

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

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

ESTIMATE  
08-Apr-04

UNIT 2  
POWER BILL - - March, 2004

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

0

SUMMARY

TOTAL

Current Month Bill:

Return on Common Equity	(92,246)
Return on Other Capital	(41,968)
Total Return	<u>(134,214)</u>
Fuel	3,220
Purchased Power	0
Other Operating Revenues	(2,625)
Other Operation and Maintenance Exp	2,438,781
Depreciation Expense	94,088
Taxes Other Than Federal Income Tax	89,150
Federal Income Tax	(41,604)

TOTAL CURRENT UNIT POWER BILL

2,446,796  
=====

Prior Month's Adjustment:

Return on Common Equity & Other Capital	0
Fuel Expense	0
Other Expenses	2,960

TOTAL PRIOR MONTH'S ADJUSTMENTS

2,960

TOTAL UNIT POWER BILL

2,449,756  
=====

AMOUNTS WILL BE PAID DIRECT FROM GENERAL FUNDS.

DUE DATE - -

April 19, 2004

CC: S. D. LIGGETT - CANTON  
R. L. REED - COLUMBUS  
J. E. TOWSLEY - COLUMBUS

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

**ESTIMATE  
Pg 2 of 18**

March, 2004

	<b>TOTAL UNIT 2 POWER BILL</b>	<b>KPCO SHARE</b>	<b>I&amp;M SHARE</b>	
Return on Common Equity	(307,487)	(92,246)	(215,241)	
Return on Other Capital	(139,893)	(41,968)	(97,925)	
<b>Total Return</b>	<b>(447,380)</b>	<b>(134,214)</b>	<b>(313,166)</b>	
+ Fuel	10,732	3,220	7,512	
+ Purchased Power	0	0	0	
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
+ Other Operation and Maintenance Exp	8,129,269	2,438,781	5,690,488	
+ Depreciation Expense	313,625	94,088	219,537	
+ Taxes Other Than Federal Income Tax	297,165	89,150	208,015	
+ Federal and State Income Tax	(138,681)	(41,604)	(97,077)	
<b>= Total Unit 2 Monthly Power Bill</b>	<b>8,155,980</b>	<b>2,446,796</b>	<b>5,709,184</b>	
<b><u>Determination of Federal Income Tax :</u></b>				
Total Return ( Line 3 )	(447,380)	(134,214)	(313,166)	
+ Unit 2 Schedule M Adjustments	(1,121,458)	(336,437)	(785,021)	
+ Unit 2 Deferred Federal Income Taxes	409,346	122,804	286,542	
- Unit 2 Interest Expense Deduction *	(141,726)	(42,518)	(99,208)	0
<b>= Subtotal</b>	<b>(1,017,766)</b>	<b>(305,329)</b>	<b>(712,436)</b>	
x Gross-Up ( FIT Rate / 1-FIT Rate )	0.538462	0.538462	0.538462	
<b>= Unit 2 Current Federal Income Tax</b>	<b>(548,027)</b>	<b>(164,408)</b>	<b>(383,619)</b>	
+ Unit 2 Def Fed & State Income Taxes	409,346	122,804	286,542	
<b>= Total Unit 2 Fed&amp;State Income Taxes</b>	<b>(138,681)</b>	<b>(41,604)</b>	<b>(97,077)</b>	
<b><u>Proof of Federal Income Tax :</u></b>				
Total Unit 2 Monthly Power Bill	8,155,980	2,446,796	5,709,184	
- Operation and Maintenance Expenses	8,140,001	2,442,001	5,698,000	
- Depreciation Expense	313,625	94,088	219,537	
- Taxes Other Than Federal Income Tax	297,165	89,150	208,015	
- Unit 2 Interest Expense Deduction *	(141,726)	(42,518)	(99,208)	0
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
<b>= Pre-Tax Book Income</b>	<b>(444,335)</b>	<b>(133,300)</b>	<b>(311,035)</b>	
+ Unit 2 Schedule M Adjustments	(1,121,458)	(336,437)	(785,021)	
<b>= Unit 2 Taxable Income</b>	<b>(1,565,793)</b>	<b>(469,737)</b>	<b>(1,096,056)</b>	
x Current Federal Income Tax Rate	35%	35%	35%	
<b>= Unit 2 Current Federal Income Tax</b>	<b>(548,027)</b>	<b>(164,408)</b>	<b>(383,619)</b>	
+ Unit 2 Def Fed & State Income Taxes	409,346	122,804	286,542	
<b>= Total Unit 2 Fed&amp;State Income Taxes</b>	<b>(138,681)</b>	<b>(41,604)</b>	<b>(97,077)</b>	

