

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
AUG 31 2009
PUBLIC SERVICE
COMMISSION

The Matter Of:

The Application of Kentucky Power Company)
for an Order Approving Accounting Practices)
to Establish Regulatory Assets and Liabilities)
Related to The Extraordinary Expenses)
Incurred by Kentucky Power Company)
In Connection With Three Major Event)
Storms In 2009)

Case No. 2009-00352

APPLICATION

Kentucky Power Company (“Kentucky Power”) moves the Commission pursuant to KRS 278.030, KRS 278.040 and KRS 278.220 for an Order permitting Kentucky Power to accumulate and defer for review and recovery in its next base rate proceeding before the Commission those extraordinary and incremental net operation and maintenance costs incurred by Kentucky Power in connection with the three 2009 “Major Event Day” Storms in Kentucky Power’s service territory. In support thereof Kentucky Power states:

Applicant

1. Kentucky Power is an electric utility organized as a corporation under the laws of the Commonwealth of Kentucky in 1919. A certified copy of Kentucky Power’s Articles of Incorporation and all amendments thereto was attached to the Joint Application in Case No. 99-149¹ as Exhibit 1. The post office address of Kentucky Power is 101A Enterprise Drive, P.O. 5190, Frankfort, Kentucky 40602-5190. Kentucky Power is engaged in the generation, purchase, transmission, distribution and sale of electric power. Kentucky Power serves approximately

175,000 customers in the following 20 counties of eastern Kentucky: Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike and Rowan. Kentucky Power also supplies electric power at wholesale to other utilities and municipalities in Kentucky for resale. Kentucky Power is a utility as that term is defined at KRS 278.010.

2. Kentucky Power is a wholly-owned subsidiary of American Electric Power Company, Inc. (“AEP”). The AEP System is a multi-state public utility holding company system that provides electric service to customers in parts of eleven states – Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia.

Kentucky Power’s Transmission and Distribution Facilities

3. In January, 2009, Kentucky Power owned 679.8 miles of high voltage transmission lines and 599.05 miles of low voltage transmission lines.² Kentucky Power’s transmission system is designed and constructed to meet heavy loading criteria. The transmission system comprises approximately 2,000 metal structures and 12,000 wooden structures.

4. The Company also owned 9,898.68 miles of distribution lines in January, 2009. Of these, 159.68 miles were underground.³ Kentucky Power’s distribution system is designed and constructed to meet medium loading criteria. The distribution system also includes approximately 180,000 overhead service drops.

¹ *In the Matter of: The Joint Application Of Kentucky Power Company, American Electric Power Company, Inc. And Central And South West Corporation Regarding A Proposed Merger*, P.S.C. Case No. 99-149.

² Further information concerning the original net cost of the Company’s transmission facilities is provided at pages 2-3 of Kentucky Power’s Response to Staff Data Request No. 9, KPSC 2009 Ice Storm Investigation (Filed May 20, 2009).

5. Kentucky Power's service territory includes some of the most rugged and difficult topography in the Commonwealth. Its distribution and lower voltage transmission facilities in particular cross mountainous and heavily-wooded terrain.

The 2009 "Major Event Day" Storms

6. Under IEEE Standard 1366, a major event is one that exceeds reasonable design and or operational limits of the electric power system. IEEE Standard 1366 statistically defines a "Major Event Day" as any day in which the system's SAIDI ("System Average Interruption Duration Index") exceeds the threshold value of T_{med} . That threshold value in turn is calculated at the end of each reporting period (typically one calendar year) using data from the previous five years. It is calculated by taking the average of the natural logarithm of each daily SAIDI during the previous five year period. The standard deviation of the five-year data set is then determined and the threshold value of T_{med} is set at 2.5 standard deviations. Any day in the subsequent reporting period that exceeds T_{med} is classified as a Major Event Day.

7. Between January and June, 2009 Kentucky Power service territory experienced three storms involving Major Event Days as defined by IEEE Standard 1366. They were the January ice storm (January 27, 2009-February 4, 2009); the February windstorm (February 11, 2009-February 15, 2009); and the May thunderstorm (May 8, 2009-May 12, 2009).

A. The January 27, 2009 Ice Storm

8. Beginning Tuesday, January 27, 2009, an ice storm bringing freezing rain, sleet and snow hit Kentucky Power's service territory. By 3:00 p.m. Wednesday, January 28, 2009 the storm's ice accumulation in Kentucky Power's service territory ranged from approximately one-quarter inch in the south to one inch in the north.

³ Further information concerning the original net cost of the Company's distribution facilities is provided at page 4 of Kentucky Power's Response to Staff Data Request No. 9, KPSC 2009 Ice Storm Investigation (Filed May 20,

9. Both before and during the ice storm, Kentucky Power's Distribution Dispatch Center in Ashland, Kentucky monitored weather-related information sources, including the Weather Channel, the National Weather Service's web-site and several weather radar online sites. In addition, the Center was advised by the AEP meteorologist both before and during the storm. This information was relayed by the Dispatch Center to Kentucky Power management so that informed decisions could be made to call-in personnel, to hold crews past their scheduled work time, and to schedule the workforce during restoration efforts.

10. The accumulated ice caused significant damage to Kentucky Power's system, resulting in the loss of power to thousands of Kentucky Power customers. At the height of the outages, 11:00 a.m. on January 28, 2009, 33,206 Kentucky Power customers were known to the Company to be without power.⁴ The Ashland, Kentucky and Paintsville, Kentucky areas were particularly hard hit.

11. There were a total of 960 outages on Kentucky Power's distribution system. Two hundred and seventeen of these outages were caused by damage to overhead service drops. The remainder was the result of damage to other parts of the Company's distribution system. Trees falling onto conductors accounted for 62% of the total distribution system outages. Kentucky Power was required to replace 245 poles as a result of the January, 2009 ice storm. All were damaged by ice-laded trees falling onto the Company's facilities. The Company also replaced 131 distribution transformers.

12. Kentucky Power also suffered three transmission circuit outages, involving 49 circuit miles, as a result of the January, 2009 ice storm. Each of the transmission outages was

2009).

⁴ Page 4 of Kentucky Power's Response to Staff Data Request No. 181, KPSC 2009 Ice Storm Investigation (Filed May 20, 2009) reports customer outages on an hourly basis.

caused by heavily ice-laden trees outside the company's rights-of-way falling onto the Company's lines. No transmission poles or structures were broken as a result of the falling trees and no customers lost service as a result of the transmission outages.

13. Kentucky Power began mobilizing restoration crews on January 27, 2009 – the first day of the ice storm. In addition to its employee crews, 65 existing contract right-of-way crews (196 persons) were assigned to restoration efforts on January 27. The first contract crews from other utilities arrived the next day. Overall, a total of 137 contract crews (430 persons), in addition to Kentucky Power employees, worked to restore Kentucky Power's system following the January 27, 2009 ice storm. The restoration efforts, which concluded at approximately 2:00 p.m. on February 4, 2009, required over 24,000 employee hours and 66,000 contractor hours of work.

