

ES FORM 3.10 includes Monthly Environmental Equipment Operation and Maintenance Costs (See LINE NO 18) that are not part of any operation and maintenance cost already being filed. These operation and maintenance costs are only associated with the environmental facilities included in the Environmental Surcharge. Per the Order dated April 16, 2004 in Case No. 2004-00081, attached is an explanation of the April 2004 environmental equipment operation and maintenance costs.

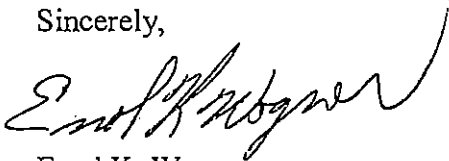
Also, per the Order, only 1/3rd of the applicable March 2004 costs of \$806,664 are being included in the April 2004 calculations. The remaining 1/3rd of the \$806,664 of costs will be included in the May 2004 calculations. The April 2004 costs are a \$126,339 Credit, which includes 1/3rd of the \$806,664, or \$268,888. The reason for the Credit amount in April 2004 is there was an Accounts Payable accrual in March 2004 of \$521,610 to be paid and reversed in April 2004. The reversal of the Accounts Payable accrual occurred in April 2004, but the actual payments were not paid in April 2004 however, will more likely be paid in May 2004.

AEP has installed an Allowance Management System (AMS) in order to track SO₂ and other emission allowances. It was thought in the month of March 2004, that the dollar amount or expense cost for consumed emission allowances was overstated and an adjustment was made. The amount of the adjustment was a \$200,695 Credit. The \$80,667 Dollar Value of Activity amount on the March 2004 ES FORM 3.11 Column (3) reflects this adjustment. The March 2004 total Cumulative Dollar Balance (4) of \$14,716,537 reflects a \$200,695 Debit adjustment. The March 2004 quantity amount of the emission allowances consumed reflect an adjustment of a negative 2,847 emission allowances. The 1,144 SO₂ Emissions Allowances Consumed in March 2004 reflects this adjustment.

Elizabeth O'Donnell, Executive Director
Page 2

In the month of April 2004, it was realized that the March 2004 adjustments should not have been made. These adjustments made in March 2004 were reversed in the April 2004 balances on ES FORM 3.11 which reflect those adjustments.

Sincerely,

A handwritten signature in black ink, appearing to read "Errol K. Wagner". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

Errol K. Wagner
Director Regulatory Services

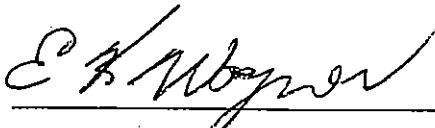
**American Electric Power
Environmental Equipment Operation and Maintenance Costs
April 2004**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Repair Expansion Joint SCR Inlet & Reactor	(\$329,943.65)	\$91,345.04	900.08	(\$237,698.53)
Installation of SCR Mixing Vanes	(\$191,311.90)	\$18,877.67	0.00	(\$172,434.23)
Installation of Turning Vanes in Booster Fans	\$0.00	\$8,465.92	0.00	\$8,465.92
SCR Outlet NOX Probe	\$317.50	\$0.00	0.00	\$317.50
Inspection and Maintenance of Ammonia On Demand (AOD) System	\$2,467.09	\$0.00	0.00	\$2,467.09
Repair Expansion Joint 85' - 7"	\$0.00	\$2,246.94	0.00	\$2,246.94
Replace Experimental #21 Mill Burners	\$1,408.44	\$0.00	0.00	\$1,408.44
Total April 2004 O & M Expense	(\$517,062.52)	\$120,935.57	\$900.08	(\$395,226.87)
1/3th of March 2004 O & M Expenses, ES FORM 3.10, LINE NO 18				\$268,888
April 2004 O & M Expenses Filed				(\$126,339)

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of April 2004

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$2,381,159
LINE 2	Brr from ES FORM 2.00	\$15,785
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,365,374
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	66.9%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,582,435
LINE 6	Over/(Under) Recovery Adjustment from ES FORM 3.30	\$416,955
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,999,390
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,999,390
LINE 9	KY Retail R(m) from ES FORM 3.30	\$23,432,583
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	8.5325%

Effective Date for Billing: June 2004

Submitted By : 

Title : Director Regulatory Services

Date Submitted : May 18, 2004

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of December 1990

CALCULATION OF BASE PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS	
1	First Component - Associated with Big Sandy $((RB\ KP(B))\ (ROR\ KP(B))/12)$ ES FORM 2.10, Line 11	\$15,625
2	Second Component - Associated with Rockport $[((RB\ IM(B))\ (ROR\ IM(B))/12) + OE\ IM\ (B)]\ (.15)$ ES FORM 2.11, Line 12	<u>\$160</u>
3	Total Base Period Revenue Requirement, BRR Record on ES FORM 1.00, Line 2	\$15,785

