RECEIVED

APR 01 2010

PUBLIC SERVICE COMMISSION

AFFIDAVIT

Errol K. Wagner, upon being first duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.

Errol K Wagner

Errol K Wagner

Commonwealth of Kentucky)
) Case No. 2009-00459
County of Franklin)

31st Sworn to before me and subscribed in my presence by Errol K. Wagner, this the 31st day of March, 2010.

Judy K Rosquist

Notary Public

My Commission Expires: January 23, 2013

Kentucky Power Company

REQUEST

Please provide copies of all presentations made to rating agencies and/or investment firms by KP between January 1, 2008 and the present.

RESPONSE

Please refer to the attachment for copies of the presentations made to the rating agencies and/or investment firms by KP between January 1, 2008 and the present. Confidential protection of portions of the attachment is being requested in the form of a Motion for Confidential Treatment.

WITNESS: Errol K Wagner

STANDARD & POOR'S

2008 RATINGS UPDATE

1 Riverside Plaza
Columbus, Ohio
July 31, 2008

AEP AMERICAN ELECTRIC POWER

Kentucky Power Company Highlights

- **Regulatory Update**
  - Kentucky Power's next base rate case could be as early as 2010 with a test year ending 03/31/09
  - KPCo currently has a fuel clause, a system sales tracker, a DSM rider and an environmental surcharge rider.
- **Big Sandy Construction Update**
  - Scrubber construction to commence in 2011
- **gridSMART**
  - Deployed "drive by" AMR for 140,000 residential meters in 2006. Plan to replace all meters with AMI technology in 2012.
  - Existing Programs:
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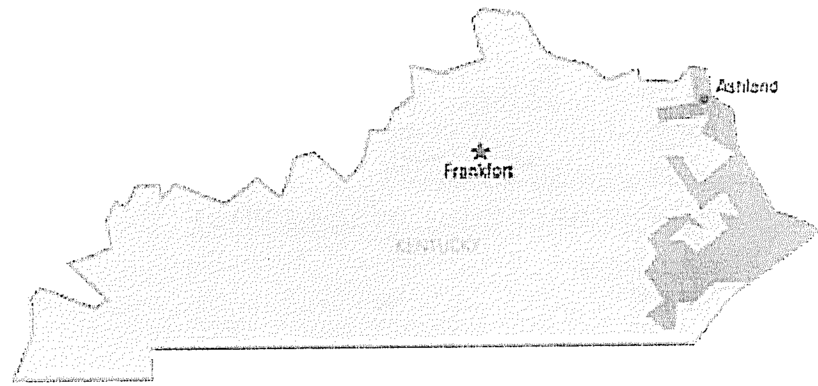
    - Programs are focused on low income weatherization and heat pump programs for mobile homes.
    - Since 1996, the KPCo programs have achieved an estimated 4,329 kW summer demand reduction, 19,863 kW winter demand reduction and a 411,212 MWh reduction.

Kentucky Power (KPCo)

President: Timothy Mosher

Status of Regulation: Regulated/Bundled Rates

Overview: Organized in Kentucky in 1919, KPCo encompasses a service territory of 4,813 square miles and at December 31, 2007, KPCo had 471 employees. Among the principal industries served are petroleum refining, coal mining, primary metals, chemicals, and electronic/gas/sanitary services. KPCo is a member of PJM.



Load Growth:

	5 Year CAGR
Residential	0.1%
Commercial	1.3%
Industrial	1.0%
TOTAL	0.8%

Generating Capacity:	1,060MW
Through 2022, 15% of Rockport	390MW
Generating Capacity by Fuel Mix:	
∘Coal:	100%
Transmission:	1,235 Miles
Distribution:	9,848 Miles
Customers:	175,000

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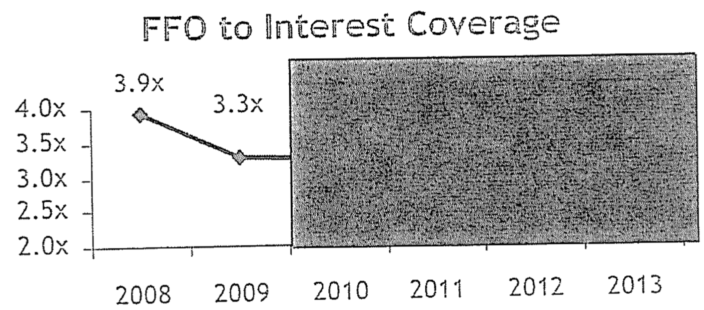

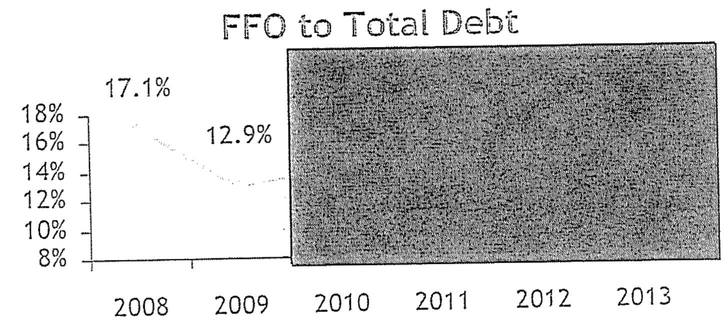

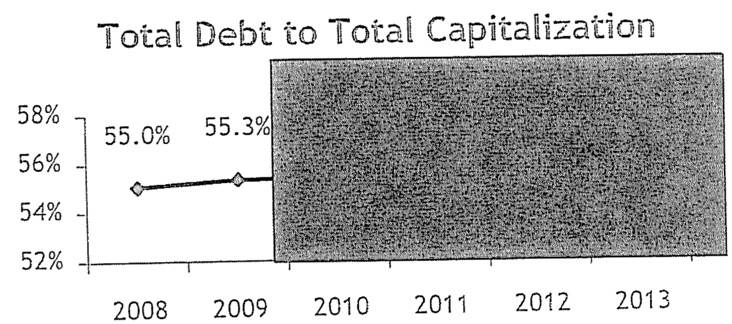

Regulatory Environment - KPCo

Key Strategic Initiatives

- Plan for potential 2010 rate case.

Rate Case Activity

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- Kentucky has a fair relationship with the State Commission regarding reliability due mainly to an open Management Audit that began in 2002. Of 23 specific issues, 5 still require annual filings.

Regulatory Issues

- This Commission has 3 commissioners, 2 of whom are brand new.
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Financial Snapshot - Return on Equity	
Authorized ROE	❑ 10.5%, 2006

Regulatory Toolbox
Environmental Surcharge: allowed recovery of environmental costs at Big Sandy and share of environmental costs incurred from AEP Power Pool capacity settlements.
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AFUDC vs. Return on CWIP
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Regulatory Plan - KPCo

	2008	2009	2010	2011	2012	2013
Environmental Surcharge	☐Rates adjust annually to recover environmental costs	→	→	→	→	→
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Rockport Return			☐ Higher return on Rockport Unit 2 effective ($5.1M increases to $6.2M)			

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Approved: Increase in Rockport Return	-	-	1	1	1	1
Total: Approved	-	-	1	1	1	1
Future: General Rate Case - 2010	-	-	53	53	53	53
	-	-	-	[redacted]	[redacted]	[redacted]
[redacted]						
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MOODY'S INVESTORS SERVICE

2008 RATINGS UPDATE

1 Riverside Plaza
Columbus, Ohio
July 30, 2008

AEP AMERICAN ELECTRIC POWER

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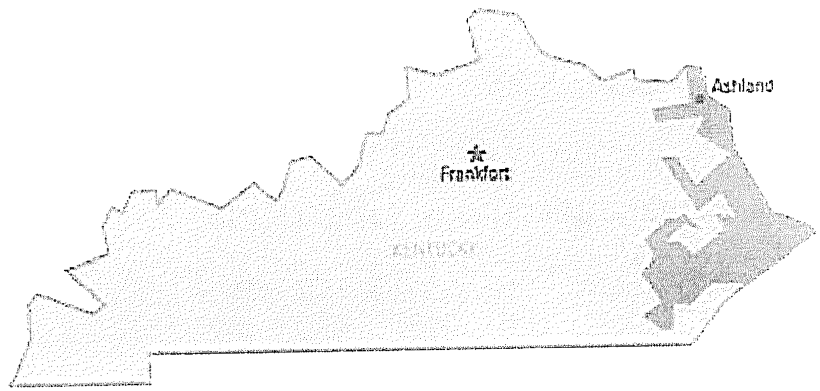

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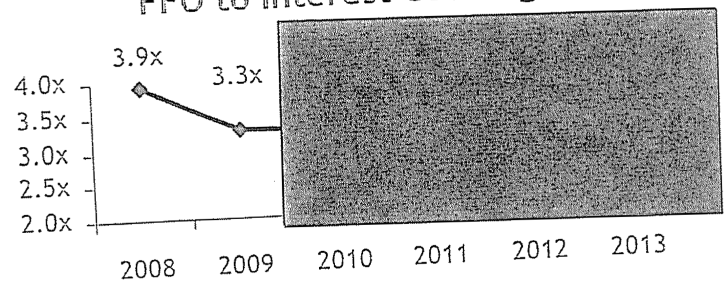
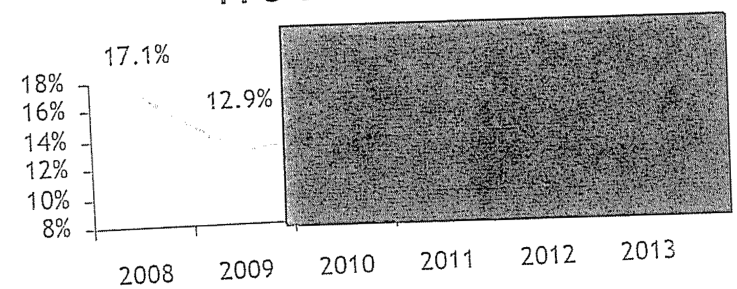
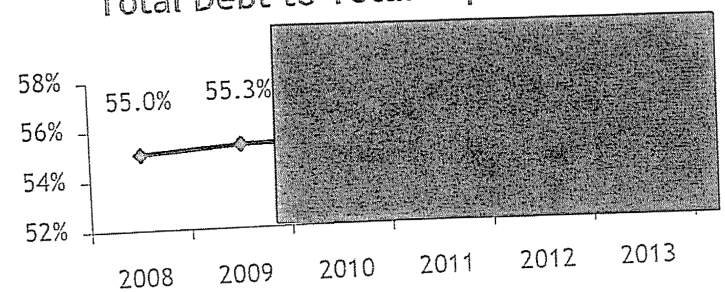


FFO to Total Debt



Total Debt to Total Capitalization



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FITCH RATINGS

2008 RATINGS UPDATE

1 Riverside Plaza
Columbus, Ohio
August 4, 2008

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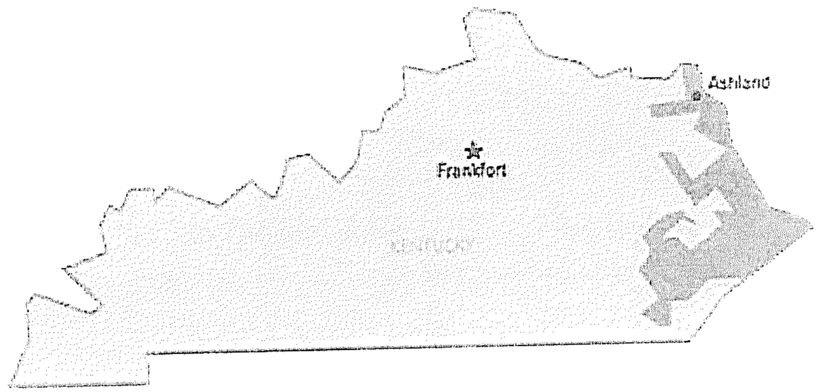

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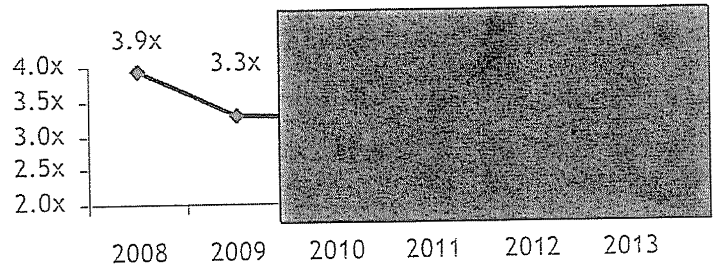

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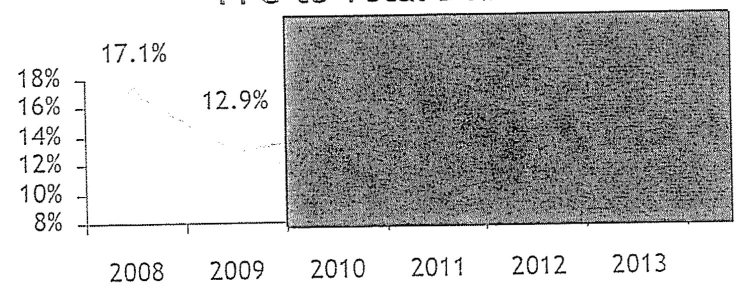

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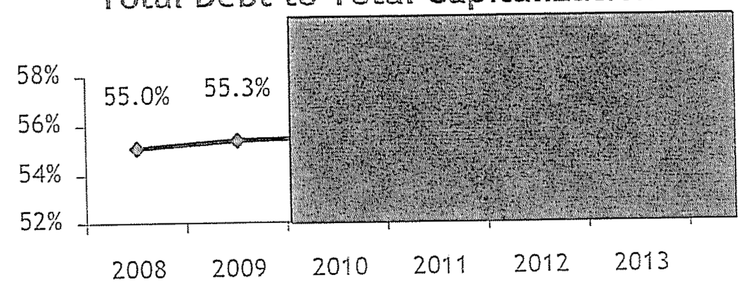

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AEP
KENTUCKY POWER®
A unit of American Electric Power

Kentucky Power Company

$100,000,000 Senior Unsecured Notes

Private Placement Investor Presentation

May 21, 2009

Timothy Mosher
President and COO
Kentucky Power Company

Everett Phillips
Director of Distribution Regional Operations
Kentucky Power Company

Errol Wagner
Director of Regulatory Services
Kentucky Power Company

Ranie Wohnhas
Director of Business Operations Support
Kentucky Power Company

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This presentation contains forward-looking statements, which are subject to risks and uncertainties. These factors include electric load and customer growth; weather conditions, including storms; available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters; availability of generating capacity and performance of generating plants; the ability to recover increases in fuel and other energy costs through regulated or competitive electric rates; the ability to build or acquire generating capacity and transmission lines (including our ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs (including the costs of projects that are cancelled) through applicable rate cases or competitive rates; new legislation, litigation and government regulation, including requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances; timing and resolution of pending and future rate cases, negotiations and other regulatory decisions (including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance); resolution of litigation; our ability to constrain operation and maintenance costs; the economic climate and growth or contraction in our service territory and changes in market demand and demographic patterns; inflationary or deflationary interest rate trends; volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impacting our ability to finance new capital projects and refinance existing debt at attractive rates; the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurred cots and recovery is long and the costs are material; our ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas and other energy related commodities; changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading market; actions of rating agencies, including changes in the ratings of debt; volatility and changes in markets for electricity, natural gas, coal, nuclear fuel and other energy-related commodities; changes in utility regulation, and the allocation of costs within regional transmission organizations, including PJM; accounting pronouncements periodically issued by accounting standard-setting bodies; the impact of volatility in the capital markets on the value of the investments held by our pension, other postretirement benefit plans and the impact on future funding requirements; prices for power we generate and sell at wholesale; changes in technology, particularly with respect to new, developing or alternative sources of generation; other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes and other catastrophic events; and other factors discussed in the reports, including Forms 10-K and 10-Q, filed from time to time by American Electric Power Company, Inc. with the SEC.

Agenda

1. Offering Overview
2. Company Overview
3. Regulation and Rates
4. Financial Summary
5. Investment Highlights
6. Transaction Timeline
7. Q&A

Offering Overview

Issuer	▪ Kentucky Power Company (the "Company" or "KPCo")
Issue	▪ Senior Unsecured Notes (the "Notes")
Amount	▪ US$100,000,000
Final Maturity	▪ 12 and 20 year bullets from the date of funding (other maturities may be available)
Rankings	▪ *Pari passu* with all other senior unsecured debt of the Company
Interest Payments	▪ Interest will be payable semi-annually in arrears (30/360)
Ratings	▪ The Notes will not be rated prior to the issuance ▪ The Company currently holds senior unsecured ratings of Baa2/BBB/BBB by Moody's, S&P and Fitch, respectively
Covenants	▪ Debt / Capitalization < 70% ▪ Limitation on Liens < 15% of Net Tangible Assets
Use of Proceeds	▪ Refinance existing indebtedness, capital expenditures and/or for general corporate purposes
Investors' Counsel	▪ Chapman & Cutler LLP

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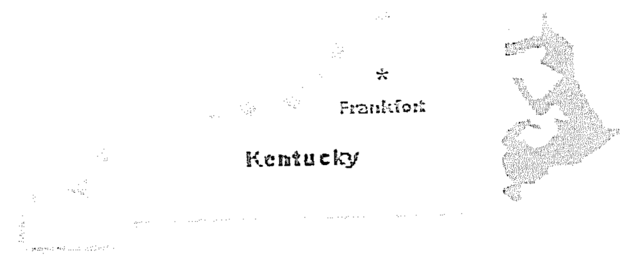
Company Overview

- KPCo is a regulated, vertically integrated electric utility in Kentucky
- A wholly owned subsidiary of American Electric Power Company, Inc. ("AEP"), one of the largest utility holding companies in the U.S
- Headquartered in Frankfort, Kentucky
- Owns or has long-term contracts for 1,450 MW of 100% coal fired generating capacity
  - Owns Big Sandy, a 1,060 MW coal-fired steam plant
  - KPCo, through a Unit Power Agreement between KPCo and AEP Generating Company that expires in December 2022, purchases 390 MW of Rockport Plant capacity (or 15% of total plant output)
- Serves approximately 176,000 retail customers in eastern Kentucky, and supplies and markets electric power at wholesale to other electric utility companies, municipalities and other market participants
- Revenues are based on a cost-of-service methodology as authorized by the Kentucky Public Service Commission ("KPSC")
- 2008 revenues of $665.6 million and EBITDA of $117 million
- Senior unsecured ratings of Baa2 (outlook stable) / BBB (outlook stable) / BBB (outlook stable) by Moody's / S&P / Fitch, respectively
- KPCo is a member of PJM



Stable Rate-Regulated Customer Base

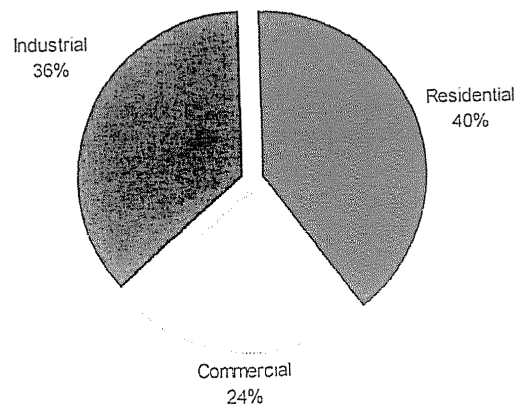
Retail

- The majority of KPCo's total sales in 2008 were made to retail customers (approximately 80% or 7,245,000 MWh of total volume sold)
- Approximately 67.5% of revenues generated in 2008 were from retail sales
- Retail sales consist of sales to residential, commercial and industrial customers
  - Other retail (less than 1% of revenues) includes sales of electric power for lighting public streets and highways

Wholesale

- Wholesale sales are power sales to other electric utility companies, municipalities and other market participants and also include affiliated and non-affiliated transmission revenues
- Wholesale sales were approximately 20% of total volume and 20% ($135 million) of revenues in 2008
  - KPCo's 1Q09 wholesale revenues were $18 million
  - Off-system sales margins for the AEP System are projected to be down significantly in 2009 reflecting weak market demand and lower natural gas prices

2008 Retail Revenues



Source: KPCo

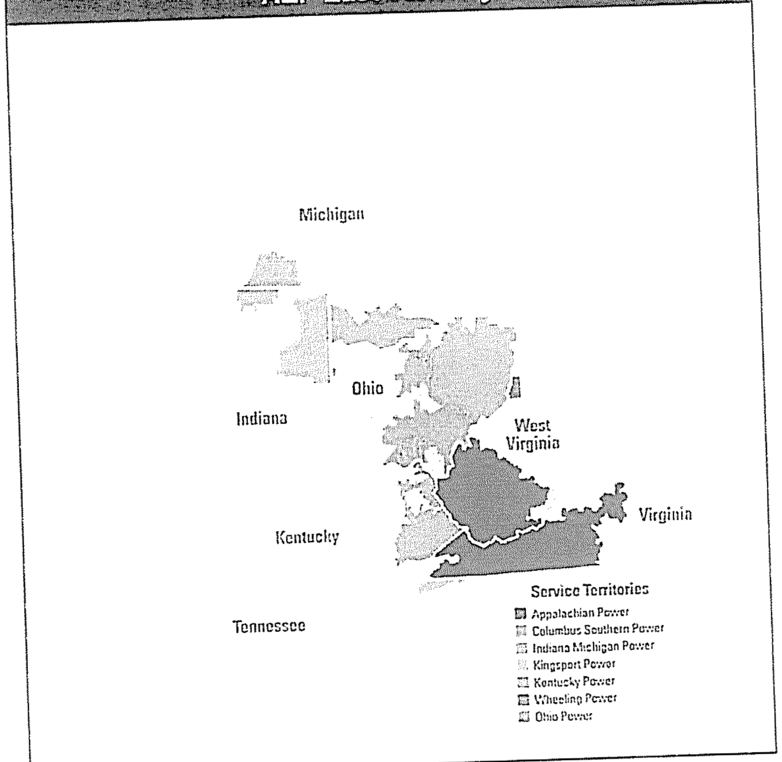
Historical Revenues* by Segment ($ in millions)

Source: KPCo
*Historical revenues exclude other electric and operating revenues and sales to AEP affiliates

KPCo is Integrated in the AEP East System...