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

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
OPERATING RATIO

Line No.		UNIT 2 <u>March, 2004</u>
1	Operating Ratio:	
2	<u>Net In-Service Investment:</u>	
3	Electric Plant In-Service	649,822,687
4	- Accumulated Depreciation	375,543,672
5	+ Materials & Supplies	35,308,228
6	+ Prepayments	35,631
7	+ Plant Held For Future Use (A/C 105) *	0
8	+ Other Deferred Debits (A/C 186) *	0
9	+ Other Working Capital ***	(20,723,706)
10	+ Unamortized Debt Expense (A/C 181)	4,469,329
11	- Other Deferred Credits (A/C 253)	104,546,930
12	- Accumulated Deferred FIT	39,390,718
13	- Accumulated Deferred ITC	49,032,794
14	Total Net In-Service Investment	100,398,054
15	<u>Non-In-Service Investment - CWIP :</u>	
16	Construction Work In Progress	19,601,949
17	+ Materials & Supplies	0
18	- Accumulated Deferred FIT	0
19	Total Non-In-Service Investment - CWIP	19,601,949
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) **	10,060
23	+ Fuel Inventory Over Allowed Level ****	17,162,648
24	Total Non-In-Service Investment - Other	17,172,708
25	Total Investment (Lines 14+19+24)	137,172,710
26	Operating Ratio (Line 14/Line 25)	73.1910%
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)	14.2900%
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)	12.5190%
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

Pg 4 of 18

<u>Line No.</u>		<u>UNIT 2</u> <u>March, 2004</u>
1	Net In-Service Investment Ratio:	
2	<u>Unit 2 Net In-Service Investment:</u>	
3	Electric Plant In-Service	62,990,613
4	- Accumulated Depreciation	49,645,773
5	+ Materials & Supplies	17,728,974
6	+ Prepayments	17,815
7	+ Plant Held For Future Use (A/C 105) *	0
8	+ Other Deferred Debits (A/C 186) *	0
9	+ Other Working Capital **	(18,449,429)
10	+ Unamortized Debt Expense (A/C 181)	2,234,665
11	- Other Deferred Credits (A/C 253)	104,546,930
12	- Accumulated Deferred FIT	(34,490,919)
13	- Accumulated Deferred ITC	36,968,934
14	Total Unit 2 Net In-Service Investment	(92,148,081)
15	<u>Unit 1 Net In-Service Investment:</u>	
16	Electric Plant In-Service	586,832,074
17	- Accumulated Depreciation	325,897,899
18	+ Materials & Supplies	17,579,254
19	+ Prepayments	17,815
20	+ Plant Held For Future Use (A/C 105) *	0
21	+ Other Deferred Debits (A/C 186) *	0
22	+ Other Working Capital **	(2,274,277)
23	+ Unamortized Debt Expense (A/C 181)	2,234,665
24	- Other Deferred Credits (A/C 253)	0
25	- Accumulated Deferred FIT	73,881,637
26	- Accumulated Deferred ITC	12,063,860
27	Total Unit 1 Net In-Service Investment	192,546,134
28	Total Net In-Service Investment	100,398,054
29	<u>Net In-Service Investment Ratio:</u>	
30	Unit 2 ( Line 14 / Line 28 )	-91.7800%
31	Unit 1 ( Line 27 / Line 28 )	191.7800%
		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

