

AEP GENERATING COMPANY
ONE RIVERSIDE PLAZA, COLUMBUS, OH 43015
TELEPHONE (614) 223-2656

KENTUCKY POWER COMPANY
17TH ST. & CENTRAL AVE.
ASHLAND, KY 41101

ESTIMATE
08-Mar-04

UNIT 1
POWER BILL - - February, 2004

IN ACCORDANCE WITH POWER AGREEMENT DATED OCTOBER 1, 1984 (AS AMENDED)
ENERGY DELIVERED FOR THE MONTH OF February, 2004
KWH FOR THE MONTH 129,604,000

SUMMARY

TOTAL

Current Month Bill:

Return on Common Equity	218,458
Return on Other Capital	86,892
Total Return	305,350
Fuel	1,579,786
Purchased Power	0
Other Operating Revenues	(2,625)
Other Operation and Maintenance Exp	327,984
Depreciation Expense	483,916
Taxes Other Than Federal Income Tax	40,033
Federal Income Tax	92,990
TOTAL CURRENT UNIT POWER BILL	2,827,434

Prior Month's Adjustment:

Return on Common Equity & Other Capital	0
Fuel Expense	0
Other Expenses	(1,693)

TOTAL PRIOR MONTH'S ADJUSTMENTS (1,693)

TOTAL UNIT POWER BILL 2,825,741

AMOUNTS WILL BE PAID DIRECT FROM GENERAL FUNDS.

DUE DATE - - -

March 19, 2004

CC: S. D. LIGGETT - CANTON
R. L. REED - COLUMBUS
J. E. TOWSLEY - COLUMBUS

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

ESTIMATE
Pg 2 of 18

February, 2004

08-Mar-04

	<u>TOTAL UNIT 1 POWER BILL</u>	<u>KPCO SHARE</u>	<u>I&M SHARE</u>	<u>I&M SHARE</u>
Return on Common Equity	728,193	218,458	509,735	0
Return on Other Capital	289,640	86,892	202,748	0
Total Return	1,017,833	305,350	712,483	0
+ Fuel	5,265,955	1,579,786	3,686,169	0
+ Purchased Power	0	0	0	0
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	0
+ Other Operation and Maintenance Exp	1,093,279	327,984	765,295	0
+ Depreciation Expense	1,613,054	483,916	1,129,138	0
+ Taxes Other Than Federal Income Tax	133,444	40,033	93,411	0
+ Federal and State Income Tax	313,991	92,990	216,977	0
= Total Unit 1 Monthly Power Bill	9,428,806	2,827,434	6,597,348	0
<u>Determination of Federal Income Tax :</u>				
Total Return (Line 3)	1,017,833	305,350	712,483	0
+ Unit 1 Schedule M Adjustments	1,641,118	492,335	1,148,783	0
+ Unit 1 Deferred Federal Income Taxes	(623,756)	(188,334)	(439,446)	0
- Unit 1 Interest Expense Deduction *	289,640	86,892	202,748	0
= Subtotal	1,745,555	522,459	1,219,071	0
x Gross-Up (FIT Rate / 1-FIT Rate)	0.538462	0.538462	0.538462	0.538462
= Unit 1 Current Federal Income Tax	937,747	281,324	656,423	0
+ Unit 1 Def Fed & State Income Taxes	(623,756)	(188,334)	(439,446)	0
= Total Unit 1 Fed&State Income Taxes	313,991	92,990	216,977	0
<u>Proof of Federal Income Tax :</u>				
Total Unit 1 Monthly Power Bill	9,428,806	2,827,434	6,597,348	0
- Operation and Maintenance Expenses	6,359,234	1,907,770	4,451,464	0
- Depreciation Expense	1,613,054	483,916	1,129,138	0
- Taxes Other Than Federal Income Tax	133,444	40,033	93,411	0
- Unit 1 Interest Expense Deduction *	289,640	86,892	202,748	0
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	0
= Pre-Tax Book Income	1,042,184	311,448	726,712	0
+ Unit 1 Schedule M Adjustments	1,641,118	492,335	1,148,783	0
= Unit 1 Taxable Income	2,683,302	803,783	1,875,495	0
x Current Federal Income Tax Rate	35%	35%	35%	35%
= Unit 1 Current Federal Income Tax	937,747	281,324	656,423	0
+ Unit 1 Def Fed & State Income Taxes	(627,780)	(188,334)	(439,446)	0
= Total Unit 1 Fed&State Income Taxes	309,967	92,990	216,977	0

