

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

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

ESTIMATE  
 10-Feb-04

UNIT 2  
POWER BILL -- January, 2004

IN ACCORDANCE WITH POWER AGREEMENT DATED OCTOBER 1, 1984 (AS AMENDED)  
 ENERGY DELIVERED FOR THE MONTH OF January, 2004  
 KWH FOR THE MONTH 111,281,000

<u>SUMMARY</u>	<u>TOTAL</u>
Current Month Bill:	
Return on Common Equity	(86,459)
Return on Other Capital	(44,184)
Total Return	(130,643)
Fuel	1,335,717
Purchased Power	0
Other Operating Revenues	(2,625)
Other Operation and Maintenance Exp	1,922,979
Depreciation Expense	90,787
Taxes Other Than Federal Income Tax	69,061
Federal Income Tax	(42,779)
TOTAL CURRENT UNIT POWER BILL	3,242,497
Prior Month's Adjustment:	
Return on Common Equity & Other Capital	0
Fuel Expense	0
Other Expenses	(17,261)
TOTAL PRIOR MONTH'S ADJUSTMENTS	(17,261)
TOTAL UNIT POWER BILL	3,225,236

AMOUNTS WILL BE PAID DIRECT FROM GENERAL FUNDS.

DUE DATE -- February 20, 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**

January, 2004

	<b>TOTAL UNIT 2 POWER BILL</b>	<b>KPCO SHARE</b>	<b>I&amp;M SHARE</b>	
Return on Common Equity	(288,197)	(86,459)	(201,738)	
Return on Other Capital	(147,281)	(44,184)	(103,097)	
<b>Total Return</b>	<b>(435,478)</b>	<b>(130,643)</b>	<b>(304,835)</b>	
+ Fuel	4,452,390	1,335,717	3,116,673	
+ Purchased Power	0	0	0	
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
+ Other Operation and Maintenance Exp	6,409,930	1,922,979	4,486,951	
+ Depreciation Expense	302,622	90,787	211,835	
+ Taxes Other Than Federal Income Tax	230,204	69,061	161,143	
+ Federal and State Income Tax	(142,597)	(42,779)	(99,818)	
<b>= Total Unit 2 Monthly Power Bill</b>	<b>10,808,320</b>	<b>3,242,497</b>	<b>7,565,823</b>	
<b><u>Determination of Federal Income Tax :</u></b>				
Total Return ( Line 3 )	(435,478)	(130,643)	(304,835)	
+ Unit 2 Schedule M Adjustments	(246,646)	(73,994)	(172,652)	
+ Unit 2 Deferred Federal Income Taxes	94,507	28,352	66,155	
- Unit 2 Interest Expense Deduction *	(147,281)	(44,184)	(103,097)	0
<b>= Subtotal</b>	<b>(440,336)</b>	<b>(132,100)</b>	<b>(308,235)</b>	
x Gross-Up ( FIT Rate / 1-FIT Rate )	0.538462	0.538462	0.538462	
<b>= Unit 2 Current Federal Income Tax</b>	<b>(237,104)</b>	<b>(71,131)</b>	<b>(165,973)</b>	
+ Unit 2 Def Fed & State Income Taxes	94,507	28,352	66,155	
<b>= Total Unit 2 Fed&amp;State Income Taxes</b>	<b>(142,597)</b>	<b>(42,779)</b>	<b>(99,818)</b>	
<b><u>Proof of Federal Income Tax :</u></b>				
Total Unit 2 Monthly Power Bill	10,808,320	3,242,497	7,565,823	
- Operation and Maintenance Expenses	10,862,320	3,258,696	7,603,624	
- Depreciation Expense	302,622	90,787	211,835	
- Taxes Other Than Federal Income Tax	230,204	69,061	161,143	
- Unit 2 Interest Expense Deduction *	(147,281)	(44,184)	(103,097)	0
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
<b>= Pre-Tax Book Income</b>	<b>(430,794)</b>	<b>(129,238)</b>	<b>(301,556)</b>	
+ Unit 2 Schedule M Adjustments	(246,646)	(73,994)	(172,652)	
<b>= Unit 2 Taxable Income</b>	<b>(677,440)</b>	<b>(203,232)</b>	<b>(474,208)</b>	
x Current Federal Income Tax Rate	35%	35%	35%	
<b>= Unit 2 Current Federal Income Tax</b>	<b>(237,104)</b>	<b>(71,131)</b>	<b>(165,973)</b>	
+ Unit 2 Def Fed & State Income Taxes	94,507	28,352	66,155	
<b>= Total Unit 2 Fed&amp;State Income Taxes</b>	<b>(142,597)</b>	<b>(42,779)</b>	<b>(99,818)</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 January, 2004</u>
1	Operating Ratio:	
2	<u>Net In-Service Investment:</u>	
3	Electric Plant In-Service	646,567,400
4	- Accumulated Depreciation	377,744,806