- Highly integrated with the AEP East System
  - Consists of AEP operating subsidiaries Appalachian Power Company, Columbus Southern Power Company, Kentucky Power Company, Indiana Michigan Power Company, Ohio Power Company
- Participates in the AEP Power Pool
  - As of December 31, 2008, KPCo's member load ratio was 7.1%
- Interconnected with Kentucky Utilities Company, East Kentucky Power Cooperative Inc., and the Tennessee Valley Authority
- Member of PJM

AEP East Territory

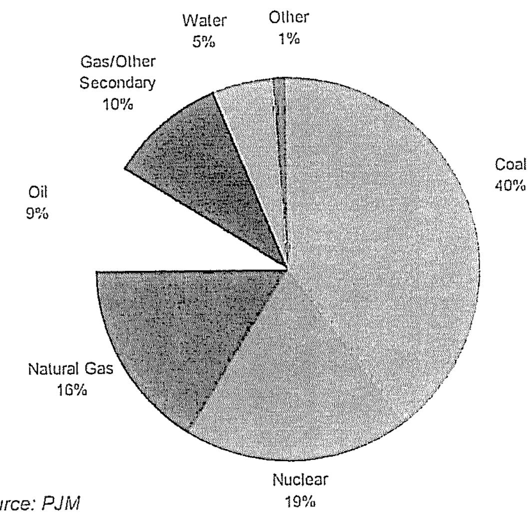


Source: AEP

...and a Member of PJM Transmission

- PJM Transmission is the Regional Transmission Organization ("RTO") operating in the east service territory
  - The largest electric power system in the United States
  - Ensures non-discriminatory, open access to the transmission assets and facilitates competitive operation of wholesale power markets
  - Serves 13 states (Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia) and the District of Columbia
  - Covers 168,500 square miles
  - Population of approximately 51 million
  - Coal-fired generation represents 40% of PJM's fuel type, the largest category

2008 PJM Electric Generation by Fuel Type



Source: PJM

Agenda

1. Offering Overview
2. Company Overview
3. Regulation and Rates
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Regulation and Rates

KPCo has a constructive regulatory environment

Kentucky Public Service Commission ("KPSC")

- Responsible for ensuring public utilities provide safe, adequate and reliable services at reasonable prices
- KPSC has regulatory authority over:
  - Setting rates for retail electric service
  - Extensions and abandonments of service facilities
  - Classification of accounts
  - Transmission siting
  - Issuance of long-term debt
- Three commissioners selected by gubernatorial appointment
  - Members serve staggered four-year terms
- Traditional cost-of-service framework
- Base rates last approved on March 31, 2006
- Most recent environmental case approved on May 14, 2009
  - 10.5% return on equity ("ROE") for purposes of calculating KPCo's environmental cost recovery rider and AFUDC
  - Authorized Debt/Equity: 57.4%/42.60%
- Net Invested Capital of $1,127 million as of March 31, 2009
- Approved rate adjusting mechanisms both inside and outside traditional rate cases

Federal Energy Regulatory Commission ("FERC")

- FERC has regulatory authority over:
  - Pricing of wholesale sales of electricity
  - Pricing of transmission of electric power
  - Issuance of short-term debt
  - Mergers involving utilities and utility holding companies
  - Sales of certain utility assets
- Regulates the AEP Power Pool
  - Defines how AEP East companies share costs and benefits associated with generating plants based upon each company's member-load ratio
- Regulates the System Interconnection Agreement ("SIA")
  - Defines how AEP subsidiaries allocate off-system sales
- Regulates the Transmission Equalization Agreement ("TEA")
  - Defines how AEP subsidiaries share costs associated with their relative ownership of extra-high-voltage transmission system (facilities rated 345 kV and above) and certain facilities operating at lower voltages (138 kV and above)

Cost Recovery Through Rates

Mechanisms outside of a traditional rate case…

Mechanism	Method of Recovery	Benefits
Fuel and purchased power adjustment clause	➢ Automatic fuel adjustment clause that allows for monthly recovery of fuel and purchased power costs	➢ Allows timely recovery of actual fuel and purchased power costs ➢ Reduces KPCo's exposure to fuel price volatility, fluctuations in plant performance and fuel delivery risk
Off-system sales credit rider	➢ Rider stipulates how profits from off-system sales are shared with ratepayers through the fuel clause	➢ Allows for reimbursement by ratepayers if off-system sales margins falls short of the monthly base level ➢ Reduces KPCo's exposure to volatile off-system sales ▪ KPCo is currently billing ratepayers for shortfalls
Environmental cost recovery mechanism ("ECR")	➢ ECR allows KPCo to recover environmental-related investments without having to file a full rate case	➢ Protects KPCo against any potential increased costs of environmental investments as a result of amendments to the Clean Air Act

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Financial Highlights

($ in millions)	2008	2007	2006	2005	2004
Income Statement					
Operating Revenues	$666	$588	$586	$531	$449
% Growth	*13%*	*0%*	*10%*	*18%*	*24%*
EBITDA	117	120	119	106	107
EBITDA Margin	*18%*	*20%*	*20%*	*20%*	*24%*
Interest Expense	(35)	(29)	(29)	(29)	(29)
Net Income	25	32	35	21	26
Balance Sheet					
Total Assets	1,468	1,311	1,311	1,320	1,243
Cash and Cash Equivalents	1	1	1	1	0
Total Debt	550	468	478	493	508
Shareholders' Equity	398	387	370	348	321
Total Capitalization	948	854	847	841	829
Cash Flow Statement					
Operating Cash Flow	61	94	107	59	90
Construction Expenditures	(130)	(68)	(78)	(57)	(37)
Key Ratios					
Total Debt/Capitalization	58%	55%	56%	59%	61%
EBITDA/Interest Expense	3.34x	4.14x	4.10x	3.66x	3.69x

Debt and Liquidity Summary as of April 30, 2009

Conservative leverage profile and access to liquidity

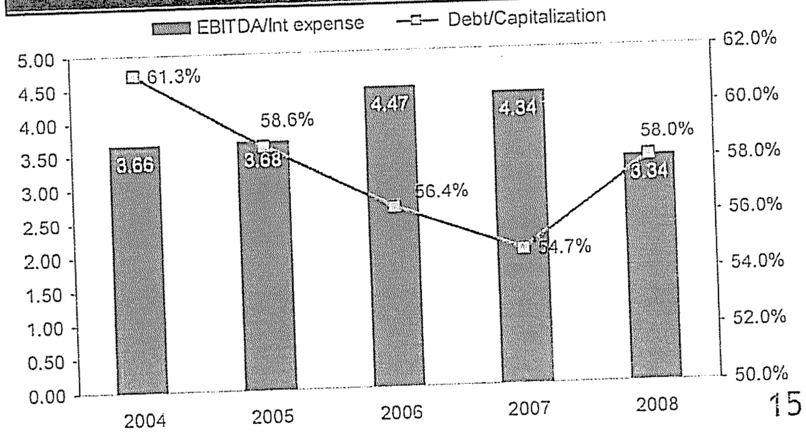
- Total Debt/Capitalization ratio of 58% in 2008
- $420 million in total debt outstanding including $20 million of borrowings from AEP due in 2015
- Access to three credit facilities:
  - $650 million three-year credit agreement with certain AEP affiliates
    - As of April 30, there was $255 million of liquidity available
    - KPCo may borrow up to $65 million under this facility
  - Revolving credit facilities through AEP
    - $1.5 billion that matures in March 2011
    - $1.5 billion that matures in April 2012
  - $3.4 billion in liquidity as of April 30, 2009

Debt Schedule

($ in millions)	Amount
Unsecured Senior Notes	
6.00% due 2017	325
5.625% due 2032	75
Notes Payable to Affiliates	
5.25% due 2015	20
Total Long-Term Debt	$420

Source: KPCo Annual Reports

Historical Debt Ratios



Source: KPCo Annual Reports

Agenda

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Investment Highlights

Conservative Leverage and Consistent Profitability	▪ KPCo enjoys strong, conservative key credit metrics ▪ At December 31, 2008, KPCo had a Total Debt/Capitalization ratio of 58% and EBITDA to Interest Expense Ratio was 3.34x ▪ EBITDA margins averaged 20% over the past five years
Constructive Regulatory Environment	▪ KPCo benefits from the use of incentive mechanisms that provide an opportunity to earn in excess of the authorized return outside of a traditional rate case ▪ KPCo utilizes mechanisms to recover fuel, purchased power, and environmental compliance costs between rate proceedings
Largely Rate-Regulated Customer Base	▪ KPCo benefits from a relatively stable retail customer base ▪ A majority of KPCo's total sales (approximately 80%) are made to retail customers ▪ Rate-regulated contract customers are a significant mitigant to fluctuations in the macroeconomic environment
Strong Liquidity Position	▪ KPCo has access to the AEP Utility Money Pool, which allows AEP subsidiaries with excess short-term liquidity to lend to affiliates in need of cash ▪ KPCo also has the backing of its parent's $3.4 billion in available cash and credit facilities as of April 30, 2009
Experienced Utility Management and Key Member of AEP East System	▪ KPCo is a member of the AEP East System ▪ Leverage the scale of AEP's operations and asset base, its expansive economic and geographic footprint, as well as an experienced utility management team
Favorable Low Cost Generation	▪ KPCo's operations are 100% concentrated in low-cost and efficient coal-fired generation ▪ Overall low production costs allows KPCo to pass on low rates to its retail customers

Agenda

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Transaction Timeline

May 2009

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June 2009

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23		25	26	27	28
29	30					

Central Bank rate announcement

Bank holiday

- **May 21** • Investor Conference Call
- **May 27** • Indications of Interest Due, 2pm EST
- **May 28** • Pricing, 12pm EST
- **Week of June 8** • Investor Due Diligence
- **Mid June** • Closing and Funding

Agenda

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A unit of American Electric Power

Q&A

Kentucky Power Company

REQUEST

Please provide copies of all correspondence between KP and any of the three major bond rating agencies (S&P, Moody's, and Fitch) from January 1, 2007 to the present. These include copies of letters, reports, presentations, emails, and notes from telephone conversations.

RESPONSE

The presentations to the agencies are included in the response to Item No. 47. Attached, please find the portions of the correspondence relating to Kentucky Power. Kentucky Power searched, in good faith, for all correspondence. In the event that additional correspondence is identified, this response will be supplemented. Confidential protection of portions of the attachment is being requested in the form of a Motion for Confidential Treatment.

WITNESS: Errol K Wagner

Renee V Hawkins/OR4/AEPIN

10/20/2008 02:19 PM

To: Gerrit Jepsen, Todd Shipman
Subject: Regulatory Survey - First Batch

s&p_regulatory KP.doc   TCC.doc   TNC.doc   s&p_regulatory PSO.doc

Renee V. Hawkins
Assistant Treasurer and
Managing Director, Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, OH 43215
Phone (614) 716-2837
Fax (614) 716-3288

Renee V Hawkins/OR4/AEPIN

07/31/2007 08:27 AM

To
Todd Shipman
cc

Subject
AEP Press Release

Todd,

Attached, please find a press release outlining that AEG, TCC, TNC and KP will be deregistered. The companies will continue to provide financial statements on a quarterly and annual basis on the AEP website. This press release will be released out either later today or tomorrow.

Please do not hesitate to contact me, if you have any questions.

Deregistration Press Release.doc

Renee V. Hawkins
Managing Director, Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, OH 43215
Phone (614) 716-2837
Fax (614) 716-3288

Renee V Hawkins/OR4/AEPIN

12/22/2009 11:48 AM

To Gerrit Jepsen
Subject I/C specific to the $245 maturing in 2015.

----- Forwarded by Renee V Hawkins/OR4/AEPIN on 12/22/2009 11:48 AM -----

OPCO $200
KPCO $20
WPCO $25
Total $245

Gerrit,

Here is our key assumptions document. Table 4 includes the rate relief through 2010 and the remainder of the detail is included on the operating company summary pages.

If you have any questions as you go through the assumptions, please do not hesitate to call Matt or me.

AEP Key Assumptions Dec 2009.doc

Best regards,

Renee

Renee V. Hawkins
Assistant Treasurer and
Managing Director, Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, OH 43215
Phone (614) 716-2837
Fax (614) 716-3288

Gerrit,

Please find forecasts for the 7 remaining utilities attached herewith. Let me know if you have any questions. Thanks,

KPCO IS,BS, & CF Templates 2009 - 2013 flat.xls

Matt Fransen
Manager - Corporate Finance
American Electric Power
Phone (614) 716-1484
Fax (614) 716-3288
mdfransen@aep.com

COMPANY

Kentucky Power Company

JURISDICTION

Kentucky

REGULATORY BODY

Kentucky Public Service Commission

1. RESOURCE PROCUREMENT PROCESS

If your utility has obligation-to-serve or POLR responsibilities, please note any new developments in the procurement process since 2008 (e.g. IRP, competitive procurement, regulatory oversight, or regulatory approval).

(If necessary, attach separate document):

No changes

2. RATE CASE INFORMATION

Provide the following information for base rate cases completed since 2008:

Date Filed	12/29/09 (case in progress)
Initiated By	Company
Interim Rate Increase Amount and Date	n/a
Amount and % of Requested Rate Increase	$124 million (24%)
Amount and % Rate Increase Granted	n/a
Date Permanent Rates Went Into Effect	n/a
Rate Base Amount	$995 million, but rate base is not used for setting rates in Kentucky.
Test Year Used	9/30/09
(If updated, through what date?)	n/a
Return on Equity Authorized	n/a
Capital Structure (% debt, preferred, common)	43% Eq, 57% debt
Settlement (Y, N, Partial)	n/a

3. LARGE CAPITAL EXPENDITURES

Please note changes to programs or riders authorized for significant capital projects (e.g. pre-approvals, separate rate mechanism, regulatory oversight, rate base treatment):

none

4. TARIFF CLAUSES FOR SIGNIFICANT EXPENSES

Note significant changes (e.g. added, withdrawn, timing of rate adjustments, incentives) to any separate rate mechanisms for significant expenses such as purchased power or fuel:

None

Any amounts disallowed in 2009? (note % of total cost):

____

5. RATE DESIGN

Any significant regulatory changes to the monthly fixed charge in any of your customer classes?

none

6. FINANCIAL REPORTING

Please attach financial reports submitted to your regulator in 2009 (or, if applicable, a summary part of the report with financial data) or provide a website address where they can be found:

Kentucky Power Company financial reports can be obtained at the following website address:

http://www.aep.com/investors/edgar/kentuckypower.aspx

Please provide the actual, *jurisdictional* earned return on equity for 2008: 6.14% total company financial return. Official jurisdictional return not calculated for 2008.

7. NON-TRADITIONAL RATEMAKING PRACTICES

Please note if any of the following were added or withdrawn in 2009:

Incentive Ratemaking	no
Revenue Decoupling	no
Weather Normalization	no
Other	no

Describe changes:

____

____

8. OTHER

Describe any practices or policy changes made by your regulator in 2009 that you think affects credit quality.

____

____

____

THANK YOU!

SURVEY COMPLETED BY:

NAME ______________________________

PHONE NUMBER ______________________

E-MAIL ____

FitchRatings

Corporate Finance

Global Power/North America
Credit Analysis

Kentucky Power Co.
A Subsidiary of American Electric Power Co., Inc.

Ratings

Security Class	Current Rating	Previous Rating	Date Changed
Issuer Default Rating	BBB-	NR	12/6/05
Sr. Unsecured Debt	BBB	NR	6/1/00
Commercial Paper	F2	NR	5/1/98

Rating Watch..None
Rating Outlook......................................Stable

Analysts

Karen Anderson
+1 312 368-3165
karen.anderson@fitchratings.com

Denise Furey
+1 212 908- 0672
denise.furey@fitchratings.com

Karima Omar
+1 212 908-0592
karima.omar@fitchratings.com

Profile

KPC is an integrated electric utility is engaged in the generation, transmission and distribution of power to approximately 175,000 customers in eastern Kentucky.

Key Credit Strengths

- Credit metrics consistent with rating category.
- Relatively constructive regulatory environment.
- Affiliation with parent, AEP.

Key Credit Concerns

- High environmental compliance costs.
- Exposure to heavy industrial load in cyclical industries.
- Unit concentration in Big Sandy Power Plant.

Rating Rationale

Fitch affirmed the ratings of Kentucky Power Co. (KPC) on April 17, 2007. The ratings for KPC reflect stable cash flows from regulated electric utility operations and a relatively constructive regulatory environment. The company's credit profile is further enhanced by its affiliation with its parent, American Electric Power Co., (AEP, IDR 'BBB'), which enables the utility to participate in the AEP power pool and AEP money pool. However, given AEP's highly centralized treasury and electric operations, any deterioration in the credit quality of AEP could impair the ratings of KPC. KPC's credit metrics are consistent with its current rating category with the ratio of EBITDA to interest and funds flow coverage at 4.6 times (x) and 3.9x, respectively, for the twelve month period ended March 31, 2007. Leverage, as measured by debt to EBITDA, was 3.4x for the same time period.

The primary rating concern facing KPC relates to its exposure to rising capital expenditures for environmental compliance, in particular because the company's generation is almost exclusively coal-fired. However, Fitch expects adequate recovery of these environmental costs through the company's environmental cost compliance (ECC) surcharge. While the ECC is not an automatic pass-through, it allows the company to request recovery of environmental costs outside of a full rate case. Recovery delays or disallowances of environmental costs could place downward pressure on ratings. Other rating concerns relate to KPC's significant industrial concentration in cyclical businesses. In 2006, industrial customers constituted xx% of total revenues for the utility.

v Recent Developments

KPC had originally scheduled for the construction of a scrubber on its Big Sandy Plant, which started 2006. However, a subsequent engineering assessment calculated that the costs would be XX million. As a result of the significant cost increase, KPC management has put the construction process on hold. The company had anticipated construction expenditures in 2006 to approximate $100 million including scrubber related expenditures. The planned completion of the scrubber was originally 2010 and has been pushed out to 2020. As a result of the delay in the scrubber construction, actual 2006 capital spending was $54 million. A concern with the delay is that environmental compliance standards will intensify over the next thirteen years, and the utility would be faced with increased environmental investments. The plant accounted for xx% of total power generation in 2006.