14. The total costs associated with the January, 2009 ice storm restoration effort as of July 31, 2009 were \$12,609,416. The \$12,609,416 in storm restoration costs is composed of \$8,873,718 in operation and maintenance costs (including \$1,445,501 in estimated operation costs yet to be recorded) and \$3,735,698 in capital expenditures. But for the January, 2009 ice storm, \$7,877,439 of these operation and maintenance costs would not have been incurred. By this application, Kentucky Power seeks authority to accumulate and defer for consideration in its next rate proceeding that portion of the incremental operation and maintenance expenses that (in conjunction with the incremental operation and maintenance expenses incurred in connection with the other two 2009 Major Event storms) exceed the storm-related operation and maintenance expense currently in Kentucky Power's base rates.

B. The February 11, 2009 Windstorm

15. On February 11, 2009, a large windstorm stretching from Tennessee through Kentucky and Ohio into the Middle Atlantic states struck Kentucky Power's system. Wind gusts as high as 70 m.p.h. were reported in Kentucky during the storm.

16. Trees already weakened from the January 27, 2009 ice storm broke, bringing down power lines and breaking utility poles. More than 150,000 businesses and homes lost power throughout the Commonwealth as a result of the storm.

17. Throughout the course of the storm, there were 861 outages recorded on Kentucky Power's system. At the height of the outages, 38,800 Kentucky Power customers were known to the Company to be without power. Service to a total of 58,585 Kentucky Power customers was affected by the storm. A total of 113 poles, 135 cross arms, 60 transformers and 86,531 feet of wire were replaced or installed in Kentucky Power's three districts as a result of the storm damage. Numerous spans of downed wire also were repaired and re-installed.

18. Kentucky Power immediately dispatched restoration crews following the wind storm. In addition to Kentucky Power employees, a total of 559 contract line personnel and 363 contract right-of-way workers were involved in the restoration efforts. The restoration efforts required over 26,000 employee hours and 32,000 contractor hours of work.

19. As of July 31, 2009, the costs associated with the February, 2009 windstorm restoration effort totaled \$5,682,555. The \$5,682,555 in storm restoration costs is composed of \$3,313,376 in operation and maintenance costs (including \$559,434 in estimated operation and maintenance costs yet to be recorded) and \$2,369,179 in capital expenditures. But for the February, 2009 windstorm, \$2,761,989 of these operation and maintenance costs would not have been incurred. By this application, Kentucky Power seeks authority to accumulate and defer for

consideration in its next base rate proceeding that portion of the incremental operation and maintenance expenses that (in conjunction with the incremental operation and maintenance expenses incurred in connection with the other two 2009 Major Event storms) exceed the storm-related operation and maintenance expense currently in Kentucky Power's base rates.

C. The May 8, 2009 Thunderstorms

20. On May 8, 2009, severe thunderstorms, with winds reported as high as 80-90 miles per hour struck portions of eastern Kentucky, including parts of Kentucky Power's service territory.

21. The storm caused extensive damage to Kentucky Power's electrical facilities, ranging from downed power lines and broken utility poles to downed trees and limbs across power lines. Heavily rain-saturated soils led to mudslides that also caused extensive damage to the company's facilities. Restoration efforts were hindered by high water blocking access to facilities requiring service. A total of 73 poles, 173 cross arms, 34 transformers and 60,451 feet of wire located in Kentucky Power's Hazard and Pikeville Districts were replaced or installed. Numerous spans of wire also were repaired and re-installed.

22. Kentucky Power immediately deployed restoration crews following the wind storm. In addition to Kentucky Power employees, a total of 247 line personnel from other AEP companies and contractors, as well as 126 contract right-of-way personnel were involved in the restoration efforts. The restoration efforts required approximately 6,000 employee hours and approximately 12,000 contractor hours of work.

23. As of July 31, 2009, the total costs associated with the May, 2009 thunderstorm repair and restoration effort were \$2,447,972. The \$2,447,972 in storm restoration costs is composed of \$1,468,010 in operation and maintenance costs and \$979,962 in capital

expenditures. \$1,290,717 of these operation and maintenance costs would not have been incurred but for the May, 2009 windstorm. By this application, Kentucky Power seeks authority to accumulate and defer for consideration in its next base rate proceeding that portion of the incremental operation and maintenance expenses that (in conjunction with the incremental operation and maintenance expenses incurred in connection with the other two 2009 Major Event storms) exceed the storm-related operation and maintenance expense currently in Kentucky Power's base rates.

The Amount To Be Accumulated And Deferred.

24. The total incremental operation and maintenance costs associated with the three 2009 Major Event storms that would not have been incurred but for the storms total \$11,930,145.

25. Kentucky Power recorded its operation and maintenance expenses for the repair and restoration efforts associated with its 2009 Major Event Storm repair and restoration efforts in the following FERC accounts:

Account No.	Account	Expenditures
5800000	Oper. Supervision & Engineering	\$388
5830000	Overhead Line Expenses	\$307,116
5880000	Miscellaneous Distribution Exp	\$216,104
5900000	Maint. Supv. & Engineering	\$7,827
5930000	Maintenance of Overhead Lines	\$11,065,620
5930001	Tree and Brush Control	\$20,353
5950000	Maint of Lne Trnf,Rglators, & Div.	\$8,512
9301001	Newspaper Advertising Space	\$8,036
9301010	Publicity	\$92

Account No.	Account	Expenditures
9350013	Maint of Cmmncation Eq-Unalloc	\$16,481.
Total		\$11,650,169.

26. Kentucky Power's base rates contain operation and maintenance storm-related expenses totaling \$2,116,867. See EXHIBIT 2.

27. By this application, Kentucky Power seeks authorization from the Commission to accumulate and defer for review and recovery in Kentucky Power's next base rate proceeding the net actual costs (total incremental storm-related O&M expenses less the amount of storm-related O&M expenses currently in its base rates) of extraordinary operation and maintenance expenses incurred to repair damaged facilities and restore service to customers following the January, 2009 Ice Storm; the February, 2009 Windstorm; and the May, 2009 Thunderstorm. The amount to be established as a regulatory asset in Account No. 182 is \$9,813,278. That amount was calculated as follows:

	Total Expenses Recorded	\$11,650,169
Plus:	Estimated Billings Yet to be Recorded	\$2,004,935
Less:	<u>Normal Dist O&M Exp</u>	<u>\$1,724,959</u>
	Sub-Total	\$11,930,145
Less:	<u>Storm Exp Currently in Base Rates</u>	<u>\$2,116,867</u>
	Total Deferral Request Amount	\$9,813,278

Basis For The Requested Accounting Treatment

28. Statement of Financial Accounting Standards (“SFAS”) No. 71, *Accounting for the Effects of Certain Types of Regulation*, provides for the creation under prescribed circumstances of a regulatory asset such as Kentucky Power proposes. SFAS No. 71 provides in pertinent part:

Rate actions of a regulator can provide reasonable assurance of the existence of an asset. *An enterprise shall capitalize all or part of an incurred cost that would otherwise be charged to expense if both of the following criteria are met:*

- a. It is probable that future revenue in an amount at least equal to the capitalized cost will result from the inclusion of that cost in the allowable costs for ratemaking purposes.
- b. Based on the available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs....