5	+ Materials & Supplies	32,864,195
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 ****	(3,605,705)
10	+ Unamortized Debt Expense (A/C 181)	4,524,926
11	- Other Deferred Credits (A/C 253)	105,475,422
12	- Accumulated Deferred FIT	39,833,481
13	- Accumulated Deferred ITC	49,588,612
14	Total Net In-Service Investment	107,708,494
15	<u>Non-In-Service Investment - CWIP :</u>	
16	Construction Work In Progress	24,741,097
17	+ Materials & Supplies	0
18	- Accumulated Deferred FIT	0
19	Total Non-In-Service Investment - CWIP	24,741,097
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) **	523,707
23	+ Fuel Inventory Over Allowed Level ****	(1,282,282)
24	Total Non-In-Service Investment - Other	(758,575)
25	Total Investment (Lines 14+19+24)	131,691,016
26	Operating Ratio (Line 14/Line 25)	81.7888%
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)	18.7872%
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)	-0.5760%
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 January, 2004</u>
1	Net In-Service Investment Ratio:	
2	<u>Unit 2 Net In-Service Investment:</u>	
3	Electric Plant In-Service	59,340,965
4	- Accumulated Depreciation	47,829,002
5	+ Materials & Supplies	15,790,956
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 **	(3,735,929)
10	+ Unamortized Debt Expense (A/C 181)	2,262,463
11	- Other Deferred Credits (A/C 253)	105,475,422
12	- Accumulated Deferred FIT	(35,299,243)
13	- Accumulated Deferred ITC	37,297,264
14	Total Unit 2 Net In-Service Investment	(81,643,990)
15	<u>Unit 1 Net In-Service Investment:</u>	
16	Electric Plant In-Service	587,226,434
17	- Accumulated Depreciation	329,915,804
18	+ Materials & Supplies	17,073,238
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 **	130,225
23	+ Unamortized Debt Expense (A/C 181)	2,262,463
24	- Other Deferred Credits (A/C 253)	0
25	- Accumulated Deferred FIT	75,132,724
26	- Accumulated Deferred ITC	12,291,348
27	Total Unit 1 Net In-Service Investment	189,352,484
28	Total Net In-Service Investment	107,708,494
29	<u>Net In-Service Investment Ratio:</u>	
30	Unit 2 ( Line 14 / Line 28 )	-75.8000%
31	Unit 1 ( Line 27 / Line 28 )	175.8000%
		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**

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<u>Line No.</u>		<u>UNIT 2 January, 2004</u>
1	Net Capitalization:	
2	Long-Term Debt	44,810,866
3	+ Short-Term Debt	36,891,737
4	+ Preferred Stock	0
5	+ Common Equity	45,874,893
6	- Temporary Cash Investments	0
		-----
7	Net Capitalization	127,577,496
		=====
8	40% of Net Capitalization	51,030,998
9	<u>Return on Common Equity:</u>	
10	Lesser of Line 5 or Line 8	45,874,893
11	x Equity Return (Monthly Rate)	1.01333%
12	= Equity Return	464,864
13	x Operating Ratio	81.7888%
14	x Net In-Service Investment Ratio	-75.8000%
15	= Subtotal	(288,197)
16	Excess of Line 5 Over Line 8	0
17	x Weighted Cost of Debt (Monthly Rate)	0.2802%
18	= Return on Equity over 40% of Capitalization	0
19	x Operating Ratio	81.7888%
20	x Net In-Service Investment Ratio	-75.8000%
21	= Subtotal	0
		-----
22	Unit 2 Return on Equity (Line 15 + Line 21)	(288,197)
		=====
23	<u>Return on Other Capital:</u>	
24	Long-Term Debt Interest Expense (a/c 427)	176,936
25	+ Short-Term Debt Interest Expense (a/c 430)	46,732
26	+ Other Interest Expense (a/c 428-431)	13,898
27	- Temporary Cash Investment Income *	0
		-----
28	= Net Interest Expense	237,566
29	+ Preferred Stock Dividends (a/c 437)	0
		-----
30	= Net Cost of Other Capital	237,566
31	x Operating Ratio	81.7888%
32	x Net In-Service Investment Ratio	-75.8000%
33	= Unit 2 Return on Other Capital	(147,281)
		=====

