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November 9, 2009

Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 2009-00316

Dear Mr. Derouen

Enclosed please find and accept for filing the original and ten copies of Kentucky Power Company's responses to the Staff's Supplemental Data Requests from the October 28, 2009 Informal Conference.

Copies of the responses are being served on counsel for the Kentucky Industrial Utility Customers, Inc. and the Attorney General.

Very truly yours,

Mark R. Overstreet

cc: Dennis G. Howard, II
Michael L. Kurtz

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

AN EXAMINATION BY THE PUBLIC SERIVCE	)	
COMMISSION OF THE ENVIRONMENTAL	)	
SURCHARGE MECHANISM OF KENTUCKY	)	CASE NO. 2009-00316
POWER COMPANY FOR THE TWO YEAR	)	
BILLING PERIOD ENDING JUNE 30, 2009	)	

KENTUCKY POWER COMPANY

RESPONSES TO COMMISSION STAFF'S OCTOBER 28, 2009
INFORMAL CONFERENCE DATA REQUESTS

November 9, 2009

VERIFICATION

COMMONWEALTH OF KENTUCKY)
COUNTY OF FRANKLIN) CASE NO. 2009-00316

The undersigned, **Errol Wagner**, being duly sworn, states he is the Director of Regulatory Services for Kentucky Power Company, that he has personal knowledge of the matters set forth in the Data Responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Errol K Wagner

ERROL K. WAGNER

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5th day of November 2009.

Judy K. Rosquist (SEAL)
Notary Public

My Commission Expires:
January 23, 2013

Kentucky Power Company

REQUEST

Please refer to the Company's response to the Commission Staff Informal Conference data requests dated October 7, 2009 Item No. 1, on page 5 of 22. Please provide the formula used to calculate the Weighted Average Borrowed Interest Rate for the Short Term Debt.

RESPONSE

The formula used to calculate the Weighted Average Borrowed Interest Rate for the Short Term Debt on page 5 of 22 is ((The Daily Short Term Borrowed Balance/ the Sum total for all daily Balances during the selected time period) X the corresponding daily Borrowed Interest Rate). The result is the Weighted Average Borrowed Interest Rate also for the given day.

For example, for May 1, 2008 the Short Term Borrowed Balance of $37,719,817.39 is divided by $34,803,612,298.49 and the result is 0.00108379. Then the result of 0.00108379 is multiplied by the Borrowed Interest Rate for May 1, 2008 of 3.11% to yield the Weighted Average Borrowed Interest Rate of 0.003375%.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Please refer to the Company's response to the Commission Staff Informal Conference data requests dated October 7, 2009 Item No. 1, on page 5 of 22. Please explain why the short term borrowed balance column continues to change on the weekends?

RESPONSE

The reason the Short Term Borrowed Balance on page 5 of 22 continues to change on the weekends is that it is the daily accrued interest amount.

For example looking at Friday May 30, 2008, the Short Term Borrowed Balance is $41,663,308.18 and the annual interest rate is 2.9148025% (2.91% rounded). Taking the Short Term Borrowed Balance of $41,663,308.18 times the annual interest rate of 2.9148025% and dividing that result by 360 days result in a daily interest expense of $3,373.59. The borrowed balance for Friday May 30, 2008 of $41,666,308.18 plus the interest expense of $3,373.59 results in a Saturday May 31, 2008 Short Term Borrowed Balance of $41,669,681.77.

Taking the Saturday May 31, 2008, Short Term Balance of $41,669,681.77 times the annual interest rate of 2.9148025 and dividing that result by 360 days results in a daily interest expense of $3,373.86. The borrowed balance for Saturday May 31, 2008 of $41,669,681.77 plus the interest expense of $3,373.86 results in a Sunday June 1, 2008 Short Term Borrowed Balance of $41,673,055.63

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Please refer to the Company's response to the Commission Staff Informal Conference data requests dated October 7, 2009 Item No. 1, on pages 13 through 22 of 22 (Accounts Receivable Financing).

(a) There is no carrying cost charge for the weekend balances. Why did the methodology appear to change from the Company last environmental surcharge Case No. 2009-00038 where daily carrying cost charges were imposed for weekend balances?

(b) When comparing the Daily Carrying Cost Charge rate column in Case No 2009-00316 versus Case No. 2009-00038 the rate appears to be more volatile. Please give the reasons for the rate volatility.

RESPONSE

(a) Kentucky Power factors its accounts receivable as a low-cost means of financing. The Company sells its accounts receivable each working day to AEP Credit, which in turns sells the accounts receivable into the asset backed commercial paper market. The cost of this type of financing is taken as a deduction from the face value of the accounts receivable when purchased by AEP Credit. For example, Kentucky Power may receive $999.98 for each $1,000.00 of accounts receivable. This deduction, which represents the cost of financing over the period the accounts receivable are repaid, is calculated as follows: (the value of the accounts receivable factored that day) X (AEP Credit's weighted daily cost of capital) X (the projected period of time, based on past experience, over which the bills underlying the accounts receivable will be paid). Of course, the bills underlying the accounts receivable may be repaid over a period different than estimated by AEP Credit at the time it purchased the accounts receivable.

Until early 2008, Kentucky Power "trued up" the financing cost for each period's accounts receivable to reflect AEP Credit's actual cost of financing for the period over which the bills underlying the accounts receivable financed. This trued-up cost would be allocated to each calendar day (including non-working days when Kentucky Power did not sell its accounts receivable) during the applicable period.

To sell the accounts receivable into the open market (the ultimate source of the financing) the purchase agreement between AEP Credit and Kentucky Power requires a "True Sale Opinion." The True Sale Opinion is legal opinion from independent counsel that the sale of accounts receivable by Kentucky Power to AEP Credit is a true sale whereby Kentucky Power divests itself of all interest in the accounts receivable. In early 2008, independent counsel concluded it could not deliver a True Sale Opinion if Kentucky Power and AEP Credit trued up the financing costs as it previously did. Rather, the opinion required that the capital cost charges be calculated at the time of each A/R purchase, which occurs only on business days. Thereafter, in conformity with the opinion, Kentucky Power and AEP Credit no longer trued up the cost of financing.

It is important to keep in mind that both before and after the new True Sale Opinion Kentucky Power factored its accounts receivable to AEP only on regular business days. The only difference is that after the True Sales Opinion Kentucky Power and AEP Credit no longer true up the costs. Rather, the credit cost charges are calculated at the time of the sales, which do not occur on weekends or holidays.

The response to the data request in Case No. 2009-00038 was prepared using the former method whereby the daily capital cost charges were calculated using AEP Credit's daily cost of capital multiplied by the outstanding A/R balance, including weekend balances. The response (pages 13 to 20 of 22 of the Company's response to Item 4) in this proceeding (Case No. 2009-00316) was prepared in conformity with the requirements of the new True Sales Opinion and thus does not show charges for weekends and holiday when no sales take place. Instead, the cost for the entire period over which the accounts receivable are expected to be repaid (including weekends and holidays) is calculated on the day the accounts receivable are factored. That cost is recorded on KPCo's books as the cost of factoring its accounts receivable.

(b) The Company has developed a 6 page attachment to this response to aid the Commission in following the explanation below.

The apparent volatility is a result of the daily differences in the amount of accounts receivable factored each day. By way of example, that amount can vary from approximately $860,000 on April 7, 2008 to approximately $8.4 million on August 4, 2008. (See page 4, Column D of 9 and page 5 Column D of 9.) Under the former True Sales Opinion the amount of accounts receivable factored on any day did not directly affect the calculation of the daily cost of capital. Under the new True Sales Opinion the amount of accounts receivable factored is an independent variable in the calculation of Kentucky Power's "carrying cost charge" and ultimately its "daily carrying cost charge." Large changes in the amount of the accounts receivable factored will lead to significant changes in the "daily carrying cost charge."

As reported in <u>this</u> case (2009-00316), the "daily carrying cost charge" (pages 13 to 20 of 22 of the Company's response to Item 4) is the weighted rate paid by <u>Kentucky Power</u> to factor the accounts receivable on any particular date. It is calculated by dividing Kentucky Power's actual carrying cost for the day in question by the accounts receivable balance as of the same day. As explained in the answer to subpart (a) of this data request, Kentucky Power's actual carrying cost for the day in question is calculated by multiplying the Company's daily cost of capital by the previous month's average days outstanding and multiplying that product by the amount of accounts receivable factored on that day.

As reported in Kentucky Power's immediately preceding case (2009-00038), the "daily carrying cost charge" was AEP Credit's internal cost of capital. It was the "trued up" cost referred to in the response to subpart (a) of this data request.

The difference in manner in which the "carrying cost charge," which affects the "daily carrying cost charge," was calculated, and the effect of changes in the amount of accounts receivable factored, is illustrated by comparing the lines for April 1, 2008 and April 2, 2008 on page 4 of 9 of this response.

