

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

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

ESTIMATE  
 08-Nov-04

UNIT 2  
POWER BILL - - October, 2004

IN ACCORDANCE WITH POWER AGREEMENT DATED OCTOBER 1, 1984 (AS AMENDED)  
 ENERGY DELIVERED FOR THE MONTH OF October, 2004  
 KWH FOR THE MONTH 110,444,000

<u>SUMMARY</u>	<u>TOTAL</u>
Current Month Bill:	
Return on Common Equity	(151,920)
Return on Other Capital	(64,964)
Total Return	(216,884)
Fuel	1,545,872
Purchased Power	0
Other Operating Revenues	(2,625)
Other Operation and Maintenance Exp	1,963,071
Depreciation Expense	107,385
Taxes Other Than Federal Income Tax	44,771
Federal Income Tax	(70,158)
TOTAL CURRENT UNIT POWER BILL	3,371,432
Prior Month's Adjustment:	
Return on Common Equity & Other Capital	0
Fuel Expense	0
Other Expenses	(1,782)
TOTAL PRIOR MONTH'S ADJUSTMENTS	(1,782)
TOTAL UNIT POWER BILL	3,369,650

AMOUNTS WILL BE PAID DIRECT FROM GENERAL FUNDS.

DUE DATE - - November 22, 2004

CC: R. PRICE - COLUMBUS D. L. HILLE - FT. WAYNE S. M. BLOTKAMP - FT. WAYNE D. CROSS - COLUMBUS	E. K. WAGNER - KENTUCKY R. D. RUSSELL - KENTUCKY R. E. HERINK - CANTON M. GIARDINA - COLUMBUS
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AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
SUMMARY OF MONTHLY POWER BILL

ESTIMATE  
 Pg 2 of 18

October, 2004

08-Nov-04

	<u>TOTAL UNIT 2 POWER BILL</u>	<u>KPCO SHARE</u>	<u>I&amp;M SHARE</u>
Return on Common Equity	(506,401)	(151,920)	(354,481)
Return on Other Capital	(216,545)	(64,964)	(151,581)
<b>Total Return</b>	<b>(722,946)</b>	<b>(216,884)</b>	<b>(506,062)</b>
+ Fuel	5,152,906	1,545,872	3,607,034
+ Purchased Power	0	0	0
- Other Operating Revenues	(8,750)	(2,625)	(6,125)
+ Other Operation and Maintenance Exp	6,543,569	1,963,071	4,580,498
+ Depreciation Expense	357,950	107,385	250,565
+ Taxes Other Than Federal Income Tax	149,236	44,771	104,465
+ Federal and State Income Tax	(233,859)	(70,158)	(163,701)
<b>= Total Unit 2 Monthly Power Bill</b>	<b>11,238,106</b>	<b>3,371,432</b>	<b>7,866,674</b>
<u>Determination of Federal Income Tax :</u>			
Total Return ( Line 3 )	(722,946)	(216,884)	(506,062)
+ Unit 2 Schedule M Adjustments	(1,073,793)	(322,138)	(751,655)
+ Unit 2 Deferred Federal Income Taxes	395,177	118,553	276,624
- Unit 2 Interest Expense Deduction *	(233,351)	(70,005)	(163,346)
<b>= Subtotal</b>	<b>(1,168,211)</b>	<b>(350,463)</b>	<b>(817,747)</b>
x Gross-Up ( FIT Rate / 1-FIT Rate )	0.538462	0.538462	0.538462
<b>= Unit 2 Current Federal Income Tax</b>	<b>(629,036)</b>	<b>(188,711)</b>	<b>(440,325)</b>
+ Unit 2 Def Fed & State Income Taxes	395,177	118,553	276,624
<b>= Total Unit 2 Fed&amp;State Income Taxes</b>	<b>(233,859)</b>	<b>(70,158)</b>	<b>(163,701)</b>
<u>Proof of Federal Income Tax :</u>			
Total Unit 2 Monthly Power Bill	11,238,106	3,371,432	7,866,674
- Operation and Maintenance Expenses	11,696,475	3,508,943	8,187,532
- Depreciation Expense	357,950	107,385	250,565
- Taxes Other Than Federal Income Tax	149,236	44,771	104,465
- Unit 2 Interest Expense Deduction *	(233,351)	(70,005)	(163,346)
- Other Operating Revenues	(8,750)	(2,625)	(6,125)
<b>= Pre-Tax Book Income</b>	<b>(723,454)</b>	<b>(217,037)</b>	<b>(506,417)</b>
+ Unit 2 Schedule M Adjustments	(1,073,793)	(322,138)	(751,655)
<b>= Unit 2 Taxable Income</b>	<b>(1,797,247)</b>	<b>(539,175)</b>	<b>(1,258,072)</b>
x Current Federal Income Tax Rate	35%	35%	35%
<b>= Unit 2 Current Federal Income Tax</b>	<b>(629,036)</b>	<b>(188,711)</b>	<b>(440,325)</b>
+ Unit 2 Def Fed & State Income Taxes	395,177	118,553	276,624
<b>= Total Unit 2 Fed&amp;State Income Taxes</b>	<b>(233,859)</b>	<b>(70,158)</b>	<b>(163,701)</b>