29. In accordance with SFAS No. 71, Kentucky Power requests the Commission to exercise its authority under KRS 278.220 to prescribe the manner in which the Company keeps its accounts by entering an order permitting Kentucky Power to accumulate and defer for review and recovery in its next base rate proceeding \$9,813,278 in incremental and extraordinary operation and maintenance expenses incurred by the Company in repairing damage and restoring service in connection with the three 2009 Major Event storms. If the requested relief is granted, Kentucky Power will record the regulatory asset in FERC Account No. 182.

Exhibits

30. The following exhibits are incorporated in this application

(a) A summary sheet and supporting calculations illustrating the derivation of the amount of the requested regulatory asset is attached hereto as **EXHIBIT 1**;

(b) The pertinent page from Kentucky Power's last base rate case, Case No. 2005-00341, demonstrating the calculation of the Company's three-year level of storm-related expense is attached hereto as **EXHIBIT 2**.

Communications.

31. Kentucky Power respectfully requests that all communications in this proceeding be addressed to the following:

Errol K. Wagner
Director of Regulatory Services
Kentucky Power Company
101A Enterprise Drive
P.O. Box 5190
Frankfort, Kentucky 40602-5190

Mark R. Overstreet
Stites & Harbison PLLC
421 West Main Street
P.O. Box 634
Frankfort, Kentucky 40602-0634

Timing of Requested Approval

32. Because of the importance of maintaining accurate financial statements, and the fact that Kentucky Power's fiscal year ends December 31, 2009, Kentucky Power Company respectfully requests that the Commission grant the requested relief on or before December 31, 2009.

Wherefore Kentucky Power Company respectfully requests the Commission enter an Order:

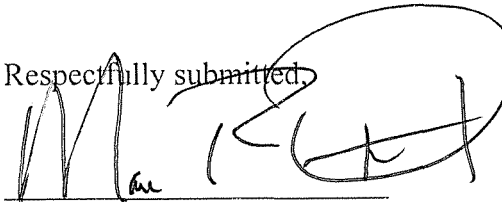
1. Authorizing Kentucky Power Company in accordance with SFAS No. 71 to accumulate and defer for review and recovery in the Company's next base rate proceeding the currently estimated amount of \$9,813,278 in incremental and extraordinary operation and maintenance expenses incurred by the Company in repairing damage and restoring service in

connection with the three 2009 Major Event storms. The estimated amounts would be adjusted to actual costs once they are known;

2. Authorizing Kentucky Power to record the deferred amount as a regulatory asset to be recorded in FERC Account No. 182;
3. Granting the requested relief by Order dated on or before December 31, 2009; and
4. Granting Kentucky Power all additional relief to which it may be entitled.

This 31st day of August, 2009.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', is written over a horizontal line. The signature is stylized and somewhat cursive.

Mark R. Overstreet
STITES & HARBISON PLLC
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Frankfort, Kentucky 40602-0634
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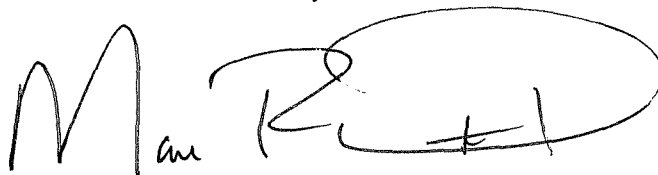
CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served by United States Mail, Postage Pre-paid, upon:

David F. Boehm
Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202

Dennis G. Howard II
Larry Cook
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

on this the 31st day of August, 2009.

A handwritten signature in black ink, appearing to read "Mark R. Overstreet", written over a horizontal line. The signature is stylized with a large "M" and "R".

Mark R. Overstreet

Exhibit

1

**KENTUCKY POWER COMPANY
2009 MAJOR STORMS
EXPENSE DEFERRAL REQUEST
YTD JULY**

<u>Major Storms</u>	<u>Source</u>	<u>Incremental O&M</u>
ICE STORM	Exhibit 1; Page 5 of 13	\$ 7,877,439
WIND STORM	Exhibit 1; Page 9 of 13	\$ 2,761,989
THUNDER STORM	Exhibit 1; Page 13 of 13	<u>\$ 1,290,717</u>
TOTAL MAJOR STORMS 2009		\$ 11,930,145
BASE CASE STORM EXPENSE	Exhibit 2; Page 1 of 1	<u>\$ 2,116,867</u>
MAJOR STORM DEFERRAL REQUEST		<u><u>\$ 9,813,278</u></u>

Kentucky Power Company
2009 Ice Storm
Detailed Restoration Costs - Total
YTD July

		A	B	C	D	A+B+C+D	
		Capitalized	Accumulated	Expensed	Deferred	Total Cost	
		(Capital)	(Removal)	(O&M)	Asset	to Restore	
In House Costs	Regular Time	Dollars \$ 56,805	\$ 13,657	\$ 227,637	\$ -	\$ 298,099	
	Salary & Wages	Hours 1,749.6	482.2	7,047.0	0.0	9,278.8	
	Over/Time	Dollars \$ 157,131	\$ 36,910	\$ 557,959	\$ -	\$ 752,000	
		Hours 4,874.0	1,130.4	17,088.8	0.0	23,053.2	
	Salary & Wage	ST Fringes \$ 22,743	\$ 5,495	\$ 11,619	\$ -	\$ 39,857	
	Overheads	OT Fringes \$ 18,691	\$ 4,391	\$ 9,826	\$ -	\$ 32,908	
		Other Labor Fringes \$ 1,104	\$ 258	\$ 314	\$ -	\$ 1,676	
		Incentives \$ 7,710	\$ 1,785	\$ 27,093	\$ -	\$ 36,588	
		Construction/Retirement \$ 358,784	\$ 49,033	\$ -	\$ -	\$ 407,817	
		All Other Overheads \$ 12,976	\$ 2,778	\$ 115,455	\$ -	\$ 131,209	
	Total Salary & Wages	\$ 635,944	\$ 109,307	\$ 949,903	\$ -	\$ 1,695,154	
	Transportation	Fleet \$ 41,332	\$ 9,187	\$ 149,160	\$ -	\$ 199,679	
	Total Transportation	\$ 41,332	\$ 9,187	\$ 149,160	\$ -	\$ 199,679	
	Other Cost Category	Cell Phone \$ 1,693	\$ 374	\$ 10,461	\$ -	\$ 12,528	
		External Communications \$ -	\$ -	\$ 8,036	\$ -	\$ 8,036	
		Employee/Contractor Exps \$ 56,179	\$ 13,858	\$ 233,505	\$ -	\$ 303,542	
	Total Other Cost Category	\$ 57,872	\$ 14,232	\$ 251,002	\$ -	\$ 324,106	
	Materials & Supplies	Towers, Poles, & Fixtures	Poles \$ 72,070	\$ -	\$ -	\$ -	\$ 72,070
			Cross arms \$ 6,903	\$ -	\$ -	\$ -	\$ 6,903
		Overhead Conductors & Devices	Wire \$ 93,640	\$ -	\$ -	\$ -	\$ 93,640
			Outouts \$ 15,220	\$ -	\$ -	\$ -	\$ 15,220
			Splices \$ 23,073	\$ -	\$ -	\$ -	\$ 23,073
			Other \$ 56,804	\$ (5,761)	\$ 12,548	\$ -	\$ 63,591
	Line Transformers	\$ 105,460	\$ (4,704)	\$ -	\$ -	\$ 100,756	
	Services	\$ -	\$ -	\$ -	\$ -	\$ -	
	Meters	\$ -	\$ -	\$ -	\$ -	\$ -	
	Lighting & Signal Systems	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other	\$ 54,999	\$ (2,083)	\$ 20,214	\$ -	\$ 73,130	
	Total Materials	\$ 428,169	\$ (12,548)	\$ 32,762	\$ -	\$ 448,383	
	Cost of Providing Temporary Electric Svc	\$ -	\$ -	\$ -	\$ -	\$ -	
	TOTAL IN HOUSE COSTS	\$ 1,163,317	\$ 120,178	\$ 1,383,827	\$ -	\$ 2,667,322	