On April 1, 2008, AEP Credit's internal cost of credit (column ("b")), which was reported as the "carrying cost charge" in Case No. 2009-00038, was 0.00011. It can be calculated by the dividing the daily carrying cost charge for April 1, 2008 (the trued up amount by which the accounts receivable that were factored that day were discounted) (column "c"), by Kentucky Power's accounts receivable balance (column "a").

For April 1, 2008, Kentucky Power's "carrying cost charge" calculated in accordance with the new True Sales Opinion would be computed by multiplying AEP Credit's internal cost of credit for the date (the same 0.00011 reported in Case No. 2009-00038), times the estimated number of days required of the accounts receivable to be paid (column ("f")), times the accounts receivable factored on date (column ("j")), to yield the "carrying cost charge" (labeled "KP actual carrying cost incurred."). This carrying cost charge is then divided by Kentucky Power's accounts receivable balance that day (column (a)) to yield the "actual cost of capital as a percentage of the accounts receivable balance (column ("j")). This amount was reported in Case No. 2009-00316 as the "daily carrying cost charge."

The effect of daily differences in the amount of accounts receivable factored on the "daily carrying cost charge" is illustrated by comparing the computed charges for April 1, 2008 and April 2, 2008. On April 1, 2008 AEP Credit's internal cost of capital was 0.00011. On April, 2, 2008, that cost was 0.000107. These were the figures reported as the "daily carrying cost charge" in Case No. 2009-00038.

On those same two days, Kentucky Power factored $2.977 million and $7.596 million in accounts receivable. This led to carrying cost charges of $10,726.98 and $26,619.40 on those days (and daily carrying cost charges of 0.00027 and 0.000584) even though the internal cost of capital only changed slightly from 0.00011 to 0.000107 between those two days.

WITNESS: Errol K Wagner

Kentucky Power Company
Accounts Receivable Financing
for the Two Year Billing Period Ending June 30, 2009

	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					
Date	A/R Balance	Daily Cost of Capital	AEP Credit - Internal Cost	A/R Factored	Daily Cost of Capital	Previous Month's Average Days Outstanding	Total Discount Factor	KP - Actual Carrying Cost Incurred	Actual Cost of Capital as a % of Total A/R Balance
	(a)	(b)	(c) = (a) x (b)	(d)	(e)	(f)	(g) = (e) x (f)	(h) = (d) x (g)	(i) = (h) / (a)
04/01/2008	39,725,661.13	0.00011	4,369.82	2,977,236.38	0.000110	32.75	0.003603	10726.98	0.000270
04/02/2008	45,602,085.27	0.000107	4,879.42	7,596,859.71	0.000107	32.75	0.003504	26,619.40	0.000584
04/03/2008	45,972,545.97	0.000107	4,919.06	1,624,517.20	0.000107	32.75	0.003504	5,692.31	0.000124
04/04/2008	46,393,940.03	0.000107	4,964.15	1,924,100.29	0.000107	32.75	0.003504	6,742.05	0.000145
04/05/2008	46,393,940.03	0.000107	4,964.15	0.00	0.000107	32.75	0.000000	0.00	0.000000
04/06/2008	46,393,940.03	0.000107	4,964.15	0.00	0.000107	32.75	0.000000	0.00	0.000000
04/07/2008	45,833,983.32	0.000107	4,904.24	860,428.61	0.000107	40.79	0.004365	3,755.77	0.000082
04/08/2008	45,085,383.44	0.000107	4,824.14	1,133,800.68	0.000107	40.79	0.004365	4,949.04	0.000110
04/09/2008	44,485,351.23	0.000106	4,715.45	1,323,227.64	0.000106	40.79	0.004324	5,721.64	0.000129
04/10/2008	44,923,076.87	0.000106	4,761.85	1,787,708.79	0.000106	40.79	0.004324	7,730.05	0.000172
04/11/2008	44,184,714.13	0.000106	4,683.58	901,042.85	0.000106	40.79	0.004324	3,896.11	0.000088
04/12/2008	44,184,714.13	0.000106	4,683.58	0.00	0.000106	40.79	0.000000	0.00	0.000000
04/13/2008	44,184,714.13	0.000106	4,683.58	0.00	0.000106	40.79	0.000000	0.00	0.000000
04/14/2008	42,881,697.15	0.000106	4,545.46	1,356,769.25	0.000106	40.79	0.004324	5,866.67	0.000137
04/15/2008	38,873,710.43	0.000106	4,120.61	1,765,291.62	0.000106	40.79	0.004324	7,633.12	0.000196
04/16/2008	38,465,751.19	0.000104	4,000.44	1,434,092.06	0.000104	40.79	0.004242	6,083.42	0.000158
04/17/2008	37,944,154.97	0.000104	3,946.19	768,595.93	0.000104	40.79	0.004242	3,260.38	0.000086
04/18/2008	37,726,020.75	0.000104	3,923.51	1,438,231.82	0.000104	40.79	0.004242	6,100.98	0.000162
04/19/2008	37,726,020.75	0.000104	3,923.51	0.00	0.000104	40.79	0.000000	0.00	0.000000
04/20/2008	37,726,020.75	0.000104	3,923.51	0.00	0.000104	40.79	0.000000	0.00	0.000000
04/21/2008	36,613,658.34	0.000104	3,807.82	873,716.22	0.000104	40.79	0.004242	3,706.30	0.000101
