

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

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

ESTIMATE
 10-Jun-04

UNIT 2
POWER BILL -- May, 2004

IN ACCORDANCE WITH POWER AGREEMENT DATED OCTOBER 1, 1984 (AS AMENDED)
 ENERGY DELIVERED FOR THE MONTH OF May, 2004
 KWH FOR THE MONTH 27,644,000

<u>SUMMARY</u>	<u>TOTAL</u>
Current Month Bill:	
Return on Common Equity	(104,782)
Return on Other Capital	(64,417)
Total Return	(169,199)
Fuel	379,897
Purchased Power	0
Other Operating Revenues	(2,625)
Other Operation and Maintenance Exp	2,001,412
Depreciation Expense	93,935
Taxes Other Than Federal Income Tax	87,602
Federal Income Tax	(51,327)
TOTAL CURRENT UNIT POWER BILL	2,339,695
Prior Month's Adjustment:	
Return on Common Equity & Other Capital	23,946
Fuel Expense	4,330
Other Expenses	(10,957)
TOTAL PRIOR MONTH'S ADJUSTMENTS	17,319
TOTAL UNIT POWER BILL	2,357,014

AMOUNTS WILL BE PAID DIRECT FROM GENERAL FUNDS.

DUE DATE -- June 21, 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

May, 2004

	<u>TOTAL UNIT 2 POWER BILL</u>	<u>KPCO SHARE</u>	<u>I&M SHARE</u>	
Return on Common Equity	(349,274)	(104,782)	(244,492)	
Return on Other Capital	(214,723)	(64,417)	(150,306)	
Total Return	(563,997)	(169,199)	(394,798)	
+ Fuel	1,266,324	379,897	886,427	
+ Purchased Power	0	0	0	
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
+ Other Operation and Maintenance Exp	6,671,372	2,001,412	4,669,960	
+ Depreciation Expense	313,117	93,935	219,182	
+ Taxes Other Than Federal Income Tax	292,008	87,602	204,406	
+ Federal and State Income Tax	(171,093)	(51,327)	(119,766)	
= Total Unit 2 Monthly Power Bill	7,798,981	2,339,695	5,459,285	
<u>Determination of Federal Income Tax :</u>				
Total Return (Line 3)	(563,997)	(169,199)	(394,798)	
+ Unit 2 Schedule M Adjustments	(1,131,769)	(339,531)	(792,238)	
+ Unit 2 Deferred Federal Income Taxes	403,742	121,123	282,619	
- Unit 2 Interest Expense Deduction *	(224,471)	(67,341)	(157,130)	0
= Subtotal	(1,067,553)	(320,265)	(747,287)	
x Gross-Up (FIT Rate / 1-FIT Rate)	0.538462	0.538462	0.538462	
= Unit 2 Current Federal Income Tax	(574,835)	(172,450)	(402,385)	
+ Unit 2 Def Fed & State Income Taxes	403,742	121,123	282,619	
= Total Unit 2 Fed&State Income Taxes	(171,093)	(51,327)	(119,766)	
<u>Proof of Federal Income Tax :</u>				
Total Unit 2 Monthly Power Bill	7,798,981	2,339,695	5,459,285	
- Operation and Maintenance Expenses	7,937,696	2,381,309	5,556,387	
- Depreciation Expense	313,117	93,935	219,182	
- Taxes Other Than Federal Income Tax	292,008	87,602	204,406	
- Unit 2 Interest Expense Deduction *	(224,471)	(67,341)	(157,130)	0
- Other Operating Revenues	(8,750)	(2,625)	(6,125)	
= Pre-Tax Book Income	(510,619)	(153,185)	(357,434)	
+ Unit 2 Schedule M Adjustments	(1,131,769)	(339,531)	(792,238)	
= Unit 2 Taxable Income	(1,642,388)	(492,716)	(1,149,672)	
x Current Federal Income Tax Rate	35%	35%	35%	
= Unit 2 Current Federal Income Tax	(574,835)	(172,450)	(402,385)	
+ Unit 2 Def Fed & State Income Taxes	403,742	121,123	282,619	
= Total Unit 2 Fed&State Income Taxes	(171,093)	(51,327)	(119,766)	