\* 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 October, 2004</u>
1	Operating Ratio:
2	<u>Net In-Service Investment:</u>
3	Electric Plant In-Service 669,824,158
4	- Accumulated Depreciation 387,605,761
5	+ Materials & Supplies 34,808,836
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 *** (25,403,354)
10	+ Unamortized Debt Expense (A/C 181) 4,339,605
11	- Other Deferred Credits (A/C 253) 101,297,208
12	- Accumulated Deferred FIT 37,846,257
13	- Accumulated Deferred ITC 47,087,431
14	Total Net In-Service Investment 109,743,277
15	<u>Non-In-Service Investment - CWIP :</u>
16	Construction Work In Progress 5,347,679
17	+ Materials & Supplies 0
18	- Accumulated Deferred FIT 0
19	Total Non-In-Service Investment - CWIP 5,347,679
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) ** 1,345,965
23	+ Fuel Inventory Over Allowed Level **** (3,878,191)
24	Total Non-In-Service Investment - Other (2,532,226)
25	Total Investment (Lines 14+19+24) 112,558,731
26	Operating Ratio (Line 14/Line 25) 97.4987%
27	Non-In-Service Investment-CWIP Ratio (Line 19/Line 25) 4.7510%
28	Non-In-Service Investment-Other Ratio (Line 24/Line 25) -2.2497%
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 October, 2004</u>
1	Net In-Service Investment Ratio:	
2	<u>Unit 2 Net In-Service Investment:</u>	
3	Electric Plant In-Service	72,485,107
4	- Accumulated Depreciation	55,839,884
5	+ Materials & Supplies	15,465,323
6	+ Prepayments	5,345
7	+ Plant Held For Future Use (A/C 105) *	0
8	+ Other Deferred Debits (A/C 186) *	0
9	+ Other Working Capital **	(54,611,606)
10	+ Unamortized Debt Expense (A/C 181)	2,169,802
11	- Other Deferred Credits (A/C 253)	101,297,208
12	- Accumulated Deferred FIT	(31,716,690)
13	- Accumulated Deferred ITC	35,819,779
14	Total Unit 2 Net In-Service Investment	(125,726,210)
15	<u>Unit 1 Net In-Service Investment:</u>	
16	Electric Plant In-Service	597,339,051
17	- Accumulated Depreciation	331,765,877
18	+ Materials & Supplies	19,343,513
19	+ Prepayments	5,345
20	+ Plant Held For Future Use (A/C 105) *	0
21	+ Other Deferred Debits (A/C 186) *	0
22	+ Other Working Capital **	29,208,253
23	+ Unamortized Debt Expense (A/C 181)	2,169,802
24	- Other Deferred Credits (A/C 253)	0
25	- Accumulated Deferred FIT	69,562,947
26	- Accumulated Deferred ITC	11,267,652
27	Total Unit 1 Net In-Service Investment	235,469,488
28	Total Net In-Service Investment	109,743,277
29	<u>Net In-Service Investment Ratio:</u>	
30	Unit 2 ( Line 14 / Line 28 )	-114.5600%
31	Unit 1 ( Line 27 / Line 28 )	214.5600%
		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**