04/22/2008	34,897,271.93	0.000104	3,629.32	1,231,803.98	0.000104	40.79	0.004242	5,225.31	0.000150
04/23/2008	34,437,265.87	0.000102	3,512.60	899,937.57	0.000102	40.79	0.004161	3,744.64	0.000109
04/24/2008	33,991,756.30	0.000102	3,467.16	1,041,144.38	0.000102	40.79	0.004161	4,332.20	0.000127
04/25/2008	33,781,855.08	0.000102	3,445.75	664,638.02	0.000102	40.79	0.004161	2,765.56	0.000082
04/26/2008	33,781,855.08	0.000102	3,445.75	0.00	0.000102	40.79	0.000000	0.00	0.000000
04/27/2008	33,781,855.08	0.000102	3,445.75	0.00	0.000102	40.79	0.000000	0.00	0.000000
04/28/2008	34,530,892.16	0.000102	3,522.15	2,073,989.14	0.000102	40.79	0.004161	8,629.87	0.000250
04/29/2008	35,696,979.27	0.000102	3,641.09	2,228,451.95	0.000102	40.79	0.004161	9,272.59	0.000260
04/30/2008	37,190,048.60	0.000101	3,756.19	2,593,843.78	0.000101	40.79	0.004120	10,686.64	0.000287
05/01/2008	36,825,216.96	0.000101	3,719.35	920,960.56	0.000101	40.79	0.004120	3,794.36	0.000103
05/02/2008	41,192,223.29	0.000101	4,160.41	5,492,891.20	0.000101	40.79	0.004120	22,630.71	0.000549
05/03/2008	41,192,223.29	0.000101	4,160.41	0.00	0.000101	40.79	0.000000	0.00	0.000000
05/04/2008	41,192,223.29	0.000101	4,160.41	0.00	0.000101	40.79	0.000000	0.00	0.000000
05/05/2008	41,396,996.63	0.000101	4,181.10	1,808,234.81	0.000101	40.79	0.004120	7,449.93	0.000180
05/06/2008	40,090,202.28	0.000101	4,049.11	792,826.77	0.000101	40.79	0.004120	3,266.45	0.000081
05/07/2008	39,781,474.98	0.000101	4,017.93	1,113,909.46	0.000101	31.26	0.003157	3,516.61	0.000088
05/08/2008	39,032,222.52	0.000101	3,942.25	1,292,372.61	0.000101	31.26	0.003157	4,080.02	0.000105
05/09/2008	39,739,465.97	0.000101	4,013.69	1,958,077.57	0.000101	31.26	0.003157	6,181.65	0.000156
05/10/2008	39,739,465.97	0.000101	4,013.69	0.00	0.000101	31.26	0.000000	0.00	0.000000
05/11/2008	39,739,465.97	0.000101	4,013.69	0.00	0.000101	31.26	0.000000	0.00	0.000000
05/12/2008	38,973,906.62	0.000101	3,936.36	743,179.90	0.000101	31.26	0.003157	2,346.22	0.000060
05/13/2008	34,991,269.52	0.000101	3,534.12	1,319,829.77	0.000101	31.26	0.003157	4,166.70	0.000119
05/14/2008	35,164,543.02	0.000099	3,481.29	1,586,310.60	0.000099	31.26	0.003095	4,909.63	0.000140
05/15/2008	34,736,163.64	0.000099	3,438.88	1,367,252.87	0.000099	31.26	0.003095	4,231.65	0.000122
05/16/2008	34,615,483.21	0.000099	3,426.93	1,166,439.81	0.000099	31.26	0.003095	3,610.13	0.000104
05/17/2008	34,615,483.21	0.000099	3,426.93	0.00	0.000099	31.26	0.000000	0.00	0.000000
05/18/2008	34,615,483.21	0.000099	3,426.93	0.00	0.000099	31.26	0.000000	0.00	0.000000
05/19/2008	34,313,622.41	0.000099	3,397.05	1,153,624.47	0.000099	31.26	0.003095	3,570.47	0.000104
05/20/2008	33,252,325.04	0.000099	3,291.98	996,784.34	0.000099	31.26	0.003095	3,085.05	0.000093
05/21/2008	32,406,485.39	0.000097	3,143.43	1,142,182.48	0.000097	31.26	0.003032	3,463.10	0.000107
05/22/2008	31,888,543.56	0.000097	3,093.19	954,735.46	0.000097	31.26	0.003032	2,894.76	0.000091
05/23/2008	31,810,946.91	0.000097	3,085.66	1,137,103.97	0.000097	31.26	0.003032	3,447.70	0.000108
05/24/2008	31,810,946.91	0.000097	3,085.66	0.00	0.000097	31.26	0.000000	0.00	0.000000
05/25/2008	31,810,946.91	0.000097	3,085.66	0.00	0.000097	31.26	0.000000	0.00	0.000000
05/26/2008	31,810,946.91	0.000097	3,085.66	0.00	0.000097	31.26	0.000000	0.00	0.000000
05/27/2008	31,630,000.90	0.000097	3,068.11	1,213,193.68	0.000097	31.26	0.003032	3,678.40	0.000116
05/28/2008	32,425,360.01	0.000096	3,112.83	1,984,116.57	0.000096	31.26	0.003001	5,954.33	0.000184
05/29/2008	32,311,647.01	0.000096	3,101.92	1,615,455.18	0.000096	31.26	0.003001	4,847.98	0.000150
05/30/2008	34,043,193.07	0.000096	3,268.15	2,863,714.55	0.000096	31.26	0.003001	8,594.01	0.000252
05/31/2008	34,043,193.07	0.000096	3,268.15	0.00	0.000096	31.26	0.000000	0.00	0.000000
06/01/2008	34,043,193.07	0.000096	3,268.15	0.00	0.000096	31.26	0.000000	0.00	0.000000
06/02/2008	35,314,324.69	0.000096	3,390.18	2,143,283.03	0.000096	31.26	0.003001	6,431.99	0.000182
06/03/2008	38,969,958.44	0.000096	3,741.12	5,239,593.54	0.000096	31.26	0.003001	15,724.02	0.000403
06/04/2008	39,995,013.08	0.000095	3,799.53	1,981,928.63	0.000095	31.26	0.002970	5,886.33	0.000147
06/05/2008	39,772,870.86	0.000095	3,778.42	1,416,117.64	0.000095	31.26	0.002970	4,205.87	0.000106
06/06/2008	40,351,397.40	0.000095	3,833.38	1,449,567.64	0.000095	34.06	0.003236	4,690.80	0.000116
06/07/2008	40,351,397.40	0.000095	3,833.38	0.00	0.000095	34.06	0.000000	0.00	0.000000
06/08/2008	40,351,397.40	0.000095	3,833.38	0.00	0.000095	34.06	0.000000	0.00	0.000000