FOR DISTRIBUTION ONLY
Editor: XXX
Desktop: XXX
File Name: XXX

KPC received a favorable outcome to its rate case in Kentucky with a $41 million base rate increase in early 2006, compared to a request of $xx million. The Kentucky regulatory climate has been considered fairly constructive, with adjustment mechanisms to recover fuel, purchased power, and environmental compliance costs (including environmental construction work in progress) between base rate cases. There is no expectation of retail electric industry restructuring in Kentucky.

v Liquidity and Debt Structure

KPC has access to short-term borrowings through a cash pool managed by its parent company, whereby entities with excess short-term liquidity lend to affiliates with cash needs. External financing needs of this pool are sourced directly by the parent, AEP. AEP has $3 billion of committed credit facilities in place, of which $2.8 billion was available as of March 31, 2007. KPC's debt maturities over the next several years are as follows: $322 million in 2007, $30 million in 2008, $0 million in 2009, $0 million in 2010 and $0 million in 2011. Large debt maturities are expected to be refinanced. Capital expenditures are forecasted to average approximately $89 million per year through 2011. It is anticipated that KPC will fund its capital needs through a mix of internally generated cash flow and external financing.

Kentucky Power Company

$ Millions; Year End: December 31

Financial Summary	LTM 31-Mar-07	December 2006	December 2005	December 2004	December 2003	December 2002
Fundamental Ratios						
FFO/Interest Expense (x)	3.9	3.8	3.0	3.9	4.2	1.9
CFO/Interest Expense (x)	4.4	4.6	3.0	4.0	3.6	3.7
Debt/FFO (x)	5.4	5.8	8.6	6.0	5.7	20.1
Operating EBIT/Interest Expense (x)	3.0	2.8	2.1	2.1	2.4	1.9
Operating EBITDA/Interest Expense (x)	4.6	4.3	3.6	3.6	3.8	3.1
Debt/Operating EBITDA (x)	3.4	3.8	4.7	4.8	4.8	5.9
Common Dividend Payout (%)	43.3	42.8	12.0	75.3	50.9	102.7
Internal Cash/Cap. Ex. (%)	116.6	117.7	99.0	190.7	63.7	28.6
Cap. Ex./Depreciation (%)	153.0	167.8	126.3	84.3	241.3	537.7
Profitability						
Revenues	588	586	531	449	413	379
Net Revenues	245	233	205	201	191	181
Operating and Maintenance Expense	99	96	90	85	72	88
Operating EBITDA	136	128	106	107	110	84
Depreciation and Amortization Exp.	47	46	45	44	39	33
Operating EBIT	90	82	61	63	71	51
Gross Interest Expense	29	29	29	30	29	27
Net Income for Common	40	35	21	26	32	21
Oper. Maint. Exp. % of Net Revenues	40.6	41.3	43.7	42.1	37.8	48.7
Operating EBIT % of Net Revenues	36.6	35.1	29.7	31.5	37.0	28.3
Cash Flow						
Cash Flow from Operations	101	107	59	90	77	72
Change in Working Capital	15	24	1	5	(17)	48
Funds from Operations	86	82	58	85	94	25
Dividends	(18)	(15)	(3)	(20)	(16)	(21)
Capital Expenditures	(71)	(78)	(57)	(37)	(95)	(179)
Free Cash Flow	12	14	(1)	34	(34)	(128)
Net Other Investment Cash Flow	6	0	16	(16)	0	0
Net Change in Debt	(20)	(17)	(15)	(20)	32	78
Net Change in Equity	0	0	0	0	0	50
Capital Structure						
Short-Term Debt	21	31	6	0	38	23
Long-Term Debt	447	450	490	513	493	474
Total Debt	468	480	496	513	531	497
Preferred and Minority Equity	0	0	0	0	0	0
Common Equity	377	370	348	321	317	298
Total Capital	845	850	844	834	848	795
Total Debt/Total Capital (%)	55.4	56.5	58.8	61.5	62.6	62.5
Preferred and Minority Eq./Total Capital (%	0.0	0.0	0.0	0.0	0.0	0.0
Common Equity/Total Capital (%)	44.6	43.5	41.2	38.5	37.4	37.5

Global Power
U.S. and Canada
Credit Update

Kentucky Power Co.

A Subsidiary of American Electric Power Co., Inc.

Ratings

Security Class	Current Rating
Issuer Default Rating	BBB–
Senior Unsecured Debt	BBB
Short-Term IDR	F2

Outlook

Stable

Financial Data

Kentucky Power Co.
($ Mil.)

	12/31/07	12/31/06
Revenues	588	586
Gross Margin	237	233
Cash Flow from Operations	94	107
Operating EBITDA	122	128
Total Debt	470	480
Total Capitalization	857	850
ROE (%)	8.1	6.5
Capex/ Depreciation (%)	144.4	167.8

Analysts

Karen L. Anderson
+1 312 368-3165
karen.anderson@fitchratings.com

Sharon Bonelli
+1 212 908-0581
sharon.bonelli@fitchratings.com

Related Research

- *Press Release, "Fitch Affirms Ratings for Kentucky Power Co.," dated April 24, 2008.*
- *Credit Analysis, American Electric Power Co., Inc., dated May 15, 2007.*

Rating Rationale

- Fitch affirmed the ratings and Stable Outlook for Kentucky Power Co. (KPC) on April 24, 2008.
- KPC's ratings take into consideration the company's stable utility operations, relatively constructive regulatory environment and affiliation with parent, American Electric Power Co., Inc. (AEP, rated 'BBB' with a Stable Outlook). The primary rating concern facing the company relates to its increasing debt levels to fund capital expenditures related to installing scrubbers at the Big Sandy coal plant for environmental compliance. Fitch expects adequate recovery of these environmental costs through the utility's environmental cost compliance (ECC) surcharge, although there will be regulatory lag.
- The Stable Outlook for KPC reflect Fitch's expectation that the company will continue to post credit metrics consistent with 'BBB–' guidelines, which includes recovering its significant environmental compliance costs and receiving reasonable outcomes to future rate cases in Kentucky.

Key Rating Drivers

- Credit strengths include:
  - Stable utility operations.
  - Relatively constructive regulatory environment.
  - Affiliation with parent AEP.
- Credit concerns include:
  - Increasing capital expenditures for environmental compliance.

Recent Events

In December 2007, the U.S. District Court approved AEP's consent decree with the Environmental Protection Agency (EPA), the Department of Justice (DOJ), various states and special interest groups, which resolved all issues related to claims in the New Source Review (NSR) cases. The EPA had alleged that KPC's affiliates modified certain coal-fired generating plants in violation of the NSR requirements of the Clean Air Act (CAA). The alleged modifications occurred over a 20-year period. KPC agreed to complete previously announced scrubbers on Unit 2 of its Big Sandy Plant by 2015. KPC recorded its share of the costs ($5.2 million) during the third quarter of 2007.

Liquidity and Debt Structure

KPC has access to short-term borrowings through a cash pool managed by AEP. External financing needs of this pool are sourced directly by the parent. AEP has $3 billion in committed bank credit facilities in place; $1.5 billion that expires in March 2011 and $1.5 billion that expires in April 2012. The revolving credit agreements contain a covenant that requires AEP to maintain a debt-to-total capitalization at or below 67.5%. As of Dec. 31, 2007, KPC had $19.2 million of borrowings under the Corporate Borrowing Program, supported by the credit facilities.

FitchRatings
KNOW YOUR RISK

Corporates

Financial Summary — Kentucky Power Co.

($ Mil., Years Ended Dec. 31)

	2007	2006	2005	2004	2003	2002
Fundamental Ratios (x)						
Funds from Operations (FFO)/Interest Expense	3.9	3.8	3.0	3.9	4.2	1.9
Cash Flow from Operations (CFO)/Interest Expense	4.3	4.6	3.0	4.0	3.6	3.7
Debt/FFO	5.6	5.8	8.6	6.0	5.7	20.1
Operating EBIT/Interest Expense	2.6	2.8	2.1	2.1	2.4	1.9
Operating EBITDA/Interest Expense	4.3	4.3	3.6	3.6	3.8	3.1
Debt/Operating EBITDA	3.8	3.8	4.7	4.8	4.8	5.9
Common Dividend Payout (%)	37.0	42.8	12.0	75.3	50.9	102.7
Internal Cash/Capital Expenditures (%)	119.9	117.7	99.0	190.7	63.7	28.6
Capital Expenditures/Depreciation (%)	144.4	167.8	126.3	84.3	241.3	537.7
Profitability						
Revenues	588	586	531	449	413	379
Net Revenues	237	233	205	201	191	181
Operating and Maintenance Expense	103	96	90	85	72	88
Operating EBITDA	122	128	106	107	110	84
Depreciation and Amortization Expense	47	46	45	44	39	33
Operating EBIT	75	82	61	63	71	51
Gross Interest Expense	29	29	29	30	29	27
Net Income for Common	32	35	21	26	32	21
Operating Maintenance Expense % of Net Revenues	43.5	41.3	43.7	42.1	37.8	48.7
Operating EBIT % of Net Revenues	31.6	35.1	29.7	31.5	37.0	28.3
Cash Flow						
Cash Flow from Operations	94	107	59	90	77	72
Change in Working Capital	9	24	1	5	(17)	48
Funds from Operations	84	82	58	85	94	25
Dividends	(12)	(15)	(3)	(20)	(16)	(21)
Capital Expenditures	(68)	(78)	(57)	(37)	(95)	(179)
Free Cash Flow	14	14	(1)	34	(34)	(128)
Net Other Investment Cash Flow	0	0	16	(16)	0	0
Net Change in Debt	(14)	(17)	(15)	(20)	32	78
Net Change in Equity	0	0	0	0	0	50
Capital Structure						
Short-Term Debt	19	31	6	0	38	23
Long-Term Debt	451	450	490	513	493	474
Total Debt	470	480	496	513	531	497
Preferred and Minority Equity	0	0	0	0	0	0
Common Equity	387	370	348	321	317	298
Total Capital	857	850	844	834	848	795
Total Debt/Total Capital (%)	54.8	56.5	58.8	61.5	62.6	62.5
Preferred and Minority Equity/Total Capital (%)	0.0	0.0	0.0	0.0	0.0	0.0
Common Equity/Total Capital (%)	45.2	43.5	41.2	38.5	37.4	37.5

LTM – Latest 12 months. Operating EBIT – Operating income plus total reported state and federal income tax expense. Operating EBITDA – Operating income plus total reported state and federal income tax expense plus depreciation and amortization expense.
Source: Financial data obtained from SNL Energy Information System, provided under license by SNL Financial, LC of Charlottesville, Va.

Global Power
US and Canada
Credit Analysis

Kentucky Power Co.

A Subsidiary of American Electric Power Co.

Ratings

Security Class	Current Rating
Issuer Default Rating	BBB-
Senior Unsecured Debt	BBB
Short-term Rating	F2

Outlook

Stable

Financial Data

Kentucky Power Co.

	LTM 6/30/09	12/31/08
Revenues	686	666
Gross Margin	228	234
Cash Flow from Operations	42	62
Operating EBITDA	109	113
Total Debt	555	550
Total Capitalization	985	948
Capex/Depreciation (%)	214.0	270.8

Analysts

Karen Anderson
+312 368-3165
Karen.anderson@fitchratings.com

on Bonelli
2 908-0581
sharon.bonelli@fitchratings.com

Related Research

- *American Electric Power Co.*
- *AEP Texas North*
- *AEP Texas Central*
- *Indiana Michigan Power Co.*
- *Southwestern Electric Power Co.*
- *Appalachian Power Co,*
- *Ohio Power Co.*
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Rating Rationale

- Fitch affirmed the ratings for Kentucky Power Co. (KPC) on August 20, 2009.
- The ratings for KPC take into consideration the company's stable utility operations, relatively constructive regulatory environment and affiliation with parent American Electric Power Co., (AEP, IDR 'BBB', Stable). While the utility benefits from participation in the AEP power pool and AEP money pool given AEP's highly centralized electric and treasury operations, any deterioration in the credit quality of the parent company could impair the ratings of KPC. Favorably KPC has no debt maturities until 2015, a solid liquidity position, declining capital expenditures through 2011, as well as a cost control program in place.
- KPC's credit metrics are currently below average for its current rating category, with recent financial performance negatively impacted by higher levels of fuel and purchased power expense. Further contributions to the pension plan are forecasted in 2010 and 2011, which will continue to place pressure on cash from operations. Fitch forecasts KPC to continue to have weakened credit projection measures until the company is able to receive rate relief.
- The primary rating concerns facing KPC relate to its exposure to a struggling local economy, particularly the industrial sector which comprises 36% of retail revenues, as well as stricter environmental legislation, in particular because the company's generation is a single 1,060 megawatt coal-fired unit. Fitch expects adequate recovery of additional environmental costs through the company's environmental cost compliance (ECC) surcharge, but there could be a recovery lag.
- The Stable Outlook for KPC takes into consideration Fitch's expectation that the company will improve credit metrics following rate relief, and obtain reasonable outcomes to future rate cases and recovery environmental compliance costs through regulatory mechanisms in Kentucky. In addition, Fitch assumes on-going parent company support.

Comment: Use of cash in 2008 was coal inventory.

Deleted: Additionally, cash flows have been impacted by pension contributions in 2008.

Comment: We have not been this specific on KP rate cases.

Deleted: . KPC plans to file for base rate increases in 2010 and 2011; with the first round of rate increases to be in effect by year-end 2010.

Key Rating Drivers

- Stable utility operations.
- Relatively balanced regulatory environment.
- Affiliation with parent, AEP.
- Below average credit metrics.
- Exposure to struggling local economy.
- Appropriate rate recovery for.......?

Deleted: Planned rate case activity in 2010 and 2011.

Recent Events

Earlier this year, AEP announced it had reduced its 2009 capital budget to \$2.6 billion from \$3.3 billion and its 2010 capital budget to \$1.8 billion from \$3.4 billion to manage through the economic downturn. The reductions in capital spending for 2009 and 2010 are spread across AEP's utility operating companies in generation, transmission and distribution. Discretionary projects are being deferred until the economic climate warrants the additional investment. KPC's capital spending budget for 2009-2011 has been reduced to $167 million from $334 million from the prior forecast by deferring environmental emissions projects. Funding for the company's capex program is expected to come from internally generated cash flows.

Additionally, AEP executed a common equity offering to shore up the capital structure, which resulted in net proceeds of $1.69 billion. The parent company used $1.44 billion to repay outstanding balances on its credit facilities; the remainder of the equity proceeds will be used to repay parent and other affiliate operating company debt. With the pay down of the credit facilities, the operating companies, including KPC, have significant borrowing capacity.

KPC experienced severe storms in its service territory in January, February, and May of this year, which caused significant damage to the company's electrical facilities. KPC incurred approximately $11 million in storm costs, and expects to file for related recovery during the third quarter of 2009.

Liquidity and Debt Structure

Debt Structure (as of June 30, 2009) $ million

Long-term Debt (inc. current portion)	$549	
Short-term Debt	$6	
Total Debt	$555	56.5%
Common Equity	$430	43.7%
Total Capitalization	$985	100.0%

KPC has no debt maturities over the next five years, with the next scheduled maturity of $20 million due in 2015.

KPC has access to short-term borrowings through a cash pool managed by AEP, whereby entities with excess short-term liquidity lend to affiliates with cash needs. External financing needs of this pool are sourced directly by the parent, AEP. AEP has $3 billion in committed bank credit facilities in place; $1.5 billion that expires in March 2011 and $1.5 billion that expires in April 2012. The revolving credit agreements contain a covenant that requires AEP to maintain a debt to total capitalization at or below 67.5%.

AEP Liquidity Position (as of June 30, 2009, $mil.)

	Amount	Maturity
Revolving Credit Facility	1,500	March 2011
Revolving Credit Facility	1,454	April 2012
Revolving Credit Facility	627	April 2011
Total	3,581	
Plus: AEP Cash on Hand	358	
Less:		
Draw on Credit facilities	(219)*	*repaid in 07/2009
Commercial Paper Outstanding	(316)	
Letters of Credit issued	(485)	
Total Available Liquidity	$2,919	

Money Pool Activity for YTD 2009

Max. borrowings	Avg. borrowings	Borrowings as of 06/30/09	Authorized Limit
$174.1 million	$143.7 million	$6.05 million	$250 million

Global Power
US and Canada
Credit Analysis

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FitchRatings
KNOW YOUR RISK

Corporates

Kentucky Power
Income Statement
2009 - 2011 Forecast
($000)

(in thousands)	Forecast Year 2009	Forecast Year 2010	Forecast Year 2011
Kentucky Power Company			
Revenue			
Retail Revenue	492,962	513,632	592,713
Wholesale	75,134	101,915	100,103
Sales to Affiliates	63,021	66,368	63,814
Other Operating Revenue	17,239	16,440	16,826
Total Revenue	648,356	698,355	773,456
Cost of Sales			
Total Cost of Sales	425,823	468,569	497,948
Gross Margin	222,533	229,786	275,507
OPERATING EXPENSES			
Operations & Maintenance	86,199	101,997	108,627
(Gain)/Loss on Sale of Property			
Taxes Other Than Income	11,405	12,074	12,415
TOTAL OPERATING EXPENSES	97,604	114,071	121,042
Operating Margin/EBITDA	124,929	115,716	154,465
Depreciation & Amortization	51,760	54,343	55,447
Other Income / (Deductions)	687	593	914
EBIT	73,855	61,965	99,933
Total Interest Expense	33,080	36,559	36,200
Total Income Taxes	11,625	9,093	24,388
NET INCOME	29,150	16,313	39,344
Deductions from Net Income *			
BALANCE FOR COMMON	29,150	16,313	39,344

* Preferred Dividends

Kentucky Power
Cash Flow Statement
2009 - 2011 Forecast
($000)

	Forecast		
(in thousands)	Year 2009	Year 2010	Year 2011
Kentucky Power Company			
OPERATING ACTIVITIES			
Balance For Common	29,150	16,313	39,344
(Income) Loss from Discontinued Operations	0	0	0
Extraordinary Items, Net	0	0	0
Net Income from Continuing Operations	29,150	16,313	39,344
ADJUSTMENTS TO NET INCOME			
Depreciation & Amortization	51,760	54,343	55,447
Deferred Income Taxes	20,553	(4,084)	(4,568)
(Gain) / Loss on Sale of Assets	0	0	0
Fuel Over/Under Recovery	0	0	0
Pension Funding in Excess of Expense	0	(6,879)	(3,380)
Change in Other Non-Current Assets and Liabilities	(10,528)	(11,935)	(5,853)
Other	(1,187)	(1,060)	(1,083)
Cash Flow before Changes in Working Capital	89,748	46,698	79,908
CHANGES IN WORKING CAPITAL	(29,276)	9,247	536
CASH FROM OPERATIONS	60,472	55,945	80,444
INVESTING ACTIVITIES			
Construction Expenditures	(62,608)	(45,770)	(57,989)
Proceeds From Sale of Assets	0	0	0
Other Investments	0	0	0
Cash used in investing	(62,608)	(45,770)	(57,989)
FINANCING ACTIVITIES			
Common Stock Issued	30,000	10,000	0
Hybrid Equity Issued	0	0	0
Long Term Debt Issued	129,350	0	0
Preferred Stock Redeemed	0	0	0
Long Term Debt Redeemed	0	0	0
Short Term Debt Change, Net	(130,860)	5,825	4,545
Common Dividends	(27,000)	(26,000)	(27,000)
Preferred Dividends	0	0	0
Capital Lease Proceeds/Lease Principal Payments	0	0	0
Other Financing Activities	0	(0)	0
Cash from financing	1,490	(10,175)	(22,455)
Total Change in Cash	(646)	0	0
Beginning Cash Balance	646	(0)	(0)
Ending Cash Balance	(0)	(0)	(0)

