

**AEP GENERATING COMPANY  
ONE RIVERSIDE PLAZA, COLUMBUS, OH 43215  
TELEPHONE (614) 716-3724**

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

**ESTIMATE  
06-Aug-04**

**UNIT 1  
POWER BILL -- July, 2004**

IN ACCORDANCE WITH POWER AGREEMENT DATED OCTOBER 1, 1984 (AS AMENDED)  
ENERGY DELIVERED FOR THE MONTH OF July, 2004  
KWH FOR THE MONTH 129,494,000

| <u>SUMMARY</u>                          | <u>TOTAL</u> |
|---|--------------|
| Current Month Bill:                     |              |
| Return on Common Equity                 | 241,829      |
| Return on Other Capital                 | 113,875      |
| Total Return                            | 355,704      |
| Fuel                                    | 1,787,337    |
| Purchased Power                         | 0            |
| Other Operating Revenues                | (2,625)      |
| Other Operation and Maintenance Exp     | 210,809      |
| Depreciation Expense                    | 489,755      |
| Taxes Other Than Federal Income Tax     | 223,751      |
| Federal Income Tax                      | 111,071      |
| TOTAL CURRENT UNIT POWER BILL           | 3,175,802    |
| Prior Month's Adjustment:               |              |
| Return on Common Equity & Other Capital | 0            |
| Fuel Expense                            | 4,250        |
| Other Expenses                          | (20,212)     |
| TOTAL PRIOR MONTH'S ADJUSTMENTS         | (15,962)     |
| TOTAL UNIT POWER BILL                   | 3,159,840    |

AMOUNTS WILL BE PAID DIRECT FROM GENERAL FUNDS.

DUE DATE --- August 20, 2004

CC: D. CROSS - COLUMBUS  
E. K. WAGNER - KENTUCKY  
D. L. HILLE - FT. WAYNE

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

ESTIMATE  
Pg 2 of 18

July, 2004

06-Aug-04

|  | <u>TOTAL<br/>UNIT 1<br/>POWER BILL</u> | <u>KPCO<br/>SHARE</u> | <u>I&amp;M<br/>SHARE</u> | <u>I&amp;M<br/>SHARE</u> |
|--|--|-----------------------|--------------------------|--------------------------|
| Return on Common Equity                          | 806,098                                | 241,829               | 564,269                  | 0                        |
| Return on Other Capital                          | 379,584                                | 113,875               | 265,709                  | 0                        |
| <b>Total Return</b>                              | <b>1,185,682</b>                       | <b>355,704</b>        | <b>829,978</b>           | <b>0</b>                 |
| + Fuel   | 5,957,791                              | 1,787,337             | 4,170,454                | 0                        |
| + Purchased Power                                | 0                                      | 0                     | 0                        | 0                        |
| - Other Operating Revenues                       | (8,750)                                | (2,625)               | (6,125)                  | 0                        |
| + Other Operation and Maintenance Exp            | 702,696                                | 210,809               | 491,887                  | 0                        |
| + Depreciation Expense                           | 1,632,518                              | 489,755               | 1,142,763                | 0                        |
| + Taxes Other Than Federal Income Tax            | 745,838                                | 223,751               | 522,087                  | 0                        |
| + Federal and State Income Tax                   | 374,261                                | 111,071               | 259,166                  | 0                        |
| <b>= Total Unit 1 Monthly Power Bill</b>         | <b>10,590,036</b>                      | <b>3,175,802</b>      | <b>7,410,210</b>         | <b>0</b>                 |
| <u>Determination of Federal Income Tax :</u>     |  |                       |                          |                          |
| Total Return ( Line 3 )                          | 1,185,682                              | 355,704               | 829,978                  | 0                        |
| + Unit 1 Schedule M Adjustments                  | 1,643,771                              | 493,131               | 1,150,640                | 0                        |
| + Unit 1 Deferred Federal Income Taxes           | (612,775)                              | (185,040)             | (431,759)                | 0                        |
| - Unit 1 Interest Expense Deduction *            | 379,584                                | 113,875               | 265,709                  | 0                        |
| <b>= Subtotal</b>                                | <b>1,837,093</b>                       | <b>549,920</b>        | <b>1,283,149</b>         | <b>0</b>                 |
| x Gross-Up ( FIT Rate / 1-FIT Rate )             | 0.538462                               | 0.538462              | 0.538462                 | 0.538462                 |
| <b>= Unit 1 Current Federal Income Tax</b>       | <b>987,037</b>                         | <b>296,111</b>        | <b>690,926</b>           | <b>0</b>                 |
| + Unit 1 Def Fed & State Income Taxes            | (612,775)                              | (185,040)             | (431,759)                | 0                        |
| <b>= Total Unit 1 Fed&amp;State Income Taxes</b> | <b>374,261</b>                         | <b>111,071</b>        | <b>259,166</b>           | <b>0</b>                 |
| <u>Proof of Federal Income Tax :</u>             |  |                       |                          |                          |
| Total Unit 1 Monthly Power Bill                  | 10,590,036                             | 3,175,802             | 7,410,210                | 0                        |
| - Operation and Maintenance Expenses             | 6,660,487                              | 1,998,146             | 4,662,341                | 0                        |
| - Depreciation Expense                           | 1,632,518                              | 489,755               | 1,142,763                | 0                        |
| - Taxes Other Than Federal Income Tax            | 745,838                                | 223,751               | 522,087                  | 0                        |
| - Unit 1 Interest Expense Deduction *            | 379,584                                | 113,875               | 265,709                  | 0                        |
| - Other Operating Revenues                       | (8,750)                                | (2,625)               | (6,125)                  | 0                        |
| <b>= Pre-Tax Book Income</b>                     | <b>1,180,359</b>                       | <b>352,900</b>        | <b>823,435</b>           | <b>0</b>                 |
| + Unit 1 Schedule M Adjustments                  | 1,643,771                              | 493,131               | 1,150,640                | 0                        |
| <b>= Unit 1 Taxable Income</b>                   | <b>2,824,130</b>                       | <b>846,031</b>        | <b>1,974,075</b>         | <b>0</b>                 |
| x Current Federal Income Tax Rate                | 35%                                    | 35%                   | 35%                      | 35%                      |
| <b>= Unit 1 Current Federal Income Tax</b>       | <b>987,037</b>                         | <b>296,111</b>        | <b>690,926</b>           | <b>0</b>                 |
| + Unit 1 Def Fed & State Income Taxes            | (616,799)                              | (185,040)             | (431,759)                | 0                        |
| <b>= Total Unit 1 Fed&amp;State Income Taxes</b> | <b>370,238</b>                         | <b>111,071</b>        | <b>259,167</b>           | <b>0</b>                 |