Kentucky Power Company
Accounts Receivable Financing
for the Two Year Billing Period Ending June 30, 2009

	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					
Date	A/R Balance	Daily Cost of Capital	AEP Credit - Internal Cost	A/R Factored	Daily Cost of Capital	Previous Month's Average Days Outstanding	Total Discount Factor	KP - Actual Carrying Cost Incurred	Actual Cost of Capital as a % of Total A/R Balance
	(a)	(b)	(c) = (a) x (b)	(d)	(e)	(f)	(g) = (e) x (f)	(h) = (d) x (g)	(i) = (h) / (a)
06/09/2008	39,858,785.10	0.000095	3,786.58	1,161,302.97	0.000095	34.06	0.003236	3,757.98	0.000094
06/10/2008	40,816,452.00	0.000095	3,877.56	2,210,968.77	0.000095	34.06	0.003236	7,154.69	0.000175
06/11/2008	40,851,337.45	0.000094	3,840.03	958,234.94	0.000094	34.06	0.003202	3,068.27	0.000075
06/12/2008	40,885,384.29	0.000094	3,843.23	1,569,784.92	0.000094	34.06	0.003202	5,026.45	0.000123
06/13/2008	40,804,358.72	0.000094	3,835.61	1,608,813.69	0.000094	34.06	0.003202	5,151.42	0.000126
06/14/2008	40,804,358.72	0.000094	3,835.61	0.00	0.000094	34.06	0.000000	0.00	0.000000
06/15/2008	40,804,358.72	0.000094	3,835.61	0.00	0.000094	34.06	0.000000	0.00	0.000000
06/16/2008	40,673,040.78	0.000094	3,823.27	1,855,284.74	0.000094	34.06	0.003202	5,940.62	0.000146
06/17/2008	36,424,644.83	0.000094	3,423.92	1,419,524.86	0.000094	34.06	0.003202	4,545.32	0.000125
06/18/2008	36,177,829.89	0.000093	3,364.54	1,398,479.28	0.000093	34.06	0.003168	4,430.38	0.000122
06/19/2008	36,238,005.60	0.000093	3,370.13	1,202,049.25	0.000093	34.06	0.003168	3,808.09	0.000105
06/20/2008	34,984,044.32	0.000093	3,253.52	1,339,916.48	0.000093	34.06	0.003168	4,244.86	0.000121
06/21/2008	34,984,044.32	0.000093	3,253.52	0.00	0.000093	34.06	0.000000	0.00	0.000000
06/22/2008	34,984,044.32	0.000093	3,253.52	0.00	0.000093	34.06	0.000000	0.00	0.000000
06/23/2008	34,560,961.91	0.000093	3,214.17	1,036,636.10	0.000093	34.06	0.003168	3,284.06	0.000095
06/24/2008	34,797,268.97	0.000093	3,236.15	1,258,839.58	0.000093	34.06	0.003168	3,988.00	0.000115
06/25/2008	35,283,367.67	0.000093	3,281.35	1,397,398.10	0.000093	34.06	0.003168	4,426.96	0.000125
06/26/2008	36,243,173.31	0.000093	3,370.62	2,766,750.22	0.000093	34.06	0.003168	8,765.06	0.000242
06/27/2008	37,875,373.87	0.000093	3,522.41	2,832,435.10	0.000093	34.06	0.003168	8,973.15	0.000237
06/28/2008	37,875,373.87	0.000093	3,522.41	0.00	0.000093	34.06	0.000000	0.00	0.000000
06/29/2008	37,875,373.87	0.000093	3,522.41	0.00	0.000093	34.06	0.000000	0.00	0.000000
06/30/2008	40,160,721.97	0.000093	3,734.95	3,460,752.65	0.000093	34.06	0.003168	10,963.66	0.000273
07/01/2008	40,479,726.22	0.000093	3,764.61	1,581,653.73	0.000093	34.06	0.003168	5,010.68	0.000124
07/02/2008	41,694,757.49	0.000094	3,919.31	2,650,101.77	0.000094	34.06	0.003202	8,485.63	0.000204
07/03/2008	46,104,104.80	0.000094	4,333.79	6,443,066.78	0.000094	34.06	0.003202	20,630.70	0.000447
07/04/2008	46,104,104.80	0.000094	4,333.79	0.00	0.000094	34.06	0.000000	0.00	0.000000
07/05/2008	46,104,104.80	0.000094	4,333.79	0.00	0.000094	34.06	0.000000	0.00	0.000000
07/06/2008	46,104,104.80	0.000094	4,333.79	0.00	0.000094	34.06	0.000000	0.00	0.000000
07/07/2008	46,278,402.35	0.000094	4,350.17	1,497,151.82	0.000094	34.06	0.003202	4,793.88	0.000104
07/08/2008	45,217,185.26	0.000094	4,250.42	1,873,817.18	0.000094	28.79	0.002706	5,070.55	0.000112
07/09/2008	45,576,159.22	0.000096	4,375.31	1,745,974.43	0.000096	28.79	0.002764	4,825.87	0.000106
07/10/2008	45,902,321.57	0.000096	4,406.62	2,072,199.50	0.000096	28.79	0.002764	5,727.56	0.000125
07/11/2008	46,185,762.00	0.000096	4,433.83	1,336,162.78	0.000096	28.79	0.002764	3,693.15	0.000080
07/12/2008	46,185,762.00	0.000096	4,433.83	0.00	0.000096	28.79	0.000000	0.00	0.000000
07/13/2008	46,185,762.00	0.000096	4,433.83	0.00	0.000096	28.79	0.000000	0.00	0.000000
07/14/2008	44,550,289.97	0.000096	4,276.83	1,577,629.52	0.000096	28.79	0.002764	4,360.57	0.000098
07/15/2008	44,364,508.72	0.000096	4,258.99	2,309,397.04	0.000096	28.79	0.002764	6,383.17	0.000144
07/16/2008	44,011,977.67	0.000096	4,225.15	1,305,528.48	0.000096	28.79	0.002764	3,608.48	0.000082
07/17/2008	43,481,013.70	0.000096	4,174.18	1,512,067.70	0.000096	28.79	0.002764	4,179.36	0.000096
07/18/2008	39,124,469.36	0.000096	3,755.95	1,289,485.11	0.000096	28.79	0.002764	3,564.14	0.000091
07/19/2008	39,124,469.36	0.000096	3,755.95	0.00	0.000096	28.79	0.000000	0.00	0.000000
07/20/2008	39,124,469.36	0.000096	3,755.95	0.00	0.000096	28.79	0.000000	0.00	0.000000
07/21/2008	37,919,217.77	0.000096	3,640.24	1,222,993.22	0.000096	28.79	0.002764	3,380.35	0.000089
07/22/2008	38,185,879.80	0.000096	3,665.84	1,310,550.60	0.000096	28.79	0.002764	3,622.36	0.000095
07/23/2008	37,953,302.67	0.000095	3,605.56	1,221,721.94	0.000095	28.79	0.002735	3,341.41	0.000088
07/24/2008	37,325,694.17	0.000095	3,545.94	1,254,575.40	0.000095	28.79	0.002735	3,431.26	0.000092
07/25/2008	38,107,431.85	0.000095	3,620.21	2,098,431.87	0.000095	28.79	0.002735	5,739.21	0.000151
07/26/2008	38,107,431.85	0.000095	3,620.21	0.00	0.000095	28.79	0.000000	0.00	0.000000
07/27/2008	38,107,431.85	0.000095	3,620.21	0.00	0.000095	28.79	0.000000	0.00	0.000000
07/28/2008	38,618,993.73	0.000095	3,668.80	2,044,498.80	0.000095	28.79	0.002735	5,591.70	0.000145
07/29/2008	39,704,544.95	0.000095	3,771.93	2,355,360.03	0.000095	28.79	0.002735	6,441.91	0.000162
07/30/2008	43,118,575.62	0.000095	4,096.26	4,657,390.95	0.000095	28.79	0.002735	12,737.96	0.000295
07/31/2008	42,547,504.57	0.000095	4,042.01	1,315,774.90	0.000095	28.79	0.002735	3,598.64	0.000085
08/01/2008	42,749,139.12	0.000095	4,061.17	1,312,102.37	0.000095	28.79	0.002735	3,588.60	0.000084
08/02/2008	42,749,139.12	0.000095	4,061.17	0.00	0.000095	28.79	0.000000	0.00	0.000000
08/03/2008	42,749,139.12	0.000095	4,061.17	0.00	0.000095	28.79	0.000000	0.00	0.000000
08/04/2008	49,783,980.84	0.000095	4,729.48	8,425,119.60	0.000095	28.79	0.002735	23,042.70	0.000463
08/05/2008	49,309,793.66	0.000095	4,684.43	1,435,395.46	0.000095	28.79	0.002735	3,925.81	0.000080
08/06/2008	49,132,574.57	0.000095	4,667.59	1,657,312.90	0.000095	28.79	0.002735	4,532.75	0.000092
08/07/2008	49,598,591.79	0.000095	4,711.87	1,809,575.41	0.000095	29.36	0.002789	5,046.91	0.000102
08/08/2008	49,795,530.76	0.000095	4,730.58	1,847,208.06	0.000095	29.36	0.002789	5,151.86	0.000103
08/09/2008	49,795,530.76	0.000095	4,730.58	0.00	0.000095	29.36	0.000000	0.00	0.000000
08/10/2008	49,795,530.76	0.000095	4,730.58	0.00	0.000095	29.36	0.000000	0.00	0.000000
08/11/2008	48,108,670.05	0.000095	4,570.32	905,576.86	0.000095	29.36	0.002789	2,525.65	0.000052
08/12/2008	46,683,066.79	0.000095	4,434.89	1,511,790.32	0.000095	29.36	0.002789	4,216.38	0.000090
08/13/2008	46,766,196.11	0.000096	4,489.55	1,876,436.03	0.000096	29.36	0.002819	5,289.67	0.000113
08/14/2008	46,024,858.26	0.000096	4,418.39	1,380,472.65	0.000096	29.36	0.002819	3,891.55	0.000085
08/15/2008	45,701,956.43	0.000096	4,387.39	1,157,679.65	0.000096	29.36	0.002819	3,263.50	0.000071
08/16/2008	45,701,956.43	0.000096	4,387.39	0.00	0.000096	29.36	0.000000	0.00	0.000000