Kentucky Power
Balance Sheet
2009 - 2011 Forecast
($000)

	Forecast		
(in thousands)	Year 2009	Year 2010	Year 2011
Kentucky Power Company			
Plant, Property and Equipment	1,634,425	1,657,589	1,684,118
Construction Work in Process	21,758	23,256	31,512
Depreciation Reserve	(514,540)	(547,002)	(578,085)
Net Plant and Equipment	1,141,643	1,133,843	1,137,546
Other Assets	334,438	345,130	346,561
Total Assets	1,476,081	1,478,972	1,484,107
LIABILITIES AND EQUITY			
Common Equity	430,159	430,472	442,816
Preferred Stock			
Hybrid Equity			
Long Term Debt	548,722	548,889	549,055
Total Capital	978,881	979,360	991,872
CURRENT LIABILITIES			
Short Term Debt	539	6,363	10,908
LTD Current			
Other Current Liabilities	114,373	123,349	123,609
Total Current Liabilities	114,912	129,712	134,517
Deferred Liabilities	382,288	369,900	357,719
Total Capital & Liabilities	1,476,081	1,478,972	1,484,107

Kentucky Power
Financial Ratios
2009 - 2011 Forecast

(in thousands)	Forecast Year 2009	Year 2010	Year 2011
Kentucky Power Company			
CAPITALIZATION			
Long Term Debt	548,722	548,889	549,055
Add: Operating Leases	-	-	-
Add: A/R Factored			
Add: Unfunded Pension Liability	23,809	13,489	6,561
Add: Capital Leases	1,822	1,822	1,822
Less: Securitized Debt			
Less: Spent Nuclear Fuel			
Less: Equity Portion of Hybrid Equity			
Less: Defeasance			
Total Long Term Debt	574,353	564,200	557,439
Short Term Debt	539	6,363	10,908
Total Debt	574,891	570,563	568,346
Preferred Stock			
Equity Portion of Hybrid Equity			
Common Equity	430,159	430,472	442,816
Total Capital Incl. ST Debt	1,005,050	1,001,035	1,011,163
Capitalization Ratios			
Short-term Debt	0.1%	0.6%	1.1%
Long-term Debt	56.0%	55.7%	54.8%
Preferred Stock			
Common Equity	43.9%	43.7%	44.2%
CREDIT RATIOS			
(As Adjusted for Leases)			
Total Interest Exp. Additions			
Capitalized Interest (AFUDC Debt)	407	412	733
Texas CTC Refund Addback			
Securitization Interest			
Securitization Amortization			
Lease Payments			
Total Debt Additions	25,631	15,311	8,383
Funds from Operations Int. Cov.	3.7	2.4	3.2
FFO/Total Debt	15.5%	9.3%	14.5%
Total Debt/Total Capital	57.2%	57.0%	56.2%

Moody's Investors Service

Global Credit Research
Credit Opinion
1 FEB 2008

Credit Opinion: Kentucky Power Company

Kentucky Power Company

Ashland, Kentucky, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Parent: American Electric Power Company, Inc.	
Outlook	Stable
Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
Jr Subordinate Shelf	(P)Baa3
Commercial Paper	P-2

Contacts

Analyst	Phone
James Hempstead/New York	212.553.4318
William L. Hess/New York	212.553.3837

Key Indicators

[1]
Kentucky Power Company

	LTM 9/30/07	2006	2005	2004
(CFO Pre-W/C + Interest) / Interest Expense	3.8x	3.8x	3.4x	3.8x
(CFO Pre-W/C) / Debt	13%	17%	14%	16%
(CFO Pre-W/C - Dividends) / Debt	10%	14%	14%	12%
(CFO Pre-W/C - Dividends) / Capex	106%	87%	128%	181%
Debt / Book Capitalization	52%	46%	49%	51%
EBITA Margin %	13%	14%	12%	15%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Company Profile

Kentucky Power Company (KYPCo, Baa2 senior unsecured) is a vertically integrated electric utility company serving approximately 176,000 retail customers in Kentucky. KYPCo is a wholly owned subsidiary of American Electric Power Company (AEP, Baa2 senior unsecured). KYPCo's approximately $0.9 billion rate base is under the jurisdiction of the Kentucky Public Service Commission (KY PSC). KYPCo owns approximately 1 GW of generating capacity.

For the twelve months ended September 2007, KYPCo reported approximately $600 million in revenue and $1.5 billion in assets.

Recent Developments

On January 30, 2008, Moody's changed the rating outlook on four of AEP's subsidiary operating utility companies to negative from stable. The utility subsidiaries include: Appalachian Power Company (APCo, Baa2 senior unsecured), Ohio Power Company (OPCo, A3 senior unsecured), Southwestern Electric Power Company (SWEPCO, Baa1 senior unsecured) and AEP Texas Central (AEP TCC, Baa2 senior unsecured). The negative rating outlooks primarily reflect the relatively weak, or weakening, financial profile for those entities relative to their current rating categories in the presence of a rising business and operating risk environment. In our opinion, unless the key financial credit metrics associated with these entities improves, ratings downgrades may materialize over the intermediate term horizon (12 to 18 months).

Rating Rationale

KPCo's Baa2 issuer rating primarily reflects the company's rate-regulated, vertically integrated electric utility operations, its reasonably constructive relationship with the KPSC and stable financial profile. Our assessment of KPCo's rating drivers is described more fully in our rating methodology for Global Regulated Electric Utilities, published in March 2005.

The most important drivers of KPCo's rating and outlook are as follows:

MAINTAIN A STABLE FINANCIAL PROFILE

As a vertically integrated rate-regulated electric utility company, Moody's views KPCo's relatively stable and predictable earnings and cash flows as a credit positive. KPCo generates approximately $600 million in revenues (roughly 3% of AEP's consolidated regulated revenues and 2% of AEP's consolidated total revenues). The utility has roughly $1.5 billion in assets, a $0.9 billion rate base, $500 million in debt and an authorized return on equity of 10.50%. Over the past five years, KPCo generated, on average, approximately $85 million of annual cash from operations (CFO); which is a bit higher than the annual average for the past three years of approximately $78 million but is more in-line with the roughly $83 million reported for the latest twelve months ended September 2007. From a credit perspective, Moody's views KPCo's over-all financial profile as consistent with its Baa2-rating category.

CONSTRUCTIVE REGULATORY ENVIRONMENT

KPCo is primarily regulated by the Kentucky Public Service Commission (KYPSC) which is an appointed commission comprised of three commissioners. KPCo has a rate base of approximately $0.9 billion and an authorized return on equity of 10.5%, which was established in March 2006. KYPCo's next rate case could be filed in 2008, with a year end 2007 test year. KYPCo currently has a monthly fuel clause tracker (a credit positive), and environmental surcharge rider, among other recovery mechanisms (i.e., demand side management and system sales riders).

LARGE CAPITAL EXPENDITURE PROGRAM COULD PRESSURE RATINGS

KPCo's cumulative long-term capital investment program is large, almost doubling its existing rate base. While we generally view investments in rate base positively, we would be concerned if KPCo's spending plans resulted in a consistent negative free cash flow position that was primarily funded with debt. Should this situation materialize, KPCo's financial profile could become stressed given its Baa2-rating category. We acknowledge that a sizeable portion of the spending plan is associated with environmental expenditures, new generation, transmission and distribution investments.

KEY FINANCIAL CREDIT METRICS VERSUS PEERS

KPCo's key financial credit metrics have been reasonably steady given its rating category; however, Moody's notes that KPCo's cash flow to debt ratios exhibited some weakness in 2006 and for the latest twelve months ended September 2007. Over the past few years, KYPCo's ratio of cash from operations pre working capital adjustments (CFO pre-W/C) to debt has declined from a high of approximately 20% in 2003 to 17% and 13% in 2006 and for the latest twelve months ended September 2007, respectively. These cash flow related metrics need to improve from their current levels, which are weak for the rating category and in relation to its peers. The peers for KYPCo include: Consumers Energy (Baa2 senior unsecured), Duke Energy Indiana (Baa1 senior unsecured), Duke Energy Kentucky (Baa1 senior unsecured), Indianapolis Power & Light (Baa2 senior unsecured), Kentucky Utilities (A2 senior unsecured), Louisville Gas & Electric (A2 senior unsecured) and Virginia Electric and Power (Baa1 senior unsecured). Within Kentucky, KPCo is noticeably weaker than Kentucky Utilities and Louisville Gas & Electric, which produced an average CFO pre w/c to debt ratio of approximately 25% over the past five years versus KPCo's 15%. From a credit perspective, Moody's believes that KPCo does not enjoy the same level of financial metric cushion that many of its Baa2-rated, regional and state peers enjoy, at its rating category. As a result, KPCo will need to carefully manage its spending plans and the financing associated with those spending plans in order to avoid potential rating pressure.

Liquidity

KPCo participates in the AEP Utility Money Pool, which provides access to the parent company's liquidity. AEP has two separate credit facilities that total $3.0 billion. Both are $1.5 billion five year credit facilities - one expires in March 2011 and the other expires in April 2012. These facilities contain an adjusted debt to capitalization limit of 67.5%. There is a $300 million letter of credit capacity on each facility ($600 million in total), a $500 million accordion feature for each facility (for a total accordion of $1.0 billion) and a one-year extension option. There are no material adverse change restrictions on drawings, no litigation representation provision at the time of borrowing and a definition adjustment to exclude one of AEP's subsidiaries, AEP Texas Central, as a "significant subsidiary" to prevent cross-acceleration in the event of a default.

AEP's credit facilities have approximately $660 million drawn in commercial paper and roughly $65 million of LC's posted, leaving approximately $2.4 billion of capacity available. Over the latest twelve months ended September 2007, KPCo generated $83 million of cash from operations, invested $65 million in capital expenditures and made a $16 million upstream dividend payment to AEP, resulting in approximately $3 million of free cash flow. KPCo has a $30 million scheduled debt maturity in November 2008.

Rating Outlook

The stable rating outlook for KPCo is primarily based on our expectation that the company will continue to maintain a reasonably constructive relationship with the KYPSC, be successful in meeting its infrastructure spending plans and attaining reasonably good recovery on a timely basis and maintain key financial credit metrics that justify the rating.

What Could Change the Rating - Up

Rating upgrades appear unlikely over the near to intermediate term horizon, primarily due to our expectation that KYCo's financial profile will not be in a position to exhibit the improvements necessary to justify a Baa1-rating category. This is partly due to our understanding of KYCo's longer term capital investment and financing plans. However, KYCo could be considered for a ratings upgrade if it were to achieve key financial credit metrics, including a ratio of CFO pre w/c plus interest divided by interest of approximately 5x and CFO pre w/c to debt of approximately 20% on a sustainable basis.

What Could Change the Rating - Down

Ratings could be downgraded due to contagion risks associated with its parent company, AEP. Separately, ratings could be downgraded if the regulatory environment took a more adversarial tone, or if the key financial credit metrics began to exhibit a prolonged deterioration. These metrics would include a ratio of CFO pre w/c of closer to 3.0x or CFO pre w/c to debt closer to the low-teens.

Rating Factors

Kentucky Power Company

Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-75	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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Kentucky Power Company

Company Profile

Kentucky Power Company (KYPCo, Baa2 senior unsecured) is a vertically integrated electric utility company serving approximately 176 retail customers in Kentucky. KYPCo is a wholly owned subsidiary of American Electric Power Company (AEP, Baa2 senior unsecured). KYPCo's approximately $0.9 billion rate base is under the jurisdiction of the Kentucky Public Service Commission (KY PSC). KYPCo owns approximately 1 GW of generating capacity.

For the twelve months ended September 2007, KYPCo reported approximately $600 million in revenue and $1.5 billion is assets.

Recent Developments

On January 30, 2008, Moody's changed the rating outlook on four of AEP's subsidiary operating utility companies to negative from stable. The utility subsidiaries include: Appalachian Power Company (APCo, Baa2 senior unsecured), Ohio Power Company (OPCo, A3 senior unsecured), Southwestern Electric Power Company (SWEPCO, Baa1 senior unsecured) and AEP Texas Central (AEP TCC, Baa2 senior unsecured). The negative rating outlooks primarily reflect the relatively weak, or weakening, financial profile for those entities relative to their current rating categories in the presence of a rising business and operating risk environment. In our opinion, unless the key financial credit metrics associated with these entities improves, ratings downgrades may materialize over the intermediate term horizon (12 to 18 months).

Rating Rationale

KPCo's Baa2 issuer rating primarily reflects the company's rate-regulated, vertically integrated electric utility operations, its reasonably constructive relationship with the KPSC and stable financial profile. Our assessment of KPCo's rating drivers is described more fully in our rating methodology for Global Regulated Electric Utilities, published in March 2005.

The most important drivers of KPCo's rating and outlook are as follows:

MAINTAIN A STABLE FINANCIAL PROFILE

As a vertically integrated rate-regulated electric utility company, Moody's views KPCo's relatively stable and predictable earnings and cash flows as a credit positive. KPCo generates approximately $600 million in revenues (roughly 3% of AEP's consolidated regulated revenues and 2% of AEP's consolidated total revenues). The utility has roughly $1.5 billion in assets, a $0.9 billion rate base, $500 million in debt and an authorized return on equity of 10.50%. Over the past five years, KPCo generated, on average, approximately $85 million of annual cash from operations (CFO); which has improved compared to the annual average for the past three years of approximately $78 million and is in-line with the roughly $83 million reported for the latest twelve months ended September 2007. From a credit perspective, Moody's views KPCo's over-all financial profile as consistent with its Baa2-rating category.

CONSTRUCTIVE REGULATORY ENVIRONMENT

KPCo is primarily regulated by the Kentucky Public Service Commission (KYPSC) which is an appointed commission comprised of three commissioners. KPCo has a rate base of approximately $0.9 billion and an authorized return on equity of 10.5%, which was established in March 2006. KYPCo's next rate case could be filed in 2008, with a year end 2007 test year. KYPCo currently has a monthly fuel clause tracker (a credit positive), and environmental surcharge rider, among other recovery mechanisms (i.e., demand side management and system sales riders).

LARGE CAPITAL EXPENDITURE PROGRAM COULD PRESSURE RATINGS

KPCo's cumulative long-term capital investment program is large, almost doubling its existing rate base. While we generally view investments in rate base positively, we would be concerned if KPCo's spending plans resulted in a consistent negative free cash flow position that was primarily funded with debt. Should this situation materialize, KPCo's financial profile could become stressed given its Baa2-rating category. We acknowledge that a sizeable portion of the spending plan is associated with environmental expenditures, new generation and transmission and distribution investments.

KEY FINANCIAL CREDIT METRICS VERSUS PEERS

KPCo's key financial credit metrics has been reasonably steady given its rating category. However, Moody's notes that KPCo's cash flow to debt ratios exhibited some weakness in 2006 and for the latest twelve months ended September 2007. Over the past few years, KYPCo's ratio of cash from operations pre working capital adjustments (CFO pre-W/C) to debt has declined from a high of approximately 20% in 2003 to 17% and 13% in 2006 and for the latest twelve months ended September 2007, respectively. These cash flow related metrics need to improve from their current levels, which are weak for the rating category and in relation to its peers. The peers for KYPCo include: Consumers Energy (Baa2 senior unsecured), Duke Energy Indiana (Baa1 senior unsecured), Duke Energy Kentucky (Baa1 senior unsecured), Indianapolis Power & Light (Baa2 senior unsecured), Kentucky Utilities (A2 senior unsecured), Louisville Gas & Electric (A2 senior unsecured) and Virginia Electric and Power (Baa1 senior unsecured). Within Kentucky, KPCo is noticeably weaker than Kentucky Utilities and Louisville Gas & Electric, which produced an average CFO pre w/c to debt ratio of approximately 25% over the past five years versus KPCo's 15%. From a credit perspective, Moody's believes that KPCo does not enjoy the same level of financial metric cushion that many of its Baa2-rated, regional and state peers enjoy, at its rating category. As a result, KPCo will need to carefully manage its spending plans and the financing associated with those spending plans in order to avoid potential rating pressure.

Liquidity

KPCo participates in the AEP Utility Money Pool, which provides access to the parent company's liquidity. AEP has two separate credit facilities that total $3.0 billion. Both are $1.5 billion five year credit facilities – one expires in March 2011 and the other expires in April 2012. These facilities contain an adjusted debt to capitalization limit of 67.5%. There is a $300 million letter of credit capacity on each facility ($600 million in total), a $500 million accordion feature for each facility (for a total accordion of $1.0 billion) and a one-year extension option. There are no material adverse change restrictions on drawings, no litigation representation provision at the time of borrowing and a definition adjustment to exclude one of AEP's subsidiaries, AEP Texas Central, as a "significant subsidiary" to prevent cross-acceleration in the event of a default.

AEP's credit facilities have approximately $660 million drawn in commercial paper and roughly $65 million of LC's posted, leaving approximately $2.4 billion of capacity available. Over the latest twelve months ended September 2007, KPCo generated $83 million of cash from operations, invested $65 million in capital expenditures and made a $16 million upstream dividend payment to AEP, resulting in approximately $3 million of free cash flow. KPCo has a $30 million scheduled debt maturity in November 2008.

Rating Outlook

The stable rating outlook for KPCo is primarily based on our expectation that the company will continue to maintain a reasonably constructive relationship with the KYPSC, be successful in meeting its infrastructure spending plans and attaining reasonably good recovery on a timely basis and maintain key financial credit metrics that justify the rating.

What Could Change the Rating – UP?

Rating upgrades appear unlikely over the near to intermediate term horizon, primarily due to our expectation that KYCo's financial profile will not be in a position to exhibit the improvements necessary to justify a Baa1-rating category. This is partly due to our understanding of KYCo's longer term capital investment and financing plans. However, KYCo could be considered for a ratings upgrade if it were to achieve key financial credit metrics, including a ratio of CFO pre w/c plus interest divided by interest of approximately 5x and CFO pre w/c to debt of approximately 20% on a sustainable basis.

What Could Change the Rating – DOWN?

Ratings could be downgraded due to contagion risks associated with its parent company, AEP. Separately, ratings could be downgraded if the regulatory environment took a more adversarial tone, or if the key financial credit metrics began to exhibit a prolonged deterioration. These metrics would include a ratio of CFO pre w/c of closer to 3.0x or CFO pre w/c to debt closer to the low-teen's.