* 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>May, 2004</u>
1	Operating Ratio:	
2	<u>Net In-Service Investment:</u>	
3	Electric Plant In-Service	653,658,666
4	- Accumulated Depreciation	379,209,984
5	+ Materials & Supplies	34,521,668
6	+ Prepayments	28,504
7	+ Plant Held For Future Use (A/C 105) *	0
8	+ Other Deferred Debits (A/C 186) *	0
9	+ Other Working Capital ***	(34,858,807)
10	+ Unamortized Debt Expense (A/C 181)	4,432,265
11	- Other Deferred Credits (A/C 253)	103,618,438
12	- Accumulated Deferred FIT	35,453,533
13	- Accumulated Deferred ITC	48,476,976
14	Total Net In-Service Investment	91,023,366
15	<u>Non-In-Service Investment - CWIP :</u>	
16	Construction Work In Progress	20,352,362
17	+ Materials & Supplies	0
18	- Accumulated Deferred FIT	0
19	Total Non-In-Service Investment - CWIP	20,352,362
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) **	2,681,354
23	+ Fuel Inventory Over Allowed Level ****	24,540,187
24	Total Non-In-Service Investment - Other	27,221,541
25	Total Investment (Lines 14+19+24)	138,597,269
26	Operating Ratio (Line 14/Line 25)	65.6747%
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25)	14.6845%
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25)	19.6408%
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

Line No.		UNIT 2 <u>May, 2004</u>
1	Net In-Service Investment Ratio:	
2	<u>Unit 2 Net In-Service Investment:</u>	
3	Electric Plant In-Service	62,639,666
4	- Accumulated Depreciation	50,057,378
5	+ Materials & Supplies	17,332,781
6	+ Prepayments	14,252
7	+ Plant Held For Future Use (A/C 105) *	0
8	+ Other Deferred Debits (A/C 186) *	0
9	+ Other Working Capital **	(31,644,087)
10	+ Unamortized Debt Expense (A/C 181)	2,216,133
11	- Other Deferred Credits (A/C 253)	103,618,438
12	- Accumulated Deferred FIT	(31,960,845)
13	- Accumulated Deferred ITC	36,640,604
14	Total Unit 2 Net In-Service Investment	(107,796,830)
15	<u>Unit 1 Net In-Service Investment:</u>	
16	Electric Plant In-Service	591,019,000
17	- Accumulated Depreciation	329,152,605
18	+ Materials & Supplies	17,188,886
19	+ Prepayments	14,252
20	+ Plant Held For Future Use (A/C 105) *	0
21	+ Other Deferred Debits (A/C 186) *	0
22	+ Other Working Capital **	(3,214,720)
23	+ Unamortized Debt Expense (A/C 181)	2,216,133
24	- Other Deferred Credits (A/C 253)	0
25	- Accumulated Deferred FIT	67,414,378
26	- Accumulated Deferred ITC	11,836,372
27	Total Unit 1 Net In-Service Investment	198,820,197
28	Total Net In-Service Investment	91,023,366
29	<u>Net In-Service Investment Ratio:</u>	
30	Unit 2 (Line 14 / Line 28)	-118.4300%
31	Unit 1 (Line 27 / Line 28)	218.4300%
		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 No.		UNIT 2 <u>May, 2004</u>
1	Net Capitalization:	
2	Long-Term Debt	44,813,787
3	+ Short-Term Debt	15,887,496
4	+ Preferred Stock	0
5	+ Common Equity	46,995,301
6	- Temporary Cash Investments	0
7	Net Capitalization	107,696,584
8	40% of Net Capitalization	43,078,634
9	<u>Return on Common Equity:</u>	
10	Lesser of Line 5 or Line 8	43,078,634
11	x Equity Return (Monthly Rate)	1.01333%
12	= Equity Return	436,529
13	x Operating Ratio	65.6747%
14	x Net In-Service Investment Ratio	-118.4300%
15	= Subtotal	(339,526)
16	Excess of Line 5 Over Line 8	3,916,667
17	x Weighted Cost of Debt (Monthly Rate)	0.3200%
18	= Return on Equity over 40% of Capitalization	12,533
19	x Operating Ratio	65.6747%
20	x Net In-Service Investment Ratio	-118.4300%
21	= Subtotal	(9,748)
22	Unit 2 Return on Equity (Line 15 + Line 21)	(349,274)
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)	42,232
26	+ Other Interest Expense (a/c 428-431)	56,902
27	- Temporary Cash Investment Income *	0
28	= Net Interest Expense	276,070
29	+ Preferred Stock Dividends (a/c 437)	0
30	= Net Cost of Other Capital	276,070
31	x Operating Ratio	65.6747%
32	x Net In-Service Investment Ratio	-118.4300%
33	= Unit 2 Return on Other Capital	(214,723)