<u>Line No.</u>		<u>UNIT 2</u> <u>March, 2004</u>
1	Net Capitalization:	
2	Long-Term Debt	44,812,326
3	+ Short-Term Debt	21,637,797
4	+ Preferred Stock	0
5	+ Common Equity	45,806,633
6	- Temporary Cash Investments	0
7	Net Capitalization	112,256,756 =====
8	40% of Net Capitalization	44,902,702
9	<u>Return on Common Equity:</u>	
10	Lesser of Line 5 or Line 8	44,902,702
11	x Equity Return (Monthly Rate)	1.01333%
12	= Equity Return	455,013
13	x Operating Ratio	73.1910%
14	x Net In-Service Investment Ratio	-91.7800%
15	= Subtotal	(305,654)
16	Excess of Line 5 Over Line 8	903,931
17	x Weighted Cost of Debt (Monthly Rate)	0.3019%
18	= Return on Equity over 40% of Capitalization	2,729
19	x Operating Ratio	73.1910%
20	x Net In-Service Investment Ratio	-91.7800%
21	= Subtotal	(1,833)
22	Unit 2 Return on Equity (Line 15 + Line 21)	(307,487) =====
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)	25,241
26	+ Other Interest Expense (a/c 428-431)	6,076
27	- Temporary Cash Investment Income *	0
28	= Net Interest Expense	208,253
29	+ Preferred Stock Dividends (a/c 437)	0
30	= Net Cost of Other Capital	208,253
31	x Operating Ratio	73.1910%
32	x Net In-Service Investment Ratio	-91.7800%
33	= Unit 2 Return on Other Capital	(139,893) =====

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

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

<u>Line No.</u>		<u>UNIT 2</u> <u>March, 2004</u>
1	Debt Balances (Prior Month Ending) :	
2	Long-Term Debt	44,812,326
3	+ Short-Term Debt	21,637,797
4	+ Other Debt	0
5	Total Debt Balances (Prior Month Ending)	<hr style="border-top: 1px solid black;"/> 66,450,123 =====
6	<u>Weighting of Debt Balances :</u>	
7	Long-Term Debt	67.4375%
8	+ Short-Term Debt	32.5625%
9	+ Other Debt	0.0000%
10	Total Debt Balances	<hr style="border-top: 1px solid black;"/> 100.0000% =====
11	<u>Debt Cost Rates :</u>	
12	Long-Term Debt	4.6616%
13	Short-Term Debt	1.2930%
14	Other Debt	0.0000%
15	<u>Weighted Cost of Debt :</u>	
16	Long-Term Debt	3.1437%
17	+ Short-Term Debt	0.4210%
18	+ Other Debt	0.0000%
19	Total Weighted Cost of Debt	<hr style="border-top: 1px solid black;"/> 3.5647% =====

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

<u>Line No.</u>	<u>INCLUDE A/C 431 ON PG 5</u>	<u>UNIT 2</u>
		<u>March, 2004</u>
1	Unit 2 Materials and Supplies:	
2	Fuel Stock - Coal (per Line 23)	11,241,417
3	Fuel Stock Expenses - Undistributed (152)	446,411
4	Fuel Stock - Oil (151.20)	639,985
5	Plant Materials & Operating Supplies	5,401,161
6	Merchandise	0
7	Undistributed Stores Expense	0
8	Total Materials & Supplies	17,728,974
		=====
9	<u>Support of Coal Inventory Value:</u>	
10	Actual Coal Inventory (a/c 151.10)	19,747,881
11	+ Equivalent Inventory re: Deferred Return	0
12	= Imputed Coal Inventory	19,747,881
		-----
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)	21.639
22	= 68 day Coal Inventory	11,241,417
		-----
23	Lesser of Imputed or Capped Coal Inventory	11,241,417
		-----
24	Imputed Inventory Minus Line 23	8,506,464
		=====
25	<u>Accumulated Deferred Inventory Return - Unit 2 (Memo Item):</u>	
26	Beginning Balance	887,519
27	+ Current Month Return on Beginning Balance	7,325
28	+ Current Month Deferral	0
29	- Current Month Recovery	56,495
30	= Ending Balance **	838,349
		-----

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

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
DETAIL OF OTHER OPERATING REVENUES

Pg 8 of 18

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>March, 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	----- (8,750) =====



