

American Electric Power
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Frankfort, KY 40602-5190
www.aep.com



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

RECEIVED

APR 19 2005

PUBLIC SERVICE
COMMISSION

April 19, 2005

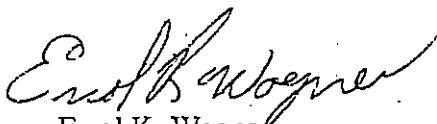
Re: Monthly Environmental Surcharge Report

Dear Ms. O'Donnell

Pursuant to KRS 278.183(3), Kentucky Power Company files herewith an original and five copies of its Environmental Surcharge Report for the month of March 2005. 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 Kentucky Power Company's Environmental Surcharge Factor that will be billed with service on and after April 29, 2005.

ES FORM 3.10 includes Monthly Environmental Equipment Operation and Maintenance Costs (See LINE NO 18) that pertain to the environmental facilities included in the environmental compliance plan per the Order dated April 16, 2004 in Case No. 2004-00081. Also, per the order, attached is an explanation of the March 2005 environmental equipment operation and maintenance costs.

Sincerely,


Errol K. Wagner
Director Regulatory Services

**American Electric Power
Environmental Equipment Operation and Maintenance Costs
March 2005**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Inspection and Maintenance of Ammonia On Demand (AOD) System	\$3,649.29	\$0.00	\$0.00	\$3,649.29
SCR Boiler Outlet Ductwork	\$0.00	\$0.00	\$0.00	\$0.00
SCR Acoustic Sootblower Horns	\$147.90	\$0.00	\$0.00	\$147.90
SCR Instrument & Control	\$2,389.08	\$0.00	\$0.00	\$2,389.08
NOX Monitor Vacuum Pumps - SCR NOX Monitoring	\$160.00	\$0.00	\$0.00	\$160.00
SCR Repair Booster Fans & Motor	\$1,394.26	\$0.00	\$0.00	\$1,394.26
Total SCR March 2005 O & M Expense	\$7,740.53	\$0.00	\$0.00	\$7,740.53
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$0.00
Emission Testing Required Under Permit -				
Operation	\$877.14	\$0.00	\$0.00	\$877.14
Maintenance	\$5,290.60	\$0.00	\$0.00	\$5,290.60
March 2005 O & M Expenses Filed				\$13,908

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of March 2005

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$2,598,537
LINE 2	Brr from ES FORM 2.00	\$15,785
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,582,752
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	61.7%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,593,558
LINE 6	Over/(Under) Recovery Adjustment from ES FORM 3.30	\$184,624
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,778,182
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,778,182
LINE 9	KY Retail R(m) from ES FORM 3.30	\$29,204,488
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	6.0887%

Effective Date for Billing: May 2005

Submitted By : 

Title : Director Regulatory Services

Date Submitted : April 19, 2005

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)		\$10,831
11	Total Revenue Requirement, Costs Associated with Big Sandy (7) + (10) Record on ES FORM 2.00, Line1		\$15,625

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)		\$320
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%
							=====
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement							12.16%
2/ Gross Revenue Conversion Factor (GRCF) Calculation:							
1	OPERATING REVENUE					100.00	
2	LESS: INDIANA AJUSTED GROSS INCOME						
3	(LINE 1 X .0434)					4.340	
4	INCOME BEFORE FED INC TAX					95.660	
5	LESS: FEDERAL INCOME TAX						
6	(LINE 4 X .35)					33.481	
7	OPERATING INCOME PERCENTAGE					62.179	
8	GROSS REVENUE CONVERSION						
9	FACTOR (100% / LINE 7)					1.608260	

AMERICAN ELECTRIC POWER - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of March 2005

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		\$2,594,870
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 12		\$3,667
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO ₂ - EPA Auction Proceeds received during Expense Month 2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO _x - EPA Auction Proceeds received during Expense Month 2) NO _x - EPA Auction Proceeds, received during Expense Month 3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	-----	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	-----	\$2,598,537