* Line 6 x Line 19 from Pg 6 of 18

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

<u>Line</u> <u>No.</u>		UNIT 2 <u>May, 2004</u>
1	Debt Balances (Prior Month Ending) :	
2	Long-Term Debt	44,813,787
3	+ Short-Term Debt	15,887,496
4	+ Other Debt	0
5	Total Debt Balances (Prior Month Ending)	60,701,283 =====
6	<u>Weighting of Debt Balances :</u>	
7	Long-Term Debt	73.8268%
8	+ Short-Term Debt	26.1732%
9	+ Other Debt	0.0000%
10	Total Debt Balances	100.0000% =====
11	<u>Debt Cost Rates :</u>	
12	Long-Term Debt	4.6615%
13	Short-Term Debt	1.2884%
14	Other Debt	0.0000%
15	<u>Weighted Cost of Debt :</u>	
16	Long-Term Debt	3.4414%
17	+ Short-Term Debt	0.3372%
18	+ Other Debt	0.0000%
19	Total Weighted Cost of Debt	3.7786% =====

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

Pg 7 of 18

<u>Line No.</u>	<u>INCLUDE A/C 431 ON PG 5</u>	<u>UNIT 2</u> <u>May, 2004</u>
1	Unit 2 Materials and Supplies:	
2	Fuel Stock - Coal (per Line 23)	10,804,000
3	Fuel Stock Expenses - Undistributed (152)	613,121
4	Fuel Stock - Oil (151.20)	529,202
5	Plant Materials & Operating Supplies	5,386,459
6	Merchandise	0
7	Undistributed Stores Expense	0
8	Total Materials & Supplies	17,332,781
9	<u>Support of Coal Inventory Value:</u>	
10	Actual Coal Inventory (a/c 151.10)	23,002,146
11	+ Equivalent Inventory re: Deferred Return	0
12	= Imputed Coal Inventory	23,002,146
13	<u>Coal Inventory W/68 Day Supply Cap</u>	
14	Tons Consumed	2,691,431
15	/ Hours Available *	8455.15
16	= Tons Consumed per Hour	318.32
17	x 24 Hours per Day	24
18	= Tons Consumed Per Day	7639.68
19	x 68 days	68
20	= 68 day Supply (Tons)	519,498
21	x Coal Cost per Ton (151.10 at End of Prior Month)	20.797
22	= 68 day Coal Inventory	10,804,000
23	Lesser of Imputed or Capped Coal Inventory	10,804,000
24	Imputed Inventory Minus Line 23	12,198,146
25	<u>Accumulated Deferred Inventory Return - Unit 2 (Memo Item):</u>	
26	Beginning Balance	783,156
27	+ Current Month Return on Beginning Balance	6,828
28	+ Current Month Deferral	0
29	- Current Month Recovery	84,485
30	= Ending Balance **	705,499

* 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>May, 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

			UNIT 2
Line	Account	Description	May, 2004
<u>No.</u>	<u>No.</u>	<u>Description</u>	
1	500,502-509	Steam Power Generation - Operation	5,917,368
2	501	Fuel - Operation	1,266,324
3	510-515	Steam Power Generating - Maintenance	550,050
4		Total Steam Power Generation Expenses	7,733,743
5	555-557	Other Power Supply Expenses	1,256
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	197,383
16	935	Administrative and General Expenses - Maintenance	5,314
17		Total Administrative & General Exp.	202,697
18		Total Operation & Maintenance Expenses	7,937,696