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

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
OPERATING RATIO

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| <u>Line</u><br><u>No.</u> |  | <u>UNIT 1</u><br><u>July, 2004</u> |
|---------------------------|--|------------------------------------|
| 1                         | <u>Operating Ratio:</u>  |                                    |
| 2                         | <u>Net In-Service Investment:</u>  |                                    |
| 3                         | Electric Plant In-Service  | 669,247,219                        |
| 4                         | - Accumulated Depreciation   | 381,172,623                        |
| 5                         | + Materials & Supplies   | 36,013,891                         |
| 6                         | + Prepayments  | 21,378                             |
| 7                         | + Plant Held For Future Use (A/C 105) *  | 0                                  |
| 8                         | + Other Deferred Debits (A/C 186) *  | 0                                  |
| 9                         | + Other Working Capital ***  | (6,686,742)                        |
| 10                        | + Unamortized Debt Expense (A/C 181)   | 4,395,201                          |
| 11                        | - Other Deferred Credits (A/C 253)   | 102,689,946                        |
| 12                        | - Accumulated Deferred FIT   | 35,051,542                         |
| 13                        | - Accumulated Deferred ITC   | 47,921,158                         |
| 14                        | Total Net In-Service Investment  | <u>136,155,679</u>                 |
| 15                        | <u>Non-In-Service Investment - CWIP :</u>  |                                    |
| 16                        | Construction Work In Progress  | 5,419,194                          |
| 17                        | + Materials & Supplies   | 0                                  |
| 18                        | - Accumulated Deferred FIT   | 0                                  |
| 19                        | Total Non-In-Service Investment - CWIP   | <u>5,419,194</u>                   |
| 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) **   | 2,138,079                          |
| 23                        | + Fuel Inventory Over Allowed Level ****   | (312,775)                          |
| 24                        | Total Non-In-Service Investment - Other  | <u>2,965,980</u>                   |
| 25                        | Total Investment (Lines 14+19+24)  | <u>144,540,853</u><br>=====        |
| 26                        | Operating Ratio (Line 14/Line 25)  | 94.1988%                           |
| 27                        | Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)   | 3.7492%                            |
| 28                        | Non-In-Service Investment-Other Ratio (Line 24/Line 25)  | 2.0520%                            |
| 29                        | Total Investment   | <u>100.0000%</u><br>=====          |
|                           | * 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**