Kentucky Power Company
Accounts Receivable Financing
for the Two Year Billing Period Ending June 30, 2009

	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					
Date	A/R Balance	Daily Cost of Capital	AEP Credit - Internal Cost	A/R Factored	Daily Cost of Capital	Previous Month's Average Days Outstanding	Total Discount Factor	KP - Actual Carrying Cost Incurred	Actual Cost of Capital as a % of Total A/R Balance
	(a)	(b)	(c) = (a) x (b)	(d)	(e)	(f)	(g) = (e) x (f)	(h) = (d) x (g)	(i) = (h) / (a)
08/17/2008	45,701,956.43	0.000096	4,387.39	0.00	0.000096	29.36	0.000000	0.00	0.000000
08/18/2008	44,726,178.22	0.000096	4,293.71	1,160,995.99	0.000096	29.36	0.002819	3,272.85	0.000073
08/19/2008	38,231,482.51	0.000096	3,670.22	1,575,934.73	0.000096	29.36	0.002819	4,442.56	0.000116
08/20/2008	37,371,834.11	0.000095	3,550.32	1,029,584.03	0.000095	29.36	0.002789	2,871.51	0.000077
08/21/2008	36,392,688.83	0.000095	3,457.31	892,884.89	0.000095	29.36	0.002789	2,490.26	0.000068
08/22/2008	36,323,324.32	0.000095	3,450.72	918,884.80	0.000095	29.36	0.002789	2,562.77	0.000071
08/23/2008	36,323,324.32	0.000095	3,450.72	0.00	0.000095	29.36	0.000000	0.00	0.000000
08/24/2008	36,323,324.32	0.000095	3,450.72	0.00	0.000095	29.36	0.000000	0.00	0.000000
08/25/2008	35,957,692.09	0.000095	3,415.98	953,879.03	0.000095	29.36	0.002789	2,660.37	0.000074
08/26/2008	36,766,839.21	0.000095	3,492.85	2,298,088.39	0.000095	29.36	0.002789	6,409.37	0.000174
08/27/2008	37,236,227.36	0.000095	3,537.44	2,338,956.38	0.000095	29.36	0.002789	6,523.35	0.000175
08/28/2008	39,051,228.29	0.000095	3,709.87	3,427,824.34	0.000095	29.36	0.002789	9,560.20	0.000245
08/29/2008	39,094,279.64	0.000095	3,713.96	1,237,561.16	0.000095	29.36	0.002789	3,451.56	0.000088
08/30/2008	39,094,279.64	0.000095	3,713.96	0.00	0.000095	29.36	0.000000	0.00	0.000000
08/31/2008	39,094,279.64	0.000095	3,713.96	0.00	0.000095	29.36	0.000000	0.00	0.000000
09/01/2008	39,094,279.64	0.000095	3,713.96	0.00	0.000095	29.36	0.000000	0.00	0.000000
09/02/2008	38,462,442.61	0.000095	3,653.93	1,281,355.77	0.000095	29.36	0.002789	3,573.70	0.000093
09/03/2008	39,510,301.89	0.000095	3,753.48	2,526,369.13	0.000095	29.36	0.002789	7,046.04	0.000178
09/04/2008	44,091,912.34	0.000095	4,188.73	5,821,298.84	0.000095	29.36	0.002789	16,235.60	0.000368
09/05/2008	43,671,149.02	0.000095	4,148.76	1,025,358.28	0.000095	29.36	0.002789	2,859.72	0.000065
09/06/2008	43,671,149.02	0.000095	4,148.76	0.00	0.000095	29.36	0.000000	0.00	0.000000
09/07/2008	43,671,149.02	0.000095	4,148.76	0.00	0.000095	29.36	0.000000	0.00	0.000000
09/08/2008	44,046,776.18	0.000095	4,184.44	1,775,694.36	0.000095	34.02	0.003232	5,739.04	0.000130
09/09/2008	43,207,925.30	0.000095	4,104.75	1,910,741.11	0.000095	34.02	0.003232	6,175.52	0.000143
09/10/2008	42,184,870.97	0.000096	4,049.75	878,251.48	0.000096	34.02	0.003266	2,868.37	0.000068
09/11/2008	41,997,884.85	0.000096	4,031.80	1,389,062.89	0.000096	34.02	0.003266	4,536.68	0.000108
09/12/2008	41,506,687.66	0.000096	3,984.64	1,488,217.65	0.000096	34.02	0.003266	4,860.52	0.000117
09/13/2008	41,506,687.66	0.000096	3,984.64	0.00	0.000096	34.02	0.000000	0.00	0.000000
09/14/2008	41,506,687.66	0.000096	3,984.64	0.00	0.000096	34.02	0.000000	0.00	0.000000
09/15/2008	41,045,087.09	0.000096	3,940.33	1,355,761.83	0.000096	34.02	0.003266	4,427.92	0.000108
09/16/2008	40,838,932.26	0.000096	3,920.54	1,345,000.12	0.000096	34.02	0.003266	4,392.77	0.000108
09/17/2008	39,941,532.97	0.000096	3,834.39	963,611.41	0.000096	34.02	0.003266	3,147.15	0.000079
09/18/2008	39,806,912.94	0.000096	3,821.46	1,180,942.64	0.000096	34.02	0.003266	3,856.96	0.000097
09/19/2008	33,867,365.49	0.000096	3,251.27	1,032,514.81	0.000096	34.02	0.003266	3,372.19	0.000100
09/20/2008	33,867,365.49	0.000096	3,251.27	0.00	0.000096	34.02	0.000000	0.00	0.000000
09/21/2008	33,867,365.49	0.000096	3,251.27	0.00	0.000096	34.02	0.000000	0.00	0.000000
09/22/2008	33,113,172.90	0.000096	3,178.86	939,240.21	0.000096	34.02	0.003266	3,067.56	0.000093
09/23/2008	31,237,539.56	0.000096	2,998.80	842,850.98	0.000096	34.02	0.003266	2,752.75	0.000088
09/24/2008	31,235,913.97	0.000101	3,154.83	817,175.77	0.000101	34.02	0.003436	2,807.82	0.000090
09/25/2008	32,114,217.64	0.000101	3,243.54	1,923,570.75	0.000101	34.02	0.003436	6,609.39	0.000206
09/26/2008	33,033,024.15	0.000101	3,336.34	2,125,792.25	0.000101	34.02	0.003436	7,304.22	0.000221
09/27/2008	33,033,024.15	0.000101	3,336.34	0.00	0.000101	34.02	0.000000	0.00	0.000000
09/28/2008	33,033,024.15	0.000101	3,336.34	0.00	0.000101	34.02	0.000000	0.00	0.000000
09/29/2008	35,520,919.12	0.000101	3,587.61	3,288,922.39	0.000101	34.02	0.003436	11,300.74	0.000318
09/30/2008	35,708,379.72	0.000101	3,606.55	1,679,522.47	0.000101	34.02	0.003436	5,770.84	0.000162
10/01/2008	35,428,485.98	0.000101	3,578.28	1,577,547.67	0.000101	34.02	0.003436	5,420.45	0.000153
10/02/2008	40,718,053.24	0.000101	4,112.52	6,467,811.04	0.000101	34.02	0.003436	22,223.40	0.000546
10/03/2008	40,686,008.12	0.000101	4,109.29	1,379,849.26	0.000101	34.02	0.003436	4,741.16	0.000117
10/04/2008	40,686,008.12	0.000101	4,109.29	0.00	0.000101	34.02	0.000000	0.00	0.000000
10/05/2008	40,686,008.12	0.000101	4,109.29	0.00	0.000101	34.02	0.000000	0.00	0.000000
10/06/2008	40,712,381.05	0.000101	4,111.95	1,598,881.43	0.000101	34.02	0.003436	5,493.76	0.000135
10/07/2008	41,022,551.69	0.000101	4,143.28	1,801,908.47	0.000101	32.29	0.003261	5,876.02	0.000143
10/08/2008	41,063,903.35	0.000107	4,393.84	1,825,557.06	0.000107	32.29	0.003455	6,307.30	0.000154
10/09/2008	40,645,767.41	0.000107	4,349.10	1,161,586.24	0.000107	32.29	0.003455	4,013.28	0.000099
10/10/2008	40,786,765.35	0.000107	4,364.18	1,665,168.76	0.000107	32.29	0.003455	5,753.16	0.000141
10/11/2008	40,786,765.35	0.000107	4,364.18	0.00	0.000107	32.29	0.000000	0.00	0.000000
10/12/2008	40,786,765.35	0.000107	4,364.18	0.00	0.000107	32.29	0.000000	0.00	0.000000
10/13/2008	40,250,876.90	0.000107	4,306.84	1,907,686.13	0.000107	32.29	0.003455	6,591.06	0.000164
10/14/2008	40,661,595.73	0.000107	4,350.79	1,685,898.87	0.000107	32.29	0.003455	5,824.78	0.000143
10/15/2008	39,359,653.68	0.000116	4,565.72	908,255.44	0.000116	32.29	0.003746	3,402.32	0.000086
10/16/2008	35,524,858.98	0.000116	4,120.88	1,451,358.95	0.000116	32.29	0.003746	5,436.79	0.000153
10/17/2008	35,619,429.08	0.000116	4,131.85	1,448,776.60	0.000116	32.29	0.003746	5,427.12	0.000152
10/18/2008	35,619,429.08	0.000116	4,131.85	0.00	0.000116	32.29	0.000000	0.00	0.000000
10/19/2008	35,619,429.08	0.000116	4,131.85	0.00	0.000116	32.29	0.000000	0.00	0.000000
10/20/2008	34,674,928.15	0.000116	4,022.29	1,587,873.32	0.000116	32.29	0.003746	5,948.17	0.000172
10/21/2008	34,564,524.03	0.000116	4,009.48	1,765,379.28	0.000116	32.29	0.003746	6,613.11	0.000191
10/22/2008	33,325,698.85	0.000116	3,865.78	1,131,537.18	0.000116	32.29	0.003746	4,238.74	0.000127
10/23/2008	33,681,833.82	0.000118	3,974.46	1,487,780.78	0.000118	32.29	0.003810	5,668.44	0.000168
10/24/2008	34,856,497.08	0.000118	4,113.07	2,289,633.22	0.000118	32.29	0.003810	8,723.50	0.000250

Kentucky Power Company
Accounts Receivable Financing
for the Two Year Billing Period Ending June 30, 2009