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>	UNIT 2 <u>May, 2004</u>
1	403	Depreciation Expense *	246,511
2	404	Amortization of Limited-Term Electric Plant **	66,606
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	313,117
			=====

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

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

** Rockport 2 Leasehold Improvements Amortization rate = 3.03%

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

<u>Line</u> <u>No.</u>	<u>Account</u> <u>No.</u>	<u>Description</u>	UNIT 2 <u>May, 2004</u>
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	181,758
2	409.1	State Income Taxes	110,250
3		Total Taxes Other than Federal Income Taxes	<u>292,008</u> =====

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

Pg 12 of 18
 UNIT 2
 May, 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	(448,269)	(134,481)	(313,788)
6		Total Unit 2 Schedule 'M' Adjustments	(1,131,769)	(339,531)	(792,238)
			=====	=====	=====
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.	(6,864)	(2,059)	(4,805)
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	162,686	48,806	113,880
15		Total Unit 2 Deferred Federal and State Income Tax	403,742	121,123	282,619
			=====	=====	=====

* 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

Line No.	Account No.	Description	UNIT 2 May, 2004
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	59,508,887
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	3,130,779
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	62,639,666
12	105	Plant Held For Future Use	0
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	47,619,441
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	0
16	111	Accumulated Provision for Amortization of Electric Utility Plant	2,437,938
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	50,057,378
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	11,333,202
22	152	Fuel Stock Expenses - Undistributed	613,121
23	153	Residuals	0
24	154	Plant Materials and Operating Supplies	5,386,459
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)	17,332,781
29	165	Prepayments	14,252
30	186	Other Deferred Debits	0

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

Pg 13a of 18

			UNIT 2
<u>Line</u>	<u>Account</u>	<u>Description *</u>	<u>May, 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	9,976,988
6	171	Interest and Dividends Receivable	0
7	174	Miscellaneous Current and Accrued Assets	0
8	232	Accounts Payable-General	(181,051)
9	234	Accounts Payable-Associated Company	(6,519,657)
10	236	Taxes Accrued	(5,028,829)
11	237	Interest Accrued	(303,750)
12	238	Dividends Declared	0
13	241	Tax Collections Payable	0
14	242	Misc Current and Accrued Liabilities	(29,587,788)

15		Total Other Working Capital	(31,644,087)
			=====
16	181	Unamortized Debt Expense	2,216,133
17	253	Other Deferred Credits	103,618,438

* debit <credit>

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

UNIT 2
May, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
31		ACCUMULATED DEFERRED INCOME TAXES	
32	190	-Accumulated Deferred Income Taxes	42,380,169
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	0
34	282	+Accumulated Deferred Income Taxes - Other Property	9,428,002
35	283	+Accumulated Deferred Income Taxes - Other	991,322
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	(31,960,845)
37	255	+Accumulated Deferred Investment Tax Credits	36,640,604
38	186.50	-Accumulated Deferred Investment Tax Credit	0
39		Total Accumulated Deferred Investment Tax Credits	36,640,604
40		Total Net In-Service Investment - Unit 2	(107,796,830)

AEP GENERATING COMPANY
 ROCKPORT POWER BILL
 Pg 15 of 18
DETAIL OF NON-IN-SERVICE INVESTMENT - CWIP AND OTHER

UNIT 2
 May, 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	20,352,362
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	20,352,362
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	0
19	186	Other Deferred Debits	2,681,354
20	151.10	Fuel Inventory Over Allowed Level *	24,540,187
21		Total Non-In-Service Investment - Other	27,221,541
		* INCLUDES ROCKPORT 1 AND 2	
		UNIT 1	12,342,041
		UNIT 2	12,198,146
		TOTAL	24,540,187

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

Pg 16 of 18

**UNIT 2
May, 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	22,561,301
21		Total Retained Earnings	22,561,301
22		Total Common Equity	46,995,301
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
May, 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	(186,213)
35		Total Long-Term Debt	44,813,787
		<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)	15,887,496
38		Total Short-Term Debt	15,887,496
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	107,696,584

