

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 2  
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 26,471,000

<u>SUMMARY</u>	<u>TOTAL</u>
Current Month Bill:	
Return on Common Equity	(99,884)
Return on Other Capital	(39,729)
Total Return	(139,613)
Fuel	328,716
Purchased Power	0
Other Operating Revenues	(2,625)
Other Operation and Maintenance Exp	2,373,956
Depreciation Expense	93,173
Taxes Other Than Federal Income Tax	62,874
Federal Income Tax	(51,324)
TOTAL CURRENT UNIT POWER BILL	2,665,157
Prior Month's Adjustment:	
Return on Common Equity & Other Capital	0
Fuel Expense	0
Other Expenses	7,428
TOTAL PRIOR MONTH'S ADJUSTMENTS	7,428
TOTAL UNIT POWER BILL	2,672,585

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

	<u>TOTAL UNIT 2 POWER BILL</u>	<u>KPCO SHARE</u>	<u>I&amp;M SHARE</u>	
Return on Common Equity	(332,948)	(99,884)	(233,064)	
Return on Other Capital	(132,430)	(39,729)	(92,701)	
<b>Total Return</b>	<b>(465,378)</b>	<b>(139,613)</b>	<b>(325,765)</b>	
+ Fuel	1,095,721	328,716	767,005	
+ Purchased Power	0	0	0	
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
+ Other Operation and Maintenance Exp	7,913,187	2,373,956	5,539,231	
+ Depreciation Expense	310,575	93,173	217,402	
+ Taxes Other Than Federal Income Tax	209,582	62,874	146,708	
+ Federal and State Income Tax	(171,079)	(51,324)	(119,755)	
<b>= Total Unit 2 Monthly Power Bill</b>	<b>8,883,858</b>	<b>2,665,157</b>	<b>6,218,701</b>	
<b><u>Determination of Federal Income Tax :</u></b>				
Total Return ( Line 3 )	(465,378)	(139,613)	(325,765)	
+ Unit 2 Schedule M Adjustments	(1,117,182)	(335,155)	(782,027)	
+ Unit 2 Deferred Federal Income Taxes	396,344	118,903	277,441	
- Unit 2 Interest Expense Deduction *	(132,430)	(39,729)	(92,701)	0
<b>= Subtotal</b>	<b>(1,053,786)</b>	<b>(316,135)</b>	<b>(737,650)</b>	
x Gross-Up ( FIT Rate / 1-FIT Rate )	0.538462	0.538462	0.538462	
<b>= Unit 2 Current Federal Income Tax</b>	<b>(567,423)</b>	<b>(170,227)</b>	<b>(397,196)</b>	
+ Unit 2 Def Fed & State Income Taxes	396,344	118,903	277,441	
<b>= Total Unit 2 Fed&amp;State Income Taxes</b>	<b>(171,079)</b>	<b>(51,324)</b>	<b>(119,755)</b>	
<b><u>Proof of Federal Income Tax :</u></b>				
Total Unit 2 Monthly Power Bill	8,883,858	2,665,157	6,218,701	
- Operation and Maintenance Expenses	9,008,908	2,702,672	6,306,236	
- Depreciation Expense	310,575	93,173	217,402	
- Taxes Other Than Federal Income Tax	209,582	62,874	146,708	
- Unit 2 Interest Expense Deduction *	(132,430)	(39,729)	(92,701)	0
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
<b>= Pre-Tax Book Income</b>	<b>(504,027)</b>	<b>(151,208)</b>	<b>(352,819)</b>	
+ Unit 2 Schedule M Adjustments	(1,117,182)	(335,155)	(782,027)	
<b>= Unit 2 Taxable Income</b>	<b>(1,621,209)</b>	<b>(486,363)</b>	<b>(1,134,846)</b>	
x Current Federal Income Tax Rate	35%	35%	35%	
<b>= Unit 2 Current Federal Income Tax</b>	<b>(567,423)</b>	<b>(170,227)</b>	<b>(397,196)</b>	
+ Unit 2 Def Fed & State Income Taxes	396,344	118,903	277,441	
<b>= Total Unit 2 Fed&amp;State Income Taxes</b>	<b>(171,079)</b>	<b>(51,324)</b>	<b>(119,755)</b>	

\* 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 2 February, 2004</u>
1	Operating Ratio:	
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) **	0
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	(2,071,593)
25	Total Investment (Lines 14+19+24)	123,614,101
26	Operating Ratio (Line 14/Line 25)	85.4285%
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)	16.2473%
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)	-1.6758%
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 242	
	**** Includes Rockport 1 and 2	

