

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 2
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

125,335,000

SUMMARY

TOTAL

Current Month Bill:

Return on Common Equity	(109,001)
Return on Other Capital	(51,328)
Total Return	<u>(160,329)</u>
Fuel	1,738,878
Purchased Power	0
Other Operating Revenues	(2,625)
Other Operation and Maintenance Exp	1,901,872
Depreciation Expense	105,258
Taxes Other Than Federal Income Tax	245,967
Federal Income Tax	(53,666)

TOTAL CURRENT UNIT POWER BILL

3,775,355
=====

Prior Month's Adjustment:

Return on Common Equity & Other Capital	0
Fuel Expense	(3,492)
Other Expenses	1,652

TOTAL PRIOR MONTH'S ADJUSTMENTS

(1,840)
=====

TOTAL UNIT POWER BILL

3,773,515
=====

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

	TOTAL UNIT 2 POWER BILL	KPCO SHARE	I&M SHARE	
Return on Common Equity	(363,337)	(109,001)	(254,336)	
Return on Other Capital	(171,092)	(51,328)	(119,764)	
Total Return	(534,429)	(160,329)	(374,100)	
+ Fuel	5,796,259	1,738,878	4,057,381	
+ Purchased Power	0	0	0	
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
+ Other Operation and Maintenance Exp	6,339,574	1,901,872	4,437,702	
+ Depreciation Expense	350,859	105,258	245,601	
+ Taxes Other Than Federal Income Tax	819,891	245,967	573,924	
+ Federal and State Income Tax	(178,885)	(53,666)	(125,219)	
= Total Unit 2 Monthly Power Bill	12,584,518	3,775,355	8,809,163	
Determination of Federal Income Tax :				
Total Return (Line 3)	(534,429)	(160,329)	(374,100)	
+ Unit 2 Schedule M Adjustments	(1,114,529)	(334,359)	(780,170)	
+ Unit 2 Deferred Federal Income Taxes	400,978	120,293	280,685	
- Unit 2 Interest Expense Deduction *	(171,092)	(51,328)	(119,764)	0
= Subtotal	(1,076,888)	(323,066)	(753,821)	
x Gross-Up (FIT Rate / 1-FIT Rate)	0.538462	0.538462	0.538462	
= Unit 2 Current Federal Income Tax	(579,863)	(173,959)	(405,904)	
+ Unit 2 Def Fed & State Income Taxes	400,978	120,293	280,685	
= Total Unit 2 Fed&State Income Taxes	(178,885)	(53,666)	(125,219)	
Proof of Federal Income Tax :				
Total Unit 2 Monthly Power Bill	12,584,518	3,775,355	8,809,163	
- Operation and Maintenance Expenses	12,135,833	3,640,750	8,495,083	
- Depreciation Expense	350,859	105,258	245,601	
- Taxes Other Than Federal Income Tax	819,891	245,967	573,924	
- Unit 2 Interest Expense Deduction *	(171,092)	(51,328)	(119,764)	0
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
= Pre-Tax Book Income	(542,222)	(162,667)	(379,555)	
+ Unit 2 Schedule M Adjustments	(1,114,529)	(334,359)	(780,170)	
= Unit 2 Taxable Income	(1,656,751)	(497,026)	(1,159,725)	
x Current Federal Income Tax Rate	35%	35%	35%	
= Unit 2 Current Federal Income Tax	(579,863)	(173,959)	(405,904)	
+ Unit 2 Def Fed & State Income Taxes	400,978	120,293	280,685	
= Total Unit 2 Fed&State Income Taxes	(178,885)	(53,666)	(125,219)	