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

For the Expense Month of March 2005

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$189,039,418	
2	Less Accumulated Depreciation	(\$18,167,823)	
3	Less Accum. Def. Income Taxes	(\$25,693,214)	
4	Net Utility Plant		\$145,178,381
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$13,441,855
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$0
7	Cash Working Capital Allowance from ES FORM 3.13, Line 11		\$78,171
8	Total Rate Base		\$158,698,407
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)		\$1,348,936
	Operating Expenses :		
12	Monthly Depreciation Expense		\$569,796
13	Monthly Catalyst Amortization Expense		\$46,029
14	Monthly Property Taxes		\$4,744
15	Monthly Kentucky Air Emissions Fee		\$24,732
16	Monthly Gavin Scrubber Cost from ES FORM 3.14		\$271,062
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$13,908
18	Monthly SO2 Emission Allowance Consumption		\$315,663
19	Monthly ERC & NOx Emission Allowance Consumption		\$0
20	Total Operating Expenses [Line 12 thru Line 18]		\$1,245,934
21	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$2,594,870

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

For the Expense Month of March 2005

	(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	228,535	\$0	\$0	\$0.000
Gavin Reallocation	0	41,476	\$0	\$0	\$0.000
P & E Transfers In	0	323,146	\$0	\$4,236,049	\$13.109
Intercompany Purchases	0	19,770	\$0	\$2,933,045	\$148.358
Other (List)	0	408,919	\$0	\$62,576,168	\$153.028
Withdrawals -					
P & E Transfers Out	0	9,038	\$0	\$775,253	\$85.777
Intercompany Sales	0	50,440	\$0	\$4,810,527	\$95.371
Off - System Sales	0	279,822	\$0	\$28,997,112	\$103.627
SO2 Emissions Allowances					
Adjustments	0	34,941	\$0	\$0	\$0.000
SO2 Emissions Allowances					
Consumed By Kentucky Power	6,219	300,797	\$315,663	\$26,406,241	\$87.788
ENDING INVENTORY - Record					
Balance in Column (4) on					
ES FORM 3.10, Line 5		1,101,416		\$13,441,855	\$12.204
Expense Month Member Load Ratio for AEP/Kentucky Power					0.07838

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 March 2005

	(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	13,943	\$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	450	\$0	\$0	0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	0.000
NOx Consumed By Kentucky Power	0	1,083	\$0	\$0	0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		11,480		\$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 transactions 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.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

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

For the Expense Month of March 2005

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$24,732	
2	Monthly Gavin Scrubber Costs	\$271,062	
3	Monthly SO2 Allowance Consumption	<u>\$315,663</u>	
4	Total 1997 Plan O&M Expenses		\$611,457
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$0	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$0	
9	Equipment - Associated Operating Expenses	\$877	
10	Equipment - Associated Maintenance Expenses	<u>\$13,031</u>	
11	Total 2003 Plan O&M Expenses		<u>\$13,908</u>
12	Total Monthly O&M Expenses		<u>\$625,365</u>
13	Cash Working Capital Allowance (Line 10 X 1/8)		\$78,171

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 March 2005

LINE NO.	COST	AMOUNTS
	Operations :	
1	Disposal (5010000)	\$657,862
2	Lime (5020000)	\$2,895,743
3	Lease (5070000)	<u>\$4,176,430</u>
4	Total Operations (1) + (2) + (3)	\$7,730,035
	Maintenance :	
5	Scrubbers (5120000)	\$592,353
6	1/2 of Maintenance (5) * 50%	<u>\$296,177</u>
7	Fixed O&M (4) + (6)	\$8,026,212
	Impact on Weighted Average Capacity Rate :	
8	Ohio Power Steam Capacity (kw)	8,472,000
9	Gavin Scrubber Rate (\$/kw) (7) / (8)	\$0.95
10	Ohio Power Surplus Weighing	78.00%
11	Portion of Weighted Average Capacity Rate Attributed to Gavin Scrubber (\$/kw) (9) * (10)	\$0.74
	Gavin Costs to Kentucky Power :	
12	Gavin Scrubber Portion (\$/kw) (11)	\$0.74
13	Kentucky Power Capacity Deficit (kw)	<u>366,300</u>
14	Scrubber Cost to Kentucky Power (12) * (13)	\$271,062

Total Cost at Line 14 is to be recorded on ES FORM 3.10, Line 16.

