

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

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

**ESTIMATE
09-Jul-04**

**UNIT 2
POWER BILL - - June, 2004**

IN ACCORDANCE WITH POWER AGREEMENT DATED OCTOBER 1, 1984 (AS AMENDED)
ENERGY DELIVERED FOR THE MONTH OF June, 2004
KWH FOR THE MONTH 120,003,000

<u>SUMMARY</u>	<u>TOTAL</u>
Current Month Bill:	
Return on Common Equity	(133,064)
Return on Other Capital	(66,107)
Total Return	(199,171)
Fuel	1,521,099
Purchased Power	0
Other Operating Revenues	(2,625)
Other Operation and Maintenance Exp	1,959,156
Depreciation Expense	94,655
Taxes Other Than Federal Income Tax	68,011
Federal Income Tax	(67,584)
TOTAL CURRENT UNIT POWER BILL	3,373,541
Prior Month's Adjustment:	
Return on Common Equity & Other Capital	(988)
Fuel Expense	0
Other Expenses	(4,845)
TOTAL PRIOR MONTH'S ADJUSTMENTS	(5,833)
TOTAL UNIT POWER BILL	3,367,708

AMOUNTS WILL BE PAID DIRECT FROM GENERAL FUNDS.

DUE DATE - - July 22, 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**

June, 2004

	<u>TOTAL UNIT 2 POWER BILL</u>	<u>KPCO SHARE</u>	<u>I&M SHARE</u>	
Return on Common Equity	(443,548)	(133,064)	(310,484)	
Return on Other Capital	(220,357)	(66,107)	(154,250)	
Total Return	(663,905)	(199,171)	(464,734)	
+ Fuel	5,070,331	1,521,099	3,549,232	
+ Purchased Power	0	0	0	
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
+ Other Operation and Maintenance Exp	6,530,519	1,959,156	4,571,363	
+ Depreciation Expense	315,517	94,655	220,862	
+ Taxes Other Than Federal Income Tax	226,703	68,011	158,692	
+ Federal and State Income Tax	(225,283)	(67,584)	(157,699)	
= Total Unit 2 Monthly Power Bill	11,245,133	3,373,541	7,871,592	
<u>Determination of Federal Income Tax :</u>				
Total Return (Line 3)	(663,905)	(199,171)	(464,734)	
+ Unit 2 Schedule M Adjustments	(1,100,022)	(330,007)	(770,015)	
+ Unit 2 Deferred Federal Income Taxes	387,226	116,168	271,058	
- Unit 2 Interest Expense Deduction *	(239,183)	(71,755)	(167,428)	0
= Subtotal	(1,137,518)	(341,254)	(796,263)	
x Gross-Up (FIT Rate / 1-FIT Rate)	0.538462	0.538462	0.538462	
= Unit 2 Current Federal Income Tax	(612,509)	(183,752)	(428,757)	
+ Unit 2 Def Fed & State Income Taxes	387,226	116,168	271,058	
= Total Unit 2 Fed&State Income Taxes	(225,283)	(67,584)	(157,699)	
<u>Proof of Federal Income Tax :</u>				
Total Unit 2 Monthly Power Bill	11,245,133	3,373,541	7,871,592	
- Operation and Maintenance Expenses	11,600,850	3,480,255	8,120,595	
- Depreciation Expense	315,517	94,655	220,862	
- Taxes Other Than Federal Income Tax	226,703	68,011	158,692	
- Unit 2 Interest Expense Deduction *	(239,183)	(71,755)	(167,428)	0
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
= Pre-Tax Book Income	(650,005)	(195,000)	(455,005)	
+ Unit 2 Schedule M Adjustments	(1,100,022)	(330,007)	(770,015)	
= Unit 2 Taxable Income	(1,750,027)	(525,007)	(1,225,020)	
x Current Federal Income Tax Rate	35%	35%	35%	
= Unit 2 Current Federal Income Tax	(612,509)	(183,752)	(428,757)	
+ Unit 2 Def Fed & State Income Taxes	387,226	116,168	271,058	
= Total Unit 2 Fed&State Income Taxes	(225,283)	(67,584)	(157,699)	