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

<u>Line No.</u>		<u>UNIT 2</u> <u>May, 2004</u>
1	Capitalization Balances (Prior Month Ending) :	
2	Long-Term Debt	44,813,787
3	+ Short-Term Debt	15,887,496
4	+ Preferred Stock	0
5	+ Common Equity	46,995,301
6	- Capitalization Offsets	0
7	Total Capitalization Balances	107,696,584
		=====
8	<u>Weighting of Capitalization Balances :</u>	
9	Long-Term Debt	41.6111%
10	+ Short-Term Debt	14.7521%
11	+ Preferred Stock	0.0000%
12	+ Common Equity	43.6368%
13	- Capitalization Offsets	0.0000%
14	Total Capitalization	100.0000%
		=====
15	<u>Capitalization Cost Rates :</u>	
16	Long-Term Debt	4.6615%
17	Short-Term Debt	1.2884%
18	Preferred Stock	0.0000%
19	Common Equity	12.1600%
20	Capitalization Offsets	3.7786%
21	<u>Rate of Return (Net of Tax) :</u>	
22	Long-Term Debt	1.9397%
23	+ Short-Term Debt	0.1901%
24	+ Preferred Stock	0.0000%
25	+ Common Equity	5.3062%
26	- Capitalization Offsets	0.0000%
27	Total Rate of Return (Net of Tax)	7.4360%
		=====
28	Weighted Net Cost of Debt	2.1298%
29	+ Pre-Tax Common Equity (Line 25 / .65)	8.1634%
30	= Rate of Return (Pre-Tax)	10.2932%
		=====

A E P GENERATING COMPANY

May, 2004
ESTIMATE

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

500	SUPERVISION AND ENGINEERING	52,851
501	FUEL	1,266,324
502	STEAM EXPENSES	46,575
503	STEAM FROM OTHER SOURCES	0
504	STEAM TRANSFERRED - CR	0
505	ELECTRIC EXPENSES	53,558
506	MISC. STEAM POWER EXPENSES	74,115
507	RENTS	5,690,268
508	OPERATION SUPPLIES AND EXPENSES	0
509	CARRYING CHARGES - ALLOWANCES	0
	TOTAL OPERATION EXPENSE	7,183,692

510	MAINTENANCE SUPER. AND ENGINEERING	55,946
511	MAINTENANCE OF STRUCTURES	8,775
512	MAINTENANCE OF BOILER PLANT	247,530
513	MAINTENANCE OF ELECTRIC PLANT	231,952
514	MAINTENANCE OF MISC. STEAM PLANT	5,847
515	MAINTENANCE NORMALIZING	0
	TOTAL MAINTENANCE EXPENSES	550,050

555	PURCHASED POWER	0
556	SYSTEM CONTROL AND LOAD DISPATCHING	0
557	OTHER POWER SUPPLY EXPENSES	1,256
	TOTAL OTHER SUPPLY EXPENSES	1,256

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		5
THIS BILLING IS FOR MONTH OF		May, 2004

A E P GENERATING COMPANY

May, 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	45,623
921	OFFICE SUPPLIES AND EXPENSES	7,303
922	ADMINISTRATIVE EXPENSES TRANSF - CR	0
923	OUTSIDE SERVICES	71,511
924	PROPERTY INSURANCE	17,244
925	INJURIES AND DAMAGES	5,883
926	EMPLOYEE PENSIONS AND BENEFITS	49,524
927	FRANCHISE REQUIREMENTS	0
928	REGULATORY COMMISSION	0
929	DUPLICATE CHARGES-CREDIT	0
930	MISCELLANEOUS GENERAL EXPENSES	202
931	RENTS	93
933	TRANSPORTATION EXPENSE	0
	TOTAL ADM & GEN EXPENSES OPERATION	197,383
935	MAINTENANCE OF GENERAL PLANT	5,314
	TOTAL ADM & GEN EXPENSES	202,697
	TOTAL AEG OPERATION & MAINTENANCE EXPENSES	7,937,696
	ACCOUNT 40190 TOTAL FOR CROSS FOOT	7,937,696
	-----DIFFERENCE-----	0