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

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

<u>Line No.</u>		<u>UNIT 1 February, 2004</u>
1	<u>Operating Ratio:</u>	
2	<u>Net In-Service Investment:</u>	
3	Electric Plant In-Service	650,523,598
4	- Accumulated Depreciation	377,763,213
5	+ Materials & Supplies	32,348,494
6	+ Prepayments	0
7	+ Plant Held For Future Use (A/C 105) *	0
8	+ Other Deferred Debits (A/C 186) *	0
9	+ Other Working Capital ***	(9,603,253)
10	+ Unamortized Debt Expense (A/C 181)	4,487,861
11	- Other Deferred Credits (A/C 253)	105,475,422
12	- Accumulated Deferred FIT	39,605,672
13	- Accumulated Deferred ITC	49,310,703
14	Total Net In-Service Investment	105,601,690
15	<u>Non-In-Service Investment - CWIP :</u>	
16	Construction Work In Progress	20,084,004
17	+ Materials & Supplies	0
18	- Accumulated Deferred FIT	0
19	Total Non-In-Service Investment - CWIP	20,084,004
20	<u>Non-In-Service Investment - Other :</u>	
21	Plant Held for Future Use (A/C 105) **	1,140,676
22	+ Other Deferred Debits (A/C 186) **	260,662
23	+ Fuel Inventory Over Allowed Level ****	(2,332,255)
24	Total Non-In-Service Investment - Other	(930,917)
25	Total Investment (Lines 14+19+24)	124,754,777
26	Operating Ratio (Line 14/Line 25)	84.6474%
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)	16.0988%
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)	-0.7462%
29	Total Investment	100.0000%

* 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

**** Includes Rockport 1 and 2

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

<u>Line No.</u>		<u>UNIT 1 February, 2004</u>
1	<u>Net In-Service Investment Ratio:</u>	
2	Unit 1 Net In-Service Investment:	
3	Electric Plant In-Service	588,744,788
4	- Accumulated Depreciation	328,789,820
5	+ Materials & Supplies	17,340,374
6	+ Prepayments	0
7	+ Plant Held For Future Use (A/C 105) *	0
8	+ Other Deferred Debits (A/C 186) *	0
9	+ Other Working Capital **	208,700
10	+ Unamortized Debt Expense (A/C 181)	2,243,931
11	- Other Deferred Credits (A/C 253)	0
12	- Accumulated Deferred FIT	74,500,846
13	- Accumulated Deferred ITC	12,177,604
14	Total Unit 1 Net In-Service Investment	193,069,523
15	Unit 2 Net In-Service Investment:	
16	Electric Plant In-Service	61,778,809
17	- Accumulated Depreciation	48,973,393
18	+ Materials & Supplies	15,008,120
19	+ Prepayments	0
20	+ Plant Held For Future Use (A/C 105) *	0
21	+ Other Deferred Debits (A/C 186) *	0
22	+ Other Working Capital **	(9,811,953)
23	+ Unamortized Debt Expense (A/C 181)	2,243,931
24	- Other Deferred Credits (A/C 253)	105,475,422
25	- Accumulated Deferred FIT	(34,895,174)
26	- Accumulated Deferred ITC	37,133,099
27	Total Unit 2 Net In-Service Investment	(87,467,833)
28	Total Net In-Service Investment	105,601,690
29	<u>Net In-Service Investment Ratio:</u>	
30	Unit 1 (Line 14 / Line 28)	182.8300%
31	Unit 2 (Line 27 / Line 28)	-82.8300%
		100.0000%
	* 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
ROCKPORT POWER BILL
CALCULATION OF COMMON EQUITY
& OTHER CAPITAL RETURNS**