	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					
Date	A/R Balance	Daily Cost of Capital	AEP Credit - Internal Cost	A/R Factored	Daily Cost of Capital	Previous Month's Average Days Outstanding	Total Discount Factor	KP - Actual Carrying Cost Incurred	Actual Cost of Capital as a % of Total A/R Balance
	(a)	(b)	(c) = (a) x (b)	(d)	(e)	(f)	(g) = (e) x (f)	(h) = (d) x (g)	(i) = (h) / (a)
10/25/2008	34,856,497.08	0.000118	4,113.07	0.00	0.000118	32.29	0.000000	0.00	0.000000
10/26/2008	34,856,497.08	0.000118	4,113.07	0.00	0.000118	32.29	0.000000	0.00	0.000000
10/27/2008	35,177,497.08	0.000118	4,150.94	1,970,758.90	0.000118	32.29	0.003810	7,508.59	0.000213
10/28/2008	37,786,644.88	0.000118	4,458.82	3,975,863.48	0.000118	32.29	0.003810	15,148.04	0.000401
10/29/2008	39,384,543.95	0.000121	4,765.53	3,100,116.67	0.000121	32.29	0.003907	12,112.16	0.000308
10/30/2008	40,199,889.23	0.000121	4,864.19	1,778,765.45	0.000121	32.29	0.003907	6,949.64	0.000173
10/31/2008	42,003,352.54	0.000121	5,082.41	2,493,019.36	0.000121	32.29	0.003907	9,740.23	0.000232
11/01/2008	42,003,352.54	0.000121	5,082.41	0.00	0.000121	32.29	0.000000	0.00	0.000000
11/02/2008	42,003,352.54	0.000121	5,082.41	0.00	0.000121	32.29	0.000000	0.00	0.000000
11/03/2008	41,886,924.48	0.000121	5,068.32	1,306,999.02	0.000121	32.29	0.003907	5,106.45	0.000122
11/04/2008	48,404,218.03	0.000121	5,856.91	8,470,335.54	0.000121	32.29	0.003907	33,093.60	0.000684
11/05/2008	47,869,203.13	0.00012	5,744.30	1,186,581.53	0.00012	32.29	0.003875	4,598.00	0.000096
11/06/2008	47,241,627.02	0.00012	5,669.00	1,305,154.34	0.00012	32.29	0.003875	5,057.47	0.000107
11/07/2008	48,027,785.94	0.00012	5,763.33	1,819,176.35	0.00012	25.44	0.003053	5,553.95	0.000116
11/08/2008	48,027,785.94	0.00012	5,763.33	0.00	0.00012	25.44	0.000000	0.00	0.000000
11/09/2008	48,027,785.94	0.00012	5,763.33	0.00	0.00012	25.44	0.000000	0.00	0.000000
11/10/2008	48,423,370.78	0.00012	5,810.80	1,629,501.42	0.00012	25.44	0.003053	4,974.87	0.000103
11/11/2008	48,050,133.98	0.00012	5,766.02	2,255,999.36	0.00012	25.44	0.003053	6,887.57	0.000143
11/12/2008	46,790,784.44	0.00012	5,614.89	1,498,430.01	0.00012	25.44	0.003053	4,574.71	0.000098
11/13/2008	45,934,733.32	0.00012	5,512.17	1,273,532.66	0.00012	25.44	0.003053	3,888.10	0.000085
11/14/2008	45,971,437.38	0.000117	5,378.66	1,550,091.00	0.000117	25.44	0.002976	4,613.07	0.000100
11/15/2008	45,971,437.38	0.000117	5,378.66	0.00	0.000117	25.44	0.000000	0.00	0.000000
11/16/2008	45,971,437.38	0.000117	5,378.66	0.00	0.000117	25.44	0.000000	0.00	0.000000
11/17/2008	46,211,720.31	0.000117	5,406.77	2,027,454.22	0.000117	25.44	0.002976	6,033.70	0.000131
11/18/2008	44,234,265.30	0.000117	5,175.41	1,236,309.94	0.000117	25.44	0.002976	3,679.26	0.000083
11/19/2008	37,908,484.89	0.000117	4,435.29	1,342,419.82	0.000117	25.44	0.002976	3,995.04	0.000105
11/20/2008	38,090,585.49	0.00011	4,189.96	1,265,840.20	0.00011	25.44	0.002798	3,541.82	0.000093
11/21/2008	38,679,066.51	0.00011	4,254.70	2,219,860.76	0.00011	25.44	0.002798	6,211.17	0.000161
11/22/2008	38,679,066.51	0.00011	4,254.70	0.00	0.00011	25.44	0.000000	0.00	0.000000
11/23/2008	38,679,066.51	0.00011	4,254.70	0.00	0.00011	25.44	0.000000	0.00	0.000000
11/24/2008	38,776,995.17	0.00011	4,265.47	1,850,741.87	0.00011	25.44	0.002798	5,178.38	0.000134
11/25/2008	41,023,772.66	0.00011	4,512.61	3,639,265.55	0.00011	25.44	0.002798	10,182.67	0.000248
11/26/2008	42,250,933.08	0.000103	4,351.85	3,587,695.84	0.000103	25.44	0.002620	9,399.76	0.000222
11/27/2008	42,250,933.08	0.000103	4,351.85	0.00	0.000103	25.44	0.000000	0.00	0.000000
11/28/2008	42,250,933.08	0.000103	4,351.85	0.00	0.000103	25.44	0.000000	0.00	0.000000
11/29/2008	42,250,933.08	0.000103	4,351.85	0.00	0.000103	25.44	0.000000	0.00	0.000000
11/30/2008	42,250,933.08	0.000103	4,351.85	0.00	0.000103	25.44	0.000000	0.00	0.000000
12/01/2008	42,583,524.55	0.000103	4,386.10	1,877,870.18	0.000103	25.44	0.002620	4,920.02	0.000116
12/02/2008	43,433,695.95	0.000095	4,126.20	2,924,454.97	0.000095	25.44	0.002417	7,068.41	0.000163
12/03/2008	43,812,239.95	0.000095	4,162.16	2,565,459.18	0.000095	25.44	0.002417	6,200.71	0.000142
12/04/2008	49,592,607.96	0.000095	4,711.30	6,984,537.47	0.000095	25.44	0.002417	16,881.63	0.000340
12/05/2008	50,772,823.44	0.000095	4,823.42	2,572,750.14	0.000095	33.30	0.003164	8,140.18	0.000160
12/06/2008	50,772,823.44	0.000095	4,823.42	0.00	0.000095	33.30	0.000000	0.00	0.000000
12/07/2008	50,772,823.44	0.000095	4,823.42	0.00	0.000095	33.30	0.000000	0.00	0.000000
12/08/2008	50,244,779.02	0.000095	4,773.25	2,165,760.04	0.000095	33.30	0.003164	6,852.46	0.000136
12/09/2008	50,308,781.20	0.000095	4,779.33	2,388,195.19	0.000095	33.30	0.003164	7,556.25	0.000150
12/10/2008	49,479,239.05	0.000085	4,205.74	2,398,504.86	0.000085	33.30	0.002831	6,790.17	0.000137
12/11/2008	50,176,585.99	0.000085	4,265.01	2,648,996.25	0.000085	33.30	0.002831	7,499.31	0.000149
12/12/2008	51,097,005.33	0.000085	4,343.25	2,838,216.37	0.000085	33.30	0.002831	8,034.99	0.000157
12/13/2008	51,097,005.33	0.000085	4,343.25	0.00	0.000085	33.30	0.000000	0.00	0.000000
12/14/2008	51,097,005.33	0.000085	4,343.25	0.00	0.000085	33.30	0.000000	0.00	0.000000
12/15/2008	51,735,381.37	0.000085	4,397.51	2,515,049.42	0.000085	33.30	0.002831	7,120.10	0.000138
12/16/2008	52,213,780.45	0.000085	4,438.17	2,685,422.16	0.000085	33.30	0.002831	7,602.43	0.000146
12/17/2008	53,176,506.10	0.000079	4,200.94	2,246,640.62	0.000079	33.30	0.002631	5,910.91	0.000111
12/18/2008	53,593,689.73	0.000079	4,233.90	2,421,735.01	0.000079	33.30	0.002631	6,371.58	0.000119
12/19/2008	48,438,736.37	0.000079	3,826.66	2,553,270.57	0.000079	33.30	0.002631	6,717.65	0.000139
12/20/2008	48,438,736.37	0.000079	3,826.66	0.00	0.000079	33.30	0.000000	0.00	0.000000
12/21/2008	48,438,736.37	0.000079	3,826.66	0.00	0.000079	33.30	0.000000	0.00	0.000000
12/22/2008	49,531,300.35	0.000079	3,912.97	2,221,827.54	0.000079	33.30	0.002631	5,845.63	0.000118
12/23/2008	49,335,454.37	0.000079	3,897.50	2,289,412.70	0.000079	33.30	0.002631	6,023.44	0.000122
12/24/2008	48,707,806.92	0.000072	3,506.96	3,249,314.59	0.000072	33.30	0.002398	7,791.86	0.000160
12/25/2008	48,707,806.92	0.000072	3,506.96	0.00	0.000072	33.30	0.000000	0.00	0.000000
12/26/2008	48,707,806.92	0.000072	3,506.96	0.00	0.000072	33.30	0.000000	0.00	0.000000
12/27/2008	48,707,806.92	0.000072	3,506.96	0.00	0.000072	33.30	0.000000	0.00	0.000000
12/28/2008	48,707,806.92	0.000072	3,506.96	0.00	0.000072	33.30	0.000000	0.00	0.000000
12/29/2008	51,178,858.63	0.000072	3,684.88	3,948,222.21	0.000072	33.30	0.002398	9,467.84	0.000185
12/30/2008	52,592,615.12	0.000072	3,786.67	4,035,859.09	0.000072	33.30	0.002398	9,677.99	0.000184
12/31/2008	55,004,739.97	0.000067	3,685.32	3,872,923.42	0.000067	33.30	0.002231	8,640.49	0.000157
01/01/2009	55,004,739.97	0.000067	3,685.32	0.00	0.000067	33.30	0.000000	0.00	0.000000

Kentucky Power Company
Accounts Receivable Financing
for the Two Year Billing Period Ending June 30, 2009