\* 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 January, 2004</u>
1	Debt Balances (Prior Month Ending) :	
2	Long-Term Debt	44,810,866
3	+ Short-Term Debt	36,891,737
4	+ Other Debt	0
5	Total Debt Balances (Prior Month Ending)	<hr style="border-top: 1px dashed black;"/> 81,702,603 =====
6	<u>Weighting of Debt Balances :</u>	
7	Long-Term Debt	54.8463%
8	+ Short-Term Debt	45.1537%
9	+ Other Debt	0.0000%
10	Total Debt Balances	<hr style="border-top: 1px dashed black;"/> 100.0000% =====
11	<u>Debt Cost Rates :</u>	
12	Long-Term Debt	4.6618%
13	Short-Term Debt	1.6627%
14	Other Debt	0.0000%
15	<u>Weighted Cost of Debt :</u>	
16	Long-Term Debt	2.5568%
17	+ Short-Term Debt	0.7508%
18	+ Other Debt	0.0000%
19	Total Weighted Cost of Debt	<hr style="border-top: 1px dashed black;"/> 3.3076% =====

AEP GENERATING COMPANY  
ROCKPORT POWER BILL  
DETERMINATION OF UNIT 2 MATERIALS AND SUPPLIES

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<u>Line</u> <u>No.</u>	<u>INCLUDE A/C 431 ON PG 5</u>	<u>UNIT 2</u> <u>January, 2004</u>
1	Unit 2 Materials and Supplies:	
2	Fuel Stock - Coal (per Line 23)	9,268,132
3	Fuel Stock Expenses - Undistributed (152)	389,266
4	Fuel Stock - Oil (151.20)	715,091
5	Plant Materials & Operating Supplies	5,418,467
6	Merchandise	0
7	Undistributed Stores Expense	0
8	Total Materials & Supplies	15,790,956
		=====
9	<u>Support of Coal Inventory Value:</u>	
10	Actual Coal Inventory (a/c 151.10)	9,268,132
11	+ Equivalent Inventory re: Deferred Return	113,807,448
12	= Imputed Coal Inventory	123,075,580
		-----
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)	20.583
22	= 68 day Coal Inventory	10,692,827
		-----
23	Lesser of Imputed or Capped Coal Inventory	10,692,827
		-----
24	Imputed Inventory Minus Line 23	112,382,753
		=====
25	<u>Accumulated Deferred Inventory Return - Unit 2 (Memo Item):</u>	
26	Beginning Balance	846,296
27	+ Current Month Return on Beginning Balance	6,340
28	+ Current Month Deferral	10,269
29	- Current Month Recovery	0
30	= Ending Balance **	862,905
		=====

\* 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>January, 2004</u>
<u>Line</u> <u>No.</u>	<u>Account</u> <u>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	<hr/> (8,750) <hr/>



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

<u>Line</u> <u>No.</u>	<u>Account</u> <u>No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>January, 2004</u>
1	500,502-509	Steam Power Generation - Operation	5,905,313
2	501	Fuel - Operation	4,452,390
3	510-515	Steam Power Generating - Maintenance	307,804
4		Total Steam Power Generation Expenses	10,665,508
5	555-557	Other Power Supply Expenses	680
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	190,762
16	935	Administrative and General Expenses - Maintenance	5,370
17		Total Administrative & General Exp.	196,132
18		Total Operation & Maintenance Expenses	10,862,320

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

<u>Line</u> <u>No.</u>	<u>Account</u> <u>No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>January, 2004</u>
1	403	Depreciation Expense *	237,371
2	404	Amortization of Limited-Term Electric Plant **	65,251
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	302,622
			<hr/> <hr/>