Pg 5 of 18

<u>Line No.</u>	<u>UNIT 1 February, 2004</u>
1	<u>Net Capitalization:</u>
2	Long-Term Debt 44,811,596
3	+ Short-Term Debt 29,020,338
4	+ Preferred Stock 0
5	+ Common Equity 46,433,836
6	- Temporary Cash Investments 0
7	Net Capitalization <u>120,265,770</u>
8	40% of Net Capitalization 48,106,308
9	<u>Return on Common Equity:</u>
10	Lesser of Line 5 or Line 8 46,433,836
11	x Equity Return (Monthly Rate) 1.01333%
12	= Equity Return 470,528
13	x Operating Ratio 84.6474%
14	x Net In-Service Investment Ratio 182.8300%
15	= Subtotal 728,193
16	Excess of Line 5 Over Line 8 0
17	x Weighted Cost of Debt (Monthly Rate) 0.2556%
18	= Return on Equity over 40% of Capitalization 0
19	x Operating Ratio 84.6474%
20	x Net In-Service Investment Ratio 182.8300%
21	= Subtotal 0
22	Unit 1 Return on Equity (Line 15 + Line 21) <u>728,193</u>
23	<u>Return on Other Capital:</u>
24	Long-Term Debt Interest Expense (a/c 427) 165,521
25	+ Short-Term Debt Interest Expense (a/c 430) 21,632
26	+ Other Interest Expense (a/c 428-431) 0
27	- Temporary Cash Investment Income * 0
28	= Net Interest Expense 187,153
29	+ Preferred Stock Dividends (a/c 437) 0
30	= Net Cost of Other Capital 187,153
31	x Operating Ratio 84.6474%
32	x Net In-Service Investment Ratio 182.8300%
33	= Unit 1 Return on Other Capital <u>289,640</u>

* Line 6 x Line 19 from Pg 6 of 18

AEP GENERATING COMPANY
 ROCKPORT POWER BILL
DETERMINATION OF WEIGHTED COST OF DEBT

Pg 6 of 18

<u>Line No.</u>		<u>UNIT 1</u> <u>February, 2004</u>
1	<u>Debt Balances (Prior Month Ending) :</u>	
2	Long-Term Debt	44,811,596
3	+ Short-Term Debt	29,020,338
4	+ Other Debt	0
5	Total Debt Balances (Prior Month Ending)	73,831,934
=====		
6	<u>Weighting of Debt Balances :</u>	
7	Long-Term Debt	60.6941%
8	+ Short-Term Debt	39.3059%
9	+ Other Debt	0.0000%
10	Total Debt Balances	100.0000%
=====		
11	<u>Debt Cost Rates :</u>	
12	Long-Term Debt	4.6617%
13	Short-Term Debt	1.0072%
14	Other Debt	0.0000%
15	<u>Weighted Cost of Debt :</u>	
16	Long-Term Debt	2.8294%
17	+ Short-Term Debt	0.3959%
18	+ Other Debt	0.0000%
19	Total Weighted Cost of Debt	3.2253%
=====		