Debt Portfolio
Bonds

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ιTA			Interest	Maturity	Life	Call Date	Amount	Put Date	Insurer
AEG	PCB	City of Rockport, Series 1995 A	4.150%	07/01/2025	16.75	NCL	$22,500,000	07/15/2011	AMBAC
AEG	PCB	City of Rockport, Series 1995 B	4.150%	07/01/2025	16.75	NCL	$22,500,000	07/15/2011	AMBAC
AEG	SR	Private Placement Senior Notes	6.330%	09/30/2037	29.00	Amortizing	$210,909,170		
AEP	SR	Senior Note, Series C	5.375%	03/15/2010	1.46	NCL	$490,000,000		
AEP	SR	Senior Note, Series D	5.250%	06/01/2015	6.67	NCL	$242,775,000		
AEP	JR	Junior Subordinated Debentures	8.750%	03/01/2063	54.42	NCL	$315,000,000		
APCO	PCB	Putnam County, Series E	4.850%	05/01/2019	10.59	On Reset Date	$30,000,000	5/1/2013	FGIC
APCO	PCB	Russell County, Series J	Floating	11/01/2021	13.09	On Reset Date	$0		FGIC
APCO	PCB	Putnam County, Series F	4.850%	05/01/2019	10.59	On Reset Date	$40,000,000	5/1/2013	AMBAC
APCO	PCB	Russell County, Series H	5.000%	11/01/2021	13.09	11/01/2008	$19,500,000		MBIA
APCO	PCB	Mason County, Series L	5.500%	10/01/2022	14.00	10/01/2011	$100,000,000		
APCO	PCB	Mason County, Series K	6.050%	12/02/2024	16.17	12/01/2009	$30,000,000		AMBAC
APCO	PCB	West Virginia Economic Dev. Authority, Series 2008B	Floating	02/01/2036	27.34	On Reset Date	$50,275,000		
APCO	PCB	West Virginia Economic Dev. Authority, Series 2008A	Floating	02/01/2036	27.34	On Reset Date	$75,000,000		
APCO	PS	Preferred Stock	4.500%	NA	NA	NCL	$17,752,000		
APCO	SR	Senior Note, Series J	4.400%	06/01/2010	1.67	NCL	$150,000,000		
APCO	SR	Senior Note, Series K	5.000%	06/01/2017	8.67	NCL	$250,000,000		
APCO	SR	Senior Note, Series C	6.600%	05/01/2009	0.59	NCL	$150,000,000		
APCO	SR	Senior Note, Series I	4.950%	02/01/2015	6.34	NCL	$200,000,000		
APCO	SR	Senior Note, Series H	5.950%	05/15/2033	24.63	NCL	$200,000,000		
APCO	SR	Senior Note, Series L	5.800%	10/01/2035	27.00	NCL	$250,000,000		
APCO	SR	Senior Note, Series M	5.550%	04/01/2011	2.50	NCL	$250,000,000		
APCO	SR	Senior Note, Series N	6.375%	04/01/2036	27.50	NCL	$250,000,000		
APCO	SR	Senior Note, Series O	5.650%	08/15/2012	3.88		$250,000,000		
APCO	SR	Senior Note, Series P	6.700%	08/15/2037	28.88		$250,000,000		
APCO	SR	Senior Note, Series Q	7.000%	04/01/2038	29.50		$500,000,000		
ATC	PCB	Guadalupe-Blanco River Authority PCRB, Series 2008	5.625%	11/01/2015	7.09	NCL	$40,890,000		
ATC	PCB	Red River Authority of Texas PCRB (CPL, PSO, WTU)	4.450%	06/01/2020	11.67	NCL	$6,330,000		MBIA
ATC	PCB	Matagorda PCB Series 2001A	3.420%	11/01/2029	21.09	NCL	$0		
ATC	PCB	Matagorda Cnty Navigation Dist. #1 PCRB, Series 2008	5.125%	06/01/2030	21.67	NCL	$120,265,000	06/01/2011	
ATC	PCB	Matagorda Cnty Navigation District #1, Series 1996	5.200%	05/01/2030	21.59	NCL	$60,000,000		MBIA
ATC	PCB	Matagorda Cnty Navigation District #1, Series 2005A	4.400%	05/01/2030	21.59	NCL	$111,700,000		AMBAC
ATC	PCB	Matagorda Cnty Navigation District #1, Series 2005B	4.550%	05/01/2030	21.59	NCL	$50,000,000		AMBAC
ATC	PS	100,000 Shares @ $100 Par	4.000%	NA	NA	12/21/2045	$4,191,200		
C	PS	75,000 Shares @ $100 Par	4.200%	NA	NA	12/07/2054	$1,730,100		
C	RRB	Securitization Bonds, Class A-3	5.560%	01/15/2010	1.29	Amortizing	$85,906,616		
ATC	RRB	Securitization Bonds, Class A-4	5.960%	07/15/2013	4.79	Amortizing	$214,926,738		
ATC	RRB	Securitization Bonds, Class A-5	6.250%	01/15/2016	7.29	Amortizing	$191,856,858		
ATC	RRB	Securitization Bonds, Class 2006A-1	4.980%	01/01/2010	1.25	Amortizing	$116,771,725		
ATC	RRB	Securitization Bonds, Class 2006A-2	4.980%	07/01/2013	4.75	Amortizing	$341,000,000		
ATC	RRB	Securitization Bonds, Class 2006A-3	5.090%	07/01/2015	6.75	Amortizing	$250,000,000		
ATC	RRB	Securitization Bonds, Class 2006A-4	5.170%	01/01/2018	9.25	Amortizing	$437,000,000		
ATC	RRB	Securitization Bonds, Class 2006A-5	5.306%	07/01/2020	11.75	Amortizing	$494,700,000		
ATC	SR	Senior Note, Series C	6.650%	02/15/2033	24.38	NCL	$275,000,000		
ATN	PCB	Red River Authority of Texas PCRB (CPL, PSO, WTU)	4.450%	06/01/2020	11.67	NCL	$44,310,000		MBIA
ATN	PS	60,000 Shares @ $100 Par	4.400%	NA	NA	04/01/1954	$2,348,600		
ATN	SR	Senior Note, Series A	5.500%	03/01/2013	4.42	NCL	$225,000,000		
ATN	SR	Senior Note, Series 2008A	5.890%	04/01/2018	9.50	NCL	$30,000,000		
ATN	SR	Senior Note, Series 2008B	6.760%	04/01/2038	29.50	NCL	$70,000,000		
CSP	PCB	State of Ohio, Air Quality Bonds	Floating	12/01/2038	30.17	On Reset Date	$0		FGIC
CSP	PCB	State of Ohio, Air Quality Bonds, Series 2005	Floating	12/01/2038	30.17	On Reset Date	$0		AMBAC
CSP	PCB	State of Ohio, Air Quality Bonds, Series 2007A	4.850%	08/01/2040	31.84		$44,500,000	04/01/2012	MBIA
CSP	PCB	State of Ohio, Air Quality Bonds, Series 2007B	5.100%	11/01/2042	34.09		$56,000,000	05/01/2013	MBIA
CSP	SR	Medium Term Notes due 2010	4.400%	12/01/2010	2.17	NCL	$150,000,000		
CSP	SR	Senior Note, Series A	5.500%	03/01/2013	4.42	NCL	$250,000,000		
CSP	SR	Senior Note, Series B	6.600%	03/01/2033	24.42	NCL	$250,000,000		
CSP	SR	Senior Note, Series F	5.850%	10/01/2035	27.00	NCL	$250,000,000		
CSP	SR	Senior Note, Series G	6.050%	05/15/2018	9.63		$350,000,000		
IM	PCB	Lawrenceburg, Series I	Floating	10/01/2019	11.00	On Reset Date	$25,000,000		
IM	PCB	Rockport, Series D	5.250%	04/01/2025	16.50	04/01/2013	$40,000,000		
IM	PCB	Rockport, Series 2002 A	4.625%	06/01/2025	16.67	06/01/2017	$50,000,000		FGIC
IM	PCB	Lawrenceburg, Series H	Floating	11/01/2021	13.09	On Reset Date	$52,000,000		
IM	PCB	Rockport, Series 1995 B	Floating	06/01/2025	16.67	On Reset Date	$0		AMBAC
IM	PCB	Rockport, Series 2006 A	Floating	06/01/2025	16.67	On Reset Date	$0		AMBAC
IM	PS	Preferred Stock	4.125%	NA	NA	NA	$5,533,500		
IM	PS	Preferred Stock	4.120%	NA	NA	NA	$1,105,500		
IM	PS	Preferred Stock	4.560%	NA	NA	10/01/1956	$1,441,200		
IM	SR	Senior Note, Series H	6.050%	03/15/2037	28.46	NCL	$400,000,000		
IM	SR	Senior Note, Series A	6.450%	11/10/2008	0.11	NCL	$50,000,000		
IM	SR	Senior Note, Series E	6.375%	11/01/2012	4.09	NCL	$100,000,000		
	SR	Senior Note, Series F	5.050%	11/15/2014	6.13	NCL	$175,000,000		
	SR	Senior Note, Series D	6.000%	12/30/2032	24.25	11/22/2007	$150,000,000		AMBAC
IM	SR	Seinor Note, Series G	5.650%	12/01/2015	7.17	NCL	$125,000,000		
KP	SR	Medium Term Notes, Series A	6.450%	11/10/2008	0.11	NCL	$30,000,000		
KP	SR	Senior Note, Series D	5.625%	12/01/2032	24.17	NCL	$75,000,000		

Debt Portfolio
Bonds

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	SR	Senior Note, Series E	6.000%	09/15/2017	8.96	NCL	$325,000,000	
OPCO	NP	JMG Intermediate Notes, 6.27%	6.270%	03/31/2009	0.50	Amortizing	$1,000,000	
OPCO	NP	JMG Intermediate Notes, 7.49%	7.490%	04/15/2009	0.54	NCL	$70,000,000	
OPCO	NP	JMG Intermediate Notes, 7.21%	7.210%	06/15/2009	0.71	Amortizing	$11,000,000	
OPCO	PCB	WV Economic Dev. Authority, Series 2008B (Kammer)	Floating	07/01/2014	5.75	On Reset Date	$50,000,000	
OPCO	PCB	WV Economic Dev. Authority, Series 2008C (Sporn)	Floating	07/01/2014	5.75	On Reset Date	$50,000,000	
OPCO	PCB	Marshall County, West Virginia, Series F	Floating	04/01/2022	13.50	On Reset Date	$0	AMBAC
OPCO	PCB	Marshall County, West Virginia, Series E	Floating	06/01/2022	13.67	On Reset Date	$0	AMBAC
OPCO	PCB	JMG Air Quality Revenue Bonds, 5.625%	5.625%	10/01/2022	14.00	04/01/2007	$19,565,000	AMBAC
OPCO	PCB	JMG Air Quality Revenue Bonds, 5.625%	5.625%	01/01/2023	14.25	04/01/2007	$19,565,000	AMBAC
OPCO	PCB	5.15% Ohio Air Quality Revenue Bonds, 1999 Series C	5.150%	05/01/2026	17.59	05/01/2009	$50,000,000	AMBAC
OPCO	PCB	JMG Air Quality Revenue Bonds 2005 A	Floating	01/01/2029	20.25	On Reset Date	$54,500,000	FGIC
OPCO	PCB	JMG Air Quality Revenue Bonds 2005 B	Floating	07/01/2028	19.75	On Reset Date	$54,500,000	FGIC
OPCO	PCB	JMG Air Quality Revenue Bonds 2005 C	Floating	04/01/2028	19.50	On Reset Date	$54,500,000	FGIC
OPCO	PCB	JMG Air Quality Revenue Bonds 2005 D	Floating	10/01/2028	20.00	On Reset Date	$54,500,000	FGIC
OPCO	PCB	WV Economic Dev. Authority, Series 2008A (Mitchell)	Floating	04/01/2036	27.50	On Reset Date	$65,000,000	
OPCO	PCB	West Virginia Economic Dev. Authority, Series 2007 A	4.900%	06/01/2037	28.67		$65,000,000	AMBAC
OPCO	PS	4.08% Cumulative Preferred Stock	4.080%	NA	NA	NA	$1,459,500	
OPCO	PS	4.20% Cumulative Preferred Stock	4.200%	NA	NA	NA	$2,282,400	
OPCO	PS	4.40% Cumulative Preferred Stock	4.400%	NA	NA	NA	$3,148,200	
OPCO	PS	4.50% Cumulative Preferred Stock	4.500%	NA	NA	NA	$9,737,300	
OPCO	SR	6.24% Unsecured Medium Term Notes Series A	6.240%	12/04/2008	0.18	NCL	$37,225,000	
OPCO	SR	Senior Note, Series F Due 2/15/2013	5.500%	02/15/2013	4.38	NCL	$250,000,000	
OPCO	SR	Senior Note, Series H Due 1/15/2014	4.850%	01/15/2014	5.29	NCL	$225,000,000	
OPCO	SR	Senior Note, Series G Due 2/15/2033	6.600%	02/15/2033	24.38	NCL	$250,000,000	
OPCO	SR	Senior Note, Series I Due 7/15/2033	6.375%	07/15/2033	24.79	07/15/2013	$225,000,000	
OPCO	SR	Senior Note, Series J Due 11/1/2010	5.300%	11/01/2010	2.09	NCL	$200,000,000	
OPCO	SR	Senior Note, Series K Due 6/1/2016	6.000%	06/01/2016	7.67	NCL	$350,000,000	
OPCO	SR	Floating Rate Notes, Series B, Due 4/5/2010	Floating	04/05/2010	1.51	10/03/2008	$400,000,000	
OPCO	SR	Senior Notes, Series L Due 9/1/2013	5.750%	09/01/2013	4.92	NCL	$250,000,000	
PSO	PCB	Oklahoma Development Finance Authority, Series 2004	Floating	06/01/2014	5.67	On Reset Date	$0	FGIC
PSO	PCB	Red River Authority of Texas PCRB (CPL, PSO, WTU)	4.450%	06/01/2020	11.67	NCL	$12,660,000	MBIA
PSO	PS	4.000% Preferred	4.0000%	NA	NA	01/00/1900	$4,454,800	
PSO	PS	4.240% Preferred	4.2400%	NA	NA	01/00/1900	$806,900	
PSO	SR	Senior Note, Series E	4.700%	05/15/2011	2.63	NCL	$75,000,000	
O	SR	Senior Note, Series D	4.700%	06/15/2009	0.71	NCL	$50,000,000	
SO	SR	Senior Note, Series C	4.850%	09/15/2010	1.96	NCL	$150,000,000	
PSO	SR	Senior Note, Series F	6.150%	08/01/2016	7.84	NCL	$150,000,000	
PSO	SR	Senior Note, Series B	6.000%	12/31/2032	24.25	11/26/2007	$200,000,000	AMBAC
PSO	SR	Senior Note, Series G	6.625%	11/15/2037	29.13		$250,000,000	
SWEPCO	NP	Dolet Hills Lignite Company, LLC	4.470%	04/23/2011	2.56	Amortizing	$11,381,290	
SWEPCO	NP	Sabine Mines	7.030%	02/22/2012	3.39		$20,000,000	x
SWEPCO	NP	Sabine Mines	6.370%	10/31/2024	16.08		$25,000,000	x
SWEPCO	PCB	Titus County, Series 2004	Floating	07/01/2011	2.75	On Reset Date	$41,135,000	AMBAC
SWEPCO	PCB	Sabine River Authority of Texas, Series 2006	4.950%	03/01/2018	9.42		$81,700,000	MBIA
SWEPCO	PCB	Parish of DeSoto, Series 2004	Floating	01/01/2019	10.25	On Reset Date	$53,500,000	AMBAC
SWEPCO	PS	5.000% Preferred	5.000%	NA	NA	03/01/1940	$3,767,300	
SWEPCO	PS	4.650% Preferred	4.650%	NA	NA	07/01/1949	$190,700	
SWEPCO	PS	4.280% Preferred	4.280%	NA	NA	07/01/1955	$738,600	
SWEPCO	SR	Senior Note, Series C	5.375%	04/15/2015	6.54	NCL	$100,000,000	
SWEPCO	SR	Senior Note, Series D	4.900%	07/01/2015	6.75	NCL	$150,000,000	
SWEPCO	SR	Senior Note, Series E	5.550%	01/15/2017	8.29	NCL	$250,000,000	
SWEPCO	SR	Senior Note, Series F	5.875%	03/01/2018	9.42		$300,000,000	
SWEPCO	SR	Senior Note, Series G	6.450%	01/15/2019	10.29		$400,000,000	
SWEPCO	TPS	Flexible Trust Preferred Securities	5.250%	10/01/2043	35.00	10/01/2008	$0	Called on Remarketing Date
WIND	NP	Desert Sky	6.350%	08/31/2017	8.92		$67,729,228	
WIND	NP	Trent Wind Farm	6.130%	10/31/2011	3.08		$37,934,191	
Grand Total			5.79%		14.57		$15,754,698,616	

EXPECTED AMORTIZATION SCHEDULE

Outstanding Principal Balance

Should these calculations be in terms of 1/6 and 5/6 instead of 1/12 and 11/12?
Factors already in semi-annual terms

Payment Date	Class A-1 Balance	Rate	Class A-2 Balance	Rate	Class A3 Balance		Class A-4 Balance		Class A-5 Balance		Interest Expense	Principal Repayment	Total Payment	Sum of Balance	semi-annual interest	annual interest	semi-annual principal	annual principal	as of date
Closing Date	$128,950,233	3.54%	$154,506,810	5.01%	$107,094,258	5.56%	$214,926,738	5.96%	$191,856,858	6.25%	$ 43,060,757	$ -	$ 43,060,757	$797,334,897					
1/15/2003	97,133,531	3.54%	154,506,810	5.01%	107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 20,967,223	$ 31,816,702	$ 52,783,925	765,518,195	22,808,351	62,280,712	29,165,310	29,165,310	Dec-02
7/15/2003	77,937,455	3.54%	154,506,810	5.01%	107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 20,627,453	$ 19,196,076	$ 39,823,529	746,322,119	20,655,767	43,464,118	20,247,795	49,413,105	Jun-03
1/15/2004	49,128,416	3.54%	154,506,810	5.01%	107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 20,117,533	$ 28,809,039	$ 48,926,572	717,513,080	20,160,026	40,815,793	28,007,959	48,255,754	Dec-03
7/15/2004	29,386,451	3.54%	154,506,810	5.01%	107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 19,768,100	$ 19,741,965	$ 39,510,065	697,771,115	19,797,219	39,957,245	20,497,555	48,505,513	Jun-04
1/15/2005	0		154,506,810	5.01%	107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 19,247,960	$ 29,386,451	$ 48,634,411	668,384,664	19,291,305	39,088,524	28,582,744	49,080,298	Dec-04
7/15/2005	0		133,913,828	5.01%	107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 18,732,105	$ 20,592,982	$ 39,325,087	647,791,682	18,775,093	38,066,398	21,325,771	49,908,515	Jun-05
1/15/2006	0		103,272,491	5.01%	107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 17,964,540	$ 30,641,337	$ 48,605,877	617,150,345	18,028,504	36,803,597	29,803,974	51,129,745	Dec-05
7/15/2006	0		81,649,042	5.01%	107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 17,422,872	$ 21,623,449	$ 39,046,321	595,526,896	17,468,011	35,496,515	22,374,940	52,178,914	Jun-06
1/15/2007	0		49,523,804	5.01%	107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 16,618,135	$ 32,125,238	$ 48,743,373	563,401,658	16,685,197	34,153,208	31,250,089	53,625,029	Dec-06
7/15/2007	0		28,919,685	5.01%	107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 16,102,002	$ 20,604,119	$ 36,706,121	542,797,539	16,145,013	32,830,210	21,564,212	52,814,301	Jun-07
1/15/2008	0		0		107,094,258	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 15,377,564	$ 28,919,685	$ 44,297,249	513,877,854	15,437,934	31,582,947	28,226,721	49,790,933	Dec-07
7/15/2008	0		0		85,906,616	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 14,788,548	$ 21,187,642	$ 35,976,190	492,690,212	14,837,632	30,275,566	21,831,979	50,058,700	Jun-08
1/15/2009	0		0		55,016,428	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 13,929,800	$ 30,890,188	$ 44,819,988	461,800,024	14,001,363	28,838,995	30,081,643	51,913,621	Dec-08
7/15/2009	0		0		32,279,500	5.56%	214,926,738	5.96%	191,856,858	6.25%	$ 13,297,714	$ 22,736,928	$ 36,034,642	439,063,096	13,350,358	27,351,750	23,416,366	53,498,009	Jun-09
1/15/2010	0		0		0		214,926,738	5.96%	191,856,858	6.25%	$ 12,400,344	$ 32,279,500	$ 44,679,844	406,783,596	12,475,124	25,825,512	31,484,286	54,900,652	Dec-09
7/15/2010	0		0		0		190,631,083	5.96%	191,856,858	6.25%	$ 11,676,333	$ 24,295,655	$ 35,971,988	382,487,941	11,736,667	24,211,792	24,960,975	56,445,261	Jun-10
1/15/2011	0		0		0		156,759,473	5.96%	191,856,858	6.25%	$ 10,666,959	$ 33,871,610	$ 44,538,569	348,616,331	10,751,074	22,487,741	33,073,614	58,034,589	Dec-10
7/15/2011	0		0		0		130,670,070	5.96%	191,856,858	6.25%	$ 9,889,495	$ 26,089,403	$ 35,978,898	322,526,928	9,954,264	20,705,357	26,737,920	59,811,534	Jun-11
1/15/2012	0		0		0		95,071,985	5.96%	191,856,858	6.25%	$ 8,828,672	$ 35,598,085	$ 44,426,757	286,928,843	8,917,074	18,871,357	34,805,695	61,543,615	Dec-11
7/15/2012	0		0		0		67,236,582	5.96%	191,856,858	6.25%	$ 7,999,177	$ 27,835,403	$ 35,834,580	259,093,440	8,068,302	16,985,375	28,482,293	63,287,988	Jun-12
1/15/2013	0		0		0		29,655,892	5.96%	191,856,858	6.25%	$ 6,879,272	$ 37,580,690	$ 44,459,962	221,512,750	6,972,598	15,040,899	36,768,583	65,250,876	Dec-12
7/15/2013	0		0		0		0	5.96%	191,856,858	6.25%	$ 5,995,527	$ 29,655,892	$ 35,651,419	191,856,858	6,069,172	13,041,770	30,316,292	67,084,875	Jun-13
1/15/2014	0		0		0		0	5.96%	152,143,608	6.25%	$ 4,754,488	$ 39,713,250	$ 44,467,738	152,143,608	4,857,908	10,927,080	38,875,137	69,191,429	Dec-13
7/15/2014	0		0		0		0	5.96%	120,262,573	6.25%	$ 3,758,205	$ 31,881,035	$ 35,639,240	120,262,573	3,841,229	8,699,137	32,533,720	71,408,856	Jun-14
1/15/2015	0		0		0		0	5.96%	78,412,359	6.25%	$ 2,450,386	$ 41,850,214	$ 44,300,600	78,412,359	2,559,371	6,400,600	41,019,449	73,553,169	Dec-14
7/15/2015	0		0		0		0	5.96%	44,198,278	6.25%	$ 1,381,196	$ 34,214,081	$ 35,595,277	44,198,278	1,470,295	4,029,667	34,850,425	75,869,875	Jun-15
1/15/2016	0		0		0		0	5.96%	0	6.25%	$ -	$ 44,198,278	$ 44,198,278	0	115,100	1,585,395	43,366,262	78,216,687	Dec-15
												$ 797,334,897	$ 1,172,037,257						

52,729,357
21,623,449

EXPECTED AMORTIZATION SCHEDULE
2006 Issuance
Outstanding Principal Balance

Should these calculations be in terms of 1/6 and 5/6 instead of 1/12 and 11/12?
Factors already in semi-annual terms.