* 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</u> <u>July, 2004</u>
1	Operating Ratio:	
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	136,155,679
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	5,419,194
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) **	2,138,079
23	+ Fuel Inventory Over Allowed Level ****	(312,775)
24	Total Non-In-Service Investment - Other	1,825,304
25	Total Investment (Lines 14+19+24)	143,400,177
26	Operating Ratio (Line 14/Line 25)	94.9481%
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)	3.7791%
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)	1.2728%
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 July, 2004</u>
1	Net In-Service Investment Ratio:	
2	<u>Unit 2 Net In-Service Investment:</u>	
3	Electric Plant In-Service	71,870,621
4	- Accumulated Depreciation	53,794,264
5	+ Materials & Supplies	17,850,558
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 **	(42,176,051)
10	+ Unamortized Debt Expense (A/C 181)	2,197,600
11	- Other Deferred Credits (A/C 253)	102,689,946
12	- Accumulated Deferred FIT	(32,901,213)
13	- Accumulated Deferred ITC	36,312,274
14	Total Unit 2 Net In-Service Investment	(110,141,852)
15	<u>Unit 1 Net In-Service Investment:</u>	
16	Electric Plant In-Service	597,376,598
17	- Accumulated Depreciation	327,378,359
18	+ Materials & Supplies	18,163,333
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 **	35,489,309
23	+ Unamortized Debt Expense (A/C 181)	2,197,600
24	- Other Deferred Credits (A/C 253)	0
25	- Accumulated Deferred FIT	67,952,755
26	- Accumulated Deferred ITC	11,608,884
27	Total Unit 1 Net In-Service Investment	246,297,531
28	Total Net In-Service Investment	136,155,679
29	<u>Net In-Service Investment Ratio:</u>	
30	Unit 2 (Line 14 / Line 28)	-80.8900%
31	Unit 1 (Line 27 / Line 28)	180.8900%
		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

Line <u>No.</u>	UNIT 2 <u>July, 2004</u>
1	Net Capitalization:
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 134,257,811
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 94.9481%
14	x Net In-Service Investment Ratio -80.8900%
15	= Subtotal (363,337)
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 94.9481%
20	x Net In-Service Investment Ratio -80.8900%
21	= Subtotal 0
22	Unit 2 Return on Equity (Line 15 + Line 21) (363,337)
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 94.9481%
32	x Net In-Service Investment Ratio -80.8900%
33	= Unit 2 Return on Other Capital (171,092)

* Line 6 x Line 19 from Pg 6 of 18

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

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<u>Line No.</u>		<u>UNIT 2</u> <u>July, 2004</u>
1	Debt Balances (Prior Month Ending) :	
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)	87,572,799 =====
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	100.0000% =====
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	3.0632% =====

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

<u>Line</u> <u>No.</u>	<u>INCLUDE A/C 431 ON PG 5</u>	<u>UNIT 2</u> <u>July, 2004</u>
1	Unit 2 Materials and Supplies:	
2	Fuel Stock - Coal (per Line 23)	10,820,953
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	17,850,558
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	90,336,014
12	= Imputed Coal Inventory	101,156,967
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)	21.721
22	= 68 day Coal Inventory	11,284,016
23	Lesser of Imputed or Capped Coal Inventory	11,284,016
24	Imputed Inventory Minus Line 23	89,872,951
25	<u>Accumulated Deferred Inventory Return - Unit 2 (Memo Item):</u>	=====
26	Beginning Balance	645,970
27	+ Current Month Return on Beginning Balance	4,852
28	+ Current Month Deferral	3,043
29	- Current Month Recovery	0
30	= Ending Balance **	653,665

* Excludes Forced Outages, Scheduled Outages, and Curtailments
 ** May Not Be Less Than Zero

AEP GENERATING COMPANY
 ROCKPORT POWER BILL
DETAIL OF OTHER OPERATING REVENUES

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>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 - 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 style="width: 100%;"/> (8,750) <hr style="width: 100%;"/>

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

			UNIT 2
			<u>July, 2004</u>
<u>Line</u>	<u>Account</u>	<u>Description</u>	
<u>No.</u>	<u>No.</u>		
1	500,502-509	Steam Power Generation - Operation	5,922,252
2	501	Fuel - Operation	5,796,259
3	510-515	Steam Power Generating - Maintenance	209,788
4		Total Steam Power Generation Expenses	<u>11,928,299</u>
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	<u>0</u>
9	580-589	Distribution Expenses - Operation	0
10	590-598	Distribution Expense - Maintenance	0
11		Total Distribution Expense	<u>0</u>
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	200,833
16	935	Administrative and General Expenses - Maintenance	5,040
17		Total Administrative & General Exp.	<u>205,873</u>
18		Total Operation & Maintenance Expenses	<u>12,135,833</u> =====

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>July, 2004</u>
1	403	Depreciation Expense *	271,035
2	404	Amortization of Limited-Term Electric Plant **	79,823
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	350,859 =====