	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					
Date	A/R Balance	Daily Cost of Capital	AEP Credit - Internal Cost	A/R Factored	Daily Cost of Capital	Previous Month's Average Days Outstanding	Total Discount Factor	KP - Actual Carrying Cost Incurred	Actual Cost of Capital as a % of Total A/R Balance
	(a)	(b)	(c) = (a) x (b)	(d)	(e)	(f)	(g) = (e) x (f)	(h) = (d) x (g)	(i) = (h) / (a)
01/02/2009	55,696,119.63	0.000067	3,731.64	2,788,753.13	0.000067	33.30	0.002231	6,221.71	0.000112
01/03/2009	55,696,119.63	0.000067	3,731.64	0.00	0.000067	33.30	0.000000	0.00	0.000000
01/04/2009	55,696,119.63	0.000067	3,731.64	0.00	0.000067	33.30	0.000000	0.00	0.000000
01/05/2009	55,380,529.53	0.000067	3,710.50	2,894,197.15	0.000067	33.30	0.002231	6,456.95	0.000117
01/06/2009	58,739,856.22	0.000067	3,935.57	7,983,048.45	0.000067	33.30	0.002231	17,810.18	0.000303
01/07/2009	58,945,424.77	0.000068	4,008.29	1,893,598.31	0.000068	33.30	0.002264	4,287.11	0.000073
01/09/2009	60,851,464.88	0.000068	4,137.90	2,198,473.12	0.000068	25.12	0.001708	3,754.99	0.000062
01/10/2009	60,851,464.88	0.000068	4,137.90	0.00	0.000068	25.12	0.000000	0.00	0.000000
01/11/2009	60,851,464.88	0.000068	4,137.90	0.00	0.000068	25.12	0.000000	0.00	0.000000
01/08/2009	60,217,934.64	0.000068	4,094.82	3,283,293.32	0.000068	25.12	0.001708	5,607.86	0.000093
01/12/2009	61,171,524.50	0.000068	4,159.66	2,376,357.90	0.000068	25.12	0.001708	4,058.82	0.000066
01/13/2009	59,634,396.38	0.000068	4,055.14	1,844,866.43	0.000068	25.12	0.001708	3,151.03	0.000053
01/14/2009	59,346,249.39	0.000066	3,916.85	2,219,939.60	0.000066	25.12	0.001658	3,680.66	0.000062
01/15/2009	58,917,712.05	0.000066	3,888.57	2,512,493.76	0.000066	25.12	0.001658	4,165.71	0.000071
01/16/2009	59,458,118.02	0.000066	3,924.24	2,467,045.63	0.000066	25.12	0.001658	4,090.36	0.000069
01/17/2009	59,458,118.02	0.000066	3,924.24	0.00	0.000066	25.12	0.000000	0.00	0.000000
01/18/2009	59,458,118.02	0.000066	3,924.24	0.00	0.000066	25.12	0.000000	0.00	0.000000
01/19/2009	54,349,754.88	0.000066	3,587.08	2,054,852.54	0.000066	25.12	0.001658	3,406.95	0.000063
01/20/2009	54,449,902.25	0.000066	3,593.69	2,021,842.27	0.000066	25.12	0.001658	3,352.21	0.000062
01/21/2009	54,999,327.41	0.000062	3,409.96	2,852,684.61	0.000062	25.12	0.001557	4,441.63	0.000081
01/24/2009	53,903,275.11	0.000062	3,342.00	0.00	0.000062	25.12	0.000000	0.00	0.000000
01/25/2009	53,903,275.11	0.000062	3,342.00	0.00	0.000062	25.12	0.000000	0.00	0.000000
01/22/2009	53,896,338.74	0.000062	3,341.57	1,823,625.77	0.000062	25.12	0.001557	2,839.39	0.000053
01/23/2009	53,903,275.11	0.000062	3,342.00	1,935,689.70	0.000062	25.12	0.001557	3,013.87	0.000056
01/26/2009	52,671,622.47	0.000062	3,265.64	1,774,041.39	0.000062	25.12	0.001557	2,762.18	0.000052
01/27/2009	53,007,522.02	0.000062	3,286.47	2,702,862.52	0.000062	25.12	0.001557	4,208.36	0.000079
01/28/2009	54,454,744.79	0.000058	3,158.38	3,283,522.61	0.000058	25.12	0.001457	4,784.09	0.000088
01/29/2009	54,478,330.56	0.000058	3,159.74	1,242,783.33	0.000058	25.12	0.001457	1,810.74	0.000033
01/30/2009	56,346,620.54	0.000058	3,268.10	2,928,603.60	0.000058	25.12	0.001457	4,266.98	0.000076
02/01/2009	56,346,620.54	0.000058	3,268.10	0.00	0.000058	25.12	0.000000	0.00	0.000000
02/02/2009	57,516,043.14	0.000058	3,335.93	2,934,375.82	0.000058	25.12	0.001457	4,275.39	0.000074
01/31/2009	56,346,620.54	0.000058	3,268.10	0.00	0.000058	25.12	0.000000	0.00	0.000000
02/03/2009	58,554,625.17	0.000058	3,396.17	3,205,305.72	0.000058	25.12	0.001457	4,670.13	0.000080
02/04/2009	62,991,758.20	0.000057	3,590.53	7,813,203.12	0.000057	25.12	0.001432	11,188.51	0.000178
02/05/2009	63,744,289.77	0.000057	3,633.42	2,441,617.51	0.000057	25.12	0.001432	3,496.40	0.000055
02/07/2009	64,321,551.42	0.000057	3,666.33	0.00	0.000057	31.99	0.000000	0.00	0.000000
02/08/2009	64,321,551.42	0.000057	3,666.33	0.00	0.000057	31.99	0.000000	0.00	0.000000
02/06/2009	64,321,551.42	0.000057	3,666.33	2,844,323.68	0.000057	31.99	0.001823	5,185.20	0.000081
02/09/2009	63,342,570.84	0.000057	3,610.53	1,688,900.40	0.000057	31.99	0.001823	3,078.87	0.000049
02/10/2009	63,645,124.51	0.000057	3,627.77	2,772,018.13	0.000057	31.99	0.001823	5,053.39	0.000079
02/11/2009	62,784,594.70	0.000057	3,578.72	2,239,312.69	0.000057	31.99	0.001823	4,082.27	0.000065
02/12/2009	62,783,093.00	0.000057	3,578.64	2,071,419.84	0.000057	31.99	0.001823	3,776.20	0.000060
02/13/2009	62,245,835.78	0.000057	3,548.01	2,175,317.60	0.000057	31.99	0.001823	3,965.60	0.000064
02/14/2009	62,245,835.78	0.000057	3,548.01	0.00	0.000057	31.99	0.000000	0.00	0.000000
02/15/2009	62,245,835.78	0.000057	3,548.01	0.00	0.000057	31.99	0.000000	0.00	0.000000
02/16/2009	60,021,216.54	0.000057	3,421.21	1,430,002.37	0.000057	31.99	0.001823	2,606.89	0.000043
02/17/2009	55,679,841.43	0.000057	3,173.75	2,202,280.30	0.000057	31.99	0.001823	4,014.76	0.000072
02/18/2009	54,901,395.53	0.000057	3,129.38	1,320,256.99	0.000057	31.99	0.001823	2,406.83	0.000044
02/19/2009	55,963,132.30	0.000055	3,077.97	2,680,363.66	0.000055	31.99	0.001759	4,714.76	0.000084
02/21/2009	54,639,098.52	0.000055	3,005.15	0.00	0.000055	31.99	0.000000	0.00	0.000000
02/22/2009	54,639,098.52	0.000055	3,005.15	0.00	0.000055	31.99	0.000000	0.00	0.000000
02/20/2009	54,639,098.52	0.000055	3,005.15	1,350,051.92	0.000055	31.99	0.001759	2,374.74	0.000043
02/23/2009	53,758,822.23	0.000055	2,956.74	1,553,930.00	0.000055	31.99	0.001759	2,733.36	0.000051
02/24/2009	51,753,610.60	0.000055	2,846.45	1,205,915.81	0.000055	31.99	0.001759	2,121.21	0.000041
02/26/2009	52,112,890.70	0.00005	2,605.64	2,514,024.23	0.00005	31.99	0.001600	4,022.44	0.000077
02/25/2009	51,345,883.47	0.00005	2,567.29	1,627,834.31	0.00005	31.99	0.001600	2,604.53	0.000051
02/27/2009	52,333,000.38	0.00005	2,616.65	2,817,558.99	0.00005	31.99	0.001600	4,508.09	0.000086
03/01/2009	52,333,000.38	0.00005	2,616.65	0.00	0.00005	31.99	0.000000	0.00	0.000000
03/02/2009	53,369,724.07	0.00005	2,668.49	3,009,588.69	0.00005	31.99	0.001600	4,815.34	0.000090
02/28/2009	52,333,000.38	0.00005	2,616.65	0.00	0.00005	31.99	0.000000	0.00	0.000000
03/03/2009	56,864,745.51	0.00005	2,843.24	6,041,882.80	0.00005	31.99	0.001600	9,667.01	0.000170
03/04/2009	57,411,908.47	0.000047	2,698.36	2,260,957.22	0.000047	31.99	0.001504	3,400.48	0.000059
03/05/2009	56,675,818.28	0.000047	2,663.76	1,968,686.92	0.000047	31.99	0.001504	2,960.91	0.000052
03/07/2009	56,170,633.49	0.000047	2,640.02	0.00	0.000047	33.45	0.000000	0.00	0.000000
03/08/2009	56,170,633.49	0.000047	2,640.02	0.00	0.000047	33.45	0.000000	0.00	0.000000
03/06/2009	56,170,633.49	0.000047	2,640.02	1,406,106.55	0.000047	33.45	0.001572	2,210.40	0.000039
03/09/2009	56,528,194.03	0.000047	2,656.83	2,232,094.38	0.000047	33.45	0.001572	3,508.85	0.000062
03/10/2009	56,108,011.98	0.000047	2,637.08	1,830,052.27	0.000047	33.45	0.001572	2,876.84	0.000051
03/11/2009	54,643,593.30	0.000048	2,622.89	1,703,099.77	0.000048	33.45	0.001606	2,735.18	0.000050

Kentucky Power Company
Accounts Receivable Financing
for the Two Year Billing Period Ending June 30, 2009