* 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>June, 2004</u>
1	Operating Ratio:	
2	<u>Net In-Service Investment:</u>	
3	Electric Plant In-Service	655,113,207
4	- Accumulated Depreciation	381,013,961
5	+ Materials & Supplies	36,048,998
6	+ Prepayments	24,941
7	+ Plant Held For Future Use (A/C 105) *	0
8	+ Other Deferred Debits (A/C 186) *	0
9	+ Other Working Capital ***	(43,272,253)
10	+ Unamortized Debt Expense (A/C 181)	4,413,733
11	- Other Deferred Credits (A/C 253)	103,154,192
12	- Accumulated Deferred FIT	35,260,958
13	- Accumulated Deferred ITC	48,199,067
14	Total Net In-Service Investment	84,700,448
15	<u>Non-In-Service Investment - CWIP :</u>	
16	Construction Work In Progress	19,642,925
17	+ Materials & Supplies	0
18	- Accumulated Deferred FIT	0
19	Total Non-In-Service Investment - CWIP	19,642,925
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) **	2,407,272
23	+ Fuel Inventory Over Allowed Level ****	19,405,974
24	Total Non-In-Service Investment - Other	21,813,246
25	Total Investment (Lines 14+19+24)	126,156,620
26	Operating Ratio (Line 14/Line 25)	67.1391%
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)	15.5703%
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)	17.2906%
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**

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<u>Line No.</u>	<u>UNIT 2 June, 2004</u>
1	Net In-Service Investment Ratio:
2	<u>Unit 2 Net In-Service Investment:</u>
3	Electric Plant In-Service 63,330,504
4	- Accumulated Depreciation 50,701,056
5	+ Materials & Supplies 18,098,041
6	+ Prepayments 12,471
7	+ Plant Held For Future Use (A/C 105) * 0
8	+ Other Deferred Debits (A/C 186) * 0
9	+ Other Working Capital ** (57,391,557)
10	+ Unamortized Debt Expense (A/C 181) 2,206,866
11	- Other Deferred Credits (A/C 253) 103,154,192
12	- Accumulated Deferred FIT (33,296,681)
13	- Accumulated Deferred ITC 36,476,439
14	Total Unit 2 Net In-Service Investment <u>(130,778,681)</u>
15	<u>Unit 1 Net In-Service Investment:</u>
16	Electric Plant In-Service 591,782,704
17	- Accumulated Depreciation 330,312,905
18	+ Materials & Supplies 17,950,957
19	+ Prepayments 12,471
20	+ Plant Held For Future Use (A/C 105) * 0
21	+ Other Deferred Debits (A/C 186) * 0
22	+ Other Working Capital ** 14,119,304
23	+ Unamortized Debt Expense (A/C 181) 2,206,866
24	- Other Deferred Credits (A/C 253) 0
25	- Accumulated Deferred FIT 68,557,639
26	- Accumulated Deferred ITC 11,722,628
27	Total Unit 1 Net In-Service Investment <u>215,479,129</u>
28	Total Net In-Service Investment <u>84,700,448</u> =====
29	<u>Net In-Service Investment Ratio:</u>
30	Unit 2 (Line 14 / Line 28) -154.4000%
31	Unit 1 (Line 27 / Line 28) 254.4000%
	<u>100.0000%</u> =====
	* As Permitted By FERC
	** Accounts 128, 131, 135, 143, 146, 171 and 174, Less Accounts 232-234, 236, 237, 238, 241 and 242

AEP GENERATING COMPANY
 ROCKPORT POWER BILL
CALCULATION OF COMMON EQUITY & OTHER CAPITAL RETURNS

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<u>Line</u> <u>No.</u>		UNIT 2 <u>June, 2004</u>
1	Net Capitalization:	
2	Long-Term Debt	44,814,517
3	+ Short-Term Debt	10,391,821
4	+ Preferred Stock	0
5	+ Common Equity	45,874,893
6	- Temporary Cash Investments	0
7	Net Capitalization	101,081,231
8	40% of Net Capitalization	40,432,492
9	<u>Return on Common Equity:</u>	
10	Lesser of Line 5 or Line 8	40,432,492
11	x Equity Return (Monthly Rate)	1.01333%
12	= Equity Return	409,715
13	x Operating Ratio	67.1391%
14	x Net In-Service Investment Ratio	-154.4000%
15	= Subtotal	(424,722)
16	Excess of Line 5 Over Line 8	5,442,401
17	x Weighted Cost of Debt (Monthly Rate)	0.3337%
18	= Return on Equity over 40% of Capitalization	18,161
19	x Operating Ratio	67.1391%
20	x Net In-Service Investment Ratio	-154.4000%
21	= Subtotal	(18,826)
22	Unit 2 Return on Equity (Line 15 + Line 21)	(443,548)
23	<u>Return on Other Capital:</u>	
24	Long-Term Debt Interest Expense (a/c 427)	171,229
25	+ Short-Term Debt Interest Expense (a/c 430)	56,443
26	+ Other Interest Expense (a/c 428-431)	(15,102)
27	- Temporary Cash Investment Income *	0
28	= Net Interest Expense	212,571
29	+ Preferred Stock Dividends (a/c 437)	0
30	= Net Cost of Other Capital	212,571
31	x Operating Ratio	67.1391%
32	x Net In-Service Investment Ratio	-154.4000%
33	= Unit 2 Return on Other Capital	(220,357)