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

Pg 7 of 18

UNIT 1

<u>Line No.</u>		<u>February, 2004</u>
1	<u>Unit 1 Materials and Supplies:</u>	
2	Fuel Stock - Coal (per Line 23)	10,886,153
3	Fuel Stock Expenses - Undistributed (152)	368,010
4	Fuel Stock - Oil (151.20)	655,381
5	Plant Materials & Operating Supplies	5,430,830
6	Merchandise	0
7	Undistributed Stores Expense	0
8	Total Materials & Supplies	17,340,374
9	<u>Support of Coal Inventory Value:</u>	
10	Actual Coal Inventory (a/c 151.10)	8,553,898
11	+ Equivalent Inventory re: Deferred Return	7,680,661,474
12	= Imputed Coal Inventory	7,689,215,372
13	<u>Coal Inventory W/68 Day Supply Cap</u>	
14	Tons Consumed	2,243,428
15	/ Hours Available *	7142.90
16	= Tons Consumed per Hour	314.08
17	x 24 Hours per Day	24
18	= Tons Consumed Per Day	7537.92
19	x 68 days	68
20	= 68 day Supply (Tons)	512,579
21	x Coal Cost per Ton (151.10 at End of Prior Month)	21.238
22	= 68 day Coal Inventory	10,886,153
23	Lesser of Imputed or Capped Coal Inventory	10,886,153
24	Imputed Inventory Minus Line 23	7,678,329,219
25	<u>Accumulated Deferred Inventory Return - Unit 1 (Memo Item):</u>	
26	Beginning Balance	55,601,293
27	+ Current Month Return on Beginning Balance	405,440
28	+ Current Month Deferral	0
29	- Current Month Recovery	16,936
30	= Ending Balance **	55,989,797

* Excludes Forced Outages, Scheduled Outages, and Curtailments

** May Not Be Less Than Zero

AEP GENERATING COMPANY
ROCKPORT POWER BILL
DETAIL OF OTHER OPERATING REVENUES

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 1 February, 2004</u>
1	450	Forfeited Discounts	0
2	451	Miscellaneous Service Revenues	0
3	453	Sales of Water and Water Power	0
4	454.10	Rent From Electric Property - Associated Companies	0
5	454.20	Rent From Electric Property - Non-Associated Companies	0
6	455	Interdepartmental Rents	0
7	456	Other Electric Revenues	(8,750)
8	411.8	Proceeds/gains From Sale of Emission Allowances	0
9		Total Other Operating Revenues	<hr/> (8,750) <hr/>

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

Pg 9 of 18

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 1 February, 2004</u>
1	500,502-509	Steam Power Generation - Operation	208,221
2	501	Fuel - Operation	5,265,955
3	510-515	Steam Power Generating - Maintenance	645,255
4		Total Steam Power Generation Expenses	6,119,431
5	555-557	Other Power Supply Expenses	1,336
6	560-567.1	Transmission Expenses - Operation	0
7	568-574	Transmission Expenses - Maintenance	0
8		Total Transmission Expenses	0
9	580-589	Distribution Expenses - Operation	0
10	590-598	Distribution Expense - Maintenance	0
11		Total Distribution Expense	0
12	901-905	Customer Accounts Expenses - Operation	0
13	906-910	Customer Service and Informational Expenses - Operation	0
14	911-917	Sales Expenses - Operation	0
15	920-933	Administrative and General Expenses - Operation	231,387
16	935	Administrative and General Expenses - Maintenance	7,081
17		Total Administrative & General Exp.	238,468
18		Total Operation & Maintenance Expenses	6,359,234

AEP GENERATING COMPANY
ROCKPORT POWER BILL
DETAIL OF DEPRECIATION EXPENSE
AND AMORTIZATION EXPENSES

<u>Line</u>	<u>Account</u>	<u>Description</u>	<u>UNIT 1</u>
<u>No.</u>	<u>No.</u>		<u>February, 2004</u>
1	403	Depreciation Expense	1,574,358
2	404	Amortization of Limited-Term Electric Plant	38,696
3	405	Amortization of Other Electric Plant	0
4	406	Amortization of Electric Plant Acquisition Adjustments	0
5	407	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs	0
			<hr/>
6		Total Depreciation Exp. & Amortization	1,613,054
			=====