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| <u>Line No.</u> |  | <u>UNIT 1</u><br><u>July, 2004</u> |
|-----------------|--|------------------------------------|
| 1               | <u>Net In-Service Investment Ratio:</u>  |                                    |
| 2               | Unit 1 Net In-Service Investment:  |                                    |
| 3               | Electric Plant In-Service  | 597,376,598                        |
| 4               | - Accumulated Depreciation   | 327,378,359                        |
| 5               | + Materials & Supplies   | 18,163,333                         |
| 6               | + Prepayments  | 10,689                             |
| 7               | + Plant Held For Future Use (A/C 105) *  | 0                                  |
| 8               | + Other Deferred Debits (A/C 186) *  | 0                                  |
| 9               | + Other Working Capital **   | 35,489,309                         |
| 10              | + Unamortized Debt Expense (A/C 181)   | 2,197,600                          |
| 11              | - Other Deferred Credits (A/C 253)   | 0                                  |
| 12              | - Accumulated Deferred FIT   | 67,952,755                         |
| 13              | - Accumulated Deferred ITC   | 11,608,884                         |
| 14              | Total Unit 1 Net In-Service Investment   | <u>246,297,531</u>                 |
| 15              | Unit 2 Net In-Service Investment:  |                                    |
| 16              | Electric Plant In-Service  | 71,870,621                         |
| 17              | - Accumulated Depreciation   | 53,794,264                         |
| 18              | + Materials & Supplies   | 17,850,558                         |
| 19              | + Prepayments  | 10,689                             |
| 20              | + Plant Held For Future Use (A/C 105) *  | 0                                  |
| 21              | + Other Deferred Debits (A/C 186) *  | 0                                  |
| 22              | + Other Working Capital **   | (42,176,051)                       |
| 23              | + Unamortized Debt Expense (A/C 181)   | 2,197,600                          |
| 24              | - Other Deferred Credits (A/C 253)   | 102,689,946                        |
| 25              | - Accumulated Deferred FIT   | (32,901,213)                       |
| 26              | - Accumulated Deferred ITC   | 36,312,274                         |
| 27              | Total Unit 2 Net In-Service Investment   | <u>(110,141,852)</u>               |
| 28              | Total Net In-Service Investment  | <u>136,155,679</u><br>=====        |
| 29              | <u>Net In-Service Investment Ratio:</u>  |                                    |
| 30              | Unit 1 ( Line 14 / Line 28 )   | 180.8900%                          |
| 31              | Unit 2 ( Line 27 / Line 28 )   | -80.8900%                          |
|                 |  | <u>100.0000%</u><br>=====          |
|                 | * As Permitted By FERC   |                                    |
|                 | ** Accounts 128, 131, 135, 143, 146, 171 and 174,<br>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 1</u><br><u>July, 2004</u>                         |
|-----------------|--|
| 1               | <u>Net Capitalization:</u>                                 |
| 2               | Long-Term Debt 44,815,247                                  |
| 3               | + Short-Term Debt 42,757,551                               |
| 4               | + Preferred Stock 0  |
| 5               | + Common Equity 46,685,012                                 |
| 6               | - Temporary Cash Investments 0                             |
| 7               | Net Capitalization <u>134,257,811</u>                      |
| 8               | 40% of Net Capitalization 53,703,124                       |
| 9               | <u>Return on Common Equity:</u>                            |
| 10              | Lesser of Line 5 or Line 8 46,685,012                      |
| 11              | x Equity Return (Monthly Rate) 1.01333%                    |
| 12              | = Equity Return 473,073                                    |
| 13              | x Operating Ratio 94.1988%                                 |
| 14              | x Net In-Service Investment Ratio 180.8900%                |
| 15              | = Subtotal 806,098   |
| 16              | Excess of Line 5 Over Line 8 0                             |
| 17              | x Weighted Cost of Debt (Monthly Rate) 0.2595%             |
| 18              | = Return on Equity over 40% of Capitalization 0            |
| 19              | x Operating Ratio 94.1988%                                 |
| 20              | x Net In-Service Investment Ratio 180.8900%                |
| 21              | = Subtotal 0   |
| 22              | Unit 1 Return on Equity (Line 15 + Line 21) <u>806,098</u> |
| 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) 47,829        |
| 26              | + Other Interest Expense (a/c 428-431) (1,999)             |
| 27              | - Temporary Cash Investment Income * 0                     |
| 28              | = Net Interest Expense 222,765                             |
| 29              | + Preferred Stock Dividends (a/c 437) 0                    |
| 30              | = Net Cost of Other Capital 222,765                        |
| 31              | x Operating Ratio 94.1988%                                 |
| 32              | x Net In-Service Investment Ratio 180.8900%                |
| 33              | = Unit 1 Return on Other Capital <u>379,584</u>            |
|                 | * Line 6 x Line 19 from Pg 6 of 18                         |