Payment Date	Class A-1 Balance	Rate	Class A-2 Balance	Rate	Class A3 Balance		Class A-4 Balance		Class A-5 Balance		Interest Expense	Principal Repayment	Total Payment	Sum of Balance	semi-annual interest	annual Interest	semi-annual principal	annual principal	as of date
Closing Date	$217,000,000	4.98%	$341,000,000	4.98%	$250,000,000	5.09%	$437,000,000	5.17%	$494,700,000	5.31%	$ 89,355,082	$ -	$ 89,355,082	##########	47,818,691	129,727,516	23,372,618	23,372,618	Dec-02
7/1/2007	191,502,599	4.98%	341,000,000	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 44,042,656	$ 25,497,401	$ 69,540,057	1,714,202,599	43,017,699	90,836,390	43,287,699	66,660,317	Jun-03
1/1/2008	146,597,600	4.98%	341,000,000	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 42,924,521	$ 44,904,999	$ 87,829,520	1,669,297,600	42,243,746	85,261,445	31,082,469	74,370,168	Dec-03
7/1/2008	116,771,725	4.98%	341,000,000	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 42,181,857	$ 29,825,875	$ 72,007,732	1,639,471,725	41,040,160	83,283,926	48,335,950	79,418,419	Jun-04
1/1/2009	66,753,041	4.98%	341,000,000	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 40,936,392	$ 50,018,684	$ 90,955,076	1,589,453,041	40,171,862	81,212,043	34,872,221	83,208,171	Dec-04
7/1/2009	33,257,771	4.98%	341,000,000	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 40,102,359	$ 33,495,270	$ 73,597,629	1,555,957,771	38,869,442	79,041,304	52,306,036	87,178,258	Jun-05
1/1/2010	0		320,241,665	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 38,757,358	$ 54,016,106	$ 92,773,464	1,501,941,665	37,907,323	76,776,765	38,639,294	90,945,330	Dec-05
7/1/2010	0		283,000,263	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 37,830,048	$ 37,241,402	$ 75,071,450	1,464,700,263	36,500,119	74,407,443	56,514,223	95,153,517	Jun-06
1/1/2011	0		224,733,965	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 36,379,217	$ 58,266,298	$ 94,645,515	1,406,433,965	35,438,475	71,938,595	42,636,306	99,150,530	Dec-06
7/1/2011	0		183,518,567	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 35,352,953	$ 41,215,398	$ 76,568,351	1,365,218,567	33,920,872	69,359,347	60,947,938	103,584,244	Jun-07
1/1/2012	0		120,776,762	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 33,790,682	$ 62,741,805	$ 96,532,487	1,302,476,762	32,754,447	66,675,319	46,844,367	107,792,304	Dec-07
7/1/2012	0		75,377,617	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 32,660,244	$ 45,399,145	$ 78,059,389	1,257,077,617	31,120,936	63,875,383	65,602,831	112,447,198	Jun-08
1/1/2013	0		7,938,087	4.98%	250,000,000	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 30,980,999	$ 67,439,530	$ 98,420,529	1,189,638,087	29,822,236	60,943,173	51,308,173	116,911,004	Dec-08
7/1/2013	0		0		208,096,401	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 29,716,894	$ 49,841,686	$ 79,558,580	1,139,796,401	28,026,436	57,848,672	70,576,219	121,884,392	Jun-09
1/1/2014	0		0		135,635,225	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 27,872,757	$ 72,461,176	$ 100,333,933	1,067,335,225	26,597,472	54,623,908	56,147,881	126,724,099	Dec-09
7/1/2014	0		0		80,970,371	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 26,481,537	$ 54,664,854	$ 81,146,391	1,012,670,371	24,664,473	51,261,945	75,952,803	132,100,684	Jun-10
1/1/2015	0		0		3,082,300	5.09%	437,000,000	5.17%	494,700,000	5.31%	$ 24,499,286	$ 77,888,071	$ 102,387,357	934,782,300	23,082,566	47,747,059	61,339,010	137,291,813	Dec-10
7/1/2015	0		0		0		380,247,750	5.17%	494,700,000	5.31%	$ 22,953,795	$ 59,834,550	$ 82,788,345	874,947,750	20,970,640	44,053,227	81,704,008	143,043,019	Jun-11
1/1/2016	0		0		0		296,555,609	5.17%	494,700,000	5.31%	$ 20,790,353	$ 83,692,141	$ 104,482,494	791,255,609	19,240,943	40,211,584	66,912,847	148,616,856	Dec-11
7/1/2016	0		0		0		231,168,152	5.17%	494,700,000	5.31%	$ 19,100,088	$ 65,387,457	$ 84,487,545	725,868,152	16,970,226	36,211,169	87,842,052	154,754,900	Jun-12
1/1/2017	0		0		0		141,284,773	5.17%	494,700,000	5.31%	$ 16,776,602	$ 89,883,379	$ 106,659,981	635,984,773	15,086,551	32,056,777	72,869,454	160,711,507	Dec-12
7/1/2017	0		0		0		69,962,039	5.17%	494,700,000	5.31%	$ 14,932,910	$ 71,322,734	$ 86,255,644	564,662,039	12,630,185	27,716,736	94,384,364	167,253,819	Jun-13
1/1/2018	0		0		0		0	5.17%	468,181,163	5.31%	$ 12,420,846	$ 96,480,876	$ 108,901,722	468,181,163	10,532,886	23,163,071	79,203,287	173,587,651	Dec-13
7/1/2018	0		0		0		0	5.17%	390,548,566	5.31%	$ 10,361,253	$ 77,632,597	$ 87,993,850	390,548,566	7,843,809	18,376,695	101,359,856	180,563,143	Jun-14
1/1/2019	0		0		0		0	5.17%	287,031,686	5.31%	$ 7,614,951	$ 103,516,880	$ 111,131,831	287,031,686	5,561,417	13,405,226	86,030,619	187,390,476	Dec-14
7/1/2019	0		0		0		0	5.17%	202,590,727	5.31%	$ 5,374,732	$ 84,440,959	$ 89,815,691	202,590,727	2,674,998	8,236,415	108,798,310	194,828,929	Jun-15
1/1/2020	0		0		0		0	5.17%	91,578,112	5.31%	$ 2,429,567	$ 111,012,615	$ 113,442,182	91,578,112	202,464	2,877,462	93,197,654	201,995,964	Dec-15
7/1/2020	0		0		0		0	5.17%	0	5.31%	$ -	$ 91,578,112	$ 91,578,112	0					
												$ 1,739,700,000	$ 2,526,319,941						

103,957,203
58,266,298

($ in millions)

Year	2008	2009	2010	2011	2012
AEP Service Corp.	$ 36	$ -	$ -	$ -	$ -
AEP, Inc.	$ -	$ -	$ 490	$ -	$ -
AEP Generating Company	$ -	$ -	$ -	$ -	$ -
Appalachian Power	$ 200	$ 150	$ 150	$ 250	$ 250
Columbus Southern Power	$ 112	$ -	$ 150	$ -	$ -
Kentucky Power	$ 30	$ -	$ -	$ -	$ -
Indiana Michigan Power	$ 50	$ 45	$ -	$ -	$ 100
Ohio Power Company	$ 42	$ 100	$ 600	$ -	$ -
Public Service of Oklahoma	$ -	$ 50	$ 150	$ 75	$ -
Southwestern Electric Power	$ 2	$ -	$ -	$ 56	$ 20
Texas Central Company	$ 48	$ -	$ 299	$ -	$ -
Texas North Company	$ -	$ -	$ -	$ -	$ -
Total	$ 520	$ 345	$ 1,839	$ 381	$ 370

Company	Type	Description	Interest	Maturity	Call Date	Amount
AEPSC	NP	Mortgage Note, Series E	9.600%	12/15/2008	Amortizing	$34,000,000
APCO	SR	Senior Note, Series G	3.600%	05/15/2008	NCL	$200,000,000
TCC	FMB	First Mortgage Bond, Series GG (Defeased)	7.125%	02/01/2008	NCL	$18,581,000
TCC	RRB	Securitization Bonds, Class A-2	5.010%	01/15/2008	Amortizing	$28,919,685
CSP	SR	Medium Term Notes due 2008	6.510%	02/01/2008	NCL	$52,000,000
CSP	SR	Medium Term Notes, Series B	6.550%	06/26/2008	NCL	$60,000,000
IM	SR	Senior Note, Series A	6.450%	11/10/2008	NCL	$50,000,000
KP	SR	Medium Term Notes, Series A	6.450%	11/10/2008	NCL	$30,000,000
OPCO	NP	JMG Intermediate Notes, 6.81%	6.810%	03/31/2008	Amortizing	$1,463,416
OPCO	SR	6.24% Unsecured Medium Term Notes Series A	6.240%	12/04/2008	NCL	$37,225,000
SWEPCO	NP	Sabine Mines	3.810%	06/30/2008	Amortizing	$1,500,000
						$513,689,101
APCO	SR	Senior Note, Series C	6.600%	05/01/2009	NCL	$150,000,000
IM	PCB	Sullivan, Series D	Floating	05/01/2009	On Reset Date	$45,000,000
OPCO	NP	JMG Intermediate Notes, 6.27%	6.270%	03/31/2009	Amortizing	$13,000,000
OPCO	NP	JMG Intermediate Notes, 7.49%	7.490%	04/15/2009	NCL	$70,000,000
OPCO	NP	JMG Intermediate Notes, 7.21%	7.210%	06/15/2009	Amortizing	$11,000,000
PSO	SR	Senior Note, Series D	4.700%	06/15/2009	NCL	$50,000,000
						$339,000,000

Kentucky Power

Rating Drivers

Constructive regulatory environment viewed positively

Key financial metrics are weak

Sizeable capital expenditure could pressure rating

All coal generation modestly constrains rating and requires prudent management of increasingly stringent environmental mandates

Acute economic recessionary pressures only somewhat mitigated with business plan

Company Profile

Kentucky Power Company (KYPCo, Baa2 senior unsecured) is a vertically integrated electric utility company and is a wholly owned subsidiary of American Electric Power Company (AEP, Baa2 senior unsecured). KYPCo's approximately $1 billion rate base is under the jurisdiction of the Kentucky Public Service Commission (KY PSC). KYPCo owns approximately 1GW of 100% coal fired generating capacity.

Recent Developments

On Dec. 29, 2009, KYPCo filed with the KYPSC for a $123.6 million (24.3%) electric rate increase premised upon an 11.75% ROE on a year-end rate base valued at $1.012 billion for a test year ended Sept. 30, 2009. A final PSC decision is expected in October 2010.

In August 2009, KYPCo filed with KYPSC seeking authorization to defer approximately $10 million of incremental storm restoration expenses for review and recovery in the next base rate proceeding. The requested deferral of the $10 million is in additional to the annual $2 million of storm-related operation and maintenance expense included in current base rates.

Summary Rating Rationale

KYPCo's Baa2 issuer rating primarily reflects the reasonably constructive relationship with the KPSC, and the potential rating constraints as a result of its capital spending plan, single fuel source and the economic stress within the region it operates.

Detailed rating Considerations

CONSTRUCTIVE REGULATORY ENVIRONMENT A CREDIT POSITIVE

Moody's views the regulatory environment in Kentucky as reasonably supportive to long-term credit stability, a material credit positive. KYPCo is primarily regulated by the Kentucky Public Service Commission (KYPSC) which we consider a constructive jurisdiction. KYPCo has a rate base of approximately $1 billion and an authorized return on equity of 10.5%, which was established in March 2006. KYPCo currently has a monthly fuel clause tracker (a credit positive), and environmental surcharge rider, among other recovery mechanisms (i.e., demand side management and system sales riders). Prospectively, we expect the on-going rate case will likely to be resolved in a way that is positive to its credit quality.

MAINTAINING STABLE FINANCIAL CREDIT METRICS KEY TO RATING

KYPCo's key financial credit metrics are weak for its Baa2 senior unsecured rating category. For the last 5 year, 3 year and twelve month period ended September 2009, KYPCo's ratio of cash from operations pre working capital adjustments (CFO pre-w/c) to debt averaged about 14.2%, 13.7% and 12.4%, respectively. The ratio of CFO pre-w/c interest coverage averaged 3.4x, 3.3x and 2.6x, respectively for the same periods. We observe that several winter storms occurred in 2009 increasing operation and maintenance expenses.

CAPITAL EXPENDITURE PROGRAM COULD PRESSURE RATINGS OVER THE LONG TERM

KYPCo's cumulative long-term capital investment program is large given its size. Although the company has temporarily delayed some of the investment programs in 2009 and likely in 2010, we expect the program to resume to its full force in the next few years. KYPCo received approximately $30 million in equity contributions from its parent AEP in April 2009. However, we expect increasing up-stream dividends in the next few years and free cash flow will return to negative over the intermediate and long term horizon. While we generally view investments in rate base positively, we would be concerned if KYPCo's spending plans result in a persistent negative free cash flow position that will be primarily funded with internal or external debt. Should this situation materialize, KYPCo's financial profile could become stressed given its Baa2-rating category.

ACUTE ECONOMIC RECESSIONARY PRESSURES REPRESENT A RISK GIVEN LARGE INDUSTRIAL LOADS

The State of Kentucky is considered to be in a deep protracted recession, in part due to its heavy exposure to the automotive manufacturing industry. Approximately 50% of KYPCo's volume sales in 2008 were industrial. Among the top 10 industrial customers, KYPCo's second largest customer has a primary presence in automotive industry. The other 9 are mostly involved in coal refining and mining which is less cyclical, but also facing pressures.

100% COAL GENERATING ASSETS VULENERABLE TO SIGNIOFICANT ENVIRONMENTAL LEGISLATION

We observe the potential for significant environmental legislation, especially related to carbon dioxide emissions, as a material risk affecting KYPCo's 100% coal-fired generating assets. Moody's incorporates a view that the timing of compliance requirements within any potential new legislation may be many years in the future and that the costs associated with any new legislation regarding emissions will generally be recovered through rates (either through existing fuel clause pass-through mechanisms or other incremental rate riders).

Liquidity

KYPCo participates in the AEP Utility Money Pool, which provides access to the parent company's liquidity up to $250 million. As of September 30, 2009, there was no borrowing under the money pool by KYPCo.

As of September 30, 2009, AEP had three separate credit facilities totaling $3.6 billion; two of which are $1.5 billion five year credit facilities - expiring in March 2011 and April 2012. These facilities contain a debt to capitalization limit of 67.5%. AEP asserts that it remains in compliance. There is a $750 million letter of credit capacity (prior to final Bank of America litigation judgment, $600 million after) on each facility ($1.5 billion in total, $1.2 billion after Bank of America resolution), a $500 million accordion feature for each facility (for a total accordion of $1.0 billion) and a one-year extension option.

There are no material adverse change restrictions on drawings, no litigation representation provision at the time of borrowing and a definition adjustment to exclude one of AEP's subsidiaries, AEP Texas Central, as a "significant subsidiary" to prevent cross-acceleration in the event of a default. AEP also has a $627 million credit facility, expiring April 2011, that can be utilized for letter of credit or draws and has covenant restrictions similar to the primary 5-year facilities.

AEP has approximately $1.7 billion of long term debt that will mature in 2010. We estimate that AEP will spend approximately $2.5 billion in capital expenditures and approximately $800 million in dividends over the next twelve months. As of September 30, 2009, AEP's credit facilities had approximately $347 million utilized in support of commercial paper outstanding and roughly $470million of LC's posted, leaving approximately $2.8 billion of capacity available. Combined with $877 million of cash, total liquidity amounted to $3.6 billion.

Over the twelve months ended September 2009, KYPCo generated approximately $36 million of cash from operations, invested approximately $90 million in capital expenditures, made a $20 million upstream dividend payment and received $30 equity contribution from its parent, AEP, resulting in approximately $44 million of negative free cash flow. KYPCo has no significant debt maturities until September 2017.

Rating Outlook

The stable rating outlook for KYPCo is primarily based on our expectation that the company will continue to maintain a reasonably constructive relationship with the KYPSC, be prudent in meeting its infrastructure spending plans, attain reasonably good recovery on a timely basis and improve its key financial credit metrics that justify the rating.

What Could Change the Rating - Up

Rating upgrades appear unlikely over the near to intermediate term horizon, primarily due to our expectation that KYCo's financial profile will not be in a position to exhibit the improvements necessary to justify a Baa1-rating category. This is partly due to our understanding of KYCo's longer term capital investment and financing plans. However, KYCo could be considered for a ratings upgrade if it were to achieve key financial credit metrics, including a ratio of CFO pre w/c plus interest divided by interest of approximately 5x and CFO pre w/c to debt of approximately 20% on a sustainable basis.

What Could Change the Rating - Down

Ratings could be downgraded if the regulatory environment took a more adversarial tone, its capital expenditure program requires substantial amount of debt financing or if the key financial credit metrics exhibit a prolonged deterioration. These metrics would include a ratio of CFO pre w/c of below 3.0x or CFO pre w/c to debt closer to the low-teens.

Kentucky Power

Rating Drivers

Constructive regulatory environment viewed positively

Key financial metrics are weak

Sizeable capital expenditure could pressure rating

All coal generation modestly constrains rating and requires prudent management of increasingly stringent environmental mandates

Acute economic recessionary pressures only somewhat mitigated with business plan

Company Profile

Kentucky Power Company (KYPCo, Baa2 senior unsecured) is a vertically integrated electric utility company and is a wholly owned subsidiary of American Electric Power Company (AEP, Baa2 senior unsecured). KYPCo's approximately $1 billion rate base is under the jurisdiction of the Kentucky Public Service Commission (KY PSC). KYPCo owns approximately 1GW of 100% coal fired generating capacity.