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<u>Line No.</u>	<u>UNIT 2 October, 2004</u>
1	Net Capitalization:
2	Long-Term Debt 44,817,438
3	+ Short-Term Debt 15,497,328
4	+ Preferred Stock 0
5	+ Common Equity 47,827,314
6	- Temporary Cash Investments 0
7	Net Capitalization <u>108,142,080</u>
8	40% of Net Capitalization 43,256,832
9	<u>Return on Common Equity:</u>
10	Lesser of Line 5 or Line 8 43,256,832
11	x Equity Return (Monthly Rate) 1.01333%
12	= Equity Return 438,334
13	x Operating Ratio 97.4987%
14	x Net In-Service Investment Ratio -114.5600%
15	= Subtotal (489,595)
16	Excess of Line 5 Over Line 8 4,570,482
17	x Weighted Cost of Debt (Monthly Rate) 0.3292%
18	= Return on Equity over 40% of Capitalization 15,046
19	x Operating Ratio 97.4987%
20	x Net In-Service Investment Ratio -114.5600%
21	= Subtotal (16,806)
22	Unit 2 Return on Equity (Line 15 + Line 21) <u>(506,401)</u>
23	<u>Return on Other Capital:</u>
24	Long-Term Debt Interest Expense (a/c 427) 176,936
25	+ Short-Term Debt Interest Expense (a/c 430) 12,061
26	+ Other Interest Expense (a/c 428-431) 4,875
27	- Temporary Cash Investment Income * 0
28	= Net Interest Expense 193,872
29	+ Preferred Stock Dividends (a/c 437) 0
30	= Net Cost of Other Capital 193,872
31	x Operating Ratio 97.4987%
32	x Net In-Service Investment Ratio -114.5600%
33	= Unit 2 Return on Other Capital <u>(216,545)</u>

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

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

<u>Line No.</u>		<u>UNIT 2 October, 2004</u>
1	Debt Balances (Prior Month Ending) :	
2	Long-Term Debt	44,817,438
3	+ Short-Term Debt	15,497,328
4	+ Other Debt	0
5	Total Debt Balances (Prior Month Ending)	60,314,766 =====
6	<u>Weighting of Debt Balances :</u>	
7	Long-Term Debt	74.3059%
8	+ Short-Term Debt	25.6941%
9	+ Other Debt	0.0000%
10	Total Debt Balances	100.0000% =====
11	<u>Debt Cost Rates :</u>	
12	Long-Term Debt	4.6611%
13	Short-Term Debt	1.6471%
14	Other Debt	0.0000%
15	<u>Weighted Cost of Debt :</u>	
16	Long-Term Debt	3.4635%
17	+ Short-Term Debt	0.4232%
18	+ Other Debt	0.0000%
19	Total Weighted Cost of Debt	3.8867% =====

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>October, 2004</u>
1	Unit 2 Materials and Supplies:	
2	Fuel Stock - Coal (per Line 23)	8,603,108
3	Fuel Stock Expenses - Undistributed (152)	442,398
4	Fuel Stock - Oil (151.20)	645,816
5	Plant Materials & Operating Supplies	5,774,001
6	Merchandise	0
7	Undistributed Stores Expense	0
8	Total Materials & Supplies	<u>15,465,323</u> =====
9	<u>Support of Coal Inventory Value:</u>	
10	Actual Coal Inventory (a/c 151.10)	8,603,108
11	+ Equivalent Inventory re: Deferred Return	80,551,601
12	= Imputed Coal Inventory	<u>89,154,709</u> -----
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 (per a/c 151.10 at End of Prior Month)	24,350
22	= 68 day Coal Inventory	<u>12,649,776</u> -----
23	Lesser of Imputed or Capped Coal Inventory	<u>12,649,776</u> -----
24	Imputed Inventory Minus Line 23	<u>76,504,933</u> =====
25	<u>Accumulated Deferred Inventory Return - Unit 2 (Memo Item):</u>	
26	Beginning Balance	706,138
27	+ Current Month Return on Beginning Balance	6,245
28	+ Current Month Deferral	31,753
29	- Current Month Recovery	0
30	= Ending Balance **	<u>744,136</u> =====

\* Excludes Forced Outages, Scheduled Outages, and Curtailments

\*\* May Not Be Less Than Zero



AEP GENERATING COMPANY  
ROCKPORT POWER BILL  
DETAIL OF OTHER OPERATING REVENUES

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

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL Pg 9 of 18  
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>October, 2004</u>
1	500,502-509	Steam Power Generation - Operation	5,929,569
2	501	Fuel - Operation	5,152,906
3	510-515	Steam Power Generating - Maintenance	376,460
4		Total Steam Power Generation Expenses	11,458,935
5	555-557	Other Power Supply Expenses	1,392
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 Expensés - 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	226,285
16	935	Administrative and General Expenses - Maintenance	9,864
17		Total Administrative & General Exp.	236,148
18		Total Operation & Maintenance Expenses	11,696,475