Kentucky Power Company
2009 Ice Storm
Detailed Restoration Costs - Total
YTD July

		A	B	C	D	A+B+C+D
		Capitalized	Accumulated	Expensed	Deferred	Total Cost
		(Capital)	Depreciation	(O&M)	Asset	to Restore
		(Capital)	(Removal)	(O&M)	to Restore	to Restore
Outside Contracted Services						
Asplundh Tree Expert	Dollars	\$ -	\$ -	\$ 1,413,897	\$ -	\$ 1,413,897
	Hours	0.0	0.0	39,936.0	0.0	39,936.0
ACRT Inc.	Dollars	\$ 1,318	\$ 426	\$ 3,292	\$ -	\$ 5,036
	Hours	0.0	0.0	0.0	0.0	0.0
Area Wide Protective	Dollars	\$ 27,230	\$ 8,797	\$ 68,028	\$ -	\$ 104,054
	Hours	0.0	0.0	0.0	0.0	0.0
BFD Power Services Inc.	Dollars	\$ 303,530	\$ 98,055	\$ 758,313	\$ -	\$ 1,159,898
	Hours	1,875.8	606.0	4,686.3	0.0	7,168.0
Consumer's Energy (EST)	Dollars	\$ 376,075	\$ 121,491	\$ 939,554	\$ -	\$ 1,437,121
	Hours	1,758.5	588.1	4,393.4	0.0	6,720.0
Davis H. Elliot	Dollars	\$ 210,112	\$ 67,877	\$ 524,925	\$ -	\$ 802,914
	Hours	2,612.7	844.0	6,527.3	0.0	9,984.0
Hydaker Wheatbake Co.	Dollars	\$ 499,259	\$ 161,286	\$ 1,247,307	\$ -	\$ 1,907,852
	Hours	3,600.8	1,163.2	8,996.0	0.0	13,760.0
Lee Electrical Construction	Dollars	\$ 10,354	\$ 3,345	\$ 25,867	\$ -	\$ 39,566
	Hours	125.6	40.6	313.8	0.0	480.0
Mastec North America Inc	Dollars	\$ 12,883	\$ 4,162	\$ 32,166	\$ -	\$ 49,231
	Hours	201.0	64.9	502.1	0.0	768.0
Midwest Electric	Dollars	\$ 136,658	\$ 44,147	\$ 341,415	\$ -	\$ 522,220
	Hours	1,105.4	357.1	2,761.5	0.0	4,224.0
New River Electrical Corp	Dollars	\$ 19,631	\$ 6,342	\$ 49,046	\$ -	\$ 75,019
	Hours	71.2	23.0	177.8	0.0	272.0
Pike Electric Inc	Dollars	\$ 155,434	\$ 50,213	\$ 388,322	\$ -	\$ 593,969
	Hours	2,013.9	650.6	5,031.5	0.0	7,696.0
C.W. Wright Construction	Dollars	\$ 37,012	\$ 11,957	\$ 92,467	\$ -	\$ 141,435
	Hours	263.8	85.2	659.0	0.0	1,008.0
Other Contractors (i.e. excavating, environmental)	Dollars	\$ 63,951	\$ 20,659	\$ 159,770	\$ -	\$ 244,381
TOTAL OUTSIDE CONTRACTED SERVICES	Dollars	\$ 1,853,446	\$ 598,757	\$ 6,044,390	\$ -	\$ 8,496,593
	Hours	13,628.6	4,402.7	73,984.6	0.0	92,016.0
Recorded Restoration Costs		\$ 3,016,763	\$ 718,935	\$ 7,428,217	\$ -	\$ 11,163,915
Estimated Cost Yet To Be Recorded		\$ -	\$ -	\$ 1,445,501	\$ -	\$ 1,445,501
Total Restoration Costs		\$ 3,016,763	\$ 718,935	\$ 8,873,718	\$ -	\$ 12,609,416

Kentucky Power Company
2009 Ice Storm
Detailed Restoration Costs - O&M
YTD July

		A		B		C	
		Expensed Total (O&M)		Expensed Incremental (O&M)		Expensed Non-Incremental (O&M)	
In House Costs	Regular Time	Dollars	\$ 227,637	\$ -	\$ 227,637		
	Salary & Wages	Hours	7,047.0	0.0	7,047.0		
	Overtime	Dollars	\$ 557,959	\$ 557,959	\$ -		
		Hours	17,088.8	17,088.8	0.0		
	Salary & Wage	ST Fringes	\$ 11,619	\$ -	\$ 11,619		
	Overheads	OT Fringes	\$ 9,826	\$ 9,826	\$ -		
		Other Labor Fringes	\$ 314	\$ -	\$ 314		
		Incentives	\$ 27,093	\$ -	\$ 27,093		
		Construction/Retirement	\$ -	\$ -	\$ -		
		All Other Overheads	\$ 115,455	\$ -	\$ 115,455		
	Total Salary & Wages		\$ 949,903	\$ 567,785			
Transportation		Fleet	\$ 149,160	\$ 4,047	\$ 145,113		
	Total Transportation		\$ 149,160	\$ 4,047	\$ 145,113		
Other Cost Category		Cell Phone	\$ 10,461	\$ -	\$ 10,461		
		External-Communications	\$ 8,036	\$ 8,036	\$ -		
		Employee/Contractor Exps	\$ 233,505	\$ 233,505	\$ -		
	Total Other Cost Category		\$ 252,002	\$ 241,541	\$ 10,461		
Materials & Supplies	Towers, Poles, & Fixtures	Poles	\$ -	\$ -	\$ -		
		Cross arms	\$ -	\$ -	\$ -		
	Overhead Conductors & Devices	Wire	\$ -	\$ -	\$ -		
		Cutouts	\$ -	\$ -	\$ -		
		Splices	\$ -	\$ -	\$ -		
		Other	\$ 12,548	\$ 12,548	\$ -		
	Line Transformers		\$ -	\$ -	\$ -		
	Services		\$ -	\$ -	\$ -		
	Meters		\$ -	\$ -	\$ -		
	Lighting & Signal Systems		\$ -	\$ -	\$ -		
	Other		\$ 20,214	\$ 20,214	\$ -		
	Total Materials		\$ 32,762	\$ 32,762	\$ -		
	Cost of Providing Temporary Electric Svc		\$ -	\$ -	\$ -		
TOTAL IN HOUSE COSTS		\$ 1,383,827	\$ 846,135	\$ 537,692			