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Month of December 1990

LINE NO.	COST COMPONENT		
	Return on Rate Base (Balances as of December 31, 1990) :		
1	Utility Plant at Original Cost	\$3,920,119	
2	Less Accumulated Depreciation	(\$2,995,865)	
3	Less Acum. Def. Income Taxes	(\$475,467)	
4	Total Rate Base		\$448,787
5	Weighted Average Cost of Capital - ES FORM 2.20	12.8200%	
6	Monthly Weighted Avg. Cost of Capital (5)/12		1.0683%
7	December 1990 Return on Rate Base (4) * (6)		\$4,794
	Operating Expenses:		
8	December 1990 Depreciation Expense		\$10,597
9	December 1990 Property Tax		\$234
10	Total Operating Expenses (8) + (9)		<u>\$10,831</u>
11	Total Revenue Requirement, Costs Associated with Big Sandy (7) + (10) Record on ES FORM 2.00, Line1		<u>\$15,625</u>

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
COSTS ASSOCIATED WITH ROCKPORT

For the Month of December 1990

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$107,550	
2	Less Accumulated Depreciation	(\$22,554)	
3	Less Accum. Def. Income Taxes	(\$13,834)	
4	Total Rate Base		\$71,162
5	Weighted Average Cost of Capital - ES FORM 2.21	12.6216%	
6	Monthly Weighted Avg. Cost of Capital (LINE 5/12)		1.0518%
7	Monthly Return of Rate Base (4 * 6)		\$748
	Operating Expenses :		
8	Monthly Depreciation Expense		\$313
9	Monthly Indiana Air Emissions Fee		\$7
10	Total Operating Expenses (8 + 9)		<u>\$320</u>
11	Total Revenue Requirement, Cost Associated with Rockport (7) + (10)		\$1,068
12	Kentucky Power Portion of Rockport Total Revenue Requirement. Record on ES FORM 2.00, Line 2 (11 * 15%)		\$160

The Base Period Revenue Requirement information will only need to be filed once during the first 2-year period, as part of the first monthly surcharge filing. Attach a schedule similar to Exhibit EKW-2, page 11 of 11 (Wagner Direct Testimony in Case No. 96-489), showing the calculation of the Weighted Average Cost of Capital. These calculations should reflect the provisions of the Rockport Unit Power Agreement, and be as of December 1990.

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL
 For the Expense Month of December 1990

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
1	L/T DEBT	240,670,885	53.59%	8.20%		4.39%			4.39%
2	S/T DEBT	17,796,815	3.96%	9.16%		0.36%			0.36%
3	C EQUITY	190,611,826	42.45%	11.50%	1/	4.88%	1.6545	2/	8.07%
4	TOTAL	449,079,526	100.00%			9.63%			12.82%
WACC = Weighted Average Cost of Capital 1/ Rate of Return on Common Equity per Case No. 2002 - 00169							11.50%		
2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	UNCOLLECTIBLE						<u>0.20</u>		
3	INCOME BEFORE STATE TAXES						99.80		
4	LESS : STATE INCOME TAX								
5	(LINE 3 X .0825)						<u>8.23</u>		
6	INCOME BEFORE FED INC TAX						91.57		
7	LESS : FEDERAL INCOME TAX								
8	(LINE 6 X .34)						<u>31.13</u>		
9	OPERATING INC PERCENTAGE						<u>60.44</u>		
10	GROSS REVENUE CONVERSION								
11	FACTOR (100%/LINE 9)						1.6545		

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL
 For the Expense Month of December 1990

LINE NO.	DESC	CAP. BAL.	WEIGHTED CAP. BAL.	CAP. COST RATES	WAC (NET OF TAX)	GRCF	WAC (PRE - TAX)
1	L/T DEBT	162,770,349	70.3618%	7.7961%	5.4855%		
2	S/T DEBT	0	0.0000%	0.0000%	0.0000%		
3	S/T INV	(26,356,261)	-11.3932%	7.7961%	-0.8882%		
4	DEBT						4.5973%
5	C EQUITY	94,919,467	41.0314%	12.1600%	4.9894%	1.608260	8.0243%
6	TOTAL	231,333,555	100.0000%				12.6216%
<p>WACC = Weighted Average Cost of Capital</p> <p>1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement</p> <p>2/ Gross Revenue Conversion Factor (GRCF) Calculation:</p> <p>1 OPERATING REVENUE</p> <p>2 LESS: INDIANA AJUSTED GROSS INCOME</p> <p>3 (LINE 1 X .0434)</p> <p>4 INCOME BEFORE FED INC TAX</p> <p>5 LESS: FEDERAL INCOME TAX</p> <p>6 (LINE 4 X .35)</p> <p>7 OPERATING INCOME PERCENTAGE</p> <p>8 GROSS REVENUE CONVERSION</p> <p>9 FACTOR (100% / LINE 7)</p>							<p>12.16%</p> <p>100.00</p> <p><u>4.340</u></p> <p>95.660</p> <p><u>33.481</u></p> <p><u>62.179</u></p> <p>1.608260</p>