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

For the Expense Month of March 2005

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%																																	
<p>WACC = Weighted Average Cost of Capital</p> <p>1/ Rate of Return on Common Equity per Case No. 2002 - 00169</p> <p>2/ Gross Revenue Conversion Factor (GRCF) Calculation:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 5%;">1</td> <td>OPERATING REVENUE</td> <td style="text-align: right;">100.00</td> </tr> <tr> <td>2</td> <td>UNCOLLECTIBLE</td> <td style="text-align: right;"><u>0.20</u></td> </tr> <tr> <td>3</td> <td>INCOME BEFORE STATE TAXES</td> <td style="text-align: right;">99.80</td> </tr> <tr> <td>4</td> <td>LESS : STATE INCOME TAX</td> <td></td> </tr> <tr> <td>5</td> <td>(LINE 3 X .0825)</td> <td style="text-align: right;"><u>8.23</u></td> </tr> <tr> <td>6</td> <td>INCOME BEFORE FED INC TAX</td> <td style="text-align: right;">91.57</td> </tr> <tr> <td>7</td> <td>LESS : FEDERAL INC TAX</td> <td></td> </tr> <tr> <td>8</td> <td>(LINE 6 X .35)</td> <td style="text-align: right;"><u>32.05</u></td> </tr> <tr> <td>9</td> <td>OPERATING INC PERCENTAGE</td> <td style="text-align: right;"><u>59.52</u></td> </tr> <tr> <td>10</td> <td>GROSS REVENUE CONVERSION</td> <td></td> </tr> <tr> <td>11</td> <td>FACTOR (100%/LINE 9)</td> <td style="text-align: right;">1.6801</td> </tr> </table>										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
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The WACC (PRE - TAX) value on Line 5 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 March 2005

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$1,380,823	
2	Less Accumulated Depreciation	(\$475,862)	
3	Less Accum. Def. Income Taxes	(\$108,637)	
4	Total Rate Base		\$796,324
5	Weighted Average Cost of Capital - ES FORM 3.21	11.9015%	
6	Monthly Weighted Avg. Cost of Capital (LINE 5/12)		0.9918%
7	Monthly Return of Rate Base (4 * 6)		\$7,898
	Operating Expenses :		
8	Monthly Depreciation Expense		\$4,051
9	Monthly Indiana Air Emissions Fee		\$12,500
10	Total Operating Expenses (8 + 9)		\$16,551
11	Total Revenue Requirement, Cost Associated with Rockport (7) + (10)		\$24,449
12	Kentucky Power Portion of Rockport Total Revenue Requirement. Record on ES FORM 3.00, Line 2 (11 * 15%)		\$3,667

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 March 2005

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)	
		As of 03/31/2005								
1	L/T DEBT	44,821,089	42.7176%	4.6607%		1.9910%			1.9910%	
2	S/T DEBT	10,439,184	9.9493%	2.3416%		0.2330%			0.2330%	
3	S/T INV	0	0.0000%	4.2226%		0.0000%			0.0000%	
4	DEBT									
5	C EQUITY	49,663,972	47.3331%	12.1600%	1/	5.7557%	1.681379	2/	9.6775%	
6	TOTAL	104,924,245	100.0000%			7.9797%			11.9015%	
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)						8.500			
4	INCOME BEFORE FED INC TAX						91.500			
5	LESS: FEDERAL INCOME TAX									
6	(LINE 4 X .35)						32.025			
7	OPERATING INCOME PERCENTAGE						59.475			
8	GROSS REVENUE CONVERSION									
9	FACTOR (100% / LINE 7)						1.681379			

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 March 2005

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$29,204,488	61.7%
2	FERC Wholesale Revenues	\$317,712	0.7%
3	Associated Utilities Revenues	\$5,158,575	10.9%
4	Non-Assoc. Utilities Revenues	\$12,639,912	26.7%
5	Total Revenues for Surcharges Purposes	\$47,320,687	100.0%
6	Non-Physical Revenues for Month	(\$3,798,708)	
7	Total Revenues for Month	\$43,521,979	

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 January 2005	2.7007%
2	Kentucky Retail Revenues for Current Expense	\$29,696,893
3	Surcharge Collected (1) * (2)	\$802,024
4	Surcharge Amount To Be Collected	\$986,648
6	Over/(Under) Recovery (3) - (4) - (5)	(\$184,624)

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.