Kentucky Power Company
2009 Ice Storm
Detailed Restoration Costs - O&M
YTD July

		A Expensed Total (O&M)	B Expensed Incremental (O&M)	C Expensed Non-Incremental (O&M)
Outside Contracted Services				
Asplundh Tree Expert	Dollars \$	1,413,897	\$ 1,120,042	\$ 293,855
	Hours	39,936.0	31,636.0	8,300.0
ACRT Inc.	Dollars \$	3,292	\$ 3,292	\$ -
	Hours	0.0	0.0	0.0
Area Wide Protective	Dollars \$	68,028	\$ 68,028	\$ -
	Hours	0.0	0.0	0.0
BFD Power Services Inc.	Dollars \$	758,313	\$ 758,313	\$ -
	Hours	4,686.3	4,686.3	0.0
Consumer's Energy	Dollars \$	939,554	\$ 939,554	\$ -
	Hours	4,393.4	4,393.4	0.0
Davis H. Elliot	Dollars \$	524,925	\$ 360,193	\$ 164,732
	Hours	6,527.3	4,478.9	2,048.4
Hydaker Wheatlake Co.	Dollars \$	1,247,307	\$ 1,247,307	\$ -
	Hours	8,996.0	8,996.0	0.0
Lee Electrical Construction	Dollars \$	25,867	\$ 25,867	\$ -
	Hours	313.8	313.8	0.0
Mastec North America Inc	Dollars \$	32,186	\$ 32,186	\$ -
	Hours	502.1	502.1	0.0
Midwest Electric	Dollars \$	341,415	\$ 341,415	\$ -
	Hours	2,761.5	2,761.5	0.0
New River Electrical Corp	Dollars \$	49,046	\$ 49,046	\$ -
	Hours	177.8	177.8	0.0
Pike Electric Inc	Dollars \$	388,322	\$ 388,322	\$ -
	Hours	5,031.5	5,031.5	0.0
C.W. Wright Construction	Dollars \$	92,467	\$ 92,467	\$ -
	Hours	659.0	659.0	0.0
Other Contractors (i.e. excavating, environmental)	Dollars \$	159,770	\$ 159,770	\$ -
TOTAL OUTSIDE CONTRACTED SERVICES	Dollars	\$ 6,044,390	\$ 5,585,803	\$ 458,587
	Hours	73,984.6	63,636.2	10,348.4
Recorded Restoration Costs		\$ 7,428,217	\$ 6,431,938	\$ 996,279
Estimated Cost Yet To Be Recorded		\$ 1,445,501	\$ 1,445,501	\$ -
Total Restoration Costs		\$ 8,873,718	\$ 7,877,439	\$ 996,279

Kentucky Power Company
2009 Wind Storm
Detailed Restoration Costs - Total
YTD July

		A	B	C	D	A+B+C+D	
		Capitalized	Accumulated	Expensed	Deferred	Total Cost	
		(Capital)	(Removal)	(O&M)	Asset	to Restore	
In House Costs	Regular Time	Dollars	\$ 16,457	\$ 7,527	\$ 132,864	\$ -	\$ 156,848
		Hours	549.1	267.3	4,769.5	0.0	5,585.9
	Overtime	Dollars	\$ 51,350	\$ 21,450	\$ 565,446	\$ -	\$ 641,246
		Hours	1,893.2	903.8	21,199.2	0.0	23,993.2
Salary & Wage Overheads	ST Fringes	\$ 6,626	\$ 3,032	\$ 9,841	\$ -	\$ 19,499	
	OT Fringes	\$ 6,123	\$ 2,917	\$ 31,542	\$ -	\$ 40,582	
	Other Labor Fringes	\$ 378	\$ 194	\$ 2,121	\$ -	\$ 2,693	
	Incentives	\$ 2,778	\$ 1,451	\$ 34,618	\$ -	\$ 38,847	
	Construction/Retirement	\$ 125,806	\$ 10,889	\$ -	\$ -	\$ 136,695	
	All Other Overheads	\$ 3,202	\$ 1,566	\$ 82,528	\$ -	\$ 87,296	
Total Salary & Wages		\$ 212,720	\$ 52,026	\$ 858,960	\$ -	\$ 1,123,706	
Transportation	Fleet	\$ 14,557	\$ 5,998	\$ 147,692	\$ -	\$ 168,247	
	Total Transportation	\$ 14,557	\$ 5,998	\$ 147,692	\$ -	\$ 168,247	
Other Cost Category	Cell Phone	\$ 4,045	\$ 1,465	\$ 9,912	\$ -	\$ 15,442	
	External Communications	\$ -	\$ -	\$ -	\$ -	\$ -	
	Employee/Contractor Exps	\$ 13,838	\$ 6,011	\$ 128,911	\$ -	\$ 148,760	
Total Other Cost Category		\$ 17,883	\$ 7,496	\$ 138,823	\$ -	\$ 164,202	
Materials & Supplies	Towers, Poles, & Fixtures	Poles	\$ 27,359	\$ -	\$ -	\$ -	\$ 27,359
		Cross arms	\$ 3,201	\$ -	\$ -	\$ -	\$ 3,201
	Overhead Conductors & Devices	Wires	\$ 20,992	\$ -	\$ -	\$ -	\$ 20,992
		Cutouts	\$ 7,833	\$ -	\$ 227	\$ -	\$ 8,060
		Splices	\$ 16,121	\$ -	\$ 1,235	\$ -	\$ 20,356
		Other	\$ 21,421	\$ -	\$ 11,709	\$ -	\$ 33,130
	Line Transformers	\$ 61,759	\$ -	\$ -	\$ -	\$ 61,759	
	Services	\$ -	\$ -	\$ -	\$ -	\$ -	
	Meters	\$ -	\$ -	\$ -	\$ -	\$ -	
	Lighting & Signal Systems	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other	\$ 18,455	\$ (1,920)	\$ 28,452	\$ -	\$ 44,987	
	Total Materials		\$ 177,141	\$ (1,920)	\$ 44,623	\$ -	\$ 219,844
	Cost of Providing Temporary Electric Svc	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL IN HOUSE COSTS		\$ 422,301	\$ 63,600	\$ 1,190,098	\$ -	\$ 1,675,999	

Kentucky Power Company
2009 Wind Storm
Detailed Restoration Costs - Total
YTD July