AEP GENERATING COMPANY
 ROCKPORT POWER BILL Pg 11 of 18
DETAIL OF TAXES OTHER THAN FEDERAL INCOME TAXES

<u>Line</u> <u>No.</u>	<u>Account</u> <u>No.</u>	<u>Description</u>	<u>UNIT 1</u> <u>February, 2004</u>
BS1			
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	106,144
2	409.1	State Income Taxes	27,300
3		Total Taxes Other than FIT	<hr style="border: none; border-top: 1px solid black;"/> 133,444 =====

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

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>TOTAL</u>	<u>KPCO SHARE</u>	<u>I&M SHARE</u>	<u>I&M SHARE</u>
1		<u>Unit 1 Schedule 'M' Adjustments*</u>				
2	N/A	Excess ACRS Over Normalization Base Depreciation	(20,500)	(6,150)	(14,350)	0
3	N/A	Deferred Purchased Power Costs	0	0	0	0
4	N/A	Excess Normalization Base Over Book Depreciation	13,000	3,900	9,100	0
5	N/A	Other Unit 1 Schedule 'M' Adjustments	1,648,618	494,585	1,154,033	0
6		Total Unit 1 Schedule 'M' Adjustments	<u>1,641,118</u>	<u>492,335</u>	<u>1,148,783</u>	<u>0</u>
7		<u>Unit 1 Deferred Federal Income Tax</u>				
8	410.1	Excess ACRS Over Norm. Base Depr. (Line 2 x FIT Rate * -1)	11,200	2,153	5,023	0
9	410.1	Deferred Purchased Power Costs (Line 4 x FIT Rate * -1)	0	0	0	0
10	410.1&411.1	Other Unit 1 Schedule 'M' Adjustments - Utility - Clearing Accounts	0	0	0	0
11	410.1	Feedback of Deferred State Income Taxes	0	0	0	0
12	411.1	Feedback of Accumulated DFIT re: ABFUDC - Unit 1 Negative Amount Denotes Reduction.	(77,746)	(23,324)	(54,422)	0
13	411.1	Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 1	(3,276)	(983)	(2,293)	0
14	411.1	Feedback of Accumulated DFIT re: Other Schedule 'M' Adj.-Utility	(553,934)	(166,180)	(387,754)	0
15		Total Unit 1 Deferred Federal and State Income Tax	<u>(623,756)</u>	<u>(188,334)</u>	<u>(439,446)</u>	<u>0</u>

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

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

Pg 13 of 18

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 1 February, 2004</u>
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	585,252,650
3	102	Electric Plant Purchased	0
4	103	Experimental Elec. Plant Unclassified	0
5	103.1	Electric Plant In Process of Reclassification	0
6	104	Electric Plant Leased to Others	0
7	106	Completed Construction Not Classified	3,492,138
8	114	Electric Plant Acquisition Adjustments	0
9	116	Other Electric Plant Adjustments	0
10	118	Other Utility Plant	0
11		Total Electric Plant In Service	<u>588,744,788</u>
12	105	Plant Held For Future Use	0
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	327,138,496
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	0
16	111	Accumulated Provision for Amortization of Electric Utility Plant	1,651,324
17	115	Accumulated Provision for Amortization of Electric Plant Acquisition Adjustments	0
18	119	Accumulated Provision for Depreciation and Amortization of Other Utility Plant	0
19		Total Accumulated Depreciation	<u>328,789,820</u>
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	11,541,534
22	152	Fuel Stock Expenses - Undistributed	368,010
23	153	Residuals	0
24	154	Plant Materials and Operating Supplies	5,430,830
25	155	Merchandise	0
26	156	Other Materials and Supplies	0
27	163	Stores Expense Undistributed	0
28		Total Materials and Supplies (In-Service Portion)	<u>17,340,374</u>
29	165	Prepayments	0
30	186	Other Deferred Debits	0

AEP GENERATING COMPANY
ROCKPORT POWER BILL Pg 13a of 18
OTHER WORKING CAPITAL, UNAMORTIZED DEBT EXPENSE,
AND OTHER DEFERRED CREDITS