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

| <u>Line<br/>No.</u> |   | <u>UNIT 1<br/>July, 2004</u>                                   |
|---------------------|---|--|
| 1                   | <u>Debt Balances (Prior Month Ending) :</u> |  |
| 2                   | Long-Term Debt                              | 44,815,247   |
| 3                   | + Short-Term Debt                           | 42,757,551   |
| 4                   | + Other Debt                                | 0  |
| 5                   | Total Debt Balances (Prior Month Ending)    | <hr style="border-top: 1px solid black;"/> 87,572,799<br>===== |
| 6                   | <u>Weighting of Debt Balances :</u>         |  |
| 7                   | Long-Term Debt                              | 51.1748%   |
| 8                   | + Short-Term Debt                           | 48.8252%   |
| 9                   | + Other Debt                                | 0.0000%  |
| 10                  | Total Debt Balances                         | <hr style="border-top: 1px solid black;"/> 100.0000%<br>=====  |
| 11                  | <u>Debt Cost Rates :</u>                    |  |
| 12                  | Long-Term Debt                              | 4.6613%  |
| 13                  | Short-Term Debt                             | 1.3882%  |
| 14                  | Other Debt                                  | 0.0000%  |
| 15                  | <u>Weighted Cost of Debt :</u>              |  |
| 16                  | Long-Term Debt                              | 2.3854%  |
| 17                  | + Short-Term Debt                           | 0.6778%  |
| 18                  | + Other Debt                                | 0.0000%  |
| 19                  | Total Weighted Cost of Debt                 | <hr style="border-top: 1px solid black;"/> 3.0632%<br>=====    |

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

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| <u>Line No.</u> | <u>UNIT 1</u>  | <u>July, 2004</u> |
|-----------------|--|-------------------|
| 1               | <u>Unit 1 Materials and Supplies:</u>                              |                   |
| 2               | Fuel Stock - Coal (per Line 23)                                    | 11,133,728        |
| 3               | Fuel Stock Expenses - Undistributed (152)                          | 703,150           |
| 4               | Fuel Stock - Oil (151.20)  | 818,464           |
| 5               | Plant Materials & Operating Supplies                               | 5,507,990         |
| 6               | Merchandise  | 0                 |
| 7               | Undistributed Stores Expense                                       | 0                 |
| 8               | Total Materials & Supplies   | 18,163,333        |
| 9               | <u>Support of Coal Inventory Value:</u>                            |                   |
| 10              | Actual Coal Inventory (a/c 151.10)                                 | 10,820,953        |
| 11              | + Equivalent Inventory re: Deferred Return                         | 8,141,131,070     |
| 12              | = Imputed Coal Inventory   | 8,151,952,023     |
| 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)                 | 21.721            |
| 22              | = 68 day Coal Inventory  | 11,133,728        |
| 23              | Lesser of Imputed or Capped Coal Inventory                         | 11,133,728        |
| 24              | Imputed Inventory Minus Line 23                                    | 8,140,818,295     |
| 25              | <u>Accumulated Deferred Inventory Return - Unit 1 (Memo Item):</u> |                   |
| 26              | Beginning Balance  | 58,215,170        |
| 27              | + Current Month Return on Beginning Balance                        | 419,280           |
| 28              | + Current Month Deferral   | 0                 |
| 29              | - Current Month Recovery   | 2,103             |
| 30              | = Ending Balance **  | 58,632,347        |

\* 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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| <u>Line No.</u> | <u>Account No.</u> | <u>Description</u>  | <u>UNIT 1<br/>July, 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 -<br>Associated Companies     | 0                            |
| 5               | 454.20             | Rent From Electric Property -<br>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                            | <u>(8,750)</u><br>=====      |