		A	B	C	D	A+B+C+D
		Capitalized	Accumulated	Expensed	Deferred	Total Cost
		(Capital)	Depredation	(O&M)	Asset	to Restore
			(Removal)			
Outside Contracted Services						
Asplundh Tree Expert	Dollars	-	-	539,579	-	539,579
	Hours	0.0	0.0	22,784.0	0.0	22,784.0
ACRT Inc.	Dollars	1,075	267	730	-	2,072
	Hours	0.0	0.0	0.0	0.0	0.0
Area Wide Protective	Dollars	34,159	8,481	23,190	-	65,830
	Hours	0.0	0.0	0.0	0.0	0.0
Entergy Arkansas	Dollars	169,071	41,976	114,783	-	325,830
	Hours	2,673.3	663.7	1,814.9	0.0	5,152.0
Entergy Mississippi	Dollars	184,469	45,799	125,236	-	355,504
	Hours	2,689.9	667.8	1,826.2	0.0	5,184.0
Davis H. Elliot	Dollars	305,548	75,860	207,438	-	588,846
	Hours	3,370.7	836.9	2,288.4	0.0	6,496.0
Entergy Texas	Dollars	4,250	1,055	2,885	-	8,190
	Hours	61.7	15.3	41.9	0.0	119.0
Gulf States Power	Dollars	90,454	22,457	61,409	-	174,320
	Hours	1,228.7	305.1	834.2	0.0	2,368.0
Mastec North America Inc	Dollars	69,445	17,241	47,146	-	133,833
	Hours	622.7	154.6	422.7	0.0	1,200.0
Henkels & McCoy Inc.	Dollars	234,209	58,148	159,005	-	451,362
	Hours	1,411.4	350.4	958.2	0.0	2,720.0
New River Electrical Corp	Dollars	9,788	2,430	6,645	-	18,863
	Hours	0.0	0.0	0.0	0.0	0.0
Pike Electric Inc	Dollars	137,922	34,242	93,636	-	265,800
	Hours	1,826.5	453.5	1,240.0	0.0	3,520.0
Riggs Distler & Company	Dollars	143,428	35,609	97,374	-	276,411
	Hours	838.5	208.2	569.3	0.0	1,616.0
Killen Contractors Inc.	Dollars	85,222	21,158	57,857	-	164,237
	Hours	805.3	199.9	546.7	0.0	1,552.0
Other Contractors (i.e. excavating, environmental)	Dollars	39,667	9,848	26,930	-	76,445
TOTAL OUTSIDE CONTRACTED SERVICES	Dollars	<u>1,508,706</u>	<u>374,572</u>	<u>1,563,844</u>	<u>-</u>	<u>3,447,122</u>
	Hours	<u>15,528.9</u>	<u>3,855.4</u>	<u>33,326.6</u>	<u>0.0</u>	<u>52,711.0</u>
Recorded Restoration Costs		1,931,007	438,172	2,753,942	-	5,123,121
Estimated Cost Yet To Be Recorded		-	-	559,434	-	559,434
Total Restoration Costs		<u>1,931,007</u>	<u>438,172</u>	<u>3,313,376</u>	<u>-</u>	<u>5,682,555</u>

Kentucky Power Company
2009 Wind Storm
Detailed Restoration Costs - O&M
YTD July

		A		B		C	
		Expensed Total (O&M)		Expensed Incremental (O&M)		Expensed Non-Incremental (O&M)	
In House Costs	Regular Time	Dollars	\$ 132,864	\$ -	\$ 132,864		
	Salary & Wages	Hours	4,769.5	0.0	4,769.5		
	Overtime	Dollars	\$ 565,446	\$ 565,446	\$ -		
		Hours	21,199.2	21,199.2	0.0		
	Salary & Wage	ST Fringes	\$ 9,841	\$ -	\$ 9,841		
	Overheads	OT Fringes	\$ 31,542	\$ 31,542	\$ -		
		Other Labor Fringes	\$ 2,121	\$ -	\$ 2,121		
		Incentives	\$ 34,618	\$ -	\$ 34,618		
		Construction/Retirement	\$ -	\$ -	\$ -		
		All Other Overheads	\$ 82,528	\$ -	\$ 82,528		
	Total Salary & Wages		\$ 858,960	\$ 596,988			
	Transportation	Fleet	\$ 147,692	\$ 12,284	\$ 135,408		
	Total Transportation		\$ 147,692	\$ 12,284	\$ 135,408		
	Other Cost Category	Cell Phone	\$ 9,912	\$ -	\$ 9,912		
		External Communications	\$ -	\$ -	\$ -		
		Employee/Contractor Exps	\$ 128,911	\$ 128,911	\$ -		
	Total Other Cost Category		\$ 138,823	\$ 128,911	\$ 9,912		
	Materials & Supplies	Poles	\$ -	\$ -	\$ -		
		Cross arms	\$ -	\$ -	\$ -		
		Wire	\$ -	\$ -	\$ -		
	Overhead Conductors & Devices	Cutouts	\$ 227	\$ 227	\$ -		
		Splices	\$ 4,235	\$ 4,235	\$ -		
		Other	\$ 11,709	\$ 11,709	\$ -		
	Line Transformers		\$ -	\$ -	\$ -		
	Services		\$ -	\$ -	\$ -		
	Meters		\$ -	\$ -	\$ -		
	Lighting & Signal Systems		\$ -	\$ -	\$ -		
	Other		\$ 28,452	\$ 28,452	\$ -		
	Total Materials		\$ 44,623	\$ 44,623	\$ -		
	Cost of Providing Temporary Electric Svc		\$ -	\$ -	\$ -		
	TOTAL IN HOUSE COSTS		\$ 1,190,098	\$ 782,806	\$ 407,292		