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>October, 2004</u>
1	403	Depreciation Expense *	272,196
2	404	Amortization of Limited-Term Electric Plant **	85,754
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	357,950 =====

\* 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 October, 2004</u>
1	408.1	Taxes Other Than Federal Income Taxes, Utility Operating Income	194,036
2	409.1	State Income Taxes	(44,800)
3		Total Taxes Other than Federal Income Taxes	<u>149,236</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  
 October, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>TOTAL</u>	<u>KPCO SHARE</u>	<u>I&amp;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	(390,293)	(117,088)	(273,205)
6		Total Unit 2 Schedule 'M' Adjustments	(1,073,793)	(322,138)	(751,655)
<hr/>					
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.	(9,770)	(2,931)	(6,839)
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	157,027	47,108	109,919
15		Total Unit 2 Deferred Federal and State Income Tax	395,177	118,553	276,624
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\* 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  
October, 2004

Line No.	Account No.	Description	
1		<u>ELECTRIC PLANT IN SERVICE</u>	
2	101	Electric Plant In Service	61,148,133
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	11,336,974
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	72,485,107
12	105	Plant Held For Future Use	0
13		<u>ACCUMULATED DEPRECIATION</u>	
14	108	Accumulated Provision for Depreciation of Electric Utility Plant	53,123,101
15	110	Accumulated Provision for Depreciation and Amort. of Elec. Utility Plant	0
16	111	Accumulated Provision for Amortization of Electric Utility Plant	2,716,783
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	55,839,884
20		<u>MATERIAL AND SUPPLIES</u>	
21	151	Fuel Stock	9,248,924
22	152	Fuel Stock Expenses - Undistributed	442,398
23	153	Residuals	0
24	154	Plant Materials and Operating Supplies	5,774,001
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)	15,465,323
29	165	Prepayments	5,345
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>October, 2004</u>
<u>No.</u>	<u>No.</u>		
1	128	Other Special Funds	0
2	131	Cash	0
3	135	Other Intra Company Adjustments	0
4	143	Accounts Receivable-Miscellaneous	0
5	146	Accounts Receivable-Associated Company	11,241,305
6	171	Interest and Dividends Receivable	0
7	174	Miscellaneous Current and Accrued Assets	0
8	232	Accounts Payable-General	(271,417)
9	234	Accounts Payable-Associated Company	(6,465,528)
10	236	Taxes Accrued	(4,661,987)
11	237	Interest Accrued	(227,813)
12	238	Dividends Declared	0
13	241	Tax Collections Payable	0
14	242	Misc Current and Accrued Liabilities	(54,226,167)
15		Total Other Working Capital	(54,611,606) =====
16	181	Unamortized Debt Expense	2,169,802
17	253	Other Deferred Credits	101,297,208 =====
*		debit <credit>	

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

UNIT 2  
October, 2004

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	
31		ACCUMULATED DEFERRED INCOME TAXES	
32	190	-Accumulated Deferred Income Taxes	41,440,957
33	281	+Accumulated Deferred Income Taxes - Accelerated Amortization Property	0
34	282	+Accumulated Deferred Income Taxes - Other Property	8,790,102
35	283	+Accumulated Deferred Income Taxes - Other	934,165
36		Total Accumulated Deferred Income Taxes (In-Service Portion)	(31,716,690)
37	255	+Accumulated Deferred Investment Tax Credits	35,819,779
38	186.50	-Accumulated Deferred Investment Tax Credit	0
39		Total Accumulated Deferred Investment Tax Credits	35,819,779
40		Total Net In-Service Investment - Unit 2	(125,726,210)



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>October, 2004</u>
		<u>Non-In-Service Investment - CWIP</u>	
1	107	Construction Work In Process	5,347,679
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	5,347,679
		<u>Non-In-Service Investment - Other</u>	
18	105	Plant Held for Future Use	0
19	186	Other Deferred Debits	1,345,965
20	151.10	Fuel Inventory Over Allowed Level *	(3,878,191)
21		Total Non-In-Service Investment - Other	(2,532,226)
		* INCLUDES ROCKPORT 1 AND 2	
		UNIT 1	(3,878,191)
		UNIT 2	0
		TOTAL	(3,878,191)

AEP GENERATING COMPANY  
 ROCKPORT POWER BILL  
DETAIL OF NET CAPITALIZATION

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UNIT 2  
October, 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	23,393,314
21		Total Retained Earnings	23,393,314
22		Total Common Equity	47,827,314
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  
October, 2004