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

| <u>Line No.</u> | <u>Account No.</u> | <u>Description</u>                                      | <u>UNIT 1<br/>July, 2004</u> |
|-----------------|--------------------|---|------------------------------|
| 1               | 500,502-509        | Steam Power Generation - Operation                      | 234,126                      |
| 2               | 501                | Fuel - Operation  | 5,957,791                    |
| 3               | 510-515            | Steam Power Generating - Maintenance                    | 261,150                      |
| 4               |                    | Total Steam Power Generation Expenses                   | 6,453,067                    |
| 5               | 555-557            | Other Power Supply Expenses                             | 1,661                        |
| 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 Expenses - Maintenance                     | 0                            |
| 11              |                    | Total Distribution Expenses                             | 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         | 200,719                      |
| 16              | 935                | Administrative and General Expenses - Maintenance       | 5,040                        |
| 17              |                    | Total Administrative & General Exp.                     | 205,759                      |
| 18              |                    | Total Operation & Maintenance Expenses                  | 6,660,487                    |

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

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| <u>Line</u> | <u>Account</u> | <u>Description</u>  | <u>UNIT 1</u>     |
|-------------|----------------|---|-------------------|
| <u>No.</u>  | <u>No.</u>     |   | <u>July, 2004</u> |
| 1           | 403            | Depreciation Expense  | 1,593,128         |
| 2           | 404            | Amortization of Limited-Term Electric<br>Plant                                      | 39,390            |
| 3           | 405            | Amortization of Other Electric Plant  | 0                 |
| 4           | 406            | Amortization of Electric Plant<br>Acquisition Adjustments                           | 0                 |
| 5           | 407            | Amortization of Property Losses,<br>Unrecovered Plant and Regulatory<br>Study Costs | 0                 |
|             |                |   | <hr/>             |
| 6           |                | Total Depreciation Exp. & Amortization  | 1,632,518         |
|             |                |   | <hr/> <hr/>       |

AEP GENERATING COMPANY  
ROCKPORT POWER BILL  
DETAIL OF TAXES OTHER THAN FEDERAL INCOME TAXES

| <u>Line</u><br><u>No.</u> | <u>Account</u><br><u>No.</u> | <u>Description</u>   | <u>UNIT 1</u><br><u>July, 2004</u> |
|---------------------------|------------------------------|--|------------------------------------|
| BS1                       |                              |  |                                    |
| 1                         | 408.1                        | Taxes Other Than Federal Income Taxes,<br>Utility Operating Income | 691,688                            |
| 2                         | 409.1                        | State Income Taxes   | 54,150                             |
| 3                         |                              | Total Taxes Other than FIT   | <u>745,838</u><br>=====            |

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

UNIT 1  
 July, 2004

| Line No. | Account No. | Description  | TOTAL            | KPCO SHARE       | I&M SHARE        | I&M SHARE |
|----------|-------------|--|------------------|------------------|------------------|-----------|
| 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  | 1,651,271        | 495,381          | 1,155,890        | 0         |
| 6        |             | Total Unit 1 Schedule 'M' Adjustments  | <u>1,643,771</u> | <u>493,131</u>   | <u>1,150,640</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<br>Negative Amount Denotes Reduction. | (77,746)         | (23,324)         | (54,422)         | 0         |
| 13       | 411.1       | Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 1                        | (3,277)          | (983)            | (2,294)          | 0         |
| 14       | 411.1       | Feedback of Accumulated DFIT re: Other Schedule 'M' Adj.-Utility                       | (542,952)        | (162,886)        | (380,066)        | 0         |
| 15       |             | Total Unit 1 Deferred Federal and State Income Tax                                     | <u>(612,775)</u> | <u>(185,040)</u> | <u>(431,759)</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<br/>July, 2004</u> |
|-----------------|--------------------|--|------------------------------|
| 1               |                    | <u>ELECTRIC PLANT IN SERVICE</u>   |                              |
| 2               | 101                | Electric Plant In Service  | 588,073,866                  |
| 3               | 102                | Electric Plant Purchased   | 0                            |
| 4               | 103                | Experimental Elec. Plant Unclassified  | 0                            |
| 5               | 103.1              | Electric Plant In Process of<br>Reclassification                                       | 0                            |
| 6               | 104                | Electric Plant Leased to Others  | 0                            |
| 7               | 106                | Completed Construction Not Classified  | 9,302,732                    |
| 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  | 597,376,598                  |
| 12              | 105                | Plant Held For Future Use  | 0                            |
| 13              |                    | <u>ACCUMULATED DEPRECIATION</u>  |                              |
| 14              | 108                | Accumulated Provision for Depreciation<br>of Electric Utility Plant                    | 325,556,665                  |
| 15              | 110                | Accumulated Provision for Depreciation<br>and Amort. of Elec. Utility Plant            | 0                            |
| 16              | 111                | Accumulated Provision for Amortization<br>of Electric Utility Plant                    | 1,821,694                    |
| 17              | 115                | Accumulated Provision for Amortization<br>of Electric Plant Acquisition<br>Adjustments | 0                            |
| 18              | 119                | Accumulated Provision for Depreciation<br>and Amortization of Other Utility<br>Plant   | 0                            |
| 19              |                    | Total Accumulated Depreciation   | 327,378,359                  |
| 20              |                    | <u>MATERIAL AND SUPPLIES</u>   |                              |
| 21              | 151                | Fuel Stock   | 11,952,192                   |
| 22              | 152                | Fuel Stock Expenses - Undistributed  | 703,150                      |
| 23              | 153                | Residuals  | 0                            |
| 24              | 154                | Plant Materials and Operating Supplies   | 5,507,990                    |
| 25              | 155                | Merchandise  | 0                            |
| 26              | 156                | Other Materials and Supplies   | 0                            |
| 27              | 163                | Stores Expense Undistributed   | 0                            |
| 28              |                    | Total Materials and Supplies<br>(In-Service Portion)                                   | 18,163,333                   |
| 29              | 165                | Prepayments  | 10,689                       |
| 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**