Kentucky Power Company
2009 Wind Storm
Detailed Restoration Costs - O&M
YTD July

		A Expensed Total (O&M)	B Expensed Incremental (O&M)	C Expensed Non-Incremental (O&M)
Outside Contracted Services				
Asplundh Tree Expert	Dollars	\$ 539,579	\$ 437,212	\$ 102,367
	Hours	22,784.0	18,461.5	4,322.5
ACRT Inc.	Dollars	\$ 730	\$ 730	\$ -
	Hours	0.0	0.0	0.0
Area Wide Protective	Dollars	\$ 23,190	\$ 23,190	\$ 0
	Hours	0.0	0.0	0.0
Entergy Arkansas	Dollars	\$ 114,783	\$ 114,783	\$ -
	Hours	1,814.9	1,814.9	0.0
Entergy Mississippi	Dollars	\$ 125,236	\$ 125,236	\$ 0
	Hours	1,826.2	1,826.2	0.0
Davis H. Elliot	Dollars	\$ 207,438	\$ 165,711	\$ 41,727
	Hours	2,288.4	1,828.1	460.3
Entergy Texas	Dollars	\$ 2,885	\$ 2,885	\$ 0
	Hours	41.9	41.9	0.0
Gulf States Power	Dollars	\$ 61,409	\$ 61,409	\$ 0
	Hours	834.2	834.2	0.0
Mastec North America Inc	Dollars	\$ 47,146	\$ 47,146	\$ 0
	Hours	422.7	422.7	0.0
Henkels & McCoy Inc.	Dollars	\$ 159,005	\$ 159,005	\$ 0
	Hours	958.2	958.2	0.0
New River Electrical Corp	Dollars	\$ 6,645	\$ 6,645	\$ 0
	Hours	0.0	0.0	0.0
Pike Electric Inc	Dollars	\$ 93,636	\$ 93,636	\$ -
	Hours	1,240.0	1,240.0	0.0
Rlggs Distler & Company	Dollars	\$ 97,374	\$ 97,374	\$ -
	Hours	569.3	569.3	0.0
Killen Contractors Inc.	Dollars	\$ 57,857	\$ 57,857	\$ 0
	Hours	546.7	546.7	0
Other Contractors (i.e. excavating, environmental)	Dollars	\$ 26,930	26,930	\$ -
TOTAL OUTSIDE CONTRACTED SERVICES		\$ 1,563,844	\$ 1,419,749	\$ 144,095
		33,326.6	28,543.7	4,782.9
Recorded Restoration Costs		\$ 2,753,942	\$ 2,202,555	\$ 551,387
Estimated Cost Yet To Be Recorded		\$ 559,434	\$ 559,434	\$ -
Total Restoration Costs		\$ 3,313,376	\$ 2,761,989	\$ 551,387

Kentucky Power Company
2009 Thunder Storm
Detailed Restoration Costs - Total
YTD July

		A	B	C	D	A+B+C+D	
		Capitalized	Accumulated	Expensed	Deferred	Total Cost	
		(Capital)	(Removal)	(O&M)	Asset	to Restore	
In House Costs	Regular Time	Dollars	\$ 10,895	\$ 3,080	\$ 38,525	\$ -	\$ 52,500
		Hours	369.2	104.3	1,337.4	0.0	1,810.9
	Overtime	Dollars	\$ 58,242	\$ 16,494	\$ 183,723	\$ -	\$ 258,459
		Hours	1,399.8	396.1	4,638.1	0.0	6,434.0
	Salary & Wage Overheads	ST Fringes	\$ 4,221	\$ 1,193	\$ 946	\$ -	\$ 6,360
		OT Fringes	\$ 6,475	\$ 1,834	\$ 2,081	\$ -	\$ 10,390
		Other Labor Fringes	\$ 8	\$ 2	\$ 1	\$ -	\$ 11
		Incentives	\$ 933	\$ 256	\$ 3,163	\$ -	\$ 4,352
		Construction/Retirement	\$ 104,818	\$ 17,173	\$ -	\$ -	\$ 121,991
		All Other Overheads	\$ (432)	\$ (123)	\$ 7,192	\$ -	\$ 6,637
Total Salary & Wages		\$ 185,160	\$ 39,909	\$ 235,631	\$ -	\$ 460,700	
Transportation	Fleet	\$ 16,528	\$ 4,413	\$ 54,391	\$ -	\$ 75,332	
	Total Transportation	\$ 16,528	\$ 4,413	\$ 54,391	\$ -	\$ 75,332	
Other Cost Category	Cell Phone	\$ 332	\$ 85	\$ 1,226	\$ -	\$ 1,643	
	External Communications	\$ -	\$ -	\$ -	\$ -	\$ -	
	Employee/Contractor Exps	\$ 16,755	\$ 4,769	\$ 30,938	\$ -	\$ 52,462	
	Total Other Cost Category	\$ 17,087	\$ 4,854	\$ 32,164	\$ -	\$ 54,105	
Materials & Supplies	Towers, Poles, & Fixtures	Poles	\$ 26,496	\$ -	\$ -	\$ -	\$ 26,496
		Cross arms	\$ 5,712	\$ -	\$ -	\$ -	\$ 5,712
	Overhead Conductors & Devices	Wire	\$ 19,160	\$ -	\$ -	\$ -	\$ 19,160
		Cutouts	\$ 6,544	\$ -	\$ -	\$ -	\$ 6,544
		Splices	\$ 8,332	\$ -	\$ -	\$ -	\$ 8,332
		Other	\$ 44,697	\$ -	\$ 10,074	\$ -	\$ 54,971
	Line Transformers	\$ 36,699	\$ -	\$ -	\$ -	\$ 36,699	
	Services	\$ -	\$ -	\$ -	\$ -	\$ -	
	Meters	\$ -	\$ -	\$ -	\$ -	\$ -	
	Lighting & Signal Systems	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other	\$ 37,839	\$ (5,057)	\$ 1,686	\$ -	\$ 34,468	
	Total Materials	\$ 185,679	\$ (5,057)	\$ 11,760	\$ -	\$ 192,382	
	Cost of Providing Temporary Electric Svc	\$ -	\$ -	\$ -	\$ -	\$ -	
	TOTAL IN HOUSE COSTS	\$ 404,454	\$ 44,119	\$ 333,946	\$ -	\$ 782,519	

Kentucky Power Company
2009 Thunder Storm
Detailed Restoration Costs - Total
YTD July

	A	B	C	D	A+B+C+D
	Capitalized	Accumulated	Expensed	Deferred	Total Cost
	(Capital)	Depreciation	(O&M)	Asset	to Restore
	(Removal)				
Outside Contracted Services					
Asplundh Tree Expert	Dollars \$ -	\$ -	\$ 274,309	\$ -	\$ 274,309
	Hours 0.0	0.0	8,064.0	0.0	8,064.0
Area Wide Protective	Dollars \$ 11,115	\$ 3,178	\$ 23,124	\$ -	\$ 37,416
	Hours 0.0	0.0	0.0	0.0	0.0
Bowlin Energy LLC	Dollars \$ 82,944	\$ 23,713	\$ 172,565	\$ -	\$ 279,223
	Hours 541.8	154.9	1,127.3	0.0	1,824.0
Davis H. Elliot	Dollars \$ 176,539	\$ 50,471	\$ 367,289	\$ -	\$ 594,299
	Hours 1,796.6	513.6	3,737.8	0.0	6,048.0
Fischel	Dollars \$ 26,887	\$ 7,687	\$ 55,939	\$ -	\$ 90,513
	Hours 204.4	58.4	425.2	0.0	688.0
N.G. Gilbert	Dollars \$ 31,393	\$ 8,975	\$ 65,314	\$ -	\$ 105,682
	Hours 223.4	63.9	464.8	0.0	752.0
Mastec North America Inc	Dollars \$ 16,614	\$ 4,750	\$ 34,565	\$ -	\$ 55,928
	Hours 166.4	47.6	346.1	0.0	560.0
New River Electrical Corp	Dollars \$ 744	\$ 213	\$ 1,548	\$ -	\$ 2,504
	Hours 5.0	1.4	10.5	0.0	17.0
Pike Electric Inc	Dollars \$ 64,819	\$ 18,531	\$ 134,855	\$ -	\$ 218,205
	Hours 850.8	243.2	1,770.0	0.0	2,864.0
Other Contractors (i.e. excavating, environmental)	Dollars \$ 2,190	\$ 626	\$ 4,557	\$ -	\$ 7,374
TOTAL OUTSIDE CONTRACTED SERVICES	Dollars \$ <u>413,245</u>	\$ <u>118,144</u>	\$ <u>1,134,064</u>	\$ <u>-</u>	\$ <u>1,665,453</u>
	Hours \$ <u>3,788</u>	\$ <u>1,083</u>	\$ <u>15,946</u>	\$ <u>-</u>	\$ <u>20,817.0</u>
Recorded Restoration Costs	\$ <u>817,699</u>	\$ <u>162,263</u>	\$ <u>1,468,010</u>	\$ <u>-</u>	\$ <u>2,447,972</u>
Estimated Cost Yet To Be Recorded	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total Restoration Costs	\$ <u>817,699</u>	\$ <u>162,263</u>	\$ <u>1,468,010</u>	\$ <u>-</u>	\$ <u>2,447,972</u>