<u>Line</u>	<u>Account</u>	<u>Description *</u>	<u>UNIT 1</u> <u>February, 2004</u>
<u>No.</u>	<u>No.</u>		
1	128	Other Special Funds	0
2	131	Cash	0
3	135	Other Intra Company Adjustments	0
4	143	Accounts Receivable-Miscellaneous	0
5	146	Accounts Receivable-Associated Company	10,638,971
6	171	Interest and Dividends Receivable	0
7	174	Miscellaneous Current and Accrued Assets	0
8	232	Accounts Payable-General	(293,291)
9	234	Accounts Payable-Associated Company	(6,460,218)
10	236	Taxes Accrued	(3,595,224)
11	237	Interest Accrued	(75,938)
12	238	Dividends Declared	0
13	241	Tax Collections Payable	0
14	242	Misc Current and Accrued Liabilities	(5,600)
15		Total Other Working Capital	208,700
			=====
16	181	Unamortized Debt Expense	2,243,931
17	253	Other Deferred Credits	0

* debit <credit>

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

UNIT 1
February, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
31		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
32	190	-Accumulated Deferred Income Taxes	415,666
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	0
34	282	+Accumulated Deferred Income Taxes - Other Property	74,118,249
35	283	+Accumulated Deferred Income Taxes - Other	798,263
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	<u>74,500,846</u>
37	255	+Accumulated Deferred Investment Tax Credits	12,177,604
38	186.50	-Accumulated Deferred Investment Tax Credit	0
39		Total Accumulated Deferred Investment Tax Credits	<u>12,177,604</u>
40		Total Net In-Service Investment - Unit 1	<u>193,069,523</u> =====

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

UNIT 1

February, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	20,084,004
2		MATERIAL AND SUPPLIES	
3	151	Fuel Stock	0
4	152	Fuel Stock Expenses - Undistributed	0
5	153	Residuals	0
6	154	Plant Materials and Operating Supplies	0
7	155	Merchandise	0
8	156	Other Material and Supplies	0
9	163	Stores Expense Undistributed	0
10		Total Material and Supplies (CWIP Portion)	0
11		<u>ACCUMULATED DEFERRED INCOME TAXES</u>	
12	190	-Accumulated Deferred Income Taxes	0
13	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	0
14	282	+Accumulated Deferred Income Taxes - Other Property	0
15	283	+Accumulated Deferred Income Taxes - Other	0
16		Total Accumulated Deferred Income Taxes (CWIP Portion)	0
17		TOTAL NON-IN-SERVICE INVESTMENT - CWIP	20,084,004
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	1,140,676
19	186	Other Deferred Debits	260,662
20	151.10	Fuel Inventory Over Allowed Level *	(2,332,255)
21		Total Non-In-Service Investment - Other	(930,917)
		* INCLUDES ROCKPORT 1 AND 2	
		UNIT 1	(2,332,255)
		UNIT 2	0
		TOTAL	(2,332,255)

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

Pg 16 of 18

**UNIT 1
February, 2004**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
1		<u>COMMON CAPITAL STOCK</u>	
2	201	Common Stock Issued	1,000,000
3	202	Common Stock Subscribed	0
4	203	Common Stock Liability for Conversion	0
5	209	Reduction In Par or Stated Value of Capital Stock	0
6	210	Gain on Resale or Cancellation of Reacquired Capital Stock	0
7	212	Installments Received on Capital Stock	0
8	214	Capital Stock Expense	0
9	217	Reacquired Capital Stock	0
10		Total Common Capital Stock	<u>1,000,000</u>
11		<u>OTHER PAID-IN CAPITAL</u>	
12	207	Premium on Capital Stock	0
13	208	Donations Received from Stockholders	23,434,000
14	211	Miscellaneous Paid-In Capital	0
15	213	Discount on Capital Stock	0
16		Total Other Paid-In Capital	<u>23,434,000</u>
17		<u>RETAINED EARNINGS</u>	
18	215	Appropriated Retained Earnings	0
19	215.1	Appropriated Retained Earnings- Amortization Reserve, Federal	0
20	216	Unappropriated Retained Earnings	21,999,836
21		Total Retained Earnings	<u>21,999,836</u>
22		Total Common Equity	<u>46,433,836</u>
23		<u>PREFERRED CAPITAL STOCK</u>	
24	204	Preferred Stock Issued	0
25	205	Preferred Stock Subscribed	0
26	206	Preferred Stock Liability for Conversion	0
27		Total Preferred Capital Stock	<u>0</u>