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

<u>Line</u> <u>No.</u>	<u>Account</u> <u>No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>March, 2004</u>
1	500,502-509	Steam Power Generation - Operation	5,948,459
2	501	Fuel - Operation	10,732
3	510-515	Steam Power Generating - Maintenance	2,043,322
4		Total Steam Power Generation Expenses	8,002,513
5	555-557	Other Power Supply Expenses	1,110
6	560-567.1	Transmission Expenses - Operation	0
7	568-574	Transmission Expenses - Maintenance	0
8		Total Transmission Expenses	0
9	580-589	Distribution Expenses - Operation	0
10	590-598	Distribution Expense - Maintenance	0
11		Total Distribution Expense	0
12	901-905	Customer Accounts Expenses - Operation	0
13	906-910	Customer Service and Informational Expenses - Operation	0
14	911-917	Sales Expenses - Operation	0
15	920-933	Administrative and General Expenses - Operation	131,244
16	935	Administrative and General Expenses - Maintenance	5,135
17		Total Administrative & General Exp.	136,378
18		Total Operation & Maintenance Expenses	8,140,001

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>March, 2004</u>
1	403	Depreciation Expense *	247,365
2	404	Amortization of Limited-Term Electric Plant **	66,260
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	313,625 =====

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

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

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

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

<u>Line</u> <u>No.</u>	<u>Account</u> <u>No.</u>	<u>Description</u>	<u>UNIT 2</u> <u>March, 2004</u>
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	216,015
2	409.1	State Income Taxes	81,150
3		Total Taxes Other than Federal Income Taxes	<u>297,165</u> =====

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

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	(437,958)	(131,387)	(306,571)
6		Total Unit 2 Schedule 'M' Adjustments	(1,121,458)	(336,437)	(785,021)
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.	(2,489)	(747)	(1,742)
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	163,916	49,175	114,741
15		Total Unit 2 Deferred Federal and State Income Tax	409,346	122,804	286,542

\* 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**

Pg 13 of 18

**UNIT 2  
March, 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	58,775,337
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	4,215,275
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	62,990,613
12	105	Plant Held For Future Use	0
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	47,332,196
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	0
16	111	Accumulated Provision for Amortization of Electric Utility Plant	2,313,577
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	49,645,773
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	11,881,402
22	152	Fuel Stock Expenses - Undistributed	446,411
23	153	Residuals	0
24	154	Plant Materials and Operating Supplies	5,401,161
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)	17,728,974
29	165	Prepayments	17,815
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>No.</u>	<u>Account</u> <u>No.</u>	<u>Description *</u>	<u>UNIT 2</u> <u>March, 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	9,474,136
6	171	Interest and Dividends Receivable	0
7	174	Miscellaneous Current and Accrued Assets	0
8	232	Accounts Payable-General	(203,827)
9	234	Accounts Payable-Associated Company	(7,206,588)
10	236	Taxes Accrued	(3,077,741)
11	237	Interest Accrued	(151,875)
12	238	Dividends Declared	0
13	241	Tax Collections Payable	0
14	242	Misc Current and Accrued Liabilities	(17,283,534)
15		Total Other Working Capital	(18,449,429) =====
16	181	Unamortized Debt Expense	2,234,665
17	253	Other Deferred Credits	104,546,930 =====
*		debit <credit>	

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

UNIT 2  
March, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
31		ACCUMULATED DEFERRED INCOME TAXES	
32	190	-Accumulated Deferred Income Taxes	42,755,224
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	0
34	282	+Accumulated Deferred Income Taxes - Other Property	7,250,669
35	283	+Accumulated Deferred Income Taxes - Other	1,013,636
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	(34,490,919)
37	255	+Accumulated Deferred Investment Tax Credits	36,968,934
38	186.50	-Accumulated Deferred Investment Tax Credit	0
39		Total Accumulated Deferred Investment Tax Credits	36,968,934
40		Total Net In-Service Investment - Unit 2	(92,148,081)

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
 Pg 15 of 18  
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>March, 2004</u>
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	19,601,949
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	19,601,949
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	0
19	186	Other Deferred Debits	10,060
20	151.10	Fuel Inventory Over Allowed Level *	17,162,648
21		Total Non-In-Service Investment - Other	17,172,708
		* INCLUDES ROCKPORT 1 AND 2	
		UNIT 1	8,656,184
		UNIT 2	8,506,464
		TOTAL	17,162,648



AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
DETAIL OF NET CAPITALIZATION

Pg 16 of 18

UNIT 2  
March, 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	21,372,633
21		Total Retained Earnings	21,372,633
22		Total Common Equity	45,806,633
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)