\* 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>	UNIT 2 <u>January, 2004</u>
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	188,654
2	409.1	State Income Taxes	41,550
3		Total Taxes Other than Federal Income Taxes	<u>230,204</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  
 January, 2004

Line No.	Account No.	Description	TOTAL	KPCO SHARE	I&M SHARE
1		Unit 2 Schedule 'M' Adjustments*			
2	N/A	Excess ACRS Over Normalization Base Depreciation	(50,000)	(15,000)	(35,000)
3	N/A	Deferred Purchased Power Costs	0	0	0
4	N/A	Excess Normalization Base Over Book Depreciation	34,000	10,200	23,800
5	N/A	Other Unit 2 Schedule 'M' Adjustments	(230,646)	(69,194)	(161,452)
6		Total Unit 2 Schedule 'M' Adjustments	(246,646)	(73,994)	(172,652)
			=====	=====	=====
7		<u>Unit 2 Deferred Federal Income Tax</u>			
8	410.1	Excess ACRS Over Norm. Base Depr. (Line 2 x FIT Rate * -1)	21,000	6,300	14,700
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.	(26,486)	(7,946)	(18,540)
13	411.1	Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 2	(230)	(69)	(161)
14	411.1	Feedback of Accumulated DFIT re: Other Schedule 'M' Adj.-Utility	100,223	30,067	70,156
15		Total Unit 2 Deferred Federal and State Income Tax	94,507	28,352	66,155
			=====	=====	=====

\* 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  
January, 2004

Line No.	Account No.	Description	
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	58,878,180
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	462,786
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	59,340,965
12	105	Plant Held For Future Use	0
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	45,690,273
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	0
16	111	Accumulated Provision for Amortization of Electric Utility Plant	2,138,729
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	47,829,002
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	9,983,223
22	152	Fuel Stock Expenses - Undistributed	389,266
23	153	Residuals	0
24	154	Plant Materials and Operating Supplies	5,418,467
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)	15,790,956
29	165	Prepayments	0
30	186	Other Deferred Debits	0

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

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<u>Line</u>	<u>Account</u>	<u>Description *</u>	<u>UNIT 2</u> <u>January, 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	12,534,928
6	171	Interest and Dividends Receivable	0
7	174	Miscellaneous Current and Accrued Assets	0
8	232	Accounts Payable-General	(249,300)
9	234	Accounts Payable-Associated Company	(7,925,414)
10	236	Taxes Accrued	(2,677,214)
11	237	Interest Accrued	(455,625)
12	238	Dividends Declared	0
13	241	Tax Collections Payable	0
14	242	Misc Current and Accrued Liabilities	(4,963,306)
15		Total Other Working Capital	(3,735,929) =====
16	181	Unamortized Debt Expense	2,262,463
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  
January, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
31		ACCUMULATED DEFERRED INCOME TAXES	
32	190	-Accumulated Deferred Income Taxes	43,133,421
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	0
34	282	+Accumulated Deferred Income Taxes - Other Property	6,798,413
35	283	+Accumulated Deferred Income Taxes - Other	1,035,765
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	<u>(35,299,243)</u>
37	255	+Accumulated Deferred Investment Tax Credits	37,297,264
38	186.50	-Accumulated Deferred Investment Tax Credit	0
39		Total Accumulated Deferred Investment Tax Credits	<u>37,297,264</u>
40		Total Net In-Service Investment - Unit 2	<u><u>(81,643,990)</u></u> =====

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
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>January, 2004</u>
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	24,741,097
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	24,741,097
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	0
19	186	Other Deferred Debits	523,707
20	151.10	Fuel Inventory Over Allowed Level *	(1,282,282)
21		Total Non-In-Service Investment - Other	(758,575)
		* INCLUDES ROCKPORT 1 AND 2	
		UNIT 1	(1,282,282)
		UNIT 2	0
		TOTAL	(1,282,282)



AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
DETAIL OF NET CAPITALIZATION

Pg 16 of 18

UNIT 2  
January, 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	21,440,893
21		Total Retained Earnings	21,440,893
22		Total Common Equity	45,874,893
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)

UNIT 2  
January, 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	(189,134)
35		Total Long-Term Debt	44,810,866
		<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)	36,891,737
38		Total Short-Term Debt	36,891,737
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	127,577,496