	AEP Credit - Internal Cost Incurred			KP - Actual Carrying Cost Incurred					
Date	A/R Balance	Daily Cost of Capital	AEP Credit - Internal Cost	A/R Factored	Daily Cost of Capital	Previous Month's Average Days Outstanding	Total Discount Factor	KP - Actual Carrying Cost Incurred	Actual Cost of Capital as a % of Total A/R Balance
	(a)	(b)	(c) = (a) x (b)	(d)	(e)	(f)	(g) = (e) x (f)	(h) = (d) x (g)	(i) = (h) / (a)
03/12/2009	53,493,290.58	0.000048	2,567.68	1,541,322.64	0.000048	33.45	0.001606	2,475.36	0.000046
03/13/2009	49,822,757.83	0.000048	2,391.49	2,208,319.02	0.000048	33.45	0.001606	3,546.56	0.000071
03/14/2009	49,822,757.83	0.000048	2,391.49	0.00	0.000048	33.45	0.000000	0.00	0.000000
03/15/2009	49,822,757.83	0.000048	2,391.49	0.00	0.000048	33.45	0.000000	0.00	0.000000
03/16/2009	49,257,573.28	0.000048	2,364.36	1,790,300.95	0.000048	33.45	0.001606	2,875.22	0.000058
03/17/2009	48,676,618.76	0.000048	2,336.48	2,220,437.81	0.000048	33.45	0.001606	3,566.02	0.000073
03/18/2009	48,269,747.51	0.000045	2,172.14	1,066,923.66	0.000045	33.45	0.001505	1,605.72	0.000033
03/19/2009	48,490,809.56	0.000045	2,182.09	1,549,717.57	0.000045	33.45	0.001505	2,332.32	0.000048
03/21/2009	47,748,889.56	0.000045	2,148.70	0.00	0.000045	33.45	0.000000	0.00	0.000000
03/22/2009	47,748,889.56	0.000045	2,148.70	0.00	0.000045	33.45	0.000000	0.00	0.000000
03/20/2009	47,748,889.56	0.000045	2,148.70	1,598,940.97	0.000045	33.45	0.001505	2,406.41	0.000050
03/23/2009	46,855,793.69	0.000045	2,108.51	1,589,441.10	0.000045	33.45	0.001505	2,392.11	0.000051
03/24/2009	46,331,154.19	0.000045	2,084.90	1,515,057.28	0.000045	33.45	0.001505	2,280.16	0.000049
03/26/2009	46,071,712.31	0.000043	1,981.08	1,702,532.51	0.000043	33.45	0.001438	2,448.24	0.000053
03/25/2009	46,091,758.82	0.000043	1,981.95	1,169,126.31	0.000043	33.45	0.001438	1,681.20	0.000036
03/27/2009	46,994,742.75	0.000043	2,020.77	2,551,705.84	0.000043	33.45	0.001438	3,669.35	0.000078
03/28/2009	46,994,742.75	0.000043	2,020.77	0.00	0.000043	33.45	0.000000	0.00	0.000000
03/29/2009	46,994,742.75	0.000043	2,020.77	0.00	0.000043	33.45	0.000000	0.00	0.000000
03/30/2009	47,856,226.45	0.000043	2,057.82	2,294,146.81	0.000043	33.45	0.001438	3,298.98	0.000069
03/31/2009	47,674,327.53	0.000043	2,050.00	2,266,271.52	0.000043	33.45	0.001438	3,258.90	0.000068
04/01/2009	48,060,330.62	0.000043	2,066.59	2,178,986.49	0.000043	33.45	0.001438	3,133.38	0.000065
04/02/2009	52,879,616.02	0.000043	2,273.82	6,802,092.37	0.000043	33.45	0.001438	9,781.41	0.000185
04/04/2009	54,037,219.82	0.000043	2,323.60	0.00	0.000043	33.45	0.000000	0.00	0.000000
04/05/2009	54,037,219.82	0.000043	2,323.60	0.00	0.000043	33.45	0.000000	0.00	0.000000
04/03/2009	54,037,219.82	0.000043	2,323.60	2,162,889.76	0.000043	33.45	0.001438	3,110.24	0.000058
04/06/2009	53,618,181.01	0.000043	2,305.58	1,397,089.17	0.000043	33.45	0.001438	2,009.01	0.000037
04/07/2009	52,920,257.82	0.000043	2,275.57	1,992,612.84	0.000043	34.61	0.001488	2,965.01	0.000056
04/08/2009	52,401,652.87	0.000042	2,200.87	1,539,180.28	0.000042	34.61	0.001454	2,237.97	0.000043
04/09/2009	52,577,330.77	0.000042	2,208.25	1,970,231.09	0.000042	34.61	0.001454	2,864.72	0.000054
04/10/2009	52,577,330.77	0.000042	2,208.25	0.00	0.000042	34.61	0.000000	0.00	0.000000
04/11/2009	52,577,330.77	0.000042	2,208.25	0.00	0.000042	34.61	0.000000	0.00	0.000000
04/12/2009	52,577,330.77	0.000042	2,208.25	0.00	0.000042	34.61	0.000000	0.00	0.000000
04/13/2009	52,230,003.80	0.000042	2,193.66	1,366,400.39	0.000042	34.61	0.001454	1,986.75	0.000038
04/14/2009	45,638,889.35	0.000042	1,916.83	1,793,628.78	0.000042	34.61	0.001454	2,607.94	0.000057
04/15/2009	45,355,740.61	0.000042	1,904.94	1,904,345.86	0.000042	34.61	0.001454	2,768.92	0.000061
04/16/2009	44,645,073.35	0.000042	1,875.09	1,531,658.37	0.000042	34.61	0.001454	2,227.03	0.000050
04/18/2009	43,992,251.39	0.000042	1,847.67	0.00	0.000042	34.61	0.000000	0.00	0.000000
04/19/2009	43,992,251.39	0.000042	1,847.67	0.00	0.000042	34.61	0.000000	0.00	0.000000
04/17/2009	43,992,251.39	0.000042	1,847.67	1,283,073.55	0.000042	34.61	0.001454	1,865.59	0.000042
04/20/2009	43,436,892.03	0.000042	1,824.35	1,374,755.85	0.000042	34.61	0.001454	1,998.90	0.000046
04/21/2009	42,733,666.16	0.000042	1,794.81	1,819,319.81	0.000042	34.61	0.001454	2,645.29	0.000062
04/22/2009	41,958,331.07	0.000041	1,720.29	1,215,555.77	0.000041	34.61	0.001419	1,724.87	0.000041
04/23/2009	41,064,203.37	0.000041	1,683.63	1,119,867.60	0.000041	34.61	0.001419	1,589.09	0.000039
04/24/2009	41,189,960.92	0.000041	1,688.79	1,185,934.80	0.000041	34.61	0.001419	1,682.84	0.000041
04/25/2009	41,189,960.92	0.000041	1,688.79	0.00	0.000041	34.61	0.000000	0.00	0.000000
04/26/2009	41,189,960.92	0.000041	1,688.79	0.00	0.000041	34.61	0.000000	0.00	0.000000
04/27/2009	40,940,743.16	0.000041	1,678.57	1,207,305.36	0.000041	34.61	0.001419	1,713.17	0.000042
04/28/2009	42,639,102.57	0.000041	1,748.20	3,105,766.78	0.000041	34.61	0.001419	4,407.08	0.000103
04/29/2009	43,751,333.96	0.00004	1,750.05	2,764,487.59	0.00004	34.61	0.001384	3,826.05	0.000087
04/30/2009	44,947,096.80	0.00004	1,797.88	2,189,737.07	0.00004	34.61	0.001384	3,030.60	0.000067
			1,455,341.32					**1,503,056.72**	**0.000088**
									3.1664%

Average A/R Balance 04/01/08 - 04/30/09	44,758,222.04	
AEP Credit - Internal Cost of Capital 04/01/08 - 04	2.9634%	Internal Cost Incurred / Average A/R Balance / 395 x 360
KP - Actual Cost of Capital 04/01/08 - 04/30/09	3.0606%	Actual Carrying Cost Incurred / Average A/R Balance / 395 x 360

Kentucky Power Company

REQUEST

Please refer to the Company's response to the Commission Staff Informal Conference data requests dated October 7, 2009 Item No. 1, page 22 of 22. In light of your response to Data Request No. 3 is the average annual carrying cost rate properly calculated? If so, please explain the methodology and theory underlying the calculations.

RESPONSE

Yes, the average annual carrying cost rate is properly calculated. The long-term debt, short-term debt and the common equity methods of calculating the carrying costs for KPCo have not changed. Only the Accounts Receivable Financing methodology changed due to the change in the True Sales Opinion as discussed in the Company's response to Item No. 3.

The new methodology for calculating the Account Receivable Financing is as follows, the daily cost of capital is multiplied by the previous month's average days the factored accounts receivable were outstanding, to arrive at the discount factor. The discount factor is multiplied by the daily amount of account receivables to be factored, to arrive at KPCo's actual carrying cost incurred in dollars. KPCo's actual carrying cost incurred in dollars is then divided by the daily account receivable balance, to arrive at the actual cost of capital as a percent of the daily account receivable balance. The reason there are zeros for Saturday, Sundays and Holidays is that account receivables are not factored on those days. The cost of carrying the accounts receivable balances on the weekends and holidays is a part of the cost incurred each time the accounts receivable are factored. Mathematically the cost of the weekends and holidays is made part of the overall cost by multiplying the expected number of days the accounts receivable will remain outstanding (calculated by using the previous month's average days the accounts receivable were outstanding), which would include weekends and holidays, by the daily cost of capital.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Please provide the schedules included in the Company's response to the Commission Staff Informal Conference data requests dated October 7, 2009 Item No. 1 (pages 5-20 of 22) in electronic format.

RESPONSE

Please see the CD attached.

WITNESS: Errol K Wagner