* 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</u> <u>No.</u>		UNIT 2 <u>June, 2004</u>
1	Debt Balances (Prior Month Ending) :	
2	Long-Term Debt	44,814,517
3	+ Short-Term Debt	10,391,821
4	+ Other Debt	0
5	Total Debt Balances (Prior Month Ending)	<hr style="border-top: 1px dashed black;"/> 55,206,338 <hr style="border-top: 1px dashed black;"/>
6	<u>Weighting of Debt Balances :</u>	
7	Long-Term Debt	81.1764%
8	+ Short-Term Debt	18.8236%
9	+ Other Debt	0.0000%
10	Total Debt Balances	<hr style="border-top: 1px dashed black;"/> 100.0000% <hr style="border-top: 1px dashed black;"/>
11	<u>Debt Cost Rates :</u>	
12	Long-Term Debt	4.6614%
13	Short-Term Debt	1.5240%
14	Other Debt	0.0000%
15	<u>Weighted Cost of Debt :</u>	
16	Long-Term Debt	3.7840%
17	+ Short-Term Debt	0.2869%
18	+ Other Debt	0.0000%
19	Total Weighted Cost of Debt	<hr style="border-top: 1px dashed black;"/> 4.0709% <hr style="border-top: 1px dashed black;"/>

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

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<u>Line No.</u>	<u>INCLUDE A/C 431 ON PG 5</u>	<u>UNIT 2 June, 2004</u>
1	Unit 2 Materials and Supplies:	
2	Fuel Stock - Coal (per Line 23)	11,043,488
3	Fuel Stock Expenses - Undistributed (152)	728,211
4	Fuel Stock - Oil (151.20)	871,109
5	Plant Materials & Operating Supplies	5,455,232
6	Merchandise	0
7	Undistributed Stores Expense	0
8	Total Materials & Supplies	18,098,041
9	<u>Support of Coal Inventory Value:</u>	
10	Actual Coal Inventory (a/c 151.10)	20,672,933
11	+ Equivalent Inventory re: Deferred Return	0
12	= Imputed Coal Inventory	20,672,933
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)	21.258
22	= 68 day Coal Inventory	11,043,488
23	Lesser of Imputed or Capped Coal Inventory	11,043,488
24	Imputed Inventory Minus Line 23	9,629,445
25	<u>Accumulated Deferred Inventory Return - Unit 2 (Memo Item):</u>	
26	Beginning Balance	705,499
27	+ Current Month Return on Beginning Balance	6,195
28	+ Current Month Deferral	0
29	- Current Month Recovery	65,724
30	= Ending Balance **	645,970

* 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>June, 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="border-top: 1px dashed black;"/> (8,750) =====

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

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>June, 2004</u>
1	500,502-509	Steam Power Generation - Operation	5,911,172
2	501	Fuel - Operation	5,070,331
3	510-515	Steam Power Generating - Maintenance	397,305
4		Total Steam Power Generation Expenses	11,378,808
5	555-557	Other Power Supply Expenses	3,257
6	560-567.1	Transmission Expenses - Operation	0
7	568-574	Transmission Expenses - Maintenance	0
8		Total Transmission Expenses	0
9	580-589	Distribution Expenses - Operation	0
10	590-598	Distribution Expennse - Maintenance	0
11		Total Distribution Expense	0
12	901-905	Customer Accounts Expenses - Operation	0
13	906-910	Customer Service and Informational Expenses - Operation	0
14	911-917	Sales Expenses - Operation	0
15	920-933	Administrative and General Expenses - Operation	212,780
16	935	Administrative and General Expenses - Maintenance	6,006
17		Total Administrative & General Exp.	218,786
18		Total Operation & Maintenance Expenses	11,600,850