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

<u>Line No.</u>		<u>UNIT 2</u> <u>January, 2004</u>
1	Capitalization Balances (Prior Month Ending) :	
2	Long-Term Debt	44,810,866
3	+ Short-Term Debt	36,891,737
4	+ Preferred Stock	0
5	+ Common Equity	45,874,893
6	- Capitalization Offsets	0
7	Total Capitalization Balances	127,577,496 =====
8	<u>Weighting of Capitalization Balances :</u>	
9	Long-Term Debt	35.1244%
10	+ Short-Term Debt	28.9171%
11	+ Preferred Stock	0.0000%
12	+ Common Equity	35.9585%
13	- Capitalization Offsets	0.0000%
14	Total Capitalization	100.0000% =====
15	<u>Capitalization Cost Rates :</u>	
16	Long-Term Debt	4.6618%
17	Short-Term Debt	1.6627%
18	Preferred Stock	0.0000%
19	Common Equity	12.1600%
20	Capitalization Offsets	3.3076%
21	<u>Rate of Return (Net of Tax) :</u>	
22	Long-Term Debt	1.6374%
23	+ Short-Term Debt	0.4808%
24	+ Preferred Stock	0.0000%
25	+ Common Equity	4.3726%
26	- Capitalization Offsets	0.0000%
27	Total Rate of Return (Net of Tax)	6.4908% =====
28	Weighted Net Cost of Debt	2.1182%
29	+ Pre-Tax Common Equity (Line 25 / .65)	6.7271%
30	= Rate of Return (Pre-Tax)	8.8453% =====

A E P GENERATING COMPANY

January, 2004  
ESTIMATE

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

500	SUPERVISION AND ENGINEERING	34,355
501	FUEL	4,452,390
502	STEAM EXPENSES	35,289
503	STEAM FROM OTHER SOURCES	0
504	STEAM TRANSFERRED - CR	0
505	ELECTRIC EXPENSES	33,689
506	MISC. STEAM POWER EXPENSES	111,685
507	RENTS	5,690,295
508	OPERATION SUPPLIES AND EXPENSES	0
509	CARRYING CHARGES - ALLOWANCES	0

TOTAL OPERATION EXPENSE 10,357,703

510	MAINTENANCE SUPER. AND ENGINEERING	28,125
511	MAINTENANCE OF STRUCTURES	8,563
512	MAINTENANCE OF BOILER PLANT	242,270
513	MAINTENANCE OF ELECTRIC PLANT	19,591
514	MAINTENANCE OF MISC. STEAM PLANT	9,255
515	MAINTENANCE NORMALIZING	0

TOTAL MAINTENANCE EXPENSES 307,804

555	PURCHASED POWER	0
556	SYSTEM CONTROL AND LOAD DISPATCHING	0
557	OTHER POWER SUPPLY EXPENSES	680

TOTAL OTHER SUPPLY EXPENSES 680

IS FUEL IN BALANCE  
ON PAGE 2

AMOUNT MUST BE ZERO  
0

BE SURE THIS IS CORRECT

NO OF DAYS IN CURRENT MO >	31
NO OF DAYS IN CURRENT YEAR >	366
CURRENT YEAR IS	2004
CURRENT MONTH IS	1
THIS BILLING IS FOR MONTH OF	January, 2004

## A E P GENERATING COMPANY

January, 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	32,618
921	OFFICE SUPPLIES AND EXPENSES	4,485
922	ADMINISTRATIVE EXPENSES TRANSF - CR	0
923	OUTSIDE SERVICES	20,396
924	PROPERTY INSURANCE	17,258
925	INJURIES AND DAMAGES	6,839
926	EMPLOYEE PENSIONS AND BENEFITS	104,245
927	FRANCHISE REQUIREMENTS	0
928	REGULATORY COMMISSION	0
929	DUPLICATE CHARGES-CREDIT	0
930	MISCELLANEOUS GENERAL EXPENSES	4,826
931	RENTS	94
933	TRANSPORTATION EXPENSE	0
	TOTAL ADM & GEN EXPENSES OPERATION	190,762
935	MAINTENANCE OF GENERAL PLANT	5,370
	TOTAL ADM & GEN EXPENSES	196,132
	TOTAL AEG OPERATION & MAINTENANCE EXPENSES	10,862,320
	ACCOUNT 40190 TOTAL FOR CROSS FOOT	10,862,320
	-----DIFFERENCE-----	0