<u>Line</u> <u>No.</u>	<u>Account</u> <u>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	(182,562)
35		Total Long-Term Debt	44,817,438
		<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)	15,497,328
38		Total Short-Term Debt	15,497,328
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	108,142,080

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

<u>Line No.</u>	<u>UNIT 2</u> <u>October, 2004</u>
1	Capitalization Balances (Prior Month Ending) :
2	Long-Term Debt 44,817,438
3	+ Short-Term Debt 15,497,328
4	+ Preferred Stock 0
5	+ Common Equity 47,827,314
6	- Capitalization Offsets 0
7	Total Capitalization Balances 108,142,080
8	<u>Weighting of Capitalization Balances :</u>
9	Long-Term Debt 41.4431%
10	+ Short-Term Debt 14.3305%
11	+ Preferred Stock 0.0000%
12	+ Common Equity 44.2264%
13	- Capitalization Offsets 0.0000%
14	Total Capitalization 100.0000%
15	<u>Capitalization Cost Rates :</u>
16	Long-Term Debt 4.6611%
17	Short-Term Debt 1.6471%
18	Preferred Stock 0.0000%
19	Common Equity 12.1600%
20	Capitalization Offsets 3.8867%
21	<u>Rate of Return (Net of Tax) :</u>
22	Long-Term Debt 1.9317%
23	+ Short-Term Debt 0.2360%
24	+ Preferred Stock 0.0000%
25	+ Common Equity 5.3779%
26	- Capitalization Offsets 0.0000%
27	Total Rate of Return (Net of Tax) 7.5456%
28	Weighted Net Cost of Debt 2.1677%
29	+ Pre-Tax Common Equity (Line 25 / .65) 8.2737%
30	= Rate of Return (Pre-Tax) 10.4414%

A E P GENERATING COMPANY

October, 2004

ESTIMATE

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

500	SUPERVISION AND ENGINEERING	75,222
501	FUEL	5,152,906
502	STEAM EXPENSES	59,708
503	STEAM FROM OTHER SOURCES	0
504	STEAM TRANSFERRED - CR	0
505	ELECTRIC EXPENSES	59,536
506	MISC. STEAM POWER EXPENSES	44,850
507	RENTS	5,690,253
508	OPERATION SUPPLIES AND EXPENSES	0
509	CARRYING CHARGES - ALLOWANCES	0
	TOTAL OPERATION EXPENSE	11,082,475

510	MAINTENANCE SUPER. AND ENGINEERING	57,857
511	MAINTENANCE OF STRUCTURES	11,976
512	MAINTENANCE OF BOILER PLANT	282,778
513	MAINTENANCE OF ELECTRIC PLANT	(415)
514	MAINTENANCE OF MISC. STEAM PLANT	24,264
515	MAINTENANCE NORMALIZING	0
	TOTAL MAINTENANCE EXPENSES	376,460

555	PURCHASED POWER	0
556	SYSTEM CONTROL AND LOAD DISPATCHING	0
557	OTHER POWER SUPPLY EXPENSES	1,392
	TOTAL OTHER SUPPLY EXPENSES	1,392

IS FUEL IN BALANCE  
ON PAGE 2

AMOUNT MUST BE ZERO

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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		10
THIS BILLING IS FOR MONTH OF		October, 2004

## A E P GENERATING COMPANY

October, 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	35,212
921	OFFICE SUPPLIES AND EXPENSES	8,104
922	ADMINISTRATIVE EXPENSES TRANSF - CR	0
923	OUTSIDE SERVICES	100,369
924	PROPERTY INSURANCE	20,548
925	INJURIES AND DAMAGES	13,513
926	EMPLOYEE PENSIONS AND BENEFITS	38,874
927	FRANCHISE REQUIREMENTS	0
928	REGULATORY COMMISSION	0
929	DUPLICATE CHARGES-CREDIT	0
930	MISCELLANEOUS GENERAL EXPENSES	9,597
931	RENTS	68
933	TRANSPORTATION EXPENSE	0
	TOTAL ADM & GEN EXPENSES OPERATION	226,285
935	MAINTENANCE OF GENERAL PLANT	9,864
	TOTAL ADM & GEN EXPENSES	236,148
	TOTAL AEG OPERATION & MAINTENANCE EXPENSES	11,696,475
	ACCOUNT 40190 TOTAL FOR CROSS FOOT	11,696,475
	-----DIFFERENCE-----	0