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
For the Expense Month of April 2004

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$2,521,208
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 12		\$3,599
	Third Component: Net Proceeds from Emission Allowances Sales AS		
	1) SO ₂ - EPA Auction Proceeds received during Expense Month	\$0	
	2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month	\$143,648	
	Total Net Proceeds from SO ₂ Allowances	\$143,648	
	1) NO _x - EPA Auction Proceeds received during Expense Month	\$0	
	2) NO _x - EPA Auction Proceeds, received during Expense Month	\$0	
	3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month	\$0	
	Total Net Proceeds from NO _x Allowances	\$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	-----	\$143,648
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		----- \$2,381,159

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of April 2004

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$187,048,029	
2	Less Accumulated Depreciation	(\$11,447,497)	
3	Less Accum. Def. Income Taxes	(\$22,127,473)	
4	Net Utility Plant		\$153,473,059
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$14,627,125
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 11		\$59,356
8	Total Rate Base		\$168,159,540
9	Weighted Average Cost of Capital - ES FORM 3.15	10.20%	
10	Monthly Weighted Avg. Cost of Capital (7)/12		0.85%
11	Monthly Return of Rate Base (6) * (8)		\$1,429,356
	Operating Expenses :		
12	Monthly Depreciation Expense		\$563,200
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$7,771
15	Monthly Kentucky Air Emissions Fee		\$23,668
16	Monthly Gavin Scrubber Cost from ES FORM 3.14		\$127,800
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		(\$122,159)
18	Monthly SO2 Emission Allowance Consumption		\$445,542
19	Monthly ERC & NOx Emission Allowance Consumption		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		<u>\$1,091,852</u>
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,521,208

**AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
SO2 EMISSIONS ALLOWANCE INVENTORY**

For the Expense Month of April 2004

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	88,625	\$0	\$0	\$0.000
Gavin Reallocation	0	3,853	\$0	\$0	\$0.000
P & E Transfers In	0	312,630	\$0	\$3,639,150	\$11.640
Intercompany Purchases	0	12,132	\$0	\$1,615,719	\$133.178
Other (List)	1,585	556,230	\$405,760	\$61,829,059	\$111.157
Withdrawals -					
P & E Transfers Out	0	2,415	\$0	\$272,099	\$112.670
Intercompany Sales	0	51,893	\$0	\$4,941,374	\$95.222
Off - System Sales	704	276,219	\$49,632	\$28,737,649	\$104.039
SO2 Emissions Allowances					
Adjustments		34,941	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power	6,320	250,984	\$445,542	\$23,191,407	\$92.402
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,111,626		\$14,627,125	\$13.158
Expense Month Member Load Ratio for AEP/Kentucky Power					0.07034

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
ECR and NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of April 2004

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	0.000
Additions -					
EPA Allowances	0	0	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	0.000
Other (List)	0	0	\$0	\$0	0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	0.000
Intercompany Sales	0	0	\$0	\$0	0.000
Off - System Sales	0	0	\$0	\$0	0.000
ERC Consumed By Kentucky Power	0	0	\$0	\$0	0.000
NOx Consumed By Kentucky Power	0	0	\$0	\$0	0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		0		\$0	0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
CASH WORKING CAPITAL ALLOWANCE

For the Expense Month of April 2004

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$23,668	
2	Monthly Gavin Scrubber Costs	\$127,800	
3	Monthly SO2 Allowance Consumption	<u>\$445,542</u>	
4	Total 1997 Plan O&M Expenses		\$597,010
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$4,180	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$0	
9	Equipment - Associated Operating Expenses	\$0	
10	Equipment - Associated Maintenance Expenses	<u>(\$126,339)</u>	
11	Total 2003 Plan O&M Expenses		<u>(\$122,159)</u>
12	Total Monthly O&M Expenses		<u>\$474,851</u>
13	Cash Working Capital Allowance (Line 10 X 1/8)		\$59,356