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

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

<u>Line No.</u>		<u>UNIT 2 February, 2004</u>
1	Net Capitalization:	
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	<hr style="border-top: 1px solid black;"/> 120,265,770 <hr style="border-top: 1px solid black;"/>
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	85.4285%
14	x Net In-Service Investment Ratio	-82.8300%
15	= Subtotal	(332,948)
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	85.4285%
20	x Net In-Service Investment Ratio	-82.8300%
21	= Subtotal	0
22	Unit 2 Return on Equity (Line 15 + Line 21)	<hr style="border-top: 1px solid black;"/> (332,948) <hr style="border-top: 1px solid black;"/>
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	85.4285%
32	x Net In-Service Investment Ratio	-82.8300%
33	= Unit 2 Return on Other Capital	<hr style="border-top: 1px solid black;"/> (132,430) <hr style="border-top: 1px solid black;"/>

\* Line 6 x Line 19 from Pg 6 of 18

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

<u>Line No.</u>		<u>UNIT 2 February, 2004</u>
1	Debt Balances (Prior Month Ending) :	
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 2 MATERIALS AND SUPPLIES**

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<u>Line No.</u>	<u>INCLUDE A/C 431 ON PG 5</u>	<u>UNIT 2 February, 2004</u>
1	Unit 2 Materials and Supplies:	
2	Fuel Stock - Coal (per Line 23)	8,553,898
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	15,008,120
		=====
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	119,200,127
12	= Imputed Coal Inventory	127,754,025
		=====
13	<u>Coal Inventory W/68 Day Supply Cap</u>	
14	Tons Consumed	2,691,431
15	/ Hours Available *	8455.15
16	= Tons Consumed per Hour	318.32
17	x 24 Hours per Day	24
18	= Tons Consumed Per Day	7639.68
19	x 68 days	68
20	= 68 day Supply (Tons)	519,498
21	x Coal Cost per Ton (151.10 at End of Prior Month)	21.238
22	= 68 day Coal Inventory	11,033,099
		=====
23	Lesser of Imputed or Capped Coal Inventory	11,033,099
24	Imputed Inventory Minus Line 23	116,720,926
		=====
25	<u>Accumulated Deferred Inventory Return - Unit 2 (Memo Item):</u>	
26	Beginning Balance	862,905
27	+ Current Month Return on Beginning Balance	6,292
28	+ Current Month Deferral	18,322
29	- Current Month Recovery	0
30	= Ending Balance **	887,519
		=====

\* Excludes Forced Outages, Scheduled Outages, and Curtailments

\*\* May Not Be Less Than Zero

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
DETAIL OF OTHER OPERATING REVENUES

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			UNIT 2
			<u>February, 2004</u>
<u>Line No.</u>	<u>Account No.</u>	<u>Description</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 Emmission Allowances	0
9		Total Other Operating Revenues	----- (8,750) =====



AEP GENERATING COMPANY  
 ROCKPORT POWER BILL Pg 9 of 18  
DETAIL OF OPERATION & MAINTENANCE EXPENSES

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2 February, 2004</u>
1	500,502-509	Steam Power Generation - Operation	5,937,862
2	501	Fuel - Operation	1,095,721
3	510-515	Steam Power Generating - Maintenance	1,735,522
4		Total Steam Power Generation Expenses	8,769,104
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 Expennse - 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	9,008,908

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
DETAIL OF DEPRECIATION & AMORTIZATION EXPENSES

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2 February, 2004</u>
1	403	Depreciation Expense *	244,251
2	404	Amortization of Limited-Term Electric Plant **	66,324
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
6			
		Total Depreciation Exp. & Amortization	310,575 =====

\* Rockport 2 Capitalized Spare Parts book depreciation rate = 3.52%

\* Rockport 2 Associated Equipment (not sold in Sale/Leaseback transaction) book depreciation rate = 3.07 %

\*\* Rockport 2 Leasehold Improvements Amortization rate = 3.03%

AEP GENERATING COMPANY  
ROCKPORT POWER BILL  
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 2</u> <u>February, 2004</u>
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	182,282
2	409.1	State Income Taxes	27,300
3		Total Taxes Other than Federal Income Taxes	<u>209,582</u> =====

**AEP GENERATING COMPANY  
ROCKPORT POWER BILL  
DETAIL OF UNIT 2 SCHEDULE 'M' ADJUSTMENTS  
AND DEFERRED FEDERAL INCOME TAX**

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UNIT 2  
February, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>TOTAL</u>	<u>KPCO SHARE</u>	<u>I&amp;M SHARE</u>
1		Unit 2 Schedule 'M' Adjustments*			
2	N/A	Excess ACRS Over Normalization Base Depreciation	(697,500)	(209,250)	(488,250)
3	N/A	Deferred Purchased Power Costs	0	0	0
4	N/A	Excess Normalization Base Over Book Depreciation	14,000	4,200	9,800
5	N/A	Other Unit 2 Schedule 'M' Adjustments	(433,682)	(130,105)	(303,577)
6		Total Unit 2 Schedule 'M' Adjustments	(1,117,182)	(335,155)	(782,027)
			=====	=====	=====
7		<u>Unit 2 Deferred Federal Income Tax</u>			
8	410.1	Excess ACRS Over Norm. Base Depr. (Line 2 x FIT Rate * -1)	235,331	70,599	164,732
9	410.1	Deferred Purchased Power Costs (Line 4 x FIT Rate * -1)	0	0	0
10	10.1&411.	Other Unit 2 Schedule 'M' Adjustments - Utility - Clearing Accounts	0	0	0
11	410.1	Feedback of State Income Taxes	0	0	0
12	411.1	Feedback of Accumulated DFIT re: ABFUDC - Unit 2 Negative Amount Denotes Reduction.	(2,759)	(828)	(1,931)
13	411.1	Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 2	(231)	(69)	(162)
14	411.1	Feedback of Accumulated DFIT re: Other Schedule 'M' Adj.-Utility	164,003	49,201	114,802
15		Total Unit 2 Deferred Federal and State Income Tax	396,344	118,903	277,441
			=====	=====	=====