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

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>June, 2004</u>
1	403	Depreciation Expense *	248,788
2	404	Amortization of Limited-Term Electric Plant **	66,729
3	405	Amortization of Other Electric Plant	0
4	406	Amortization of Electric Plant Acquisition Adjustments	0
5	407	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs	0
6		Total Depreciation Exp. & Amortization	315,517
			=====

* 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 June, 2004</u>
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	190,153
2	409.1	State Income Taxes	36,550
3		Total Taxes Other than Federal Income Taxes	<u>226,703</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
June, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>TOTAL</u>	<u>KPCO SHARE</u>	<u>I&M SHARE</u>
1		Unit 2 Schedule 'M' Adjustments*			
2	N/A	Excess ACRS Over Normalization Base Depreciation	(697,500)	(209,250)	(488,250)
3	N/A	Deferred Purchased Power Costs	0	0	0
4	N/A	Excess Normalization Base Over Book Depreciation	14,000	4,200	9,800
5	N/A	Other Unit 2 Schedule 'M' Adjustments	(416,522)	(124,957)	(291,565)
6		Total Unit 2 Schedule 'M' Adjustments	(1,100,022)	(330,007)	(770,015)
			=====	=====	=====
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.	(23,364)	(7,009)	(16,355)
13	411.1	Feedback of Accumulated DFIT re: Overheads Capitalized - Unit 2	(231)	(69)	(162)
14	411.1	Feedback of Accumulated DFIT re: Other Schedule 'M' Adj.-Utility	162,671	48,801	113,870
15		Total Unit 2 Deferred Federal and State Income Tax	387,226	116,168	271,058
			=====	=====	=====

* 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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<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2 June, 2004</u>
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	60,120,815
3	102	Electric Plant Purchased	0
4	103	Experimental Elec. Plant Unclassified	0
5	103.1	Electric Plant In Process of Reclassification	0
6	104	Electric Plant Leased to Others	0
7	106	Completed Construction Not Classified	3,209,688
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	63,330,504
12	105	Plant Held For Future Use	0
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	48,194,772
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	0
16	111	Accumulated Provision for Amortization of Electric Utility Plant	2,506,283
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	50,701,056
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	11,914,597
22	152	Fuel Stock Expenses - Undistributed	728,211
23	153	Residuals	0
24	154	Plant Materials and Operating Supplies	5,455,232
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)	18,098,041
29	165	Prepayments	12,471
30	186	Other Deferred Debits	0

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

<u>Line</u>	<u>Account</u>	<u>Description *</u>	<u>UNIT 2</u>
<u>No.</u>	<u>No.</u>		<u>June, 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	8,391,522
6	171	Interest and Dividends Receivable	0
7	174	Miscellaneous Current and Accrued Assets	0
8	232	Accounts Payable-General	(107,242)
9	234	Accounts Payable-Associated Company	(5,845,818)
10	236	Taxes Accrued	(5,237,527)
11	237	Interest Accrued	(379,688)
12	238	Dividends Declared	0
13	241	Tax Collections Payable	0
14	242	Misc Current and Accrued Liabilities	(54,212,804)
15		Total Other Working Capital	(57,391,557)
			=====
16	181	Unamortized Debt Expense	2,206,866
17	253	Other Deferred Credits	103,154,192

*		debit <credit>	

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

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>June, 2004</u>
31		ACCUMULATED DEFERRED INCOME TAXES	
32	190	-Accumulated Deferred Income Taxes	42,192,640
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	0
34	282	+Accumulated Deferred Income Taxes - Other Property	7,915,837
35	283	+Accumulated Deferred Income Taxes - Other	980,122
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	<u>(33,296,681)</u>
37	255	+Accumulated Deferred Investment Tax Credits	36,476,439
38	186.50	-Accumulated Deferred Investment Tax Credit	0
39		Total Accumulated Deferred Investment Tax Credits	<u>36,476,439</u>
40		Total Net In-Service Investment - Unit 2	<u><u>(130,778,681)</u></u> =====

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

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>June, 2004</u>
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	19,642,925
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	19,642,925
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	0
19	186	Other Deferred Debits	2,407,272
20	151.10	Fuel Inventory Over Allowed Level *	19,405,974
21		Total Non-In-Service Investment - Other	21,813,246
		* INCLUDES ROCKPORT 1 AND 2	
		UNIT 1	9,776,529
		UNIT 2	9,629,445
		TOTAL	19,405,974

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

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**UNIT 2
June, 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)

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UNIT 2
 June, 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	(185,483)
35		Total Long-Term Debt	44,814,517
		<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)	10,391,821
38		Total Short-Term Debt	10,391,821
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	101,081,231