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
GAVIN SCRUBBER COSTS

For the Expense Month of April 2004

LINE NO.	COST	AMOUNTS
	Operations :	
1	Disposal (5010000)	\$285,505
2	Lime (5020000)	\$1,322,904
3	Lease (5070000)	<u>\$5,285,252</u>
4	Total Operations (1) + (2) + (3)	\$6,893,661
	Maintenance :	
5	Scrubbers (5120000)	\$326,900
6	1/2 of Maintenance (5) * 50%	<u>\$163,450</u>
7	Fixed O&M (4) + (6)	\$7,057,111
	Impact on Weighted Average Capacity Rate :	
8	Ohio Power Steam Capacity (kw)	8,472,000
9	Gavin Scrubber Rate (\$/kw) (7) / (8)	\$0.83
10	Ohio Power Surplus Weighing	86.00%
11	Portion of Weighted Average Capacity Rate Attributed to Gavin Scrubber (\$/kw) (9) * (10)	\$0.71
	Gavin Costs to Kentucky Power :	
12	Gavin Scrubber Portion (\$/kw) (11)	\$0.71
13	Kentucky Power Capacity Deficit (kw)	<u>180,000</u>
14	Scrubber Cost to Kentucky Power (12) * (13)	\$127,800

Total Cost at Line 14 is to be recorded on ES FORM 3.10, Line 15.

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of April 2004

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 12/31/2002								
1	L/T DEBT	\$466,631,680	57.24%	5.752%		3.29%			3.29%	
2	S/T DEBT	\$23,386,094	2.87%	2.062%		0.06%			0.06%	
3	ACCTS REC									
3	FINANCING	\$27,214,021	3.34%	2.804%		0.09%			0.09%	
4	C EQUITY	\$298,018,017	36.56%	11.000%	1/	4.02%	1.6801	2/	6.76%	
5	TOTAL	\$815,249,812	100.00%			7.46%			10.20%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2002 - 00169									
2/	Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00			
2	UNCOLLECTIBLE						<u>0.20</u>			
3	INCOME BEFORE STATE TAXES						99.80			
4	LESS : STATE INCOME TAX									
5	(LINE 3 X .0825)						<u>8.23</u>			
6	INCOME BEFORE FED INC TAX						91.57			
7	LESS : FEDERAL INC TAX									
8	(LINE 6 X .35)						<u>32.05</u>			
9	OPERATING INC PERCENTAGE						<u>59.52</u>			
10	GROSS REVENUE CONVERSION									
11	FACTOR (100%/LINE 9)						1.6801			

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.10, Line 9.

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of April 2004

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$1,380,823	
2	Less Accumulated Depreciation	(\$431,838)	
3	Less Accum. Def. Income Taxes	(\$104,277)	
4	Total Rate Base		\$844,708
5	Weighted Average Cost of Capital - ES FORM 3.21	10.8301%	
6	Monthly Weighted Avg. Cost of Capital (LINE.5/12)		0.9025%
7	Monthly Return of Rate Base (4 * 6)		\$7,624
	Operating Expenses :		
8	Monthly Depreciation Expense		\$3,872
9	Monthly Indiana Air Emissions Fee		<u>\$12,500</u>
10	Total Operating Expenses (8 + 9)		<u>\$16,372</u>
11	Total Revenue Requirement, Cost Associated with Rockport (7) + (10)		\$23,996
12	Kentucky Power Portion of Rockport Total Revenue Requirement. Record on ES FORM 3.00, Line 2 (11 * 15%)		\$3,599

With each monthly filing, attach a schedule similar to Exhibit EKW-2, page 11 of 11 (Wagner Direct Testimony in Case No. 96-489), showing the calculation of the Weighted Average Cost of Capital. These calculations should reflect the provisions of the Rockport Unit Power Agreement, and be as of the Current Expense Month.

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of April 2004

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 04/30/2004							
1	L/T DEBT	44,813,057	41.1134%	4.6616%		1.9165%			1.9165%
2	S/T DEBT	17,745,176	16.2802%	1.2436%		0.2025%			0.2025%
3	S/T INV	0	0.0000%	3.6921%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	46,440,407	42.6064%	12.1600%	1/	5.1809%	1.681379	2/	8.7111%
6	TOTAL	<u>108,998,640</u>	<u>100.0000%</u>			<u>7.2999%</u>			<u>10.8301%</u>
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						<u>8.500</u>		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						<u>32.025</u>		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						<u>1.681379</u>		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of April 2004

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$23,432,583	66.9%
2	FERC Wholesale Revenues	\$205,136	0.6%
3	Associated Utilities Revenues	\$4,044,568	11.6%
4	Non-Assoc. Utilities Revenues	\$7,303,138	20.9%
5	Total Revenues for Surcharges Purposes	\$34,985,425	100.0%
6	Non-Physical Revenues for Month	\$485,783	
7	Total Revenues for Month	\$35,471,208	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for February 2004	6.5171%
2	Kentucky Retail Revenues for Current Expense	\$22,032,576
3	Surcharge Collected (1) * (2)	\$1,435,885
4	Surcharge Amount To Be Collected	\$1,852,840
6	Over/(Under) Recovery (3) - (4) - (5)	(\$416,955)

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.