* 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

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<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2 July, 2004</u>
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	765,741
2	409.1	State Income Taxes	54,150
3		Total Taxes Other than Federal Income Taxes	<u>819,891</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
 July, 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	(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	(431,029)	(129,309)	(301,720)
6		Total Unit 2 Schedule 'M' Adjustments	(1,114,529)	(334,359)	(780,170)
			=====	=====	=====
7		<u>Unit 2 Deferred Federal Income Tax</u>			
8	410.1	Excess ACRS Over Norm. Base Depr. (Line 2 x FIT Rate * -1)	248,150	74,445	173,705
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.	(9,356)	(2,807)	(6,549)
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	162,414	48,724	113,690
15		Total Unit 2 Deferred Federal and State Income Tax	400,978	120,293	280,685
			=====	=====	=====

* 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
July, 2004**

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	60,005,574
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	11,865,047
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	71,870,621
12	105	Plant Held For Future Use	0
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	51,241,282
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	0
16	111	Accumulated Provision for Amortization of Electric Utility Plant	2,552,981
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	53,794,264
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	11,639,418
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 (In-Service Portion)	17,850,558
29	165	Prepayments	10,689
30	186	Other Deferred Debits	0

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

<u>Line</u>	<u>Account</u>	<u>Description *</u>	<u>UNIT 2</u>
<u>No.</u>	<u>No.</u>		<u>July, 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	12,158,703
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	(6,612,771)
10	236	Taxes Accrued	(4,905,832)
11	237	Interest Accrued	(455,625)
12	238	Dividends Declared	0
13	241	Tax Collections Payable	0
14	242	Misc Current and Accrued Liabilities	(41,911,909)
15		Total Other Working Capital	(42,176,051) =====
16	181	Unamortized Debt Expense	2,197,600
17	253	Other Deferred Credits	102,689,946 -----
		debit <credit>	

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

UNIT 2
July, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
31		ACCUMULATED DEFERRED INCOME TAXES	
32	190	-Accumulated Deferred Income Taxes	42,005,112
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	0
34	282	+Accumulated Deferred Income Taxes - Other Property	8,135,233
35	283	+Accumulated Deferred Income Taxes - Other	968,666
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	(32,901,213)
37	255	+Accumulated Deferred Investment Tax Credits	36,312,274
38	186.50	-Accumulated Deferred Investment Tax Credit	0
39		Total Accumulated Deferred Investment Tax Credits	36,312,274
40		Total Net In-Service Investment - Unit 2	(110,141,852)

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

UNIT 2
July, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	5,419,194
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	5,419,194
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	0
19	186	Other Deferred Debits	2,138,079
20	151.10	Fuel Inventory Over Allowed Level *	(312,775)
21		Total Non-In-Service Investment - Other	1,825,304
		* 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

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UNIT 2
July, 2004

<u>Line</u> <u>No.</u>	<u>Account</u> <u>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	22,251,012
21		Total Retained Earnings	22,251,012
22		Total Common Equity	46,685,012
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
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 Long-Term Debt-Credit	0
34	226	Unamortized Discount on Long-Term 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 2</u> <u>July, 2004</u>
1	Capitalization Balances (Prior Month Ending) :	
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%
		=====

A E P GENERATING COMPANY .

July, 2004
ESTIMATE

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

500	SUPERVISION AND ENGINEERING	65,244
501	FUEL	5,796,259
502	STEAM EXPENSES	32,329
503	STEAM FROM OTHER SOURCES	0
504	STEAM TRANSFERRED - CR	0
505	ELECTRIC EXPENSES	25,022
506	MISC. STEAM POWER EXPENSES	109,240
507	RENTS	5,690,417
508	OPERATION SUPPLIES AND EXPENSES	0
509	CARRYING CHARGES - ALLOWANCES	0

TOTAL OPERATION EXPENSE 11,718,511

510	MAINTENANCE SUPER. AND ENGINEERING	47,566
511	MAINTENANCE OF STRUCTURES	3,468
512	MAINTENANCE OF BOILER PLANT	89,204
513	MAINTENANCE OF ELECTRIC PLANT	28,191
514	MAINTENANCE OF MISC. STEAM PLANT	41,359
515	MAINTENANCE NORMALIZING	0

TOTAL MAINTENANCE EXPENSES 209,788

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

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	7
THIS BILLING IS FOR MONTH OF	July, 2004

A E P GENERATING COMPANY

July, 2004
ESTIMATE

ROCKPORT 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	41,757
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	200,833
935	MAINTENANCE OF GENERAL PLANT	5,040
	TOTAL ADM & GEN EXPENSES	205,873
	TOTAL AEG OPERATION & MAINTENANCE EXPENSES	12,135,833
	ACCOUNT 40190 TOTAL FOR CROSS FOOT	12,135,833
	-----DIFFERENCE-----	0