Recent Developments

On Dec. 29, 2009, KYPCo filed with the KYPSC for a $123.6 million (24.3%) electric rate increase premised upon an 11.75% ROE on a year-end rate base valued at $1.012 billion for a test year ended Sept. 30, 2009. A final PSC decision is expected in October 2010.

In August 2009, KYPCo filed with KYPSC seeking authorization to defer approximately $10 million of incremental storm restoration expenses for review and recovery in the next base rate proceeding. The requested deferral of the $10 million is in additional to the annual $2 million of storm-related operation and maintenance expense included in current base rates.

Summary Rating Rationale

KYPCo's Baa2 issuer rating primarily reflects the reasonably constructive relationship with the KPSC, and the potential rating constraints as a result of its capital spending plan, single fuel source and the economic stress within the region it operates.

Detailed rating Considerations

CONSTRUCTIVE REGULATORY ENVIRONMENT A CREDIT POSITIVE

Moody's views the regulatory environment in Kentucky as reasonably supportive to long-term credit stability, a material credit positive. KYPCo is primarily regulated by the Kentucky Public Service Commission (KYPSC) which we consider a constructive jurisdiction. KYPCo has a rate base of approximately $1 billion and an authorized return on equity of 10.5%, which was established in March 2006. KYPCo currently has a monthly fuel clause tracker (a credit positive), and environmental surcharge rider, among other recovery mechanisms (i.e., demand side management and system sales riders). Prospectively, we expect the on-going rate case will likely to be resolved in a way that is positive to its credit quality.

MAINTAINING STABLE FINANCIAL CREDIT METRICS KEY TO RATING

KYPCo's key financial credit metrics are weak for its Baa2 senior unsecured rating category. For the last 5 year, 3 year and twelve month period ended September 2009, KYPCo's ratio of cash from operations pre working capital adjustments (CFO pre-w/c) to debt averaged about 14.2%, 16.9% and 12.4%, respectively. The ratio of CFO pre-w/c interest coverage averaged 3.4x, 3.7x and 2.6x, respectively for the same periods. We observe that several winter storms occurred in 2009 increasing operation and maintenance expenses.

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Comment: This report is different than stats in credit summary

CAPITAL EXPENDITURE PROGRAM COULD PRESSURE RATINGS OVER THE LONG TERM

KYPCo's cumulative long-term capital investment program is large given its size. Although the company has temporarily delayed some of the investment programs in 2009 and likely in 2010, we expect the program to resume to its full force in the next few years. KYPCo received approximately $30 million in equity contributions from its parent AEP in April 2009. However, we expect increasing up-stream dividends in the next few years and free cash flow will return to negative over the intermediate and long term horizon. While we generally view investments in rate base positively, we would be concerned if KYPCo's spending plans result in a persistent negative free cash flow position that will be primarily funded with internal or external debt. Should this situation materialize, KYPCo's financial profile could become stressed given its Baa2-rating category.

ACUTE ECONOMIC RECESSIONARY PRESSURES REPRESENT A RISK GIVEN LARGE INDUSTRIAL LOADS

The State of Kentucky is considered to be in a deep protracted recession, in part due to its heavy exposure to the automotive manufacturing industry. Approximately 50% of KYPCo's volume sales in 2008 were industrial. Among the top 10 industrial customers, KYPCo's second largest customer has a primary presence in automotive industry. The other 9 are mostly involved in coal refining and mining which is less cyclical, but also facing pressures.

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Liquidity

KYPCo participates in the AEP Utility Money Pool, which provides access to the parent company's liquidity up to $250 million. As of September 30, 2009, there was no borrowing under the money pool by KYPCo.

As of September 30, 2009, AEP had three separate credit facilities totaling $3.6 billion; two of which are $1.5 billion five year credit facilities - expiring in March 2011 and April 2012. These facilities contain a debt to capitalization limit of 67.5%. AEP asserts that it remains in compliance. There is a $750 million letter of credit capacity (prior to final Bank of America litigation judgment, $600 million after) on each facility ($1.5 billion in total, $1.2 billion after Bank of America resolution), a $500 million accordion feature for each facility (for a total accordion of $1.0 billion) and a one-year extension option.

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AEP has approximately $1.7 billion of long term debt that will mature in 2010. We estimate that AEP will spend approximately $2.5 billion in capital expenditures and approximately $800 million in dividends over the next twelve months. As of September 30, 2009, AEP's credit facilities had approximately $347 million utilized in support of commercial paper outstanding and roughly $470million of LC's posted, leaving approximately $2.8 billion of capacity available. Combined with $877 million of cash, total liquidity amounted to $3.6 billion.

Over the twelve months ended September 2009, KYPCo generated approximately $48 million of cash from operations, invested approximately $90 million in capital expenditures, made a $20 million upstream dividend payment and received $30 equity contribution from its parent, AEP, resulting in approximately $44 million of negative free cash flow. KYPCo has no significant debt maturities until September 2017.

Deleted: 36

Comment: We show CFO of $48 million

Rating Outlook

The stable rating outlook for KYPCo is primarily based on our expectation that the company will continue to maintain a reasonably constructive relationship with the KYPSC, be prudent in meeting its infrastructure spending plans, attain reasonably good recovery on a timely basis and improve its key financial credit metrics that justify the rating.

What Could Change the Rating - Up

Rating upgrades appear unlikely over the near to intermediate term horizon, primarily due to our expectation that KYCo's financial profile will not be in a position to exhibit the improvements necessary to justify a Baa1-rating category. This is partly due to our understanding of KYCo's longer term capital investment and financing plans. However, KYCo could be considered for a ratings upgrade if it were to achieve key financial credit metrics, including a ratio of CFO pre w/c plus interest divided by interest of approximately 5x and CFO pre w/c to debt of approximately 20% on a sustainable basis.

What Could Change the Rating - Down

Ratings could be downgraded if the regulatory environment took a more adversarial tone, its capital expenditure program requires substantial amount of debt financing or if the key financial credit metrics exhibit a prolonged deterioration. These metrics would include a ratio of CFO pre w/c of below 3.0x or CFO pre w/c to debt closer to the low-teens.

STANDARD & POOR'S
REGULATORY SURVEY
September 2008

Please fill out a separate survey for each rated utility. If the utility is in more than one jurisdiction, please provide separate survey for each.
Attach additional materials (e.g. company documents) or explanations if necessary to completely answer any of the questions.
For assistance, contact your primary analyst or Todd Shipman (212.438.7676) or todd_shipman@sandp.com

IMPORTANT: CLEARLY INDICATE IF AN ANSWER CONTAINS CONFIDENTIAL, NON-PUBLIC INFORMATION THAT YOU WOULD NOT WANT DISCLOSED

Thank you very much for your assistance. Please send the completed survey(s) to your analyst by the end of September.

COMPANY

Kentucky Power Company

JURISDICTION

Commonwealth of Kentucky

REGULATORY BODY

Kentucky Public Service Commission

---

1. RESOURCE PROCUREMENT PROCESS

If your utility has obligation-to-serve or POLR responsibilities, check off any of the following elements of the procurement process and the regulator's policies and oversight of the process.

An IRP is required to identify need	Yes
Competitive procurement used to satisfy need	Yes
Oversight by staff or independent party	Yes
Result of solicitation approved by regulator	Yes

If necessary, use the space below (or attach separate document) to describe the process to clarify any of the above answers:

2. RATE CASE INFORMATION

Provide the following information for base rate cases completed in the past *three* years:

Date Filed	Sept 2005
Initiated By	Company
Interim Rate Increase Amount and Date	None
Amount and % of Requested Rate Increase	$64.8 M / 18.7%
Amount and % Rate Increase Granted	$41 M / 11.8%
Date Permanent Rates Went Into Effect	March 30, 2006
Rate Base Amount	$858.4 M
Test Year Used	June 30, 2005
(If updated, through what date?)	
Return on Equity Authorized	None
Capital Structure (% debt, preferred, common)	60.46% D 39.56% C
Settlement (Y, N, Partial)	Yes

Copy this page if necessary

3. LARGE CAPITAL EXPENDITURES

Do you have special programs or riders in use or authorized for significant capital projects?

<u>YES</u> NO

If yes, please provide the following information:

Type of expenditure: Clean Air Act Related Costs

Authority (legislative or commission policy): Legislation

Check any of the following that apply:

Pre-approval process	Yes
Separate recovery rate mechanism during construction	No
Regulatory oversight/approval of expenditures	Yes
Automatic rate base treatment upon commercial operation	No

If necessary, use the space below or attachment to describe other important features or to clarify any of the above answers.

Type of expenditure ______

Authority (legislative or commission policy) ______

Check any of the following that apply:

Pre-approval process	
Separate recovery rate mechanism during construction	
Regulatory oversight/approval of expenditures	
Automatic rate base treatment upon commercial operation	

If necessary, use the space below or attachment to describe other important features or to clarify any of the above answers.

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4. TARIFF CLAUSES FOR SIGNIFICANT EXPENSES

For any separate rate mechanisms for significant expenses such as purchased power or fuel:

Type (cost) Fuel Costs

% of reported revenue Total Fuel cost is 38.49%, FAC Revenue is 3.42%

Authority (legislative or commission policy) Commission

Circle any of the following that apply:

Rate set on projected (estimated) costs			YES	NO
Rate adjusted	ANNUALLY	QUARTERLY	OTHER	Monthly
Interim adjustments allowed			YES	NO
Mechanism designed to fully recover costs			YES	NO

If no, note sharing/incentive provisions:

In the last five years, any disallowed costs? YES NO

If yes, amount and % of total cost that period:

Use the space below or attachment to describe other important features or to clarify any of the above answers.

A base level of fuel is built into base rates and the FAC recovers or refunds only the difference between the actual fuel costs and the base level of fuel costs.

Type (cost) System Sales Profit

% of total revenue 12.58%

Authority (legislative or commission policy) Commission Reg.

Circle any of the following that apply:

Rate set on projected (estimated) costs?		YES	NO
Rate adjusted	ANNUALLY	OTHER	Monthly
Interim adjustments allowed?		YES	NO
Mechanism designed to fully recover costs?		YES	NO

If no, note sharing/incentive provisions:

Last Twelve Month 80% w Customer; 20% w Company

In the last five years, any disallowed costs? YES NO

If yes, amount and % of total cost that period:

Use the space below or attachment to describe other important features or to clarify any of the above answers.

A base level of System sales profit is built into base rates and the System Sales tracker only shares the difference of System Sales profit, on a monthly basis, with the ratepayers. The most recent twelve months the percentage of the Company's total system sales profit split was 80% to the Customer and 20% with KPCo.

Copy this page if necessary

5. RATE DESIGN

Residential Average Monthly Bill $100.32 on 1,437 kWh

Residential Monthly Fixed Charge $5.86

Commercial Average Monthly Bill $289.82 on 4040 kWh

Commercial Monthly Fixed Charge $21.00

Industrial Average Monthly Bill $8942.99 on 194,039 kWh

Industrial Monthly Fixed Charge $622.00

6. FINANCIAL REPORTING

Do you submit regular financial reports to your state regulator?

YES NO (circle one)

If yes, please submit the reports (or, if applicable, a summary part of the report with financial data) for the past three years or provide a website address where they can be found.

Go to FERC Web Site for the FERC Form 1

Please provide the actual, *jurisdictional* earned return on equity for the past three years.

Year	ROE
2007	8.56%
2006	9.73%
2005	6.25%

7. NON-TRADITIONAL RATEMAKING PRACTICES

Please check if your company is authorized any of the following:

Incentive Ratemaking	No
Revenue Decoupling	No
Weather Normalization	No

Use the space below or an attachment to describe essential features, or to note other practices outside cost-of-service regulation employed by your regulator that you think affects credit quality.

8. CREDIT RATINGS

Note below or in an attachment if, to your knowledge, your regulator explicitly incorporates credit ratings into its ratemaking practices or other aspects of its oversight of utilities.

Yes. During base rate cases credit ratings are one factor used in determining an appropriate authorized rates of return.

SURVEY COMPLETED BY:

NAME: Errol K Wagner

PHONE NUMBER: 502-606-7010

E-MAIL: ekwagner@aep.com

Karen.Anderson@fitchratings.com

07/07/2009 01:35 PM

To rvhawkins@aep.com
Subject projections for KPC and APCo

Hi Renee,

I have a goal to get the APCO and KPC reviews completed before the first
week of August. Do you have the updated projections available? I will probably get started around July 20th for KPC and the 27th for APCo.

Thanks,
Karen

Karen Anderson
Global Power
Fitch Ratings
70 West Madison
Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

Karen.Anderson@fitchratings.com

05/20/2009 11:16 PM

To rvhawkins@aep.com
Subject AEP & Subs: Projections

Hi Renee,

Felicia sent me the updated projections for SWEPCO, and I am finalizing my
review of the credit. Due to travel and holidays, I won't be able to get
back into the office until next Fri, so I think I will be able to get Kentucky done as well. Can you please forward me the updated projections
for Kentucky Power and APCo?

Thanks!

Karen

Karen.Anderson@fitchratings.com

08/12/2009 02:19 PM

To rvhawkins@aep.com
Subject KPC review questions

Hi Renee,

I am in the process of doing the credit review for Kentucky Power Co. and I
have some questions:

1.) 2008 financial performance: what is driving the increase in regulatory
assets in 2008? What is behind the increase in capex for the year?
2.) Forecast questions:
- what amount is assumed for the rate case? What is the timing?
- what is causing the increase in cost of sales in 2010 and 2011?
- what is causing the decrease in O&M in 2009 and subsequent increases in 2010 and 2011?

Thanks!
Karen

Karen Anderson
Global Power
Fitch Ratings
70 West Madison
Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

----- Forwarded by Renee V Hawkins/OR4/AEPIN on 02/23/2010 06:13 PM -----

Karen.Anderson@fitchratings.com

08/17/2009 01:40 PM

To ajhickman@aep.com
Cc mdfransen@aep.com, rvhawkins@aep.com
Re: Fw: KPC review questions

Thanks for the clarification.

Karen Anderson
Global Power
Fitch Ratings
70 West Madison
Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

ajhickman@aep.com

08/17/2009 12:34 PM

To Karen.Anderson@fitchratings.com

cc mdfransen@aep.com, rvhawkins@aep.com

Subject Re: Fw: KPC review questions

In March 2008, KPCO issued a $325,000,000 6.0% note, which replaced less expensive debt that matured at various dates throughout 2007.

Adam Hickman
Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: 614-716-2854

Karen.Anderson@fitchratings.com

08/17/2009 01:33 PM

To ajhickman@aep.com

cc

mdfransen@aep.com,
rvhawkins@aep.com

Subject

Re: Fw: KPC review

questions

Adam,

Thanks for answering my questions. One last one- why was interest expense so much greater in 2008 than in 2007?

Karen

Karen Anderson
Global Power
Fitch Ratings
70 West Madison
Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

ajhickman@aep.com

08/13/2009 12:26

Renee V
Hawkins/OR4/AEPIN

To
08/12/2009 02:42 PM
Matthew D Fransen/AEPIN, "Adam
Hickman"
<ajhickman@aep.com>

cc

Subject

Fw: KPC review questions

----- Original Message -----
From: Karen.Anderson
Sent: 08/12/2009 01:45 PM EST
To: Renee Hawkins
Subject: Fw: KPC review questions

Two more follow up questions:

1.) How much did KPC incur in storm costs due to the Feb. and May storms?

How does the company plan to recoup these costs?
2.) for 2008, what was the revenue breakdown by customer class?
(residential, commercial and industrial?)

Thanks!
Karen

Karen.Anderson@fitchratings.com

09/16/2009 10:56 AM

To rvhawkins@aep.com
Subject: KPC Report- Final Version

Hi Renee,

Attached is the final version of the KPC report, it was published on
Friday
afternoon. Thanks for taking the time to review it.

Hope you are having a good week.

Best,
Karen

(See attached file: Fitch_KPC_Credit Report_09.2009.pdf)

Karen Anderson
Global Power
Fitch Ratings
70 West Madison
Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

Fitch_KPC_Credit Report_09.2009.pdf

Karen,

Here is some information regarding growth forecasts for APCO and KPCO. I hope this helpful.

Adam

<u>Appalachian Power Company</u>
Total forecasted average GWH growth 1.3% annually 2008-2010.

Forecasted growth by class: Residential 1.2% annually; Commercial 1.9% annually; Industrial 1.1% annually; Other Ultimate 0.9% annually; FERC 0.6% annually.

2008 forecasted GWH mix: Residential 36%; Commercial 20%; Industrial 39%; Other Ultimate 2%; FERC 3%.

<u>Kentucky Power Company</u>
Total forecasted average GWH growth 1.6% annually 2008-2010.

Forecasted growth by class: Residential 0.1% annually; Commercial 1.6% annually; Industrial 2.8% annually; Other Ultimate -0.1% annually. FERC 1.9% annually.

2008 forecasted GWH mix: Residential 34%; Commercial 20%; Industrial 45%; Other Ultimate 0%; FERC 1%.

Adam Hickman
Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: 614-716-2854

Karen,

All AEP load obligations are satisfied from all of the generating resources in the AEP East pool, independent of the specific operating company ownership or the load obligation. AEP's system internal loads are satisfied from the least expensive resources.

After the power is consumed, the pool goes through the process of assigning operating company resources to operating company internal loads. Any remaining operating company generation in excess of its own internal load is supplied to deficit operating companies.

Then, all operating companies are reimbursed their variable cost for energy supplied to the pool.

AEP's baseload operating plants operate at various cost levels, which can fluctuate depending on inputs (fuel, emissions allowances, consumables). Our projected average price for a scrubbed plant in 2010 is approximately $25.60 per MWh. With that said, some of our plants (particularly non-scrubbed plants), have variable costs of production ranging up to $40.00 per MWh.

Big Sandy 2 (800MW) is has an SCR in-service and is projecting FGD installation in 2014.

Adam Hickman
Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: 614-716-2854

Karen.Anderson@fitchratings.com

04/16/2008 01:57 PM

To ajhickman@aep.com
cc
Subject Re: APCO and KPCO growth forecasts

Adam,

Thanks for the information below- it is helpful. One last question on KPC: what is the price comparison between the cost of generation from Big Sandy vs. the cost of power from the AEP power pool? In other words, if Big Sandy is down and KPC needs to access power from the pool, how much is the replacement power?

Thanks,
Karen

Karen Anderson

Global Power
Fitch Ratings
70 West Madison
Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

-----ajhickman@aep.com wrote: -----

To: karen.anderson@fitchratings.com
From: ajhickman@aep.com
Date: 04/16/2008 12:10PM
Subject: APCO and KPCO growth forecasts

Karen,

Here is some information regarding growth forecasts for APCO and KPCO. I hope this helpful.

Adam

<u>Appalachian Power Company</u>
Total forecasted average GWH growth 1.3% annually 2008-2010.
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Adam Hickman
Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: 614-716-2854

Karen,

The increase in affiliated sales for resale between 2008 and 2009 is driven by higher output from Big Sandy into the AEP East affiliated pool and higher fuel costs.

Adam Hickman
Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: 614-716-2854

Karen.Anderson@fitchratings.com

04/22/2008 12:24 PM

To ajhickman@aep.com

cc

Subject Last KPC Question

Adam,

I have a quick question on KPC's projections- what is the assumption behind
the increase in affiliated sales for resale between 2008 and 2009?

Thanks
Karen

Karen Anderson
Global Power
Fitch Ratings
70 West Madison
Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

Karen,

Please find below the responses to your questions regarding KPCO. Let me know if you need anything else. Thanks

1.) How much did KPC incur in storm costs due to the Feb. and May storms?
How does the company plan to recoup these costs?
Costs for the storms in January, February, and May total approximately $11MM. We have not yet filed for recovery, but expect to make a filing in 3Q09. We currently have approximately $2.1MM built into base rates.

2.) for 2008, what was the revenue breakdown by customer class?
(residential, commercial and industrial?)
<u>Retail Sales:</u>
Residential - 40%
Industrial - 36%
Commercial - 24%

1.) 2008 financial performance: what is driving the increase in regulatory assets in 2008? What is behind the increase in capex for the year?