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

Pg 17 of 18

UNIT 1
February, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
28		<u>LONG-TERM DEBT</u>	
29	221	Bonds	0
30	222	Reacquired Bonds	0
31	223	Advances from Associated Companies	0
32	224	Other Long-Term Debt	45,000,000
33	225	Unamortized Premium on Long-Term Debt-Credit	0
34	226	Unamortized Discount on Long-Term Debt-Debit	(188,404)
35		Total Long-Term Debt	44,811,596
		<u>SHORT-TERM DEBT</u>	
36	231.02	Notes Payable (Short-Term Debt)	0
37	231.03	Unamortized Discount	0
	233.00	Notes Payable, Assoc Co(Money Pool)	29,020,338
38		Total Short-Term Debt	29,020,338
39		<u>TEMPORARY CASH INVESTMENTS</u>	
40	132	Interest Special Deposits	0
41	133	Dividend Special Deposits	0
42	134	Other Special Deposits	0
43	136, 145	Temporary Cash Investments	0
44		Total Temporary Cash Investments	0
45		NET CAPITALIZATION	120,265,770

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

<u>Line No.</u>		<u>UNIT 1 February, 2004</u>
1	<u>Capitalization Balances (Prior Month Ending) :</u>	
2	Long-Term Debt	44,811,596
3	+ Short-Term Debt	29,020,338
4	+ Preferred Stock	0
5	+ Common Equity	46,433,836
6	- Capitalization Offsets	0
7	Total Capitalization Balances	<hr style="border-top: 1px dashed black;"/> 120,265,770 <hr style="border-top: 3px double black;"/>
8	<u>Weighting of Capitalization Balances :</u>	
9	Long-Term Debt	37.2605%
10	+ Short-Term Debt	24.1302%
11	+ Preferred Stock	0.0000%
12	+ Common Equity	38.6094%
13	- Capitalization Offsets	0.0001%
14	Total Capitalization	<hr style="border-top: 1px dashed black;"/> 100.0000% <hr style="border-top: 3px double black;"/>
15	<u>Capitalization Cost Rates :</u>	
16	Long-Term Debt	4.6617%
17	Short-Term Debt	1.0072%
18	Preferred Stock	0.0000%
19	Common Equity	12.1600%
20	Capitalization Offsets	3.2253%
21	<u>Rate of Return (Net of Tax) :</u>	
22	Long-Term Debt	1.7370%
23	+ Short-Term Debt	0.2430%
24	+ Preferred Stock	0.0000%
25	+ Common Equity	4.6949%
26	- Capitalization Offsets	0.0000%
27	Total Rate of Return (Net of Tax)	<hr style="border-top: 1px dashed black;"/> 6.6749% <hr style="border-top: 3px double black;"/>
28	Weighted Net Cost of Debt	1.9800%
29	+ Pre-Tax Common Equity (Line 25 / .65)	7.2229%
30	= Rate of Return (Pre-Tax)	<hr style="border-top: 1px dashed black;"/> 9.2029% <hr style="border-top: 3px double black;"/>

ROCK PORT OPERATION & MAINTENANCE EXPENSES UNIT 1
50% OWNERSHIP INTEREST OF ROCKPORT PLANT

500	SUPERVISION AND ENGINEERING	42,497
501	FUEL	5,265,955
502	STEAM EXPENSES	33,249
503	STEAM FROM OTHER SOURCES	0
504	STEAM TRANSFERRED - CR	0
505	ELECTRIC EXPENSES	40,408
506	MISC. STEAM POWER EXPENSES	92,025
507	RENTS	41
508	OPERATION SUPPLIES AND EXPENSES	0
509	CARRYING CHARGES - ALLOWANCES	0