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| <u>Line</u> | <u>Account</u> | <u>Description *</u>                     | <u>UNIT 1</u><br><u>July, 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   | 11,836,878                         |
| 6           | 171            | Interest and Dividends Receivable        | 0                                  |
| 7           | 174            | Miscellaneous Current and Accrued Assets | 0                                  |
| 8           | 232            | Accounts Payable-General                 | (448,617)                          |
| 9           | 234            | Accounts Payable-Associated Company      | (6,672,773)                        |
| 10          | 236            | Taxes Accrued                            | (5,621,156)                        |
| 11          | 237            | Interest Accrued                         | (455,625)                          |
| 12          | 238            | Dividends Declared                       | 0                                  |
| 13          | 241            | Tax Collections Payable                  | 0                                  |
| 14          | 242            | Misc Current and Accrued Liabilities     | 36,850,602                         |
| 15          |                | Total Other Working Capital              | <hr/> 35,489,309<br>=====          |
| 16          | 181            | Unamortized Debt Expense                 | <hr/> 2,197,600                    |
| 17          | 253            | Other Deferred Credits                   | <hr/> 0<br>-----                   |

\* debit <credit>

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

| <u>Line No.</u> | <u>Account No.</u> | <u>Description</u>  | <u>UNIT 1</u><br><u>July, 2004</u> |
|-----------------|--------------------|---|------------------------------------|
| 31              |                    | <u>ACCUMULATED DEFERRED INCOME TAXES</u>                                  |                                    |
| 32              | 190                | -Accumulated Deferred Income Taxes  | 3,877,892                          |
| 33              | 281                | +Accumulated Deferred Income Taxes -<br>Accelerated Amortization Property | 0                                  |
| 34              | 282                | +Accumulated Deferred Income Taxes -<br>Other Property                    | 71,083,455                         |
| 35              | 283                | +Accumulated Deferred Income Taxes -<br>Other                             | 747,192                            |
| 36              |                    | Total Accumulated Deferred Income<br>Taxes (In-Service Portion)           | <hr/> 67,952,755 <hr/>             |
| 37              | 255                | +Accumulated Deferred Investment Tax<br>Credits                           | 11,608,884                         |
| 38              | 186.50             | -Accumulated Deferred Investment Tax<br>Credit                            | 0                                  |
| 39              |                    | Total Accumulated Deferred Investment<br>Tax Credits                      | <hr/> 11,608,884 <hr/>             |
| 40              |                    | Total Net In-Service Investment -<br>Unit 1                               | <hr/> 246,297,531 <hr/> <hr/>      |