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

<u>Line No.</u>	<u>UNIT 2</u> <u>June, 2004</u>
1	Capitalization Balances (Prior Month Ending) :
2	Long-Term Debt 44,814,517
3	+ Short-Term Debt 10,391,821
4	+ Preferred Stock 0
5	+ Common Equity 45,874,893
6	- Capitalization Offsets 0
7	Total Capitalization Balances 101,081,231
8	<u>Weighting of Capitalization Balances :</u>
9	Long-Term Debt 44.3352%
10	+ Short-Term Debt 10.2807%
11	+ Preferred Stock 0.0000%
12	+ Common Equity 45.3842%
13	- Capitalization Offsets 0.0001%
14	Total Capitalization 100.0000%
15	<u>Capitalization Cost Rates :</u>
16	Long-Term Debt 4.6614%
17	Short-Term Debt 1.5240%
18	Preferred Stock 0.0000%
19	Common Equity 12.1600%
20	Capitalization Offsets 4.0709%
21	<u>Rate of Return (Net of Tax) :</u>
22	Long-Term Debt 2.0666%
23	+ Short-Term Debt 0.1567%
24	+ Preferred Stock 0.0000%
25	+ Common Equity 5.5187%
26	- Capitalization Offsets 0.0000%
27	Total Rate of Return (Net of Tax) 7.7420%
28	Weighted Net Cost of Debt 2.2233%
29	+ Pre-Tax Common Equity (Line 25 / .65) 8.4903%
30	= Rate of Return (Pre-Tax) 10.7136%

A E P GENERATING COMPANY

June, 2004
ESTIMATE

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

500	SUPERVISION AND ENGINEERING	42,351
501	FUEL	5,070,331
502	STEAM EXPENSES	39,071
503	STEAM FROM OTHER SOURCES	0
504	STEAM TRANSFERRED - CR	0
505	ELECTRIC EXPENSES	58,487
506	MISC. STEAM POWER EXPENSES	80,995
507	RENTS	5,690,268
508	OPERATION SUPPLIES AND EXPENSES	0
509	CARRYING CHARGES - ALLOWANCES	0
	TOTAL OPERATION EXPENSE	10,981,503
510	MAINTENANCE SUPER. AND ENGINEERING	43,823
511	MAINTENANCE OF STRUCTURES	11,350
512	MAINTENANCE OF BOILER PLANT	188,538
513	MAINTENANCE OF ELECTRIC PLANT	105,733
514	MAINTENANCE OF MISC. STEAM PLANT	47,861
515	MAINTENANCE NORMALIZING	0
	TOTAL MAINTENANCE EXPENSES	397,305
555	PURCHASED POWER	0
556	SYSTEM CONTROL AND LOAD DISPATCHING	0
557	OTHER POWER SUPPLY EXPENSES	3,257
	TOTAL OTHER SUPPLY EXPENSES	3,257

IS FUEL IN BALANCE
ON PAGE 2

AMOUNT MUST BE ZERO
0

BE SURE THIS IS CORRECT

NO OF DAYS IN CURRENT MO >	30
NO OF DAYS IN CURRENT YEAR >	366
CURRENT YEAR IS	2004
CURRENT MONTH IS	6
THIS BILLING IS FOR MONTH OF	June, 2004

A E P GENERATING COMPANY

June, 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	38,901
921	OFFICE SUPPLIES AND EXPENSES	12,512
922	ADMINISTRATIVE EXPENSES TRANSF - CR	0
923	OUTSIDE SERVICES	70,436
924	PROPERTY INSURANCE	17,244
925	INJURIES AND DAMAGES	12,382
926	EMPLOYEE PENSIONS AND BENEFITS	58,106
927	FRANCHISE REQUIREMENTS	0
928	REGULATORY COMMISSION	0
929	DUPLICATE CHARGES-CREDIT	0
930	MISCELLANEOUS GENERAL EXPENSES	3,097
931	RENTS	101
933	TRANSPORTATION EXPENSE	0
	TOTAL ADM & GEN EXPENSES OPERATION	212,780
935	MAINTENANCE OF GENERAL PLANT	6,006
	TOTAL ADM & GEN EXPENSES	218,786
	TOTAL AEG OPERATION & MAINTENANCE EXPENSES	11,600,850
	ACCOUNT 40190 TOTAL FOR CROSS FOOT	11,600,850
	-----DIFFERENCE-----	0