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

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
DETAIL OF NET IN-SERVICE INVESTMENT UNIT 2

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UNIT 2  
February, 2004

Line No.	Account No.	Description	
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	58,951,523
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	2,827,287
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	61,778,809
12	105	Plant Held For Future Use	0
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	46,780,535
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	0
16	111	Accumulated Provision for Amortization of Electric Utility Plant	2,192,858
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	48,973,393
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	9,209,279
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)	15,008,120
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>No.</u>	<u>Account</u> <u>No.</u>	<u>Description *</u>	<u>UNIT 2</u> <u>February, 2004</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	10,960,796
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	(6,400,217)
10	236	Taxes Accrued	(2,879,899)
11	237	Interest Accrued	(75,938)
12	238	Dividends Declared	0
13	241	Tax Collections Payable	0
14	242	Misc Current and Accrued Liabilities	(11,123,405)
15		Total Other Working Capital	(9,811,953) =====
16	181	Unamortized Debt Expense	2,243,931
17	253	Other Deferred Credits	105,475,422 =====

\* debit <credit>

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
DETAIL OF NET IN-SERVICE INVESTMENT UNIT 2(Cont'd)

UNIT 2  
February, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
31		ACCUMULATED DEFERRED INCOME TAXES	
32	190	-Accumulated Deferred Income Taxes	42,944,322
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	0
34	282	+Accumulated Deferred Income Taxes - Other Property	7,024,405
35	283	+Accumulated Deferred Income Taxes - Other	1,024,743
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	<u>(34,895,174)</u>
37	255	+Accumulated Deferred Investment Tax Credits	37,133,099
38	186.50	-Accumulated Deferred Investment Tax Credit	0
39		Total Accumulated Deferred Investment Tax Credits	<u>37,133,099</u>
40		Total Net In-Service Investment - Unit 2	<u><u>(87,467,833)</u></u> =====

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

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>February, 2004</u>
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	20,084,004
2		<u>MATERIAL AND SUPPLIES</u>	
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	0
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	(2,071,593)
		* 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

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UNIT 2  
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	1,000,000
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	23,434,000
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	21,999,836
22		Total Common Equity	46,433,836
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	0

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

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UNIT 2  
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 2 February, 2004</u>
1	Capitalization Balances (Prior Month Ending) :
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 120,265,770 =====
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 100.0000% =====
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) 6.6749% =====
28	Weighted Net Cost of Debt 1.9800%
29	+ Pre-Tax Common Equity (Line 25 / .65) 7.2229%
30	= Rate of Return (Pre-Tax) 9.2029% =====

A E P GENERATING COMPANY

February, 2004  
ESTIMATE

**ROCKPORT OPERATION & MAINTENANCE EXPENSES UNIT 2**  
**50% OWNERSHIP INTEREST OF ROCKPORT PLANT**

500	SUPERVISION AND ENGINEERING	43,235
501	FUEL	1,095,721
502	STEAM EXPENSES	39,822
503	STEAM FROM OTHER SOURCES	0
504	STEAM TRANSFERRED - CR	0
505	ELECTRIC EXPENSES	50,463
506	MISC. STEAM POWER EXPENSES	114,047
507	RENTS	5,690,294
508	OPERATION SUPPLIES AND EXPENSES	0
509	CARRYING CHARGES - ALLOWANCES	0

TOTAL OPERATION EXPENSE 7,033,583

510	MAINTENANCE SUPER. AND ENGINEERING	58,030
511	MAINTENANCE OF STRUCTURES	22,504
512	MAINTENANCE OF BOILER PLANT	1,502,388
513	MAINTENANCE OF ELECTRIC PLANT	132,372
514	MAINTENANCE OF MISC. STEAM PLANT	20,228
515	MAINTENANCE NORMALIZING	0

TOTAL MAINTENANCE EXPENSES 1,735,522

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

TOTAL OTHER SUPPLY EXPENSES 1,336

IS FUEL IN BALANCE  
ON PAGE 2

AMOUNT MUST BE ZERO  
0

BE SURE THIS IS CORRECT

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  
ESTIMATEROCKPORT OPERATION & MAINTENANCE EXPENSES UNIT 2  
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	9,008,908
	ACCOUNT 40190 TOTAL FOR CROSS FOOT	9,008,908
	-----DIFFERENCE-----	0