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 1</u><br><u>July, 2004</u> |
|-----------------|--------------------|---|------------------------------------|
|                 |                    | <u>Non-In-Service Investment - CWIP</u>                                   |                                    |
| 1               | 107                | Construction Work In Process  | 5,419,194                          |
| 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<br>(CWIP Portion)                             | 0                                  |
| 11              |                    | <u>ACCUMULATED DEFERRED INCOME TAXES</u>                                  |                                    |
| 12              | 190                | -Accumulated Deferred Income Taxes  | 0                                  |
| 13              | 281                | +Accumulated Deferred Income Taxes -<br>Accelerated Amortization Property | 0                                  |
| 14              | 282                | +Accumulated Deferred Income Taxes -<br>Other Property                    | 0                                  |
| 15              | 283                | +Accumulated Deferred Income Taxes -<br>Other                             | 0                                  |
| 16              |                    | Total Accumulated Deferred Income<br>Taxes (CWIP Portion)                 | 0                                  |
| 17              |                    | TOTAL NON-IN-SERVICE INVESTMENT -<br>CWIP                                 | 5,419,194                          |
|                 |                    | <u>Non-In-Service Investment - Other</u>                                  |                                    |
| 18              | 105                | Plant Held for Future Use   | 1,140,676                          |
| 19              | 186                | Other Deferred Debits   | 2,138,079                          |
| 20              | 151.10             | Fuel Inventory Over Allowed Level *                                       | (312,775)                          |
| 21              |                    | Total Non-In-Service Investment -<br>Other                                | 2,965,980                          |
|                 |                    | * INCLUDES ROCKPORT 1 AND 2   |                                    |
|                 |                    | UNIT 1  | (312,775)                          |
|                 |                    | UNIT 2  | 0                                  |
|                 |                    | TOTAL   | (312,775)                          |



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

Pg 16 of 18

**UNIT 1  
July, 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<br>of Capital Stock             | 0          |
| 6               | 210                | Gain on Resale or Cancellation of<br>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-<br>Amortization Reserve, Federal | 0          |
| 20              | 216                | Unappropriated Retained Earnings                                 | 22,251,012 |
| 21              |                    | Total Retained Earnings  | 22,251,012 |
| 22              |                    | Total Common Equity  | 46,685,012 |
| 23              |                    | <u>PREFERED CAPITAL STOCK</u>                                    |            |
| 24              | 204                | Preferred Stock Issued   | 0          |
| 25              | 205                | Preferred Stock Subscribed                                       | 0          |
| 26              | 206                | Preferred Stock Liability<br>for Conversion                      | 0          |
| 27              |                    | Total Preferred Capital Stock                                    | 0          |

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

UNIT 1  
July, 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<br>Long-Term Debt-Credit | 0           |
| 34              | 226                | Unamortized Discount on Long-Term<br>Debt-Debit | (184,753)   |
| 35              |                    | Total Long-Term Debt                            | 44,815,247  |
|                 |                    | <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)             | 42,757,551  |
| 38              |                    | Total Short-Term Debt                           | 42,757,551  |
| 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                              | 134,257,811 |

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

| <u>Line No.</u> |   | <u>UNIT 1<br/>July, 2004</u> |
|-----------------|---|------------------------------|
| 1               | <u>Capitalization Balances (Prior Month Ending) :</u> |                              |
| 2               | Long-Term Debt  | 44,815,247                   |
| 3               | + Short-Term Debt                                     | 42,757,551                   |
| 4               | + Preferred Stock                                     | 0                            |
| 5               | + Common Equity                                       | 46,685,012                   |
| 6               | - Capitalization Offsets                              | 0                            |
| 7               | Total Capitalization Balances                         | 134,257,811                  |
|                 |   | =====                        |
| 8               | <u>Weighting of Capitalization Balances :</u>         |                              |
| 9               | Long-Term Debt  | 33.3800%                     |
| 10              | + Short-Term Debt                                     | 31.8473%                     |
| 11              | + Preferred Stock                                     | 0.0000%                      |
| 12              | + Common Equity                                       | 34.7727%                     |
| 13              | - Capitalization Offsets                              | 0.0000%                      |
| 14              | Total Capitalization                                  | 100.0000%                    |
|                 |   | =====                        |
| 15              | <u>Capitalization Cost Rates :</u>                    |                              |
| 16              | Long-Term Debt  | 4.6613%                      |
| 17              | Short-Term Debt                                       | 1.3882%                      |
| 18              | Preferred Stock                                       | 0.0000%                      |
| 19              | Common Equity   | 12.1600%                     |
| 20              | Capitalization Offsets                                | 3.0632%                      |
| 21              | <u>Rate of Return (Net of Tax) :</u>                  |                              |
| 22              | Long-Term Debt  | 1.5560%                      |
| 23              | + Short-Term Debt                                     | 0.4421%                      |
| 24              | + Preferred Stock                                     | 0.0000%                      |
| 25              | + Common Equity                                       | 4.2284%                      |
| 26              | - Capitalization Offsets                              | 0.0000%                      |
| 27              | Total Rate of Return (Net of Tax)                     | 6.2265%                      |
|                 |   | =====                        |
| 28              | Weighted Net Cost of Debt                             | 1.9981%                      |
| 29              | + Pre-Tax Common Equity (Line 25 / .65)               | 6.5052%                      |
| 30              | = Rate of Return (Pre-Tax)                            | 8.5033%                      |
|                 |   | =====                        |