The increase in regulatory assets in 2008 was driven entirely by the underfunded status of the defined benefit pension and other post retirement plans at KPCO due to the market's performance.

The main contributors to the increase in 2008 versus 2007 for KYPCO's capital expenditures were $31M in Generation primarily due to combustion turbine and boiler/auxiliaries work for Big Sandy Plant Unit 1, $10M in Transmission primarily due to reliability work.

2.) Forecast questions:

- what amount is assumed for the rate case? What is the timing?

The forecast does not assume any rate relief from a rate case in 2009. Our 2010 and 2011 forecast assume $46MM and [redacted], respectively. Timing is January for both years.

- what is causing the increase in cost of sales in 2010 and 2011?

The increase in cost of sales in 2010 and 2011 is driven largely by increased purchased power costs, driven by higher fuel costs at the Rockport plant.

- what is causing the decrease in O&M in 2009 and subsequent increases in 2010 and 2011?

KPCo's 2009 O&M was subject to cuts and extreme discipline as a reaction to the economic downturn. Steam generation expense experienced the largest decrease in O&M.

Adam Hickman
Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: 614-716-2854

Renee V Hawkins/OR4/AEPIN

08/12/2009 02:42 PM

To

Matthew D Fransen/AEPIN,
"Adam Hickman"
<ajhickman@aep.com>

cc

Subject

Fw: KPC review questions

----- Original Message -----
From: Karen.Anderson
Sent: 08/12/2009 01:45 PM EST
To: Renee Hawkins
Subject: Fw: KPC review questions

Two more follow up questions:

1.) How much did KPC incur in storm costs due to the Feb. and May storms? How does the company plan to recoup these costs?
2.) for 2008, what was the revenue breakdown by customer class? (residential, commercial and industrial?)

Thanks!
Karen

----- Forwarded by Karen Anderson/CF/CHI/F-I on 08/12/2009 01:38 PM -----

Karen
Anderson/CF/CHI/F
-I

To
rvhawkins@aep.com

08/12/2009 01:19 PM

cc

Subject

KPC review questions

Hi Renee,

I am in the process of doing the credit review for Kentucky Power Co. and I
have some questions:

1.) 2008 financial performance: what is driving the increase in regulatory assets in 2008? What is behind the increase in capex for the year?
2.) Forecast questions:
- what amount is assumed for the rate case? What is the timing?
- what is causing the increase in cost of sales in 2010 and 2011?
- what is causing the decrease in O&M in 2009 and subsequent increases in 2010 and 2011?

Thanks!
Karen

Karen Anderson
Global Power
Fitch Ratings
70 West Madison
Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

In March 2008, KPCO issued a $325,000,000 6.0% note, which replaced less expensive debt that matured at various dates throughout 2007.

Adam Hickman
Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: 614-716-2854

Karen.Anderson@fitchratings.com

08/17/2009 01:33 PM

To: ajhickman@aep.com

cc: mdfransen@aep.com, rvhawkins@aep.com

Subject: Re: Fw: KPC review questions

Adam,

Thanks for answering my questions. One last one- why was interest expense so much greater in 2008 than in 2007?

Karen

Karen Anderson
Global Power
Fitch Ratings
70 West Madison
Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

ajhickman@aep.com

08/13/2009 12:26 PM

To
karen.anderson@fitchratings.com

cc
mdfransen@aep.com, rvhawkins@aep.com

Subject
Re: Fw: KPC review questions

Karen,

Please find below the responses to your questions regarding KPCO. Let me know if you need anything else. Thanks

1.) How much did KPC incur in storm costs due to the Feb. and May storms? How does the company plan to recoup these costs?
Costs for the storms in January, February, and May total approximately $11MM. We have not yet filed for recovery, but expect to make a filing in 3Q09. We currently have approximately $2.1MM built into base rates.

2.) for 2008, what was the revenue breakdown by customer class? (residential, commercial and industrial?)
Retail Sales:
Residential - 40%
Industrial - 36%
Commercial - 24%

1.) 2008 financial performance: what is driving the increase in regulatory assets in 2008? What is behind the increase in capex for the year?

The increase in regulatory assets in 2008 was driven entirely by the underfunded status of the defined benefit pension and other post retirement
plans at KPCO due to the market's performance.

The main contributors to the increase in 2008 versus 2007 for KYPCO's capital expenditures were $31M in Generation primarily due to combustion turbine and boiler/auxiliaries work for Big Sandy Plant Unit 1, $10M in Transmission primarily due to reliability work.

2.) Forecast questions:

- what amount is assumed for the rate case? What is the timing?

The forecast does not assume any rate relief from a rate case in 2009. Our
2010 and 2011 forecast assume $46MM and [redacted], respectively. Timing is January for both years.

- what is causing the increase in cost of sales in 2010 and 2011?

The increase in cost of sales in 2010 and 2011 is driven largely by increased purchased power costs, driven by higher fuel costs at the Rockport plant.

- what is causing the decrease in O&M in 2009 and subsequent increases in 2010 and 2011?

KPCo's 2009 O&M was subject to cuts and extreme discipline as a reaction to
the economic downturn. Steam generation expense experienced the largest decrease in O&M.

Adam Hickman
Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: 614-716-2854

Renee V Hawkins/OR4/AEPIN

08/12/2009 02:42 PM

To: Matthew D Fransen/AEPIN, "Adam Hickman" <ajhickman@aep.com>

cc

Subject: Fw: KPC review questions

----- Original Message -----
From: Karen.Anderson
Sent: 08/12/2009 01:45 PM EST
To: Renee Hawkins
Subject: Fw: KPC review questions

Two more follow up questions:

1.) How much did KPC incur in storm costs due to the Feb. and May storms?
How does the company plan to recoup these costs?
2.) for 2008, what was the revenue breakdown by customer class?
(residential, commercial and industrial?)

Thanks!
Karen

----- Forwarded by Karen Anderson/CF/CHI/F-I on 08/12/2009 01:38 PM -----

Karen Anderson/CF/CHI/F-I		To
	rvhawkins@aep.com	
08/12/2009 01:19 PM		cc
		Subject
	KPC review questions	

Hi Renee,

I am in the process of doing the credit review for Kentucky Power Co. and I
have some questions:

1.) 2008 financial performance: what is driving the increase in regulatory assets in 2008? What is behind the increase in capex for the year?
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- what amount is assumed for the rate case? What is the timing?
- what is causing the increase in cost of sales in 2010 and 2011?
- what is causing the decrease in O&M in 2009 and subsequent

increases in 2010 and 2011?

Thanks!
Karen

Karen Anderson
Global Power
Fitch Ratings
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Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

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For more information please visit http://www.messagelabs.com/email

Hi Karen,

Please find the KPCO press release with two factual corrections.

Fitch Press Release_KPCO_ajh comments.pdf

Thanks,
Adam Hickman
Corporate Finance
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: 614-716-2854

Karen.Anderson@fitchratings.com

08/19/2009 04:42 PM

To ajhickman@aep.com

cc mdfransen@aep.com, rvhawkins@aep.com

Subject Fitch Draft Press Release on KPC

Attached is the draft press release for the affirmation of KPC. Please review for factual accuracy and let me know if you have any comments. I would like to send this out by 9am central tomorrow morning. Please do not
hesitate to contact me (my cellphone number is 773-263-4939) if you have any questions.

Thanks,
Karen

(See attached file: KPC_press release_08.19.2009.doc)

Karen Anderson
Global Power
Fitch Ratings

70 West Madison
Chicago, IL 60602
tel: 312-368-3165 (direct)
fax: 312-368-3155

[attachment "KPC_press release_08.19.2009.doc" deleted by Adam J Hickman/AEPIN]

American Electric Power
December 2009
Key Forecast Assumptions

Revised March 31, 2010

A. Retail Sales

Retail sales projections are developed by revenue class through a combination of time series and econometric forecasting methods. Projections assume normal weather and are adjusted to reflect known or expected business events.

Sales assumptions by revenue class and jurisdiction are provided in ***Table 1*** for electric retail sales and FERC municipal/co-operative sales. Demand Side Management (DSM) reductions are assumed for those jurisdictions that have programs authorized by utility commissions.

Table 1: Sales Data by Customer Class

GWH		2009 Total	2010	2011	2012	2013
KPCO	Residential	2,456	2,456	2,448	2,438	2,382
	Commercial	1,430	1,454	1,480	1,501	1,488
	Industrial	3,191	3,425	3,543	3,585	3,626
	Other Ultimate	10	10	10	10	10
	Municipal/Cooperative	94	103	106	107	109

B. Off-System Sales (OSS)

C. Forecasted Rate Relief

All retail jurisdictions have active fuel clauses throughout the forecast period. No frozen fuel clauses remain.
Table 4 provides the assumption for anticipated cases through 2010.

Table 4

		2009	2010	2010 Incremental
	Approved	1	2	1
Kentucky Power	Future		28	28
	Total Kentucky	1	30	29

D. O&M Expense

Current year (2009) O&M is based on the Revised Control Budget prepared in March 2009. It has been adjusted for incremental Pension and OPEB expenses for 2009 and to reflect the latest projections in spending for the year. Wages are increased by 2% for all employees salary grade 27 and below.

Table 5 provides O&M by operating company and for total utility operations.

Table 5: Non-Fuel Operations and Maintenance Costs by Operating Company

$ Millions	2009 Total	2010	2011	2012	2013
KPCO	88	[redacted]	[redacted]	[redacted]	[redacted]

E Capital Spending

Table 6 provides total expenditures by operating company and for AEP Consolidated.

American Electric Power
December 2009
Key Forecast Assumptions

Revised March 31, 2010

Table 6: Construction Expenditures (excluding AFUDC)					
$ Millions	2009 Total	2010	2011	2012	2013
KPCO	67	[redacted]	[redacted]	[redacted]	[redacted]

Kentucky Power Company

- **Base Case:** Rate relief is planned for July 2010 in the amount of $55M.
- A 2009 storm expense deferral of $9.8M in December 2009 and is planned for 5 year amortization beginning in July 2010.
- Recovery of incremental environmental costs is assumed through the Environmental Surcharge mechanism.
- The OSS portion of Marginal Losses is included with Off System Sales. Starting in June 2008, the Commission has approved the recovery of the Marginal Loss LSE portion. $12M of prior period Marginal Losses have been recorded in June 2008 to be recovered over the next 12 months.
- Industrial changes include a new customer, Kentucky Hydrocarbons, adding 15 GWh per month and an expansion at Air Products and Chemicals of 4.3 GWh per month.

American Electric Power
Income Statement
2009 - 2013 Forecast
($000)

	Forecast				
(in thousands)	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013
Kentucky Power					
Revenue					
Retail Revenue	489,881	[redacted]	[redacted]	[redacted]	[redacted]
Wholesale	63,865	[redacted]	[redacted]	[redacted]	[redacted]
Sales to Affiliates	58,328	[redacted]	[redacted]	[redacted]	[redacted]
Other Operating Revenue	17,749	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	629,823	[redacted]	[redacted]	[redacted]	[redacted]
Cost of Sales					
Total Cost of Sales	408,926	[redacted]	[redacted]	[redacted]	[redacted]
Gross Margin	220,897	[redacted]	[redacted]	[redacted]	[redacted]
OPERATING EXPENSES					
Operations & Maintenance	88,417	[redacted]	[redacted]	[redacted]	[redacted]
(Gain)/Loss on Sale of Property					
Asset Impairment & Related Charges					
Taxes Other Than Income	11,613	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL OPERATING EXPENSES	100,030	[redacted]	[redacted]	[redacted]	[redacted]
Operating Margin/EBITDA	120,867	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation & Amortization	52,078	[redacted]	[redacted]	[redacted]	[redacted]
Other Income / (Deductions)	423	[redacted]	[redacted]	[redacted]	[redacted]
EBIT	69,212	[redacted]	[redacted]	[redacted]	[redacted]
Total Interest Expense	33,025	[redacted]	[redacted]	[redacted]	[redacted]
Total Income Taxes	13,046	[redacted]	[redacted]	[redacted]	[redacted]
NET INCOME	23,141	[redacted]	[redacted]	[redacted]	[redacted]
Deductions from Net Income *					
BALANCE FOR COMMON	23,141	[redacted]	[redacted]	[redacted]	[redacted]

* Preferred Dividends, Minority Interest, Extraordinary (Income)/Loss

American Electric Power
Cash Flow Statement
2009 - 2013 Forecast
($000)

(in thousands)	Year 2009	Forecast Year 2010	Year 2011	Year 2012	Year 2013
Kentucky Power					
OPERATING ACTIVITIES					
Balance For Common	23,141	[redacted]			
(Income) Loss from Discontinued Operations	0				
Extraordinary Items, Net	0				
Net Income from Continuing Operations	23,141				
ADJUSTMENTS TO NET INCOME					
Depreciation & Amortization	52,078	[redacted]			
Deferred Income Taxes	29,709				
(Gain) / Loss on Sale of Assets	0				
Fuel Over/Under Recovery	14,773				
Pension Contribution	0				
Change in Other Non-Current Assets and Liabilities	(5,346)				
Other	32				
Cash Flow before Changes in Working Capital	114,388				
CHANGES IN WORKING CAPITAL	(55,737)	[redacted]			
CASH FROM OPERATIONS	58,651	[redacted]			
INVESTING ACTIVITIES					
Construction Expenditures	(66,762)	[redacted]			
Proceeds From Sale of Assets	622				
Acquisition of Nuclear Fuel	0				
Other Investments	(297)				
Cash used in investing	(66,437)				
FINANCING ACTIVITIES					
Common Stock Issued	30,000	[redacted]			
Hybrid Equity Issued	0				
Long Term Debt Issued	129,292				
Preferred Stock Redeemed	0				
Long Term Debt Redeemed	0				
Short Term Debt Change, Net	(131,399)				
Common Dividends	(19,500)				
Preferred Dividends	0				
Capital Lease Proceeds/Lease Principal Payments	(548)				
Other Financing Activities	243				
Cash from financing	8,089				
Total Change in Cash	303	[redacted]			
Beginning Cash Balance	646				
Ending Cash Balance	949				

American Electric Power
Balance Sheet
2009 - 2013 Forecast
($000)

		Forecast			
(in thousands)	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013
Kentucky Power					
Plant, Property and Equipment	1,624,063	[redacted]	[redacted]	[redacted]	[redacted]
Construction Work in Process	23,218	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation Reserve	(513,853)	[redacted]	[redacted]	[redacted]	[redacted]
Net Plant and Equipment	1,133,427	[redacted]	[redacted]	[redacted]	[redacted]
Other Assets	335,154	[redacted]	[redacted]	[redacted]	[redacted]
Total Assets	1,468,581	[redacted]	[redacted]	[redacted]	[redacted]
LIABILITIES AND EQUITY					
Common Equity	431,212	[redacted]	[redacted]	[redacted]	[redacted]
Preferred Stock					
Hybrid Equity					
Long Term Debt	548,722	[redacted]	[redacted]	[redacted]	[redacted]
Total Capital	979,934	[redacted]	[redacted]	[redacted]	[redacted]
CURRENT LIABILITIES					
Short Term Debt				[redacted]	[redacted]
LTD Current					
Other Current Liabilities	95,733	[redacted]	[redacted]	[redacted]	[redacted]
Total Current Liabilities	95,733	[redacted]	[redacted]	[redacted]	[redacted]
Deferred Liabilities	392,914	[redacted]	[redacted]	[redacted]	[redacted]
Total Capital & Liabilities	1,468,581	[redacted]	[redacted]	[redacted]	[redacted]

American Electric Power
Financial Ratios
2009 - 2013 Forecast

(in thousands)	Year 2009	Forecast Year 2010	Year 2011	Year 2012	Year 2013
Kentucky Power					
CAPITALIZATION					
Long Term Debt	548,722	[redacted]	[redacted]	[redacted]	[redacted]
Add: Operating Leases	-	[redacted]	[redacted]	[redacted]	[redacted]
Add: A/R Factored	-	[redacted]	[redacted]	[redacted]	[redacted]
Add: Capital Leases	1,999	[redacted]	[redacted]	[redacted]	[redacted]
Add: Unfunded Pension Obligation	23,809	[redacted]	[redacted]	[redacted]	[redacted]
Less: Securitized Debt					
Less: Spent Nuclear Fuel					
Less: Equity Portion of Hybrid Equity					
Total Long Term Debt	574,530	[redacted]	[redacted]	[redacted]	[redacted]
Short Term Debt				[redacted]	[redacted]
Total Debt	574,530	[redacted]	[redacted]	[redacted]	[redacted]
Preferred Stock					
Equity Portion of Hybrid Equity					
Common Equity	431,212	[redacted]	[redacted]	[redacted]	[redacted]
Total Capital Incl. ST Debt	1,005,742	[redacted]	[redacted]	[redacted]	[redacted]
Capitalization Ratios					
Short-term Debt				[redacted]	[redacted]
Long-term Debt	56.0%	[redacted]	[redacted]	[redacted]	[redacted]
Preferred Stock					
Common Equity	44.0%	[redacted]	[redacted]	[redacted]	[redacted]
CREDIT RATIOS					
(As Adjusted for Leases)					
Interest Expense	33,025	[redacted]	[redacted]	[redacted]	[redacted]
less: Securitization Interest					
plus: Capitalized Interest (AFUDC Debt)	276	[redacted]	[redacted]	[redacted]	[redacted]
plus: Other Interest Additions [1]					
Adjusted Interest Expense	33,300	[redacted]	[redacted]	[redacted]	[redacted]
Cash from Operations	58,651	[redacted]	[redacted]	[redacted]	[redacted]
less: Changes in Working Capital	55,737	[redacted]	[redacted]	[redacted]	[redacted]
less: Capitalized Interest (AFUDC Debt)	(276)	[redacted]	[redacted]	[redacted]	[redacted]
plus: Bank of America Settlement Addback					
plus: Pension Contribution in Excess of Expense		[redacted]	[redacted]	[redacted]	[redacted]
less: Securitization Amortization					
plus: Lease Amortization					
Funds from Operations (FFO)	114,112	[redacted]	[redacted]	[redacted]	[redacted]
Funds from Operations Int. Cov.	4.4	[redacted]	[redacted]	[redacted]	[redacted]
FFO/Total Debt	19.9%	[redacted]	[redacted]	[redacted]	[redacted]
Total Debt/Total Capital	57.1%	[redacted]	[redacted]	[redacted]	[redacted]

[1] Includes Adjustment for Interest on Hybrid Equity Issuances, Lease Interest Expense, and Interest on A/R Sold

Operating Company numbers are based off of Financial View

2009 Committed Forecast - 02 Operational Forecast Feb - Dec (no actuals)

Operating Company	Tons	Budgeted Received mmBTU	Received $	$/Ton	$/mmBtu
Kentucky Power	2,672,000	65,435,838	173,235,610	64.83	2.65

2009 Not Committed Forecast - 02 Operational Forecast Feb - Dec (no actuals)

Operating Company	Tons	Budgeted Received mmBTU	Received $	$/Ton	$/mmBtu
Kentucky Power	10,000	250,000	642,300	64.23	2.57

2010 Committed Forecast - 01 Operational Forecast

Operating Company	Tons	Budgeted Received mmBTU	Received $	$/Ton	$/mmBtu
Kentucky Power	[redacted]	[redacted]			

2010 Not Committed Forecast - 01 Operational Forecast

Operating Company	Tons	Budgeted Received mmBTU	Received $	$/Ton	$/mmBtu
Kentucky Power	[redacted]	[redacted]			

2011 Committed Forecast - 01 Operational Forecast

Operating Company	Tons	Budgeted Received mmBTU	Received $	$/Ton	$/mmBtu
Kentucky Power	[redacted]	[redacted]			

2011 Not Committed Forecast - 01 Operational Forecast

Operating Company	Tons	Budgeted Received mmBTU	Received $	$/Ton	$/mmBtu
Kentucky Power	[redacted]	[redacted]			