TOTAL OPERATION EXPENSE 5,474,176

510	MAINTENANCE SUPER. AND ENGINEERING	41,096
511	MAINTENANCE OF STRUCTURES	24,353
512	MAINTENANCE OF BOILER PLANT	199,249
513	MAINTENANCE OF ELECTRIC PLANT	331,893
514	MAINTENANCE OF MISC. STEAM PLANT	48,665
515	MAINTENANCE NORMALIZING	0

TOTAL MAINTENANCE EXPENSES 645,255

555	PURCHASED POWER	0
556	SYSTEM CONTROL AND LOAD DISPATCHING	0
557	OTHER POWER SUPPLY EXPENSES	1,336

TOTAL OTHER SUPPLY EXPENSES 1,336

AMOUNT MUST BE ZERO

IS FUEL IN BALANCE 0
 ON PAGE 2

NO OF DAYS IN CURRENT MO 29
 NO OF DAYS IN CURRENT YEAR 366
 CURRENT YEAR IS 2004
 CURRENT MONTH IS 2
 THIS BILLING IS FOR MONTH OF February, 2004

A E P GENERATING COMPANY

February, 2004
ESTIMATEROCK PORT OPERATION & MAINTENANCE EXPENSES UNIT 1
50% OWNERSHIP INTEREST OF ROCKPORT PLANT

901	SUPERVISION	0
902	METER READING EXPENSES	0
903	CUSTOMER RECORDS AND COLLECTION EXPENSES	0
904	UNCOLLECTIBLE ACCOUNTS	0
905	MISCELLANEOUS CUSTOMER ACCOUNTS EXPENSES	0
	TOTAL CUSTOMER ACCOUNTS EXPENSES	0
906	CUSTOMER SERVICE AND INFORMATIONAL EXP	0
907	SUPERVISION	0
908	CUSTOMER ASSISTANCE EXPENSES	0
909	INFORMATIONAL AND INSTRUCTIONAL ADVERTISING EXPENSES	0
910	MISCELLANEOUS CUSTOMER SERVICE AND INFORMATIONAL EXPENSES	0
	TOTAL CUSTOMER SERVICES EXPENSES	0
911	SUPERVISION	0
912	DEMONSTRATION AND SELLING EXPENSES	0
913	ADVERTISING EXPENSES	0
916	MISCELLANEOUS SALES EXPENSES (MAJOR)	0
917	SALES EXPENSES (NON-MAJOR)	0
	TOTAL SALES EXPENSES	0
920	ADMIN. & GENERAL SALARIES	49,373
921	OFFICE SUPPLIES AND EXPENSES	8,268
922	ADMINISTRATIVE EXPENSES TRANSF - CR	0
923	OUTSIDE SERVICES	28,753
924	PROPERTY INSURANCE	17,258
925	INJURIES AND DAMAGES	2,956
926	EMPLOYEE PENSIONS AND BENEFITS	96,289
927	FRANCHISE REQUIREMENTS	0
928	REGULATORY COMMISSION	0
929	DUPLICATE CHARGES-CREDIT	0
930	MISCELLANEOUS GENERAL EXPENSES	28,397
931	RENTS	92
933	TRANSPORTATION EXPENSE	0
	TOTAL ADM & GEN EXPENSES OPERATION	231,387
935	MAINTENANCE OF GENERAL PLANT	7,081
	TOTAL ADM & GEN EXPENSES	238,468
	TOTAL AEG OPERATION & MAINTENANCE EXPENSES	6,359,234
	ACCOUNT 40190 TOTAL FOR CROSS FOOT	6,359,234
	-----DIFFERENCE-----	0