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

|     |                                 |           |
|-----|---------------------------------|-----------|
| 500 | SUPERVISION AND ENGINEERING     | 65,903    |
| 501 | FUEL                            | 5,957,791 |
| 502 | STEAM EXPENSES                  | 33,606    |
| 503 | STEAM FROM OTHER SOURCES        | 0         |
| 504 | STEAM TRANSFERRED - CR          | 0         |
| 505 | ELECTRIC EXPENSES               | 25,213    |
| 506 | MISC. STEAM POWER EXPENSES      | 109,240   |
| 507 | RENTS                           | 164       |
| 508 | OPERATION SUPPLIES AND EXPENSES | 0         |
| 509 | CARRYING CHARGES - ALLOWANCES   | 0         |

TOTAL OPERATION EXPENSE 6,191,917

|     |                                    |         |
|-----|------------------------------------|---------|
| 510 | MAINTENANCE SUPER. AND ENGINEERING | 39,587  |
| 511 | MAINTENANCE OF STRUCTURES          | 10,753  |
| 512 | MAINTENANCE OF BOILER PLANT        | 135,581 |
| 513 | MAINTENANCE OF ELECTRIC PLANT      | 27,702  |
| 514 | MAINTENANCE OF MISC. STEAM PLANT   | 47,527  |
| 515 | MAINTENANCE NORMALIZING            | 0       |

TOTAL MAINTENANCE EXPENSES 261,150

|     |                                     |       |
|-----|-------------------------------------|-------|
| 555 | PURCHASED POWER                     | 0     |
| 556 | SYSTEM CONTROL AND LOAD DISPATCHING | 0     |
| 557 | OTHER POWER SUPPLY EXPENSES         | 1,661 |

TOTAL OTHER SUPPLY EXPENSES 1,661

IS FUEL IN BALANCE  
ON PAGE 2

AMOUNT MUST BE ZERO  
0

|                              |            |
|------------------------------|------------|
| NO OF DAYS IN CURRENT MO     | 31         |
| NO OF DAYS IN CURRENT YEAR   | 366        |
| CURRENT YEAR IS              | 2004       |
| CURRENT MONTH IS             | 7          |
| THIS BILLING IS FOR MONTH OF | July, 2004 |

## A E P GENERATING COMPANY

July, 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<br>ADVERTISING EXPENSES      | 0         |
| 910 | MISCELLANEOUS CUSTOMER SERVICE<br>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                                    | 41,643    |
| 921 | OFFICE SUPPLIES AND EXPENSES                                 | 8,392     |
| 922 | ADMINISTRATIVE EXPENSES TRANSF - CR                          | 0         |
| 923 | OUTSIDE SERVICES   | 96,556    |
| 924 | PROPERTY INSURANCE   | 20,548    |
| 925 | INJURIES AND DAMAGES   | 8,722     |
| 926 | EMPLOYEE PENSIONS AND BENEFITS                               | 20,856    |
| 927 | FRANCHISE REQUIREMENTS                                       | 0         |
| 928 | REGULATORY COMMISSION  | 0         |
| 929 | DUPLICATE CHARGES-CREDIT                                     | 0         |
| 930 | MISCELLANEOUS GENERAL EXPENSES                               | 3,907     |
| 931 | RENTS  | 95        |
| 933 | TRANSPORTATION EXPENSE                                       | 0         |
|     | TOTAL ADM & GEN EXPENSES OPERATION                           | 200,719   |
| 935 | MAINTENANCE OF GENERAL PLANT                                 | 5,040     |
|     | TOTAL ADM & GEN EXPENSES                                     | 205,759   |
|     | TOTAL AEG OPERATION & MAINTENANCE EXPENSES                   | 6,660,487 |
|     | ACCOUNT 40190 TOTAL FOR CROSS FOOT                           | 6,660,487 |
|     | -----DIFFERENCE-----   | 0         |