Pg 17 of 18

UNIT 2  
March, 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	(187,674)
35		Total Long-Term Debt	44,812,326
		<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)	21,637,797
38		Total Short-Term Debt	21,637,797
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	112,256,756

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

<u>Line No.</u>		<u>UNIT 2</u> <u>March, 2004</u>
1	Capitalization Balances (Prior Month Ending) :	
2	Long-Term Debt	44,812,326
3	+ Short-Term Debt	21,637,797
4	+ Preferred Stock	0
5	+ Common Equity	45,806,633
6	- Capitalization Offsets	0
7	Total Capitalization Balances	112,256,756 =====
8	<u>Weighting of Capitalization Balances :</u>	
9	Long-Term Debt	39.9195%
10	+ Short-Term Debt	19.2753%
11	+ Preferred Stock	0.0000%
12	+ Common Equity	40.8052%
13	- Capitalization Offsets	0.0000%
14	Total Capitalization	100.0000% =====
15	<u>Capitalization Cost Rates :</u>	
16	Long-Term Debt	4.6616%
17	Short-Term Debt	1.2930%
18	Preferred Stock	0.0000%
19	Common Equity	12.1600%
20	Capitalization Offsets	3.5647%
21	<u>Rate of Return (Net of Tax) :</u>	
22	Long-Term Debt	1.8609%
23	+ Short-Term Debt	0.2492%
24	+ Preferred Stock	0.0000%
25	+ Common Equity	4.9619%
26	- Capitalization Offsets	0.0000%
27	Total Rate of Return (Net of Tax)	7.0720% =====
28	Weighted Net Cost of Debt	2.1101%
29	+ Pre-Tax Common Equity (Line 25 / .65)	7.6337%
30	= Rate of Return (Pre-Tax)	9.7438% =====

A E P GENERATING COMPANY

March, 2004  
ESTIMATE

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

500	SUPERVISION AND ENGINEERING	47,609
501	FUEL	10,732
502	STEAM EXPENSES	36,913
503	STEAM FROM OTHER SOURCES	0
504	STEAM TRANSFERRED - CR	0
505	ELECTRIC EXPENSES	45,275
506	MISC. STEAM POWER EXPENSES	128,263
507	RENTS	5,690,399
508	OPERATION SUPPLIES AND EXPENSES	0
509	CARRYING CHARGES - ALLOWANCES	0

TOTAL OPERATION EXPENSE 5,959,191

510	MAINTENANCE SUPER. AND ENGINEERING	90,665
511	MAINTENANCE OF STRUCTURES	30,412
512	MAINTENANCE OF BOILER PLANT	1,524,515
513	MAINTENANCE OF ELECTRIC PLANT	379,784
514	MAINTENANCE OF MISC. STEAM PLANT	17,946
515	MAINTENANCE NORMALIZING	0

TOTAL MAINTENANCE EXPENSES 2,043,322

555	PURCHASED POWER	0
556	SYSTEM CONTROL AND LOAD DISPATCHING	0
557	OTHER POWER SUPPLY EXPENSES	1,110

TOTAL OTHER SUPPLY EXPENSES 1,110

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	3
THIS BILLING IS FOR MONTH OF	March, 2004

## A E P GENERATING COMPANY

March, 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	43,725
921	OFFICE SUPPLIES AND EXPENSES	6,548
922	ADMINISTRATIVE EXPENSES TRANSF - CR	0
923	OUTSIDE SERVICES	56,536
924	PROPERTY INSURANCE	17,244
925	INJURIES AND DAMAGES	21,271
926	EMPLOYEE PENSIONS AND BENEFITS	(16,702)
927	FRANCHISE REQUIREMENTS	0
928	REGULATORY COMMISSION	0
929	DUPLICATE CHARGES-CREDIT	0
930	MISCELLANEOUS GENERAL EXPENSES	2,505
931	RENTS	117
933	TRANSPORTATION EXPENSE	0
	TOTAL ADM & GEN EXPENSES OPERATION	131,244
935	MAINTENANCE OF GENERAL PLANT	5,135
	TOTAL ADM & GEN EXPENSES	136,378
	TOTAL AEG OPERATION & MAINTENANCE EXPENSES	8,140,001
	ACCOUNT 40190 TOTAL FOR CROSS FOOT	8,140,001
	-----DIFFERENCE-----	0