Kentucky Power Company
2009 Thunder Storm
Detailed Restoration Costs - O&M
YTD July

		A		B		C	
		Expensed Total (O&M)		Expensed Incremental (O&M)		Expensed Non-Incremental (O&M)	
In House Costs	Regular Time	Dollars	\$ 38,525	\$ -	\$ 38,525		
	Salary & Wages	Hours	1,337.4	0.0	1,337.4		
	Overtime	Dollars	\$ 183,723	\$ 183,723	\$ -		
		Hours	4,638.1	4,638.1	0.0		
	Salary & Wage	ST Fringes	\$ 946	\$ -	\$ 946		
	Overheads	OT Fringes	\$ 2,081	\$ 2,081	\$ -		
		Other Labor Fringes	\$ 1	\$ -	\$ 1		
		Incentives	\$ 3,163	\$ -	\$ 3,163		
		Construction/Retirement	\$ -	\$ -	\$ -		
		All Other Overheads	\$ 7,192	\$ -	\$ 7,192		
	Total Salary & Wages		\$ 235,631	\$ 185,804			
Transportation		Fleet	\$ 54,391	\$ 2,968	\$ 51,423		
	Total Transportation		\$ 54,391	\$ 2,968	\$ 51,423		
Other Cost Category		Cell Phone	\$ 1,226	\$ -	\$ 1,226		
		External Communications	\$ -	\$ -	\$ -		
		Employee/Contractor Exps	\$ 30,938	\$ 30,938	\$ -		
	Total Other Cost Category		\$ 32,164	\$ 30,938	\$ 1,226		
Materials & Supplies	Towers, Poles, & Fixtures	Poles	\$ -	\$ -	\$ -		
		Cross arms	\$ -	\$ -	\$ -		
	Overhead Conductors & Devices	Wire	\$ -	\$ -	\$ -		
		Cutouts	\$ -	\$ -	\$ -		
		Splices	\$ -	\$ -	\$ -		
		Other	\$ 10,074	\$ 10,074	\$ -		
	Line Transformers		\$ -	\$ -	\$ -		
	Services		\$ -	\$ -	\$ -		
	Meters		\$ -	\$ -	\$ -		
	Lighting & Signal Systems		\$ -	\$ -	\$ -		
	Other		\$ 1,686	\$ 1,686	\$ -		
	Total Materials		\$ 11,760	\$ 11,760	\$ -		
	Cost of Providing Temporary Electric Svc		\$ -	\$ -	\$ -		
TOTAL IN HOUSE COSTS		\$ 333,946	\$ 231,470	\$ 102,476			

Kentucky Power Company
2009 Thunder Storm
Detailed Restoration Costs - O&M
YTD July

		A		B		C
		Expensed Total (O&M)		Expensed Incremental (O&M)		Expensed Non-Incremental (O&M)
Outside Contracted Services						
Asplundh Tree Expert	Dollars	\$ 274,309	\$	233,764	\$	40,545
	Hours	8,064.0		6,872.1		1,191.9
Area Wide Protective	Dollars	\$ 23,124	\$	23,124	\$	-
	Hours	0.0		0.0		0.0
BowlIn Energy LLC	Dollars	\$ 172,565	\$	172,565	\$	0
	Hours	1,127.3		1,127.3		0.0
Davis H. Elliot	Dollars	\$ 367,289	\$	333,016	\$	34,273
	Hours	3,737.8		3,389.0		348.8
Fischel	Dollars	\$ 55,939	\$	55,939	\$	-
	Hours	425.2		425.2		0.0
N.G. Gilbert	Dollars	\$ 65,314	\$	65,314	\$	-
	Hours	464.8		464.8		0.0
Mastec North America Inc	Dollars	\$ 34,565	\$	34,565	\$	-
	Hours	346.1		346.1		0.0
New River Electrical Corp	Dollars	\$ 1,548	\$	1,548	\$	-
	Hours	10.5		10.5		0.0
Pike Electric Inc	Dollars	\$ 134,855	\$	134,855	\$	0
	Hours	1,770.0		1,770.0		0.0
Other Contractors (i.e. excavating, environmental)	Dollars	\$ 4,557	\$	4,557	\$	0
TOTAL OUTSIDE CONTRACTED SERVICES	Dollars	<u>\$ 1,134,064</u>	\$	<u>1,059,247</u>	\$	<u>74,817</u>
	Hours	<u>15,945.6</u>		<u>14,405.0</u>		<u>1,540.6</u>
Recorded Restoration Costs		<u>\$ 1,468,010</u>	\$	<u>1,290,717</u>	\$	<u>177,293</u>
Estimated Cost Yet To Be Recorded		<u>\$ -</u>	\$	<u>-</u>	\$	<u>-</u>
Total Restoration Costs		<u>\$ 1,468,010</u>	\$	<u>1,290,717</u>	\$	<u>177,293</u>

Exhibit

2

Kentucky Power Company
Normalization of Storm Damage Expense
Test Year Twelve Months Ended 6/30/2005

Ln No (1)	Twelve Months Ended (2)	Storm Damage Expense Excl. <u>In-House Labor</u> (3)	Constant Dollar Index ^{1/} (4)	Expense in 2005 <u>Dollars</u> (5)
1	June 2003	\$2,949,246	1.02	\$3,022,067
2	June 2004	\$2,751,725	1.00	\$2,751,725
3	June 2005	\$576,808	1.00	\$576,808
4	3-Year Total Storm Damage			<u>\$6,350,600</u>
5	3-year Average (Ln 4 / 3)			\$2,116,867
6	Test Year Storm Damage Expense			<u>\$576,808</u>
7	Adjustment to O&M for Storm Damage Normalization			\$1,540,059
8	Allocation Factor - GP-TOT			<u>0.99</u>
9	KPSC Jurisdictional Amount (Ln 7 x Ln 8)			<u>\$1,524,658</u>

^{1/} Handy-Whitman Contract Labor Index
Reference E-2 Line 42
2003/Jan 324
2004/Jan 332
2005/Jan 332

Witness: E. Phillips / E. K. Wagner